

CABINET

10.00 A.M.

2ND SEPTEMBER 2008

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

Apologies for Absence

Councillor Evelyn Archer.

Officers in attendance:-

Mark Cullinan	Chief Executive
Peter Loker	Corporate Director (Community Services)
Heather McManus	Corporate Director (Regeneration)
Roger Muckle	Corporate Director (Finance and Performance)
Nadine Muschamp	Head of Financial Services and Section 151 Officer
Peter Sandford	Head of Economic Development and Tourism
David Hopwood	Parking and Administration Manager
Debbie Chambers	Principal Democratic Support Officer

43 MINUTES

The Minutes of the meeting held on 31st July 2008 were signed by the Chairman as a correct record.

44 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chairman advised that there were no items of urgent business.

45 DECLARATIONS OF INTEREST

Councillor Bryning declared a personal interest with regard to the reports concerning the Storey Creative Industries Centre in view of his appointment by the City Council Cabinet as a member of the Storey Board. (Minutes 50 and 57 refer).

46 PUBLIC SPEAKING

Members were advised that there had been no requests to speak at the meeting in accordance with the Cabinet's agreed procedure.

47 IMPLICATIONS OF THE LANCASHIRE MUNICIPAL WASTE STRATEGY AND PFI FUNDED WASTE DISPOSAL ARRANGEMENTS

(Cabinet Member with Special Responsibility Councillor Barry)

The Head of City Council (Direct) Services submitted a report informing members of the implications of adopting the New Waste Management Strategy for Lancashire 2008 to 2020 and to determine a course of action with regard to the adoption of it.

The options, options analysis, including risk assessment, were set out in the report as follows:

Food Waste

Option	Pro	Con	Risk
<p>Option 1</p> <p>All households to be provided with a 23 litre caddy</p> <p>Replace refuse collection vehicles with two compartment vehicles for separate food waste collection. Introduction of this option would be phased over 4 years in line with the replacement of existing collection vehicles.</p>	<p>Food waste can be collected separately from all households on a weekly basis. There will be no increase in the number of vehicles collecting waste from households</p>	<p>This is a high cost option</p>	<p>In low participation areas the capacity of the food waste compartment of the vehicle could be under utilised, leading to operational inefficiencies</p>
<p>Option 2</p> <p>Weekly collection of food waste.</p> <p>All households to be provided with a 23 litre caddy.</p> <p>For householders with green bins (approx 50,000) collect food waste mixed with garden waste on one week and use purpose built vehicle to collect food waste on 'grey weeks' from a 23 litre caddy .</p>	<p>This is the lower cost option, in the longer term, that provides for a weekly collection of food waste.</p>	<p>This option will cost more than Options 3 and 4 and it will require the services of an extra collection crew to visit every household on a fortnightly basis</p>	<p>Potential for customer dissatisfaction at the number of vehicles deployed for the waste collection service</p>

<p>For householders without green bins (approx 10,000) collect food waste each week from the 23 litre caddy.</p>			
<p>Option 3 Collect food waste fortnightly on 'green weeks' providing an additional collection resource for households without gardens. Only households without green bins (approx 10,000) to be provided with a 23 litre caddy</p>	<p>This is the lowest cost option that provides a fortnightly collection of food waste from all households</p>	<p>Householders will have to keep food waste for two weeks. Alternatively, they can also dispose of it in the grey bin as part of the residual waste stream. The process at the waste treatment plant will then yield a lower grade compost</p>	<p>Customer dissatisfaction that food waste is collected only fortnightly leading to greater risk of attracting vermin and flies.</p>
<p>Option 4 Take no action. Householders with green bins could dispose of food waste in these bins</p>	<p>There will be no extra cost if this option is taken up</p>	<p>Householders without gardens will have to continue disposing of food waste in the grey bin as part of the residual waste stream. This will yield a lower grade compost from the treatment plant</p>	<p>Complaints and criticism of the scheme. This could compromise the Council's position with the Lancashire Waste Partnership and the County Council could discontinue the paying of the cost sharing allowance. (currently £973,800 pa)</p>

	Option 1	Option 2	Option 3	Option 4
Refuse Collection Vehicles	12 vehicles upgraded over four years as current leases expire.	None	None	n/a
18 Tonne Vehicles	None	2 in 2010/11 2 in 2011/12	1	n/a
HGV Driver	None	2 in 2010/11 2 in 2011/12	1	n/a
Refuse Loader	12 over four years	2 in 2010/11 2 in 2011/12	2	n/a
Kerbside Caddy	60,000 over four years	30,000 in 2010/11 30,000 in 2011/12	10,000	n/a
Kitchen Caddy	60,000 over four years	30,000 in 2010/11 30,000 in 2011/12	60,000	n/a
Supervisor	From 2010/11	From 2010/11	None	n/a
Driver	From 2010/11	From 2010/11	None	n/a
Vans (2 NO.)	From 2010/11	From 2010/11	None	None

Trade Waste

	Pros	Cons	Risks
Option 1 Enhance the trade waste collection service	This will increase the tonnage of trade waste that is recycled	Any extra collection vehicles would cost from £110,000 per vehicle	Customers can, at any time, terminate

by investing in extra vehicles			collection contracts with the Council, rendering vehicular resources to be redundant.
Option 2 Officers continue to investigate enhancements to the service whilst maintaining resources deployed at the current level.	No extra costs	It may not be possible to increase the tonnage, or range of materials recycled without further investment	None at present

The officer preferred option for food waste was Option 2, which provided for a weekly collection service of separated food waste from every household in the District and at a lower cost than Option 1

The officer preferred option for trade waste is Option 2, because of the risk attached to any further investment at this time, given the unpredictability of the trade waste market.

It was moved by Councillor Barry and seconded by Councillor Blamire:-

“That Recommendation 3, as set out in the report, be approved.”

Members then voted as follows:-

Resolved unanimously:

- (1) That the council does not currently expand the capacity of the trade service but officers continue to investigate service efficiencies that may afford greater recycling opportunities for trade waste customers. Officers will continue to assess the impact of issues like LATS and the new waste disposal facility and ensure the financial implications are built into the MTFS.

Councillor Barry then proposed and Councillor Blamire seconded that Recommendations 1 and 2 as set out in the report be approved.

Councillor Gilbert then proposed as a friendly amendment:

“That Recommendations 1 and 2, as set out in the report, be approved subject to amendment of the wording in Recommendation 1, to read “(Options 1 and 2)” instead of “(Option 2)”.

This friendly amendment was accepted by Councillors Barry and Blamire.

