



Committee: CABINET

Date: THURSDAY, 31 JULY 2008

Venue: MORECAMBE TOWN HALL

Time: 6.00 P.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on 8th July 2006 (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

6. Festival & Events

(Cabinet Member with Special Responsibility Councillor Shirley Burns)

Referral report from Overview and Scrutiny Committee to follow.

Reports

7. Provisional Revenue and Capital Outturn 2007/08 (Pages 1 - 64)

(Cabinet Member with special responsibility Councillor Roger Mace)

Report of Head of Financial Services

8. **Financing for Portland Street and Home Support Team** (Pages 65 - 70)
(Cabinet Members with Special Responsibility Councillors John Gilbert and David Kerr)

Report of Corporate Director (Community Services)

9. **Budget and Policy Framework Process 2009/10** (Pages 71 - 78)
(Cabinet Member with Special Responsibility Councillor Roger Mace)

Report of Corporate Director (Finance and Performance)

10. **The Development of Neighbourhood Management Arrangements for the District**
(Pages 79 - 86)

(Cabinet Member with special responsibility Councillor Roger Mace)

Report of Corporate Director (Community Services)

11. **Annual Treasury Management Report 2007/08** (Pages 87 - 96)

(Cabinet Member with Special Responsibility Councillor Roger Mace)

Report of the Head of Financial Services

12. **Exclusion of the Press and Public**

The following report containing exempt information is published as an Appendix for Members of Cabinet. Members will need to consider if they are able to make a decision in public, or exclude the press and public in order to refer to the information contained in the exempt report.

Should Cabinet decide to not make a decision in public, Cabinet is recommended to pass the following recommendation in relation to the following item:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

Members are reminded that, whilst the following items have been marked as exempt, it is for the Council itself to decide whether or not to consider each of them 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.

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

13. **Fair Pay Project** (Pages 97 - 106)

(Cabinet Member with special responsibility Councillor David Kerr)

Report of the Chief Executive

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Roger Mace (Chairman), Evelyn Archer, Jon Barry, Eileen Blamire, Abbott Bryning, Shirley Burns, Susie Charles, Jane Fletcher, John Gilbert and David Kerr

(ii) Queries regarding this Agenda

Please contact Debbie Chambers, Democratic Services, telephone 01524 582057 or email dchambers@lancaster.gov.uk.

(iii) Apologies

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

MARK CULLINAN,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on Friday, 18th July 2008

CABINET

**Provisional Revenue and Capital Outturn 2007/08
31 July 2008**

Report of Head of Financial Services

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2007/08 and the timetable for completion of the closure of accounts process. It also sets out information regarding the carry forward of underspent/overspent revenue budgets and capital slippage for Members' consideration, and seeks approval of various Prudential Indicators for last year for referral on to Council.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	July 2008		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR MACE:

1. That the provisional outturn, funding and variance analysis for 2007/08 be noted.
2. That Cabinet notes the transfers to provisions and reserves actioned by the Head of Financial Services as set out in section 2 of the report.
3. That Cabinet consider the carry forward of overspends on controllable budgets as set out at Appendix F.
4. That Cabinet considers the requests for carry forward of underspent revenue budgets as set out at Appendix G.
5. That Cabinet considers the requests for capital slippage as set out at Appendix J.
6. That the timetable for completion and reporting of the closure of accounts be noted, as set out in section 6 of the report, and that Cabinet makes any further recommendations as appropriate.
7. That the Prudential Indicators as at 31 March 2008 as set out at Appendix K be approved for referral on to Council, as part of the Annual Treasury Management Report for 2007/08.

Background

All local authorities have a statutory duty to produce annual accounts in accordance with various regulations and professional practice. This report provides an update on the issues arising and seeks Cabinet approval for various matters. Please note that larger copies of the appendices are available on request.

Proposal Details

1 Provisional Revenue Outturn

- 1.1 The work required to close the 200708 accounts has now been completed and the Statement of Accounts were approved by Audit Committee on 25 June 2008; a briefing for Members of Audit Committee, Cabinet and Budget and Performance Panel was also held on 23 June. A summary of the revenue outturn position of the main accounts of the Authority is set out below.

	Revised Budget	Provisional Outturn	Variance (Favourable) / Adverse
	£000	£000	£000
Housing Revenue Account (HRA) Deficit – relates to Council Housing Services	409	42	(367)
General Fund Budget Requirement – includes all other Council services	22,580	22,124	(456)

1.2 Housing Revenue Account (HRA)

- 1.2.1 The Housing Revenue Account was underspent in last year by approximately £367K (2006/07 comparative: £408K underspend). A summary of the HRA provisional outturn is set out at **Appendix A** and outline variance analysis is attached at **Appendix B**. Points to note include the following:
- Income was higher than estimated. This was due to a number of factors including shorter re-let times on properties becoming vacant during the year. Also additional investment interest was generated, as a result of interest rates and cashflow being better than expected.
 - Capital spending was lower than budgeted, due to a combination of savings being achieved and also slippage being incurred on schemes. This resulted in a lower call on the Major Repairs Reserve in last year.
- 1.2.2 The section on carry forward requests later in this report includes a number of items relating to the Housing Revenue Account and these relate to various specific areas of underspending in the main.

1.3 General Fund

- 1.3.1 After allowing for various year end adjustments, there has been a net underspending of £456K during 2007/08 and again a summary statement is included at **Appendix C**; the underspending represents 2% of the Council's net budget requirement (2006/07 comparative: c£381K underspend, 1.8% of budget).
- 1.3.2 A summary of the variances analysed primarily by service is included at **Appendix D**. The main underspends relate to items such as extra Government grants being received in connection with the Local Authority Business Growth Incentive Scheme (LABGI) and net savings have been generated on many areas within City Contract (Direct) Services.
- 1.3.3 In addition there are several areas of net overspending including energy costs, and several areas where income shortfalls have been experienced. Furthermore the outturn position takes account of the review of provisions and reserves and more details are provided in the section below.
- 1.3.4 The appendix also highlights the variances that were reported in Quarter 4 Performance Review Team (PRT) meetings. It can be seen that whilst there are a fair number of items that have previously been reported, there are also a significant proportion that were not. It is envisaged that this is an area that Budget and Performance Panel may wish to review in more detail, to draw out the reasons for this. It may well be that improvements to future PRT financial reporting, or the closure of accounts or budget processes, will follow as a result. Individual Cabinet Members are also requested to draw on this, as part of the current year's Quarter 1 reporting, and Service Heads have been advised accordingly.
- 1.3.5 As a result of closing the accounts earlier it has again been possible to provide more meaningful variance analysis based on true 'cash' variances, i.e. eliminating the impact of various notional charges such as depreciation and pension costs. Further work is still required to ascertain whether any variances will continue into the current year, however, and this will be picked up as part of the Corporate Monitoring Process and the Performance Review Team meetings. This is covered in more detail in section 6 of this report.

2 **Provisions and Reserves**

- 2.1 In closing the accounts for last year the Council's reserves and provision balances have been reviewed; this is in accordance with the policy and schedule approved by Council back in February. A full statement is attached at **Appendix E** and the main issues and transfers are highlighted specifically below:
- A new provision of £300K has been established in respect of equal pay claims; a report elsewhere on the agenda deals specifically with this issue and makes recommendations regarding its application.
 - A total of £102K of revenue financing for capital remained unspent in last year, because of slippage on capital schemes. On the basis that Members approve the capital slippage requests as set out in section 4, the unspent funding has been transferred into the capital support reserve, in order that it can be used to help fund the resulting capital expenditure in 2008/09.

- Furthermore in June Cabinet approved the provisional transfer of any additional Local Authority Business Growth Incentive to the Capital Support Reserve, in order to fund extra costs associated with Luneside East Regeneration, subject to this being considered in more detail as part of the 2007/08 outturn (minute no. 14 refers). In line with this resolution, £843K was duly transferred into the reserve as at 31 March, based on the provisional grant notification received from Government. It is pleasing to report that very recently Government has confirmed this allocation and the money has now been received.

With regard to the Luneside project itself, in addition to the compensation matters that were considered by Cabinet last month, Members will be aware that the main developer has not been able to meet certain funding conditions and this gives rise to a potential default under the building agreement. The difficulties are primarily as a result of the difficult economic conditions currently being experienced.

The Council's balance sheet includes debtors of £1.7M that would not be receivable if, in due course, the developer does default on the agreement and other alternative external funding arrangements are not secured. This would then mean that the Council would have to provide the financing from within its own resources. The Council has also accounted for European Regional Development funding of £2.5M, for which clawback liabilities may arise if the scheme does not achieve its planned outcomes. These 'contingent' liabilities were highlighted in the recently approved Statement of Accounts for 2007/08.

Given the commitment of partners to progress this project, however, and the specific market conditions giving rise to the current position, it seems probable that a positive outcome will be forthcoming, thereby avoiding any material liabilities falling on the Council. Negotiations are currently underway regarding the existing funding and building agreements and a further report on the outcome will be presented to Cabinet as soon as possible. In the interim, however, the Council continues to incur expenditure of approximately £10,000 per month for site costs and an estimated £8,600 in respect of 'lost' interest. These costs are unavoidable in the current circumstances, and therefore it is assumed that they also be funded from the Capital Support Reserve initially – although ultimately some of the lost interest may be offset through other cash flow and interest rate changes.

In view of these points, the level of reserve will be reviewed again once the outcome of the Luneside negotiations is known, linked to the mid-year reviews of the Medium Term Financial Strategy / Capital Investment Strategy.

- The existing Modernisation budget of £21,500 has been transferred into a new Modernisation Reserve, on the basis that expenditure does not fall in a regular annual pattern. Future years' budgets would be treated similarly, subject to the budget process.
- A new reserve of £9,500 has also been created in respect of Kellet Road Industrial Units to meet repair and maintenance obligations under the existing lease, which should have been provided for within previous years' budgets.
- A further £200K has been allocated to general Project Implementation Support, to provide funding for various corporate programmes and projects in support of the Council's objectives. In particular, these may include planning for accommodation related projects, electronic document management, and regeneration programmes. Once planning work has progressed on these areas, it should give

better information regarding financial appraisals and costings, which can then be incorporated into the Council's financial planning and budgeting arrangements as appropriate.

- Bad Debts provisions amounting to around £439K were held in connection with General Fund services (but excluding parking enforcement as this is now dealt with separately). The Head of Financial Services advises that in her view, these provisions are adequate and they are also comparable with the previous year, taking into account the age analysis of debts.

In total the additional net transfers to provisions and reserves amount to around £500K and they have already been reflected in the general summary position outlined earlier, hence at this stage Cabinet is asked only to note them. It is stressed, however, that the balances on such funds will be reviewed again during the budget exercise. If circumstances change or if decisions are taken that help alleviate some of these financial pressures, then any surplus balances can be reallocated to help support Council Tax targets or other spending priorities, in line with the Financial Strategy.

3 Position on Carry Forward of Underspends and Overspends

3.1 As set out in the Financial Regulations the aims of the Carry Forward Scheme are to:

- provide some flexibility in delivering the Council's stated objectives
- remove the incentive to spend up budgets unnecessarily by year end, and
- promote good financial management.

3.2 Under the Scheme, the carry forward of overspends on controllable budgets is generally automatic. Requests for the carry forward of underspends is subject to Member approval, however. Whilst there is a need to protect the overall financial position of the Council, it is recognised that there is also the need to be fair to Service Managers in dealing with carry forwards and to ensure that the process does not act as a disincentive to sound financial management (i.e. does not encourage managers simply to spend up, to avoid 'losing' budgets).

3.3 In view of the above, last year Cabinet adopted the following approach to achieve a reasonable balance:

- Carry forwards of overspends were considered in view of the circumstance and level, but Cabinet exercised its discretion in waiving the carry forward requirement where the aggregate overspending of any service was less than £5,000.
- Cabinet considered certain requests for carrying forward underspendings but only where there were clear existing commitments against the appropriate budget and it was demonstrated that there was no scope for meeting such commitments from current year's allocations.

3.4 On the basis that Cabinet chooses to follow a similar approach for this year, details of overspends on controllable budgets (or net overspends, where applicable) are set out at **Appendix F**; in total these amount to £237K. This also includes the comments received from Service Managers. It can be seen that some items relate to statutory functions, and known pressures such as energy costs. As such, the Head of Financial Services has given her views on suggested actions. In some cases, the determination of whether a budget is 'controllable' is not wholly objective. E.g. with

energy costs, there may be some scope to control usage but energy prices will not be fully controllable. This is why there is a need to consider each case on its merits.

- 3.5 With regard to the carry forward of underspends, Service Heads have submitted various proposals and these are attached at **Appendix G**. In total, they amount to £218K for the Housing Revenue Account and £280K for General Fund. If all requests were approved, it would have the following effect on revenue balances at the end of the current year. This makes no allowance for the impact of any decisions regarding overspends, however:

Fund	Estimated Balances as at 31 March 2009:			Basic Minimum Balances Level £'000
	Per Current Approved Projection £'000	Assuming all requests approved £'000	Variance (Surplus Balances) £'000	
Housing Revenue Account	350	499	(149)	350
General Fund	1,544	1,720	(176)	1,000

- 3.6 In essence, as the total value of carry forwards is less than the extent of net underspending, Cabinet could support all requests and still stay within the approved budget framework. In considering each bid, however, Cabinet should be mindful of the overall financial position and the MTFs/HRA Business Plan, as well as the impact on service delivery and what the request would achieve. Some items are clearly tied in with existing contractual or statutory commitments; others are not. Indeed, some relate to the carry forward of extra income that has been generated during the year, and could, therefore, be viewed as opportunistic. It is also highlighted that because of their high value, some bids would need to be referred on to Council for final approval. This would be done in September.

4 Capital Outturn

- 4.1 In last year as in previous years, there have been some significant underspendings on the Capital Programme before the effects of slippage are taken into account. **Appendix H** includes a provisional capital expenditure and financing statement for the year, which is summarised in the table overleaf. In considering the position Members should bear in mind the processes in place to ensure that schemes progress only when funding is available, and the recent strengthening of project management arrangements.

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000	£'000	£'000	%
Council Housing	3,542	2,879	(663)	19
General Fund	18,455	12,752	(5,703)	30
Total Programme	21,997	15,631	(6,366)	29

4.2 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix J**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual approval of slippage can be a formality. If Members have any questions on particular requests and/or are minded to refuse any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.

4.3 Information on recent years' slippage is also included below for comparison:

	2007/08	2006/07	2005/06	2004/05
	£'000	£'000	£'000	£'000
Council Housing	480	157	1,118	1,493
General Fund	<u>4,235</u>	<u>2,554</u>	<u>2,513</u>	<u>10,822</u>
Total Slippage Requested	<u>4,715</u>	<u>2,711</u>	<u>3,701</u>	<u>12,315</u>

4.4 It is clear that slippage in both areas has increased significantly in comparison with last year, and the reasons for this are being analysed in more detail by the Officer Working Group.

4.5 The table below pulls together the position after allowing for slippage and external funding. The impact on resources for the HRA is favourable, resulting in additional resources being available. For the General Fund there is a relatively minor adverse variance overall impacting on the City Council's own resources. This is because the majority of any apparent scheme overspends or underspends have been offset by external funding adjustments. Again, any implications for current or future years will be picked up as part of the mid-year review for the Capital Investment Strategy.

Capital Programme	Revised Estimate	Forecast Expenditure (including slippage)	Overspend Or (Underspend) - Rounded	Impact on Council Resources (Fav) / Adv
	£'000	£'000	£'000	£'000
Council Housing	3,542	3,359	(183)	(183)
General Fund	18,455	16,987	(1,468)	15

5 Prudential Indicators

5.1 Following the introduction of the Prudential Code for Capital Finance under the Local Government Act 2003, certain year end indicators must be produced for approval by Council. These are set out in **Appendix K** and their basic definitions are as follows:

Affordability: Actual ratio of financing costs to net revenue stream
This is basically total interest payments during the year, expressed as a percentage of the budget requirement.

Prudence: Actual Capital Expenditure
As set out in previous section – the spend incurred during the year excluding capital creditors brought forward.

Actual Capital Financing Requirement
Essentially this is the cumulative value of assets / capital expenditure that has not already been financed from cash resources such as capital receipts, revenue, etc. or covered by monies put aside for debt repayment.

Actual External Debt
In broad terms this is mainly debt outstanding that has been used to support previous years' capital expenditure but some other fairly minor long term liabilities are included.

5.2 The Indicators reflect the basis on which the budget was prepared; the final accounts have also been prepared on the same basis. The Prudential Indicators will be referred onto Council as part of the wider Treasury Management Annual report.

6 Timetable for Completion of Accounts and Associated Matters

6.1 The timetable for completion and consideration of any issues arising as a result of the outturn is as follows, for Cabinet's information:

Monday 21 July	Commencement of audit of Accounts
Tuesday 29 July:	Budget & Performance Panel: briefing on outturn 4 week public inspection period of Accounts ends
Thursday 31 July	Cabinet: consideration of this report 'Public access to Auditor' day
July – August	Quarter 1 Performance Review – to include consideration on services' final outturn as compared with last year's provisional Quarter 4 reporting, where appropriate,
09 September:	Budget and Performance Panel: Quarter 1 report and any further detailed outturn consideration as required
17 September:	Council: referral of any issues as may be required, including carry forward requests and annual Treasury Management report.

24 September	Audit Committee: outcome of audit of accounts
07 October	Cabinet: MTFs / Capital Investment Strategy Update, & reporting of any further matters arising

6.2 It can be seen from the above that various aspects of the outturn will be reported through to Cabinet, Council and Budget and Performance Panel:

- Cabinet will receive high level information in connection with the impact of the outturn on financial monitoring for this year and on future years' projections within the Financial Strategy. It will also provide a basis for Cabinet Members to consider any related specific performance issues if required, through PRTs as appropriate.
- Certain matters such as the Treasury Management Annual Report and Budget Carry Forward requests above £10,000 require Council approval.
- Budget and Performance Panel will consider Cabinet reports and recommendations, and request more detailed information regarding individual service financial performance as appropriate, to hold the Executive (Members and Officers) to account.

7 OPTIONS AND OPTIONS ANALYSIS

The City Council has a legal requirement to ensure that its expenditure is fully funded and to produce a Statement of Accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Head of Financial Services, however. Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

The report requests Cabinet to consider a number of revenue budget carry forward matters and capital slippage. The framework for considering these is set out in the report but basically Cabinet may:

- Approve any number of the items / requests, in full or part.
- Refuse any number of the requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
- Request further information regarding them, if appropriate. Cabinet is asked to bear in mind any work required against the value of the individual bids.

8 OFFICER PREFERRED OPTION AND JUSTIFICATION

The recommendations of this report are as currently set out.

9 CONCLUSION

In 2007/08, once again the Council has kept its overall net spending well within budget (before consideration of carry forward requests and slippage) but there are significant variances on certain areas of activity. This again highlights the need to review the financial outturn in context of ongoing service delivery and the MTFs.

<p>RELATIONSHIP TO POLICY FRAMEWORK The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly identifiable, due to the high level nature of this report.</p>	
<p>FINANCIAL IMPLICATIONS As set out in the report.</p>	
<p>DEPUTY SECTION 151 OFFICER'S COMMENTS This report forms part of the section 151 officer responsibilities; clearly the outturn is also subject to external audit.</p>	
<p>LEGAL IMPLICATIONS There are no legal implications arising from this report.</p>	
<p>MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments to add.</p>	
<p>BACKGROUND PAPERS Financial Regulations, MTFs, LGA 2003</p>	<p>Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: nmuschamp@lancaster.gov.uk</p>

APPENDIX A

Housing Revenue Account (HRA) Outturn 2007/08

For Consideration at Cabinet 31 July 2008

	2007/08 Original Budget £'000	2007/08 Revised Budget £'000	2007/08 Actual £'000	Variances: (Favourable) / Adverse £'000
INCOME				
Dwelling Rents	(10,620,900)	(10,612,500)	(10,713,069)	(100,569)
Non-Dwelling Rents	(152,100)	(196,200)	(266,623)	(70,423)
Charges for Services & Facilities	(1,440,200)	(1,584,500)	(1,676,992)	(92,492)
Contributions towards Expenditure	(7,700)	(7,700)	(7,736)	(36)
Other Sums Directed by the Secretary of State as Income	(165,200)	(165,200)	(165,200)	0
Total Income	(12,386,100)	(12,566,100)	(12,829,621)	(263,521)
EXPENDITURE				
Repairs & Maintenance	3,336,200	3,392,100	3,406,203	14,103
Supervision & Management	3,072,200	3,113,800	3,038,005	(75,795)
Rents, Rates, Taxes & Other Charges	168,700	109,900	108,270	(1,630)
Negative Housing Revenue Account Subsidy Payable	786,500	819,800	819,803	3
Increase in Provision for Bad and Doubtful Debts	75,000	132,200	90,810	(41,390)
Depreciation & Impairment of Fixed Assets	2,285,400	2,268,400	2,304,592	36,192
Debt Management Costs	12,000	12,000	1,000	(11,000)
Total Expenditure	9,736,000	9,848,200	9,768,683	(79,517)
Net Cost of HRA Services	(2,650,100)	(2,717,900)	(3,060,938)	(343,038)
Interest Payable & Similar Charges	879,900	850,900	850,856	(44)
Premiums & Discounts on Debt Rescheduling	159,200	159,200	1,002,102	842,902
Interest & Investment Income	(255,500)	(258,400)	(336,198)	(77,798)
Pensions Interest Costs & Expected Return on Assets	68,000	68,000	35,997	(32,003)
(Surplus) or Deficit for the year on HRA Services	(1,798,500)	(1,898,200)	(1,508,181)	390,019
Adjustments to reverse out any Notional Charges included above	0	0	(843,098)	(843,098)
Other Notional Charges made for Retirement Benefits	0	0	3,303	3,303
HRA contribution to/from Pensions Reserve (re Notional Charges)	(68,000)	(68,000)	0	68,000
Transfer to/from Major Repairs Reserve	(16,600)	(500)	371,788	372,288
Transfer to/from Earmarked Reserves	325,000	223,000	250,102	27,102
Capital Expenditure funded by the Housing Revenue Account	1,558,100	2,152,600	1,767,700	(384,900)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	0	408,900	41,613	(367,287)
HRA Balances brought forward at 01 April 2007	(350,025)	(758,381)	(758,381)	0
HRA Balances as at 31 March 2008	(350,025)	(349,481)	(716,768)	(367,287)

NOTE: the above statement has been updated to reflect changes in accounting practice. This has resulted in several large apparent variances (e.g. on premia & discounts), but these are notional and due to presentation only.

