



Committee: CABINET

Date: TUESDAY, 11TH DECEMBER 2007

Venue: LANCASTER TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on 6th November 2007 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

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

4. Declarations of Interest

To consider any such declarations.

5. Public Speaking

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

Reports from Overview and Scrutiny

None

Reports

6. Establishment of an Additional Estate Steward - Council Housing Services (Pages 1 - 3)

(Cabinet Members with Special Responsibility Councillors John Gilbert and David Kerr)

Report of the Corporate Director (Community Services).

7. Parks and Open Spaces Strategy - Update (Pages 4 - 8)

(Cabinet Member with Special Responsibility Councillor Maia Whitelegg)

Report of the Head of Cultural Services.

8. **Dukes Theatre – Revised Business Model** (Pages 9 - 14)

(Cabinet Member with Special Responsibility Councillor Maia Whitelegg)

Report of the Head of Cultural Services.

9. **Consideration of a Cultural Services – Trust (Not for Profit Distributing Organisation)** (Pages 15 - 21)

(Cabinet Member with Special Responsibility Councillor Maia Whitelegg)

Report of the Head of Cultural Services.

10. **Budget and Policy Framework 2008/09 Corporate Plan and Budget Update** (Pages 22 - 26)

(Cabinet Member with Special Responsibility Councillor Roger Mace)

Joint report of the Corporate Director (Finance and Performance) and Head of Financial Services.

11. **Star Chamber** (Pages 27 - 34)

(Cabinet Member with Special Responsibility Councillor Roger Mace)

Report of the Corporate Director (Finance and Performance).

12. **Review of Staff and Member Permits and Charges** (Pages 35 - 37)

(Cabinet Member with Special Responsibility Councillor John Gilbert)

Report of the Corporate Director (Regeneration).

13. **Revision of Corporate Property Strategy**

(Cabinet Member with Special Responsibility Councillor Evelyn Archer)

Report of the Corporate Director (Regeneration) to follow.

Members are asked whether they need to declare any further declarations of interest regarding the exempt appendix to the following report.

14. **Revenue Services Restructure** (Pages 38 - 45)

(Cabinet Member with Special Responsibility Councillor Roger Mace)

Report of the Corporate Director (Finance and Performance).

Note: The Appendix to the report is exempt, in accordance with Section 100A(4) of the Local Government Act, 1972, on the grounds that it contains information that could involve the possible disclosure of exempt information as defined in paragraph 1 of Schedule 12A of that Act.

Members are reminded that, whilst this information has been marked as exempt, it is for the Council itself to decide whether or not to consider this in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and should balance the interests of individuals or the Council itself in having access to information. In considering their discretion Members should also be mindful of the advice of Council Officers.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Roger Mace (Chairman), Evelyn Archer, June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, John Gilbert, Val Histed, David Kerr and Maia Whitelegg

(ii) Queries regarding this Agenda

Please contact Stephen Metcalfe, Democratic Services, telephone 01524 582073 or email smetcalfe@lancaster.gov.uk.

(iii) Apologies

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

MARK CULLINAN,
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Published on Thursday, 29th November, 2007

CABINET**Establishment of an Additional Estate Steward –
Council Housing Services****11 DECEMBER 2007****Report of Corporate Director (Community Services)**

PURPOSE OF REPORT				
The report proposes the establishment of an additional Estate Steward within the Repair and Maintenance Section of Council Housing Services. This will help ensure that the Service meets its targets for the average time taken to relet dwellings.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	05 November 2007			
This report is public				

RECOMMENDATIONS OF COUNCILLOR GILBERT AND COUNCILLOR KERR.**RECOMMENDATIONS**

- (1) That Cabinet approves the proposed arrangements for funding an additional Estate Steward Post SCP 6 within Council Housing Services, and that the Revenue Budget be updated accordingly.

1.0 Introduction

- 1.1 The current establishment for Council Housing Services includes the provision of an Estates Steward Team within the Repairs and Maintenance Section. The Team comprises one Senior Supervisor (SCP 22), two Working Supervisors (SCP 18) and six Estate Stewards (SCP 6)
- 1.2 The primary role of the Estate Stewards is to ensure that vacant properties meet the Council's "Lettable Standard" in terms of cleanliness and standard of redecoration and that gardens are in a reasonable state of maintenance. Their secondary role is to undertake some general estate caretaking/cleaning. This largely involves targeted cleaning of "grot spots" as identified by Housing Management Staff.
- 1.3 Unfortunately, many vacant properties are returned to the Council in a poor condition, and the Estate Steward Team is finding it increasingly difficult to meet the demands

of the Service and ensure that all properties meet the Lettable Standard before being relet. This has resulted in delays in letting property, and a deterioration in one of the Council's Key Performance Indicators (the Average Time Taken to Relet Properties). At its worse, that figure was 42.8 days (June 2006), however, by increasing Estate Steward resources through weekend working, that figure was reduced to 35 days. Whilst this represents a significant improvement, it is still some way short of the "top quartile" performance of 29 days.

2.0 Proposal Details

- 2.1 Whilst the use of regular weekend working has proved to be effective as a means of reducing void periods, it is an expensive option. For the first three months of 2007/2008, overtime for Estate Stewards amounted to £5,412. At current levels, that would equate to an annual cost of £21, 648.
- 2.2 It is clear that workloads for the Estate Steward Team are not going to reduce and, in order to ensure the Council meets its corporate targets, additional resources will be continually needed to deliver the lettable standard for vacant Council properties.
- 2.3 The annual cost of recruiting an additional Estate Steward at Spinal Column Point 6 (SCP 6) would be £14,532, inclusive of on costs. Not only would this be more cost effective than the existing weekend working arrangements, it would also mean that existing members of staff would not need to work a seven day week in order to meet Council targets.

3.0 Details of Consultation

- 3.1 No formal consultation has taken place as the existing overtime is non contractual and the Terms and Conditions of individual members of staff are not affected by the proposals. An informal meeting was held on the 8th August 2007 with the Estate Stewards Team to outline the proposal.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 **Option 1 - To appoint an additional Estate Steward**
To appoint an additional Estate Steward. This is the most cost effective means of maintaining improvements in the average time taken to relet dwellings.
- 4.2 **Option 2 - Continue with the existing arrangements and utilise regular overtime to meet performance targets**
Continue with the existing arrangements and utilise regular overtime to meet performance targets. This would be slightly more expensive than Option 1, but it does provide flexibility and can be discontinued at anytime. However, the existing practice of working seven days a week is not satisfactory.
- 4.3 **Option 3 - Retain the existing establishment and discontinue overtime**
This option would result in staffing costs but there would be a loss in rental income if properties remain empty for longer periods. There would also be a deterioration in a Key Performance Indicator.
- 4.4 For the reasons outlined within the report, Option 1 is the preferred option.

5.0 Conclusion

5.1 The provision of an extra Estate Steward post will enable the better programming of work and should help to ensure the delivery of reduced relet time.

RELATIONSHIP TO POLICY FRAMEWORK

Ensuring vacant properties are prepared to the "Lettable Standard" helps ensure that the Council is supporting sustainable communities.

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

The provision of an effective Estate Steward Service helps to ensure that empty properties are relet to a high standard and that any minor environmental problems on estates are tackled quickly and effectively

FINANCIAL IMPLICATIONS

To maintain an average relet time of 35 days, the Estate Stewards are currently working overtime at weekends. The cost of continuing operations under this arrangement, is estimated at around £21,600 p.a.

The full year costs of appointing an additional Estate Steward would be in the region of £14,500 in 2007/2008, £15,000 in 2008/2009, and £15,400 in 2009/10 (inclusive of oncosts).

Therefore, under the proposal outlined in option 1, there is a potential benefit of around £7,000 p.a. to the HRA.

The cost of the proposal will be directly met from the existing overtime budget of £10,300 and from the increased rental income resulting from the reduced re-let time per dwelling, from 42.8 days to 35 days. The additional income anticipated is £17,000 p.a. Whilst there is some risk attached to this (linked to sustaining the improvements in re-let times), the funding of the proposal is felt easily manageable, given the amounts involved.

SECTION 151 OFFICER'S COMMENTS

The proposal represents better value for money in managing re-lets.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Nil.

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CABINET

**Parks and Open Spaces Strategy - Update
11th December 2007**

Report of Head of Cultural Services

PURPOSE OF REPORT				
To update Cabinet on progress against the Parks and Open Spaces Action Plan.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	December 2007			
This report is public				

RECOMMENDATIONS OF COUNCILLOR MAIA WHITELEGG

- (1) That Cabinet note the progress made against the Parks and Open Spaces Action Plan.
- (2) That Cabinet authorise Officers to progress the respective “partnership” proposals in respect of Happy Mount Park (private) and Highfield Recreation Ground (community), with a view to bringing either or both proposals forward to a future meeting of Cabinet for final consideration and approval.

1.0 Introduction

- 1.1 In November 2004, Cabinet approved a Parks and Open Spaces Strategy. Notable achievements since the adoption of the Parks and Open Spaces Strategy Action Plan include;-
 - A. Adoption of the CABE (Commission for Architecture and the Built Environment) “Manifesto for Public Open Spaces”.
 - B. Establishment of Parks & Open Spaces User Forums.
 - C. Consult with young people.
 - D. Identify non-participating groups and establish why?
 - E. Development and submission of successful external funding applications (e.g. Lottery), in respect of major parks.
 - F. Develop an events programme to attract visitors to Parks & Open Spaces.
 - G. Develop a Marketing Plan.

- H. Develop an Education Pack.
- I. Award of Green Flags for Happy Mount Park and Williamson Park.
- J. Improved Play Area provision.
- K. Carry out a tree survey.
- L. Pursue environmental ground maintenance practices.
- M. Identify opportunities for sponsorship

- N. Assess quality of existing Parks & Open Spaces using local standards, as part of PPG17.
- O. Improve sports pitch provision.
- P. Identify other “partners” (e.g., the private, community and voluntary sectors).
- Q. Prepare Development Plans for Parks & Open Spaces in consultation with local community.