By way of amendment, it was moved by Councillor Mace and seconded by Councillor Kerr:-

- “(1) That the costs outlined within the report for the collection of food waste (Option 3) are built into the forthcoming review of the Medium Term Financial Strategy (MTFS), for subsequent referral on to Council.
- (2) That subject to the outcome of (1) above, a service for the separate collection of food waste, as outlined in Option 3 of the report is implemented in April 2010, but with no expenditure on equipment or materials being contracted for by the City Council until progress with developing the County’s proposed new facility for dealing with mixed green and food waste is such as to confirm that it will be on stream to process mixed green and food waste at the time the City’s collection of such waste is planned to start.”

3 Members (Councillors Charles, Kerr and Mace) voted in favour of the amendment, 6 Members voted against (Councillors Barry, Blamire, Bryning, Burns, Fletcher and Gilbert), whereupon the Chairman declared the amendment to be lost.

Members then voted as follows on the original proposal:

Resolved:

6 Members (Councillors Barry, Blamire, Bryning, Burns, Fletcher and Gilbert) voted in favour, 3 Members (Councillors Charles, Kerr and Mace) voted against.

- (1) That the costs outlined within the report for the collection of food waste (Options 1 and 2) are built into the forthcoming review of the Medium Term Financial Strategy (MTFS), for subsequent referral on to Council.
- (2) That subject to the outcome of (1) above, a service for the separate collection of food waste is implemented in two phases starting in April 2010 and April 2011.

Officers responsible for effecting the decision:

Corporate Director (Community Services).
Head of City Council (Direct) Services.

Reasons for making the decision:

The decision is in line with the new Lancashire Municipal Waste Strategy 2008-2020, which sets challenging targets for waste collection authorities, including, by 2010, both the collection of food waste for composting and a segregated collection service for trade waste. The decision will provide officers with notice of the preferred options at an early stage, which is necessary to plan and prepare for roll out in 2010/11. Both options 1 and 2 provide for a weekly collection of food waste whereas in option 3 the waste food collection is fortnightly.

48 PERFORMANCE MANAGEMENT FRAMEWORK

(Cabinet Member with Special Responsibility Councillor Mace)

The Corporate Director (Finance and Performance) submitted a report seeking Cabinet's approval to amend the existing framework for Performance Management arrangements with the Council.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1 is to approve the amended Performance Management Framework as set out in the report's proposals. The proposals reflect the views of officers and members from the briefing sessions and are designed to simplify and re-focus the Performance Review Team (PRT) reporting process. The proposals are consistent with the recommendations from the Council's recent Comprehensive Performance Assessment judgement.

Option 2 is to adopt the proposals in part and/or suggest other improvements. Cabinet could decide to only adopt selective parts of the proposals or indeed offer new ideas for improvement. In adopting only part of the proposals, the opportunity for achieving significant benefits could be lost.

Option 3 is not to support the proposals and to retain the current PRT arrangements. This would not achieve the improvements that could be made from implementing the new proposals or take on board the comments from the consultation briefings.

The preferred option is **Option 1** for the reasons set out above.

It was moved by Councillor Mace and seconded by Councillor Charles:-

"That the recommendations, as set out in the report, be approved."

Members then voted as follows:-

Resolved unanimously:

- (1) That the proposed changes set out in the report for the Performance Management Framework be approved.
- (2) That Member and Officer briefings be arranged to inform those involved in the Performance Management Framework of the agreed changes.

Officers responsible for effecting the decision:

Corporate Director (Finance and Performance)

Reasons for making the decision:

The decision reflects the views of officers and members from the briefing sessions held in June 2008, and will simplify and re-focus the PRT reporting process. The proposals are consistent with the recommendations from the Council's recent Comprehensive Performance Assessment judgement.

RESPONSE TO 'PRIDE IN PRIMROSE' STREET PRIDE PETITION**(Cabinet Member with Special Responsibility Councillor Barry)**

The Head of City Council (Direct) Services submitted a report asking Cabinet to consider the 'Pride in Primrose' Street Pride Petition presented to Council on the 23rd July.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1- To note the petition but take no further action. In accordance with the officer scheme of delegation the Head of City Council (Direct) Services has responsibility for managing the 'street pride' scheme. For the reasons outlined in the report he does not consider it necessary to add the streets in the Primrose area to the 2008/9 scheme. Any specific maintenance issues that residents have can be addressed through the appropriate channels, subject to available resources. Residents will have the opportunity to put forward their street for nomination, via their ward councillors for the 2009/10 programme.

Option 2- To request the Head of City Council (Direct) Services to take other action in the light of the petition. .

For the reasons outlined within the report the Officer preferred option is option 1.

It was moved by Councillor Mace and seconded by Councillor Charles:-

"That the recommendation, as set out in the report, be approved."

By way of an amendment, which was accepted as a friendly amendment by the mover and seconder of the original proposal, Councillor Blamire proposed:-

"That the following wording be added to the recommendation in the report:-

Cabinet also notes that the Street Pride Scheme is a more comprehensive process than merely removing litter, that it is planned for a full year in advance, and that residents anywhere in the district are actively encouraged to contact their local Ward Councillor if they wish to have their street or road considered for inclusion in a future schedule."

Members then voted as follows:-

Resolved unanimously:

- (1) That Cabinet note the petition, but take no further action, given that, under the officer Scheme of Delegation, the Head of City Council (Direct) Services has responsibility for managing the 'street pride' scheme, and that residents will have the opportunity to put forward their street for nomination, via their Ward Councillors for the 2009/10 programme.
- (2) Cabinet also notes that the Street Pride Scheme is a more comprehensive process than merely removing litter, that it is planned for a full year in advance, and that residents anywhere in the district are actively encouraged to contact their local

Ward Councillor if they wish to have their street or road considered for inclusion in a future schedule.

Officers responsible for effecting the decision:

Corporate Director (Community Services)
Head of City Council (Direct) Services

Reasons for making the decision:

The decision was taken because, under the officer Scheme of Delegation, the Head of City Council (Direct) Services has responsibility for managing the 'street pride' scheme based on proposals from ward members and residents will have the opportunity to put forward their street for nomination, via their ward councillors for the 2009/10 programme.

50 STOREY CREATIVE INDUSTRIES CENTRE: CAPITAL PROJECT UPDATE

(Cabinet Member with Special Responsibility Councillor Mace)

(Councillor Bryning declared a personal interest in the following item in view of his appointment by the City Council Cabinet as a member of the Storey Board)

The Corporate Director (Regeneration) submitted a report providing an update on the Storey Creative Industries capital project progress and asking Cabinet to approve the application for potentially additional external resources.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option	Advantages	Disadvantages	Risk and Mitigation
<p>Option 1</p> <p>Accept the recommendation of the Project Executive for funding applications to be made for additional resources and the Storey Capital Project to be increased in line with available external funding and work implemented.</p>	<ul style="list-style-type: none"> • Assists the project partners in delivering important additional elements of the scheme. • Allows for additional elements to contribute to the business plan. • Contributes towards achievement of EDZ spend targets • Council is accustomed to dealing and contracting with 	<ul style="list-style-type: none"> • Accountable body status confers additional risk and responsibility on the Council for additional funds. • Ability of the Project team to deliver on spend deadlines. 	<ul style="list-style-type: none"> • Project management is working efficiently and spend can be accommodated under existing arrangements. • Council has already taken on Accountable status for the capital project to date.

	<p>third parties to deliver spend and project objectives.</p> <p>This is the preferred option.</p>		
<p>Option 2</p> <p>Cabinet does not accept the recommendation.</p>	<ul style="list-style-type: none"> • No advantages identified given previous Cabinet commitments to supporting the project. 	<ul style="list-style-type: none"> • Failure to deliver against a major additional funding opportunity offered at a high level by NWDA. • Potential loss of confidence in Council by end user key partners. 	<ul style="list-style-type: none"> • Non-delivery of spend and benefits would not contribute to the project business plan..

Option 1 is the preferred option as it provides the Council with the ability to deliver additional facilities and space in support of the project business plan and currently provides the only mechanism by which the Council can make additional capital funding available.

It was moved by Councillor Mace and seconded by Councillor Kerr:-

“That the recommendations, as set out in the report, be approved.”

Members then voted as follows:-

Resolved:

8 Members (Councillors Barry, Blamire, Burns, Charles, Fletcher, Gilbert, Kerr and Mace) voted in favour and 1 member (Councillor Bryning) abstained.

That Cabinet

- (1) endorses submission of bids to the NWDA and ERDF for additional funds to extend the capital scheme and
- (2) authorises the Head of Financial Services to amend the capital programme accordingly on approval of the additional resources.

Officers responsible for effecting the decision:

Corporate Director (Regeneration)
Head of Economic Development and Tourism

Reasons for making the decision:

The decision provides the Council with the ability to deliver additional facilities and space in support of the project business plan and a mechanism by which the Council can make additional capital funding available.

51 STAR CHAMBER REVIEW

(Cabinet Member with Special Responsibility Councillor Mace)

The Corporate Director (Finance and Performance) submitted a report seeking Cabinet's approval for revised arrangements for Star Chamber and individual Cabinet members in bringing forward both service improvement proposals and service efficiency/savings options to meet the targets included in the Medium Term Financial Strategy and Corporate Plan.

The report set out proposals for reviewing priorities; value for money, efficiencies and savings, service improvements, revenue and capital growth, the format of Star Chamber, outstanding Star Chamber issues and a three year Efficiency and Improvement Plan.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1:- is to approve the proposals as set out in the report

Option 2:- is to approve the proposals either in part, or as amended at the meeting

Option 3:- is to retain the present system and make no amendments to existing processes

Option 1 is the preferred officer option. It offers an improved process for assisting Cabinet in bringing forward its budget and policy framework proposals and would satisfy the recommendations from the recent CPA inspection judgement.

It was moved by Councillor Mace and seconded by Councillor Kerr:-

"That the recommendations, as set out in the report, be approved."

Members then voted as follows:-

Resolved unanimously:

- (1) That the revised arrangements for Star Chamber, and individual Cabinet members, in bringing forward both service improvement proposals and service efficiency/savings options to meet the targets included in the Medium Term Financial Strategy and Corporate Plan, be approved
- (2) That the amended Terms of Reference for Star Chamber as proposed in Appendix A be approved
- (3) That the revised timetable for Star Chamber as set out in Appendix B be approved
- (4) That the outstanding items from last year's Star Chamber as set out in Appendix C be reviewed and those retained be progressed as proposed within the report.

Officers responsible for effecting the decision:

Corporate Director (Finance and Performance)
Head of Financial Services

Reasons for making the decision:

The decision to approve the proposals in the report offers an improved process for assisting Cabinet in bringing forward its budget and policy framework proposals and satisfies the recommendations from the recent CPA inspection judgement.

52 FREE SWIMMING PROGRAMME

(Cabinet Member with Special Responsibility Councillor Fletcher)

The Corporate Director (Regeneration) submitted a report providing an update on the Free Swimming Programme as offered by the Department of Culture, Media and Sport (DCMS).

The options, options analysis, including risk assessment, were set out in the report as follows:

Option	Advantages	Disadvantages	Risks
1. Accept grant award for providing free swimming to those aged 60 and above.	Grant funding will cover loss of income based on estimates of current usage and likely increased participation. Secondary spend opportunities gained from 'new market'. Profile of swimming in the district considerably raised providing opportunity for City Council to generate positive image for city, coast and countryside. Specific data to be collected for 60 plus age group (currently not available) Opportunities to enter in to partnership arrangements such as PCT and local GP	Potential bather discomfort if takeup is excessive..	Increase in numbers participating from the 60 plus age group unknown prior to scheme commencement (approx 30% of population aged 60 and over) - therefore degree of unknown takeup applies.

	surgeries. Council viewed as ambitious by DCMS		
2. Turn down the offer of £44,375 for 2009/10 and 2010/11 for participation in the over 60 free swimming scheme.	Current income streams from this group remain unaffected	Lost opportunities to specifically target this age group and address the health agenda by providing greater opportunities for people to exercise safely. Possible detrimental effect to relationship with organisations such as the Primary Care Trust.	Poor publicity and damage to positive image the City Council conveys.
3. Express an interest in offering free swimming to those aged 16 and under	Viewed as an ambitious Authority by DCMS Expression of interest at this stage does not represent any firm commitment. Enables Officers time to work up implications once informed of grant allocation.	Not fully clear as level of grant not yet allocated. Scheme would be sure to raise attendance levels amongst this age group (possibly others accompanying) with increased costs to staffing, energy and chemicals	Further information to be provided to Cabinet once grant award is known.
4. Turn down opportunity to express interest in participation of scheme to provide free swimming to those aged 16 and under.	Current income streams from this sector remain.	Not fully clear as level of grant not yet allocated. Opportunity to promote swimming amongst this age group lost with associated secondary spend benefits. Council viewed as not being ambitious by DCMS if expression not submitted.	Poor publicity and damage to positive image the City Council conveys.

Preferred options are 1 and 3; accept grant of £44,375 for free swimming for those aged 60 and above. Also, to submit an expression of interest for participating in the free

swimming scheme for those aged 16 and under. This will also provide the additional advantage of exploring receipt of capital funding from DCMS.

It was moved by Councillor Fletcher and seconded by Councillor Blamire:-

“That the recommendations, as set out in the report, be approved.”

Members then voted as follows:-

Resolved unanimously:

- (1) That Cabinet approve the receipt of an annual grant from the Department of Culture, Media and Sport (DCMS) of £44,375 per annum for financial years 2009/10 and 2010/11 in order to provide free swimming for those aged 60 or over.
- (2) That subject to Recommendation No. 1 being approved, the Head of Financial Services be authorised to update the General Fund Revenue Budget in both years to reflect the additional grant and associated expenditure as part of the 2009/10 Budget Process.
- (3) That Cabinet approve in principle the provision of free swimming for those aged 16 or below and submit an expression of interest for the scheme subject to the level of funding yet to be announced by the DCMS. Further details on implications for this would be reported back to Cabinet at the meeting of 7th October 2008.

Officers responsible for effecting the decision:

Corporate Director (Regeneration)
Head of Cultural Services

Reasons for making the decision:

The decision to participate in these schemes will enable the Council to encourage increased participation in swimming and contribute towards the health agenda in a way that is likely to be cost neutral. Agreement to submit an expression of interest only for free swimming for those aged 16 and under would enable the Council to receive the offer of an additional grant from the DCMS without commitment. Officers would then be charged with determining a cost/benefit analysis.

53 CIVIL PARKING ENFORCEMENT - FUTURE OPTIONS

(Cabinet Member with Special Responsibility Councillor Mace)

The Corporate Director (Regeneration) submitted a report informing members about the future options for Civil Parking Enforcement (CPE), previously known as Decriminalised Parking Enforcement (DPE) after the expiry of the current Agency Agreement with Lancashire County Council in September 2009.

The options, options analysis, including risk assessment, were set out in the report as follows:

These are the options considered by the County's Overview and Scrutiny Committee and the options from which the districts have been asked to indicate their preferred option by 1st October:

Option 1 a

This option is to continue with the current arrangements. This would build on the success of the current operation and would provide a sound basis for the future of parking enforcement across Lancashire. The County Council believe this option is not sustainable owing to the overall accumulated deficit despite the recent improvement in the financial position. It is therefore not their preferred option. Lancaster has demonstrated that it can deliver effective parking enforcement from both an operational and financial point of view and this originally represented the best option for the City Council. This is where effective parking enforcement could continue under the current operational and financial arrangements.

Option 1 b

This option would again build on the success of the current operational arrangements but requires the majority of the districts to sign up to accepting capping arrangements that would limit the cost of providing the on-street element of the parking enforcement. Detailed information is not available at present on how the capping limits would be applied but these would be linked to ensuring the ongoing cost effectiveness of the current arrangements.

This option does not represent a significant risk for the Lancaster operation due its good performance within the current partnership arrangements that resulted in a small deficit in 2007/08. Furthermore, there is no longer a financial issue with this option as funding any deficits from on-street pay and display surpluses has been agreed in principle. As previously mentioned this option is the preferred option of the Lancashire Leaders Group and the majority of the districts.

Option 2

Under this option the County Council would undertake the on-street enforcement and the district councils would carry out the enforcement of restrictions and charges on their own car parks. The City Council would be able to utilise the County Council's enforcement contractor and have the ability to increase or decrease these resources to suit local operational arrangements. The Council would also be able to use the back office function that deals with PCN processing, correspondence, telephone calls and payments. The City Council would still undertake the issuing authority statutory functions required by the Traffic Management Act 2004. It is likely that SLAs would be prepared for the districts requesting these services from the County Council.

This option does not allow an integrated approach to local parking enforcement which contributes to the wider management of parking and traffic within the district. There would be duplicated client arrangements and possibly two groups of CEOs working for the same enforcement contractor depending on the final arrangements and whether CEOs could be "dual badged" to represent two issuing authorities. This option would also create confusion with the public in terms of which authority is responsible for particular aspects of parking enforcement. This option is a significant move away from the successful operational approach of the current arrangements.

Option 3

This option is to externalise all parking functions and enforcement within the county and district councils. Some authorities have a contractor undertaking the back office function but this is usually where there is no existing operation and there have been time restraints at the implementation stage. Outsourcing would require an element of duplication and a monitoring team would be required to ensure the required standard of service is delivered. Also some functions must be undertaken by the issuing authority in accordance with legislation e.g. dealing with formal representations, adjudicator appeals and progressing debts. Undertaking these remaining functions would still require a significant number of staff. Inevitably all authorities would still receive direct contact from the public resulting in further duplication of work.

This option is not considered to be beneficial for the above reasons and is not supported by the County Council and the CPE Project Board.

Option 1b is the preferred option building on the success of the current operational arrangements, providing an integrated approach to parking enforcement and contributing to the wider management of parking and traffic in the district. This is also likely to be the County Council's preferred option based on the latest legal advice and the revised financial position. This option is also supported by the majority of districts.

Option 1b is likely to allow Lancaster to continue the CPE operation within the budget framework, subject to further information regarding capping limits and the utilisation of on-street pay and display surpluses being available. Should Option 1b be the implemented option and assuming it can be delivered within financial limits, it is recommended that the decision to enter into the next agreement be delegated to the Corporate Director (Regeneration).

It was moved by Councillor Mace and seconded by Councillor Charles:-

- “(1) That the City Council's preferred option for the management of Civil Parking Enforcement (CPE) after September 2009 is Option 1b subject to:
 - a) The County Council confirming that it will honour the current financial commitments made by the Lancashire Local including providing the necessary resources and funding to complete the schemes.
 - b) That further discussions be commenced with the County Council with regard to the funding and provision of similar schemes in future and the future allocation of on-street pay and display surpluses.
 - c) That the County Council encourages other districts to introduce on-street pay and display parking where appropriate and will introduce the necessary traffic regulation orders to support the schemes.
- (2) That, subject to the above and Option 1b being approved by the County Council, and its operation being within the budget framework, the decision of entering into the next agreement be delegated to the Corporate Director (Regeneration).”

Members then voted as follows:-

Resolved unanimously:

- (1) That the City Council's preferred option for the management of Civil Parking Enforcement (CPE) after September 2009 is Option 1b subject to:
 - a) The County Council confirming that it will honour the current financial commitments made by the Lancashire Local including providing the necessary resources and funding to complete the schemes.
 - b) That further discussions be commenced with the County Council with regard to the funding and provision of similar schemes in future and the future allocation of on-street pay and display surpluses.
 - c) That the County Council encourages other districts to introduce on-street pay and display parking where appropriate and will introduce the necessary traffic regulation orders to support the schemes.
- (2) That, subject to the above and Option 1b being approved by the County Council, and its operation being within the budget framework, the decision of entering into the next agreement be delegated to the Corporate Director (Regeneration).

Officers responsible for effecting the decision:

Corporate Director (Regeneration)
Head of Property Services

Reasons for making the decision:

The decision will build on the success of the current operational arrangements, providing an integrated approach to parking enforcement and contributing to the wider management of parking and traffic in the district. Option 1b is also likely to be the County Council's preferred option based on the latest legal advice and the revised financial position. This option is also supported by the majority of districts. It is also likely to allow Lancaster to continue the CPE operation within the budget framework, subject to further information regarding capping limits and the utilisation of on-street pay and display surpluses being available.

54 CHILDREN AND YOUNG PEOPLE (CYP) CABINET LIAISON GROUP

(Cabinet Member with Special Responsibility Councillor Fletcher)

The Corporate Director (Finance and Performance) submitted a report asking Cabinet to consider the re-establishment of the Children and Young People Cabinet Liaison Group and revised terms of reference.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option No.	OPTION	IMPLICATIONS AND RISK ANALYSIS
1	To not re-establish the Children and Young People's Task Group.	This may put at risk the full consideration of issues that Cabinet may feel appropriate to pursue.
2	To establish the Task Group with the proposed terms of reference.	This option will allow for full consideration of issues that are felt appropriate by Cabinet in order to progress matters in this area.
3	To establish the Task Group with revised terms of reference.	This option could allow for full consideration of issues that are felt appropriate by Cabinet if the revised terms of reference allowed for such consideration.

Option 2 is the preferred Option in that this option will allow for full consideration of issues that are felt appropriate by Cabinet in order to progress matters in this area.

It was moved by Councillor Fletcher and seconded by Councillor Burns:-

"That the recommendations, as set out in the report, be approved."

Members then voted as follows:-

Resolved unanimously:

- (1) That Cabinet approve the re-establishment of the former Children and Young People's Task group and its revised terms of reference.

Officers responsible for effecting the decision:

Corporate Director (Finance and Performance)
Head of Corporate Strategy

Reasons for making the decision:

This decision will allow for full consideration of issues that are felt appropriate by Cabinet in order to progress matters in this area.

55 FINANCING FOR HOME SUPPORT TEAM

(Cabinet Members with Special Responsibility Councillors Gilbert and Kerr)

The Corporate Director (Community Services) submitted a report informing members about progress towards securing Supporting People programme monies for the Home Support Team and to seek approval for start date for funding of Vulnerable Households Project.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1: Agree to accept the funding of £49,500 from Supporting People and agree for the money to be backdated to April 2008.

This would allow the project to continue until April 2009. If a County wide decision is then made not to continue these projects, it would end at that point. If a decision is made that the pilots have been successful, Supporting People may procure them for a further two years: it is unlikely that this would go out to tender, but this would depend on a decision at that point on whether or not such a requirement can be waived.

Backdating the payment would return £20,625 to the Homelessness Reserve.

Option 2: Agree to accept the funding of £49,500 from Supporting People and agree for the money to be paid from September 2008.

This would mean a receipt of £28,875 in 2008/9 and £20,625 in 2009/10 which would allow the project to continue until the beginning of September 2009, even if the evaluation of the pilot means that Supporting People decide not to continue to procure such projects after April 2009.

If Supporting People decide to continue funding, the City Council may lose the opportunity to recoup the finance made available for this purpose through the Homelessness Reserve.

The Officer preferred option is Option 1, which allows the City Council to recoup the finance made available for the Vulnerable Households Project pending the Supporting People decision.

It was moved by Councillor Gilbert and seconded by Councillor Kerr:-

“That the recommendations, as set out in the report, be approved.”

Members then voted as follows:-

Resolved unanimously:

- (1) That Cabinet agrees to accept the funding of £49,500 from Supporting People for the Vulnerable Households Project and agrees for the money to be backdated to April 2008.

Officers responsible for effecting the decision:

Corporate Director (Community Services)
Head of Health and Strategic Housing

Reasons for making the decision:

The decision allows the City Council to recoup the finance made available for the Vulnerable Households Project pending the Supporting People decision.

(Cabinet Member with Special Responsibility Councillor Gilbert)

The Corporate Director (Community Services) submitted a report informing members of the developments planned by YMCA Lancaster and seeking approval for the City Council to become the accountable body for the funding of £1.5 million from Communities and Local Government for this project.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1: Agree to the City Council becoming the accountable body for the public money being made available from CLG to the Doorstep Supported Accommodation Scheme, subject to the asset management working group being satisfied that any risks and liability for over spends are on the part of Adactus/YMCA and not the City Council. The development agreement drawn up with Adactus/YMCA would also make it clear that the City Council do not expect to provide any revenue funding for the scheme.

This would enable the rest of the YMCA building to be developed, subject to the drawing up of a formal development agreement which satisfies the Council's financial and legal officers that risks are not being borne by the City Council.

This option would enable a project to go ahead, at no financial cost to the City Council, drawing in substantial funding from other sources, and meeting needs which the City Council itself has identified.

The Adactus scheme at the YMCA premises would still go ahead having secured funding from the Housing Corporation.

Risk	Likelihood	Impact	Mitigation
That outcomes set by CLG as conditions of funding are not met – conditions are 1) to increase the number of clients positively moving on to independent or more appropriate accommodation; and 2) increase the number of clients moving into education and employment	Medium – the additional accommodation linked to the project has secured funding from the Housing Corporation . It is difficult to predict employment outcomes some years hence as these will partly be influenced by the wider economic environment.	Low – outcomes are not related to the completion of the building but to achievements which can only be measured after building has been in use for a period of time. They do not therefore put the Council at any financial risk.	On completion of the capital project, a new project management group needs to be set up to ensure these outcomes are met. This will include YMCA, the City Council and other statutory bodies.
The building is not completed to budget. The risks are <ul style="list-style-type: none"> • A risk of 	Low – The development agreement route proposed with	High – There is a fixed budget and no further monies will be available from CLG.	Manage project capital phase to LAMP procedures and protocols.

<p>overspend</p> <ul style="list-style-type: none"> • A risk of major works not being done • A lowering of the quality of finishes to an unacceptable level 	<p>Adactus RSL should ensure that LCC are not liable for any cost overruns.</p> <p>Should unforeseen costs arise, they will be paid for by a corresponding reduction of costs from another budget line.</p>		
<p>The building is not completed on time.</p>	<p>Medium – Indication has been given to CLG of timescale over which development will take place. This has still to be confirmed if/when City Council agree to go ahead with the project. CLG require to know financial years during which grant will be drawn down.</p> <p>Effective project management should allow for early signalling of any problems of overruns from one financial year to another.</p>	<p>Low – other projects linked to this one (but for which the local authority is not the accountable body) cannot go ahead on time if this building project is delayed. Funding for other projects must be drawn down by July 2010.</p>	<p>Adactus could look at contingency plans for providing temporary accommodation for YMCA activities in the event of a delay.</p>
<p>The project fails to get planning permission/listed building consent and cannot go ahead</p>	<p>Low – informal discussions between YMCA and Planning Services indicate that planning permission for refurbishing this building unlikely to be contentious.</p>	<p>Low – CLG confirm that they are prepared to meet reasonable costs incurred by the scheme up until a planning decision is made.</p>	<p>Adactus will ensure that the planning application addresses any concerns/ issues raised by Planning Services.</p>
<p>YMCA are unable to meet the revenue costs associated with the expanded provision when the</p>	<p>Medium - YMCA plan to fund some of the running of the building through successful</p>	<p>Low – the impact on the City Council would be low as it has no responsibility for running the</p>	<p>The City Council will make it explicit in the development agreement that it can make no</p>

building works are completed	social enterprise projects – the success cannot be guaranteed	building. The impact on YMCA would be medium, as they would have to limit the use of the building to those activities which already have revenue funding attached..	additional grant to deal with running or support costs for the expanded building. YMCA can actively seek alternative sources of funding.
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5.2 **Option 2:** Do not agree to proceed with this project.

The finance made available from CLG can not be made available in any other way. The allocation of finance to be spent in our District would therefore be withdrawn. This part of the YMCA project would not go ahead. The Adactus scheme at the YMCA premises that has secured Housing Corporation funding would still go ahead.

Risk	Likelihood	Impact	Mitigation
The project will not go ahead.	High – the finance is only available from CLG if the local authority agree to be the accountable body.	High – there are unlikely to be other substantial sources of finance becoming available that would allow these needs identified in the Homelessness Strategy to be met.	YMCA could be requested to investigate other sources of finance that do not involve accountability from the City Council.

The Officer preferred option was Option 1 because the scheme would provide excellent facilities for single homeless people, addressing more than simply their accommodation needs, and ensuring that these are linked to the worklessness agenda, with the facilities being funded by CLG helping people into employment, education and training.

It was moved by Councillor Gilbert and seconded by Councillor Kerr:-

“That the recommendations, as set out in the report, be approved.”

Members then voted as follows:-

Resolved unanimously:

- (1) That Cabinet agrees to the City Council becoming the accountable body for the £1.5M funding being made available from CLG to the Doorstep Supported Accommodation Scheme.
- (2) That delegated responsibility is given to the Corporate Director (Community Services) to enter into an agreement with Adactus/YMCA for the delivery of the completed building works, which limits the City Council’s total financial liability to the £1.5M, with the City Council deducting its project management costs from the overall allocation of £1.5M if feasible.

(3) That the Head of Financial Services updates the Capital Programme accordingly.

Officers responsible for effecting the decision:

Corporate Director (Community Services)
Head of Financial Services
Head of Health and Strategic Housing

Reasons for making the decision:

The scheme will provide excellent facilities for single homeless people, addressing more than simply their accommodation needs, and ensuring that these are linked to the worklessness agenda, with the facilities being funded by CLG helping people into employment, education and training.

57 STOREY CREATIVE INDUSTRIES CENTRE REVENUE IMPLICATIONS

(Cabinet Member with Special Responsibility Councillor Mace)

(Councillor Bryning declared a personal interest in the following item in view of his appointment by the City Council Cabinet as a member of the Storey Board)

The Corporate Director (Regeneration) submitted a report providing an update on the Storey Creative Industries Centre project and to review the level of revenue support required to assist with the initial short-term operation of the new centre.

The options, options analysis, including risk assessment, were set out in the report as follows:

When taken together the total potential revenue implications of the three issues outlined are as follows:

Year	Forecast short – term deficit on SCIC business plan	Additional ‘ring fenced’ Support for Arts Organisations	TIC Rent	Total
2008-09 (Part Year)	£35,600	£5,000	£600	£41,200
2009-10	£52,200	£17,500	£2,300	£72,000
2010-11	£19,200	£9,100	£2,600	£30,900
	£107,000	£31,600	£5,500	£144,100

The full options and implications of providing SCIC support at various levels are as follows, but Members should note that the TIC rental cost issue is not considered separately due to its low relative importance when compared to the other two main issues.

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 1</p> <p>Abandon project – complete capital works then sell building.</p>	<p>No need for Cabinet decision on the potential for future support to SCIC</p>	<p>A requirement for clawback of funding by ACE, NWDA and ERDF, amounting to £3.5 million.</p> <p>Uncertainty of position and costs of TIC in a private building under a commercial owner/investor. Risk to capital receipt from existing premises.</p> <p>Uncertainty of position of arts organisations in returning to the building under a commercial owner/investor.</p> <p>Reputational cost of abandoning the project. Adverse effect on regional /national funders' views on the Council's ability to deliver complex projects.</p> <p>No potential for added value development of Creative Industries cluster and contribution to a national and regional economic development agenda.</p> <p>Uncertainty of position during building marketing period.</p> <p>Effect on regional /national funders' views on the Council's ability to deliver complex projects.</p>	<p>Clawback of all grant associated with the project (£3.5m) for non delivery. This would need to be funded initially from Unsupported Borrowing (average of £266,900 pa over the first 3 years, with reducing annual sums over the lifetime of the building).</p> <p>Clawback could be mitigated by building sale. But, outside of a formal valuation, there is no indication of what a sale of the building (under covenant and with no commercial sitting tenants), could achieve. It is unlikely that receipts from sale would match the level of clawback. Council may still be required to return funds.</p> <p>Adverse effect on regional /national funders' views on the Council's ability to deliver on wider 'Vision' agenda which could involve relationship development with third party organisations and similar risk/reward considerations.</p> <p>Risk to current bid for additional resources to complete 'mothballed' areas of the scheme.</p>

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 2</p> <p>Complete capital scheme offering no revenue support to SCIC (neither current agreed nor any additional 'safety net') or additional 'ring fenced' support for Storey Gallery/LitFest.</p> <p>Note: it is assumed SCIC could not take on the lease under these conditions (under insolvency risk) and the project reverts to the Council to deliver.</p>	<p>Council operates directly, potentially on similar lines to other operations (e.g. CityLab), as workspace with more control on cost side. Council could use minimal staffing (e.g. caretaker/receptionist) or a staffing complement sufficient to achieve some creative industries objectives in the short-term.</p> <p>A chance of successful delivery of some economic, business and cultural outcomes being achieved. although likelihood of achievement is at 'medium to high risk'</p> <p>May be able to avoid clawback on majority of capital costs if it is run as workspace and provides the cultural offer to some degree.</p> <p>The Council would have the option to negotiate arts organisation rental.</p> <p>Council could potentially generate operational surplus in the medium to long term.</p> <p>Certainty of place of TIC in building.</p>	<p>Invalidates the use of the value of the building as an 'in-kind' contribution in the capital scheme.</p> <p>Likely short term revenue shortfall when clawback, arts organisation rentals and market situation are considered even under minimal staffing.</p> <p>Development of revenue side of the building requires extensive internal staff commitment to marketing, businesses and facility management.</p> <p>Loss of time, commitment, energy and expertise of the SCIC Board and loss of flexibility/added value of an independent partner champion for the creative industries.</p> <p>Fails to achieve full economic/cultural benefit of the project as a Creative Industries Centre. Council will not be able to access finance opportunities that a third party could.</p> <p>Loss of innovation, potential economic/cultural reward and regional exemplar project. Attractiveness of 'creative hub' could be diminished for potential occupiers.</p> <p>Costs and risk are definitely internalised and officer workload increases.</p>	<p>The Council has some resources, skills and flexibility to operate the centre successfully to funders' expectations. But it has not planned to absorb such costs/workload.</p> <p>Due to loss of 'in-kind' match funding at least £450k clawback would need be financed by additional Unsupported Borrowing - over first three years this would be £34,300 pa. Also clawback risk (£67k) on ACE intervention rate if ERDF match is lost. The clawback costs would be in addition to short term deficit faced (potentially to a proportion of the level anticipated by SCIC). Losses may be mitigated in medium-long term but officers would need to 'drive' the building offer.</p> <p>Funders' primary concern may be to ensure that the building was continuing in the use for which grant was given (creative industries workspace) and could be supportive of this option. Clawback of the majority of capital grant may be avoided – but ACE requires a broader cultural offer. There is still medium risk of clawback on all grant if Council cannot meet overall scheme objectives or convince funders' to their satisfaction.</p> <p>Loss of innovation and potential longer term rewards – delivery mechanism is not tested.</p>

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 3</p> <p>Complete capital scheme offering SCIC only current agreed 'safety net' £50k no additional 'safety net' and no additional 'ring fenced' support to arts organisations (Storey Gallery/LitFest).</p> <p>Note 1: while it is assumed SCIC could take on the lease under these conditions viability in the short-term is unlikely.</p> <p>Note 2: it is assumed revenue support is delivered up front in the relevant periods to aid cashflow.</p>	<p>A small chance of successful delivery of the project and full range of economic, business and cultural outcomes being achieved. although likelihood of achievement is at 'medium to high risk'</p> <p>SCIC challenged to be more flexible in their business planning and approach to cost side of the business plan.</p> <p>Avoids any risk of clawback if operated successfully.</p> <p>Certainty of position TIC in building.</p> <p>In the event of SCIC short term business failure the premises would have been 'up and running' for a period and have some commercial activity in situ.</p>	<p>Uncertainty and high risk for all stakeholder organisations moving forward.</p> <p>Possibility that one or both of the arts organisations are unable to return to the building and/or have operational and programming difficulties.</p> <p>High possibility of unsustainable short-term deficit in SCIC business plan and risk of potential business failure.</p> <p>SCIC business failure within ERDF lifetime could still invalidate the use of the value of the building as an in-kind contribution in the capital scheme.</p> <p>Development of revenue side of the building requires major commitment to marketing, businesses and facility management. SCIC forced cost cutting may mean they could not deliver to funders' expectations leading to longer term clawback risk for Council.</p> <p>Low but present risk that SCIC may refuse to take on the lease and leave the Council facing the situation outlined in Option 2 in full.</p> <p>Costs and risk could become internalised and officer workload may increase.</p>	<p>High risk that SCIC will run into financial deficit and fail in the short term.</p> <p>If SCIC business fails Council could step in and run the building facing broadly the same operational situation and internal costs and revenue cost risk as outlined in Option 2 - albeit with some base commercial activity in situ.</p> <p>ERDF 'in kind' match clawback may be avoided as transfer of building would have been made. If the building is returned to the portfolio, the Council 'regains' the sunk value (less the value of the term income 'lost' while the building was under lease to SCIC. £450k clawback must still therefore be allowed to be financed as noted in Option 2 (with associated risk to element of ACE funding).</p> <p>As in Option 2 clawback of the majority of capital grant may be avoided – there is still medium risk of clawback on all grant if Council cannot meet overall scheme objectives or convince funders' to their satisfaction.</p> <p>Potential loss of innovation and potential longer term rewards if business fails but delivery mechanism would have been fully tested.</p>

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 4</p> <p>Complete capital scheme offering SCIC current agreed 'safety net' £50k, but approve only additional growth in revenue support for arts organisations up to maximum level outlined in report.</p> <p>Note: it is assumed revenue support is delivered up front in relevant periods to aid cashflow.</p>	<p>A chance of successful delivery of the project and full range of economic, business and cultural outcomes being achieved. although achievement is considered to be at 'medium risk'</p> <p>SCIC challenged to be more flexible in their business planning and approach to cost side of the business plan, though to a lesser degree than Option 3.</p> <p>Low real risk that SCIC Board refuse to take on the lease of the building.</p> <p>Avoids any risk of clawback if operated successfully.</p> <p>Certainty of position TIC in building.</p> <p>A small chance SCIC may not require all 'safety net' allowed if business overachieves in short-term – although this will be difficult in the current climate.</p> <p>In the event of SCIC short term business failure the premises would have been 'up and running' for a period and have some commercial activity in situ.</p>	<p>Additional short-term Council revenue costs over and above current £50k 'safety net' agreed.</p> <p>Possible lack of incentive 'drive' for Arts Organisations to deliver on business model improvements. But mitigated by payment of support to SCIC rather than direct to arts organisations.</p> <p>Possibility of unsustainable short-term deficit in SCIC business plan and risk of potential business failure. Medium risk for SCIC business in short term.</p> <p>SCIC business failure within ERDF lifetime could still invalidate the use of the value of the building as an in-kind contribution in the capital scheme.</p> <p>Development of revenue side of the building requires major commitment to marketing, businesses and facility management. SCIC cost cutting may mean they could not deliver to funders' expectations leading to longer term clawback risk for the Council.</p>	<p>Risk that arts organisations fail to develop longer term sustainable business plans without dependence on future support requests to funding partners.</p> <p>Medium risk that SCIC fails to achieve its short term business plan targets and building reverts back to the Council to run with similar implications to Options 2 and 3</p> <p>If SCIC business fails Council could step in and run the building facing broadly the same operational situation, clawback issues and internal cost and revenue cost risk as outlined in Option 3 - albeit with further commercial activity in situ.</p> <p>As in Option 2 clawback of the majority of capital grant may be avoided – there is still medium risk of clawback on all grant if Council cannot meet overall scheme objectives or convince funders' to their satisfaction.</p> <p>Costs and risk could still become internalised and officer workload may increase.</p>

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 5</p> <p>Complete capital scheme offering SCIC current agreed 'safety net' £50K and approve only growth for additional 'safety net' (subject to ongoing review of business plan targets and market conditions). No additional 'ring fenced' support for arts organisations (Storey Gallery/LitFest).</p> <p>Note: it is assumed revenue support is delivered up front in relevant periods to aid cashflow.</p>	<p>A chance of successful delivery of the project and full range of economic and business outcomes being achieved. although achievement is considered to be at 'medium risk' due to impact on partner arts organisations.</p> <p>SCIC challenged to be more flexible in their business planning and approach to cost side of the business plan, though to a lesser degree than Option 3.</p> <p>Low real risk that SCIC Board refuse to take on the lease of the building.</p> <p>Avoids any risk of clawback if operated successfully.</p> <p>Certainty of position TIC in building.</p> <p>A small chance SCIC may not require all 'safety net' allowed if business overachieves in short-term – although this will be difficult in the current climate.</p> <p>In the event of SCIC business failure the premises would have been 'up and running' for a period and have commercial activity in situ.</p>	<p>Additional short-term Council revenue costs over and above current £50k 'safety net' agreed.</p> <p>Uncertainty for arts organisations moving forward.</p> <p>Possibility that one or both of the arts organisations are unable to return to the building and/or have operational and programming difficulties.</p> <p>Likely reduction in cultural offer and 'knock-on' effect on SCIC footfall</p> <p>Possibility of unsustainable short-term deficit in SCIC business plan and risk of potential business failure. Medium risk for SCIC business in short term if arts organisations do not take up space.</p> <p>SCIC business failure within ERDF lifetime could still invalidate the use of the value of the building as an in-kind contribution in the capital scheme.</p> <p>Development of revenue side of the building requires major commitment to marketing, businesses and facility management. SCIC cost cutting may mean they could not deliver to funders' expectations leading to longer term clawback risk for the Council.</p>	<p>Arts organisations fail to integrate into the centre with revenue, events programme and cultural impacts for SCIC and the Council.</p> <p>Medium risk that SCIC fails to achieve its short term business plan targets and building reverts back to the Council to run with similar implications to Options 2, 3 and 4 – with commercial activity but without arts organisations in situ.</p> <p>As in Option 2 clawback of the majority of capital grant may be avoided – there is still medium risk of clawback on all grant if Council cannot meet overall scheme objectives or convince funders' to their satisfaction. Loss of a major part of the cultural offer may prove a disadvantage in discussions.</p> <p>Costs and risk could still become internalised and officer workload may increase.</p> <p>Costs and risk could still become internalised and officer workload may increase.</p>

Option	Advantages	Disadvantages	Risks /Mitigation
<p>Option 6</p> <p>Complete capital scheme offering SCIC current agreed 'safety net' £50K and approve growth for additional 'safety net' for SCIC (subject to ongoing review of business plan targets and market conditions) and 'ring fenced' support for arts organisations for incorporation into MTFS.</p> <p>Note: it is assumed revenue support is delivered up front in relevant periods to aid cashflow.</p> <p>This is the Preferred Option</p>	<p>Highest chance of successful delivery of the project and the full range of economic and cultural outcomes being achieved.</p> <p>SCIC has full confidence in their business plan and approach to managing costs/objectives. The company is still challenged to be flexible in their business planning due to market circumstances.</p> <p>No risk that SCIC Board refuse to take on the lease of the building. Avoids any risk of clawback if operated successfully.</p> <p>SCIC may not require all additional 'headroom' allowed.</p> <p>Both of the arts organisations are able to return to the building and avoid short term operation and programming difficulties.</p> <p>Tapered incentive (via SCIC market discount) for arts organisations to deliver on business model improvements.</p> <p>Certainty of position TIC in building.</p> <p>SCIC may not require all additional 'headroom' allowed if business overachieves in short-term.</p> <p>In the event of SCIC business failure the premises would have been 'up and running' for a period and have commercial activity in situ.</p>	<p>Additional short-term Council revenue costs over and above current £50k 'safety net' agreed.</p> <p>Lowest possibility of short-term deficit in SCIC business plan, lowest risk of potential business failure.</p> <p>Possible lack of incentive 'drive' for Arts Organisations to deliver on business model improvements. But mitigated by payment of support to SCIC rather than direct to arts organisations.</p> <p>Possibility of unsustainable short-term deficit in SCIC business plan and risk of potential business failure. Medium risk for SCIC business in short term.</p> <p>SCIC business failure within ERDF lifetime could still invalidate the use of the value of the building as an in-kind contribution in the capital scheme.</p> <p>Development of revenue side of the building requires major commitment to marketing, businesses and facility management. SCIC cost cutting may mean they could not deliver to funders' expectations leading to longer term clawback risk for the Council.</p>	<p>Risk that arts organisations fail to develop longer term sustainable business plans without dependence on future support requests to funding partners. However, SCIC <i>may</i> be in a position to assist if the wider project is successful.</p> <p>Lowest risk that SCIC fails to achieve its short term business plan targets with implications for Council under previous Options.</p> <p>SCIC business could still fail but Council could step in and run the building facing broadly the same operational situation, clawback issues and internal cost and revenue cost risk as outlined in Options 2, 3 and 4 - albeit with more commercial activity in situ.</p> <p>Costs and risk could still become internalised and officer workload may increase.</p> <p>Lowest risk that SCIC fails to achieve its short term business plan. Lowest chance of business failure and the building reverting back to the Council to run with similar implications to Options 2, 3 and 4.</p>

It was moved by Councillor Mace and seconded by Councillor Charles:-

“That the recommendations, as set out in the report, be approved.”

Members then voted as follows:-

Resolved:

8 Members (Councillors Barry, Blamire, Burns, Charles, Fletcher, Gilbert, Kerr and Mace) voted in favour and 1 members (Councillor Bryning) abstained.

(1) That Cabinet supports Option 6, in that revenue support totalling £40,600 in 2008/09, £69,700 in 2009/10, and £28,300 in 2010/11 be provided to Storey Creative Industries Centre (SCIC), up front in each year as appropriate, and that the Council’s budget be updated to reflect the rental payable for the new Tourist Information Centre, subject to:

- the funding being met from a combination of using the existing reserve of £50,000 , with the additional funding requirement being built into the current review of the Medium Term Financial Strategy, for referral on to Council;
- an element of the SCIC support being ring-fenced to subsidise the rental offer for the arts organisations as set out; and
- the revenue support to SCIC being subject to annual review against the Company’s Business Plan, in that, if SCIC generates significant surplus in its activities, then the Council may reduce its revenue support accordingly, or seek clawback to the value of any additional funds supplied. Any clawback condition is to be based on a clear formula relating to SCIC year end surplus balances to be negotiated between SCIC and the Director of Regeneration in conjunction with the Head of Financial Services.
- any financial support to SCIC being conditional on the lease of the Storey Institute building being agreed and signed by SCIC by 31st December 2008 at the latest.

Officers responsible for effecting the decision:

Corporate Director (Regeneration)
Head of Financial Services
Head of Economic Development and Tourism

Reasons for making the decision:

The decision offers the highest chance of successful delivery of the project and the full range of economic and cultural outcomes being achieved.

Chairman

(The meeting ended at 12.11 p.m.)

**Any queries regarding these Minutes, please contact
Debbie Chambers, Democratic Services, telephone 01524 582057 or email
dchambers@lancaster.gov.uk**

MINUTE PUBLISHED ON THURSDAY, 4TH SEPTEMBER 2008

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THIS MINUTE:
FRIDAY, 12TH SEPTEMBER 2008.**