Housing Revenue Account Variance Analysis 2007/08
For Consideration by Cabinet 31 July 2008

Activity Area	Variance (Favourable) / Adverse	Reason for variance
Expenditure	£	
Council Housing Administration & Management	(75,800)	Carry Forward requests amounting to £102,700 have been requested in respect of Administration and Management (see other appendices), though other areas have resulted in various relatively minor overspends.
Increase in Provisional for Bad and doubtful debts	(41,400)	Better performance on debt recovery than budgeted. Recovery of bad debts ongoing.
Interest & Investment Income	(77,800)	Additional interest received on HRA Reserve balances, due to better cash flow than anticipated, and also better interest rates achieved.
Major Repairs Reserve (MRR)	372,300	A combination of savings achieved on property schemes and slippage on other schemes resulted in lower spend in the year, and therefore less drawdown was required from the Major Repairs Reserve.
Capital Expenditure funded from Revenue	(384,900)	Lower spend on capital projects due to slippage and savings, mainly offset by reduced call on Major Repairs Reserve as shown above.
Total Variances - Expenditure	(207,600)	
Income		
Rents Dwellings	(100,600)	Mainly due to better performance of voids plus other various changes. Actual voids were £116k and estimated voids levels were £160k.
Rents Non Dwellings (Garages and Other)	(70,400)	Due to better performance of voids. Voids are estimated at 1.5% and actual void levels are closer to 1%.
Total Variances - Income	(171,000)	
Other Miscellaneous Net Variances	11,300	
NET TOTAL	(367,300)	

Note that any variances regarding notional charges have been excluded from the above.

APPENDIX C

GENERAL FUND REVENUE SUMMARY

For Consideration by Cabinet 31 July 2008

	Original Budget £	Revised Budget £	Actuals £	Variance £
Chief Executive				
Democratic Services	2,282,100	2,369,000	2,337,129	(31,871)
Legal and HR	(2,300)	121,300	28,894	(92,406)
Management Team	261,700	1,146,400	938,115	(208,285)
Sub Total	2,541,500	3,636,700	3,304,138	(332,562)
Central Services				
Corporate Strategy	61,400	61,500	60,691	(809)
Financial Services	110,100	1,835,300	3,268,675	1,433,375
Information and Cust. Services	210,300	316,600	354,253	37,653
Revenue Services	1,911,500	1,837,000	1,753,106	(83,894)
Sub Total	2,293,300	4,050,400	5,436,725	1,386,325
Community Services				
City Council (Direct) Services	6,375,300	5,807,700	5,457,987	(349,713)
General Fund Housing	190,100	190,100	190,100	0
Health and Strategic Housing	3,022,000	2,160,000	2,159,111	(889)
Sub Total	9,587,400	8,157,800	7,807,198	(350,602)
Regeneration				
Cultural Services	3,923,800	3,788,500	4,103,439	314,939
Economic Devt and Tourism	1,715,500	2,085,700	1,578,818	(506,882)
Planning Services	2,471,000	1,876,600	1,744,916	(131,684)
Property Services	508,400	158,600	235,182	76,582
Sub Total	8,618,700	7,909,400	7,662,355	(247,045)
Corporate Accounts				
Sub Total	(731,900)	(1,445,300)	(2,357,978)	(912,678)
Sub Total	(731,900)	(1,445,300)	(2,357,978)	(912,678)
Total Budget Requirement	22,309,000	22,309,000	21,852,438	(456,562)
Parish Precepts	270,800	270,800	270,797	(3)
Total Net Expenditure	22,579,800	22,579,800	22,123,235	(456,565)

Note the underspend of approx £456,000 will be transferred to Unallocated balances to balance off the Fund accounts. Note also that the above includes various apparent notional variances due to changes in accounting practice.

APPENDIX D

2007/08 VARIANCE ANALYSIS

For Consideration by Cabinet 31 July 2008

SERVICE / DETAILS	(Favourable) / Adverse		QTR4 PRT £	C/Fwd Request	"C" = Controllable Budget
	£	£			
CORPORATE					
Employee Savings	(123,100)		(184,000)		C
LABGI	(843,900)		87,000		
Direct Revenue Financing	(88,400)				
Reassessment of Provisions & Reserves					
Capital Support Reserve (LABGI & DRF)	944,700				
Modernising Local Government (New)	21,500				C
Project Implementation Reserve	200,000				C
Kellet Road Reserve (New)	9,500				C
Equal Pay Provision (New)	300,000				
Miscellaneous Items	(18,700)				
		401,600			
Management Team & Other Regeneration					
Housing Renewal Team : Car Lease / Conferences / Advertising	(24,100)				C
Modernising Local Government	(21,500)		(22,500)		C
		(45,600)			
Legal & Human Resources					
Gambling Act 2005 : Income	(14,000)		(25,100)		C
Hackney Carriage Licences : Mainly Income	(7,400)				C
HR : Consultancy / Corporate Training / Equality & Diversity	(28,100)		(7,700)	Y	C
Licensing Act 2003 : Income	(41,800)		(41,400)		C
Miscellaneous Licences : Income	(5,300)				C
Searches : Mainly Income	(8,000)		(9,000)		
		(104,600)			
Corporate Strategy					
Communications : Recovery of Staff Costs	11,500				C
		11,500			
Financial Services					
Pensions Increase Act	(23,600)		(20,000)		
Mgmt & Admin : Consultancy/Agency Staffing/Capital Salaries	(28,600)		(30,000)	Y	C
Investment Interest (Net of final contribution to HRA)	(17,000)		(77,000)		
		(69,200)			
Revenue Services					
Benefits M&A : Office Equipment / Court Costs	(24,000)				C
Council Tax M&A : Bailiff Fees / Court Costs	(22,400)		(18,900)		C
		(46,400)			
Information & Customer Services					
Customer Services : Mystery Shopper	(8,000)			Y	C
Software : Various	(66,900)		(69,500)	Y	C
Equipment Maintenance	(12,200)			Y	C
Printing / Copying Equipment	(39,600)				C
		(126,700)			
Health & Strategic Housing					
Cemeteries : Income	20,900		27,100		
Health & Safety Enforcement	(6,200)				C
Homelessness : Priority Needs Order / Net B&B Costs	(10,900)			Y	C
Home Support : Mainly Grant Income	17,700				
Pest Control : Mainly Income	25,500		26,700		C
HMO License Fees	(5,500)		(5,500)		C
Strategic Hsg M & A : Mainly Grants & Admin Chgs	(13,800)		(8,100)		C
		27,700			
CC(D)S					
Amenity Lighting - Routine Maintenance	(5,500)				C
Environmental Enforcement : Mainly Prizes	(6,800)		(5,000)	Y	C
Grounds Maintenance : Employees / Transport / Equip & Tools	(70,300)		(11,000)		C
Highways Partnership	(81,400)		(25,000)		C
Playgrounds : Improvements / Fees & Charges	(9,000)		(12,000)		C
Public Conveniences : Marketgate Recharge	(35,800)		??		
Vehicle Maintenance : R&M / Overtime / Equipment	(21,000)			Y	C
Recycling - Bring Sites & Kerbside Collection : Materials	(9,300)				C
Refuse Collection : Employees / Transport Costs	(58,300)				C
Street Cleansing : Fees & Charges / Materials & Equipment / Services	(10,800)				C
3 Stream Waste : Plastic Sacks / Printing & Stationery	(49,300)		(45,000)	Y	C
Trade Refuse : Materials for Resale / Overtime / Plastic Sacks	(15,300)				C
		(372,800)			

SERVICE / DETAILS	(Favourable) / Adverse		QTR4 PRT £	C/Fwd Request	"C" = Controllable Budget
	£	£			
Economic Development & Tourism					
CARP MTI : Additional Grant Income	(12,800)				
Marketing & Promotion : Advertising	(6,700)			Y	C
Morecambe TIC : Income / Rent / Materials	(14,200)				C
Objective 2 : Grant Income	<u>7,000</u>				
		(26,700)			
Property Services					
Commercial Land & Properties : Income	(18,900)		9,000		C
Repair & Maintenance	16,700				C
Charter Market : Advertising / Market Tolls	(16,100)		(15,000)	Y	C
Lancaster Bus Station : Rent / Cleansing	(22,000)				C
Lancaster Market : Mainly Income	22,700		18,500		C
Municipal Buildings : Energy Costs	35,300		3,400		C
Municipal Buildings : Hire of Premises	(23,100)				
Off Street Car Parks : Reassessment of Fine Income	22,700		(28,000)		
On Street Pay & Display : R&M Sites & Signs	(6,400)				C
Residents On Street Parking : Income	(4,700)		(5,000)		C
Mgmt & Admin : Energy Conservation / Professional Services	<u>(18,600)</u>		(16,600)	Y	C
		(12,400)			
Cultural Services					
Salt Ayre : Electricity / Gas / Income	56,100		26,800		C
Community Pools : Employees / Water / Transport / Income	44,300				C
Dome : Equipment / Net Event Costs / R&M	17,000				C
Groundwork Trust : Grant	(4,400)			Y	
Heysham Mossgate : Professional Fees	(10,000)			Y	C
Leisure Development : Leases / Admin Fees	<u>(10,700)</u>				C
		92,300			
Planning Services					
Building Control Account	(46,800)				
Planning Application Fees	(24,700)				
Land Drainage : R&M	(6,000)		(10,000)		C
Local Development Framework : Professional fees	7,800				C
Luneside Regeneration : Grant Income	(67,700)			Y	C
Middleton Wood : Electricity / R&M	(32,700)		(26,800)	Y	C
Townscape Heritage Initiative : Additional Grant Income	<u>(15,200)</u>				
		(185,300)	(519,600)		
NET REVENUE UNDERSPEND		(456,600)			
	Of which :				
	Controllable	(607,200)			
	Non Controllable	150,600			

GENERAL FUND RESERVES AND PROVISIONS : For Consideration by Cabinet 31 July 2008

	GENERAL FUND RESERVES 2007/08			GENERAL FUND RESERVES 2008/09			GENERAL FUND RESERVES 2009/10			GENERAL FUND RESERVES 2010/11			
	BALANCE AT 31/03/07	CONTRIBUTIONS FROM RESERVE	CONTRIBUTIONS TO RESERVE	BALANCE AT 31/03/08	CONTRIBUTIONS FROM RESERVE	CONTRIBUTIONS TO RESERVE	BALANCE AT 31/03/09	CONTRIBUTIONS FROM RESERVE	CONTRIBUTIONS TO RESERVE	BALANCE AT 31/03/10	CONTRIBUTIONS FROM RESERVE	CONTRIBUTIONS TO RESERVE	BALANCE AT 31/03/11
£	£	£	£	£	£	£	£	£	£	£	£	£	£
EARMARKED RESERVES													
CAPITAL													
Marsh Capital	47,677	(71,310)	843,000	47,677	(259,000)	(259,000)	47,677	(25,000)	47,677	944,690			47,677
Capital Support (Storey Institute)	460,000	(71,310)	843,000	1,231,690			922,690	(28,000)	944,690				944,690
	507,677	(71,310)	843,000	1,279,367			1,020,367	(28,000)	992,367				982,367
REVENUE													
Priv. Hsg. - Rental Deposit Guarantee	2,000			2,000			2,000		2,000				2,000
Building Regulations	142,455	(165,030)	35,000	12,405	(27,600)		(15,195)		(14,695)	300			(14,695)
City Council (Direct) Services	100,553	(100,553)		0			0		0				0
Risk Management	31,222	(15,639)	20,000	35,583			55,583		75,583				95,583
Emergency Planning	47,134	(339,700)		47,134			47,134		47,134				47,134
Access to Services	480,717	(59,522)	223,000	151,017	(71,100)		79,917	(39,300)	40,617	(40,617)			0
Job Evaluation	554,847	(2,454)	3,200	718,325	(12,400)		705,925		705,925				705,925
Allocation Improvements	4,914		4,000	5,660			8,860		12,060				15,260
HMP Water Feature	4,000		4,000	8,000			12,000		16,000				20,000
HMO Registration Fees	20,785		20,785	20,785			20,785		20,785				20,785
Insurance	353,000	(253,000)		100,000			100,000		100,000				100,000
Project Implementation	50,000	(26,000)	200,000	224,000	(24,000)		200,000		200,000				200,000
Concessionary Travel	290,000	(73,000)	7,080	224,080	(67,000)		157,080		157,080				157,080
Smokefree Legislation	6,898			6,898			6,898		6,898				6,898
Business Continuity	100,000			100,000			100,000		100,000				100,000
Every Child Matters	0		50,000	50,000			29,200		47,700				65,400
Homelessness (Incl. Supporting People)	0		50,000	50,000			25,000		100,000				125,000
Customer First	0		50,000	50,000			50,000		50,000				50,000
Storey Institute	0			0			25,000		25,000				50,000
Planning Delivery	0		281,929	281,929	(120,300)		141,629		141,629				141,629
Business Development	0		32,160	32,160			32,160		32,160				32,160
MAINTENANCE / RENEWALS													
Modernising Local Government	0		21,465	21,465			21,465		21,465				21,465
Open Spaces Commuted Sum	312,472	(52,000)	15,649	276,121	(52,000)		224,121	(52,000)	172,121	(52,000)			120,121
Other Commuted Sums	183,000	(64,800)		118,200	(52,600)		65,600	(38,000)	27,600				27,600
Graves Maintenance	22,201			22,201			22,201		22,201				22,201
Car Parks - Plant & Equipment	11,007	(20,419)	22,000	12,588	(15,000)		19,588	(10,000)	9,588	(10,000)			43,588
Cultural & Property Services - Vehicles	18,337		3,000	21,337			24,337		24,337				30,337
Planning (AONB) - Vehicles	20,000		4,605	25,205			25,205		25,205				25,205
SMART Card Replacement	24,000		8,000	32,000			32,000		32,000				32,000
Homeworking / Holdeskipping Project	0			0	(40,000)		0		0				0
Renewals (General)	100,000	(96,968)	250,000	253,032	(253,000)		100,012	(81,000)	19,012	(60,000)			169,012
Salt Ayre Sports Centre	0		9,500	9,500			118,000		118,000				118,000
Kellett Road	0		9,500	9,500			9,500		9,500				9,500
Total Earmarked (Allocated) Reserves	2,890,122	(1,269,105)	1,220,598	2,841,605	(755,000)		402,400	(220,300)	220,900	(152,317)			194,900
	3,397,799	(1,340,415)	2,063,588	4,120,971	(994,000)		3,519,871	(248,300)	220,900	3,492,471			3,535,054
UNALLOCATED BALANCES													
General Fund Revenue Reserve	3,014,905	(883,100)	456,561	2,888,366	(887,800)		2,000,566	(431,500)	1,569,066	(112,500)			1,456,566
Total Balances (Unallocated)	3,014,905	(583,100)	456,561	2,888,366	(887,800)		2,000,566	(431,500)	1,569,066	(112,500)			1,456,566
TOTAL RESERVES	6,412,704	(1,923,515)	2,520,149	7,009,337	(1,881,800)		5,520,437	(679,800)	220,900	5,061,537			4,991,620
PROVISIONS													
Bad Debts	803,682	(464,269)	100,000	439,393	(320,400)		320,400	(320,400)	439,393	(320,400)			439,393
Insurance	249,742	(142,199)	138,801	138,801	(250,000)		246,345	(250,000)	246,345	(250,000)			246,345
Stock Write Offs	40,456	(13,726)		26,730			26,730		26,730				26,730
Derelict Land Grant (DLG) Clawback	56,932			56,932			0		56,932				56,932
Vehicles Plant & Machinery	41,400		53,588	94,988			94,988		94,988				94,988
Equal Pay	41,400		300,000	300,000			300,000		300,000				300,000
TOTAL PROVISIONS	1,192,192	(620,193)	592,399	1,164,398	(570,400)		570,400	(570,400)	570,400	(570,400)			1,164,398

SUMMARY OF CONTROLLABLE OVERSPENDS

For Consideration by Cabinet 31 July 2008

APPENDIX F

SERVICE	DETAILS	OVERSPEND	SERVICE COMMENTS	FINANCE COMMENTS
Corporate Strategy	Communications : Recovery of Staff Costs	£ 11,500	Insufficient work generated to recover staff costs of self-funding post.	Needs reviewing to appraise short/medium term prospects, re viability of staffing levels.
Health & Strategic Hsg	Pest Control : Mainly Income	25,500	Income target over optimistic, based on previous years when higher levels of Pest Control were experienced.	Budget issue - needs reviewing at Revised Estimate stage.
Property Services	Repair & Maintenance	16,700	Emergency Repair works resulted in an overspend, which is only 2.8% of overall budget of £590K.	Unforeseen - could be accepted with no action or deducted from current budget.
	Lancaster Market : Mainly Income	22,700	Reduced number of traders than anticipated.	Budget issue - needs reviewing at Revised Estimate stage.
	Municipal Buildings : (Net) Energy Costs / Income	35,300	Increase in energy costs due to world market forces, and buildings are becoming more inefficient.	Budget issue - needs reviewing at Revised Estimate stage.
Cultural Services	Salt Ayre : Electricity / Gas / Income	56,100	Café income not adjusted for refurbishment closure (£17,200). March 2006 energy bills incorrectly charged to 2007/08.	Further review needed.
	Community Pools : Employees / Water / Transport	44,300	Additional training hours for education swimming and cover of seconded assistant manager. General increase in water charges at all 3 pools, and cost of Coach Hire.	Further review needed.
	Dome : Equipment / Net Event Costs / R&M	17,000	Additional equipment hire for shows - pit barrier, lights/pa, fencing (£6,700). Increased cost of events not covered by additional income (£4,600). Emergency repairs to windows (£6,700)	Further review needed.
Planning Services	Local Development Framework : Professional fees	7,800	External costs attributable to Local Development Framework examination. Part of statutory stage and part of a new system which cannot be estimated with 100% accuracy.	One off - re statutory issue. Accept with no action.
TOTAL		236,900		

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	City Council (Direct) Services
BUDGET HEADING	Environmental Enforcement / Prizes
AMOUNT	£4,700

1

What is the request to be spent on?

Improving the cleanliness of the District is a Council objective. Encouraging our young people to take responsibility for their environment is key to ensuring that the Council's approach is sustainable. A competition for schools was launched last year with the incentive of a cash prize for schools who put in place initiatives that would improve the cleanliness of the District.

Why the spend didn't/couldn't occur last year.

In order to fit in with the schools' academic year and the commitments therein the competition was launched but has yet to be completed. Response to the competition was poor but one excellent entry was received and officers are now working with the school so that their ideas can be implemented. Prize money will not be paid until the initiative has been in place for a period of several months - although the school has asked if they can receive some prize money upfront to cover some of the expenses they will incur - printing litter posters etc.

It is hoped that by publicising this entry we would then be able to hold another competition later on in this financial year - using the remainder of the money carried forward.

The reasons why we are committed to still doing this work.

See above.

Why we can't use this year's budget allocation.

There is no budget allocation this year.

What the implications for service delivery will be if the carry forward is not approved.

It will not be possible to take forward this initiative.

When the spend needs to be incurred.