2.0 Proposal Details

- 2.1 The above represents significant progress against what was an ambitious and challenging Action Plan, with every action either having being completed (Actions A to M) or because they represent long-term objectives are work in progress (Actions N to Q).
- 2.2 Certain elements of the Action Plan are inter-related and as longer-term objectives require a commitment of time and effort to establish sustainable “partnerships” and thereafter a logical progression of actions. For example Action N (Assess quality of existing Parks & Open Spaces using local standards), and Action O (Improve sports pitch provision) are clearly related. At the time of writing this report Cultural Services and Planning Services are awaiting the outcome of jointly commissioned update of Planning Policy Guidance 17 (PPG 17). Once received the finding of PPG 17 will be used to review the Parks and Open Spaces Strategy.
- 2.3 Other linked elements of the Parks & Open Spaces Action Plan are Action P (Identify other “partners” e.g., the private, community and voluntary sectors) and Action Q (Prepare Development Plans for Parks & Open Spaces in consultation with local community).
- 2.4 Although the above are described as work in progress, much has been achieved to-date. For example, both Happy Mount Park and Regent Park have long established private partnership arrangements, whilst Highfield Recreation Ground and Palatine Recreation Ground have community partnership arrangements.
- 2.5 Based on experience gained to-date, specifically Happy Mount Park (private partnership arrangements) and Highfield Recreation Ground (community partnership arrangements) are at the point where Cabinet are asked to consider establishing pilot schemes that could ultimately represent alternative management models that, if successful, could be rolled out into other parks within the District.
- 2.6 Happy Mount Park.

The current arrangement are based on a partnership with a main and support concessionaires who operate different elements, such as the Café, Indoor Play Area, Sports and Play facilities. The above has been in place for a number of years and has seen considerable improvements and success within the Park. In addition to the investments made by the City Council in respect of the Splash Park, Multi-Games Area and Public Conveniences, the main concessionaire has invested upward of £250,000 in the Café, Indoor

and Outdoor Play facilities and the Crazy Golf. The main and support concessionaires have also helped Cultural Services to stage a programme of events in the Park.

Discussions with the main and support concessionaires indicate that they are interested and willing to develop the partnership, to include further capital investment and service development. If Cabinet is minded to support such an approach Officers will liaise and negotiate with the concessionaires with regards to a range of issues, including;- further capital investment; service improvements; park management, operations and maintenance; revised lease arrangements; and an enhanced events programme, etc. Dependant on the outcome of the discussions between Officers and the concessionaires, any final proposals would be submitted to Cabinet at a later date, for consideration and final approval.

2.7 Highfield Recreation Ground.

The facilities at Highfield Recreation Ground include;- Bowling Greens, a Children's Play Area, public open space and a Youth Shelter/Teen Meet. The site also includes redundant tennis courts.

For more than a year a local community group (Highfield Regeneration Project) supported by, among others;- Lancaster City Council (Officers and Ward Councillors), Lancashire County Council, the Gregson Institute, Lancaster Boys Grammar School, and the Groundwork Trust, etc., have following extensive community consultation, developed a scheme to bring the former tennis courts back into operation as a new multi-games area, as well as the pavilion. The scheme is well developed and the group have identified potential external funding sources.

Those involved with the project (as listed above) have also undertaken extensive work with regards to the future operation and management of the facilities, based on a community management model business plan. The proposals are innovative and represent a sustainable model whereby the key responsibilities would be identified in advance between the City Council (as landlord) and the Highfield Regeneration Project, as the operators and managers of the facilities at Highfield Recreation Ground. Lancaster City Council would have representation on a proposed Highfield Regeneration Project Management Board. Dependant on the outcome of the discussions between Officers and the Highfield Regeneration Project, any final proposals would be submitted to Cabinet at a later date, for consideration and final approval.

- 2.8 In addition to Happy Mount Park and Highfield Recreation Ground, cabinet should note that Williamson Park Board is due to receive a report at their January meeting on options for the future management arrangements of Williamson Park where the suitability of retaining the existing local authority controlled company status will be reviewed. The outcome of the Board meeting will be reported into January Cabinet.

3.0 Details of Consultation

- 3.1 The proposals in respect of Highfield Recreation Ground are based on extensive community consultation.

4.0 Options and Options Analysis (including risk assessment)

4.1 The options within this report relate to the proposals for Happy Mount Park and Highfield Recreation Ground.

4.2 Happy Mount Park - Do nothing

Failure to achieve an identified Action Plan in the Parks and Open Spaces Strategy and a cessation of any further private sector investment and development in Happy Mount Park.

4.3 To support the enhanced “partnership” with the private sector.

Achievement of an identified Action Plan in the Parks and Open Spaces Strategy. Subject to final approval by Cabinet, at a later date, the possibility of further private sector investment and development in Happy Mount Park.

4.4 Highfield Recreation Ground - Do nothing

Failure to achieve an identified Action Plan in the Parks and Open Spaces Strategy and failure to secure external funding (only available to community groups) that would bring the tennis courts and pavilion back into operation.

4.5 To support the community management model.

Achievement of an identified Action Plan in the Parks and Open Spaces Strategy. Subject to final approval by Cabinet, at a later date, the possibility of “pilot” community management model which, if successful, could be rolled out to other parks within the District.

5.0 Officer Preferred Option (and comments)

5.1 Options 4.3 and 4.5, for the reasons as set out above.

6.0 Conclusion

6.1 The two schemes provide the Council with an opportunity to test out alternative and innovative approaches to the management of parks and open spaces.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The proposals meet outcomes set within the Parks and Open Spaces strategy.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>The proposals present the Council with alternative and sustainable management models that encompass community engagement.</p>

FINANCIAL IMPLICATIONS

At this stage there are no financial implications arising from the report. Any financial issues would need to be considered in full if the proposals are taken forward, with appropriate and timely involvement being sought from Financial Services.

SECTION 151 OFFICER'S COMMENTS

The report includes no details of any financial implications for the Council, but it is understood that there are no commitments arising as a result of this report, and that no discussions have been held regarding any expectation of the Council giving any form of financial support to the schemes.

Given these points, the recommendations would allow the proposals to be developed further and should any financial considerations arise, these would be considered as part of the 2008/09 (or a later year's) budget process, alongside all other competing demands.

LEGAL IMPLICATIONS

At this stage there are no Legal Implications arising from the report. However, it may be that at a later stage, Legal Services are involved in advising on developing private partnership arrangements and/or establishing community partnership arrangements.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments at this stage.

BACKGROUND PAPERS

None.

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CABINET

**Dukes Theatre – Revised Business Model
11th December 2007**

Report of Head of Cultural Services

PURPOSE OF REPORT				
To advise Cabinet of the Dukes Theatre Revised Business Model.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan		11 th December 2007		
This report is public				

RECOMMENDATIONS OF COUNCILLOR MAIA WHITELEGG

- (1) That Cabinet note the progress with respect to the Dukes Theatre Revised Business Model.
- (2) That the City Council, via the Officer Development Team, continue to support the Dukes Theatre's transition to a Revised Business Model.

1.0 Introduction

1.1 From local press coverage Cabinet will be aware that the Dukes Theatre is developing a new business model. The situation arose from advance notification by Arts Council England, North West (ACE - NW) of a reduction in revenue funding with effect from 2008/2009. The above was taken within a context of a funding review by Art Council England (ACE) to reflect their own position with regards to the impact of the Government's Comprehensive Spending Review (CSR) and a benchmarking evaluation by ACE – NW of Theatre funding support.

1.2 The primary revenue funders are;- Arts Council England (ACE), Lancashire County Council, Lancaster City Council, and North West Vision. In 2007/2008, out of a total income budget of £1,387,700 (based on the Dukes Business Plan), those funding contributions amounted to;-

• Arts Council England (ACE)	£521,400
• Lancashire County Council	£171,600
• Lancaster City Council	£162,300
• North West Vision	<u>£ 18,000</u>
Total	£873,300

- 1.3 In response to the above the Dukes Theatre appointed a Change Project Team from among its Board of Trustee, supported by specialist consultants, management and staff from within the Dukes, and input from its primary funders (ACE, Lancashire County Council & Lancaster City Council).
- 1.4 Following the announcement by ACE, the position of the other two funding support organisations (i.e., Lancashire County Council and North West Vision) is that for 2008/2009, both intend to maintain their revenue support at the current level plus inflation.
- 1.5 For Lancaster City Council, the 2007/2008 funding allocation of £162,300 to the Dukes is made up of £13,500 rent and £148,800 revenue support. The latter is subject to a Service Level Agreement, aligned to the Cultural Services Business Plan and the Council's Corporate Objectives

2.0 Proposal Details

- 2.1 The impact of the above on the Dukes Theatre and the challenges arising are significant.

Background:-

- 50% reduction in Arts Council England (ACE) funding

Summary:-

- Change Project Team – supported by funders (ACE, Lancashire County Council & Lancaster City Council)
- New Business Model:-
 - Governance & Management (Leadership)
 - Staffing
 - Business & Marketing Plans
 - Activity
 - Audience
 - Premise – capital works

- 2.2 In terms of governance the Dukes Theatre has reviewed and revised its Board membership, with the appointment of a new Chair and governors with a background in finance and business skills. The Dukes Theatre is currently constituted as a Joint Local Authority Controlled Company (under the terms of the Local Government & Housing Act 1989), with the current City Council and County Council combined representation accounting for more than 50% of the overall board numbers. As part of the review of its governance, the Change Project Team is revaluating the above which could lead to a reduction in local authority membership of its board and ultimately an amendment to its constitution, however the outcome of this is not yet known.

- 2.3 The Dukes Board are currently recruiting for a Chief Executive.

- 2.4 The Business and Marketing Plan reflect the new model of delivery for the organisation in terms of Activity and Audience:-

Business/Marketing Plan

- Earning more at the Box Office through increased levels of activity
- Earning more from the creative learning programme and projects
- Attracting new projects and programme funds
- Earning more ancillary income from advertising and rentals
- Recovering costs from other users of Dukes facilities
- Reducing expenditure – reducing direct production costs, reducing staffing levels, operational costs and marketing costs
- Adopting a more commercial approach

New Model of Activity/Audience

- Extended and diversified programme including music
- Extended partnerships
- Continuation of Park and Christmas shows
- Season of produced work in a refreshed studio
- Extended engagement of people throughout Lancashire
- New audiences

- 2.5 The revised business model has also highlighted to the Change Project Team how the physical configuration of the Dukes limits audience capacity within the venue. As a result of the internal layout, the main auditorium and the studio cannot operate concurrently, which clearly impacts on the Dukes' income generation.
- 2.6 As part of the revised business model the Change Project Team commissioned a specialist theatre architect to undertake a venue remodelling appraisal as part of the business plan.
- 2.7 The outcome of the above is scheme that would allow;-
- Remodelling of the Studio
 - Sound separation between the Studio and the End Stage Auditorium
- 2.8 Following consultation with the other two primary revenue funders (ACE, and Lancashire County Council), the above has been the subject of a Development Team meeting (comprising Officers from;- Cultural Services, Property Services, Economic Development & Tourism Services, and Planning Services/Building Control) who are advising on technical, professional and external funding issues. The Change Project Team is currently in the process of applying for external funding in respect of the project development cost.
- 2.9 In aligning the above to the Revised Business Model (including Business Plan) the Change Project Team has timetabled the remodelling capital works as follows;-
- October/December – short-term project development
 - February/May – installation/construction period
 - July – work to be completed for Dukes to check operations
 - September – open to the public

The Change Project Team estimate the project development costs at £23,000, with the eventual remodelling capital works at circa a further £200,000 (the project development work will determine an accurate capital estimate). The above projected capital costs are attributable to the Dukes Theatre and not the revenue support funding organisations.