2008/9

Financial Services Comments

The underspend on the Prizes budget within Environmental Enforcement in 2007/08 is £4,700 and was identified as a potential area for carry forward within the PRT process. This request is to carry forward the full value of that underspend.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	City Council (Direct) Services
BUDGET HEADING	Three Stream Waste
AMOUNT	£18,100

2

What is the request to be spent on?

Recycling Centres for Communal accommodation across the district where the standard recycling system (2 bins and 3 boxes) is not appropriate. It accords with the Councils Priority to make our District a cleaner and healthier place by reducing waste in the District by recycling and reuse

Why the spend didn't/couldn't occur last year.

The order was placed before the year end and delivery was guaranteed by the supplier to be before the 31st March 2008. The supplier failed to deliver by the agreed date.

The reasons why we are committed to still doing this work.

The order has been placed and the equipment is an important component in delivering recycling facilities to as many residents as possible.

Why we can't use this year's budget allocation.

This years budget is committed to the delivery of Phase VI of the recycling strategy and the maintenance of the Phases already implemented.

What the implications for service delivery will be if the carry forward is not approved.

Recycling in the district will not be maximised.

When the spend needs to be incurred.

The recycling centres have been delivered.

Financial Services Comments

Underspends totalling £33K on the purchase of refuse sacks and printing & stationery budgets were identified as sources of funding before placing the order. It became apparent that the supplier could not deliver by the agreed date and subsequently the virement request was withdrawn. This was identified as part of the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	City Council (Direct) Services
BUDGET HEADING	Vehicle Maintenance
AMOUNT	£7,200

3

What is the request to be spent on?
Repairs to the roof of the Vehicle Maintenance Workshop. The roof was in a poor state of repair with water pouring in every time it rained resulting in a Health & Safety Hazard. Water was poring onto electric installations below. The spend as already been incurred.
Why the spend didn't/couldn't occur last year.
The order was placed late in the year and adverse weather conditions resulted in the work not being completed before the year end.
The reasons why we are committed to still doing this work.
The work is now complete.
Why we can't use this year's budget allocation.
The Vehicle Maintenance Depot is in a poor state of repair. The building is leased and the City Council is responsible for the maintenance of the building.
What the implications for service delivery will be if the carry forward is not approved.
The budget for the full year is £10,300. If this request is not granted the budget remaining for the rest of the year would be £3,000. An inadequate sum considering the state of the building. VMU maintains the Vehicle Fleet of the Council. It is essential if the fleet is to be kept running that the building is adequately maintained.
When the spend needs to be incurred.
The work is completed.
Financial Services Comments
The underspend on this budget heading within 2007/08 is £11,400 and as stated above the works have already taken place. By not approving the carry forward request would result in limited funding for the remainder of the financial year.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	City Council (Direct) Services
BUDGET HEADING	White Lund Depot
AMOUNT	£4,500

4

What is the request to be spent on?
A fuel tank for the storage of red diesel. Following a fire risk assessment in Jan 2007 it was identified that the existing tank did not comply with current regulations.
Why the spend didn't/couldn't occur last year.
The order was placed before the year end and delivery was guaranteed by the supplier to be before the 31 st March 2008. The supplier failed to deliver by the agreed date.
The reasons why we are committed to still doing this work.
The order has been placed and as stated previously the current tank does not comply with current regulations.
Why we can't use this year's budget allocation.
This years revenue budget is needed to maintain and improve the facilities of the depot. This includes replacement of a length of the perimeter fence, refurbishing the gatehouse and replacement of the vehicle washing facilities.
What the implications for service delivery will be if the carry forward is not approved.
The current tank does not comply with current regulations. A inspection by the Fire Authorities could result in a order being issued stopping the use of the tank.
When the spend needs to be incurred.
The order is currently on hold. If this request is approved the spend will be immediate.
Financial Services Comments
The underspend on this budget heading within 2007/08 is £4,600 and as stated the order for the tank has already been placed. By not approving the carry forward request would result in limited funding for the remainder of the financial year.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Happy Mount Park
AMOUNT	£1,000

5

What is the request to be spent on?
Towards far moor changing room refurbishment and Happy Mount Park Toilet floodlight replacement.
Why the spend didn't/couldn't occur last year.
Toilet block currently under refurbishment.
The reasons why we are committed to still doing this work.
Health and Safety issues to paths not being lit as the old lighting has been removed.
Why we can't use this year's budget allocation.
This would mean that works planned for this year such as replacement of electric supply to former gardeners building could not take place.
What the implications for service delivery will be if the carry forward is not approved.
n/a
When the spend needs to be incurred.
During the current financial year.
Financial Services Comments
The cost centre in total has an overspend of £300. This is attributable to an increase in water charges. The R&M budget of £1,000 was unspent in 2007/08 and this is the element they are requesting to carry forward.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Management & Admin : Training
AMOUNT	£500

6

What is the request to be spent on?
First Aid and Self defence training for staff at the Dome.
Why the spend didn't/couldn't occur last year.
The training was deferred at the last minute as the trainer went off sick.
The reasons why we are committed to still doing this work.
A commitment by Council to Health & Safety of staff / customers.
Why we can't use this year's budget allocation.
After completion of staff EDPA's this years training budget has been fully allocated.
What the implications for service delivery will be if the carry forward is not approved.
This years training budget will be overspent
When the spend needs to be incurred.
The training has since been completed.
Financial Services Comments
The training has been already been completed and charged against the 2008/09 allocation of £13,500. It is unclear whether other training could be deferred to absorb this cost. The underspend of on training in 2007/08 was £700.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Groundwork Trust : Grant
AMOUNT	£4,400

7

What is the request to be spent on?
Payment to Groundwork North West for the delivery of play/public realm improvements/youth provision.
Why the spend didn't/couldn't occur last year.
This was due to an issue with their Service Level Agreement and a change to the way in which we will be working with them. This resulted in some planned work to be suspended.
The reasons why we are committed to still doing this work.
A commitment from the Council to continue to support Groundwork North West.
Why we can't use this year's budget allocation.
This will be on top of this year's allocation and will be used for additional projects linked back to discussions towards the end of 2007/08.
What the implications for service delivery will be if the carry forward is not approved.
Reduction in service and loss of potential match funding and a number of local community groups/organisations not supported.
When the spend needs to be incurred.
During 2008/09.
Financial Services Comments
There is a possibility that there will be an additional invoice due for work carried out relating to Qtr4 2007/08. Due to a change in the way this grant is treated (from SLA to invoicing for Core Costs on a quarterly basis) Groundwork Trust will not at this moment confirm whether or not they will be charging for this element of work. The treatment of this has been misinterpreted by the Service as this should have been charged into 2007/08 as a creditor. Should this not be carried forward other areas of work planned for 2008/09 will have to be cancelled.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Heysham Mossgate
AMOUNT	£10,000

8

What is the request to be spent on?
Heysham Mossgate Development – professional fees (architect, Quantity surveyor, etc)
Why the spend didn't/couldn't occur last year.
Project carrying over into 2008/2009
The reasons why we are committed to still doing this work.
Cabinet approval to provide officer support to the project.
Why we can't use this year's budget allocation.
100% external funding, via a grant from Lancashire County Development Ltd (LCDL)
What the implications for service delivery will be if the carry forward is not approved.
Loss of grant.
When the spend needs to be incurred.
During the current financial year.
Financial Services Comments
The budget of £10,000 was unspent in 2007/08, and will need to be carried forward in order to avoid the loss of grant funding from Lancashire County Developer Ltd.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Recreation Grounds
AMOUNT	£1,100

9

What is the request to be spent on?
Refurbishment of porta cabin changing facilities.
Why the spend didn't/couldn't occur last year.
Decisions to re-open the grass pitches for 2008/09 season could only be made at the end of the 2007/08 football season.
The reasons why we are committed to still doing this work.
Shortage of football pitches in the area.
Why we can't use this year's budget allocation.
This money is required for other facilities.
What the implications for service delivery will be if the carry forward is not approved.
Changing facilities will become in a poor state of repair.
When the spend needs to be incurred.
During the current financial year.
Financial Services Comments
The cost centre has a total underspend of £5,000 and can accommodate this request from within the R&I underspend as requested.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Economic Development & Tourism
BUDGET HEADING	Marketing & Promotion : Miscellaneous Advertising
AMOUNT	£5,300

10

What is the request to be spent on?

The carry forward request relates to an underspend on the Miscellaneous Advertising budget in 2007/08 and is to be spent on:

- i) Distribution costs (£2,000) for a new edition of the Lancaster District Business Directory which needs to be distributed to all businesses within the District which have an entry in the Directory
- (ii) The balance (£3,347) as a contribution to the cost of an ICT server for Storey Creative Industries Centre (estimated cost approx £4,800, balance to come from a separate carry forward request under a Property Services code)

Why the spend didn't/couldn't occur last year.

The underspend occurred as a result of two factors:

- i) Staffing changes led to the Business Development Team not having access to Marketing Officer time in the final quarter of the year. As a consequence, the Service's Marketing Plan for 2007/08 could not be fully implemented - the Spring edition of Business News and proposed press advertising for the Business Development Scheme and property register budgeted in total at £3,700 were both shelved.
- ii) The spend on Business Directory distribution had been budgeted in the Service's Marketing Plan for 2007/08 based on the initial projected publication date indicated by the Directory's publishers of January 2008. In spite of the Service meeting its commitments relating to the Directory broadly on time, the timescale for production has slipped into 2008/09.

The reasons why we are committed to still doing this work.

Business Directory - We are contractually obliged to work with the publishers in producing the Directory and have previously indicated to businesses submitting information for inclusion in the Directory that they will receive a free copy upon publication, as is normal practice.

Storey CIC ICT Server – this is an essential requirement for Storey CIC to offer a full ICT service for tenants of the building, but cannot be funded from the main capital project.

Why we can't use this year's budget allocation.

The funds available for economic development marketing in 2008/09 are significantly lower than previous years following the end of the EDZ Marketing programme and ERDF funding. This year's budget allocation will only allow for a more restricted range of marketing activity which would become even more constrained if the Directory distribution costs need to be met from it.

What the implications for service delivery will be if the carry forward is not approved.

Business directory distribution - As a significant proportion of the budget is already committed to Storey marketing, the impact would fall most heavily on local marketing of business support services at a time when we are launching a new business grant scheme. This could affect both take-up of the new scheme and achievement of enquiry target performance indicators.

Storey CIC ICT Server – The cost will have to be borne by Storey CIC as an additional, unbudgeted item in their year 1 business plan and this will have an adverse effect on the centre's initial viability.

When the spend needs to be incurred.

It is anticipated that the business directory distribution spend will need to be incurred in Quarter 2 2008/09. The server would be purchased December 2008.

Financial Services Comments

The advertising budget was underspent by £5,300 in 2007/08, and can therefore accommodate this carry forward request.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Finance
BUDGET HEADING	Services -Agency Staffing / Consultancy
AMOUNT	£13,60

11

What is the request to be spent on?
Specific consultancy advice on the Council's tax arrangements, and funding for a review of the internal recharging mechanism for the 2009/10 budget process.
Why the spend didn't/couldn't occur last year.
Other work priorities, such as the implementation of Authority Financials and Job Evaluation, have meant that this work has been delayed.
The reasons why we are committed to still doing this work.
A comprehensive review of the Council's tax arrangements has not been undertaken for over 10 years, and a recent audit of this area only provided "limited" assurance. In addition, the Council's internal recharging mechanism has also not been reviewed for over 5 years.
Why we can't use this year's budget allocation.
The budget in the current year is already allocated to pay for temporary staffing within exchequer and to provide cover for staff currently seconded to other projects such as Job Evaluation and Authority Financials.
What the implications for service delivery will be if the carry forward is not approved.
The work in relation to the tax arrangements would be limited and therefore the level of assurance is unlikely to improve. Improvements would not be made to the internal recharging mechanism which are intended to make it more transparent, meaningful and accurate.
When the spend needs to be incurred.
From September 2008 onwards.
Financial Services Comments
The underspend of this budget was £13,600 in 2007/08.

2007/08 REQUESTS FOR CARRY FORWARD

12

SERVICE	Information & Customer Services
BUDGET HEADING	Electronic Document Management Workflow
AMOUNT	£900

What is the request to be spent on?

Implementing the new corporate EDMS system. The system has so far been implemented in Revenues, Council Housing, Planning and part of Finance (creditors). The further roll out of the project is currently being defined under LAMP principles.

Why the spend didn't/couldn't occur last year.

The system went live last year in certain services such as Revenues and Council Housing but the implementation was somewhat later than scheduled therefore some savings were accrued.

The reasons why we are committed to still doing this work.

The implementation of the electronic document management of records corporately introduces numerous efficiencies and will facilitate corporate priorities such as the accommodation changes moving staff into the two town halls and enabling disposal of Euston Rd, Palatine Hall etc.

Why we can't use this year's budget allocation.

This year's budget allocation will be fully assigned to maintaining the new corporate EDMS system Anite@work

What the implications for service delivery will be if the carry forward is not approved.

Further delays may occur in the full corporate implementation of EDMS.

When the spend needs to be incurred.

December 2008

Financial Services Comments

There was an underspend in 2007/08 of £9,446 against the budget allocation of £18,400.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Equipment Maintenance -Updates
AMOUNT	£10,100

13

What is the request to be spent on?

Equipment to control and report on access to the internet via the corporate network – there have been difficulties in the past couple of years due to volumes of internet traffic, both personal and business which are using the same ‘pipe’. The Council has lacked the appropriate tools to control, limit and report on personal usage – all sites are accessible to all individuals or none. This product enables specific individuals to access certain sites -.e.g. staff who need to review musician’s sites for Cultural Services could be given access but most staff would not be able to access these sites. Reporting on an individual’s access is also possible.

Why the spend didn’t/couldn’t occur last year.

It has taken some time to identify and fully evaluate the most appropriate product.

The reasons why we are committed to still doing this work.

There are an increasing number of business uses for the internet e.g. Escendancy, the Committee Admin system, ESD Toolkit, etc. To enable business users to be able to work efficiency personal traffic needs to be managed.

There is also an increasing number of requests from service heads for detailed information about sites being accessed by their staff.

Why we can’t use this year’s budget allocation.

There is no equivalent funding in this year’s budget allocation as it is committed to server and router replacements. The opportunity arises because I&CS were able to recharge a proportion of 2007/2008 server spent to a nationally funded project.

What the implications for service delivery will be if the carry forward is not approved.

There will be no information or control over internet usage and growth will continue causing difficulties for business users of the internet. To increase the size of the existing pipe would cost approx £6k per annum and could not be justified given that I&CS believe a large proportion of the traffic to be personal.

When the spend needs to be incurred.

June 2008 so that benefits can be gained immediately

Financial Services Comments

There is an underspend in 2007/08 of £12,217 against a budget allocation of £25,100.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Services -Mystery Shopping
AMOUNT	£3,500

14

What is the request to be spent on?

The Society of IT Managers (Socitm) provides a national benchmarking service which enables Councils across the country to compare themselves on a level playing field in a number of value for money and quality indicators such as costs of procuring and supporting desktop devices, telephony costs, customer satisfaction etc. Under our performance management framework each service needs to be demonstrating how well it compares with equivalent services and the quarter 2 PRT meeting authorised this expenditure.

Why the spend didn't/couldn't occur last year.

Between the decision being taken at the PRT meeting and the end of March Socitm did not have a national survey scheduled.

The reasons why we are committed to still doing this work.

Under our performance management framework each service needs to be demonstrating how well it compares with equivalent services and the quarter 2 PRT meeting authorised this expenditure.

Why we can't use this year's budget allocation.

There is no equivalent funding available in this year's budget allocation as it is committed to progressing the consultation work and customer surveys for Customer Services

What the implications for service delivery will be if the carry forward is not approved.

Consultation work planning within customer services will have to be curtailed adversely affecting the Access to Services project and the implementation of the national Customer Services standards developed by the Contact council as part of the national Service Transformation agenda

When the spend needs to be incurred.

June 2008

Financial Services Comments

There is an underspend in 2007/08 of £8,000 against a budget allocation of £18,000.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Software -Anite Task
AMOUNT	£13,000

15

What is the request to be spent on?

This spend relates to a possible liability for maintenance of the old Orchard software for extending the use of the Housing system.

Why the spend didn't/couldn't occur last year.

We have not been able to agree a final figure with the software house as to the amount of monies to be paid to them to There is a request outstanding with the software house.

The reasons why we are committed to still doing this work.

The software house are entitled to claim some maintenance for maintaining the system in 2007/2008.

Why we can't use this year's budget allocation.

There is no budget allocation for this work in 2008/2009 as only the new Anite system is budgeted for.

What the implications for service delivery will be if the carry forward is not approved.

There are no direct service delivery implications but the Council may be liable to pay for the support received in 2007/2008.

When the spend needs to be incurred.

September 2008.

Financial Services Comments

There is an underspend of £22,609 in 2007/08 against a budget allocation of £51,400. The £13,000 is currently an estimate as the actual figure has not yet been agreed – any change to this figure would be reported as part of the 2008/09 PRT process and updated accordingly.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Software -CRM system
AMOUNT	£2,700

16

What is the request to be spent on?
Additional work needed to upgrade the Customer Relationship Management system to support Knowledge Management.
Why the spend didn't/couldn't occur last year.
Delays have been caused by software difficulties at the supplier end resulting in the software being too unstable to be installed in our live environment.
The reasons why we are committed to still doing this work.
The work forms part of the 50 Forward or Linkage project which we are delivering with our partners Age Concern, 50 Forward and Lancaster District Older Peoples' Partnership
Why we can't use this year's budget allocation.
There is no equivalent funding in this year's budget allocation as it is a one off exercise.
What the implications for service delivery will be if the carry forward is not approved.
The 50 Forward project to which we are committed with Age Concern and other partners cannot be completed. The main funding was provided by the Department of Work and Pensions.
When the spend needs to be incurred.
June 2008.
Financial Services Comments
There is an underspend of £2,700 in 2007/08 against the budget allocation of £40,800.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Software - BACS
AMOUNT	£34,100

17

What is the request to be spent on?

BACS files for both payments (e.g. Creditors) and collections (e.g. Council Tax, NDR) are sent via software which resides on a stand alone PC situated in Financial Services. The carry forward request relates to a more corporate approach to BACS processing allowing a networked version of the software, accessible by services generating BACS files. This will improve file security and the dependencies services have on staff within Financial Services for the transmission and retrieval of information.

Why the spend didn't/couldn't occur last year.

Staff shortages in both Finance and ICS delayed this project.

The reasons why we are committed to still doing this work.

This will increase financial security (moving the work to the more secure network) and decrease other service's reliance upon Financial Services to process their payments for them thus introducing business efficiencies.

Why we can't use this year's budget allocation.

There is no specific budget allocation for this work in 2008/2009. The 2008/09 budget allocation of £27,00 is committed for the on-going maintenance and transaction based costs.

What the implications for service delivery will be if the carry forward is not approved.

Staff in Financial Services will need to continue processing all BACS files

When the spend needs to be incurred.

December 2008

Financial Services Comments

There is an underspend in 2007/08 of £3,104 against an allocated budget of £4,000.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Software - Puma
AMOUNT	£9,000

18

What is the request to be spent on?

The upgrade to the PUMA (mileage payments system) is a two stage process. The first stage was completed prior to the 31st March which included the ability to file year end returns with the Inland Revenue electronically. The second stage which has still to be implemented is to allow users to submit claim forms electronically via their own PCs rather than the existing paper returns. It will also allow the payment timescale to be shortened by one month.

Why the spend didn't/couldn't occur last year.

Staff shortages in both Finance and I&CS have delayed this project.

The reasons why we are committed to still doing this work.

The work will introduce further efficiencies in processing mileage payments and shorten timescales thus reducing Finance time spent dealing with queries for claims which are being processed

Why we can't use this year's budget allocation.

There is no budget allocation for this work in 2008/09. The £600 budget allocation in 2008/09 is for the on-going maintenance/annual rental charge.

What the implications for service delivery will be if the carry forward is not approved.

Mileage payments will be processed on paper which is slower, more inefficient use of Finance time and more error prone.

When the spend needs to be incurred.

December 2008

Financial Services Comments

There is an underspend in 2008/09 of £9,00 against a budget allocation of £18,00.

2007/08 REQUESTS FOR CARRY FORWARD

19

SERVICE	Health and Strategic Housing
BUDGET HEADING	Homeless Priority Need Order
AMOUNT	£8,000

What is the request to be spent on?

£8,000 on the establishment of a Sanctuary Scheme for the victims of domestic violence.

Why the spend didn't/couldn't occur last year.

The full implementation of the Sanctuary scheme was delayed due to staffing shortages and time constraints.

The reasons why we are committed to still doing this work.

The Sanctuary scheme was recommended by the homeless task group and is an agreed service business plan priority and is an action in the domestic violence strategy.

Why we can't use this year's budget allocation.

The ODPA allocation for 08/09 is already allocated to other priority areas of work within the agreed service business plan.

What the implications for service delivery will be if the carry forward is not approved.

The commitment made by the service to establish a sanctuary scheme, as fully endorsed by the homeless task group, will not come to fruition.

Furthermore, a considerable amount of preparatory work has already been undertaken in conjunction with partner agencies. There is, therefore, a clear expectation that the scheme will be implemented in 2008/09 and the Council will attract a good deal of criticism if the scheme fails at this stage. Finally, the scheme is of priority status within the service business plan and it is essential that the funding be carried forward.

When the spend needs to be incurred.

The spend needs to be incurred prior to the end of the 08/09 financial year.

Financial Services Comments

There is an underspend against the Priority Needs Order budget in 2007/08 of £8,2267 against a budget of £40,500.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Legal and HR
BUDGET HEADING	Equality and Diversity
AMOUNT	£4,200

20

What is the request to be spent on?
Training to support the achievement of Level 2 of the Equality Standard for Local Government.
Why the spend didn't/couldn't occur last year.
The Chief Executive, in consultation with elected members, decided to defer the work on achieving Level 2 from 2007/08 because of the need to prioritise the Fair Pay work within H.R
The reasons why we are committed to still doing this work.
Achievement of Level 2 by Mch 2009 is a key in the Corporate Plan.
Why we can't use this year's budget allocation.
There is no budget allocation under this heading for 2008/09.
What the implications for service delivery will be if the carry forward is not approved.
It may not be possible to achieve Level 2.
When the spend needs to be incurred.
During 2008/09.
Financial Services Comments
There was an underspend of £4,216 in 2007/08 against a budget allocation of £5,000.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Planning Services
BUDGET HEADING	Luneside East – Cost of holding asset
AMOUNT	£67,700

21

What is the request to be spent on?
Development facilitation for the Luneside East regeneration in Lancaster.
Why the spend didn't/couldn't occur last year.
Refiling issue – not all the budget has been required in 2007/08 due to the fact that some of the costs have been claimed from external funders to release their funding but the overall budget for the project is still require and so is the original LCC contribution.
The reasons why we are committed to still doing this work.
The costs of the project are still applicable but have not yet been incurred therefore the budget is now required in 2008/09.
Why we can't use this year's budget allocation.
A delay to the project has meant that the costs will not be incurred until 2008/09.
What the implications for service delivery will be if the carry forward is not approved.
A short fall in budget will occur.
When the spend needs to be incurred.
Throughout the 2008/09 financial year.
Financial Services Comments
It would seem prudent to carry any in year savings forward. As the costs saved in 2007/08 by LCC of £67,700 will still be incurred to support the projects original costs but at a later date than expected.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Planning Services
BUDGET HEADING	Middleton Wood-Shell ICI Site
AMOUNT	£5,000

22

What is the request to be spent on?

To allow minimum level of maintenance. To develop a long term plan for the site with the benefit of EA survey work.

Why the spend didn't/couldn't occur last year.

Great Crested Newts restricting works. Awaiting survey work from Environment Agency to inform plan for future of site.

The reasons why we are committed to still doing this work.

Contract with consultant and sub-contractor for aftercare/maintenance due to complete March 2009.

Why we can't use this year's budget allocation.

Due to the inability to carry out works until the issue of Great Crested Newts is resolved.

What the implications for service delivery will be if the carry forward is not approved.

Essential maintenance/works must be carried out.

When the spend needs to be incurred.

During 2008/09.

Financial Services Comments

In 2007/08 there is an underspend of £5,984.95 on this budget, therefore the carry forward request can be accommodate. Not approving the carry forward request would result in limited funding being available for the required maintenance work at Middleton Wood in 2008/09.

2007/08 REQUESTS FOR CARRY FORWARD

23

SERVICE	Property Services/ Economic Development & Tourism
BUDGET HEADING	Storey Institute
AMOUNT	£7,000

What is the request to be spent on?

The carry forward relates to income received from rental of space in Storey Institute to a former tenant (Oxford Archaeology) who remained in occupation for longer than anticipated prior to closure of the building, due to a delayed start in construction work. It is proposed that it is carried forward to 2008/09 to fund two items:

- 1) To offset a projected £4,000 reduction in rental income which was expected to be received in 2008/09 from the letting of the "Old Folly" premises to Luneside Studios. Cabinet had agreed (June 2007) that this income should be ring-fenced available to support Storey CIC's pre-opening revenue costs. However, subsequent negotiations with Luneside Studios led to their rental being reduced to allow for unanticipated fitting-out costs, including the installation of new heating system.
- 2) To meet the cost of a telephony switchboard (estimated cost £1,500) and contribute the balance (£1,500) towards purchase of an ICT server. These are essential items for management of the building which are not funded from within the main capital project.

Why the spend didn't/couldn't occur last year.

Not applicable – this is additional income that occurred last year and is now required to meet costs arising in the new financial year.

The reasons why we are committed to still doing this work.

With regard to item (1), the Council is committed to supporting the pre-opening costs for Storey CIC at a specified level through a signed Service Level Agreement.

With regard to item (2), this is an essential requirement for Storey CIC to offer a full telephony/IT service for tenants of the building. *(Note: it is proposed that the balance of cost for the server will come from a separate carry forward request from the economic development service budget)*

Why we can't use this year's budget allocation.

The shortfall for item (1) arises because of the reduction in rental income from Luneside Studios. No budget has been allocated for item (2) and this cost arises in 2008/09.

What the implications for service delivery will be if the carry forward is not approved.

If the carry forward is not approved it will leave a £4,000 deficit in the Economic Development Service budget which will have to be met from reductions in expenditure across a number of budget headings. The cost of the switchboard and ICT server will have to be borne by Storey CIC and this will have an adverse impact on their year 1 business plan, which is already very challenging. It will therefore increase the risk that the project runs into financial difficulty in its first year.

When the spend needs to be incurred.

December 2008

Financial Services Comments

The actual cost centre had a deficit of £200 at the end of the year due to increased employee costs and energy & water costs, which were absorbed by this windfall income.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Property Services
BUDGET HEADING	Energy conservation
AMOUNT	£9,300

24

What is the request to be spent on?
Energy Saving innovation projects, i.e. powerperfector voltage reducer.
Why the spend didn't/couldn't occur last year.
A detailed analysis of the system was required to assess its suitability, cost effectiveness, pay back time and reductions in carbon emissions. The analysis examines how the system would affect the Combined Heat and Power system at Salt Ayre Sports Centre and electrical power supply at Lancaster Town Hall. Information initially provided was proved to be incorrect and a further review was required which prevented the works taking place within the financial year.
The reasons why we are committed to still doing this work.
Energy savings within operational buildings to reduce Carbon Footprint. One key performance indicator is for LCC to reduce CO ₂ emissions.
Why we can't use this year's budget allocation.
LCC are committed to reducing its carbon footprint. New innovations are being examined by the Climate Change Working Group and Carbon Trust. The Carbon Trust is due to complete an energy survey with operational buildings. Resources are required to finance energy projects identified.
What the implications for service delivery will be if the carry forward is not approved.
Key performance indicators will not be met, carbon reductions and energy savings will not be made.
When the spend needs to be incurred.
During the current financial year.
Financial Services Comments
The £9,00 requested is the balance unspent on the energy conservation budget; this includes £6,100 previously carried forward from 06/07

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Property Services
BUDGET HEADING	Charter Market – Market Tolls
AMOUNT	£9,300

25

What is the request to be spent on?

The Charter Market is becoming far more popular with traders and customers alike. Footfall in Lancaster city centre is increasing on market days in particular to the benefit of the whole centre. However, complaints are being received from other businesses and the Chamber of Trade that the format of the Market is very untidy and should be improved.

To improve the Market, consideration needs to be given to improving/providing stalls so that a more aesthetic appearance can be achieved, thereby making the market even more popular with the potential for further income. It is suggested that the additional income is available in an account for the future development of the market in a similar manner as an “invest to save” situation.

Why the spend didn't/couldn't occur last year.

The spend resulted from increased trader attendance during the year and the success of the market has in itself resulted in the complaints now being received. It had been anticipated that the markets Committee would discuss proposals within the last financial year but the meeting was eventually postponed.

The reasons why we are committed to still doing this work.

The market will continue to develop throughout the coming year but the lack of funds could lead to further complaints and therefore the current success could be reversed.

Why we can't use this year's budget allocation.

There is no current budget allocated for this proposal.

What the implications for service delivery will be if the carry forward is not approved.

The lack of funds could lead to further complaints and therefore the current success could be reversed.

When the spend needs to be incurred.

Throughout the financial year.

Financial Services Comments

The £9,00 requested is the full amount of additional income received. This would normally come under the 6% windfall carry forward rule, however it is requested that this be waived to allow the full carry forward.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	Property Services
BUDGET HEADING	Property Services Management and Admin.
AMOUNT	£16,900

26

What is the request to be spent on?

The carry forward relates mainly to salary savings from the Principal Valuer's Post (reduced from full-time to 4 days a week) and Valuer's Post (reduced from full-time to 9 days out of 10).

The workload of the Service has increased considerably with several major schemes affecting property that are ongoing e.g. Lancaster Canal Corridor, Morecambe Promenade Development, Storey Institute, Luneside East, Morecambe Football club etc. In addition the Council's Corporate Priorities require the sale of property to produce capital receipts.

To enable the workload to be met, it is likely that it will need a mix of specialist consultant advice on items such as the Canal Corridor scheme, and additional "hands on" estate surveyor work to undertake the general income producing work of the service. It is proposed that this carry forward amount could be utilised with other incoming fees in future years to allow either the appointment of staff for a fixed term or the outsourcing of work as required on individual cases.

The monies will continue to be spent on services which will be bought in to cover the work that the Service undertakes.

Why the spend didn't/couldn't occur last year.

The fees and general income do depend on the activity of the Service at any one time. Income is receivable on various transactions e.g. sales, lease renewals etc, whilst fee income is also available from the developers to cover costs on work done towards schemes such as the Canal Corridor scheme. The timing and amounts of income are not always capable of planning, and can often be a "windfall".

In addition it was foreseen that there was a need for additional resources during current and future years, and the ability of carrying forward funds was identified as a way of funding such resources.

The reasons why we are committed to still doing this work.

The workload of the Service will continue for as long as the council owns property and utilises that property to produce both revenue and capital income to assist in its overall functions. At present the resources available do not match the workload identified.

Why we can't use this year's budget allocation.

To achieve the workload the current year's allocation for staff/consultant advice is insufficient.

What the implications for service delivery will be if the carry forward is not approved.

If sufficient funding is unavailable, then the ability to undertake all identified work is at risk. This will result in, for example, insufficient capital receipts being obtained to undertake the approved capital programme.

When the spend needs to be incurred.

The spend needs to be incurred throughout the financial year.

Financial Services Comments

The amount requested of £16,900 is the balance of the underspend on the salaries budget. The amount attributable to the valuers change in hours amounts to £11,100 (inclusive of on-costs).

2007/08 REQUESTS FOR CARRY FORWARD

27

SERVICE	COUNCIL HOUSING
BUDGET HEADING	GROUNDS MAINTENANCE (OTHER)
AMOUNT	£9,800

What is the request to be spent on?

Assisted garden maintenance scheme

Why the spend didn't/couldn't occur last year.

Charged incorrectly to general repairs and maintenance

The reasons why we are committed to still doing this work.

Approved scheme

Why we can't use this year's budget allocation.

Budget will be used but insufficient funds to meet demand

What the implications for service delivery will be if the carry forward is not approved.

Scheme may have to scaled down. Environmental impact on estates

When the spend needs to be incurred.

Throughout 2008/9

Financial Services Comments

The carry forward can be funded from the under spend on this budget in 2007/08 of £9,896.48.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	MARKETING
AMOUNT	£3,200

28

What is the request to be spent on?

Marketing of allocations scheme.

Why the spend didn't/couldn't occur last year.

Still awaiting confirmation from Government Office that there is no requirement to introduce choice based lettings. Unable to proceed with revising allocations scheme until decision is made.

The reasons why we are committed to still doing this work.

Revising allocations scheme is a high priority within the 2008/09 service business plan. Any new scheme will require the production of new publicity material and information booklet.

Why we can't use this year's budget allocation.

Allocated for other priorities.

What the implications for service delivery will be if the carry forward is not approved.

Will be unable to progress business plan priority task and will have to retain existing allocations scheme which is no longer fit for purpose.

When the spend needs to be incurred.

Final quarter 2008/09.

Financial Services Comments

The underspend in 2007/08 was £3,291.02. The carry forward request can be accommodated within this.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	PRINTING & STATIONERY
AMOUNT	£2,500

29

What is the request to be spent on?
TSA accreditation (if approved please re designate carry forward as TSA Accreditation, not Printing & Stationery).
Why the spend didn't/couldn't occur last year.
Revised due date following delayed preparation.
The reasons why we are committed to still doing this work.
Contractual liability with Lancashire County Council for the provision of Telecare services.
Why we can't use this year's budget allocation.
No budget provision.
What the implications for service delivery will be if the carry forward is not approved.
Telecare contract is null and void and there is a risk of losing support grant funding.
When the spend needs to be incurred.
3 rd quarter 2008/09.
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2007/08 of £4,000.00.

2007/08 REQUESTS FOR CARRY FORWARD

30

SERVICE	COUNCIL HOUSING
BUDGET HEADING	Council Housing M&A: Computer Equipment
AMOUNT	£1,300

What is the request to be spent on?
<ul style="list-style-type: none"> 1 Upgrade of workstations to dual screen operation 2 Upgrade of Eureka / Quantum software 3 IT project work by appointed contractor
Why the spend didn't/couldn't occur last year.
<ul style="list-style-type: none"> 1 Delayed implementation of EDMS / IHMS and assessment of implications 2 Upgrade software not released 3 Works identified post 1.4.08
The reasons why we are committed to still doing this work.
<ul style="list-style-type: none"> 1 The use of multiple systems is more efficiently operated by using a dual screen approach 2 Improved efficiency of administration, operation and reporting 3 Outstanding audit report requirements. Outstanding errors on interface to ledger. Outstanding implementation issues on EDMS / IHMS
Why we can't use this year's budget allocation.
Budget already identified for other purposes therefore there is insufficient provision to meet all demands
What the implications for service delivery will be if the carry forward is not approved.
<ul style="list-style-type: none"> 1 Current use of single screens is very inefficient 2 Inefficient use of resources 3 Resource not available in IS. Audit recommendations will not be completed. Errors on rents interface will continue. Implementation issues will not be resolved
When the spend needs to be incurred.
1 Asap, 2 July 2008, 3 Immediately
Financial Services Comments
This request can be accommodated from within the 2007/08 underspend of £14,377.62 and was identified as a potential area for carry forward within the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	Repairs M&A : Computer Equipment
AMOUNT	£46,500

31

What is the request to be spent on?
1 Upgrade of TASK repairs to TASK Total Repairs 2 Mobile working technology (management system)
Why the spend didn't/couldn't occur last year.
1 Delay in implementation following contractual discussions. Now planned July 2008 2 Transfer of responsibility from IS to CHS. Systems administrator prioritised to other work
The reasons why we are committed to still doing this work.
1 Consilium (TASK provider) will withdraw support to existing TASK software 2 Continuance of approved project to improve efficiency of the repair and maintenance function
Why we can't use this year's budget allocation.
No provision in the 2008/9 budget
What the implications for service delivery will be if the carry forward is not approved.
1 Failure to implement will result in current TASK software not being supported by the software company. Any failure in software will have a serious effect on business performance 2 Reduced efficiency of the repairs and maintenance service. Unable to deliver approved Service Business Plan priority
When the spend needs to be incurred.
1 July 2008 2 By 31.3.09
Financial Services Comments
The Computer Equipment Running Budget was under spent by £46,733.50 in 2007/08; therefore the amount requested for carry forward can be accommodated. This was identified as a potential area for carry forward within the PRT process

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	SERVICE TRAINING BUDGET
AMOUNT	£2,500

32

What is the request to be spent on?
Crystal report writer training
Why the spend didn't/couldn't occur last year.
Transfer of responsibility from IS. Other priorities taking precedence eg EDMS
The reasons why we are committed to still doing this work.
Agreed with IS as part of systems administration
Why we can't use this year's budget allocation.
Allocated to other priorities
What the implications for service delivery will be if the carry forward is not approved.
Staff not trained to produce management information to meet the requirements of the service
When the spend needs to be incurred.
By 31.12.08
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2007/08 of £3,471.71.

2007/08 REQUESTS FOR CARRY FORWARD

33

SERVICE	COUNCIL HOUSING
BUDGET HEADING	ELECTRONIC DOC MGT WORKFLOW
AMOUNT	£15,500

What is the request to be spent on?

Completion of back scanning remaining paper filing systems

Why the spend didn't/couldn't occur last year.

Delayed implementation. House files complete, miscellaneous files still to do. 60% budget spent 2007/8

The reasons why we are committed to still doing this work.

Completion of EDMS project

Why we can't use this year's budget allocation.

No budget provision

What the implications for service delivery will be if the carry forward is not approved.

EDMS project cannot be completed and staff will continue to use paper filing systems

When the spend needs to be incurred.

By 31.12.08

Financial Services Comments

This request can be accommodated from within the 2007/08 underspend of £15,564.50 and was identified as a potential area for carry forward within the PRT process

2007/08 REQUESTS FOR CARRY FORWARD

34

SERVICE	COUNCIL HOUSING
BUDGET HEADING	CABLE STREET : ELECTRICITY
AMOUNT	£9,900

What is the request to be spent on?
Cable Street electricity costs.
Why the spend didn't/couldn't occur last year.
Invoices not received from landlord (under investigation by Property Services).
The reasons why we are committed to still doing this work.
Contractually liable.
Why we can't use this year's budget allocation.
Insufficient funds.
What the implications for service delivery will be if the carry forward is not approved.
Terms of lease will be broken resulting potential action against the Council.
When the spend needs to be incurred.
When invoiced.
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2007/08 of £9,906.24. This was identified as a potential area for carry forward within the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	ESTATES : ELECTRICITY
AMOUNT	£24,700

35

What is the request to be spent on?
1 Change over from time clocks to photo electric cells in order to reduce energy costs 2 Electricity consumption charges in flats communal areas
Why the spend didn't/couldn't occur last year.
1 Not included in improvement programme 2 Over estimate of outstanding creditors and overstated budget
The reasons why we are committed to still doing this work.
1 Efficiency works that will reduce energy consumption for the lighting of communal areas 2 To reflect the projected increase in fuel charges. Obligated to provide lighting to communal areas
Why we can't use this year's budget allocation.
1 Improvement works funding allocated to other projects 2 Insufficient funds should fuel prices continue to rise
What the implications for service delivery will be if the carry forward is not approved.
1 Inefficient use of fuel reflected in tenant service charges 2 Budget will overspend and require additional funding
When the spend needs to be incurred.
1 By 31.3.09 2 Throughout 2008/9
Financial Services Comments
This request can be accommodated from within the 2007/08 underspend of £28726.29 and was identified as a potential area for carry forward within the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	CENTRAL CONTROL : MARKETING
AMOUNT	£1,500

36

What is the request to be spent on?

Marketing emergency call centre services.

Why the spend didn't/couldn't occur last year.

Held over pending the production of marketing strategy which is a 2008/09 priority task within the service business plan.

The reasons why we are committed to still doing this work.

We need to maximise income by attracting new customers and developing new markets.

Why we can't use this year's budget allocation.

Carry forward to be used to bolster existing budget.

What the implications for service delivery will be if the carry forward is not approved.

Reduced income from customers will increase the deficit to central control which is jointly funded by General Fund.

When the spend needs to be incurred.

Variable through 2008/09.

Financial Services Comments

The carry forward can be funded from the under spend on this budget in 2007/08 of £1.635.00.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	R&M SECTION : SOFTWARE
AMOUNT	£13,000

37

What is the request to be spent on?
Mobile working technology (operational).
Why the spend didn't/couldn't occur last year.
Transfer of responsibility from IS to CHS. Systems Administrator prioritised to other work.
The reasons why we are committed to still doing this work.
Continuance of approved project to improve efficiency of the repair and maintenance function.
Why we can't use this year's budget allocation.
No provision exists in the 2008/09 budget. Other priorities would be affected.
What the implications for service delivery will be if the carry forward is not approved.
Reduced efficiency of the repairs and maintenance service. Unable to deliver approved Service Business Plan priority.
When the spend needs to be incurred.
By March 2009.
Financial Services Comments
This request can be accommodated from within the 2007/08 underspend of £13,635.00 and was identified as a potential area for carry forward within the PRT process

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	STOCK CONDITION/HSG NEEDS SURVEY
AMOUNT	£10,000

38

What is the request to be spent on?
MVM stock condition housing system change of contract to Northgate
Why the spend didn't/couldn't occur last year.
Change to the contract not notified
The reasons why we are committed to still doing this work.
MVM is an important tool to efficient delivery of maintenance programmes and to accurately predict long term expenditure requirements to meet the decent homes programme
Why we can't use this year's budget allocation.
No budget provision
What the implications for service delivery will be if the carry forward is not approved.
Software system may be unsupported and failures may result in inaccurate maintenance programmes being delivered and a failure to accurately predict spending requirements within the 30 year HRA business plan
When the spend needs to be incurred.
By 31.3.08
Financial Services Comments
This request can be accommodated from within the 2007/08 underspend of £16293.75 and was identified as a potential area for carry forward within the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING SERVICES
BUDGET HEADING	PLANNED MAINTENANCE
AMOUNT	£55,000

39

What is the request to be spent on?