- 2.10 The above is seen as a short/medium-term project and does not affect any long-term proposals that may or may not emerge as a consequence of the Centros Miller development proposals.
- 2.11 In the event that the Change Project Team fail to secure external funding in respect of the project development cost and/or the remodelling capital works, the Dukes Theatre Revised Business Model and Plan will be revised. Any such requirements to further amend the Business Model are on the assumption that the contributions from the primary revenue funders;- Arts Council England (ACE), Lancashire County Council, Lancaster City Council, and North West Vision, remain the same. Any requirement for the Dukes Theatre, via its Change Project Team, to further revise its Business Model and Plan would include an assessment by the Development Team (comprising Officers from;- Cultural Services, Property Services, Economic Development & Tourism Services, Planning Services/Building Control and Financial Services).

3.0 Details of Consultation

- 3.1 Lancaster City Council has representation on the Board of Trustee of the Dukes Theatre.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 To reduce or withdraw the City Council's funding support to the Dukes Theatre.

A reduction or withdrawal of the City Council's funding support to the Dukes Theatre would not only jeopardise its revised business model but also threaten its existence. It would likely produce a domino effect in respect of support funding that the other partners (Arts Council England and Lancashire County Council) make, not only to the Dukes, but to the whole arts offer and other arts revenue clients within the Lancaster District.

- 4.2 To continue supporting the Dukes Theatre's transition to a Revised Business Model.

The Dukes is regarded as a theatre of local and regional significance and is supported by the Arts Council England (ACE), Lancashire County Council & Lancaster City Council. The Dukes Theatre is an integral part of the District's Cultural offer to residents and visitors, through its youth and school work – Dukes Youth Theatre (known as DT3), and its Promenade Productions at Williamson's Park, etc.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 4.2, for the reasons set out above.

6.0 Conclusion

- 6.1 The Dukes Board via its Change Project Team has made significant progress in difficult circumstances to achieve the outcomes of its revised business model. To see that process through to a successful conclusion the Dukes requires the continued support of its key strategic partners (ACE, Lancashire County Council & Lancaster City Council).

RELATIONSHIP TO POLICY FRAMEWORK

The Dukes Theatre contributes to the Corporate Priorities of Culture and Tourism.

CONCLUSION OF IMPACT ASSESSMENT

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

The Dukes is regarded as a theatre of local and regional significance.

FINANCIAL IMPLICATIONS

In terms of Financial Implications paragraphs 1.2, 1.5 and 2.1 of the report outlines the current level of financial support given by Lancaster City Council and the amount that it levers in from its partner funding organisations (Arts Council England, Lancashire County Council, and North West Vision).

As part of the revised business model prepared by the Dukes Theatre's Change Project Team, there is no additional call on City Council budgets (capital or revenue) beyond the current level of support. For the period of "remodelling capital works" from now to September 2008, would require officer time and input from various elements of the Development Team (comprising Officers from:- Cultural Services, Property Services, Economic Development & Tourism Services, Planning Services/Building Control, and Financial Services). It is not anticipated that the input requirements from the Development Team would be onerous or overly time-consuming at this time, therefore should be able to be absorbed within existing Service budgets.

There are no additional financial implications for the Council to consider as a result of this report, however should Members resolve to pursue whether or not to reduce or discontinue awarding a grant to the Dukes in future years, then it should be noted that the full year grant award is currently £162,300 (including grant in lieu of rent) with inflation usually applied for future years as part of the annual budget process.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer notes that a representative from Financial Services will now be included in the Development Team's future discussions, should Members wish to continue supporting the Dukes under the revised arrangements.

As yet, therefore, there has been no assessment by Financial Services of any financial information associated with the revised business model, and Members should note this risk. Such assessment needs to be undertaken from the City Council's perspective, to help ensure that should the Council wish to continue supporting the Dukes, it has reasonable assurance that the business is still financially viable – especially given the level of change in external funding.

The nature of the Dukes and the level of City Council support also has implications for the Council in terms of reporting as part of the annual Statement of Accounts.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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CABINET

**Consideration of a Cultural Services – Trust (Not for Profit
Distributing Organisation)
11th December 2007**

Report of Head of Cultural Services

PURPOSE OF REPORT				
Consideration of a Cultural Services – Trust (Not for Profit Distributing Organisation).				
Key Decision	X	Non-Key Decision	Referral from Cabinet Member	
Date Included in Forward Plan	December 2007			
This report is public				

RECOMMENDATION OF COUNCILLOR MAIA WHITELEGG

1. That Cabinet supports the principle of establishing a Not for Profit Distributing Organisation (NPDO/Trust) for Cultural Services, on the basis as outlined in this report.
2. That Officers draw up the full project planning documentation for establishing a Trust, covering the issues set out in section 4.3 of this report, for subsequent approval by Cabinet.
3. That the estimated implementation costs of establishing a Trust be considered as part of the 2008/09 budget process, and that its establishment be included in the Cabinet's draft priorities, for incorporation into the draft Corporate Plan for consideration by Council.

1.0 Introduction

- 1.1 Although Lancaster City Council did in 2002 [minute 275 (02/03) refers] give consideration and rejected the option of a Not-for-Profit Distributing Organisation [NPDO]/Trust delivery model for the operation and management of Salt Ayre Sports Centre, this report presents the case for a "Whole Service" – i.e., a Cultural Services Trust.
- 1.2 Part of the argument against Salt Ayre Sports Centre not being recommended for "transfer" to an NPDO/Trust at that time was based on the issue of scale, in that the size of the function was too small to offer clear advantages (financially and/or strategically) to the Council.

1.3 However, within the context of the Council's Medium Term Financial Strategy (MTFS), the Comprehensive Spending Review (CSR), the Government's Agenda of Improved & Innovative Service Delivery Models, and the Comprehensive Performance Assessment (CPA), Cabinet is asked to give consideration to establishing a Not-for-Profit Distributing Organisation [NPDO]/Trust delivery model for a generic Cultural Services function. Since 2002 many Councils across the Country have successfully evaluated NPDO/Trusts for a range of Leisure Services.

2.0 What is a Not for Profit Distributing Organisation (NPDO), also commonly referred to as a Trust?

2.1 An NPDO/Trust is another way of providing the Cultural Services currently delivered by Lancaster City Council. Although there are different NPDO/Trust structures, the most common type is a company limited by guarantee, either with or without charitable status. This means that as a non-profit making organisation any operating surpluses would be reinvested back into Cultural Services. NPDO/Trusts are independent charitable businesses managed by a board of Trustees. Lancaster City Council would continue to own all its Cultural facilities. An agreement between the NPDO/Trust and the Council would clearly set out what the NPDO/Trust is expected to achieve and the funding provided from the Council to carry this out.

2.2 The broad principles that emerged from the work undertaken as part of the NPDO/Trust feasibility study for Salt Ayre Sports Centre still apply;-

Potential Advantages/Opportunities	Potential Disadvantages/Risks
<ul style="list-style-type: none"> • Single purpose organisation with a focus on the functions that make up Cultural Services. • Taxation savings -National Non-Domestic Rates (NNDR) can be reinvested in the service when required. • Generally improves a Council's overall position in relation to partial exemption threshold for VAT. • Freedom from local government framework and decision making. • A partnership approach to investment. • Engagement with the local community through local representation. • As a smaller-scale operation staff can be more involved in the development of the service. • Trustees with business expertise. • Links to the community through direct representation on the board. 	<ul style="list-style-type: none"> • Difficulty in leveraging in sufficient external capital. • Potential for links to be lost to other Council services. • Dependency on attracting and retaining quality trustees/directors. • Set up costs can be significant. • Limited additional management capacity as generally same management and staff retained initially. • Risk of trust failure rest with the Council. • Annual grants restrict long-term planning. • Small trusts have limited ability to make support cost savings. • Overheads of Council's central services, not transferable to Trust, spread over fewer services (unless removed by the Council).
<p style="text-align: right; font-size: small;">Source: Based on Audit Commission June 2006 and previous work undertaken by Lawrence Graham</p>	

2.3 However, when the "advantages" are applied to the whole Cultural Services remit, which includes the former Leisure Services, the former Arts & Events Service and Museum Services there is a size and scale that makes such an option feasible to the Council, both strategically and financially. There is also the option to include, either at

the same time or at a later date, the transfer of Williamson Park Company (future management arrangements to be considered at their January Board meeting), additional service functions such as Tourism Services and parts of the sports related Grounds Maintenance function, and Youth and Community Services (the latter subject to negotiations with Lancashire County Council).

2.4 The majority of the functional areas that make up Lancaster City Council's current Cultural Services (Sport, Recreation, Leisure, Community Development, Arts & Events, and Museums) are discretionary. As the Council attempts to balance and prioritises its functional resources (including year-on-year reductions in its Revenue Budget), inevitably attention focuses on "cuts" and "savings", but at a time when the Cultural Services' outcomes increasingly feature in the Community Strategy and Local Strategic Partnership Agenda (e.g., Crime & Disorder, Health & Well-being, Community Regeneration/Sustainability, Social Enterprise, etc.).

2.5 Coupled with the above, the Council has a portfolio of facilities that require on-going maintenance and refurbishment, which are currently being managed through a limited mix of Capital and Revenue allocations. In the long term, because of competing priorities and investment needs, it is likely that such a position is unsustainable.