- 1 Harcourt Road boundary wall treatment
- 2 Prospect Grove conversion of dwelling to office / guest room
- 3 Marshaw Road anti vandalism works

Why the spend didn't/couldn't occur last year.

- 1 Delay in getting works out to contract due to other pressures on other schemes
- 2 Proposals have been subject to lengthy tenant consultation. Report is being considered by Cabinet 29.7.08
- 3 Delay in getting works out to contract due to other pressures on other schemes

The reasons why we are committed to still doing this work.

- 1 Part of the DWTF agreed environmental improvements programme
- 2 We need to move away from residential sheltered scheme managers in order to be able to provide a more flexible and responsive service
- 3 Part of the DWTF agreed environmental improvements programme

Why we can't use this year's budget allocation.

Budget fully allocated to other schemes

What the implications for service delivery will be if the carry forward is not approved.

- 1 Disruption on allocations of 2008/9 programme
- 2 The service will be unable to fund the proposals contained within the 29.7.08 cabinet report and the former scheme manager's house will remain vacant Disruption on allocations of 2008/9 programme
- 3 Disruption on allocations of 2008/9 programme

When the spend needs to be incurred.

Asap

Financial Services Comments

This request can be accommodated from within the 2007/08 underspend of £60675.29 and was identified as a potential area for carry forward within the PRT process.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	CI Hsg M&A : PRINTING AND STATIONERY
AMOUNT	£6,500

40

What is the request to be spent on?

Renewing stationery to accommodate PO Box4 address for corporate EDMS scanning procedure

Why the spend didn't/couldn't occur last year.

Service not in a position to redirect mail for accurate scanning

The reasons why we are committed to still doing this work.

To complete the EDMS project that requires all mail to be sent to PO Box 4 for central scanning. It is not possible to redirect mail as Cable Street is a multi occupied building

Why we can't use this year's budget allocation.

Address will be changed as stationery requires replenishment. Budget only accommodates normal replenishment. Additional budget will enable stock stationery to be replaced before due in order to meet deadlines.

What the implications for service delivery will be if the carry forward is not approved.

Resources will remain stretched as the service will continue to open and sort mail and transport to the Town Hall for scanning. The EDMS project target will not be met

When the spend needs to be incurred.

Asap

Financial Services Comments

The carry forward can be funded from the under spend on this budget in 2007/08 of £6,501.33.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	R&M SECTION : OFFICE EQUIPMENT
AMOUNT	£1,300

41

What is the request to be spent on?
3 replacement printers,
Why the spend didn't/couldn't occur last year.
Priority given to implementation of EDMS.
The reasons why we are committed to still doing this work.
The printers are past replacement cycle and are breaking down, incurring repair costs outweighing replacement costs.
Why we can't use this year's budget allocation.
Will affect ability to purchase other necessities.
What the implications for service delivery will be if the carry forward is not approved.
Reduced efficiency. Staff unable to print reports, letters etc in a timely manner.
When the spend needs to be incurred.
Asap
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2007/08 of £1,826.46.

2007/08 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	CI Hsg M&A : OFFICE EQUIPMENT
AMOUNT	£1,300

42

What is the request to be spent on?
3 replacement printers.
Why the spend didn't/couldn't occur last year.
Priority given to implementation of EDMS and IHMS.
The reasons why we are committed to still doing this work.
The printers are past replacement cycle and are breaking down, incurring repair costs outweighing replacement costs.
Why we can't use this year's budget allocation.
Will affect ability to purchase other necessities.
What the implications for service delivery will be if the carry forward is not approved.
Reduced efficiency. Staff unable to print reports, letters etc in a timely manner.
When the spend needs to be incurred.
Asap
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2007/08 of £2,739.75.

APPENDIX G

2007/08 REQUESTS FOR CARRY FORWARD

For consideration by Cabinet on 31 July 2008

General Fund

Number	Service	Budget	Carry Forward Request £	
1	City Contract (Direct) Services	Environmental Enforcement / Prizes	4,700	
2	City Contract (Direct) Services	Three Stream Waste / Equipment & Tools	18,100	FC
3	City Contract (Direct) Services	Vehicle Maintenance / R&M	7,200	
4	City Contract (Direct) Services	White Lund Depot / Equipment & Tools	4,500	
5	Cultural Services	Happy Mount Park / R&M	1,000	
6	Cultural Services	Management & Admin / Training	500	
7	Cultural Services	Groundwork NW / Grant	4,400	
8	Cultural Services	Heysham Mossgate / Professional Fees	10,000	FC
9	Cultural Services	Grass Pitches / R&M	1,100	
10	Economic Development & Tourism	Marketing & Promotion / Advertising	5,300	
11	Financial Services	Management & Admin / Consultancy	13,600	FC
12	Information & Customer Services	Software / EDMS	9,400	
13	Information & Customer Services	Equipment Maintenance / Updates	10,100	FC
14	Information & Customer Services	Services / Mystery Shopper	3,500	
15	Information & Customer Services	Software / Anite Task	13,000	FC
16	Information & Customer Services	Software / CRM System	2,700	
17	Information & Customer Services	Software / BACS	34,100	FC
18	Information & Customer Services	Software / PUMA	9,000	
19	Health & Strategic Housing	Homeless Priority Need Order	8,000	
20	Legal & Human Resources	Equality & Diversity	4,200	
21	Planning Services	Luneside East / Cost of holding assets	67,700	FC
22	Planning Services	Middleton Wood / Shell ICI Site R&M	5,000	
23	Property Services / Econ Dev & Tourism	Storey Institute / Income	7,000	
24	Property Services	Energy Conservation	9,300	
25	Property Services	Charter Market / Market Tolls	9,300	
26	Property Services	Management & Admin / Salary Savings	16,900	FC
			279,600	

Housing Revenue Account

27	Council Housing	Grounds Maintenance	9,800	
28	Council Housing	Management & Admin / Marketing	3,200	
29	Council Housing	Printing & Stationery	2,500	
30	Council Housing	Management & Admin / Computer Equipment	14,300	FC
31	Council Housing	Computer Equipment / Running Costs	46,500	FC
32	Council Housing	Management & Admin / Service Training	2,500	
33	Council Housing	Management & Admin / EDMS Workflow	15,500	FC
34	Council Housing	Management & Admin / Electricity	9,900	
35	Council Housing	Electricity	24,700	FC
36	Council Housing	Marketing	1,500	
37	Council Housing	Software / Miscellaneous	13,000	FC
38	Council Housing	Stock Conditions / Hsg Need Survey	10,000	FC
39	Council Housing	Planned Maintenance	55,000	FC
40	Council Housing	Management & Admin / Printing & Stationery	6,500	
41	Council Housing	Repairs Section / Office Equipment	1,300	
42	Council Housing	Council Housing M&A / Office Equipment	1,300	
			217,500	

"FC" denotes Full Council approval also required, if the requests are approved in full by Cabinet.

Directors have also been consulted on the carry forwards being submitted for approval.

Further details relating to each request are attached.....

**Lancaster City Council - Capital Expenditure 2007/08
For Consideration by Cabinet 31 July 2008**

	Revised Estimate	Expenditure in 2007/08	Expenditure to be financed in 2007/08	SCHEME SPECIFIC FINANCING				TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
Carnforth Market Town Initiative	673,000	180,213.48	180,213.48	180,213.48				180,213.48	0.00
EDZ - Cycling and Walking Network	170,000	121,683.33	121,683.33	120,341.57		1,341.76		121,683.33	0.00
Lancaster Hub TIC Refurbishment	10,000	0.00	0.00	0.00				0.00	0.00
EDZ - Quality Bus Scheme	7,000	0.00	0.00	0.00				0.00	0.00
Lancaster Science Park	230,000	230,000.00	230,000.00	230,000.00				230,000.00	0.00
Lancaster SRB : Schemes (Thetis House)	129,000	1,427.00	1,427.00	1,427.00				1,427.00	0.00
Winter Gardens Morecambe	43,000	0.00	0.00	0.00				0.00	0.00
Dukes Theatre	29,000	0.00	0.00	0.00				0.00	0.00
Capital Grants to Lancaster SRB Partners	34,000	8,608.00	8,608.00	8,608.00				8,608.00	0.00
Lancaster SRB - CD8 Community Facilities	34,000	34,000.00	34,000.00	0.00				0.00	34,000.00
Storey Creative Industries Centre	1,244,000	890,009.51	890,009.51	855,699.51	34,310.00			890,009.51	0.00
EDZ - 4/5 Dalton Square Refurbishment	34,000	14,218.00	14,218.00	0.00				0.00	14,218.00
Port of Heysham Site 4 - Access Improvements	351,000	8,387.00	8,387.00	2,820.00				2,820.00	5,567.00
Sub-Total	2,954,000	1,488,546.32	1,488,546.32	1,399,109.56	34,310.00	1,341.76	0.00	1,434,761.32	53,785.00
PLANNING									
Morecambe Townscape Heritage Initiative	1,686,000	387,349.91	387,349.91	385,848.89				385,848.89	1,501.02
Luneside East Regeneration	594,000	295,663.43	295,663.43	295,663.43				295,663.43	0.00
Middleton Wood Phase 1	58,000	61,257.99	61,257.99	61,257.99				61,257.99	0.00
Christmas Lights Renewals	39,000	38,888.00	38,888.00	0.00	38,888.00			38,888.00	0.00
Sub-Total	2,377,000	783,159.33	783,159.33	742,770.31	38,888.00	0.00	0.00	781,658.31	1,501.02
INFORMATION SERVICES									
Protect - Replacement IT System	8,000	9,897.34	9,897.34	0.00				0.00	9,897.34
EDMS Planning - Hardware Upgrade	14,000	0.00	0.00	0.00				0.00	0.00
IT Infrastructure	135,000	77,874.98	77,874.98	0.00				0.00	77,874.98
Computer Room Air Con & Fire Detection	75,000	72,810.05	72,810.05	0.00				0.00	72,810.05
ICON Chip & PIN Update	29,000	15,973.00	15,973.00	0.00	9,000.00			9,000.00	6,973.00
Powersolve Ledger Replacement	226,000	208,560.23	208,560.23	0.00				0.00	208,560.23
Application System Renewal	36,000	538.62	538.62	0.00				0.00	538.62
Desktop Equipment	78,000	49,099.95	49,099.95	0.00	49,099.95			49,099.95	0.00
Revenues EDMS & Workflow	293,000	275,696.53	275,696.53	0.00		155,000.00		155,000.00	120,696.53
Sub-Total	894,000	710,450.70	710,450.70	0.00	58,099.95	155,000.00	0.00	213,099.95	497,350.75
PROPERTY SERVICES									
Energy Efficiency Schemes	20,000	0.00	0.00	0.00				0.00	0.00
Customer Service Centres (Accommodation)	460,000	451,172.46	451,172.46	0.00	250,000.00			250,000.00	201,172.46
Council Owned Property Works (excl. Hsng)	40,000	0.00	0.00	0.00				0.00	0.00
Municipal Buildings Works	200,000	119,410.78	119,410.78	0.00				0.00	119,410.78
Ashton Hall Organ Restoration	100,000	3,000.00	3,000.00	3,000.00				3,000.00	0.00
Sub-Total	820,000	573,583.24	573,583.24	3,000.00	250,000.00	0.00	0.00	253,000.00	320,583.24
CORPORATE STRATEGY									
Building Safer Communities	2,000	17,854.45	17,854.45	17,854.45				17,854.45	0.00
Sub-Total	2,000	17,854.45	17,854.45	17,854.45	0.00	0.00	0.00	17,854.45	0.00
TOTAL - GENERAL FUND	18,455,000	12,751,455.93	12,751,455.93	9,459,316.25	381,297.95	235,341.76	0.00	10,075,955.96	2,675,499.97

	Revised Estimate	Expenditure in 2007/08	Expenditure to be financed in 2007/08	SCHEME SPECIFIC FINANCING				TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
GENERAL FUND	£ 18,455,000	£ 12,751,455.93	£ 12,751,455.93	£ 9,459,316.25	£ 381,297.95	£ 235,341.76	£ 0.00	£ 10,075,955.96	£ 2,675,499.97
COUNCIL HOUSING	3,542,000	2,879,305.68	2,879,305.68	6,774.40	24,000.00	1,668,700.00	565,806.57	2,265,280.97	614,024.71
TOTAL CAPITAL EXPENDITURE & FINANCING	21,997,000	15,630,761.61	15,630,761.61	9,466,090.65	405,297.95	1,904,041.76	565,806.57	12,341,236.93	3,289,524.68

2007/08 CAPITAL EXPENDITURE FINANCING	Council Housing	General Fund	Grand Total for all Funds
	£	£	£
Amounts to be financed by General Capital Resources	614,024.71	2,675,499.97	3,289,524.68
Financed by:			
Supported Borrowing	0.00	0.00	0.00
TOTAL SUPPORTED BORROWING FOR 2007/08	0.00	0.00	0.00
Unsupported Borrowing	0.00	1,762,147.00	1,762,147.00
Performance Reward Grant	0.00	61,648.28	61,648.28
Usable Capital Receipts	614,024.71	851,704.69	1,465,729.40
Total Financing from General Capital Resources	614,024.71	2,675,499.97	3,289,524.68

CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2008/09
For Consideration by Cabinet 31 July 2008

	Slippage Requested £	Source of Funding:		
		LCC Funded £	Grant/ Contribs. £	Total £
General Fund Housing				
Disabled Facilities Grants	(54,000)		(54,000)	(54,000)
District Wide Home Repair Assistance	26,000	10,000	16,000	26,000
Fisherman's Square Improvements	92,000	34,000	58,000	92,000
Poulton Townscape Heritage Initiative	158,000	158,000		158,000
Poulton Renewal	96,000		96,000	96,000
SSCF Promenade Gardens	23,000	6,000	17,000	23,000
SSCF Public Realm Works	131,000		131,000	131,000
West End Masterplan - Exemplar Project	403,000		403,000	403,000
West End Masterplan - Council Funded Elements	212,000	212,000		212,000
West End Masterplan - Council Funded (not committed)	40,000	40,000		40,000
SUB-TOTAL	1,127,000	460,000	667,000	1,127,000
Engineering Services				
Car Park Improvement Programme	2,000	2,000		2,000
Cycle England	77,000		77,000	77,000
Bike It - Links to Schools	76,000		76,000	76,000
SUB-TOTAL	155,000	2,000	153,000	155,000
Planning & Building Control				
EDMS Planning - Hardware Upgrade	14,000	14,000		14,000
Poulton Pedestrian Route Improvements	16,000	16,000		16,000
Morecambe Townscape Heritage Initiative	400,000		400,000	400,000
SUB-TOTAL	430,000	30,000	400,000	430,000
Leisure Services				
Salt Ayre - Computerised Booking System	16,000	16,000		16,000
Salt Ayre Works - Arising from Building Condition Survey	78,000	78,000		78,000
Salt Ayre - Athletics Track Re-Surfacing	38,000	13,000	25,000	38,000
Salt Ayre - Cycle Track	160,000		160,000	160,000
District Parks & Open Spaces (Regent's Park)	3,000	3,000		3,000
Morecambe Skate Park	3,000		3,000	3,000
Happy Mount Park Water Feature	4,000	4,000		4,000
SUB-TOTAL	302,000	114,000	188,000	302,000
Corporate Strategy				
Building Safer Stronger Communities	2,000		2,000	2,000
	2,000	-	2,000	2,000
City Contract Services				
District Playground Improvements	11,000	11,000		11,000
Morecambe & Heysham Toilet Improvements	6,000	6,000		6,000
White Lund Depot Improvements	6,000	6,000		6,000
	23,000	23,000	-	23,000
Economic Development & Tourism				
4/5 Dalton Square	20,000	10,000	10,000	20,000
Port of Heysham Site 4	336,000	336,000		336,000
Storey CIC	354,000	1,000	353,000	354,000
EDZ Cycling & Walking Network	61,000	4,000	57,000	61,000
EDZ Quality Bus Scheme	7,000		7,000	7,000
Lancaster SRB - Thetis House	128,000		128,000	128,000
Lunesside East Regeneration	300,000	50,000	250,000	300,000
Lancaster Hub TIC Refurbishment	10,000	10,000		10,000
Duke's Theatre Refurbishment	29,000		29,000	29,000
Winter Gardens Morecambe (Feasibility Study)	43,000		43,000	43,000
Carnforth Market Town Initiative	493,000	100,000	393,000	493,000
SUB-TOTAL	1,781,000	511,000	1,270,000	1,781,000
Property Services				
Ashton Hall Organ Restoration	97,000		97,000	97,000
Council Owned Property Works (excl. Housing)	40,000	40,000		40,000
Municipal Buildings Backlog of Works	81,000	81,000		81,000
Energy Efficiency Schemes	20,000	20,000		20,000
Customer Service Centre (Accommodation)	9,000	9,000		9,000
	247,000	150,000	97,000	247,000
Information Services				
Desktop Equipment/Members Notebooks	29,000	29,000		29,000
Computer Room Air Con & Fire Detection	2,000	2,000		2,000
Application Systems Renewal	35,000	35,000		35,000
Protect - Replacement IT System	(2,000)	(2,000)		(2,000)
IT Infrastructure	57,000	57,000		57,000
ICON Chip & PIN Update	13,000	13,000		13,000
Revenues EDMS & Workflows	17,000	17,000		17,000
Powersolve Ledger Replacement	17,000	17,000		17,000
SUB-TOTAL	168,000	168,000	-	168,000
GENERAL FUND TOTAL	4,235,000	1,458,000	2,777,000	4,235,000
Council Housing				
Bathroom / Kitchen Improvements	184,000	184,000		184,000
External Refurbishment	125,000	125,000		125,000
Ryelands Regeneration	-	-		-
Environmental Works / Crime Prevention Works	96,000	96,000		96,000
Re-Rendering / External Refurbishment	-	-		-
Extractor Fans	75,000	75,000		75,000
Energy Efficiency Works	-	-		-
Housing Office Improvements	-	-		-
COUNCIL HOUSING TOTAL	480,000	480,000	-	480,000

Note :

The shaded schemes have not started and as such are not committed at this point in time.

For amounts in (brackets), these represent spend in advance and will be deducted from current year budgets.

APPENDIX K

**Prudential Indicators for Year Ended 31 March 2008
For Consideration by Cabinet 31 July 2008**

2007/08

AFFORDABILITY

PI 2: Actual ratio of financing cost to net revenue stream (in 2007/08)	Non - HRA	12.1%
	HRA	9.4%
	Total	11.3%

2007/08

PRUDENCE

£'000

PI 7: Actual capital expenditure (during 2007/08)	Non - HRA	12,752
	HRA	2,879
	Total	15,631

PI 9: Actual Capital Financing Requirement (as at 31/3/08)	Non - HRA	30,292
	HRA	15,303
	Total	45,595

PI 12: Actual external debt (outstanding as at 31/03/08)	44,800
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CABINET

**FINANCING FOR PORTLAND STREET AND HOME
SUPPORT TEAM
31st July 2008**

Report of Corporate Director (Community Services)

PURPOSE OF REPORT				
To inform members about progress towards securing Supporting People programme monies for the Portland Street project and the Home Support Team and to seek approval for continued use of Homelessness Reserve funding.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	May 2008			
This report is public				

RECOMMENDATIONS OF COUNCILLORS John Gilbert and David Kerr

- (1) Agree to the continued draw down of the Homelessness Reserve of up to £75,000 in 2008/9, pending the Supporting People decision on funding.

1.0 Introduction

- 1.1 In February 2007, Cabinet agreed to provide funding of up to £59,000 in 2007/8 to the Portland Street Project (a six person hostel to be run by the YMCA in property owned by Council Housing Services). The funding agreed was to allow the scheme to open in 2007/08, with an expectation that a bid would be submitted to the Supporting People programme to cover revenue funding from 2008/09 onwards. The project was opened in January 2008.
- 1.2 Cabinet also agreed in February 2007 to provide funding of up to £20,700 to enable the work of the Home Support Team (now usually referred to as the Integrated Support Team) to continue.
- 1.3 In February 2007, Cabinet established a dedicated reserve to support the Council's housing responsibilities in connection with homelessness should Supporting People funding not be forthcoming. The revenue contributions are as follows:-

- £50,000 in 2007/08,
- £25,000 in 2008/09.
- £25,000 in 2009/10.