2.6 Although the NPDO/Trust option is not the only alternative delivery model for Cultural Services, an increasing number of Councils are evaluating such an option, as opposed to the commercial "contract" management model – similar to Compulsory Competitive Tendering (CCT). The advantages of NPDO/Trust over commercial contract are:-

- Social objectives
- Social Enterprise Organisation
- "Partnership" Model – Strategic Enabler – Clarity of Roles between the Council and the Trust
- Links to the LSP Community Strategy
- Better incentives for parties to work together

3.0 What is happening elsewhere in the North West?

3.1 An increasing number of local authorities in the North West are either operating or evaluating NPDO/Trust arrangements. Nationally, more than a hundred local authorities have established Cultural and/or Leisure NPDO/Trusts. Prior to the May 2007 local government elections, Officers and three Elected Members from Lancaster City Council visited a number of Cultural and/or Leisure Trusts (including;- Wigan, Pendle and Rossendale). One of the largest Cultural Services Trusts in the country is in Wigan. Wigan Metropolitan Borough Council transferred its Cultural Services (Sports and Leisure, Arts, Museums, Archives, Libraries, and Youth and Community Services) to Wigan Leisure Cultural Trust in 2003 and the Trust has now been operating successfully for more than four years. However, in meeting with key Officers and Elected Members from both Wigan Metropolitan Borough Council and the Wigan Leisure & Cultural Services Trust, both stated their opinion that their success is based on their on-going "partnership", that forms part of their Memorandum of Understanding (supported by a "Concordat" signed by the Leader of the Wigan Metropolitan Borough Council and the Chair of the Wigan Cultural & Leisure Services Trust).

3.2 Furthermore, Wigan Borough Council and the Wigan Leisure & Cultural Services Trust, believe that the success of the transfer was built on;-

- Communication
- Consultation
- Shared Vision via “Concordat”
- Clear Rationale leading to Strategic, Financial & Service Improvements

3.3 Wigan Borough Council and the Wigan Leisure & Cultural Board’s evaluation of its operation are;-

- A re-energised service
- Better able to take tough decisions (e.g. investment and/or closures, etc)
- Different organisational culture – compared to Council Committee
- Clear organisational and business “Vision” - clarity of social objectives of the Trust
- Specific expertise of Board Members
- External Funding

3.4 The arrangement between Wigan Borough Council and the Wigan Leisure & Cultural Services Trust for the first two years of operation was that the Trust “bought-in” the Council’s Central Services. However, it was acknowledged by both parties that the Trust could/would have an “opt out” after year three. However, with the phasing of such an agreement the Council has been able to manage the impact. Furthermore, the relationship at Wigan is such that the Trust and the Council have since transferred other Leisure/Culture related operational functions i.e., grounds maintenance for playing pitches and parks directly to the Trust. The Trust in turn has established a series of Community Land Management Agreements for a number of their Parks, via the Trust arrangement (which in turn involves local community and voluntary groups).

4.0 Proposal Details

4.1 As Lancaster City Council has previously given consideration and rejected a single facility (Salt Ayre Sports Centre) Not-for-Profit Distributing Organisation [NPDO]/Trust delivery model, this report seeks to determine whether Cabinet wishes Officers to investigate and evaluate the implications relating to the Not for Profit Distributing Organisation (NPDO/Trust) option for the whole of Cultural Services.

4.2 From the lessons learnt following the rejection of the Salt Ayre Sports Centre Trust appraisal, and from visiting other sites such as Wigan, it is proposed that if Cabinet are supportive of 4.1 above, Officers would initially focus on planning the project in detail, for future consideration and approval. In particular, the documentation would set out clearly the full scope and objectives of setting up an NPDO/Trust. Furthermore, the work would also firm up the resources needed to progress the project. This would go forward as part of Cabinet’s budget and planning proposals; if these are ultimately approved, the project would then go ahead. This approach would ensure that focus is maintained on agreeing up front the key objectives and issues to be addressed in setting up a Cultural Services NPDO/Trust.

4.3 The key issues to be addressed in planning the project are set out below. Many of these are based on the Audit Commission Study “*Public sport and recreation services*” June 2006, and previous work undertaken by Lawrence Graham;-

- Determining the scope of the Cultural Services NPDO/Trust, and the timescales for transfer of services to the Trust.

- Determining the objective and performance targets/ measures for the Trust
 - Determining its governance and reporting arrangements.
 - Determining the financial objectives both for the Council, and those under which the Trust would operate. This would include:-
 - Evaluating the impact to the Council of the remaining Central Support Services and options of how to deal with them, including the apportionment of central and support service charges.
 - Appraising the Landlord and Tenant relationship options between the NPDO/Trust and the Council, in terms of;- Length of Agreement and Lease, responsibilities for condition surveys and maintenance, as well as refurbishment and development responsibilities.
 - Determining the use of NNDR/VAT Savings. The Council will need to determine what, if any, proportion of any NNDR/VAT savings that the NPDO/Trust retains. Some local authorities allow all such savings to be wholly retained by the NNDR/Trust to deal with on-going maintenance, future investment requirements and service improvements, etc. Other local authorities because of pressures on corporate budgets and the need for efficiency savings take up a significant part, or all, of the NNDR/VAT savings (despite the fact that taxation savings cannot be set against Gershon targets), which results in little or no investment in the NPDO/Trust's facilities and services.
 - Determining the level and profile of any Partnership Fee (Management Fee) against the achievement of the performance measures set by the Council. This will include delivery against current business plans, service objectives, Council objectives/priorities and any national or local indicators. Mechanism for receipt of any Partnership Fee would be based on satisfactory performance of the NPDO as agreed with the Council.
 - Determining any other financial objectives attached to the Trust.
 - Determining the accurate cost to Lancaster City Council of setting up a Cultural Services NPDO/Trust. The costs of setting up a NPDO/Trust are estimated, for a Council comparable to Lancaster City Council, at between £40,000 to £50,000.
- 4.4 Wherever possible, such objectives or issues would be determined prior to the project itself starting, but it must be recognised that some aspects could only be addressed as the project progressed. Where this is the case, the planning stage would make this clear, and provide for appropriate decision-making along the way.
- 4.5 Should Cabinet wish to pursue the Cultural Services Trust option, then funding would need to be allocated in order to progress the project. The amount referred to above reflects the existing in-house knowledge and expertise as a result of the work previously undertaken with regards to the Salt Ayre Sports Centre NPDO/Trust appraisal. The estimate is not the full cost, as it is assumed that some of the work would be undertaken by existing staff, seconded to the project. Furthermore, more work is needed to firm up this estimate.

5.0 Details of Consultation

- 5.1 As this report could potentially involve a significant Policy decision, pending the initial decision of Cabinet, no consultation has been undertaken to-date. In the event that Cabinet recommend Officers to investigate and evaluate a Not for Profit Distributing Organisation (NPDO/Trust) option for the whole of Cultural Services, that process would include consultation with the public, staff and Trade Unions.

6.0 Options and Options Analysis (including risk assessment)

- 6.1 In summary, the basic options are:

Option 1: Not to consider the setting up of a Cultural Services NPDO / Trust, or

Option 2: To support the principle, and take it forward as part of the 2008/09 budget and planning process. In support of this, officers would focus on planning the project.

The context for undertaking an appraisal of a Cultural Services NPDO/Trust is set out in paragraph 1.3, which takes into account factors such as Council's Medium Term Financial Strategy (MTFS), the Comprehensive Spending Review (CSR), the Government's Agenda of Improved & Innovative Service Delivery Models, and the Comprehensive Performance Assessment (CPA). An outline risk assessment of the Trust Option is also included in section 2.2. If Members choose to take this option forward, then the project planning work to be undertaken would expand on this, and also take account of the latest information arising in terms of the Council's financial forecasts, and its planned objectives.

- 6.2 The decision as to whether Officers should investigate and evaluate a Not for Profit Distributing Organisation (NPDO/Trust) option for the whole of Cultural Services is for Cabinet to determine initially, subject to the budget and planning process. However, should Members choose not to take forward that option, consideration would still need to be given to ensuring value for money is being achieved under current arrangements, addressing the Audit Commission's agenda of continual improvement, and responding to the need to evaluate alternative delivery models.

7.0 Officer Preferred Option (and comments)

- 7.1 That Cabinet supports the principle of establishing a Not for Profit Distributing Organisation (NPDO/Trust) for Cultural Services, on the basis as outlined in this report, for consideration as part of the 2008/09 budget process, and that Officers progress work on planning such a project.

8.0 Conclusion

- 8.1 This report does not commit Cabinet to establishing a Cultural Services NPDO/Trust, but rather to considering key issues, as part of and prior to any final decision.

RELATIONSHIP TO POLICY FRAMEWORK

Dependant on Cabinet's decision this report could potentially involve a significant Policy impact in terms of the Council's Corporate objectives, including Health and Well Being, Community Engagement and Improving Council Services.

CONCLUSION OF IMPACT ASSESSMENT

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

Dependant on Cabinet's decision this report could potentially involve a significant Policy impact in terms of Community Engagement and Involvement.

FINANCIAL IMPLICATIONS

As outlined above, it is currently estimated that undertaking the project work to support the implementation of an NPDO/Trust for Cultural Services would cost around £40-50,000, although this estimate needs refining and reviewing. If Cabinet were to support this option, it is recommended that this be considered as part of the current budget and planning process.

In terms of the longer term impact, the proposals provide for the financial objectives of setting up a Trust to be determined from the outset of the project, if at all possible. Until these have been agreed, therefore, the financial implications cannot be assessed.

SECTION 151 OFFICER'S COMMENTS

Irrespective of which option is taken forward, the provision of cultural services requires a significant level of investment by the Council, in both revenue and capital terms. As such, Members are advised to consider the affordability of providing such services in the medium to long term, as well as the value for money aspects. With regard to affordability, this should also be taken into account in determining the scope and financial objectives of any potential Trust. (i.e. if Members were to consider a significant change in the level of services provided, this may well influence whether a NPDO/Trust is appropriate, and/or the scope of any such potential Trust.) That said, the recommendations allow time for the Council to develop its medium term financial forecasts, as part of the current budget exercise. The updated forecasts could then be used to inform the scope of any NPDO/Trust project.

LEGAL IMPLICATIONS

There are no legal implications directly arising from this report but should a decision be made to pursue an evaluation exercise it is appropriate that Legal Services should be consulted on the creation of an NPDO/Trust.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments at this stage.

BACKGROUND PAPERS

None.