As part of the 2008/9 budget process, the budgeted amounts for 2008/9 and 9/10 are still included.

- 1.4 It was agreed in February 2008 that Cabinet would make £75,000 of allocated reserve available to support the Home Support Team and Portland Street Project should Supporting People finance not be made available by the beginning of the next financial year (2008/09). This option was agreed in order to provide temporary security for staff whilst Supporting People funding decisions were taken. It was agreed that there would be a further report to Cabinet in July 2008 when it was expected that the decisions would have been made, and Cabinet would then be able to consider the implications of those decisions should funding not be available and decommissioning or alternative funding be considered.

2.0 Supporting People Funding Decisions

- 2.1 In 2006, the Supporting People Commissioning Board (on which the City Council is represented) completed a service review programme. It was then in a position to commission new services in line with its strategic priorities and decided that its first priority was to look at existing services across the County that were eligible for Supporting People funding and that might be at risk of closure or service level reduction without funding from the programme. In January 2008 details were therefore provided in respect of both the Portland Street Project and the Home Support Team. Two separate bids were submitted in respect of the Home Support Team – one relating to its Vulnerable Households Project work and one relating to its Targeted Intervention Project.
- 2.2 A decision on the Portland Street project has now been taken. The decision included a start date for funding from April 2008.
- 2.3 The SP Commissioning Board in May 2008 decided in principle to commission a service in Lancaster district and other parts of Lancashire that would provide proactive outreach targeted support to vulnerable people living in the private sector. And at a meeting in June, it agreed to commission a vulnerable households project in Lancaster as well as similar projects elsewhere in Lancashire. At the time of writing this report, the Head of Supporting People is progressing a report within the County Council that would agree waiving standing orders to allow funding of the vulnerable households project in Lancaster and other districts without going out to tender. But the outcome of this is not yet known.
- 2.4 If decisions are made that all this work should go out to tender, it may be up to another six months before we will know whether or not these two projects have been successful in their bids for SP monies.

3.0 The Home Support Team

- 3.1 The objective of the team is to prevent homelessness, promote long-term sustainable lifestyles by addressing life issues and supporting clients into training and education.
- 3.2 The specific projects that SP funding is sought for are

- Targeted Intervention Project – Targeting problematic HMO’s – pro-actively seeking to work with and engage hard to reach clients who have failed into HMO’s and have a track record of unsuccessful engagement with specialist services. This offers an alternative solution to deal with anti-social behaviour and problematic tenants. By gaining the confidence and trust of the client this intensive support involves working with people to secure their commitment to change to sustain tenancies and prevent eviction and problems being moved on to another area.
- Vulnerable Households Project - Working intensively with a small number of the most vulnerable or ‘high demand’ households across the district. Sanctions and incentives are used to encourage change and support is provided over a period of months (for as long as is needed) to enable those involved to sustain this change. A key worker acts as a key point of contact and co-ordinates the services which need to engage with the household. Sustainable change is the key aim of this project.

3.3 The Home Support Team has had considerable success in changing behaviour and preventing homelessness as a result. Around 40% of the district’s homeless presentations result from failed private sector tenancies, mainly in the West End area which makes this team a very effective resource. Examples of the outcomes achieved by the Integrated Support Team during 2007/08 include:

- Supporting 61 vulnerable people
- Preventing 21 people from becoming homeless
- Resettled 40 households as part of the West End Masterplan
- Engaged 47 clients into mental health, drug/alcohol and/or health support services
- Work with vulnerable families has significantly improved attendance at school and behaviour of 5 children
- 9 clients have been encouraged and supported into training and/or education
- 3 people have gained voluntary or paid work.

3.4 In the first quarter of this year the team has again been successful in engaging with an additional 15 vulnerable, 3 of whom have gained employment. One of the clients has also received the retail student of the year award from Lancaster and Morecambe College and has now started full time employment. This is a Team achieving concrete results that enable vulnerable people to reach their full potential and ensuring that anti social behaviour that has a detrimental effect on neighbourhoods is diminished.

4.0 The Homeless Reserve

4.1 At the end of 2007/8 there was £50,000 in the Homelessness Reserve. As detailed in paragraph 1.3, there is £25,000 contribution in 2008/9 giving a balance of £75,000 in the Homelessness Reserve. £22,000 has already been spent on funding staffing in the Home Support Team.

4.2 In addition, in April 2008, Cabinet agreed a sum of £30,000 of Area Based Grant to fund a Resettlement and Support Officer in the Home Support Team.

5.0 Details of Consultation

- 5.1 The development and operation of both of these projects have been subject to detailed consultation with partners and stakeholders. The Portland Street Project has received ongoing support from the Lancaster District homelessness forum and the Home Support Team is actively supported through the social impact group, a multi agency group of statutory and voluntary partners working to address social issues within the west end of Morecambe. The details of this report have not however been specifically subject to consultation with these groups.

The details of this report have been shared with Supporting People in order to ensure factual correctness.

6.0 Options and Options Analysis (Including Risk Assessment)

- 6.1 **Option 1:** Do not agree to any further funding for the Home Support Team from the allocated reserve beyond the commitment to existing staff contracts, which run up until the end of August 2008.

- If SP have not been able to confirm funding by then, three postholders' contracts will end at 31st August 2008.
- These posts play an important part in helping those in imminent danger of homelessness to avoid it. The City Council is aiming to prevent homelessness and money spent on doing so can save money which would otherwise have to be spent on those accepted as homeless.
- If SP were to subsequently agree funding, there is a risk that the staff would no longer be in post and additional costs would be incurred in advertising and appointing staff.

- 6.2 **Option 2:** Agree to make up to £75,000 of allocated reserve available to the Home Support Team in 2008/9, pending the SP decision on funding

- This would enable the Council to extend the contracts for the three postholders concerned until 31st March 2009 and for the projects to continue with current levels of staffing, by which time a decision should have been made by SP
- If a positive decision is made by SP before 31st March 2009, less than the maximum would be spent.

- 6.3 A further report will be made to Cabinet when the outcome of SP decision making is known.

7.0 Officer Preferred Option (and comments)

- 7.1 **Option 2:** Agree to make up to £75,000 of allocated reserve available to the Home Support Team in 2008/9, pending the SP decision on funding

- This would allow a skilled and experienced staff team to remain working together for as long as possible, pending the outcome of the SP bid.

8.0 Conclusion

8.1 The future of the successful Portland St project is assured for the immediate future. Funding for the two Home Support Team projects may be available from SP, but they could be in jeopardy and a decision is needed on how long the Council can continue to support them.

RELATIONSHIP TO POLICY FRAMEWORK

Portland St and the Home Support Team both help to meet the Council's statutory obligations towards homeless people and homelessness prevention. They support the delivery and implementation of the Council's Housing strategy, Homelessness Strategy and Winning Back Morecambe's West End Masterplan as well as LAA outcomes

CONCLUSION OF IMPACT ASSESSMENT

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

The projects both have substantial contributions to make towards community safety as well as helping people secure and maintain homes. The projects are targeted at those who are both vulnerable and socially excluded. They contribute towards ensuring social cohesion and sustainable communities.

FINANCIAL IMPLICATIONS

The adoption of Option 2 would commit the Council to additional spending of up to £75,000. Given that this would be funded from a Reserve already established to support schemes such as this, there would be no overall impact on spending. Spend to date is £22,000 for the Home Support Team, which leaves £53,000 left in the Homelessness Reserve.

The adoption of Option 1 would result in the Team being disbanded as at the end of August 2008, with a total estimated spend as at that date of £31,000, to be funded from the reserve.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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Ref: NTF_ Portland St and Home Support Team

CABINET

**Budget and Policy Framework Process 2009/10
31 July 2008**

Report of Corporate Director (Finance & Performance)

PURPOSE OF REPORT				
To agree a process for reviewing the Council's Budget and Policy Framework.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Corporate Director
				√
Date Included in Forward Plan	N/A			
This report is public				

RECOMMENDATIONS OF COUNCILLOR ROGER MACE:

- 1 That the process outlined in the report and timetabled in *Appendix A* for reviewing the Corporate Plan, Budget/Medium Term Financial Strategy, and preparing the 2009/10 Budget be approved.
- 2 That Cabinet note the revised procedures as set out in Section 3 already in place for reviewing and updating the other Policy Framework documents.

REPORT

1 **Introduction**

- 1.1 The Council's Constitution requires the Cabinet to bring forward each year recommendations for updating the Budget and Policy Framework documents. This report proposes a draft process and timetable for reviewing the existing plans and strategies included in (and supporting) the Budget and Policy Framework and also for prioritising existing objectives and bringing forward new Council initiatives.
- 1.2 The report deals with the review of the Budget and Policy Framework documents in three parts, namely :-
 - the Corporate Plan ,
 - the other plans and strategies in the Policy Framework,
 - the Budget and Medium Term Financial Strategy (MTFS).

2 Corporate Plan

- 2.1 The three year Corporate Plan brings together the Council's plans and strategies with a particular focus on the medium term objectives and related priorities to be delivered either by Council services or in partnership with other organisations.
- 2.2 The process for updating the Corporate Plan is tried and tested and centres on the annual public consultation exercise that takes place each year. It is not proposed to change this process for updating the 2009/10 Corporate Plan.
- 2.3 There will however be a need to ensure, as agreed by Council when this year's Corporate Plan was approved, that the Plan is amended to reflect the Council's responsibilities set out in the Lancashire Local Area Agreement (LAA) and the Lancaster Strategic Partnership's (LSP) Sustainable Community Strategy (SCS).
- 2.4 The County Council has recently approved the LAA and the Council has also agreed to contribute to 20 specific targets. Work is still underway to determine the full extent of the Council's involvement in each of these.
- 2.5 The LSP Sustainable Community Strategy is still not finalised but the seven thematic groups and 20 priority tasks have been agreed. It is likely now that the SCS will be signed off by the LSP Board on 24 September and presented to Council on 22 October for their approval.
- 2.6 It will be necessary therefore to undertake a two stage refresh of the Corporate Plan. The first stage will see the current year's Plan updated to reflect the LAA and LSP Sustainable Community Strategy. It is anticipated that this will go to Council in October when the SCS is also considered. The updated Corporate Plan will then be used in the second stage which will begin with the public consultation exercise as part of approving the 2009/10 Corporate Plan. As a result of this, the public consultation will be undertaken later in the year than in previous years.
- 2.7 As a consequence a timetable for approving the 2009/10 Corporate Plan has been prepared on the basis outlined above and is set out in **Appendix A**. If however the timetable for approving the Sustainable Community Strategy is further delayed, then the process and timetable will need to be amended accordingly.

3 Other Policy Framework Documents

- 3.1 In addition to the Corporate Plan, the Policy Framework consists of a number of other documents. The latest position regarding these is as follows:

- (a) Sustainable Community Strategy

This now includes the former LA21 Strategy and Policy Statement and a refreshed Strategy is due to be considered by Council on 22 October 2008.

- (b) Community Safety Partnership

A new Community Safety Plan for 2008/2011 has been drafted and is currently being checked to ensure alignment with targets within the new Lancashire Local Area Agreement Targets. The final document is due to be considered by Council in September 2008.

(c) Housing Strategy

The current Housing Strategy runs until 2009 and preparation has already begun on its refresh. Cabinet recently approved an updated Homelessness Strategy at its meeting on 8 July. It is anticipated that a first draft of the Housing Strategy will go to Cabinet before Christmas with formal approval being sought from Council early in the New Year.

(d) Local Development Framework Documents

Council will be asked at its July meeting to approve the Local Development Framework core strategy. Work is continuing on preparing the supplementary documents that support the core strategy and that will form the Local Development Scheme, namely the Development Management Policies, Land Allocations, and any Area Action Plans. These documents will be brought to Cabinet for approval once completed.

(e) Economic Vision (Regeneration Strategy)

Cabinet at its meeting on 8 July agreed a process for refreshing the Economic Vision. It is anticipated that a draft update will be available later in the year for consideration by Cabinet prior to referring to Council for approval early in the New Year.

3.2 Previously, the review of the Policy Framework Strategies were undertaken by individual Cabinet members and considered within Performance Review Team (PRT) meetings. As there are already plans in place for reviewing all the strategies in the Policy Framework, there is no longer a requirement for these matters to be referred through the PRT meetings. Cabinet is asked to note this revised procedure for the 2009/10 Policy Framework strategies.

4 Budget Framework

4.1 The crux of the Budget Framework is the MTFS. It is currently the practice to monitor this strategy on a 6 monthly basis and it is proposed to continue with this practice. This has been included in the timetable attached at **Appendix A**. Similar arrangements are included for updating the Capital Investment Strategy, which drives future capital spending and financing plans.

4.2 Underpinning the MTFS is the detail of the 3-year Revenue Budget and 5-year Capital Programme. Again the key milestones for preparing these budgets are included in **Appendix A** and Star Chamber will again provide the forum for achieving the efficiency targets and savings included in the MTFS. A more detailed specific budget preparation schedule will be brought to a later Cabinet meeting.

5 Options Analysis

5.1 The following options are available to the Cabinet.

- i. approve the proposals and timetable set out in the report for reviewing and revising the Council's Budget and Policy Framework.
- ii. approve an amended version of the proposals

- 5.2 The preferred option is option i. as it sets out a structured approach for Cabinet to review the existing Budget and Policy Framework and for it to bring forward its budget and policy framework proposals for 2009/10 and beyond within the statutory timescales.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The plans and strategies outlined in the report together make up the Council's Budget and Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</p> <p>The annual review of the policy framework ensures that the Council's plans and strategies are kept up to date and compliant with the above criteria for assessing their impact on the Council's overall performance.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Deputy s151 Officer has been consulted and 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 comments to add.</p>	
<p>BACKGROUND PAPERS</p> <p>None.</p>	<p>Contact Officer: Roger Muckle Telephone: 01524 582022 E-mail: rmuckle@lancaster.gov.uk</p>

Draft Budget and Policy Framework Timetable - 2009/10

	Business Plan & Efficiency Review	O&S / B&PP	Cabinet	Council
2008				
July				
15		B&PP Receive Annual 2007/8 Performance Stats		
28			First Quarter PRTs Begin (28 July – 8 Aug 2008)	
29		Special B&PP Receive Annual 2007/8 Financial Outturn Report		
31	Process for identifying Savings and Growth begins for Service Heads/Cabinet members	Annual Efficiency Statement – 2007/08. Backward Looking	Approve Budget & Policy Framework Process and Timetable Receive report from B&PP on 2007/8 outturn recommendations Consider 2007/8 budget outturn Consider 2007/8 Annual Treasury Mgt Report	
Sept				
2			Review of Performance Mgt Framework. Receive draft Improvement and Efficiency 3 year Programme and Star Chamber Review Approve process for preparation of 2009/10 draft budget including review of fees and charges	
9		B&PP Receive 1 st Quarter Corporate PRT Report		
10	Star Chamber process begins with review of Outturn variances			
17				To receive any Budget or Policy Framework updates Approve Community Safety Plan from CSP

	Business Plan & Efficiency Review	O&S / B&PP	Cabinet	Council
Oct				
7			Review and update Medium Term Fin. Strategy (MTFS) and Capital Investment Strategy	
22			Review Corporate Plan Priorities informed by draft LSP Sustainable Community Strategy	Approve updated MTFS Receive Treasury Mgt Annual Report Approve LSP Sustainable Community Strategy
23			Begin consultation on Cabinet Priorities and MTFS with :- <ul style="list-style-type: none"> - LSP Board/Mgt Group - Citizens Panel - Parishes - Cabinet Liaison Groups - Economic Stakeholders - Website - Overview & Scrutiny - Service Heads - Trade Unions Consultation ends Dec. 19th 2008 (8 weeks)	Update/Refresh of 2008/9 Corporate Plan
27			2nd Quarter PRTs Begin (27 Oct – 7 Nov)	
31	6 month EDPAs completed			
Nov				
11			Receive update on Star Chamber exercise	
19				To receive any Budget or Policy Framework updates
21	Service Training Plans completed			

	Business Plan & Efficiency Review	O&S / B&PP	Cabinet	Council
25		Consider draft savings and growth options B&PP receive 2 nd Quarter Corporate PRT Report		
Dec				
9			To receive draft Revenue Budget for 2009/12 (including basis of preparation) Capital Programme update (incl. AMWG considerations) Receive update on Star Chamber exercise incl. recommendations on Savings and Growth proposals from B&PP Receive Provisional Local Govt Finance Settlement	
17				To receive any Budget or Policy Framework updates incl. draft 2009/10 Corporate Plan update
2009				
Jan				
20			Agree Revenue Budget and Capital Programme proposals for consultation Recommend proposals for Council Housing Rents. Receive Consultation feedback and update draft 2009/10 Corporate Plan Limited Consultation on Budget and Corporate Plan proposals begins	
26			3rd Quarter PRTs Begin (26 Jan – 6 Feb)	
27		Leader presents budget proposals to B&PP, other members, and Economic Stakeholder forum		

	Business Plan & Efficiency Review	O&S / B&PP	Cabinet	Council
Feb				
4				To receive any Budget and Policy framework updates incl. 2009/10 Draft Corporate Plan update To agree Revenue Budget and Capital Programme totals. Agree Council Housing Rents for 2009/10
17			To consider Revenue Budget/ Capital Programme feedback from Council and wider consultation. To agree final detail of budget proposals to present to Council	
24		B&PP Receive 3rd quarter Corporate PRT report		
Mar				
4				Agree 3yr Revenue Budget and 5yr Capital Programme Approve Prudential Code Limits Approve Treasury Mgt Strategy Approve Council Tax
5	Service Business Plans rolled forward into 2009/10.			
17			Set performance targets for Corporate Plan. Agree strategic PIs for monitoring. Review MTFS	
April				
8	2009/10 PRT Monitoring targets agreed with Cabinet members			Approve full version of Corporate Plan Approve revised MTFS
21			4th Quarter PRTs Begin (27 April – 8 May)	

CABINET

The Development of Neighbourhood Management Arrangements for the District

31st July 2008

Report of Corporate Director (Community Services)

PURPOSE OF REPORT			
This report suggests a model for the way that Neighbourhood Management could be developed in Lancaster District and seeks approval to develop this approach into a practical implementation plan.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	29 th May 2008		
This report is public			

RECOMMENDATIONS:

- 1 That the suggested approach to the development of neighbourhood management arrangements for the District be approved in principle.
- 2 That a further report be prepared setting out how this approach could be practically implemented and the resource implications of such an approach.

1.0 Introduction

- The 2006 Local Government White Paper, Strong and Prosperous Communities, whilst making no explicit reference to area committees or neighbourhood forums, encouraged nonetheless the development across local authorities of neighbourhood management and local neighbourhood charters as well as community calls for action and local petitions.
- The 2007 Local Government and Public Involvement in Health Act subsequently gave local authorities the duty to provide information and consult and involve local people in service delivery and policy-making.
- The Action Plan for Community Empowerment, published in October 2007,

foresees the further engagement of local people in the development of Local Area Agreements and planning processes, as well as increased recourse to participatory budgeting schemes, citizen juries and local petitions.

- On 7 February 2008, Sir Ronnie Flanagan presented the final report of his policing review to the Home Secretary. A key part of his report refers to 'delivering in partnership through neighbourhood policing and involving local people'.
- Likewise, Lancashire's Chief Constable hosted a conference on Neighbourhood Management in December 2007.
- The Government's CLG is currently consulting in preparation for the publication of a white paper on Community Empowerment in which neighbourhood working is expected to figure prominently.

- 1.1 Neighbourhood Management has been successfully used within Poulton (which has been operating since 2002) and the West End areas of Morecambe (for the past two years) to address inequalities relating to crime, the environment, education, health and unemployment.
- 1.2 It is not intended to extend the present arrangements for Neighbourhood Management in Poulton beyond its planned expiry date of the 31st March 2009.
- 1.3 The current programme of Neighbourhood Management in the West End of Morecambe has been a blend of community cohesion/empowerment work, support for vulnerable tenants and physical regeneration. Area Based Grant, which the City Council has been directing to work in the West End ceases as of March 2010 and thought will need to be given as to how the Council can both sustain the current programme of work being funded through this source whilst at the same time developing appropriate forms of neighbourhood working in other parts of the district.
- 1.4 With no external funding it will not be possible to replicate the scale of programmes taken forward, hitherto, in Poulton and the West End.

2.0 Proposal Details

- 2.1 Any proposal to roll out neighbourhood management approach to public service delivery must aim to:
 - Provide better quality and more 'joined-up' forms of service delivery based on community priorities.
 - Ensure that local authority main programmes and budgets are better targeted at community needs and priorities.
 - Provide an area based focus for crosscutting measures which help to deliver the district's Sustainable Community Strategy objectives at a local level.
 - Present the opportunity for enhanced community participation.
 - Strengthen the community leadership role of elected councillors.

- 2.2 Nationally, Neighbourhood Management has been primarily seen as a tool which is effective in addressing relative deprivation. Any proposal to roll out neighbourhood management should in the first instance be incremental and continue to focus on those areas where there are significant gaps in key deprivation indicators between these neighbourhoods and the District as a whole.
- 2.3 Using 2004 'Indices of Multiple Deprivation' it is possible to identify, those communities which fall significantly below the district average and thus should be prioritised in terms of a neighbourhood management approach.
- 2.4 In relation to Poulton, progress made over the last seven years has been significant and with arrangements put in place for the continuation of community and Member involvement, and the continuation of the Poulton Housing Capital programme, it is believed that Poulton no longer requires the traditional neighbourhood management arrangements it has had for the past seven years.
- 2.5 Subject to Cabinet approval, Neighbourhood Management will continue to be externally funded in the West End of Morecambe until March 2010 and the gains that have been and will continue to be made over the lifetime of the programme will need to be sustained and built upon if successful regeneration is to be achieved.
- 2.6 It is proposed to take forward a Neighbourhood Management approach which is more strongly embedded within the City Council's structure, utilising existing resources, and allowing a stronger neighbourhood influence in corporate decision making.
- 2.7 Such a model would not be based on replicating existing Neighbourhood Management delivery. The current arrangements whereby a programme of community cohesion runs in tandem with a grant based project development model would not be financially sustainable.
- 2.8 As a starting point, within these priority neighbourhoods, a "Neighbourhood Charter" would be developed which would assess 'performance within the neighbourhood' i.e. levels of crime, antisocial behaviour, health statistics, relative income, educational attainment, and any other measures considered useful locally detailing how the area is performing against the rest of the district, north west region and nationally. Models exist within Neighbourhood Management delivery plans and existing parish plans which could be built upon to achieve effective Neighbourhood Charters.
- 2.9 This information will be made available to the Council and its partners within relevant thematic groups of the LSP so that informed decisions can be made about local priorities, how the area is performing and the outcomes that need to be achieved.
- 2.10 The charter would identify and set out the local priorities which would be identified by local communities based upon consultation and community engagement carried out within the neighbourhood.
- 2.11 Ward councillors, in exercising their community leadership role, would be assisted in bringing together community representatives to develop this process. The basis for these structures already exist in the form of parish councils, school governing bodies, PACT arrangements etc. and new groups representing neighbourhood interests would not, necessarily, have to be formed.
Local service providers, voluntary, community or faith sector organisations would also be invited to be part of the process of developing the Neighbourhood Charter.

- 2.12 The Community Safety Partnership is considering ways in which it can tackle crime and anti-social behaviour in partnership with other service providers at a neighbourhood level. Plans are in hand for a pilot of such an approach which should provide some very useful learning in the Council's development of Neighbourhood Management. In any event, Lancashire Constabulary are an enthusiastic supporter of Neighbourhood Management and would be a key partner in future developments.
- 2.13 Services will be required to analyse their functions in terms of what can be influenced, prioritised, funded or delivered at a community/local level. This information will help the ward councillors and communities in making informed decisions as to how to address their priorities without putting undue pressure on services to make changes that are not feasible and to construct a mutually agreed action plan.
- 2.14 These groups and structures formed to put together the Neighbourhood Charter would then be supported and encouraged to form a neighbourhood forum to direct and co-ordinate work at a local level. These would be properly constituted bodies with extensive local representation and a local City Councillor as chair. Such forums would meet regularly to consider implementation of the charter, raise relevant local concerns, monitor progress, discuss significant planning applications within the area, assist with planning future programmes of work within the area etc. These forums would require administrative support to arrange meetings, take minutes, and prepare agendas.
- 2.15 Senior officers of the Council (Service Heads or Directors) could assume a specific geographic responsibility for a particular area in addition to their other duties - in effect becoming neighbourhood champions for that area.
- 2.16 In considering the local priorities of any particular area the Council (and its partners within the thematic groups of the LSP, and any parish councils) might wish to commit to delivery of particular levels of service or activity that best meet the needs of that local area. These in all probability would not be the same in each area. Over time these responses would become mainstreamed and form part of the Council's Service business planning process. With regard to local authority services, a key issue will be deciding which tier of government, e.g. City, Police or any Parish, takes on delivery of any changes to service delivery, as that may influence who pays for it (through Council Tax).
- 2.17 Consideration could be given to establishing an annual neighbourhood ward budget to be available to spend on addressing local priorities identified within the individual Neighbourhood Charters. It may be spent on levering in matched funding or to assist community led delivery of local services.
- 2.18 To help support ward councillors in this process, services would identify areas within their function that the ward budget could be spent on to gain additional service levels. This could include, for example, the cost of extra bins, CCTV, a summer activity programme for young people, planting or parks maintenance. However, budget spend would not be limited to Council services and work could be commissioned from other public service providers, the voluntary, community or private sectors.
- 2.19 It is vital that in developing this approach the Council works closely with other public service providers within the structures of the Lancaster District LSP who also recognise the challenges in these areas for their services and the advantages of enhanced partnership working.

- 2.20 Within the LSP it is recognised that neighbourhood management is a key delivery mechanism for sustainable Community Strategy objectives and the development of action plans within the LSP's Thematic Groups.
- 2.21 Thought will also need to be given as to how best the intelligence gathered at a neighbourhood level through development of the Charters is fed in to the central decision making process of the Council and the thematic groups of the LSP. The specific roles and responsibilities from the Council's establishment of senior officer neighbourhood champions will also need further consideration.
- 2.22 It further needs to be recognised that staff within the authority and other public agencies will need to develop new skills to work with local communities and client groups and operate across professional and departmental boundaries within and between organisations. Attention will also need to be given to resolving competing local interests and balancing local priorities with the need for an equitable distribution of resources and effective service delivery across the whole of the district.
- 2.23 A modest pilot scheme has been running in Ellel since November 2007 and indications are that there will be some significant lessons learnt in terms of developing more effective lines of communication between parish councils and public service providers. This, in itself, is not Neighbourhood Management but does point to how local forums such as parish councils can become more effective.

3.0 Details of Consultation

- 3.1 The findings of this report have also been influenced by various consultation events/surveys etc. carried out in Poulton and the West End of Morecambe.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1

This is the option as outlined in this report which builds on the success of Neighbourhood Management so far whilst utilising modest resources in integrating the Neighbourhood Management approach into the mainstream activity of the City Council and its partners within the LSP.

Risk

That insufficient resources are made available thus diluting the impact of this changed way of working. This can be overcome, should members approve the recommendations set out in the report, by developing this approach further and identifying the resource requirements required to deliver it. These could then be fed into the budget process and if approved, the proposals could go ahead.

Option 2

Researching and bringing forward other neighbourhood models.

Risk

There has been much interaction between the Neighbourhood Management Pathfinder in Poulton and other neighbourhood initiatives nationally since 2002.

Visits have been conducted to other programmes, lessons learnt at national conferences and best practice shared by neighbourhood renewal advisors. It is not envisaged that any significant new approach is likely to be uncovered and momentum is lost.

Option 3

This is a 'do nothing' option which assumes that the current Neighbourhood Management programme finishes in 2010 when the Area Based Grant allocation ceases and it is no longer possible to support Neighbourhood Management in Morecambe's West End.

Risk

That the learning from the past six years of operating successful Neighbourhood Management is wasted and that an opportunity to develop a new cross-cutting, neighbourhood, agenda with our partners is lost.

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the officer preferred option which, as outlined in the body of the report, allows for an integrated approach whilst keeping costs to a realistic minimum.

6.0 Conclusion

6.1 Neighbourhood Management can be a significant delivery vehicle of both the Council's and our LSP priorities. The Council's Corporate Plan has within it a priority that local communities have more influence and involvement in the way services are delivered" by "developing neighbourhood management arrangements for the district". These proposals have been put forward on the basis of the Council's experience of six years of successful neighbourhood working.

RELATIONSHIP TO POLICY FRAMEWORK

The development of Neighbourhood Management arrangements for the district is a City Council Corporate Priority. A significant part of Neighbourhood Management activity links directly to Community Safety priorities, support for Children and Young People, the Council's Housing Strategy and Health and Well Being.

As well as the Council's Corporate Plan, Neighbourhood Management fits within the Strategic Vision of the District as put forward by the LSP.

CONCLUSION OF IMPACT ASSESSMENT

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

Neighbourhood Management can be used as an effective tool to address the needs of diverse communities, it empowers people by increasing citizens' influence at a local level and has been used to good effect to increase community safety and to address crime and the fear of crime.

FINANCIAL IMPLICATIONS

The time limited funding arrangements regarding existing neighbourhood management arrangements are made clear within the body of the report.

The financial implications of a transition (and the ongoing implications) to a new neighbourhood management form of working would be the subject of a further report. At present, the current budget projections do not allow for any specific funding for rolling out neighbourhood management. Therefore, if Members wish to pursue the proposals, then additional resource requirements will need to be identified and budgeted for, as highlighted within the report. These would then be considered as part of a future budget process.

SECTION 151 OFFICER'S COMMENTS

The recommendations would allow the proposals for rolling out neighbourhood management to be considered alongside other competing demands for resources, in a future budget exercise.

LEGAL IMPLICATIONS

There are no legal implications arising from this report

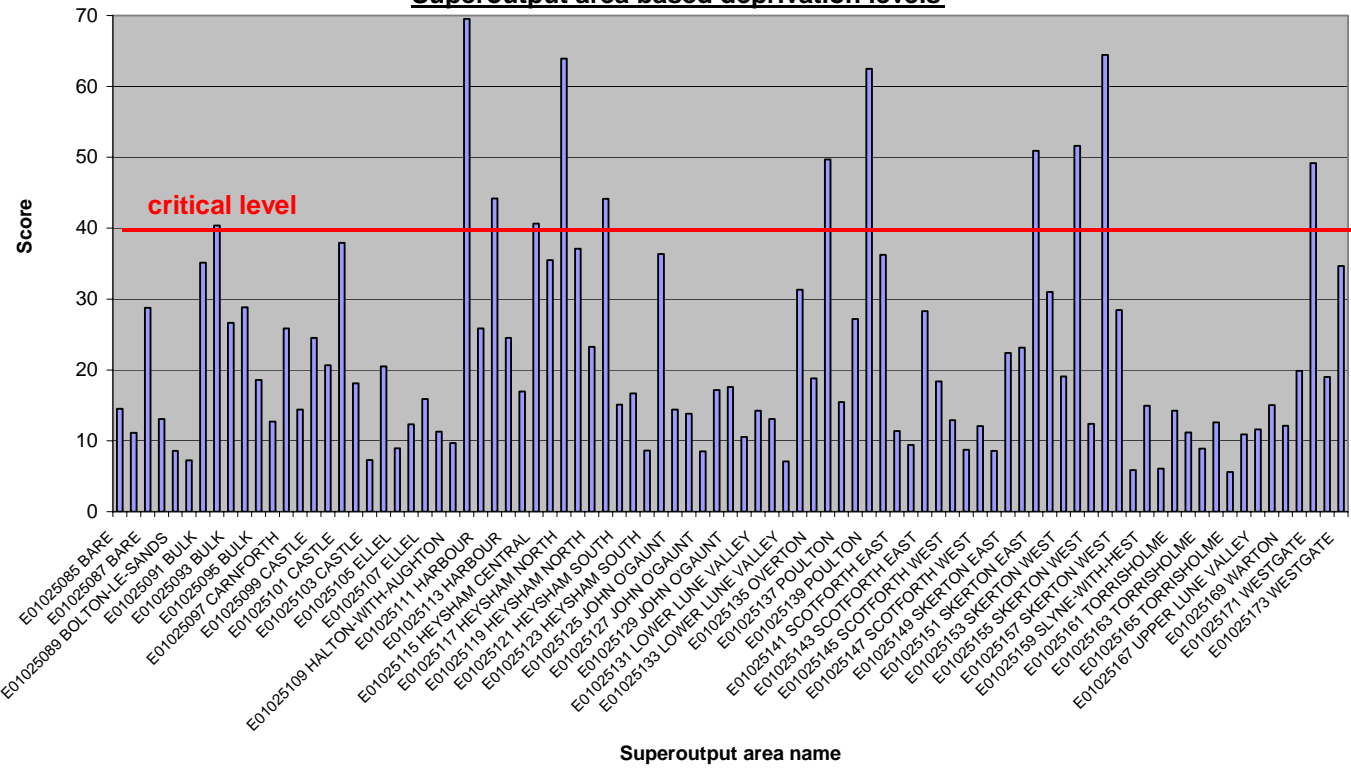
MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Contact Officer: John Deacon
Telephone: 01524 405831
E-mail: jdeacon@lancaster.gov.uk

Superoutput area based deprivation levels



CABINET

Annual Treasury Management Report 2007/08 31 July 2008

Report of Head of Financial Services

PURPOSE OF REPORT				
This report sets out the performance of the Council in respect of Treasury Management for 2007/08 and gives details of the activities undertaken during the year.				
Key Decision		Non-Key Decision		Referral from Statutory Officer
				X
This report is public.				

RECOMMENDATIONS OF OFFICER:

That the report be noted and referred on to Council for information.

1 Introduction

1.1 The Council's Treasury Management Strategy for 2007/08 was approved by Cabinet on 20 February 2007. This report sets out the related performance of the treasury function by providing details of:

- a) long term and short term borrowing (i.e. debt that the Council owes)
- b) investment activities
- c) relevant borrowing limits and prudential indicators.

It is a requirement of the CIPFA Code of Practice on Treasury Management in Local Authorities that such a report be made to the Cabinet within six months of the end of the financial year, and that it also be reported to Council for information.

1.2 The aim of the Treasury Management Policy and associated activity is to secure the most favourable overall position for the Council by maximising the investment interest earned on surplus cash balances and minimising debt charges payable, while maintaining an acceptable and measured level of risk, e.g. on security of investments, etc.

1.3 Treasury Management is a technical area, and to help Members' understanding a glossary of terms commonly used in Treasury Management is attached as **Appendix**

A. Please note also that larger colour copies of the graphs contained within this report are available on request.

2 Long Term Borrowing / Debt Position

2.1 Movements in Longer Term Borrowing

The amount that the Council could borrow from the Public Works Loan Board (PWLB) in 2007/08 was dependent upon the Prudential Indicators set by the authority, which in turn were based on the funding assumptions for the Capital Programme.

The original 2007/08 Capital Programme assumed a general borrowing requirement of £1m. A further £762,000, in respect of the financing of vehicle purchases, as approved under delegated authority by the Head of Financial Services, was added to this in the Revised Capital Programme, as approved by Council in February 2008, giving a total estimated underlying borrowing requirement of £1.762m. This amount was fully applied in financing actual capital expenditure for the year.

In addition:

- because of the Council's positive cashflow position in 2006-07, no actual additional borrowing was entered into during that year and so an unfilled borrowing requirement of £1.182 million was rolled forward into 2007-08, and
- previously approved Leeway Borrowing of £500,000 remained unallocated at 1 April 2007 (of which £200,000 was allocated in 2007-08).

Taken together, these mean that the Council's underlying requirement for additional borrowing in 2007-08 was as follows:

	£'000
Increase in underlying need for borrowing in 2006-07	1,182
Unsupported Borrowing in 2007-08, as approved by Cabinet in February 2007	1,000
Vehicle Purchases 2007-08	762
Allocation of Leeway Borrowing in respect of Storey Institute project, as approved by Cabinet in July 2007 (now scheduled for 2008/09 financing)	200
Balance of approved Leeway Borrowing (though not allocated)	300
Total	3,444

The Council's cashflow position remained strong throughout the financial year and so, once again, no actual additional borrowing was entered into, and the underlying requirement detailed above will be rolled into 2008-09.

No repayment of debt was due within 2007-08. However, a number of rescheduling opportunities arose during the first quarter of the year. In response to these, loans totalling £23.9m were repaid and replaced with new ones of an equal amount, producing estimated annual savings to the Council's General Fund of just over £50,000.

The actual position for long term borrowing / debt during the year can therefore be summarised as:

	£000
Opening debt:	44,800
New Borrowing:	0
Scheduled Repayments:	0

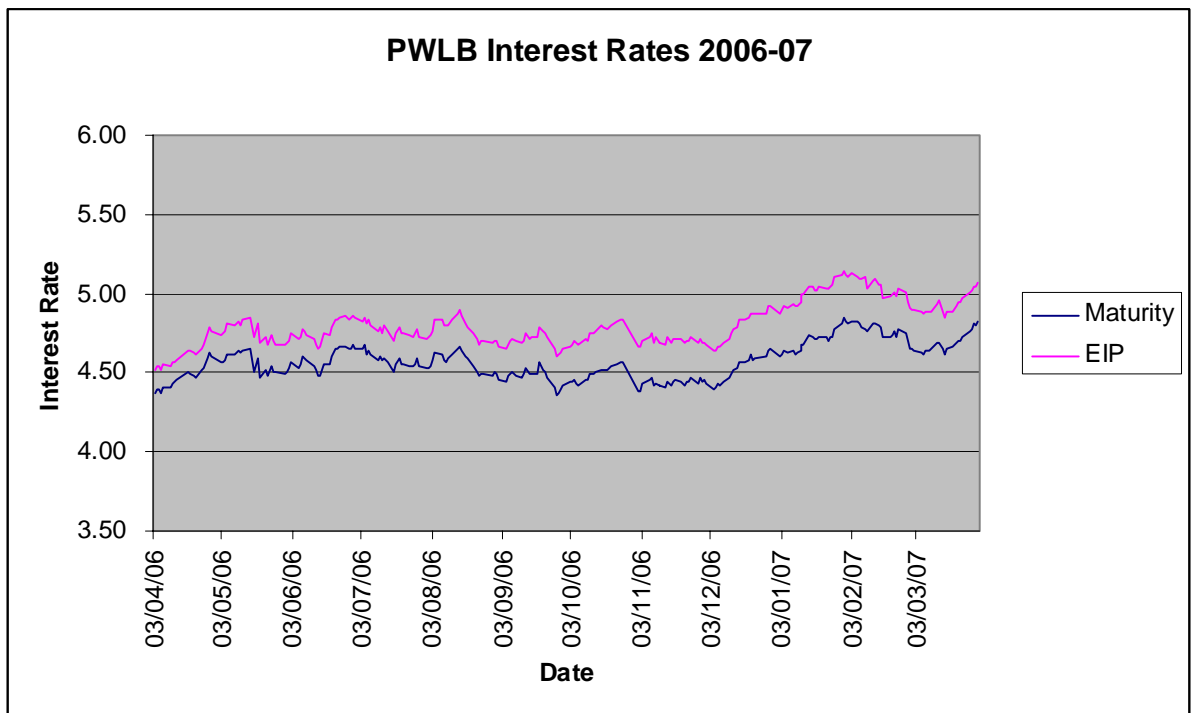
Closing Debt: 44,800
Net Change in Debt: 0

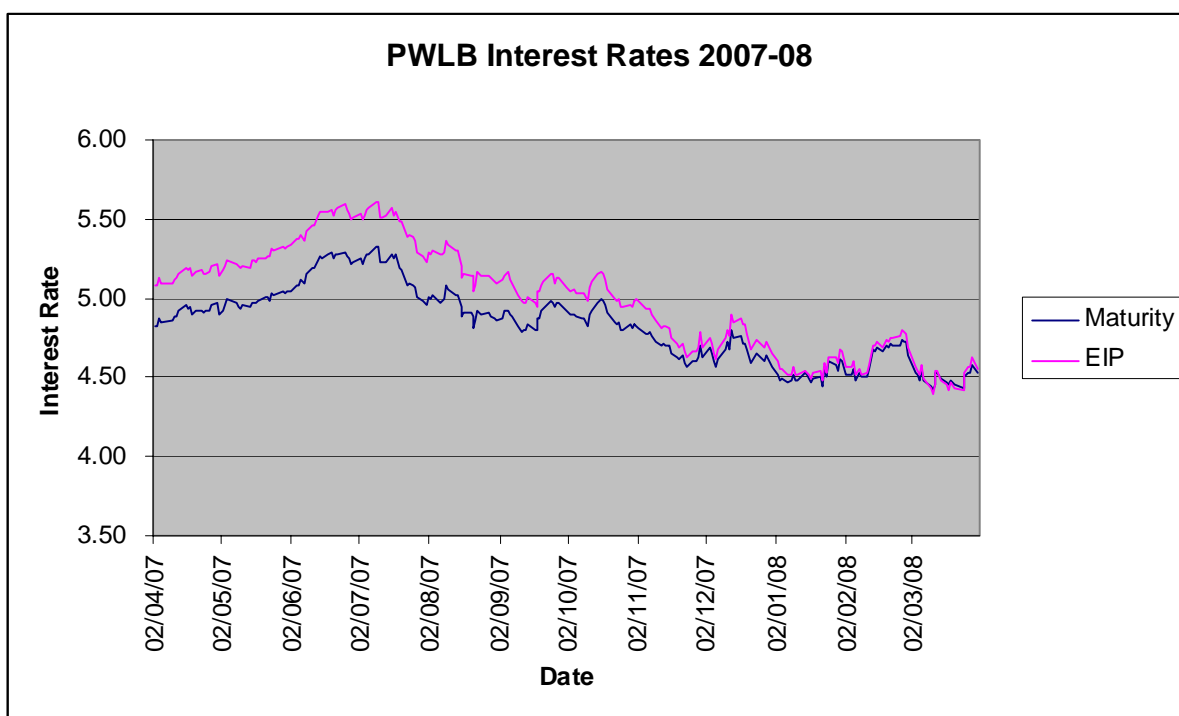
In monitoring against the Prudential Indicators, the authority has operated well within the set boundaries. Below is the year end position.

	Actual Debt	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223	-	310
PWLB Debt	44,800	-	55,990
Total	45,023	48,800	56,300

2.2 PWLB Interest Rate Movements

The graphs below compare the movement in interest rates payable on different types of loans available during 2006-07 and 2007-08. It can be seen that, in 2007-08, rates varied over a much greater range and also were more unstable from day-to-day, reflecting the impact of recent uncertainties across the financial markets.





2.3 Debt Maturity (or Repayment) Profile

One Prudential Indicator relates to the maturity structure of borrowing. This indicator introduces limits to help reduce the Council's exposure to large fixed rate sums falling due for repayment (and potentially refinancing) all at once. The table below shows these profiles at the beginning, middle and end of the year against the revised indicator. None of the Council's current longer term borrowing is due for scheduled repayment in the next ten years although, if conditions warrant it, early repayments could be made.

	Prudential Indicator	Actual 31-3-07	Actual 30-9-07	Actual 31-3-08
Under 12 months	0-35 %	0%	0%	0%
12 – 24 Months	0 - 5%	0%	0%	0%
24 – 5 years	0 – 10%	0%	0%	0%
5 – 10 years	0 – 20%	0%	0%	0%
10 years above	60 – 100%	100%	100%	100%

2.4 Interest Payable on Longer Term Borrowing

The cost of long term borrowing was in accordance with the Revised Budget. This total includes both Council Housing and General Fund.

Cost of Borrowing	£'000
2007/08 Revised Estimate	2,485
2007/08 Actual	<u>2,485</u> (of which £851K was charged to the HRA)
Variance	0

Prudential Indicators also provide exposure limits that identify the maximum limit for variable / fixed interest rate exposure, based upon the debt position. The table overleaf shows that the outturn position was within the limits set by Members at the beginning of the year. The authority currently only has fixed interest rate maturity debt, although again this could change in future if market conditions warrant it.

	Prudential Indicator	Actual
	%	%
Fixed Rate	100	100
Variable Rate	30	0

The average rate of interest payable on PWLB debt in 2007-08 was 5.56%, compared to 5.74% in 2006-07. The reduction was achieved by means of the rescheduling activity referred to at 2.1 above. When the full year impact of this takes effect in 2008-09, the average rate of interest on current debt will reduce further, to 5.53%.

As yet there is no information available for last year with which to compare performance with other Local Authorities.

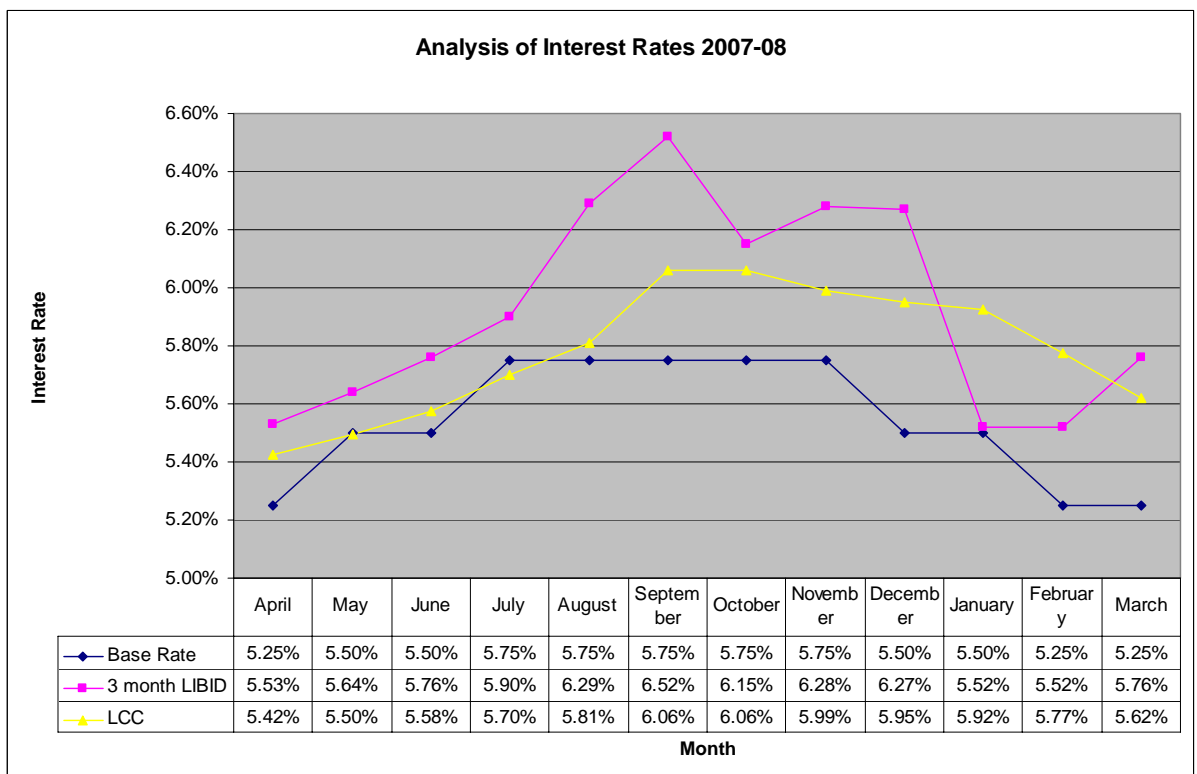
3 Shorter Term Borrowing (to support cash flow)

During 2007-08 there was just instance of short term borrowing. This related to the timing of the major transactions associated with the rescheduling activity referred to at 2.1 above. A short term loan was taken out to ease the cash flow position during this time. The cost of this borrowing (£3,052) was met from within the available budget.

4 Investment Activities

In 2007-08 all investments were placed in accordance with the approved Investment Strategy. A full list of the investments is enclosed at **Appendix B**.

Setting performance targets for investment interest is difficult as short term money market rates fluctuate daily. Previously, the rates achieved on new investments have been compared with the Base Rate and with the 3 Month LIBID (a benchmark adopted by some Councils as it reflects the balance between short term cashflow-dictated deposits and longer term 'core' deposits). These comparisons are shown below.



In summary, the Council has been successful in achieving a return on its investments almost 0.3% higher than Base Rate and just over 0.1% below 3 month LIBID. The average rates across the year were as follows:

Base Rate	5.54%
3 Month LIBID	5.93%
Lancaster CC Investments	5.82%

The average return fell to equivalent to Base Rate in May and below it in July, but this was attributable to the time lag that occurs between a rise in Base Rates and the corresponding increase in market rates. A similar pattern, in reverse, is seen at the time of falling Base Rates in the later months of the year.

The graph shows that, from July onwards, there has been a marked change in the comparative levels of 3 month LIBID and Base Rate. This is unusual, with the relationship between the two normally being relatively stable. The reason is the recent instability in the financial markets, based principally on concerns about sub-prime mortgage lending.

Overall, the original forecast was for an average return on investments for the year of 5.2%.

From a budgetary point of view, it was assumed that for the period April to June, the Base Rate would rise to 5.5% early in 2007-08, with a further rise to 5.75%, probably in the second quarter. This is what happened, with the second rise occurring in July. Previous expectations of a further rise to 6% were then reversed and 5.75% proved to be the peak rate for the year, with falls to 5.5% in December and 5.25% in February.

The table below summarises the actual interest earned against the Revised Budget:

Investment Income	£'000
2007-08 Revised Estimate	1,047
2006/07 Actual	<u>1,134</u> (of which £333K was applied to the HRA)
Increased Income	87

Of the £87k increase in income, £75k was attributed to the Housing Revenue Account (HRA), in recognition of its respective cash position and in accordance with Regulations.

Similar to the borrowing comparators, there is currently no information available regarding other Local Authorities' investment performance during 2006/07.

5 Other Prudential Indicators relating to Capital Investment

As required under the Prudential Code, certain other year end Prudential Indicators must be calculated and these are included elsewhere on the agenda, as part of the 2007-08 Outturn report. These will be incorporated into the referral report to Council.

6 Details of Consultation

Officers have consulted regularly throughout the year with the Council's Treasury Management advisors.

7 Options and Options Analysis (including risk assessment)

There are no options available to Members as such; reporting of activities to both Cabinet and Council is required under Treasury Management Code of Practice and reflected in the Council's Strategy.

8 Officer Preferred Option and Comments

Not applicable

9 Conclusion

During 2007-08 the Council achieved the following from its Treasury Management activities.

- ◆ Remained comfortably within all parameters set by the Prudential Indicators.
- ◆ Actively managed its cashflow to minimise the need for additional borrowings, thereby retaining maximum flexibility for the future.
- ◆ Reduced the average rate of interest payable on debt by 0.18% (equivalent to £81k per annum), from 5.74% to 5.56%, with this falling further to 5.53% when the full year impact takes effect.
- ◆ Achieved a rate of interest on its investments which was not only significantly higher than both the Original and Revised Budgets, but which also compared favourably to the average of Base Rate and 3 Month LIBID.

All activities were undertaken within the framework previously approved by Members.

<p>RELATIONSHIP TO POLICY FRAMEWORK This report is in accordance with the Council's Treasury Management Policy Statement.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability, etc) No direct implications.</p>	
<p>FINANCIAL IMPLICATIONS The outturn position for Treasury Management transactions shows a net saving of £87,000 against the Revised Budget, of which £75,000 was transferred to the HRA. These figures were incorporated into the 2007/08 General Fund Outturn.</p>	
<p>DEPUTY SECTION 151 OFFICER'S COMMENTS The Deputy Section 151 Officer has been consulted and has no comments to add.</p>	
<p>LEGAL IMPLICATIONS Legal Services have been consulted and have no comments to add.</p>	
<p>MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no comments to add.</p>	
<p>BACKGROUND PAPERS Treasury Management Strategy and Policy documents 2007/08.</p>	<p>Contact Officer: Tony Furber Telephone: 01524 582567 E-mail: tfurber@lancaster.gov.uk</p>

Treasury Management Glossary of Terms

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

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
Eg a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.
See also PWLB.

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

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

INVESTMENTS 2007-08							
	No	Start Date	End Date	Rate	Days	Principal	Interest
				%		£	£
MONEY MARKET INVESTMENTS							
Placed in 2006/07							
EBS B.S.	028	01-Apr-07	03-Jan-08	5.5400	277	2,000,000.00	84,086.58
Kaupthing Singer & Friedlander	029	01-Apr-07	14-Jan-08	5.8100	288	1,000,000.00	45,843.29
EBS B.S.	030	01-Apr-07	14-Jan-08	5.8000	288	1,000,000.00	45,764.38
Placed in 2007/08							
Anglo Irish	001	02-Apr-07	23-Apr-07	5.4100	21	4,000,000.00	12,450.41
Northern Rock	002	20-Apr-07	18-Apr-08	4.9800	364	2,000,000.00	94,674.73
Landsbanki Islands	003	01-May-07	30-May-07	5.5300	29	2,000,000.00	8,787.40
Landsbanki Islands	004	16-May-07	15-May-09	6.2500	730	1,000,000.00	54,794.52
Landsbanki Islands	005	01-Jun-07	04-Jul-07	5.6300	33	3,000,000.00	15,270.41
Dexia Banque a Luxembourg	006	12-Jun-07	13-Jun-07	5.5600	1	5,000,000.00	761.64
Northern Rock B S	007	02-Jul-07	08-Aug-07	5.8350	37	2,000,000.00	11,829.86
Portman B S	008	02-Jul-07	08-Aug-07	5.8400	37	4,000,000.00	23,680.00
Landisbanki Islands	009	01-Aug-07	13-Sep-07	5.9000	43	2,000,000.00	13,901.37
Heritable Bank	010	08-Aug-07	05-Sep-07	5.8900	28	1,000,000.00	4,518.36
Heritable Bank	011	15-Aug-07	18-Oct-07	6.2900	64	3,000,000.00	33,087.12
Landisbanki Islands	012	15-Aug-07	18-Oct-07	6.2900	64	2,000,000.00	22,058.08
Northern Rock	013	03-Sep-07	22-Nov-07	6.5700	80	2,000,000.00	28,800.00
Kaupthing Singer & Friedlander	014	03-Sep-07	22-Nov-07	6.5800	80	3,000,000.00	43,265.75
Leeds Building Society	015	06-Sep-07	05-Dec-07	6.7800	90	2,000,000.00	33,435.62
Scarborough Building Society	016	02-Nov-07	04-Jan-08	6.2500	63	2,000,000.00	21,575.34
Leeds Building Society	017	02-Nov-07	21-Jan-08	6.2500	80	1,000,000.00	13,698.63
Glitnir	018	03-Dec-07	05-Feb-08	6.7000	64	3,000,000.00	35,243.84
West Bromwich BS	019	03-Dec-07	05-Feb-08	6.7000	64	1,000,000.00	11,747.95
Bradford & Bingley	020	05-Dec-07	05-Mar-08	6.7300	91	2,000,000.00	33,557.81
EBS B.S.	021	03-Jan-08	03-Apr-08	5.9000	91	2,000,000.00	28,449.32
Glitnir	FI02/023	14-Jan-08	14-Jan-09	5.7550	366	3,000,000.00	36,322.54
Scarborough Building Society	022	04-Jan-08	04-Mar-08	5.6900	60	1,000,000.00	9,353.42
Sub-Total							766,958.37
CALL ACCOUNTS							
Abbey National							226,408.07
Allied Irish							141,533.93
TOTAL							1,134,900.37

CABINET

Fair Pay Project 31st July 2008

Report of the Chief Executive

PURPOSE OF REPORT			
To update Cabinet on the Fair Pay process and the financial decisions that will need to be made as part of the process, and in particular to determine the approach to be adopted in dealing with Equal Pay claims.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	30th June 2008		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR DAVID KERR:

- (1) That Cabinet note the progress made with the Fair Pay project, and the need for a new pay and grading structure to be approved later in the financial year, including provision for pay protection.
 - (2) Exempt
- 1.0 Introduction**
- 1.1 Whilst the terms and conditions on which staff are employed is, as a matter of law, a non-executive function, and is the responsibility of the Personnel Committee, the financial and budgetary elements of staffing are a matter for Cabinet. Members will be aware that the National 2004 Pay Agreement for Local Authorities required councils to conduct a review of pay and grading arrangements. This is being undertaken within this Council as the Fair Pay project.
 - 1.2 Cabinet last considered a report on the Fair Pay Project at its meeting on the 25th July 2006, when it resolved that the outcome of Job Evaluation be managed within the existing pay bill, but that further contributions be made to the existing earmarked reserve in anticipation that there would be some transitional costs arising in respect of pay, and that this be incorporated into the then forthcoming review of the Medium Term Financial Strategy. Minute 33 refers.

- 1.3 Over the last four financial years, a total of £826,000 has been set aside in the reserve, and of this £107,675 has to date been spent on the project, mainly on computer software and additional staffing costs.
- 1.4 As Members may be aware, a job evaluation of all posts below Service Head level (excluding Craft Workers who were not part of the National Agreement) has been undertaken using the Greater London Provincial Council Scheme. This involved an interview with individual employees or representatives of groups of employees, based on a questionnaire, with the information being input to the computerised system to establish a points score for each post. This was followed by a lengthy moderation process when a Moderation Panel comprising Service Heads and union representatives examined the results to ensure a consistent approach within Services and across the Council as a whole.
- 1.5 The data, together with data relating to salaries and other related costs, has now been input in the Pay Modeller computerised system, and this will enable a new pay and grading structure to be developed. It is still intended that the new structure will be cost neutral, in that the future total pay bill should not increase as a result of the Fair Pay process. The National Agreement did not anticipate an overall increase to the future pay bill.
- 1.6 There will, however, be transitional costs arising from the need to provide pay protection for employees whose salary decreases as a result of the Fair Pay process. Pay protection was discussed at the Joint Consultative Committee (JCC) on the 28th February 2008, and Management's proposal was that pay protection should be based on a sliding scale as set out below:

Year 1 – 100% of difference between old and new salary

Year 2 – 50% of difference between old and new salary

Year 3 – 25% of difference between old and new salary

This was welcomed by the unions, who recommended that it should be put as part of the final pay and grading package. It is anticipated that the costs of pay protection would be met from the reserve. Clearly, the actual amount will not be known until the pay modelling process has been completed and a new pay and grading structure agreed. The unions expressed a preference for the new pay and grading structure to take effect from the date of implementation rather than being backdated. This would mean that pay protection would commence from the date of implementation for a period of three years. It is envisaged that no back pay would be payable except where there is a valid statutory equal pay liability.

- 1.7 There will also be costs arising from equal pay claims. These cannot be quantified accurately at this stage, but a report on the close-down of accounts elsewhere on this agenda refers to the immediate funding for this issue, and further outline information on costs is provided in the sections below.

2.0 Proposal Details

- 2.1 With regard to the new pay and grading structure, pay modelling will be undertaken by officers in order ultimately to establish a points to pay line and a grading structure. It is anticipated that a number of possible structures will be discussed with the Trade Unions, through the Single Status and JCC meetings, and any recommendations considered by Personnel Committee. The final pay and grading structure would need to be approved by Personnel Committee, as the elected member body responsible for determining the terms and conditions on which staff are employed.

2.2 In addition, the pay and grading structure will need to be approved by Cabinet in view of the financial and budgetary implications. It is anticipated that a report would initially be brought to Cabinet in September, with approval for the final pay and grading structure being sought in January 2009 following any appeals from employees.

2.3 With regard to equal pay claims, twenty claims have to date been lodged against the Council in the Employment Tribunal.

2.4 Exempt

2.5 Members may be aware, through the national press, of the equal pay claims faced by many local authorities, and of the activities of certain specialist solicitors in private practice who encourage employees to make such claims. Such solicitors have also brought claims against trade unions, and the effect of this is that the unions are nervous of being subject to legal action themselves if they do not bring claims on behalf of their members. Local authorities have been aware for some time that they are perhaps vulnerable from claims from groups of employees who are traditionally predominantly female.

2.6 Exempt

2.7 Exempt

3.0 Details of Consultation

3.1 The trade unions have been involved in and supportive of the Fair Pay project to date. Clearly, it would be inappropriate to carry out any consultation as to how the Council intends to deal with any equal pay claims made against it.

4.0 Options and Options Analysis (including risk assessment)

4.1 Cabinet is asked to note the progress of the Fair Pay project and the need for it to approve any future pay and grading structure later in this financial year. At that stage, information about the transitional cost of pay protection will also be available.

4.2 Cabinet is also asked to consider its approach to dealing with equal pay claims. The remainder of this paragraph is exempt.

5.0 Officer Preferred Option (and comments)

5.1 Exempt

6.0 Conclusion

6.1 This report provides Cabinet with an update on the progress of the Fair Pay project, and Members' views are sought in particular on the Council's approach to equal pay claims.

RELATIONSHIP TO POLICY FRAMEWORK

The Council is committed to good standards of employment practice and to the principles of equality. The Fair Pay project will ensure that pay and grading is fair, and that posts are remunerated based on an objective assessment of their relative value to the organisation. The Council is firmly committed to the principle of equality.

CONCLUSION OF IMPACT ASSESSMENT

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

Implementing a pay and grading review will ensure that remuneration arrangements and grading structures are fair, and that the Council is able to defend future equal pay claims.

FINANCIAL IMPLICATIONS

As referred to in the Outturn report elsewhere on the agenda, in addition to the Fair Pay Reserve a separate provision of £300K for equal pay claims has been established in the last year.

As a separate move, the Head of Financial Services has also submitted an application to Government to capitalise any equal pay settlements. If successful, effectively this would give the Council the opportunity to consider whether it wishes to fund the costs of equal pay claims over a number of years, rather than as a one-off from the provision. The outcome of this application is not expected until the autumn, however. Once, known, all available options for funding equal pay claims can then be appraised accordingly.

In terms of Fair Pay generally, the financial assumptions will be reviewed and updated as appropriate in reviewing the Medium Term Financial Strategy, which is also scheduled to be completed in the autumn.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

The Legal implications are included in the main body of the exempt report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

The background papers are exempt

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