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CABINET

**BUDGET & POLICY FRAMEWORK 2008/9
Corporate Plan and Budget Update**

11th December 2007

**Joint Report of Corporate Director (Finance & Performance)
& Head of Financial Services**

PURPOSE OF REPORT			
To update Cabinet on the latest position with regard to the 2008/9 Budget & Policy Framework documents, in particular in respect of the Corporate Plan and the Revenue Budget and Capital Programme.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	X
Date Included in Forward Plan	December		
This report is public			

OFFICER RECOMMENDATIONS

Policy Framework

- (1) That Cabinet notes the latest position in respect of the documents included in the Policy Framework as outlined in the report.
- (2) That Cabinet note the arrangements in place to prepare the draft 2008/9 Corporate Plan.

Budget

- (3) To note that the draft Revenue Budget and Capital Programme will be reported to the January Cabinet meeting.

1 INTRODUCTION

- 1.1 Cabinet has responsibility for making proposals to Council each year in respect of the Budget and Policy Framework. The proposals in respect of the Policy Framework documents and in particularly, the Corporate Plan, are still at the preparatory stage and will require further amendments as the budget process progresses.

- 1.2 At its last meeting, Cabinet considered the initial feedback from its Corporate Plan consultation exercise and agreed a draft set of objectives and priorities that would be used as a basis to prepare its draft revenue and capital budgets pending further consideration of the consultation responses by an informal group of cabinet. This process is underway.
- 1.3 With regard to the budget, Cabinet has been considering existing spending provisions and new requests for future years within Star Chamber throughout the year. This process is still at its formulative stage and no draft proposals are currently available. The first draft revenue and capital budgets are currently being prepared and will be available for Cabinet's January meeting to be considered alongside any proposals from Star Chamber and the provisional grant settlement information.

2 **POLICY FRAMEWORK**

- 2.1 The policy framework is the collection of Plans and Strategies that can only be approved or amended by full Council. The process for updating these was agreed by Cabinet at the meeting on 24 July 2007. In respect of the Policy Framework documents that are not finance-related, that meeting reaffirmed the delegation of responsibility to the appropriate individual Cabinet members for the review of these documents within the Performance Review Team meetings and for bringing forward amendments.
- 2.2 The plans and strategies that are not finance-related and included in the Policy Framework are set out below with the latest update position and any recommendations for amendment. In most cases the plans and strategies are medium or long-term documents that do not need fundamental changes on an annual basis and where appropriate, any recommendations for changes would only be minimal.

- Community Strategy - Cllr Mace

The Community Strategy - "A Vision for 2020" - was published in April 2004 and subsequently adopted by Council as part of its Policy Framework. The Strategy is being delivered through the Local Strategic Partnership (LSP) and its associated 'Building Blocks, and more recently, as part of the wider delivery of the Lancashire Local Area Agreement (LAA).

The first review of the Strategy is underway and due to be completed early in the New Year. As part of the consultation process, political groups within the council were invited to make representations as appropriate and the deadline for this has now passed.

As part of agreeing the new, refreshed, Sustainable Community Strategy, the LSP Executive will agree a draft for referral to the council for their approval. It is hoped that this will be completed before 31st March 2008. It is important however, that the council keeps abreast of developments to ensure that the Council's own Corporate Plan is consistent with the objectives and priorities set out in the Sustainable Community Strategy, and this position is being monitored.

It is also important to note that the County Council is undertaking a refresh of its own LSP Community Strategy – Ambition Lancashire 2005/2025 – and also consulting on the development of a new Local Area Agreement. The council is contributing to this process and the situation is being monitored to again ensure that the council's Corporate Plan and Sustainable Community Strategy are consistent with these countywide strategies.

- Community Safety Partnership Strategy - Cllr Blamire

The Community Safety Partnership, a building block of the LSP, redrafted its 2005-2008 Strategy only last year with only minor amendments to its priorities. However, there is a need to ensure that the strategy is in line with the priorities and targets included in the Lancashire Local Area Agreement (LAA). The position is being monitored and it progresses.

- Sustainability Strategy – Cllr Whitelegg
- Climate Change Strategy – Cllr Barry

The Sustainability (LA21) Strategy “Agenda for Action” was published in July 2003 and subsequently adopted by Council as part of its Policy Framework. Its themes of sustainable development, social inclusion and community cohesion link strongly with the Community Strategy and are managed through the Sustainability Building Block. The Council is also developing its own Climate Change Strategy through a Cabinet Liaison Group and hopes to have a draft available early in the New Year for consideration by Cabinet. Elements of this with resource implications will be considered as part of the budget exercise.

- Housing Strategy – Cllrs Gilbert/Kerr

Council, at its meeting on 8th February 2006, approved the 2005/9 five year Housing Strategy. There are no amendments recommended at this stage

- Local Development Framework - formerly the Local Plan - Cllr Blamire

The various constituent parts of LDF continue to be developed and have informed the budget and policy framework update where relevant. The Core Strategy has been submitted (the first one in the North West) and work is continuing on the other documents in line with the agreed timetable

- Regeneration Strategy – Cllrs Bryning & Archer

The previous Economic Regeneration Strategy has been replaced by the Lancaster & Morecambe Vision which has been produced by the Vision Board and adopted by the Council as its Economic Strategy at its meeting on 12th July 2006. The vision has informed the review of the community strategy and is one of the building block strategies delivered through the LSP. The Vision will be reviewed every two years and no amendments are required at this time to the Economic Strategy.

- Corporate Plan - Cabinet

The Corporate Plan brings together all the Council’s strategic priorities and objectives set out in the other documents included in the policy framework and listed above. Its content drives the allocation of resources that are included in the budget and capital programme and service business plans. The basis of the plan will once again be to combine the strategic district-wide aspirations set out in the refreshed Sustainable Community Strategy with the specific priorities of the Council bringing these together under a number of key objectives. It is these key objectives and priorities that will guide the Council’s work and investment over the next three years.

At the time of writing this report, the plan is still at a very early stage in its preparation and can only be finalised once Council has agreed its budget and developed performance management targets. This is scheduled for later in March.

As referred to earlier in the report, the consultation exercise on the Corporate Plan's objectives and priorities ended on November 2nd and was briefly considered at the November cabinet meeting. At that meeting, cabinet noted the responses received to date, and agreed that a small informal group of cabinet members should meet to consider the consultation responses in detail with a view to bringing back recommendations to Cabinet. The Group is due to meet on December 13th with recommendations being reported back to the January Cabinet meeting.

As a further part of the consultation process, the Leader will outline the Cabinet's budget and policy framework proposals to a special open meeting of the Budget & Performance Panel that will meet on 29th January to which all members of the Council, the Local Strategic Partnership Executive, and Economic Stakeholders Forum representatives will be invited.

- 2.3 Cabinet members are asked to note the progress made in respect of the Policy Framework documents and the arrangements in place to develop them further where appropriate.

3 BUDGET PREPARATION

Work is underway in preparing a base revenue budget and updated capital programme for future years but will not be available for this Cabinet meeting. The Local Government Finance Settlement and other key information are expected to be available after the production of this agenda. Where possible, however, outline budget updates will be fed into the Star Chamber meetings to be held before Christmas (and therefore made available to all Cabinet Members).

4 DETAILS OF CONSULTATION

- 4.1 A public consultation exercise has been undertaken in respect of the draft Cabinet priorities and the responses are being used to bring forward recommendations. These recommendations for the Corporate Plan and the draft budget proposals will be the subject of a further limited consultation culminating in a presentation by the Leader of the Council to a public meeting of the Budget & Performance Panel on 29th January.

5 OPTIONS AND OPTIONS ANALYSIS

- 5.1 **Option 1** is to note the progress to date in respect of reviewing and updating the budget and each of the policy framework documents.
- 5.2 **Option 2** is to agree an alternative course of action in respect of these.

6 OFFICER PREFERRED OPTION

- 6.1 **Option 1** is the preferred option.

7. CONCLUSION

7.1 The agreed budget and policy framework timetable requires Cabinet to agree its preferred priorities, set out in the Corporate Plan, and aligned budget proposals for further consultation prior to consideration by full Council in February. This report highlights the progress made to date.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>This report sets out the process for updating the Policy Framework and budget in line with the agreed procedure and timetable.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None arising from this report although each of the specific documents will cover each of these aspects.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The s151 Officer has no further comments to add.</p>	
<p>LEGAL IMPLICATIONS</p> <p>Legal Services have been consulted and have no comments to add.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no additional comments.</p>	
<p>BACKGROUND PAPERS</p> <p>None.</p>	<p>Contact Officer: R Muckle Telephone: 582022 E-mail: rmuckle@lancaster.gov.uk Ref: rcm/budpol</p>

CABINET

Star Chamber

11 December 2007

Report of Corporate Director (Finance and Performance)

PURPOSE OF REPORT				
To receive an update on the Star Chamber meetings held since the last report to Cabinet of 6 November 2007.				
Key Decision		Non-Key Decision		Referral from Cabinet Member
				X
Date Included in Forward Plan	N/A			
This report is public.				

RECOMMENDATIONS OF COUNCILLOR ROGER MACE

(1) That the report be noted.

1.0 Introduction

- 1.1 Star Chamber is an informal meeting of Cabinet Members supported by senior officers. Its purpose is to provide a continuing process that examines current and future spending plans with the aims of ensuring value for money, identifying efficiencies and diverting resources into Council priorities and away from non-priorities, as well as alternative methods of delivery. It also provides the framework and focus for achieving the financial savings targets included in the Medium Term Financial Strategy and those efficiencies required under Gershon. Consequently, it will look at financial, physical, and human resource matters.
- 1.2 The group meets regularly and reports for information are made on a regular basis into Cabinet and also into the Budget and Performance Panel.
- 1.3 Star Chamber works to revised Terms of Reference as agreed at the Cabinet meeting held on 5 June 2007.
- 1.4 Since the last report to Cabinet, Star Chamber met on 7 November, 14 November and 21 November. Action notes are attached as an **Appendix**.

RELATIONSHIP TO POLICY FRAMEWORK

The work of the Star Chamber is critical to providing a challenge and review to both the way that our services are provided or their appropriateness to the targets set out in the Corporate Plan & Policy Framework. In particular this can be seen in:

- Corporate Plan Core Values – Sound Financial Management
- Corporate Plan Priority No 1 “To deliver value for money customer focused services”
- Revenue Budget & Capital Programme Monitoring
- Medium Term Financial Strategy target

CONCLUSION OF IMPACT ASSESSMENT

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

None arising directly as a result of this report.

FINANCIAL IMPLICATIONS

None arising directly as a result of this report.

SECTION 151 OFFICER’S COMMENTS

The Section 151 Officer has been consulted and has no comments to add.

LEGAL IMPLICATIONS

None arising directly as a result of this report.

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

Corporate Plan 2007/08
Revenue Budget and Capital Programme
Medium Term Financial Strategy 2007

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ACTION NOTES FROM STAR CHAMBER HELD ON 7 NOVEMBER 2007

PRESENT: Councillors R Mace (Chair), E Archer, J Barry, A Bryning
M Cullinan, J Donnellon, P Loker, R Muckle, N Muschamp, J Barlow

1 APOLOGIES

John Gilbert

2 NOTES OF THE LAST MEETING

The record of the last meeting was noted.

Update

Directors confirmed that processes were in place for progressing outstanding actions and requests for further information.

The requested report on officer training would be distributed via the courier on Thursday.

Information about member training was tabled at the meeting. Cabinet reports requested had been placed in the Forward Plan.

**1 BASE BUDGET REVIEW AND VALUE FOR MONEY ASSESSMENT
FINANCE AND PERFORMANCE DIRECTORATE**

Corporate Strategy

Sustainability – It was noted that support for sustainable communities and responding to climate change were currently 2 of the 6 objectives proposed for the next Corporate Plan. Noted that the target in the current Corporate Plan to prepare a 5 yr Climate Change strategy was being developed through the Climate Change Cabinet Liaison Group. There could be finance implications arising from this and these would be reported back to a future meeting.

Will await outcome of Overview & Scrutiny's consideration of the Allotment report prepared by the local allotment association. Recommendations in the report currently include requests for both revenue and capital growth.

Local Strategic Partnership – Noted current City Council support arrangements for the LSP. No support for changes at this stage.

Community Safety Partnership – Noted current City Council support arrangements for the CSP. Requested further report back on the financial contributions made to the CSP which were at the discretion of the council.

Children and Young People – Noted that engagement with C&YP was identified as a key priority for the Council. There might be a growth item to consider coming out of the new Children and Young People's Strategy and this would be known before the end of the year.

A briefing note was requested on the Young Advisor Scheme.

It was also requested that provision for C&YP be discussed at the next Lancaster Leaders meeting with the Chief Executive of the County Council.

Performance and Projects – a report was due back on the long-term feasibility of supporting the Project Manager's post.

It was agreed to review this further once the result of the CPA was known.

Communications and Consultation – further information was requested in a report back to Star Chamber concerning the work programme and officer structure.

It was noted that the efficiencies resulting from the work of the Print, Design and Distribution group would be progressed and built into the base budget as appropriate.

Information and Customer Services

Customer Services – noted that the development of customer services was a council priority and was being delivered through the Access to Service Project group. There were no recommendations for the budget process.

Application Support – information was requested on the costing implications of the current arrangements for licensing Microsoft products and opportunities for efficiencies.

Desktop and Telephony – noted the latest position.

Financial Services

Noted that approximately £8,000 savings had been made on banking efficiencies which would be built into the base budget .

Other changes were taking place that needed bedding in before efficiencies could be quantified. These included the update of the Financial Computer System, introduction of EDMS, income management improvements, the future re-tendering of securicor services, and further efficiencies in Treasury Management and Insurance. Where savings could be identified they would be built into the base budget.

Revenue Services

The draft Cabinet report on the restructure of the Service identified savings of c£70K in 2008/09, c£90K in 2009/10 and c£93K in 2010/11. The full report would be considered at the December Cabinet.

2 DATE OF NEXT MEETING

14 November 2007. Cllr Gilbert would be Chair. Apologies from Cllrs Mace and Barry. Cllr M Whitelegg would substitute for Cllr Barry. The next meeting would concentrate on the current position.

RCM/JEB/7 November 2007

ACTION NOTES FROM STAR CHAMBER HELD ON 14 NOVEMBER 2007

PRESENT: Councillors A Bryning, J Gilbert (Chair), V Histed, D Kerr, M Whitelegg
M Cullinan, P Loker, N Muschamp, J Barlow

1 APOLOGIES

Cllrs R Mace, E Archer, J Barry. R Muckle and J Donnellon

2 NOTES OF THE LAST MEETING

The record of the last meeting was noted. There was nothing arising.

3 UPDATE ON THE CURRENT POSITION

The group considered the report of the Corporate Director (Finance and Performance) and attachments, which included the most recent Corporate Financial Monitoring report; the existing Star Chamber timetable; a table showing information/reports/briefing notes requested to date by Star Chamber, and where completed, timetabled or still outstanding; a table showing provisional savings and growth identified to date by Star Chamber.

It was noted that many of the outstanding items were cross-referenced on the timetable to be brought back for consideration in December and members were reassured that officers were working on reports. Members felt it would be useful to indicate deadlines for all requested reports.

Work To Do

Storey – it was agreed that the existing known figure for the Storey should be included on the list of provisional savings regardless of the ongoing negotiations with the County Council.

Member Training – £10K had been included on the list of provisional savings.

Domestic Violence Training and Education Packs – this had been a one-off item on the budget for this year. Finance had included it as a recurring item and could now take as a saving (£3k).

Tourism Advertising – N Muschamp to liaise with R Muckle about a report back.

Outstanding items were placed on the timetable for consideration at the next meeting of Star Chamber with the exception of items requested on 7 November which should be timetabled as soon as possible. A small number of remaining outstanding items would be timetabled when information was available. Outstanding items that would not make a difference to the current budget process, would be reported back later in the year. The timetable and 'work to do' table would be amended accordingly.

Corporate Financial Monitoring

Financial Services were testing out variances to identify ongoing savings. An underspend on the budget was forecast. A positive report back to Cabinet on sundry debtors was expected. Savings had been achieved this year on insurance. Costs and savings from the reduction in CC(D)S business would be known in December.

Members requested a more definite indication of when decisions were needed from them on provisional savings recommendations. Officers advised that Budget Council in February 2007 was the final opportunity for Members to make recommendations but that it was advisable to have one final draft Budget in place before then to avoid a protracted meeting.

4 EQUALITY AND DIVERSITY LEVEL 2

Staff resources required to achieve E&D Level 2 were currently employed on the Fair Pay process. The contingency fund for Fair Pay could be used to employ external consultants for E&D which would cost more than £20K. Level 2 was not a statutory requirement and the extra costs could be avoided if the target was slipped by a municipal year. Members were in favour of this.

5 USE OF CONSULTANTS

The Chief Executive to ask Service Heads to discuss with Cabinet members the logic behind intermittent use of external consultants by Services.

2 DATE OF NEXT MEETING

10.00 a.m. 21 November 2007.

It was agreed that Star Chamber agenda should be sent to all Cabinet members so they could keep abreast of matters in the event of substitutions being required as was the case at this meeting.

JEB/14 November 2007

ACTION NOTES FROM STAR CHAMBER HELD ON 21 NOVEMBER 2007

PRESENT: Councillors E Archer, A Bryning, J Gilbert (Chair), M Whitelegg
M Cullinan, J Donnellon, N Muschamp, J Barlow

1 APOLOGIES

Councillor R Mace, Peter Loker, Roger Muckle.

2 SAVINGS AND GROWTH OPTIONS

Clarification was requested on a number of issues on the Savings/Growth options information produced for the previous meeting. Waste Collection Cost Sharing – this was still in negotiation with County and was likely to have a positive outcome. Grounds Maintenance Trade Contracts and Building Cleaning savings were long term issues likely to incur additional costs. Planning EDMS was likely to produce Gershon savings but a more detailed report on savings would be prepared when the system had filtered out to other Services. Parking Permits were discussed and it was noted a report is scheduled for consideration at December's Cabinet on the cost of permits for employees. As part of this discussion the Chief Executive confirmed that councillors and employees should not park at the front of Morecambe Town Hall but use the available parking at the side of the building and either use their permits or re-claim expenses in the usual way.

3 NOTES

The record of the previous meeting was noted.

Storey – a sum of £50K allocated to the repair of the retaining wall is being disputed with the County Council regarding whose liability it is and should therefore be added to the list of provisional costs.

4 REGENERATION DIRECTORATE – UPDATES

Information requested on a number of issues at the meeting on 17 October was considered.

Morecambe TIC lease; Planning EDMS, Property Review, Neighbourhood Task Force. No provisional savings were identified.

Estate Management – Ryelands House – this could produce a small saving on running costs and staffing. Negotiations were ongoing with the Health Service and pressure to complete them would be sustained.

Invest to Save Opportunities – Voltage Reduction. Cllr Gilbert requested a copy of the technical paper. It was agreed to pursue this further and to include as a possible option for savings.

Cultural Services

Information requested about Festivals & Events, Leisure and Arts Development was considered.

A review of employee related costs to be undertaken for Festivals and Events with a view to delivering the same events at a reduced cost and therefore in a different way.

Play Schemes – work had been done in previous years on options for charging. This work to be updated and brought back to Star Chamber.

Members were reminded that full reports were due for consideration at December Cabinet on the Dome, Lancaster Market, NPDO/Trust and The Dukes.

5 STOREY GALLERY LTD

£35K was currently included in the current Business Plan for the Storey. It was in effect a small grant from the Council. Members would need to decide at what level they wanted to maintain support.

6 DUTY EMERGENCY INCIDENT OFFICERS

A report was provided for information on the Council's statutory responsibilities under the Civil Contingencies Act. Star Chamber was advised that the costs of the operation of the scheme were included in the Budget.

7 ANY OTHER BUSINESS

Establishment – a request was made to look at the overall employee Establishment of the Council to identify provisional savings. The Chief Executive explained that the agreed approach of Star Chamber had been to look at the various activities of the Council in conjunction with the priorities, to make recommendations for savings, and any implications for the Establishment from these savings to be dealt with as and when necessary. However, because Star Chamber had reached the end of the process for reviewing Services' base budgets, with the exception of a small number of reports that were due back, a review of the employee Establishment should not delay other matters.

JEB/21 November 2007

CABINET

Review of Staff and Member Permits and Charges 11th December 2007

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
The purpose of the report is to consider the level of Staff and Member Permit charges.			
Key Decision		Non-Key Decision	X
		Referral from Cabinet Member	
Date Included in Forward Plan		N/a.	
This report is public			

RECOMMENDATIONS OF COUNCILLOR GILBERT

- (1) That the Staff Permit charges are increased from 1st January 2008 to allow for inflation.
- (2) That the permits be issued for a period to 1st August 2008, prior to which a further review will be undertaken to bring both Staff and Member Permits in line at 1st August 2008 and with a view to all permits being subsequently renewed on 1st April 2009, and annually thereafter.

1.0 Introduction

1.1 Cabinet considered a report on the Review of Staff and Member Permits and Charges in December 2006 and approved the following recommendations:

1 (a) That Staff and Member permit renewal dates are realigned to ensure that all parking charges are determined and introduced at the same time.

2 (b) That the same arrangements for public permits apply to Staff and Member permits whereby permits can be used 24 hours, 7 days per week to avoid operational issues with staff working shifts and weekends and staff and Members attending evening meetings and vehicles being unavailable due to repair and servicing etc.

3 (a) Linking the reviews of staff parking and car user status that is being undertaken as part of the Fair Pay – Pay and Grading Review and a similar process being required with Members and the Independent Remuneration Panel.

4 To approve establishing the principle of differential charges for staff and Members based on user status, business need and the number of journeys undertaken.

5 To recognise that staff permit charges already agreed by Cabinet for 2007 may need to be reviewed during the year and to notify staff of these arrangements.

6 That subsequent proposals are considered by the Joint Consultative Committee and are the subject of consultation in accordance with the Consultation and Negotiation Protocol.

2.0 Proposal Details

2.1 Proposals for the new pay and grading structure resulting from Fair Pay have not yet been fully agreed. It was intended that the issue of parking permits and the car user status should be linked to this, but as the process has proceeded it is clear that permits and staff parking should be considered as part of a review of business travel arrangements and not Fair pay. There will need to be consultation and negotiation with the recognised Trade Unions as permits are considered within a business travel context and the usual consultation mechanisms will be used. This report will be referred to the JCC for information.

2.3 The 2007/08 Annual Review of Fees and Charges considered the level of public permit charges following a survey of other local authorities. This highlighted that Lancaster's permits were sold at 58% discount compared with the daily cost of parking. The review resulted in public permits being increased by 30% with General Permits rising to £735.00 p.a. and Specific Permits to £1,170 p.a. A new Morecambe General Permit was also introduced at £450.00 p.a. to reflect the low cost of daily parking in the resort. Cabinet is due to consider the 2008/09 review in January 2008.

2.2 The current staff permits are due to expire at the end of December and Cabinet is asked to consider the following proposals:

- (a) To increase staff permits from 1st January 2008 in line with inflation.
- (b) To undertake further consultations during 2008 with a view to reviewing the cost of both Staff and Member permits with effect from 1st August 2008.
- (c) To re-issue the permits from 1st August 2008 until 31st March 2009, with a view to all staff and Member permits being issued annually with effect from 1st April 2009.

3.0 Details of Consultation

3.1 The options set out in paragraphs 2.4(b) and 2.4(c) of this report will need to be the subject of consultation in accordance with the Council's Consultation and Negotiation Protocol.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 - to introduce new permit charges based on the previously agreed differential charges on user status, business need and the number of journeys undertaken. An immediate change would mean that this option would not be in line with the requirement to consult on changes to the permit renewal process.

4.2 Option 2 - to introduce an inflationary increase until the permits can be considered under a review of business travel. This would result in the same type of permits as the current arrangements and the following permit charges would apply until 1st August 2008, prior to which a further review will be undertaken.

Permit Type	2007 Charge	2008 Charge
Staff General	£185.00	£190.00
Staff Specific	£310.00	£320.00

There would be no specific risks associated with this option as permit numbers are likely to remain the same. The Council's income would rise in line with inflation.

5.0 Officer Preferred Option (and comments)

- 5.1 The preferred option is Option 2. This would allow the Council to realign permit renewal dates by 2009 and consider the role and cost of permits as part of its business travel arrangements. For the time being it would not result in any decrease in the demand for permit parking neither would it result in any major increase in income for the Council.

RELATIONSHIP TO POLICY FRAMEWORK

Whilst there is no direct link to the Policy Framework, any reduction in miles travelled would have an impact on the Council's priority outcome to reduce the impact of Climate Change within the District (Priority 14).

CONCLUSION OF IMPACT ASSESSMENT

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

Any future increase in charges is likely to reduce the number of vehicle journeys made by staff on a daily basis, thereby reducing the carbons emitted during the travel to work period.

FINANCIAL IMPLICATIONS

It is not possible for Option 1 to be quantified at present and would be subject to a further report if Members resolved to go with this option.

Option 2 would retain the Council's income at a level that reflects general inflation (rounded) and is in line with current budget projections. Any future changes to permit charges would be the subject of a report that would include the financial implications of the particular recommendations at that time.

SECTION 151 OFFICER'S COMMENTS

The Officer preferred option would also allow the financial administration implications (attached to permit issue and re-imburement of parking) to be assessed and taken account of fully, in the future review.

LEGAL IMPLICATIONS

There are no legal implications arising out of this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Cabinet report and minute – December 2006.

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CABINET

Corporate Property Strategy 11th December 2007

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To consider a revision to the Corporate Property Strategy to allow consideration of sales of property at less than market value.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date Included in Forward Plan	N/a.		
This report is public.			

RECOMMENDATIONS OF CORPORATE DIRECTOR (Regeneration)

- (1) **Cabinet are asked to update the Corporate Property Strategy to provide a framework for allowing consideration of the disposal of assets at less than market value in support of the “well being powers” under the provisions of the ODPM Circular 06/2003, Local Government Act 1972: General Disposal Consent (England) 2003.**

1.0 Introduction

- 1.1 The Corporate Property Strategy has provided the guidance for the acquisition, management and disposal of the Council’s assets for a number of years, the current version having been adopted in 2005.
- 1.2 In considering the disposal of property, the Strategy is based upon the principle of disposals being at “best value”, but a Consent is now in place that allow disposals at an “under value”. This report therefore suggests that the Corporate Property Strategy be updated to reflect the current Consent.

2.0 Proposal Details

- 2.1 The legal position with regard to the Council’s disposal of land is that s123(1) of the Local Government Act 1972 provides that subject to the further provisions of the section, the Council may dispose of land held by them in any manner that they wish. S123(2) of that Act stipulates that except with the consent of the Secretary of State, a Council shall not dispose of land under s123, otherwise than by way of a short

tenancy, for a consideration less than the best value that can reasonably be obtained.

2.2 This principle has been used in all recent land disposals, but in discussions with officials of Morecambe Football Club to take forward their proposals, an issue has been raised regarding the potential sale of land at less than market value to enable the overall development to be supported. This report considers the implications for the Corporate Property Strategy of any proposal for development that requires the Council to dispose of land at less than open market value.

2.3 By virtue of the ODPM Circular 06/2003 Local Government Act 1972: General Disposal Consent (England) 2003 the Secretary of State has given consent generally to local authorities for a disposal for a consideration less than the best that can reasonably be obtained in certain circumstances known as the "well-being provisions". The circumstances are that:

(a) the authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident in its area:

- (i) the promotion or improvement of economic well-being,
- (ii) the promotion or improvement of social well-being,
- (iii) the promotion or improvement of environmental well-being, and

(b) the difference in the unrestricted value of the land to be disposed of, and the consideration for disposal, does not exceed £2,000,000.

2.4 If Cabinet were to determine that the Strategy should be updated to reflect the Consent, a framework should be adopted that would provide guidance for determining whether or not to dispose of land for less than the best consideration reasonably obtainable, and whether or not the proposal falls within the terms of the general consent.

2.5 In considering the potential of selling assets at an under value, the Council should consider the following aspects:

The legal basis (as set out above).

The need to ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the under value.

If applicable the authority should have regard to its community strategy when exercising the well being powers.

The Council's policy/corporate objectives.

The Financial aspects (from Council's position).

Feasibility of proposal, i.e. robustness of business case / ongoing viability.

Alternative options for land / property in question.

Tax payers' interests and proportionality (i.e. what would most taxpayers' think of any proposal? How do you justify giving away land or selling at less than market value to a private company? What controls should be in place re future disposal?)

Fairness in dealing with third parties (e.g. how would you justify offering it to the first bidder?)

Any state aid implications.

3.0 Details of Consultation

3.1 There has been no consultation on this report.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 - To update the Corporate Property Strategy to provide a framework for allowing consideration of disposal of assets at less than market value, in support of well being powers, and that officers develop such a framework, having regard in particular to legal and financial considerations, the Council's corporate objectives, fairness and openness, and the interests of local taxpayers.

4.2 Option 2 – do nothing. This would result in retaining the Corporate Property Strategy in its current format and would not reflect the ability of the Council to utilise the provisions of the General Disposal Consent should it be so minded.

5.0 Officer Preferred Option (and comments)

5.1 The preferred option is option 1 in which Cabinet is asked to consider whether it wishes to update the Corporate Property Strategy to provide a framework for allowing consideration of the disposal of assets at less than market value in support of the “well being powers” under the provisions of the ODPM Circular 06/2003 Local Government Act 1972: General Disposal Consent (England) 2003. This would then be developed by Officers, for future consideration by Members.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Property Strategy requires that the council review its asset base and only retain those assets required to meet its agreed objectives and priorities, and where assets are not required for this purpose they should be disposed of at best value. However, this no longer reflects the full range of options now available to the Council.

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

There are no specific impact assessments at this stage, although any future development would need to reflect issues such as diversity and Sustainability.

FINANCIAL IMPLICATIONS

Whilst this report has no direct financial implications arising at this stage, in due course it could have very significant and far-reaching implications.

Should Cabinet agree to amend the Corporate Property Strategy in future, each disposal that sought to utilise the General Disposal Consent would need to be considered on its own merits. There would be the potential to forego the opportunity to receive capital receipts from such disposals, in order to contribute to 'well being'. This could have an adverse impact on the Council's future capital investment plans and on its capacity for further investment.

The future assessment of the relative merits of disposals considered under the Consent would be crucial, as would ensuring that this takes place within the framework of the Council's overall Capital Investment Strategy. The key to success would be careful consideration of the detailed conditions and criteria to be incorporated within any update to the Corporate property strategy, addressing the issues identified in paragraph 2.5.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and her comments incorporated into the report.

LEGAL IMPLICATIONS

As discussed previously in the report. Would need to ensure that any disposal at less than best consideration comes within the Well Being Powers of the Local Government Act 2000. It may be appropriate to seek Counsel's advice in reviewing the Corporate Property Strategy.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments have been incorporated in the report.

BACKGROUND PAPERS

Corporate Property Strategy.

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Ref: N/A

CABINET

**Revenue Services Restructure
11 December 2007
Report of Roger Muckle (Corporate Director – Finance &
Performance)**

PURPOSE OF REPORT				
The report brings forward proposals to restructure and reorganise Revenue Services to respond to the need to make savings, achieve better value for money and meet the operational needs of the Service as it seeks to improve Council Tax collection rates and implement the corporate document management system.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan		July & December 2007		
This report is public				

RECOMMENDATIONS OF COUNCILLOR ROGER MACE

- (1) Cabinet accept the proposals in the report and as detailed in Appendix A (Exempt item)
- (2) Cabinet ask Personnel Committee to consider the detailed organisational and Human Resources implications of the report for implementation on the dates shown in the exempt item at Appendix A.
- (3) Any costs arising from the Human Resources implications of the report are met from the savings identified in the report with such costs being reported back to Cabinet as part of the 2008/9 budget process.

1.0 Introduction

- 1.1 At its meeting on 24 July 2007, Cabinet asked for a further report on adopting proposals in respect of:
 - The prosecution of defaulters for failure to supply information
 - The provision of a money advice worker in conjunction with Lancaster CAB and

- The restructure of the Service to meet these proposals and those already approved by Cabinet.

At the same time Revenue Services has been in the process of seeking to improve value-for-money, respond to the call to identify recurring savings of £802,000 in the 2008/9 budget and to the cut in the Housing Benefit/Council Tax Benefit Administration Grant of 5% in real terms imposed by central government.

Against this background Revenue Services has been leading on the introduction of a corporate document management system and the need to provide the initial corporate scanning team from within its existing resources has also presented a significant challenge.

This report outlines the organisational and structural changes proposed to meet these requirements, the net effect of which is to bring forward savings of over £8,000 in 2007/8, £70,000 in 2008/9, £90,000 in 2009/10 and £93,000 in 2010/11.

2.0 Proposal Details

2.1 *Council Tax collection issues*

Following a fundamental review of the business processes adopted in Council Tax collection, officers have formed the view that it will be possible to implement the proposals referred to in 2.1 above by mainly making organisational changes within existing resources. However, one small change is proposed that involves the deletion of half a post and the creation of a post for a temporary period of one year (2008/9) after which this post will be reviewed as to whether it is necessary to make a permanent appointment.

With regards to the arrangement with Lancaster Citizen's Advice Bureau (CAB) to provide a money advice worker one day a week at Lancaster Town Hall, it is proposed to negotiate with the CAB that this service is provided as a condition of the funding the Council provides to the Bureaux at Lancaster & Morecambe and which is being reviewed as part of the service level agreement that will run from 1 April 2008.

2.2 *Electronic Document Management System (EDMS) issues*

As members will be aware, Revenue Services is leading on the implementation of a corporate document management system that will initially replace the current system that has been in use in Revenue Services since 1990 and which has been procured so as to enable other Services of the Council to adopt the benefits of the technology.

During this first phase, Planning & Building Control, Council Housing and Financial Services (for Creditors) are included in the implementation, all of which should be live on the system early in the New Year.

In order to ensure that efficiencies are realised from the use of the technology it has been decided that a corporate team will be required to open the incoming mail and scan the documents at this first point of entry in to the Council. Thereafter the documents will be transferred electronically to recipient Services and, after indexing, be routed electronically to the end users with minimal or no manual intervention.

As Revenue Services have many years expertise in the scanning operation and already have hardware with the capacity to handle the additional work, it has been decided that the corporate scanning team should be sourced in Revenue Services.

As much of the work of the existing team in Revenue Services relates to the volume of benefits documents the Council handles, the opportunity has been taken to review and rationalise the clerical support teams to meet the requirements of providing the corporate scanning function which will bring the management of this function in to the Benefits & Customer Services division of the Service.

The result of this review and the drive for efficiencies linked to the implementation of the project is the deletion of two posts, the creation of two new posts and to make a small change to re-grade the spinal column points of another post to reflect a change in duties and the responsibility for the day to day provision of the corporate scanning function.

2.3 ***Benefits – Value for Money and Efficiency issues***

In response to the need to provide and demonstrate value for money in service provision, Revenue Services constantly looks at ways in which business processes are delivered and makes changes whenever it is prudent to do so. Decisions will be informed by a number of factors including:

- Benchmarking performance and costs wherever possible. Our costs are considered higher than average but performance is top quality.
- The welfare reform programme and its impact on the resources required to deliver the service. The legislative changes continue a pace and introduction of Local Housing Allowance from April 2008 presents a further significant challenge.
- The Government's efficiency agenda.
- The level of central government funding and the response to cuts in Benefits Administration grant. A 5% cut in real terms over the next three years has been imposed.

During the last few months a review of posts as they have become vacant and those that have been held vacant previously pending review of the necessity to fill them has been undertaken. In addition a review of the administration function in Benefits & Customer Services and the opportunity to link this with the EDMS project has presented a further opportunity to make efficiency savings.

As a result it is proposed to delete 3.5 posts and amend the grade of one post to address the several failures to attract a suitably qualified and experienced candidate and reflect the changes to the level of responsibility the new post-holder will expect to undertake following the location of the corporate scanning function in the Benefits & Customer Services division of the service.

Officers are confident that the current high standard of benefit administration will not suffer as a result of these proposals.

2.4 A summary of the financial implications showing the savings to the manpower budget in the current and next three years is shown below. The figures do not include any costs of redundancy and/or early retirement costs that may arise but an indicative, one off, maximum cost (based on all four posts receiving Voluntary Redundancy and two receiving Early Retirement pension entitlement), can be estimated at £49,003

which would be met from the Council's revenue budget in 2007/8. However, as the Council's Redeployment Policy is likely to be applied in these cases these costs are not expected to be as high as the indicative figures.

The proposals would need to be effective from 1 January 2008 in some cases and from 1 April 2008 in others.

Additional savings arising from transport related costs are also included as two of the proposed deleted posts hold essential car user status.

Area	2007/8	2008/9	2009/10	2010/11
	£	£	£	£
Council Tax	(2,437)	4,360	(10,358)*	(10,669)*
EDMS	317	(10,477)	(12,064)	(13,326)
Benefits	(6,297)	(61,956)	(65,249)	(67,206)
SubTotals	(8,417)	(68,073)	(87,671)	(91,201)
Transport		(2,400)	(2,400)	(2,400)
Totals**	(8,417)	(70,473)	(90,071)	(93,601)

* Subject to temporary post not being made permanent from April 2009

** Subject to any costs of ER/VR (see above)

2.5 At the top of the grades the manpower savings are £66,593 in 2008/9, £85,962 in 2009/10 and £88,541 in 2010/11.

2.6 Attached as Appendix A is a more detailed summary of the proposals showing post numbers and post titles and the proposed effective dates. This information is exempt from publication. The Human Resources implications of the proposals will need to be considered by Personnel Committee and the Council's HR policies relating to Early Retirement/Voluntary Redundancy and Redeployment are likely to play a part in their implementation. A detailed report will be submitted to Personnel Committee on 18 December 2007 subject to approval of this report by Cabinet.

HR has advised that any regradings resulting from the restructure will be temporary pending the outcome of the Fair Pay process as agreed by the Personnel Committee in other recent restructures. Any pay protection that may be agreed will not apply to the regradings.

3.0 Details of Consultation

3.1 Consultation with staff and trade unions has taken place and their views will be reported in to the meeting.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 is to accept the proposals as identified in Appendix A to the report.

Accepting the proposals will enable the Council to make significant savings in support of its medium term financial strategy, contribute to the need to identify efficiency savings and demonstrate value for money in service provision.

4.2 Option 2 is to consider implementing only part of the proposals taking savings but not accepting any costs included in the proposals.

By following Option 2 Cabinet could realise some additional savings but would run the risk of the operational failure of the new structure as proposed and would jeopardise the efforts to improve Council Tax collection rates.

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the Officer preferred option as it offers the best prospect of meeting the Council's financial and corporate targets.

6.0 Conclusion

6.1 This report encompasses a wide range of issues facing the Service and the Council. The restructure as proposed will enable service delivery to continue to a high standard whilst providing improvements to the value for money given to the Council Tax payers of the district.

RELATIONSHIP TO POLICY FRAMEWORK

To deliver value for money, customer focused services
To continue to improve the Council

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

The report has no implications on Diversity/Human Rights, Community Safety or Sustainability

FINANCIAL IMPLICATIONS

The restructure of Revenue Services will result in savings for the Council under the proposal outlined in Option 1. The Council will be able to save in excess of £262,000 in total over the four years to 2010/11, if there is no take up of early retirement/voluntary redundancy. The table below summarises the main costs and savings which are shown in detail in Appendix A and in paragraph 2.4 in the body of this report.

The second part of the table also includes a potential maximum cost to the Council of ER/VR. Cabinet is asked to note that this is for the purposes of illustrating a worst case

scenario of the net savings, should Option 1 be adopted. The Council's Redeployment Policy will apply to the affected post-holders and the cost of ER/VR is expected to be considerably lower, if any. The real cost of ER/VR, will have to be identified and calculated when more definite details are available.

SUMMARY OF SAVINGS – REVENUES RESTRUCTURE

	2007/08 £	2008/09 £	2009/10 £	2010/11 £	Total £
Savings on Establishment	-8,417	-68,073	-87,671	-91,201	-255,362
Savings on Transport Costs	0	-2400	-2400	-2400	-7,200
TOTAL SAVINGS	-8,417	-70,473	-90,071	-93,601	-262,562
<i>FOR ILLUSTRATION PURPOSES</i>					
<i>Potential Cost of ER/VR</i>	<i>49,002</i>				<i>49,002</i>
TOTAL SAVING NET OF ER/VR COST	40,585	-70,473	-90,071	-93,601	-213,560

The one-off cost of ER/VR are contained within the £49,002 in 2007/8

SECTION 151 OFFICER'S COMMENTS

The proposals would make a significant contribution to the Council's current savings targets, through achieving better value for money and whilst still providing support for the initial phase of the corporate EDMS implementation.

As touched on in the report, Revenues Services have made large savings on staff turnover in recent years, and these have contributed to the corporate turnover targets. The service's ongoing position and scope to make savings will need to be re-assessed in future, however, should the proposals be approved. (Such reassessment will also be undertaken for all other services though.)

LEGAL IMPLICATIONS

Legal have been consulted and their comments have been incorporated in to the report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments have been incorporated into the report.

BACKGROUND PAPERS

Cabinet Report 24 July 2007
Base budget Review and Value for Money
Assessment note 10 August 2007

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted