



Committee: CABINET

Date: TUESDAY, 17 JANUARY 2012

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 6th December, 2011 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

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

4. Declarations of Interest

To consider any such declarations.

5. Public Speaking

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

Reports from Overview and Scrutiny

None

Reports

6. Exceptional events 2012 (Pages 1 - 7)

(Cabinet Member with Special Responsibility Councillor Sands)

Report of the Head of Community Engagement

7. Corporate Review of Service Level Agreements (Pages 8 - 16)

(Cabinet Member with Special Responsibility Councillor Barry)

Report of the Head of Community Engagement

8. **Review of Parking Fees and Charges 2012-13** (Pages 17 - 35)
(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)
Report of the Head of Property Services.
9. **Health and Housing Fees & Charges 2012/13** (Pages 36 - 51)
(Cabinet Member with Special Responsibility Councillor Leytham)
Report of the Head of Health & Housing
10. **Budget and Policy Framework Update -General Fund Revenue Budget and Capital Programme** (Pages 52 - 88)
(Cabinet Member with Special Responsibility Councillor Bryning)
Report of the Head of Financial Services
11. **Budget and Policy Framework Update - Housing Revenue Account and Capital Programme** (Pages 89 - 110)
(Cabinet Member with Special Responsibility Councillor Leytham)
Report of the Heads of Health & Housing and Financial Services
12. **Morecambe Bay Nature Improvement Area** (Pages 111 - 115)
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of the Head of Regeneration & Policy
13. **Community Safety 2012/13** (Pages 116 - 124)
(Cabinet Members with Special Responsibility Councillors Hamilton-Cox and Smith)
Report of the Heads of Property Services and Environmental Services
14. **Shared Services Programme - Oneconnect Limited** (Pages 125 - 128)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of the Chief Executive
15. **Exclusion of the Press and Public**
Members are asked whether they need to declare any further declarations of interest regarding the exempt reports.

Cabinet is recommended to pass the following recommendation in relation to the following items:-

“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 paragraphs 2 & 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.

16. **Shared Services - Property Services** (Pages 129 - 143)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of the Deputy Chief Executive

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Jon Barry, Abbott Bryning, Tim Hamilton-Cox, Karen Leytham, Ron Sands and David Smith

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047, or email ebateson@lancaster.gov.uk.

(iii) Changes to Membership, substitutions or apologies

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

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

Published on 6 January 2012.

CABINET

**Exceptional Events 2012
(2012 Festivals and Events Update)
17 January 2012
Report of Head of Community Engagement**

PURPOSE OF REPORT			
To update members and seek approval for plans and resources for events to celebrate and maximise the economic impact of the Olympics			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	December 2011		
This report is public			

RECOMMENDATIONS

- (1) That Cabinet considers the options for celebrating the Olympics as part of the 2012/13 festival programme, as set out in the report.

1.0 Introduction

1.1 The council has a tradition of supporting festivals and events which directly support two council priorities:

- Economic Regeneration – Visitor Economy
- Partnership Working and Community Leadership

1.2 Festivals and events have a direct impact, attracting more visitors to a destination, raising the profile of a place, creating a sense of wellbeing, providing a platform to raise awareness and communicate positive messages, and can help attract residents and investment.

1.3 The 2011/12 festivals and events budget has been £46,900 (net) and has been used to support the following events. Cabinet recently approved the budget for the same events in 2012/13 (min No. 47 04/10/2011 refers):

- 2011 Sandcastle Festival
- 2011 Seaside Festival
- 2011 Fireworks Spectacular
- 2011 Summer Concert Series of Bands in the Park (Happy Mount Park)
- £2,000 towards More Music for the Catch the Wind Kite Festival.

- 1.4 According to independent evaluation the economic impact of the Sandcastle Festival in 2011 was estimated as £436,233.60.

The 2011 Seaside Festival evaluation found 44.8% of attendees were visitors to Morecambe. Independently estimated economic impact, based on an extremely conservative visitor number figure is £936,960.

- 1.5 In terms of destination profile raising, the events attracted enormous amounts of coverage.

- 1.6 2012 will be a significant year for the district in terms of high profile events. In addition to the growing success of the council's now mainstream events it is also host to up to three major opportunities for the district from a visitor economy and community involvement perspective:

- The Olympics and
- Lancashire Witches 400
- the Queen's Diamond Jubilee

- 1.8 This will lead in to 2013 when the district will host the International Youth Games.

2.0 Olympics

- 2.1 In July 2011 the Cabinet portfolio holder received and approved a report to accept an offer from the London Organising Committee of the Olympic and Paralympic Games (LOCOG) in respect of next year's Cultural Olympiad celebrations. The London 2012 Cultural Olympiad is the largest cultural celebration in the history of the modern Olympic and Paralympic movements.

- 2.2 The 'outdoor and events' strand of the London 2012 Cultural Olympiad features a wide range of projects and activities, the highlight of which will be the Olympic Torch Relay. The cities and towns selected at 'overnight stops' on the route have been announced. The two nearest stopping off points are Bowness on Windermere and Blackpool.

- 2.3 On the 21 June 2011, at Northwest regional event, hosted by LOCOG, we were advised that this district had been selected as part of the route for the Olympic Torch, although that official announcement took place early November.

- 2.4 On Friday, 22 June 2012 – the Flame will spend four hours in the district, passing through Bolton le Sands, Hest Bank, Morecambe and Lancaster – all in running mode, leaving the district to travel to Blackpool. A number of iconic stopping points have been identified to act as backdrops to the Flame en-route. The visit to our district marks the exact half way point in the flame's journey.

- 2.5 The council was required to and subsequently formally agreed to this proposal and signed a legal agreement to that effect. The Agreement sets out the roles and responsibilities of each party.

- 2.6 In the report to Cabinet in July it was also made clear there would be additional demand placed upon staff in responding to this:

- 2.7 Officers have necessarily begun planning for the torch event and associated considerations, which include public safety, risk assessments, stewarding, signage, any promotional materials (in line with LOCOG rules), any permits, road closures etc, co-ordinating a multi agency co-ordinated approach, including community involvement along the route. This forms a number of strands:

2.8 Multi agency approach

We have linked with Wyre District Council, South Lakeland District Council, Lancashire County Council and emergency services to develop a co-ordinated approach to the operational requirements of the route.

Internally the Assistant Heads of Communications and Wellbeing and Civil Contingencies officer will co-ordinate our approach. This will comprise groups of officers from both parts of the service working:

- a) with community groups, voluntary sector, sports clubs, schools, higher education sector and arts organisations to engage them in the participatory elements throughout the entire route;
- b) marketing and communication – to ensure the local community is engaged and informed and tourism opportunities are maximised.

2.9 23 and 24 June

From the perspective of attracting and retaining visitors to the district, promoting the district's natural and physical sporting assets, capitalising on the sense of community and pride and the promotion of health and wellbeing that this once in a lifetime event provides, officers advise that an additional sports related festival flow on over the weekend of 23 and 24 June, linking the entire district. The outdoor sports market is a growing visitor market the district can capitalise on. The success of the Way of the Roses National Coast to Coast Cycle trail has already attracted hundreds of new tourists to the district. This weekend sports showcase will focus on highlighting the sporting assets the district has to offer tourists including cycling, water and beach sports, providing opportunities to 'have a go' and promoting health and wellbeing. Fun sporting related attractions for all groups and showcasing local talent that are inclusive to all will be key. It's anticipated this event would become an annual attraction, leaving a legacy from the Olympics that encourages sport, wellbeing, inclusivity and the district as an outdoor adventure tourism attractions. It would also provide a launch platform for the 2013 International Youth Games which the district is hosting.

3.0. Resources

- 3.1 As part of the July Individual Cabinet Member Decision report it was made clear there would be financial implications attached to the hosting of the Olympic event.
- 3.2 Resources are thin. Across all council events and tourism marketing activity there are just three dedicated full time officers. Resources from across wellbeing and communications are being re-directed in order to fulfil the Olympic requirements set out above but overall there will be some additional resource required.

3.3 To support the overall events delivery of this exceptional event it is recommended that Cabinet approve additional funding of:

- Up to £50,000 for the Olympic Torch event, Sports Extravaganza Festival weekend and officer support. This can be broken down as:
 - up to £30,000 for the torch event to cover operational costs such as barriers, PA systems, road signage, security, stewards, attractions and dressing of key aspects of the route
 - Up to a further £10,000 would be required to host the weekend tourist focussed event
 - up to £10,000 funding to support an assistant to work alongside the events officer in the organisation and delivery of this exceptional year of events. (Before 2010 the council had three full time events officers. There is now just one who is extremely stretched to deliver at current capacities).
 - It is suggested that this assistant post would provide an ideal opportunity to create an apprenticeship post (12 months) within Festival and Events team, subject to the growth bid being approved. The council's apprenticeship plans are ambitious and the creation of a post of this nature is seen as an excellent opportunity for a local person to be able to develop knowledge and skills within a particular discipline attracting world wide interest, whilst making a significant contribution to the Cultural Olympiad within the region. This is preferred by Officers and it would reduce the specific funding need for the Olympics to £40K, but clearly it is dependent upon the Apprenticeship growth bid being taken forward and approved.
 - Alternatively it may be possible to examine existing capacity within the establishment across all services and consider the secondment of a member of staff from another service unit into this role. Again, this would reduce the specific growth need down to £40K.

4.0 Details of Consultation

4.1 Previous consultation with businesses, festival-goers, feedback generally and liaison with partners regarding the impact of events and marketing

5.0 Options and Options Analysis (including risk assessment)

Options

As agreed in July, set out below are a range of options and costs to Cabinet for initial consideration regarding the Olympic Torch celebrations.

<p>Option 1: Notes the update, determines whether £40K or £50K is to be recommended, and seeks Council approval at the beginning of February,</p>	<p>Option 2: Notes the update, determines whether £40K or £50K growth be proposed, but does not agree to seek early budget update and</p>	<p>Option 3: Notes the update and decides to provide some funding to cover the necessary health and safety costs associated with the torch passing through the district</p>
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to allow earlier progress towards festivals and events for 2012 and 2013 – as set out in paragraph 3.3. above.	delays any decision until budget council at the end of February 2012.	
Advantages		
<p>It will encourage visitors to the district at the time – supporting the regeneration priority.</p> <p>Unprecedented local, regional, national and international coverage of the district – raising the profile of Lancaster and Morecambe long term as an attractive place to visit/stay, supporting the regeneration of the district.</p> <p>It will help potential visitors to geographically locate Lancaster/Morecambe as a visitor destination close to the Lake District,</p> <p>It will demonstrate to other potential event organisers that this district is able to successfully host international scale events.</p> <p>This again supports the regeneration priority.</p> <p>It will be an enormous opportunity for the community to come together and enjoy a once in a lifetime experience.</p> <p>It will also help to enhance the community's sense of pride in the district.</p> <p>It will raise the profile of sport amongst local people and provide a springboard to encourage regular exercise and sporting opportunities.</p> <p>Creates certainty and planning time for businesses who will benefit from the events</p> <p>Supports the council's priorities and a significant element of the council's Visitor Marketing Plan</p>	Council is able to make any decision within the overall context of setting its budget for 2012/13	Allows the Torch to pass through the district safely.
Disadvantages		
Decision taken ahead of wider	Risks failure to adequately	.

<p>budget setting context</p> <p>Resource implications - people and financial.</p> <p>Failure to realise the massive benefits this event might bring.</p>	<p>plan and deliver the event.</p> <p>Does not leave enough time to plan and implement and take maximum advantage of opportunities</p>	
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6.0 Officer Preferred Option (and comments)

6.1 Option 1

7.0 Conclusion

7.1 Cabinet needs to take a decision with regard to the Council's commitment to this exceptional event in 2012. The earlier a decision can be made the more this will assist in planning for the event.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan priorities -

- Economic Regeneration – Visitor Economy
- Partnership Working and Community Leadership

CONCLUSION OF IMPACT ASSESSMENT

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

None - all events run directly by or supported by the Council will be in accordance with its policies in respect of Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

As part of the individual cabinet member report of July 2011 accepting the offer from LOCOG in respect of next year's Cultural Olympiad celebrations it was acknowledged that there would be financial implications attached to the hosting of the event, dependant upon the scale of activities to be held. The officer preferred option of this report is that up to an additional £50,000 is provided towards the events management, marketing and delivery of this one off opportunity, although this could be reduced to £40K depending on how officer support is to be provided. Providing the necessary number of stewards for the Olympic Torch event may also have a staffing implication on other council services on 22 June.

If Option 1 is preferred it would therefore result in a one-off budget increase in 2012/13 of either £40,000 or £50,000 and this would involve a referral for final decision by Council on 01

February.

However if Option 2 is agreed then the decision could be deferred until Budget Council in March 2012 and could be assessed alongside other priorities.

Option 3 would result in lower costs – as yet to be determined. Clearly there would be no requirement to seek an early decision from Council. Therefore the cost estimates would be reported into February Cabinet, for incorporation into Cabinet's final budget proposals.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Should the proposal to introduce an Apprenticeship posts to support the Festival and Events activities be approved the Council will seek to appoint a person to the post via the framework which has been developed for the recruitment to all apprenticeship posts. This framework ensures that all development opportunities are targeted at local people via one of four potential routes.

Information Services:

None

Property:

None

Open Spaces:

The district's parks, open spaces and beaches form the backdrop to these festivals and events

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted. The reason for seeking an early final decision on the budget allocation is set out in the report. If Cabinet is minded to support this option, then it should ensure that the proposal represents a suitably high priority, when compared with other spending needs and priorities.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

21 July 2011- Individual Cabinet Member Decision

Contact Officer: Gill Haigh

Telephone: 01524 582178

E-mail: ghaigh@lancaster.gov.uk

Ref:

CABINET

**Corporate Review of Service Level Agreements
17 January 2012**

Report of the Head of Community Engagement

PURPOSE OF REPORT			
This report is to update Cabinet on progress in relation to the corporate review of Service Level Agreements and to make recommendations for future management arrangements, joint working and commissioning.			
Key Decision	X	Non-Key Decision	
			Referral from Cabinet Member
Date Included in Forward Plan	November 2011		
This report is public			

RECOMMENDATIONS OF THE HEAD OF COMMUNITY ENGAGEMENT

It is recommended that:

1. The council continues to develop joint approaches with other funding partners, where possible, including Lancashire County Council, to achieve efficiencies and maximise impact of funding.
2. That a request is made to Lancashire County Council that the council is able to use any Second Homes funding that may be available to support the council's agreements with the Arts and Voluntary, Community, Faith sectors.
3. The council continues to develop partnership working arrangements with the Arts and the Voluntary Community, Faith sectors, to support service delivery in the district and to achieve efficiencies.
4. That members consider the option to end the Welfare Grants scheme and incorporate budgets into overall budgets for voluntary, community and faith sector support, in line with the proposed commissioning framework.
5. If Cabinet opts to end the Welfare Gants scheme, a request is made to Lancashire County Council that the match funding for the scheme is also allocated for voluntary, community and faith sector support, in line with the proposed commissioning framework.

6. The council works with Arts and Voluntary, Community, Faith sector partners to develop commissioning frameworks to secure important services for the district and to provide robust arrangements for management of the related funding provided by the council.
7. The council's funding for the Arts and the Voluntary, Community, Faith sectors is aligned with other initiatives including the Strategic Funding and Social Enterprise projects that have been initiated by the LDLSP, and also to help achieve collaboration between partners, efficiencies, sharing of resources and development of opportunities for joint working.
8. That existing Service Level Agreements are continued at current levels for the financial year 2012/ 13, whilst longer term commissioning arrangements are developed with partners, but that Cabinet members consider the option not to include an inflationary element.

1.0 Background

- 1.1 In February this year, Cabinet considered a report on the future of the council's investment in SLA's (Service Level Agreements) with a number of local organisations (Minute No 106 refers). Cabinet resolved:

(1) That the council extend existing SLA's at current 2010/11 funding levels for the financial year 2011/12 with the exception of the specific time limited agreement with Storey Creative Industries Centre (SCIC) which will end on 31st March 2011 and any SLA's that are supported by external funding tied to specific time periods and where relevant at a reduced level already agreed as part of the 2010/11 Budget Process, e.g. The Dukes.

(2) That officers enter into discussions with County Council to consider the potential for future joint investment in the VCFS (Voluntary, Community and Faith sector), including a shared approach to monitoring and evaluation.

(3) That potential for shared administration arrangements is investigated in relation to the Council's Welfare Grants in order to achieve efficiency.

(4) That over the next 12 months, officers develop and bring forward proposals for a commissioning approach with the VCFS and other external organisations that will:

- Maximise the impact of the council's investment*
- To assist delivery of corporate priorities*
- Provide appropriate support that will safeguard key services*
- Develop the potential of the VCFS to deliver services in the district on behalf of the council.*

2.0 Proposal details

- 2.1 Current economic pressures are having an impact on many organisations in the district as well as the council itself. A number of VCF sector and arts organisations have suffered loss of mainstream funding and have needed to restructure their organisations and service delivery. The effects of cuts have been sharper than many expected and there seems little doubt that the services they offer to local communities will diminish.

- 2.2 Some organisations seem set to develop new business models, including social enterprise models, and are looking at ways of achieving additional income from activities that are more commercial in nature in order to protect services that are not viable in their own right. Some are also considering ways of cutting costs through a diverse range of efficiencies including sharing premises, staff and overhead costs. However, the assumption is that current pressures will continue into the future.
- 2.3 The SLA's considered in this report are primarily related to arts and culture and to voluntary and community services. These sectors are recognised as important to the district and the council's support over recent years reflects this. Changes to the way in which the council invests in such services in the future will have implications both for individual organisations and for the services they deliver.

Joint approach with partners

- 2.4 In line with the council's agreed priorities and the recent Cabinet resolutions on the future of partnership working (Cabinet Minute 57, 8 November 2011 refers) the proposals in this report emphasise joint approaches and collaboration with partners.
- 2.5 Lancashire County Council has been undertaking a significant review of its arrangements for support for the VCFS across Lancashire with some new officer and management arrangements emerging as well as different funding models. Developing a joint approach at present is complex but some initial steps have now been taken to bring together some of the monitoring processes, which is one area where some efficiencies can be gained. As both council's are currently looking at priorities for funding it is likely that common objectives will emerge and opportunities for future joint funding and management arrangements will arise. In line with a collaborative approach between the two councils, this report recommends that a request is made to Lancashire County Council that the council is able to use any Second Homes funding that may be available in the future to support its agreements with the arts and VCF sector partners. The County Council's estimated income from second homes in 2012/13 is £284K, subject to any increases in council tax.
- 2.6 Discussions with County Council have also led to an option to develop wider communications with other local authorities in Lancashire, which is likely to be helpful in understanding common objectives and identifying further areas where councils can work together. Development of these opportunities will be ongoing.
- 2.7 Some very constructive engagement between the funders for the arts and culture sector, specifically Arts Council England, Lancashire County Council and Lancaster City Council, has led to increased collaboration and agreement reached that funders will develop more synergy around the way in which arts funding is allocated in the district. At a meeting between the funding partners in December this approach was firmly re-affirmed.
- 2.8 The potential of the VCF sector to deliver services in the district is recognised and the ongoing need for strong partnership arrangements has been identified (Cabinet Minute 57, 8 November 2011 refers). As backdrop to the proposals in this report, there is ongoing dialogue with partners at this time to take this forward to achieve real engagement with partners at the

infrastructure level and as part of a wider forum of service deliverers. Within this context the council's funding can help to support collaboration, achieve efficiencies, sharing of resources and development of more opportunities for joint working

- 2.9 It is recommended as part of this report that officers continue to develop these areas of work with any further reports to members being prepared as required.

Welfare Grants

- 2.10 The council's Welfare Grants budget allocation for 2012/13 is £4,000 of which £2,000 is funded by a contribution from Lancashire County Council. Outcomes are limited owing to the levels of funding available but also because application criteria are restrictive. Officer time in managing the allocation of these funds is high and disproportionate to the level of the grant fund. It was agreed in February that officers would investigate potential for shared administration arrangements to achieve some management efficiency but have concluded that there is no feasible option, given the criteria for the grants and the small value of the total funds available.
- 2.11 An alternative option is to combine the Welfare Grants budget with the overall budgets considered in this report, to be managed in line with the commissioning approach being proposed. During the next financial year, prior to commissioning arrangements being fully in place, this would create a small uncommitted fund. It is recommended that this is allocated on a one off basis by officers in consultation with the relevant portfolio holder to support activities that are exceptional in nature and meet the broad criteria identified later in this report.
- 2.12 In line with this proposal, a request would be made to Lancashire County Council that their contribution is also aligned with the relevant budgets and used for the benefit of people in this district.

Commissioning framework

- 2.13 Commissioning broadly covers the process of specifying, securing and monitoring services to meet individuals and community needs. Although there are financial processes, commissioning is much broader than traditional procurement and involves understanding the needs of people and communities, includes engagement with providers and puts outcomes for local people at the heart of the planning process. Commissioning is accepted as a means of ensuring good value for money.
- 2.14 Many funders are now taking a commissioning approach in order to manage investment. Most are based on identified high level objectives and desired outcomes along with core criteria to be used to assist fair and transparent assessment of proposals. There is a developing trend towards working with service providers to bring in sector expertise to help 'co-design' services at the early stages.
- 2.15 It is proposed that a commissioning framework is developed and introduced for all of the investments the council currently makes via SLA's in the arts and VCF sectors. Public sector bodies often undertake straightforward procurement or bidding processes and these can be effective. However, Lancaster City Council is trying to work more closely with its partners and it is recommended that the council commissioning approach is taken forward by

working with the Arts and Culture partnership and a partnership for the VCFS, in line with the Cabinet's resolutions for the future of partnership working (Cabinet November 2011, Minute 57 refers). In this context, a commissioning framework offers much stronger elements of engagement with delivery partners, which can bring in delivery expertise at the service design stage as well as during delivery, maximising the impact of any investments made.

- 2.16 To take the development of a commissioning approach forward, this report proposes key principles and core assessment criteria for members' consideration. These will enable commissioning frameworks to be developed for the council's own investments, based on council priorities and values and aligned where appropriate with other funders. The proposals take account of the need to manage the transition from the current arrangements and to establish strong management arrangements:

Key principles for commissioning

- 2.17 The following key principles are recommended and provide the foundations upon which a commissioning process can be developed:

- New arrangements to be introduced as a rolling programme of change to be completed and in place by April 2013, allowing the council sufficient time to engage with partners and for delivery organisations to plan for the future
- Close engagement with delivery organisations to ensure that the commissioning framework is supported by a full understanding of development opportunities, impacts of services and sector development
- 3 yr cycles to be introduced in most cases to support forward planning but with annual performance monitoring to ensure quality standards
- Fair and transparent arrangements established for submission and consideration of proposals
- Funding to be offered in the form of grants or, if procurement is required, contracts. SLA's reserved for situations where services are involved and a concordat/ understanding is required but no direct funding is involved.
- Levels of information and monitoring to be proportionate to levels of grant

Core appraisal criteria

- 2.18 Proposed core appraisal criteria include the following:

• Links to corporate priorities and other approved strategies

Clear indication of how services will assist the council in delivering its priorities and desired outcomes and support delivery of other relevant, approved strategies

• Deliverability

Assurance that there are no major barriers that could negatively affect delivery of services

• Quality Assurance

Information to show how services can be delivered within budget, timescale and to the required quality standards

• Value for Money

Evidence that services are economic, efficient and effective and the return on investment can be clearly identified. Also that leverage and match funding from

other sources has been achieved wherever possible

• **Added value/ additionality**

• Evidence that opportunities to add value to other initiatives in the district have been sought and acted upon wherever possible and that duplication is avoided. Alignment with other partnership projects and initiatives, for example, the LDLSP's Strategic Funding and Social Enterprise projects

• **Sustainability**

Information to show how services can become more self sustaining in the future with a reducing reliance on public sector funding. Efficiencies have been achieved where possible.

• **Collaboration**

Joint submissions where opportunities for collaborative working and shared delivery of services have been sought and proposals developed

• **Service specific criteria**

Any information which is relevant to the specific services required

Interim arrangements

2.19 A long lead time of around 15 months is recommended to develop and establish the council's commissioning framework, so as to assist local organisations currently supported. However, in the interim period there is a need to ensure that existing SLA's, offer value for money and the best possible return on council investment.

2.20 It is proposed that existing SLA's continue to be reviewed as part of standard monitoring processes but that the core appraisal criteria are now considered as part of this process. It is further recommended that any changes to existing SLA's are made in the light of current corporate priorities and Cabinet's agreed priority areas of activity. The most relevant of these are protection for the most vulnerable in the district, which is a thread that runs through all priorities, support for arts in the district and diversionary activities for young people.

Levels of funding

2.21 Given current budgetary pressures, Cabinet may wish to consider future levels of council funding to support services delivered by local organisations as described in this report. The current combined budget has a total value of £435,800 grant funding in addition to £65,900 in respect of rents paid by the council. These figures do not include any SLA's that are supported by external funding.

2.22 There is the opportunity for Cabinet to consider cuts in funding for the Arts and VCF sectors although delivery of council priorities depends to some extent on the capacity and services delivered by these sectors. The potential impact of cuts on services is not fully understood as there are many changes occurring at the present time that combine to create a very dynamic situation.

2.23 One option Cabinet members may wish to consider is to retain budgets at their current level for the next financial year without an added element for inflation, whilst commissioning arrangements are in development. This occurred in the current financial year and would offer a saving of £11,000 but is unlikely to have any serious impact on services.

2.24 Levels of funding for years 2013 and beyond will need to be considered in the light of any commissioning requirements agreed for those years.

3.0 Details of Consultation

3.1 Officers have been in discussion with delivery partners over some months and have developed a much more detailed understanding of current issues and challenges as well as opportunities. However, engagement is a key element of the proposed commissioning approach and it is expected that, following Cabinet’s decision, early consultation will take place with a wide range of organisations, in particular with the Arts and Culture Partnership and key VCFS partners.

4.0 Options and Options Analysis

Various options have been outlined above. For commissioning, the options have been analysed as follows:

	Option 1	Option 2
	Introduce a commissioning framework	Do nothing – retain existing arrangements
Advantages	<p>Opportunity to use the commissioning approach to reinforce positive engagement with partners</p> <p>Potential for improved value for money</p> <p>Improved opportunity to align council investment with delivery of corporate priorities</p> <p>Increased flexibility to focus funds on current high priority service areas</p> <p>Longer term planning opportunities for delivery partners</p> <p>Development of staff expertise and capacity to take commissioning forward in other areas of work</p>	<p>Officer time not required to develop commissioning arrangements</p>
Disadvantages	<p>Officer time required to develop commissioning arrangements</p>	<p>Funding may not be closely aligned to current priorities</p> <p>Current agreements limit the council’s ability to steer funding towards priority activities that offer maximum return</p> <p>Best possible value for money may not be achieved</p> <p>Current arrangements not consistently supported by agreed priorities and transparent criteria for funding</p> <p>Lost opportunity to strengthen engagement with partners via commissioning processes</p>

Risks	Possible concerns on the part of current delivery organisations – can be mitigated by communications and fair, transparent processes	Possible risks to high priority services if funding is already fully allocated and flexibility is not available to shift funding priorities over time
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The preferred option is Option 1

5.0 Conclusion

The council has supported a number of organisations to deliver services in the district for some years. Funding has been provided as part of Service Level Agreements with the relevant organisations. Over the last year the council has reviewed these arrangements in detail and, following the review, this report makes some recommendations to ensure that the council’s investment is in line with corporate priorities, that collaboration is supported and other requirements including value for money, quality standards, sustainability are met.

RELATIONSHIP TO POLICY FRAMEWORK

This report is consistent with current corporate priorities as identified within the council’s Corporate Plan 2011 to 2013:

- Work to develop resilience and capacity in the Voluntary Community Faith Sector and to maximize the benefits achieved from the council’s investment in Voluntary Community Faith Sector.
- Development of a thriving Arts and Cultural sector supported by a stronger Arts and Cultural partnership for the District
- Protecting the most vulnerable in our society

CONCLUSION OF IMPACT ASSESSMENT

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

LEGAL IMPLICATIONS

The proposed commissioning framework will include contractual arrangements with partners in line with the council’s grant management processes.

FINANCIAL IMPLICATIONS

The 2012/13 draft budget currently assumes inflationary increases of 2.6% for all city council funded SLA’s, therefore if the recommendation to maintain grants at 2011/12 levels is approved then there will be a saving of £11,000.

In terms of the Welfare Grants, if the existing scheme is ended and the proposed new arrangements are put in place, approval would be required from the County Council in terms of their contribution of £2,000 per annum. There is a risk that they may decide to withdraw from the scheme resulting in the loss of this income.

Collaborative working with the County may generate savings as a result of using second homes monies to support agreements with the arts and VCF sector partners. The 2012/13 estimated income from second homes for the County Council is £284K, subject to any increases in Council Tax. Clearly, however, this is dependent on the County Council’s

decision.

Ongoing review and monitoring of future arrangements by the Partnerships Team as part of a commissioning framework will continue to be undertaken in conjunction with ongoing support from Financial Services and Legal Services where appropriate.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Alternative management arrangements for Welfare Grants would result in a reduction in the administration burden for Democratic Services staff to a level which would be in line with their current staffing levels, following the recent restructure.

Development of a commissioning framework will require a significant investment in officer time to bring about the changes proposed, which needs to be balanced against other priorities.

Information Services:

There are no specific Information Services implications arising from this report.

Property:

It should be noted that the figures identified as rent are those included in the current agreements relating to each property. If rents are due for review, this would result in either a reduction in the amount of usable grant aid for the organisation or the need to increase the grant aid to cover the rental value. If the grant aid was to be increased to reflect the increased rent the net effect would be zero. Increasing rent in this way would be in line with the council's policy on charging market rent to all organisations occupying council property.

Open Spaces:

There are no open space implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider the proposals in context of their draft priorities and the Council's financial prospects, as well as service objectives and value for money.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

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CABINET

**Review of Parking Fees and Charges 2012/13
17th January 2012**

Report of Head of Property Services

PURPOSE OF REPORT			
To consider the Annual Review of Parking Fees and Charges for 2012/13.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan		21st April 2011	
This report is public *			

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

- (1) That Cabinet increases the Up to 1 hour charge on all car parks from £1.20 to £1.30 subject to the County Council increasing on-street pay and display charges.
- (2) That Cabinet increases the Evening charge from £1.20 to £1.40.
- (3) That Cabinet approves allowing resident permit holders from Bulk Zone C to use Upper St Leonardsgate Car Park, Monday to Saturday before 10.00am and after 4.00pm and all Sunday and that the Off-Street Parking Places Order is only amended when other substantive changes are required.
- (4) That Cabinet approves adding Marine Road No 5 and No 6 Car Parks to the list of car parks that Morecambe General Permit holders and other car park permit holders can use and that the Off-Street Parking Places Order is only amended when other substantive changes are required.

1.0 Introduction

1.1 The City Council reviews parking fees and charges annually to meet its transportation policy and budget commitments. Cabinet has previously been advised that parking charges have provided a predictable stream of income but in recent years parking patterns and overall usage have become more difficult to predict following price increases with the potential for the total income generated to be affected.

- 1.2 This report provides background information on recent annual reviews of parking fees and charges, sets the policy context of the parking strategy, provides information on usage levels of car parks in the district, confirms the current financial position and includes options on how parking charges could be increased to meet the financial target that has been included in the 2012/13 Draft Budget.
- 1.3 The report also identifies other options that move away from automatically increasing parking charges on an annual basis to examining the possibility of maintaining prices at existing levels, reducing charges and offering other incentives that could increase income whilst also encouraging more shoppers and visitors.

1.0 Background Information

2.1 Parking Strategy and Policy Context

The parking strategy should now form the policy context for the annual review of parking fees and charges. The strategy confirms the parking hierarchy of residents, closely followed by visitors, shoppers and local business needs and finally commuters. The strategy also includes various aims and objectives and a summary of the issues most relevant when considering this review is provided below:-

- Shifting the balance of use from long stay to short stay
- Charges should be used to encourage alternative modes of transport
- Charges should not undermine the vitality of other town centres
- Use parking charges as a demand management tool to support wider objectives
- Pricing policies to assist the reduction in commuter parking
- On-street parking charges set at a level to encourage the use of off-street car parks
- Set charges to maintain 85% occupancy at busy times in short stay car parks
- Use charges to deter long stays in short stay car parks
- Ensure local Chambers of Commerce and of Trade views are taken into account

2.2 Recent Annual Reviews of Fees and Charges and Charging Amendments

The following changes have been approved in the last four years:

2008/09	Changes
Short Stay	Up to 2 hours £1.60 to £1.70* New Up to 4 hours at £3.20 Amend Over 3 hours to Over 4 hours & increase to £8.00 *Up to 2 hours reduced to £1.60 in June 2008
Permits	Increase all permits by 5%

September 2008 - Cabinet Member decision approved to extend free Christmas Parking to all car parks in Morecambe (previously only 3 car parks

in Morecambe but all car parks in Lancaster)

2009/10	Changes
All car parks	Up to 1 hour 90p to £1.00
Main long stay car parks	Up to 3 hours £2.00 to £2.20 Over 3 hours (Morecambe) £3.00 to £3.20 Up to 5 hours (Lancaster) £3.50 to £3.70
Permits	Introduction of 24-5 permits for all types of permit at 24-7 2008/09 prices, therefore no increased income. Increase all 24-7 permits by 5%

2010/11	Changes
Short Stay	Up to 2 hours £1.60 to £1.80 Up to 3 hours £2.40 to £2.50

2011/12	Changes
All car parks - Except Festival Market	Up to 1 hour £1.00 to £1.20
Main short stay car parks	Up to 2 hours £1.80 to £2.00 Up to 3 hours £2.50 to £2.70 Up to 4 hours £3.20 to £3.40
Evenings (in Lancaster)	6.00pm to 8.00am £1.00 to £1.20
Lucy Street Car Park Lancaster	Conversion from Public Specific Permit holders to Short Stay Pay and Display
Bulk Street Car Park Lancaster	Conversion from General Permit holder to Public Specific Permit holders
Permits	5% reduction in all public permit charges 6% increase in all staff and member permit charges Introduction of Partner permits at staff permit charge

2.3 Current Usage Position

2.4 ***Pay and Display***

The following table shows the usage position for the first seven months of 2009, 2010 and 2011 with a comparison between 2010 and 2011.

TICKET SALES APRIL - OCTOBER				2010 v
	2009	2010	2011	2011
				%
Short Stay				
Up to 1 hour	323,527	323,204	289,141	-10.54
Up to 2 hours	222,647	204,868	215,240	5.06
Up to 3 hours	74,598	73,985	70,422	-4.82
Up to 4 hours	31,367	32,137	31,489	-2.02
Up to 10 hours	3,893	3,730	3,560	-4.56
Evening Parking	41,971	42,668	45,641	6.97
Sub Total	698,003	680,592	655,493	-3.69

Long Stay				
Up to 1 hour	68,878	69,061	61,277	-11.27
Up to 3 hours	66,559	64,160	64,651	0.77
Over 3 hours (Mcbe)	19,073	19,337	17,731	-8.30
Up to 5 hours (Lanc)	7,778	8,123	8,121	-0.02
Over 5 hours (Lanc)	3,243	2,991	3,420	14.34
Evening Parking	6,397	6,970	9,762	40.06
Back Brighton Terrace	2,282	2,396	2,535	5.80
Coaches SLG	274	200	239	19.50
Coaches BBT/HV	34	30	29	-3.33
Up to 4 hours CR/HV/BB	15,637	21,976	20,598	-6.27
Over 4 hours CR/HV/BB	2,855	2,997	3,658	22.06
Sub Total	193,010	198,241	192,021	-3.14
Total	891,013	878,833	847,514	-3.56

The comparison shows an overall reduction in tickets sales of 3.56% and this is approximately the same over both short stay and long stay car parks. This compares with an overall reduction noted in last year's review of 1.37% resulting in total tickets sales reducing from 891,013 in 2009 to 847,514 in 2011.

The above table also shows an approximate reduction of 11% in the number of 1 hour tickets sold with a corresponding increase of 5.06% in the number of 2 hour tickets sold, whereas 2 hour tickets last year were showing a reduction of 8%. Other notable variances include an 11% increase in the total number evening tickets sold and a 14.34% increase in 5 hour tickets sold in Lancaster, albeit that this only represents 429 tickets.

However, further detailed analysis between Lancaster and Morecambe for the same period shows the following trends:-

Area	2010 and 2011 comparison
Lancaster Short Stay	-0.9%
Lancaster Long Stay	+7.7%
Morecambe Short Stay	-9.7%
Morecambe Long Stay	-9.7%

2.5 **Permit Sales**

The following table shows a comparison of permit sales at the end of the 2009/10 and 2010/11 and at November 2011.

PERMIT SALES 2009, 2010 & 2011

PERMIT TYPE	ISSUED TO 31/03/10	ISSUED TO 31/03/2011	ISSUED AT NOV 2011	2010 v 2011 %
<i>Public Permits</i>				
General Permits -				
7 day Lanc and Mcbe	100	90	95	
5 day Lanc and Mcbe	120	91	32	
7 day Morecambe	28	24	27	
5 day Morecambe	4	6	6	
Specific Permits -				
7 day Lancaster	28	31	28	
5 day Lancaster	1	0	-	
TOTAL	281	242	188	-22%
<i>Member/Staff Permits</i>				
General Permits -				
Members 7 day	22	22	18	
Members 5 day	2	0	-	
Staff 7 day	226	215	200*	
Staff 5 day	25	16	17*	
Staff Specific	6	4	0	
Partner 7 day	-	-	22	
Partner 5 day	-	-	5	
TOTAL	281	257	262	2%

* includes 27 staff who transferred to Preston City Council that will be classed as Partner Permits from 1/4/12.

The above comparison between March 2011 and November 2011 shows a reduction in public permits of 22% despite the 5% reduction in permit prices approved last year. There has also been a significant reduction in the number of public 5 day Lancaster and Morecambe permits due to the cancellation of permits by several corporate customers. The above figures informed the Revised Budget process but since then a further corporate customer has cancelled 24 of their 39 permits. The uptake on partner permits for organisations working in partnership with the Council also fell well below the expectation.

This above comparisons along with the reductions noted in last year's review of 18% in public permit sales and 4% in staff and member permits has resulted in income significantly reducing from 2009/10 to 2011/12. Whilst the reduction in permit sales could be seen as achieving one of the parking

strategy's objectives of reducing commuter parking the impact on the budget and other parking charges has to be considered.

2.6 Current Financial Position

The current 2012/13 Draft Budget outlined in the table below assumes that income across the three headings will continue at the same level as projected for 2011/12, i.e. Fees will reduce by £86,000, Permits will reduce by £83,000 each per annum respectively and Evening income will increase by £12,300. The 2012/13 draft figures have therefore been adjusted to reflect the current change in usage and this also includes an allowance for extreme weather that has occurred in the last 2 years. An inflationary increase of 2.6% has also been added in line with the Council's existing policy on fees and charges.

Heading	2011/12 Estimate	2011/12 Revised	2012/13 Estimate	Inflation Included
Fees	2,065,900	1,979,900	2,031,400	51,500
Evenings	81,300	93,600	96,000	2,400
Permits	229,100	161,500	149,900	3,800
TOTAL	2,376,300	2,235,000	2,277,300	57,700

The annual review therefore needs to consider options for covering additional inflationary increases of £57,700 across the three headings highlighted above.

2.7 Parking Charges in Lancashire and Cumbria

This section provides information about the current charges in nearby authorities. These charges vary according to local traffic and parking policies and each authority is currently looking at their charging levels. The following table also shows the City Council's parking charges in Lancaster and Morecambe and at Marketgate and Parksafe in Lancaster, which are privately operated.

City/Town	0-1	1-2	2-3	3-4	4-5	5-8	8-10
Lancaster	1.20	2.00	2.70	3.40	3.70	6.00	6.00
Morecambe	1.20	2.00	2.70	3.40	3.20	3.20	3.20
Marketgate	1.20	2.00	2.70	10.00	10.00	10.00	10.00
Parksafe	1.40	2.20	3.00	4.00	7.00	7.00	7.00
Carlisle	1.00	2.00	3.00	4.00	4.50	5.40	5.40
Barrow*	1.20	2.20	3.00	4.00	6.00	6.00	6.00
Kendal	1.20	2.20	3.20	3.90	5.00	6.00	6.00
Blackpool	2.30	2.30	3.40	4.50	9.00	9.00	12.00
Preston – Avenham	1.20	1.80	2.50	3.30	4.00	4.00	4.00
Hill St.	1.30	2.50	3.30	4.70	9.20	9.20	9.20
St George's (private)	1.30	2.00	2.50	3.50	4.50	8.00	8.00
Lytham**	1.40	2.20	2.20	2.20	2.80	3.50	3.50

Note: Short Stay tariffs up to 4 hours
 Long Stay tariffs over 4 hours

- * Barrow – charges shown are being implemented in February 2012
- ** Lytham – charges shown are being implemented in January 2012

2.8 On-Street Pay and Display Charges

These charges are set by the County Council as highway authority and are periodically reviewed. The rationale of on-street pay and display charging is that on-street charges should be set higher than off-street car park charges to reduce on-street traffic circulation from customers looking for parking places and to encourage greater use of off-street car parks.

The County Council reviewed its charges last year and the following charges were introduced in April 2011.

Charges	Current Charges
Tariff 1 Castle Hill (spaces for TIC)	Up to ½ hour – 60p
Tariff 2 e.g. Dalton Square/ Church Street	Up to ½ hour – 60p Up to 1 hour - £1.20
Tariff 3 e.g. Robert street/ Quarry Road	Up to 1 hour - £1.20
Tariff 4 e.g. High Street/ Queen Street	Up to 1 hour - £1.20 Up to 2 hours - £2.00

The above charges are currently the same as the City Council's short stay charges thereby not maintaining the preferred differential in charging arrangements. It is not clear at this stage whether the County Council will be reviewing their charges and increasing them from 2012/13. It should be noted that 94% of the on-street tickets sales are sold at the Up to 1 hour tariff.

It is suggested that the City Council recommends that Lancashire County Council increases the Lancaster on-street pay and display charges from their current levels to maintain the required differential and to allow the City Council to be able to increase its short stay pay and display charges as part of this review or a future review.

3.0 Proposal Details

3.1 Pay and Display Charges

3.1.1 Maintaining Existing Charges

The following table assumes that all pay and display charges would remain the same and illustrates the impact if usage increased or decreased by

various percentages. The reduced usage of car parks from 2009 to 2011 is highlighted in paragraph 2.4 and represents 5% over the 3 years. This trend may well continue as there is no guarantee that usage would increase by maintaining existing charges and if this was the case the reduced income would impact on the budget as follows;

%	+1%	+2%	+3%	+5%	+7.5%	+10%
£	+£21,200	+£42,500	+£63,800	+£106,200	+£160,000	+£212,500
%	-1%	-2%	-3%	-5%	-7.5%	-10%
£	-£21,200	-£42,500	-£63,800	-£106,200	-£160,000	-£212,500

3.1.2 Reducing Charges

This option is available as a potential solution to attempt to reverse the trend of reduced usage. Charges could be reduced across every tariff or on selected tariffs but it is extremely difficult to forecast the impact on usage and there are considerable risks associated with such an approach.

Members should be aware that in the Portas report published on 13 December 2011, one of the key recommendations of revitalising town centres was to have affordable town centre parking. In a recent survey, the Federation of Small Businesses found that 50% of their members said that the lack of affordable town centre parking had a detrimental effect on their business. One of the counter arguments is the danger that commuters could take over the spaces before shoppers got to the town centres – great care would need to be taken on scheme design to reflect this.

- (a) The following table shows some examples of potentially reduced tariffs and the impact if usage continued to reduce at 3.56%, if usage stayed the same and the increased usage that would have to be generated for there to be no financial implications:-

Short Stay	Reduce Up to 1 hour £1.20 to £1.00	Reduce Up to 2 hours £2.00 to £1.80	Reduce Up to 3 hours £2.70 to £2.50	Reduce Evening Charge £1.20 to £1.00
-3.56%	-£104,900	-£74,000	-£29,700	-£16,700
Same usage	-£89,500	-£56,500	-£20,700	-£14,200
Extra usage to break even	+107,400 tickets	+37,700 tickets	+17,000 tickets	+10,000 tickets

- (b) The following table shows the potential impact that moving away from the traditional tariff structure on a Saturday and/or Sunday towards e.g. a £2.00 flat rate all day could have on income, assuming the same usage and with some examples based on increased usage. As previously mentioned it is extremely difficult to estimate the impact of such a move over the course of a financial year so two average weekends have been selected in Lancaster and Morecambe for illustration purposes only:-

	Lancaster	w/c 29/10/11	Morecambe	w/c 18/7/11
	Saturday	Sunday	Saturday	Sunday
Current Tariffs	£6,000	£2,100	£2,700	£3,800
Flat Rate £2.00 same usage	£6,100	£2,300	£3,000	£3,500
Flat Rate £2.00 – 5% increased usage	£6,400	£2,400	£3,200	£3,700

The above example would represent a marked departure to the established tariff regime. The impact on the wider management of parking and traffic particularly on a Saturday would need to be considered along with the potential for further reductions in the number of permit sales. The introduction of a flat rate charge of £2.00 for all day parking may encourage more shoppers and visitors and for them to stay longer. However, an average of 40% of the customers analysed over the weekend would have had to buy a more expensive ticket that they did under the present tariff structure and this could potentially lead to a significant number of complaints.

The operational implications of such a move would need to be fully considered along with the impact on the integration with the flat rate evening charge which forms a valuable source of revenue. The existing evening flat rate charge already causes some complications in terms of advising drivers, who can arrive and depart at any time of day or evening, of the appropriate charge for their estimated length of stay. The introduction of another flat rate charge on Saturday or Sunday combined with the evening flat rate charge and hourly tariffs on other days would add a further level of complication for drivers to understand when calculating the charge required for their length of stay. Flat rate charging information would also have to be added to the car park information chargeboards. This would cost approximately £200 to £250 per chargeboard depending on whether the boards could be amended or would need to be replaced due to the amount of wording.

The implications for future year's reviews should also be considered when determining whether to reduce charges or introduce flat rate tariffs.

3.1.3 Reviewing Charges

The following table highlights the potential income that could be generated from various tariff increases for day time and evening parking. Nearly 80% of total ticket sales are on short stay car parks and these tariffs represent the greatest potential for generating additional income. The tariffs increased in April 2011 have been shown in bold and underlined e.g. **1.20**

	Existing	10p increase	20p increase	30p increase	50p increase
Short Stay					
Up to 1 hour	<u>1.20</u>	43,000	86,000	120,000	180,000
Up to 2 hours	<u>2.00</u>	25,000	53,000	75,000	110,000
Up to 3 hours	<u>2.70</u>	9,500	18,000	28,500	42,000
Up to 4 hours	<u>3.40</u>	4,000	8,000	12,000	18,000
Over 4 hours	8.00	500	900	1,500	2,200
Evenings	<u>1.20</u>	5,500	11,000	15,000	25,000
Long Stay					
Up to 1 hour	<u>1.20</u>	8,500	17,000	25,500	35,000
Up to 3 hours	2.20	8,000	16,000	24,000	35,000
Over 3 hours (Morecambe)	3.20	2,100	4,400	6,400	9,600
Up to 5 hours (Lancaster)	3.70	900	1,800	<u>2,800</u>	4,000
Over 5 hours (Lancaster)	6.00	350	700	1,050	<u>1,400</u>
Evenings	<u>1.20</u>	900	1,800	2,400	3,800
Other Car Parks –					
Up to 4 hours*	0.80	1,800	<u>3,600</u>	5,000	7,000
Over 4 hours*	1.20	200	<u>400</u>	600	1,000
Up to 24 hrs**	0.50	200	400	600	1,000

* These tariffs are for Coastal Road and Battery Breakwater in Morecambe and Heysham Village car park.

** This tariff is for Back Brighton Terrace Car Park in Morecambe.

Please note the above figures allow for reduced sales due to customer resistance to tariff increases and overpayments.

If Cabinet is considering price increases there are two main options that would generate the required budgetary target and these are as follows:-

(a)

Tariff	Current Charge	Proposed Charge	Additional Revenue
Up to 1 hour on all car parks	£1.20	£1.30	£51,500
Evening Charge	£1.20	£1.40	£12,800

This option potentially generates £64,300 and exceeds the budgetary requirement by £6,600.

These tariffs account for approximately 48% of all tickets sales and this represents a significant number of customers. Many customers also view the first hour's charge as an indication of the overall level of charging and this is probably the most sensitive tariff. An increase to the day time 1 hour tariff would represent a 44% increase on this tariff over 4 years. However, increases to the 1 hour charge only affect one day time tariff and if approved this may encourage customers to stay longer and take advantage of cheaper parking for 2 hours or longer on the short stay car parks which would be at the rate of only 0.70p per hour. This could be an advantage to shoppers and traders. Encouraging longer stays on short stay car parks could potentially also reduce traffic movements but this would be very difficult to estimate.

This option also requires the County Council to review their charges and increase their Up to 1 hour charge to £1.30 to be the same and £1.40 to maintain the required differential in charging as outlined earlier in this report.

(b)

Tariff	Current Charge	Proposed Charge	Additional Revenue
Up to 2 hours	£2.00	£2.20	£53,000
Up to 3 hours	£2.70	£2.80	£9,500
Up to 4 hours	£3.40	£3.50	£4,000

This option potentially generates £66,500 and exceeds the budgetary requirement by £8,800.

These tariffs account for approximately 36% of all tickets sold and this reduces the number of customers that would be affected. However, an increase to the 2 hour charge would represent a 37.5% increase on this tariff over 4 years. This option could increase the number of 1 hour tickets sold and could help with the turnover of spaces at busy periods. This could discourage customers from staying 2 hours or longer and this would potentially not help businesses and traders. The increased turnover of spaces could also maintain or increase traffic flows rather than possibly reducing them compared with the first option.

3.2 Public, Staff, Member and Partner Permits

As previously mentioned permit sales have reduced in recent years resulting in income reducing from £230,100 in 2009/10 to a probable outturn figure of approximately £161,800 in 2011/12. There are no proposals to increase or

reduce permit charges in view of the uncertainty over this revenue stream.

3.3 Festival Market Car Park

Members may recall that Market Traders submitted a letter in response to the consultation on last year's review asking Cabinet to consider issues raised in 2010 to improve the viability of the Market. Cabinet agreed not to increase the Up to 1 hour charge from £1.00 to £1.20 for the Festival Market Car Park in response to the traders' letter but implemented the increase on all other car parks in the district. The traders have again written to the Council asking for the following three options to be considered and the comments and financial implications for each option are also shown below for information:-

Free Parking after 3pm –

The financial implications of this option would be reduced income of approximately £13,300 and this would potentially have to be balanced with increases elsewhere within this report.

£1.00 for 12 hours parking all day on a given day e.g. Tuesday or Thursday –

The existing tariff structure is as follows:

Up to 1 hour - £1.00, Up to 3 hours - £2.20, Up to 10 hours - £3.20

The adoption of a flat rate all day charge of £1.00 on Tuesday or Thursday would reduce income by approximately £5,000 p.a. for each day assuming no additional tickets are sold. The initiative may encourage greater use of the car park and for longer stays. The wider implications of such an initiative also need to be considered such as the turnover of spaces that currently takes place, the potential for displaced commuter parking from other car parks, the impact on Morecambe General Permit sales and possible requests being received from other retail businesses for similar concessions on other car parks.

A coach drop off area on the Market Car Park –

This has been requested on a number of occasions but has been rejected on the grounds of health and safety and vehicular movements within the car park. The traders have again asked if provision could be made for a drop off point parallel to Central Drive and the creation of a vehicular access for coaches via the existing coach drop off point on Central Drive which is 50 yards from the main entrance to the market.

The creation of a vehicular access for coaches from Central Drive is not practical from a highway point of view. The creation of a drop off point at this position within the car park would only reduce the distance to the main entrance of the market by 5 to 10 yards. It would also require the modification of a junction within the car park to facilitate safe coach movements. The initiative would result in the loss of approximately 25 parking bays. This would impact on total capacity on busy weekends when the car park already operates at near capacity and could result in the loss of income to the

adjoining private car park. In addition the market is close to existing coach parking facilities with 9 parking bays being located in the Winter Gardens Car Park on the boundary with the Festival Market Car Park and a further 12 parking bays on the Retail Park next to Morrisons.

The option is available to retain the existing Up to 1 hour charge of £1.00 on the Festival Market Car Park in the event of Cabinet approving any further increases to the 1 hour charge on other car parks in the district. The option is also available to increase the charge by 10p to £1.10 (in line with the proposed level of increase on all other car parks) or alternatively to increase it to £1.30, bringing it back into line with all the other 1 hour charges if they are increased by 10p from £1.20 to £1.30.

3.4 Upper St Leonardgate Car Park

A request has been received from one of the Members representing the Bulk Ward to allow on-street resident permit holders living in the Bulk Zone C residents parking zone to be able to use the car park in line with the policy that has already been implemented for Central Zone A and the zones introduced in the Dallas Road area in February last year.

This initiative would be compatible with the Parking Strategy that includes the aim - in areas where demand for residents' parking spaces exceed the supply, make provision for certain resident permit holders to use designated car parks for overnight parking. The suggested times when parking should be made available is Monday to Saturday before 10.00am and after 4.00pm and all day Sunday. This would be the same as Central Zone A and would have no financial implications on the parking budgets. The change would require an Amendment Order to the Off-Street Parking Places Order and it is recommended that the change is only introduced when an Amendment Order is required for other changes.

Recommendation:

That Cabinet approves allowing resident permit holders from Bulk Zone C to use Upper St Leonardgate Car Park, Monday to Saturday before 10.00am and after 4.00pm and all day Sunday and that the Off-Street Parking Places Order is only amended when other substantive changes are required.

3.5 Marine Road No 5 and No 6 Car Parks

The Register of Excluded Properties process that is administered as part of the operation of residents parking scheme was amended last year to include a refurbished property on Marine Road Central. This means that future residents of the development are excluded from the Poulton Home Zone residents parking scheme. The possibility of adding the long stay car parks at Marine Road No 5 and No 6 (between the RLNI and Lord Street) to the Morecambe General permit due to the lack of alternative parking was discussed with a Poulton Ward Member as part of the consultation on the exclusion process. This initiative would be in line with the existing policy on General Permits that

allows parking on all long stay car parks with the exception of these two car parks and if approved should be extended to all types of car park permit. This would have no financial implications for the parking budgets.

Again this change would require an Amendment Order to the Off-Street Parking Places Order and it is recommended that the change is only introduced when an Amendment Order is required for other changes.

Recommendation:

That Cabinet approves adding Marine Road No 5 and No 6 Car Parks to the list of car parks that Morecambe General Permit holders and other car park permit holders can use and that the Off-Street Parking Places Order is only amended when other substantive changes are required.

3.6 Traffic Regulation Orders

The above proposals if approved need to be incorporated into the Off-Street Parking Places Order to allow enforcement of the charges and regulations. Increased or decreased charges are dealt with through a Notice of Variation procedure. More substantive changes such as changes to permit arrangements would require a formal Amendment Order at an estimated cost of £5,000, which has been included in the existing advertising budget in the current year.

4.0 Details of Consultation

The local Chambers of Commerce and of Trade, the Federation of Small Businesses and Morecambe Town Council have been consulted over the pay and display and permit options included in the report and their comments will be made available at the meeting.

On-Street pay and display charges are the responsibility of Lancashire County Council and officers have asked the County Council to consider increasing these charges for 2012/13 to allow the City Council to review its up to 1 hour charges as part of this review. An increase in on-street charges to maintain the differential charges is also a key element of the wider management of parking and traffic.

5.0 Options and Options Analysis (including risk assessment)

The following options are in respect of pay and display charges:-

	Option 1: This option is to do nothing and to retain the existing fees and charges	Option 2: This option is to reduce some charges in a bid to increase usage	Option 3: This option is to approve increases to some fees and charges to achieve the 2012/13 Draft budget
Advantages	<p>This option limits the impact on parking usage and town centre businesses and trading</p> <p>This option is likely to receive the most support through the consultation process</p> <p>This option has the potential to reduce any further reductions in usage</p>	<p>Depending on the range of reduced prices this option could encourage greater use of car parks and increased use of local businesses and traders</p> <p>This option is likely to receive the greatest support through the consultation process</p>	<p>This option allows parking fees and charges to meet the financial target and to also potentially make an additional contribution to the 2012/13 budget process through surplus income</p>
Disadvantages	<p>This option is unlikely to achieve the required budget contribution through increased usage</p>	<p>This option is unlikely to achieve the required budget contribution as considerable additional usage would be required</p>	<p>This option could have a negative impact on short stay parking and town centre trading</p> <p>This option is likely to receive the least support through the consultation process</p>
Risks	<p>This option increases the budget preparation difficulties at a time when additional income or major savings are required</p>	<p>It is extremely difficult to predict customer reaction to any reduced prices and the financial impact for the council. There are substantially increased risks associated with this option</p>	<p>This option could lead to further reductions in usage and the consequential risk of this could be that the estimated level of additional income may not be achieved</p>

6.0 Conclusion

- 6.1 The preferred option is Option 3: to increase pay and display charges and to consider the two sub-options summarised as follows:-

**(a) Increase the Up to 1 hour charge on all car parks from £1.20 to £1.30
Increase the Evening charge from £1.20 to £1.40, or**

**(b) Increase Short Stay Up to 2 hours from £2.00 to £2.20
Increase Short Stay Up to 3 hours from £2.70 to £2.80
Increase Short Stay Up to 4 hours from £3.40 to £3.50**

That Cabinet approves allowing resident permit holders from Bulk Zone C to use Upper St Leonardsgate Car Park, Monday to Saturday before 10.00am and after 4.00pm and all day Sunday and that the Off-Street Parking Places Order is only amended when other substantive changes are required.

That Cabinet approves adding Marine Road No 5 and No 6 to the list of car parks that Morecambe General Permit holders and other car park permit holders can use and that the Off-Street Parking Places Order is only amended when other substantive changes are required.

RELATIONSHIP TO POLICY FRAMEWORK

Links with the Corporate Plan Priorities – Economic Regeneration and Climate Change

Aims and objectives of the Medium Term Financial Strategy

Parking Strategy –

Aim 3 – in areas where the demand for residents' parking spaces exceed the supply, make provision for certain resident permit holders to use designated car parks for overnight parking

Aim 5 - to set charges to meet the Council's transportation policy objectives and budget commitments

Aim 5 – ensure the cost differential between on and off-street charges is maintained

Links with Lancaster District Local Strategic Partnership priorities of Economy and Unemployment and Environment and Climate Change

CONCLUSION OF IMPACT ASSESSMENT

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

There are no diversity or human rights implications arising from the report. Links with the Lancaster District Community Safety Partnership in terms of the relationship between on-street parking charges and road safety and the off-street parking service being involved in vehicle and personal security initiatives with partners and stakeholders.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

The financial consequences and risks associated with parking income are included in this report and have also been reported in previous reviews. Inflationary increases totalling £57,700 and reduced permit income of £67,600 and reduced fee income of £86,000 arising in 2011/12 have been included as part of the 2012/13 Budget Process. The loss of a further £15,400 from a corporate permit customer has also been taken into account when setting future year's permit budgets.

Option 1 offers Members the option not to raise any fees and charges. There is no evidence to suggest that car park usage would increase and there is a very strong possibility that income would be very similar to 2011/12, therefore not meeting the budget commitment included in the 2012/13 Draft Budget, which could result in a potential shortfall of £57,700. There is also a possibility that usage would actually continue to reduce and this would increase the potential shortfall and exacerbate the budgetary problems.

Option 2 offers Members the option to consider reducing some charges in a bid to increase usage and potentially increase income. On the first example shown in the report which covers 4 tariffs, over 172,000 additional ticket sales would be required to achieve the breakeven point, before any additional income is generated towards the budget commitment of £57,700. On the second example of introducing a flat rate of £2.00 for all day parking on a Saturday or Sunday, the analysis has been undertaken over average weekends and the results and the impact over a full financial year are extremely difficult to estimate. There are significant risks associated with reducing charges due to the fact that if they do not achieve the desired effect of increasing income the actual income that will be generated will be lower than in 2011/12. Also as with Option 1 if usage continues to reduce the budget implications increase.

The introduction of a flat fee would also require expensive changes to the car park chargeboards. If the changes cover all car parks throughout the district the estimated cost of these changes is between £8,600 and £10,750 depending on whether the existing boards could be amended or would need to be replaced. At this moment in time this could be contained within existing maintenance budgets but all remaining planned and reactive maintenance would have to be minimised and no contingency budget would be available for winter maintenance in the event of severe weather.

Members are reminded, that if Option 1 and 2 are taken forward then this falls outside the current budget framework and will impact on the need to make more savings in other areas of activity. It would need to form part of Cabinet's proposals for further consideration and approval by full Council.

For Option 3 the report sets out two options for Members to consider in relation to increasing pay and display charges:-

	Option 3 (a)	Option 3 (b)
Budgetary Requirement	(57,700)	(57,700)

Pay & Display Income	51,500	66,500
Evening Parking	12,800	
Total Budget Shortfall/(Surplus)	(6,600)	(8,800)

Option 3 (a) offers Members the option to increase two tariffs that will not only meet the budgetary requirement of £57,700 but will also allow an additional maximum contribution of £6,600. However, the majority of the additional income is dependant on the County Council agreeing to increase the on-street pay and display charges and it is not clear at this stage whether County is prepared to implement these increases. If the day time car park pay and display charges are not increased as a result of County not increasing its on-street charges, the budget shortfall will be £44,900.

Option 3 (b) offers Members the option to increase three tariffs that again not only meet the budgetary requirement of £57,700 but will also allow an additional maximum contribution of £8,800. The current on street 2 hour tariff levied by County is £2.00 which would be 20p below the proposed off street tariff if County did not increase their charges, however 2 hour on-street charges only account for 6% of total sales and this is not considered to be a major factor affecting the likely usage. This option on its own should generate sufficient levels of income to meet budget requirements, even if County Council do not opt to increase their on street tariffs

If Members decided to approve both options 3 (a) and (b) this would result in potential increased income of £130,800 that would not only meet the budget requirement but could result in an additional contribution of £73,100 against current proposed budgets. As mentioned above, £51,500 of this income would be dependant upon County Council increasing their prices.

Options 3 (a) and (b) have inherent risks associated with them as any increases could impact on usage, although resistance factors have been built in to help mitigate this risk as indicated within the report.

The report does not include any recommendations in respect of the Festival Market Car Park. The financial implications of reducing charges on this car park are included in the report. The figures reported under Option 3 (a) assume a 10p increase in line with other Up to 1 hour charges, therefore if Members decided not to implement the tariff increase on this particular car park there would be a reduction of £3,700 in income that has not been taken into account in the figures included in this report.

Alternatively if Members decided to bring Festival Market charges back into line with all other short stay 'Up to 1 hour' charges in the district, the price would increase from £1.00 to £1.30 and this would result in £8,800 additional income to the figures currently reported under Option 3 (a). However, this potential increase in income would need to be viewed alongside

the possible impact on usage levels and also for market traders.

The car parks advertising budget has been increased to £5,400 as part of the 2011/12 Revised Budget process and this is sufficient to advertise an Amendment Order for the Off-Street Parking Places Order if substantive changes to the order are required.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no HR implications arising out of this report.

Information Services:

There are no IS implications arising out of this report.

Property:

Property Services has prepared this report and have no further comments to add.

Open Spaces:

There are no open space implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider the proposals in context of draft priorities and financial prospects, as well as service objectives and value for money.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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Ref:

CABINET

**Health and Housing
Fees & Charges 2012/13
17 January 2012**

Report of Head of Health & Housing

PURPOSE OF REPORT			
This report has been prepared as part of the 2012/13 estimate procedure and sets out options for increasing the level of fees and charges.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	December 2011		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR LEYTHAM

- (1) That the Environmental Health & Private Sector Housing fees in Appendix 1 be increased by 5%.
- (2) That the 50% discounts in qualifying cases (fleas, bedbugs, rodents) for those in receipt of Council Tax and/or Housing Benefit is retained.
- (3) That the fees and charges for the Neptune Baby and Young Child Memorial Garden are not increased for 2012/13.
- (4) That last years approved reduction of 50% for the lease of memorial plaques in the Neptune Baby area is retained for this and future years and forms the base fee for any proposed increases.
- (5) That a new fee of £80.00 (plus vat) be introduced for drain camera surveys as detailed in the report.

1.0 Introduction

Fees and charges for Environmental Health and Private Sector Housing are reviewed every year and Members set fee levels as part of the budget process.

2.0 Proposal Details

2.1 Appendix 1 details the current charges and the options for increases. The charges are rounded to the nearest 10p. The proposals take account of the Council's stated intention to try to protect the most vulnerable in our community by keeping increases to a reasonable level and retaining the reductions for those in receipt of council tax /housing benefit. This has been balanced against the need to generate additional income.

2.2 Pest control fees

The pest control fees were increased last year by 10% on the previous year and some new charges were introduced. Our current fees remain affordable and competitive but any further large increases could deter the public from seeking expert advice. This can lead to people carrying out their own DIY treatments, which may have serious health and safety implications. It also allows pest problems to escalate to a point at which the Council is forced to intervene, by which time treatment is more difficult, more labour-intensive and more costly.

This year the pest control service has been trialling drain camera surveys. Camera surveys are an important part of pest control work because they enable officers to safely and rapidly identify problems in difficult to reach places. Rats are often present in drains and where underground pipe work is defective they can escape into domestic properties, in particular cavity walls and roof spaces. By carrying out drain camera surveys, pest control officers can identify and locate such drainage defects. This enables householders to make cost effective repairs and prevent further infestation. Trials have been completed and the pest control service is now in a position to offer a drain camera survey, including a DVD and written report, at the competitive price of £80.00 plus VAT (total £96.00). This is considered to be a reasonable price recouping the council's costs and contributing to the pest control service's income generation whilst having regard for charges levied in the private sector.

Over the next few months, officers are involved in a new project looking at how we can improve the pest control service using lean systems techniques. Part of this process will examine income generating options which will be reported in next year's Fees and Charges report.

2.3 Cemetery Fees

Neptune Baby and Young Child Memorial Garden.

As last year, uptake of memorial options in this area has been limited. No memorial plaque options have been sold this year, although enquiries have been made. Feedback suggests the reductions made last year were welcomed and appear to make the memorial garden more affordable. It is proposed therefore that the fees for burial options, cremated remains, memorial plaques and associated extras be retained at the same level as last year.

It is also proposed to retain the 50% reduction made last year to the lease of memorial plaques and that this amount now becomes the base fee for this and future year's fee increases.

- 2.4 Most of the fees and charges covered in this report relate to the provision of statutory services. The following table shows which services are statutory and which are discretionary

	Statutory	Discretionary
Cemeteries	✓	
Dog Warden Service (except sale of dog bags)	✓	
Pest Control		✓
Health & Safety	✓	
Port Health	✓	
Private Water Supplies	✓	
Accredited Property Scheme		✓
Immigration Inspection Charges		✓

- 2.5 Although the majority of services provided are statutory, the council does have flexibility in setting fees for these services. Our research has shown that our fees are comparable with other neighbouring authorities.
- 2.6 For the discretionary services, the council is at discretion to set its own level of fee provided that the fees remain competitive and affordable to retain customers. The pest control service operates at a loss of £68,100 inclusive of recharges and £18,000 exclusive of recharges in 2012/13 based on the latest draft budget which includes an inflationary increase of 2.6%. If Option 2 (5% increase) is approved the deficit will be reduced by £2,400. However, it should be noted that the internal recharges are currently being reviewed and this will affect the bottom line of the account.
- 2.7 The situation with Accredited Property Scheme and Immigration Inspection charges is more complex. These services form part of the private sector housing team's work to improve standards in the private sector. Although not statutory, they do contribute to improving housing standards in the district. They are not offered as fee generating services but more to complement the existing statutory work. They generate income of approximately £7,900 per year for APS and £300 per year for Immigration Inspections.

3.0 Options and Options Analysis

3.1

	Option 1 To approve an inflationary increase of 2.6% in fees.	Option 2 To approve a 5% increase.	Option 3 To do nothing and retain the existing fees and charges.
Advantages	<p>This option allows for increased fee revenue whilst retaining fees at competitive levels.</p> <p>The increase in pest control fees reduces the council's subsidy of this service by a substantial amount whilst retaining pest control fees affordable compared to some private sector providers.</p>	This option allows for a greater increase in revenue..	This option would mean no price increases for customers.
Disadvantages		Any increase in fees is likely to be unpopular with customers.	No opportunity to raise additional revenue through fees and charges.
Risks	<p>There is always a risk that customers will choose not to access services if fees are too high.</p> <p>However, evidence gathered shows core fees and charges are comparable to other nearby local authorities.</p>	<p>There is always a risk that customers will choose not to access services if fees are too high.</p> <p>There is a risk that even current income levels will fail to be achieved if fees are perceived to be too high.</p>	This option increases the difficulties of securing a viable budget at a time when additional income and savings are required.

4.0 Officer Preferred Options

4.1 There is no officer preferred option.

RELATIONSHIP TO POLICY FRAMEWORK

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities.

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

Large increases in fees can disadvantage those residents least able to pay. However any of the proposed increases are considered to be fair and reasonable and in the case of pest control fees are less expensive or equal to that charged by most commercial companies.

FINANCIAL IMPLICATIONS

The 2012/13 latest draft budget includes an inflationary increase of 2.6% in respect of fees and charges, which would generate a total income of £9,500. The report also sets out a proposed alternative inflationary increase of 5.0% which if approved would generate a further income of £8,700.

These proposed fees are detailed in Appendix 1, the impact of which is summarised in the table below:-

Fee Charging Area	2012/13 Base Budget	2012/13 Projected Increase 2.6%	2012/13 Projected Increase 5.0%
	£	£	£
Cemeteries	(241,800)	(6,300)	(12,100)
Dog Warden Service	(4,900)	(100)	(200)
Pest Control	(103,400)	(2,700)	(5,100)
Private Housing	(8,000)	(200)	(400)
Public/Port Health	(8,300)	(200)	(400)
Total	(366,400)	(9,500)	(18,200)

Cemetery Fees

Neptune Baby and Young Child Memorial Garden

Demand for the Young Child Memorial Garden has been very low and has not been included within the income estimates. No adjustments will be needed if the recommendation is approved. It is therefore proposed that any income received during the year will be highlighted if the reduction of fees for Young child memorial gardens and the reduction of 50% for the lease of memorial plaques are approved and will be reported as part of the corporate monitoring process during the year.

Pest Control Fees

Retaining the 50% discount offered to people on low income has been included in to the base budget. There are approximately 50-60 Treatments per year which qualify for the discount. If the recommendation is not approved this would create an additional income of £400.

The introduction of charges for Drain Surveys is estimated to generate an additional income of £1,200 in 2011/12, £2,400 in 2012/13 and £2,800 in 2013/14 which has not been built in to the base budget.

As the pest control function is a discretionary service, the council is at discretion to set its own level of fee, a table has been produced below to outline, the contribution Lancaster City Council will be making to keep the existing services and team at its current level. The table below includes an inflationary increase which has been built in to the base budget.

Pest Control Service	2012/13	2013/14	2014/15
	£	£	£
Expenditure	124,100	126,900	134,400
Income	(106,100)	(106,700)	(108,800)
Deficit - Without Support Charges	18,000	20,200	25,600
Support Charges	50,100	51,400	52,700
Deficit - With Support Charges	68,100	71,600	78,300

The above table demonstrates that the Pest Control Service is running at a deficit for all three years and will require an inflationary increase of 17% in 2012/13 above the latest draft budget to breakeven without support charges (64% including support charges, however it should be noted that this is based on the current recharges which are under review and will be revised, the implications of which, may result in an increase or a decrease). If option 2 is approved to increase the fees by 5%, this will reduce the deficit by £2,400 in 2012/13. Any increase in fees must be weighed against the impact it may have on demand and to remain affordable to retain customers.

Private Housing Fees

The Accredited Property Scheme and Immigration Inspection charges are discretionary services being delivered by the Private Standard Housing Service. The additional work created is difficult to quantify but deemed minimal and is managed within existing workloads and budgets. Both schemes complement the services that are offered and produces and estimated income of £8,200 to offset the cost of the statutory service.

Should members approve a different percentage than the option with in the report, the impact on the base budget will be unknown until new financial implications are assessed based on the new percentage proposed.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider the proposals in context of their draft priorities and the Council's financial prospects, as well as service objectives and value for money.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments to make.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Fees & Charges 2011/12 report to Cabinet
18 January 2011.

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HEALTH AND HOUSING**FEES AND CHARGES FOR THE YEAR 2012-13****CEMETERY CHARGES**

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Exclusive Right of Burial:			
i) For the exclusive right of burial for a period of 75 years from the date of purchase, of a single earthen grave, walled grave or vault	631.75	648.20	663.30
ii) Exclusive right of burial in a woodland area - 1 space	277.25	284.50	291.10
Transfer of Grave Deed	Legal Costs	Legal Costs	Legal Costs
Duplicate Grave Deed	81.50	83.60	85.60
Searches – hourly rate	36.50	37.40	38.30
Interment Charges			
(a) For the interment in a grave or woodland site either where the exclusive right of burial HAS or HAS NOT been granted:-			
i) of the body of a child whose age at the time of death exceeded one year but did not exceed 16 years.	167.25	171.60	175.60
ii) of the body of a person whose age at the time of death exceeded 16 years.	564.75	579.40	593.00
iii) interment of cremated remains	135.50	139.00	142.30
iv) interment of cremated remains under headstone	206.50	211.90	216.80
(b) There is no charge for the interment or burial of cremated remains of a non-viable foetus, the body of a still-born child or a child whose age at the time of death did not exceed one year.			

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Scattering of Cremated Remains	35.50	36.40	37.30
Use of Cemetery Chapel	92.75	95.20	97.40
Walled Graves & Vaults:			
For one person	1843.25*	1891.20*	1935.40*
For two persons	2560.00*	2626.60*	2688.00*
For opening and resealing vault	329.00	337.60	345.40
Garden of Remembrance Memorials			
(a) Aluminium Plaque – Carnforth	112.25*	115.20*	117.90*
(b) Bronze plaque – Price on Application	POA	POA	POA
(c) Torrisholme, Scotforth, Skerton, Hale Carr, Carnforth:			
Old Style:			
i) Granite memorial incorporating flower vase and inscription up to 3 lines	471.25*	483.50*	494.80*
ii) Each additional line (up to 6 in total)	45.50*	46.70*	47.80*
iii) For cleaning and re-gilding following second inscription.	40.00*	41.00*	42.00*
New Style:			
i) Granite memorial incorporating flower vase and full inscription	499.75*	512.70*	524.70*
ii) Deed of grant fee	33.25	34.10	35.00
iii) New inscription	100.00*	102.60*	105.00*
iv) Motif	11.00*	11.30*	11.50*
* = PLUS VAT			

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Vault Memorial			
i) Granite memorial for up to 4 plastic urns, including first interment and flower vase (25 year lease)	650.00*	666.90*	682.50*
ii) Back to back vault for up to 2 plastic urns including first interment inscription, flower vase for a 25yr lease	516.00*	529.40*	541.80*
iii) Additional inscribed plaque for second interment	149.50*	153.40*	157.00*
iv) Renewal of lease period	129.00	132.30	135.40
The Neptune Baby and Young Child Memorial Garden			
Burial Options			
Purchased Grave including EROB, headstone and plaque with up to 6 lines of text.	1,140.00*	1169.60*	1197.00*
Public Grave	Free of Charge	Free of Charge	Free of Charge
Cremated Remains			
Niche Wall Plaques including up to 4 lines of text	195.00*	200.00*	204.70*
10 year lease for external niche wall	£87.50	89.80	91.90
10 year lease for internal altar niche	£175.00	179.50	183.70
Scattering of ashes	Free of Charge	Free of Charge	Free of Charge
Memorial Plaques			
Perimeter plaque including up to 4 lines of text	195.00*	200.00*	204.70*
10 year lease for perimeter plaque	£75.00	76.90*	78.70*
Centre feature plaque including up to 6 lines of text	345.00*	354.00*	362.20*
10 year lease for centre plaque	£175.00	179.50	183.70
* = PLUS VAT			

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Charges for Extras			
Additional line of inscription	30.00*	30.80*	31.50*
Posy holders for niche wall	10.00*	10.30*	10.50*
Motifs	30.00*	30.80*	31.50*
Custom Motif	P.O.A.	P.O.A.	P.O.A.
Oval Ceramic Photo Plaque 5cm x 7cm (Colour)	65.00*	66.70*	68.20*
Oval Ceramic Photo Plaque 5cm x 7cm (Black & White)	35.00*	35.90*	36.70*
Memorial Fees			
A memorial not exceeding 6' (1800 mm) in height	97.50	100.00	102.40
Kerb or border stones not exceeding 2' 6" (750 mm) in height:			
(a) enclosing a space not exceeding 7' 9" (2325 mm) in length by 3' 3" (975 mm) in width	130.75	134.10	137.30
(b) enclosing a space not exceeding 7' 9" (2325 mm) in length by 7' 3" (2175 mm) in width.	262.25	269.00	275.40
A tablet or footstone not exceeding 1' 6" (450 mm) by 1' (300 mm)	59.75	61.30	62.70
Additional charge for exceeding above size	37.50	38.50	39.40
An inscribed vase	32.25	33.00	33.90
Temporary marker	14.00	14.40	14.70
Woodland Burial Memorial Plaque	175.00*	179.50*	183.70*
Memorial Tower	200.00*	205.20*	210.00*
* = PLUS VAT			

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Lawn Sections			
A memorial not exceeding 4' (1200 mm) in height, 2' 6" (750mm) in width and 1' 6" (450 mm) in depth from front to back.	97.50	100.00	102.40
<i>The charges indicated include one inscription (name)</i>			
For each additional inscription (name)	32.25	33.00	33.90
Annual registration fee for memorial mason	41.25*	42.30*	43.30*
* = PLUS VAT			

DOG WARDEN SERVICE CHARGES

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Kennelling charge per day	10.75	11.00	11.30
Detention Fee	9.00	9.20	9.40
Dog faeces bags	1.50/100	1.50/100	1.60/100
Return of stray dog from dog warden service (prior to kennelling)	35.75	36.70	37.50

PEST CONTROL CHARGES

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Common Insects:			
Domestic Premises			
- Cockroaches	Free of Charge	Free of Charge	Free of Charge
- Bedbugs (up to one hour of treatment)	40.00	41.00	42.00
- Bedbugs (subsequent complete or part hours)	25.00/hr	25.60/hr	26.20/hr
- Fleas	40.00	41.00	42.00
- Standard charge re bedbugs and fleas for those in receipt of Housing and/or Council Tax benefits.	20.00	20.50	21.00
- All other insects (excluding wasps)	40.00	41.00	42.00
- Wasp treatment	40.00	41.00	42.00
Multiple nests at same property at one visit.	Half full price/ treatment	Half full price/ treatment	Half full price/ treatment
- Moles and squirrels	27.75/hr	28.50/hr	29.10/hr
Business Premises			
- All visits (including wasps) (minimum 1 hour)	77.25*/hr	79.30*/hr	81.10*/hr
Rodents:			
- Domestic premises	27.50	28.20	28.90
- Those in receipt of Housing and/or Council Tax benefits.	13.75	14.10	14.40
- Business premises (minimum 1 hour)	70.75*/hr	72.60*/hr	74.30*/hr
- Drain camera surveys	-	(New Fee for 2012/13) 80.00*	(New Fee for 2012/13) 80.00*
* = PLUS VAT			

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Emergency Callouts:			
- Weekday (outside 0800-16.30 hrs)	Standard Rate x 1.5	Standard Rate x 1.5	Standard Rate x 1.5
- Saturday	Standard Rate x 1.5	Standard Rate x 1.5	Standard Rate x 1.5
- Sunday and Bank Holidays	Standard Rate x 2	Standard Rate x 2	Standard Rate x 2
Disclosure of Information on			
Health & Safety matters:			
- Full factual statement which may also include sketches, copy of F2508, witness statements, etc.	131.50	135.00	138.00
- Brief statement where the information may be of limited use to the recipient.	46.00	47.20	48.30
- Photographs & an administration charge	2.50 each & admin charge to be 12.50	2.60 each & admin charge to be 12.80	2.60 each & admin charge to be 13.10
- Photocopying	14p/sheet	14p/sheet	15p/sheet
Contaminated Land Information:			
- Domestic enquiry	101.00*	103.60*	106.00*
- Industrial enquiry	128.75*	132.00*	135.20*
* = PLUS VAT			

PORT HEALTH CHARGES

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Ship Inspection Charges			
Gross Tonnage:			
Up to 3,000	108.25	111.00	113.70
3,001-10,000	162.50	166.70	170.60
10,001-20,000	216.50	222.10	227.30
20,001-30,000	248.00	254.40	260.40
Over 30,000	325.00	333.40	341.20
With the exception of:			
<ul style="list-style-type: none"> Vessels with the capacity to carry between 50 and 1000 persons - 	325.00	333.40	341.20
<ul style="list-style-type: none"> Vessels with the capacity to carry more than 1000 persons - 	541.75	555.80	568.80
Water Sample Charges:			
Water sample as part of sanitation certificate	81.50	83.60	85.60
Water sample from Heysham Port	89.75	92.00	94.20
Water sample from Glasson Dock	103.00	105.70	108.10

PRIVATE WATER SUPPLY CHARGES

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
Risk assessment (each assessment) ‡	Up to maximum of £500	Up to maximum of £500	Up to maximum of £500
- Flat rate including travel and one hour on site	90.00	92.30	94.50
- Hourly rate (up to maximum £500 minus flat rate) for subsequent hours	35.75‡	36.70‡	37.50‡
Sampling (each visit) ** (Up to a maximum of £100) ‡	50.00‡	51.30‡	52.50‡
Investigation (each visit) ‡	Up to a maximum of £100	Up to a maximum of £100	Up to a maximum of £100
- Flat rate including travel and one hour on site	90.00	92.30	94.50
- Time on site exceeding one hour	10.00	10.30	10.50
Granting an authorisation (Each authorisation) ‡(Up to a maximum of £100)	71.25‡	73.10‡	74.80‡
Analysing a sample:			
- under Regulation 10 (Up to a maximum of £25) ‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡
- taken during check monitoring (Up to a maximum of £100) ‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡
- taken during audit monitoring (Up to a maximum of £500) ‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡	Actual laboratory costs up to max.‡
** <i>No fee is payable for repeat sampling/analysis solely to clarify the results of a previous sample</i>			
‡ <i>Subject to a maximum permissible fee.</i>			

PRIVATE SECTOR HOUSING:

	2011/12 Current Fee	2012/13 Option 1 Proposed Fee @ 2.6% (Inflation)	2012/13 Option 2 Proposed Fee @ 5%
- Immigration Inspection Charges	58.50	60.00	61.40
- Accredited Property Scheme	54.25	55.70	57.00

CABINET

**Budget and Policy Framework Update –
General Fund Revenue Budget and Capital Programme
17 January 2012**

Report of the Head of Financial Services

PURPOSE OF REPORT					
To provide information on the latest budget position for current and future years, to inform Cabinet's budget and policy framework proposals and to allow it to make final recommendations to Council regarding council tax levels for 2012/13.					
Key Decision	X	Non-Key Decision		Referral	X
This report is public.					

OFFICER RECOMMENDATIONS:

1. That Cabinet approves the 2011/12 Revised Budget of £20.168M for referral on to Council, with the net underspending of £1.313M transferring into Balances, pending Cabinet finalising its budget proposals for next year onwards.
2. That Cabinet approves the reassessment of other earmarked reserves and provisions as set out in section 3 of the report and that the use of surplus Balances be prioritised initially for Lancaster Market, Localisation of Council Tax Benefit, further Restructuring, and to help manage any capital financing implications as a result of delays in selling land at south Lancaster.
3. That Cabinet notes the 2012/13 council tax base, the position regarding the Local Government Finance Settlement and prospects for future years, together with the new arrangements for council tax referendums.
4. That Cabinet notes the draft 2012/13 General Fund Revenue Budget of £21.035M, and the indicative spending projections of £21.315M for 2013/14 and £21.617M for 2014/15, excluding savings and growth options, but subject to any amendments arising from the budget review meetings.
5. That Cabinet notes the draft capital investment position from 2011/12 onwards.
6. That Cabinet considers the revenue growth requests associated with developing the Science Park and Heysham Gateway funding bids, as part of its budget proposals for 2012/13 onwards.

7. That Cabinet determines whether £100K of remaining capital related Performance Reward Grant be allocated for the Community Capital Fund.
8. That Cabinet considers the draft budget information and options as set out in the report in context of its proposed draft priorities and:
 - reviews the existing Corporate Plan priorities and its more recently identified fourteen priority areas to fit with what is considered affordable, in context of financial forecasts and desired council tax targets
 - makes recommendations to Council regarding City Council tax increases for 2012/13
 - makes recommendations regarding a balanced set of revenue budget proposals for 2012/13, together with proposals for the 5-year capital programme
 - makes recommendations regarding council tax targets for 2013/14 onwards, together with outline proposals for areas in which savings should be made in future years, to establish a financially sustainable and deliverable corporate plan and budget

and that all the above be referred on to Council for their initial consideration in early February, as well as being presented for scrutiny by Budget and Performance Panel.

1 STRATEGIC CONTEXT - POLICY FRAMEWORK

- 1.1 At previous meetings Cabinet has identified fourteen priority areas of activity that it wished to consider taking forward, some of which fit with the Council's existing Policy Framework, in particular the Corporate Plan, and some of which are new developments, which may involve additional resources to be allocated if they are to be progressed.
- 1.2 The recognised challenge, however, is to be able to match priorities and corporate planning objectives against what is affordable financially. Clearly, where the Council is facing major funding reductions - like all other local authorities - the expectation should be that fewer and/or lower levels of service will be provided in future, particularly over the medium term. Drawing on the last Comprehensive Spending Review (CSR), there is not expected to be the financial scope to allow general growth overall, even allowing for efficiency savings and any new financing streams that are expected to be implemented in future.
- 1.3 Accordingly, Cabinet is advised to reconsider both existing Corporate Plan priorities and proposed new areas in context of the budget information included in this report, and make initial recommendations to Council regarding its budget proposals for 2012/13, together with outline proposals for achieving balanced budgets in future years also. In this way, the Council can seek to achieve sustainable and deliverable policies and objectives over the medium term.

2 GENERAL FUND BUDGET: CURRENT YEAR UPDATE

- 2.1 Taking account of the decisions made at December Cabinet, an estimated net underspending of £1.461M was expected in the current year, influenced mainly by

improved Icelandic investment recovery prospects.

- 2.2 Since then, several other comparatively minor budget changes have been identified, but also some transfers to provisions and reserves have been effected as set out in section 3 below. The resulting draft Revised Budget for 2011/12 now stands at £20.168M. A budget summary is included at **Appendix A**: the main changes are summarised as follows:

	£'000
Original City Council Budget approved on 02 March 2011	21,481
Net Changes as reported to December Cabinet	-1,581
Ashton Memorial Steps Works (maximum allocation)	+120
Draft Net Budget as at December	20,020
Further Changes to date:	
Reassessment of Other Reserves and Provisions	+197
Other Net Budget Changes	-49
Updated Revised Budget Position	20,168
Net Underspending, to fall into Balances	1,313

- 2.3 Cabinet is now requested to refer the Revised Budget to Council for approval. At this stage it is assumed that the remaining net underspending will simply transfer into General Fund Balances, although this still gives scope for Cabinet to make proposals for applying any surplus Balances as part of its budget proposals for 2012/13 onwards.

3 PROVISIONS AND RESERVES

- 3.1 Provisions and reserves help manage the many financial risks facing the authority. Under current legislation the Section 151 Officer is required to give explicit advice to Council on the minimum level of reserves and balances.

3.2 General Fund Balances

- 3.2.1 Generally advice has been that balances should be kept at £1M. After transferring in this year's forecast net underspending of £1.313M, balances would amount to almost £3M by 31 March 2013, as shown at **Appendix B(i)**. Should the outturn prove in line with this forecast, it would mean that the Council has increased flexibility to help manage its future position.

- 3.2.2 Once Cabinet's full budget proposals are known, formal advice regarding the level of balances will be provided at February Cabinet; this will allow the s151 Officer to consider whether there are any major shifts in financial risk attached to Cabinet's proposals. Assuming that there are none, for now it is reasonable to assume that maintaining a minimum £1M in balances will remain acceptable.

- 3.2.3 A number of demands on such surplus balances already exist, however, and these are outlined below. Whilst transfers have not yet been formally actioned for these items, they will need addressing in Cabinet's budget proposals:

Lancaster Market

No additional provision has been made as yet to take forward the decisions of Council, but the Market reserve will need to cover compensation and other costs arising through interim changes to the market operation, such as those associated with lower occupation as an example. It will also need to cover any financing costs arising in next year, associated with the Council disposing of its leasehold interest in the building. A provisional estimate of is £650K; this is around £530K higher than in the Lancaster Market reserve at present.

Revenues and Benefits (In particular, Welfare Reforms)

In light of its response following the recent consultation exercise, the Government is expected to press ahead with its welfare reforms. The timescales are extremely tight, and ultimately, the costs and financial impact will not be fully controllable, although under the new arrangements there will be some cost sharing across different tiers of local government. Again, it is considered prudent to allow some provision within Cabinet's budget proposals; an indication figure of £200K is considered reasonable at this stage. It is emphasised that primarily this is to help manage the cost pressures of awarding support, rather than the extra administration costs associated with transition, as these should be covered through the Government's new burdens scheme. Nonetheless, there is the risk of not all administrative costs being covered.

Restructuring Reserve

The unallocated balance on this reserve is expected to reduce to around £75K, subject to various proposals being implemented. In all likelihood, therefore, further contributions will be needed to take forward other staffing reductions and this too will need addressing prior to Budget Council. An additional contribution of £425K is expected to be needed, to take the balance back up to around £0.5M.

Capital Support (Financing Costs)

Whilst this report was being produced, the Council was notified that an application has been made for a judicial review of the planning decision for the Booths supermarket site. Given this, it is now expected that there will be a delay in receiving any capital receipt and the financing of the draft capital programme has been amended provisionally. This would result in an additional estimated charge to revenue of £370K in 2012/13, although the position will be reviewed to see whether there are any ways to lessen its impact. This has not yet been adjusted for in the draft revenue budget. Given the circumstances though, it is recommended that such extra costs be met from surplus Balances. This should be a one-off; advice is that it is still reasonable to assume that the sale will be completed in the next financial year. The situation also means that additional costs may be incurred on appropriate legal advice and support in defending the planning decision and this will also need allowing for.

- 3.2.4 In total, the above items amount to around £1.5M. This would still leave approaching £500K balances available for other purposes.
- 3.2.5 In the past, policy has been to use any such balances either on a one-off basis to support invest to save or similar cost-reduction initiatives, or on a phased basis to support the budget generally but in particular to give more time to plan and implement measures that will secure ongoing savings. Cabinet is advised to retain such policies; the use of surplus balances to allow significant increases in existing investment or spending levels (either as a one off or worse, on an ongoing basis) is advised against.

3.3 Earmarked Reserves

- 3.3.1 For other earmarked reserves, a small number of changes have been actioned to date:

Municipal Buildings / Facilities Maintenance

Following the difficulties with the Memorial Steps and other structures within the park, further information was sought on the condition of other park buildings. A conditions survey was last undertaken in 2008 and this indicated a significant number of essential / urgent (category 1) repairs, which have not yet been addressed and for which budgetary provision has not yet been requested. Given current experience, it is clear that provision needs to be made immediately and for this reason, £250K has been transferred into the Municipal Buildings Reserve. Community Engagement and Property Services will liaise to agree the use of these funds. More information is being sought on whether there are any other unbudgeted maintenance or investment needs, although such information may not be available until February Cabinet.

Renewals

Given that many vehicle and plant renewals are now acquired outright, rather than being leased, the format of the budget has been updated. In effect, leasing budgets have been removed and these have been replaced with an annual contribution into the Renewals Reserve, but in the process annual savings of around £275K have already been allowed for. The existing delegated arrangements (to the Head of Financial Services) for determining the most cost-effective means of acquiring such assets will still apply.

Risk Management

As there have been no calls on this reserve in recent times, the balance of £26K has been transferred into revenue and the reserve will be closed. Given the comparatively small amount involved, this in itself does not cause any issues in terms of managing financial risk generally.

Performance Reward Grant

In due course this reserve will be closed; the remaining revenue amount of £27K has been transferred to revenue and effectively it now forms part of surplus Balances, for consideration as part of Cabinet's budget proposals.

Youth Games

Picking up on the recent report to Members, the draft budgets from the current year onwards have been adjusted to make an annual contribution to fund future youth games. This smooths out the impact on the budget.

- 3.4 The use of various other reserves has been re-profiled to fit with expected spending patterns. The Impairment Reserve for Icelandic investments has now been closed, as reflected in the December report to Cabinet.
- 3.5 The net impact from the various changes to date is reflected in the statement attached at **Appendix B(ii)** and the draft budget figures. The full review will be reported into February Cabinet, together with an updated policy on provisions, reserves and balances. Overall, the Council still has potentially a significant amount of funds available to support its budget proposals – but advice is that these should be used to make provision for expected risks and liabilities and to help deliver future savings, rather than simply being used to support spending more generally.

4 LOCAL GOVERNMENT FINANCE SETTLEMENT AND RESOURCE REVIEW

4.1 The provisional Local Government Finance Settlement was announced on 08 December 2011 and it is now out to consultation until 16 January. Detailed information and briefings are available on the various websites (www.local.communities.gov.uk or www.lga.gov.uk). The following points are highlighted:

- i. In short, overall the figures are the same as those reported to Cabinet last month; there have been no real changes to the provisional amounts first announced almost a year ago. Total Government support (known as Formula Grant) of £11.818M is expected in next year. This is made up of the original expected allocation of £11.609M, plus £209K associated with freezing this year's council tax. This is a presentational change only – and it does *not* relate to any decision on next year's tax.
- ii. There was always the risk that the provisional Settlement would change for the worse – fortunately this has not happened. There was never any expectation that it would improve.

4.2 The Government has also published its response to its consultation on the Resource Review, which incorporates various proposals to the ways in which business rate income is allocated. It is clear from the response that Government intends on implementing changes from April 2013 and whilst many more details are needed before any accurate modelling can be completed, it seems that overall, the impact on councils will be managed within the 2010 Comprehensive Spending Review (CSR) 'envelope'. In essence, this is taken to mean that the Review will not result in additional resources becoming available for local government as a whole, although there may well be changes (either way) for individual authorities.

4.3 More detailed briefings will be provided as the arrangements develop. For now, given the uncertainties and lack of any better information, existing Government support projections have been retained, albeit updated for the incorporation of current year council tax freeze grant:

Year	Formula Grant	Year on Year (YoY) Reduction	
		£'000	%
2011/12 (Actual)	13,128	1,996 *	13.2 *
2012/13 (Provisional, issued last year)	11,818	1,519 *	11.6 *
2013/14 (Indicative estimate only)	11,586	232	2.0
2014/15 (Estimate only)	11,586	--	--

* Year on year comparisons allow for transfer of concessionary travel responsibilities in 2011/12, and incorporation of 2011/12 council tax freeze grant

4.4 In terms of other Government grant allocations, all notifications have now been received and where appropriate, the draft budget has been updated accordingly. A summary of the allocations and their assumed use is as follows:

Grant	2011/12	2012/13	Comment
	£'000	£'000	
New Homes Bonus	231	461	General grant, used to support service provision generally. Future years' estimates increase to £576K by 2014/15, taking account of council tax base assumptions.
Housing and Council Tax Benefit Admin. Grant	1,062	1,021	Specific grant, with no alternative use. Further years assumed to continue for now at similar levels, but this is very uncertain. Costs and funding of this function will be influenced by proposals for localisation of council tax and introduction of universal credit. Transitional costs and arrangements are expected to be covered by Government's 'new burdens doctrine'.
Preventing Homelessness	94	94	General grant, but allocated to homelessness in line with earlier Cabinet resolution (minute 6 refers), given demand for service. Assumed to continue at similar levels in future years.

5 COUNCIL TAX REFERENDUMS (REPLACEMENT FOR CAPPING)

- 5.1 The provisions for council tax referendums came into force on 03 December, under the Localism Act 2011. At the same time, the capping regime was abolished. This means that for 2012/13 onwards, each authority will be required to determine whether it needs to arrange a referendum seeking the support of the local electorate for the council tax level it has set. This need will be dependent on whether the authority's council tax increase exceeds the principles set by the Secretary of State.
- 5.2 Accordingly, the provisional principles are set out below. These are now subject to consultation and they will be finalised alongside the Finance Settlement:
- i. Under the proposed thresholds announced by Government, the City Council could increase its council tax for next year by up to 3.5%. Above this threshold, the Authority would need to hold a local referendum.
 - ii. The 3.5% threshold applies to county, district and unitary authorities. Police and fire authorities have a proposed threshold of 4%.
- 5.3 Authorities are advised to take care that they do not inadvertently trigger the need for a referendum – any tiny margin above the relevant threshold, caused by rounding as an example, would still require a referendum to be held.
- 5.4 Whilst there will be exceptional circumstances in which the Secretary of State can 'disapply' the duty to hold a referendum, it is not considered that the City Council's position would in any way justify any such course of action. Accordingly, Cabinet is

advised to be mindful of the 3.5% threshold in making recommendations to Council regarding council tax levels for 2012/13.

6 2012/13 COUNCIL TAX BASE

6.1 Work on the council tax base has now been completed and parishes and precepting authorities have been notified accordingly. The total tax base for next year stands at 43,500 Band D properties, which represents a year on year increase of only 50 again (or 0.1%). This is in line with previous forecasts, and it also ties in with the assumptions on which future years' proposed New Homes Bonuses are based, as referred to earlier.

7 2012/13 DRAFT REVENUE BUDGET

7.1 The draft 2012/13 budget has been updated further since December Cabinet and it now stands at £21.035M, as shown in **Appendix A**. This has increased by £197K since December, which is explained as follows:

- An apparent 'increase' of £209K is due to the change in presentation of the current year's tax freeze grant, but this is offset by extra Government support.
- Additional housing benefit administration grant income of £91K has been built in.
- Other miscellaneous net adjustments totalling £79K have also been allowed for.

7.2 A schedule of the various inflation and other factors is set out at **Appendix C** for information. Cabinet may wish to consider amendments to these factors, in developing savings proposals.

7.3 If no further changes were made, the current draft budget would translate into around a 10.2% council tax increase for next year. The following other key points are highlighted:

- As yet the draft provides for no changes in the budgeted contribution of £325K from Revenue Balances.
- The draft position does not include any of Cabinet's growth options at present, nor does it include any specific savings options, such as those included elsewhere on the agenda.
- At the time of writing this report the budget review meetings had not been completed, though it is expected that various changes and savings options will be identified. It will be necessary therefore to provide a supplementary budget update report prior to the January Cabinet meeting. This will cover 2012/13 and also subsequent years. As part of those reviews, Cabinet Members and Chief Officers are being advised to consider carefully how existing budgets can be reduced, even where this may present a higher risk of overspending. This is in order to help the Council balance its budget and importantly, to help minimise the savings needed from reducing services.

8 COUNCIL TAX AND SAVINGS REQUIREMENTS

8.1 In deciding what level of council tax increase to recommend for next year, and in considering targets for subsequent years, Cabinet is advised to consider:

- the provisional 3.5% threshold, above which a local referendum must be held;
- the £209K compensation available for freezing next year's council tax, but as a one-off only, recognising the extra pressure this adds on making savings for 2013/14 onwards;
- the extent of savings still required, and the added pressures that are likely to come through as other reforms are progressed by Government;
- the Council's capacity and appetite for reducing services to make savings or redirecting resources across priorities; and
- affordability and financial sustainability – and what is possible. In short, it is not possible to keep tax increases low, without needing more savings. More savings cannot be delivered without having greater adverse impact on services and communities.

8.2 Details of the grant support available to help freeze council tax rates have been reported to the last two Cabinet meetings and Members are requested to refer back if a refresher is required. Any take up of the arrangement is voluntary. Background information regarding the cash impact on tax rates is repeated below:

- Based on the City Council's tax rate of £192.25 for a Band D property, the current approved target increase of a 2% change in tax rate amounts to around £3.85 per year or around 7 pence per week. It therefore follows that each 1% change is half these values.
- The same or similar offers of council tax freeze grant support apply to the County Council, police and fire authorities. For information, the full basic Band D tax for the area is currently £1,510.47.

8.3 The supplementary report referred to earlier will provide Cabinet with more up to date information on budget projections and savings requirements. For now though, the main scenarios for council tax and their current implications for savings targets are summarised in the following table. The range of options presented draws on a number of potential objectives.

Council Tax Scenarios	Indicative Net Savings Requirements		
	2012/13 £000	2013/14 £000	2014/15 £000
<p>a. Objective: Maintain mid-range steady year on year increase, in line with existing targets (and potentially in line with general inflation expectations):</p> <p>2% in all years</p>	686	1,018	1,136
<p>b. Objective: Take account of tax freeze compensation but then revert to mid range steady increases (potentially in line with general inflation expectations):</p> <p>0% then 2% each year</p>	645	1,189	1,310
<p>c. Objective: Take account of tax freeze compensation but then seek to maximise future year increases to help protect service delivery</p> <p>0% then 3.5% each year - subject to local referendum thresholds</p>	645	1,063	1,052
<p>d. Objective: Maximise all future year increases to maximise protection of service delivery</p> <p>3.5% in all years, subject to local referendum thresholds</p>	561	760	738

8.4 In reality there are numerous other combinations of targets that could be applied across the years (ranging from 0% to 3.5%). A 1% change in council tax translates typically into around an £84K annual change in savings target.

8.5 Cabinet could also consider reducing council tax – but this would increase the need to make savings and reduce service provision. Given the Council's current position this is advised against, unless it is accompanied by a significant change in strategic direction (such as withdrawal of discretionary services).

8.6 In reaching a decision, Cabinet is reminded that its council tax recommendation for 2012/13 will be final, for subsequent consideration by Council. Targets for 2013/14 and beyond will be reviewed in future years, in accordance with the Medium Term Financial Strategy (MTFS).

9 RE-DIRECTION OF RESOURCES (SAVINGS & GROWTH OPTIONS)

8.1 As set out earlier, Cabinet identified fourteen activity areas to form the basis of its budget proposals and corporate planning review for 2012 to 2015. These, together with any other statutory changes, should be the main drivers in amending existing Corporate Plan priorities and in identifying savings and any potential growth requirements over the next three years, but they also need to fit with proposed financial targets and budgets.

9.1 At the last meeting Cabinet was advised of the need to focus its immediate attention on identifying and prioritising areas for making recurring savings. This was to avoid the risks of:

- not being able to formulate a set of balanced budget proposals for consideration by Council in February, or
- resorting to drawing heavily on reserves and balances, and storing up pressures and difficulties for the following year; and / or
- not being able to take forward its draft priority list and any associated growth options.

9.2 Accordingly Cabinet resolved that the following actions be undertaken, with progress being reported to the January meeting:

- in terms of efficiency, all Cabinet Members undertake detailed budget reviews of their portfolio areas to identify any further efficiencies for 2012/13;
- in terms of income generation, Cabinet indicates any areas in which it wishes to consider additional or alternative income generation options;
- in terms of service reduction, Cabinet identifies lower priority areas in which service reduction options should be developed.

9.3 The usual fees and charges reviews and other savings proposals are included elsewhere on this agenda. The supplementary budget report to be produced will include information on all other savings options, be they efficiency, income generation or service reduction. It will also include the growth and any savings options previously identified by Cabinet.

9.4 Once this information is received, Cabinet will be in a position to review and update both its draft priorities and budget proposals alongside each other.

10 GENERAL FUND CAPITAL PROGRAMME

10.1 The draft capital programme has continued to be updated and taking account of information available to date, the latest draft capital position is summarised below and a more detailed statement is included at **Appendix D**. At present a net £335K shortfall is still shown for the 5-year period; this is unchanged from December:

General Fund Programme	2011/12	2012/13	2013/14	2014/15	2014/15	2015/16	Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	
Total Provisional Programme	6,421	4,046	2,991	949	859	859	16,125
Estimated Funding Available	6,421	3,711	2,991	949	859	859	15,790
Cumulative Shortfall	--	335	335	335	335	335	335

10.2 Points to note include the following:

- a. No changes have been made as yet in respect of Lancaster Indoor Market.
- b. To offset the expected delay in achieving capital receipts from land sales, there is no option but to increase the Council's underlying borrowing requirement (known as the Capital Financing Requirement) to balance the current year's programme, albeit as

an interim measure. In turn, this will generate the additional £370K charge to revenue referred to earlier. The draft programme now assumes that the interim increase in underlying borrowing requirement will be 'repaid' in 2012/13.

- c. In addition to the capital growth previously identified by Cabinet, two new external funding bids are highlighted, these being in respect of the Science Park and Heysham Gateway. In order to develop these bids further, revenue growth of £20K is being sought for each. Details of these potential schemes are included at **Appendix E**; these have previously been circulated in a briefing note to Cabinet.
 - d. The West End Car Park scheme approved at December Council is now included.
 - e. Invest to save proposals for solar energy have been incorporated provisionally, subject to final decision-making.
 - f. In relation to remaining capital Performance Reward Grant (PRG), Cabinet requested further information in respect of the proposed Community Capital Fund. This information is included at **Appendix F**, although clearly the proposals are only at an outline stage. If Cabinet is minded to support the idea, then £100K of PRG will be allocated accordingly. Alternatively, the funds could be used to help finance other schemes.
 - g. On a positive note, the outcome of the lands tribunal for Luneside is now known and this will not result in any further liabilities for the Council, subject to there being no appeal of the decision. It does mean that the Council can seek recovery its costs and the implications for this are being assessed.
 - h. On the downside, however, in view of the position regarding the sale of land at south Lancaster the Council remains exposed in terms of its ability to generate sufficient capital receipts to finance the existing programme and manage its underlying borrowing needs, before growth is even considered. This remains as the biggest capital risk facing the Council and will need managing until it is resolved.
 - a. In view of these circumstances, no other changes to the capital financing principles (as set out in the MTFs) are considered appropriate at this stage.
- 10.3 All of the Council's capital investment plans need to be affordable, sustainable and prudent. As with revenue, the big risk regarding capital investment is affordability, but prudence also needs particular consideration – this is more about ensuring that the Council does not take on too much at one time, in capital terms.
- 10.4 In view of Council's stance on Lancaster Market, this represents the first priority for additional capital resources. Cabinet is advised to reflect this accordingly in developing its draft priorities further. This initiative will involve a major increase of many £Ms in the Council's borrowing needs, albeit on an invest to save basis. Given current circumstances and forecasts it is not considered that the Council could afford to allow for any other increases in this budget round, nor would it be prudent to do so.
- 10.5 Cabinet is now recommended to formulate a balanced set of capital investment proposals for initial consideration by Council.

11 DETAILS OF CONSULTATION

- 11.1 Cabinet has previously considered information arising from earlier public consultation and public sector engagement events; this report provides an updated financial context in which to reconsider proposed priorities and any resulting service

reductions or other changes. Cabinet's budget proposals are also due to be considered by Budget and Performance Panel at its meeting on 24 January, prior to February Council.

12 **OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

12.1 Options are dependent very much on Members' views on spending priorities balanced against council tax levels. As such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time in order to do this. Outline options are highlighted below, however.

- Regarding council tax, various options are set out at section 8 of the report. In considering these, Members should have regard to the impact on service delivery, the need to make savings or provide for growth, the impact on future years and the likelihood of capping.
- With regard to considering or developing savings and growth options to produce a budget in line with preferred council tax levels, any proposals put forward by Cabinet should be considered alongside the development of priorities and in light of public engagement. Emphasis should be very much on the medium to longer term position.
- In terms of the reassessment of reserves and the initial priorities for allocating surplus balances, given circumstances it is considered that there are no real alternatives. Cover for such liabilities and risks will need to be made from somewhere.

12.2 With regard to the more specific recommendations, options are outlined below:

- For the revenue growth to support development of the funding bids for the Science Park and Heysham Gateway, Cabinet could choose to consider them as part of their budget proposals or reject them. If rejected, although it avoids some extra pressure to make savings, it also means that an opportunity to attract significant investment and deliver against existing priorities is lost.
- For the Community Capital Fund, Cabinet could choose to confirm or reject the allocation of funding, or defer a final decision and consider it as part of its overall budget proposals. This allocation would support purely discretionary spending and there are no detailed proposals available at this stage. Members are advised to consider the LSP's recommendations and assumed commitments, against other potential uses for these funds given the capital position.

12.3 Under the Constitution, Cabinet is required to put forward budget proposals for Council's consideration, in time for them to be referred back as appropriate. This is why recommendations are required to feed into the Council meeting in early February, prior to the actual Budget Council later that month.

13 **OFFICER PREFERRED OPTION AND COMMENTS**

13.1 Officer preferred options are reflected in the recommendations.

14 CONCLUSION

- 14.1 Cabinet is now at a key point and the challenge is to agree a balanced set of budget proposals for scrutiny by the wider Council. Recommendations regarding council tax need to fit with ambitions for service delivery and making savings.

<p>RELATIONSHIP TO POLICY FRAMEWORK The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.</p>	
<p>FINANCIAL IMPLICATIONS As set out in the report.</p>	
<p>SECTION 151 OFFICER’S COMMENTS The section 151 Officer has prepared this report, and her comments and advice are reflected accordingly.</p>	
<p>LEGAL IMPLICATIONS Legal Services have been consulted and have no further comments.</p>	
<p>MONITORING OFFICER’S COMMENTS The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS Provisional Finance Settlement 2012/13</p>	<p>Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail:nmuschamp@lancaster.gov.uk</p>

GENERAL FUND NET REVENUE BUDGET SUMMARY

For consideration by Cabinet 17 January 2012

2011/12 Original £	2011/12 Revised £			2012/13 Estimate £	2013/14 Forecast £	2014/15 Forecast £
734,300	871,300	Community Engagement	Communications	898,200	917,200	929,900
701,900	713,600		Partnerships	631,800	623,500	639,400
4,264,500	4,131,800		Wellbeing	4,164,700	4,247,700	4,341,900
5,700,700	5,716,700		Community Engagement	5,694,700	5,788,400	5,911,200
1,001,200	1,027,100	Environmental Services	Grounds Maintenance	1,061,000	1,124,900	1,186,000
23,100	186,800		Highways	168,500	171,100	173,900
1,961,100	1,953,200		Street Cleaning	2,033,000	2,051,200	2,128,800
3,693,800	3,322,700		Waste Collection	3,531,700	3,553,300	3,578,800
6,679,200	6,489,800		Environmental Services	6,794,200	6,900,500	7,067,500
2,311,700	851,700	Financial Services	Finance	2,132,000	2,187,200	1,973,700
1,105,500	1,286,500		Revenues	1,071,800	1,241,000	1,303,100
3,417,200	2,138,200		Financial Services	3,203,800	3,428,200	3,276,800
1,932,500	1,780,800	Governance Services	Democratic Services	1,698,700	1,742,300	1,783,100
31,600	8,300		Legal	21,700	22,500	24,500
-18,100	-15,600		Licensing	-31,700	-28,700	-28,200
1,946,000	1,773,500		Governance Services	1,688,700	1,736,100	1,779,400
1,677,500	1,536,400	Health & Housing Services	Environmental Health	1,584,600	1,643,800	1,705,200
195,800	195,900		Private Sector Housing	195,900	195,900	195,900
847,000	907,200		Strategic Housing	823,800	903,900	917,500
2,720,300	2,639,500		Health & Housing Services	2,604,300	2,743,600	2,818,600
294,800	0	Information Services	Information Services	0	0	0
294,800	0		Information Services	0	0	0
-290,700	-225,900	Property Services	Commercial Land & Buildings	-221,600	-231,300	-204,500
511,000	574,300		Markets	646,300	665,600	682,400
394,700	202,100		Municipal Buildings	385,500	397,600	403,000
-1,494,300	-1,459,200		Parking	-1,442,400	-1,465,600	-1,486,500
-879,300	-908,700		Property Services	-632,200	-633,700	-605,600
807,000	1,353,100	Regeneration & Policy	Development Management	817,400	811,000	800,900
2,088,400	2,089,200		Environmental Management	2,114,100	2,108,100	2,138,500
1,549,600	1,470,100		Policy & Delivery	1,413,200	1,292,900	1,319,100
495,100	166,900		Other Service Mgt & Admin	531,200	199,800	197,000
4,940,100	5,079,300		Regeneration & Policy	4,875,900	4,411,800	4,455,500
-3,338,000	-2,760,300	Corporate Accounts	Corporate Accounts	-3,194,400	-3,059,900	-3,086,400
-3,338,000	-2,760,300		Corporate Accounts	-3,194,400	-3,059,900	-3,086,400
21,481,000	20,168,000		NET REVENUE EXPENDITURE	21,035,000	21,315,000	21,617,000
540,800	537,300		Parish Precepts	540,800	551,600	562,600
22,021,800	20,705,300		TOTAL NET BUDGET	21,575,800	21,866,600	22,179,600

The above represents a very simple summary of the Council's net budget over various service areas. The figures show estimated costs, after deducting any service specific income such as that from fees and charges. Also, some service areas such as the Office of the Chief Executive and Human Resources are not shown above as they fully recharge their costs to other services.

GENERAL FUND BALANCES SUMMARY

For Consideration by Cabinet 17 January 2012

	Per Council Report 02 March 2011	Per 2010/11 Outturn
	£	£
Balance as at 31st March 2010	1,244,713	1,244,713
Budgeted Contribution to Revenue Budget	70,000	70,000
Spending of Carry Forward Approvals (Cabinet 27 July 10)	(105,300)	(105,300)
Contribution re Carry Forward of Overspend (Cabinet 27 July 10)	22,700	22,700
2010/11 Projected Net Underspend at Revised	1,354,400	1,354,400
2010/11 Additional Underspend following Outturn	0	1,087,526
Balance as at 31st March 2011	2,586,513	3,674,039
Budgeted Contribution to Revenue Budget	(1,261,000)	(1,261,000)
Spending of Carry Forward (subject to approval)	0	(429,000)
2011/12 Projected Net Underspend	0	1,313,000
Balance as at 31st March 2012	1,325,513	3,297,039
Budgeted Contribution to Revenue Budget	(325,500)	(325,500)
Balance as at 31st March 2013	1,000,013	2,971,539
Budgeted Contribution to Revenue Budget	0	0
Balance as at 31st March 2014	1,000,013	2,971,539

PROVISIONS AND RESERVES STATEMENT : For consideration by Cabinet 17 January 2012

	31/03/11		Contributions to Provision		31/03/12		Contributions to Provision		31/03/13	
	£	£	£	£	£	£	£	£	£	£
PROVISIONS										
B&D Debts-General Fund	433,188		433,188		433,188		433,188		433,188	
Derelict Land Clawback	56,932		56,932		56,932		-56,932		0	
Insurance Excess	330,777		330,777		330,777				330,777	
Provision for Stock Write Off	24,708		24,708		24,708				24,708	
Williamson Park	100,000		-50,000		50,000				50,000	
TOTAL	945,605	0	-50,000	0	895,605	0	-56,932	0	838,673	
RESERVES										
CAPITAL RESERVES										
Capital Support	537,714		-253,000		284,714				284,714	
Marsh Capital	47,677				47,677				47,677	
REVENUE RESERVES										
Business Continuity	17,199				17,199				17,199	
City Lab	36,692		-12,600		24,092		-20,800		3,292	
Concessionary Travel	70,000		-70,000		0		0		0	
Connecting Communities	29,818		-3,000		26,818				26,818	
Every Child Matters	11,313				11,313				11,313	
Invest to Save	0	1,436,500	-750,000		686,500	325,500			1,012,000	
Job Evaluation	338,097		-285,200		52,897		-49,000		3,897	
Impairment Reserve	1,363,493		-1,363,493		0		0		0	
Lancaster Market	139,537		-22,000		117,537				117,537	
Performance Reward Grant	308,723		-86,488		222,235		-192,935		29,300	
Planning Delivery Grant	46,906		-40,306		6,600		-3,300		3,300	
Restructuring	666,021		-257,700		408,321				408,321	
Revenues and Benefits	75,268		-75,268		0				0	
Risk Management	25,983		-25,983		0				0	
Vacant Shops Fund	29,999		-29,999		0				0	
Youth Games	0	18,500			18,500	18,500			15,000	15,000
MAINTENANCE / RENEWALS RESERVES										
Graves Maintenance	22,201				22,201				22,201	
Municipal Buildings	300,000		-164,500		385,500				385,500	
Open Spaces Commuted Sums	192,340		-58,900		133,440		-46,200		87,240	
Other Commuted Sums	1,353,213		-554,100		799,113		-13,000		786,113	
Renewals (all services)	199,802		-114,300		470,902	395,900	-96,000		770,802	410,000
TOTAL	5,811,996	2,090,400	-4,166,837	3,735,559	4,054,224	739,900	-421,235	428,500	4,271,932	-101,000
General Fund Unallocated Reserve	3,674,039	1,313,000	-1,690,000	3,297,039	2,971,539		-325,500		2,971,539	
Unallocated Government Grants - Capital (PRG)	323,723		-223,723	100,000	100,000				100,000	100,000

2012/13 Budget – Inflation & Other Price Factors As Reported to Cabinet 17 January 2012

The preparation of the base budget has been prepared in line with Financial Regulations. In particular, this includes:

- (a) Inclusion of all Council commitments to date;
- (b) Exclusion of fixed term or one-off items of expenditure or income that “fall out” in each year;
- (c) Re-pricing of each year’s base budget outturn basis using the factors shown below.

Where the authority is tied into differential contractual price increases, however, the contractual rates will be used. The table below covers all other scenarios. The factors are based on the Bank of England Inflation Report (November 2011), HM Treasury economic forecast (August 2011), Office of Budget Responsibility inflation forecast (November 2011), consultation with other Lancashire Authorities and City Council services. It should be noted that for some cost areas there is still little or inconsistent information available regarding future price movements and that certain costs, such as fuel, have been subject to significant price volatility in prior years. The position will continue to be monitored and if changes are necessary, these will be reported during the budget process.

	2012/13 %	2013/14 %	2014/15 %
General Inflation (CPI)	2.6	2.0	2.0
Pay Award	0.0	1.0	1.0
Gas	7.0	6.0	1.0
Electricity	3.0	3.0	3.0
Water	5.7	4.4	4.3
Transport	4.0	0.0	0.0
Insurance	0.0	10.0	10.0
Building Repairs	2.6	2.0	2.0
Business Rates	3.4	3.1	3.3
Council Tax	2.0	2.0	2.0
Landfill Tax	0.0	12.5	11.1
Interest Rates	0.5	0.7	1.7
Fees & Charges	2.6	2.0	2.0

Estimated Impact of Pay & Inflation Assumptions on the General Fund:

	2012/13 £000's	2013/14 £000's	2014/15 £000's
General	188	140	146
Pay Award	0	177	183
Energy	36	33	18
Water	14	11	10
Transport	29	0	0
Insurance	0	40	39
Building Repairs	39	31	28
Business Rates	31	28	30
Landfill Tax	0	26	23
Fees & Charges	(164)	(124)	(126)
TOTAL	173	362	351

*the figures above are on a non cumulative basis.

Note that some of the values shown above will cover increases tied into contractual agreements.

Information on other budget factors is given below:

Pay award

No inflation has been assumed for 2012/13 but then 1% has been applied for 2013/14 and 2014/15.

National Insurance

Based on bandings effective from 1 April 2012, NI is in the range 0% to 13.8% (average rate being 7.2%).

Superannuation

For 2012/13 to 2014/15 the rate payable is 20.6%.

Fees and Charges

Fees and charges increases are grouped into three main categories for the purposes of budgeting for pricing increases, these being Prescribed & Regulated, General, and Cost Recovery.

Prescribed / Regulated Fees & Charges:

This covers fees and charges that are either set by central government or an external agency, or are similarly regulated – as such, the City Council has little or no discretion with regard to actual fee levels and charges. Examples of these include **licensing** application fees and **planning** fees. The base budgets will be based on known set fee levels, or on expected levels across the three year period.

Fees & Charges linked to Cost Recovery:

These fees and charges will be budgeted for on the basis that the related activity will achieve any pre-determined financial objective for the year, e.g. breaking even by way of recovering the running costs of the service. Examples of these are **Building Regulation fees** (this is also a statutory requirement) and various **Service Charges**.

General

Other general fees and charges have been linked to the CPI rate of inflation.

Cabinet 17 January 2012

APPENDIX E(1)

*Outline proposal for Growing Places Funding – Lancaster Science Park
Lancaster City Council - November 2011*

Lancaster Science Park



Growing Places Fund Outline Proposal of Lancaster City Council

Andrew Dobson
Head of Regeneration and Policy

November 18th 2011

Growing Places Fund - Outline Proposal

Lancaster Science Park

In response to an invitation from the Chief Executive of Lancashire County Council, Lancaster City Council is pleased to provide this outline proposal for consideration by the Lancashire Local Enterprise Partnership. The following information responds to the topics raised in the invitation and is preceded by a general introduction to our proposals for Lancaster Science Park.

Brief Description of the Project

Lancaster City Council, Lancashire County Council, Lancaster University and the Homes and Communities Agency (undertaking residual contractual responsibilities of the defunct North West Development Agency) are working in partnership to develop a Science Park at a site in close proximity to Lancaster University. The city council and university have agreed a summary statement on their aspirations (**Appendix 1**). It is intended that the park will become an internationally significant centre of excellence for knowledge based companies, knowledge and technology transfer, innovation, and commercialisation of intellectual property and know how.

In line with the UKSPA definition the Science Park will:

- Encourage and support the start-up and incubation of innovative, high growth, knowledge based businesses.
- Provide an environment where larger and international businesses can develop specific and close interactions with Lancaster University for their mutual benefit.
- Have a formal and operational link with Lancaster University

A Science Park in Lancaster, linked to the foremost research-focused university in the sub-region has long been an aspiration for local and regional partners. It was first seriously considered by the city council in the 1990s whilst the current proposals have been developing for nearly five years.

In 2006 the NWDA, city council and Lancaster University commissioned consultants SQW to complete a market demand assessment for the development of a Lancaster Science Park. The work concluded that the economic development rationale for the project was strong and a company survey undertaken as part of the research project yielded positive results, with over half of the businesses surveyed expressing interest in locating at a science park in Lancaster. Following consideration of the report partners decided to progress the project.

The original concept comprised a direct development first phase involving site acquisition, infrastructure, and construction of 3000 sq m Innovation Centre, plus the engagement of a private sector development partner to deliver “grow-on” space and subsequent phases on a commercial basis. This project approach was modified with the current intention of securing a development partner to build out the whole site in phases with the earliest phase to include private sector delivery of an Innovation Centre to a broad ‘high level’ stakeholder specification (expected now to be 4000 sq m in size). The selected development partner was expected to build out the Innovation Centre and retain the building as an ongoing commercial investment.

At what stage is the project in terms of its delivery / implementation

In November 2007 NWDA withdrew a planning application before it went to Planning Committee, due to unresolved highway issues. In essence, these related to an existing problem of peak hour traffic congestion in the village of Galgate, south of Lancaster University, causing queuing back towards M6 junction 33.

A developer competition, being led by the city council, due to be undertaken during 2007 (OJEU notice issued 27/07/09) was stopped after first phase Pre Qualification Questionnaire due to the inability of the NWDA's consultants Capita to deliver outline planning approval.

In the period following, the NWDA asked the city council and University to review their respective roles in delivery of this project. The conclusion from this work was that the best way of progressing the project was for the city council to take the lead role.

The council negotiated and received an amended funding agreement with funding made available to cover the costs of this and other duties – principally achieving planning permission and securing a developer partner. This NWDA "concept" approval for development project funding for the city council was agreed in 2008 to cover the development costs of the project, purchase of land and other project development costs.

A revised hybrid application (outline planning permission for the Science Park development with full permission for site infrastructure) was considered and approved at the Planning Committee of 29 June 2009. The proposal now has outline permission for 34,000 sqm and full permission for the junction and spine road subject to conditions (**Appendix 2**). The major conditions centre around the phasing development which is predicated on the implementation of traffic improvements and mitigation for later phases of development. The full planning application (including artist impressions of the completed development) are available at the following link:

Link: [Lancaster Science Park Planning Application](#)

The acquisition of the 11ha Bailrigg site was completed by Lancaster City Council in 2009 funded by NWDA (**Appendix 3**).

Lancaster City Council also intended, with NWDA resources, to directly procure the provision of a spine road and associated structural landscaping, together with pedestrian and cycle routes to the University. The Spine Road would form the principal access into the site.

During late 2009 and 2010 the project entered a challenging period due to factors beyond the council's control. NWDA used the hiatus created by the postponed developer competition to review the project in the context of its wider strategic investment strategy. The previous government placed the NWDA's budget under close scrutiny, a review which continued under the newly elected Coalition Government. No real positive action could be undertaken during the period in which NWDA position was uncertain.

In 2010 the coalition government announced major changes in delivery of regional policy, eventually announcing the abolition of the NWDA itself. Following its final budget settlement NWDA wrote to the city council noting it would not be accepting applications for further funding and that the Science Park was in the category of 'uncommitted' schemes.

Although the NWDA had funded site purchase and consultant work no major funding application had been submitted as any application needed to be underpinned by a private development partner.

The unhelpful conditions in the wider economy, and by extension the development sector, were also very apparent at the time. Informal soundings from the property market indicated that the period in question was not the best time to take the Science Park opportunity to the developer market. In simple terms developers were more interested in reviewing and consolidating their existing portfolio following the recession rather than engaging in new schemes. It would have been challenging, and perhaps counterproductive, to take the opportunity to market at that current point in the economic cycle. The developer competition was therefore placed on hold.

Officers have continued to work with the NWDA's successor bodies and structures to ensure that the project's profile is maintained and its potential is realised.

Key infrastructure requirements and investment required from the Growing Places Fund

Under the currently council approved project shape the amount of public funding required to enable the Science Park to progress and meet the stakeholder's objectives is difficult to precisely assess. The council's bid to the NWDA was predicated on an open competitive developer selection process to minimise the level of public funding required. However, there is agreement amongst partners that in order to bring the site forward as a 'stand alone' commercial opportunity, the public sector would probably have to initially fund the majority or the provision of a spine road and associated infrastructure at a current estimated cost of approximately £8.4M (**Appendix 4**). In the absence of further match funding opportunities (such as ERDF) project partners would require the whole of the infrastructure cost to be delivered through Growing Places Fund.

A design for the key infrastructure requirements is attached as **Appendix 5**.

The science park proposal also includes for the provision of an Innovation Centre, delivered by the private sector as part of the first phase of the development. While some private Innovation Centres, (or similar workspace facilities), are run on a commercial basis, it is accepted that it is rare for them to operate in early years without a degree of public subsidy. Project partners therefore envisaged that, subject to market testing, an element of public funding would be required to support capital costs and potential initial revenue deficit, for a private operator. However, it is anticipated any subsidy would be wrapped up in the development agreement/arrangement for serviced site undervalue, or other rental/development incentives which project partners could bring to the table outwith the Growing Places Fund.

In terms of match funding/partnering potential to reduce the call on Growing Places funding the council is actively exploring an opportunity with neighbouring landowner Bailrigg Property Trust. The council's adopted Core Strategy requires the city council to make provision for new housing until 2021 and it has been acknowledged, recently that Greenfield extensions are likely to be required to satisfy longer term requirements.

A 'call for sites' exercise was the first stage in the process towards a Draft Land Allocations Development Plan Document (DPD). Land adjacent to the Science Park, to its North East off Bailrigg Lane, was submitted by the owners Bailrigg Property Trust as part of this exercise to secure allocations to meet the housing demand. The exercise has informed a 'Land Allocations DPD - Developing the Options' document which, has been published for public consultation. The land is now identified as one of eight potential strategic housing sites and forms part of the 'Lancaster South' area option.

There is no current housing allocation but there is a statutory process underway to resolve all proposed housing allocations and test their 'soundness' under independent examination. However, if the site is allocated for housing and progresses, the main access to it will be across the Science Park site. The Science Park land sale agreement between the original vendor, Bailrigg Property Trust, and the council provides the vendor rights to construct the necessary access infrastructure across the same footprint and to the same design as that envisaged in the Science Park infrastructure proposal.

The value unlocked by a housing allocation could be sufficient to enable the core junction and spine road infrastructure to be built out by Bailrigg Trust's preferred housing developer. This would remove the need to secure the major public funding required to make the Science Park an attractive commercial development opportunity.

Clearly the potential to open up the Science Park site on the back of neighbouring development at little or no cost to the public purse is of great interest. As part of its economic development and regeneration function, officers have had, and intend to maintain, communication with Bailrigg Property Trust's representatives with the intention of keeping a watching brief on the progression of their development offer.

However, although there is potential synergy there is still uncertainty over any housing allocation on the Bailrigg Property Trust land and the timing of any subsequent investment and development. In the context of a successful Growing Places fund application – and the certainty this would bring to

early Science Park progression - synergy with the neighbouring potential housing land is probably best explored through mechanisms and negotiation which seeks to do one or both of the following:

- Reduce the call on Growing Places Funding by seeking an up front contribution from the neighbouring land owner/developer for early provision of enabling infrastructure which would benefit their proposed development in time.
- Reduce the call on Growing Places Funding through partial build of infrastructure for Science Park development leaving an element (e.g. the eastern 'limb' from the roundabout) to be completed/provided by the housing developer.

It can be seen there is opportunity for private 'match' funding but it is difficult to say how or of what order this would present itself at this stage.

Key project deliverables in 2012/13

An assessment of the potential economic impact and benefits which will accrue to the local economy over the 20 years following opening contributing to an indicative potential to create approaching 1,100 net jobs and 60 new businesses.

An indicative net £16.6M Gross Value Added (GVA) pa to the regional economy is assumed although this is based on average GVA per job in the Lancashire sub-region of approximately £32K per job discounted for the Innovation Centre to £28K per job

Partners believe this an overly cautious analysis as all potential entrants will be required to demonstrate one of the following:

- They are engaged in scientific or technological research and development.
- They can benefit from interaction with Lancaster University or collaborate with another Higher Education Institution.
- The company relies on commercial Research and Development (R&D) based companies in the region or has its own R&D facilities based in the vicinity.
- They are a knowledge based function of a wider business and their business plan requires them to be continually moving that knowledge forwards.
- It can be demonstrated through their business plan that they will be continually innovating (i.e. applying new knowledge or ideas to the further development of their products services or processes).
- They are a professional company providing added value professional services (the proportion of this type of occupier should be limited to a maximum of 25% of space overall).
- Knowledge-based businesses that employ a large proportion of graduates.
- High value added production co-located with R&D activities.

All businesses should also:

- Demonstrate at least one of the above criteria.
- Have a business plan demonstrating growth in employment.
- Not engage in retail operations, call centre activities (unless ancillary to other qualifying operations) or other high footfall operations.
- Not engage in un-neighbourly activities.

Such an entry criteria would expect to generate higher than average GVA per job figures over and above the average used for the impact assessment.

Over 2012/13 it is envisaged the key deliverables would be a signed development agreement, completion of site infrastructure and start of first phase building.

Details of the nature of investment required and how this will be recycled

In summary the project will be seeking £8.4M from Growing Places. Investment will be recycled back into the fund from future receipts from sale/lease of serviced development plots.

List of Appendices Attached

Appendix 1 - Statement of Science Park Aspirations

Appendix 2 - Science Park Planning Application – Decision Notice

Appendix 3 - Land Registry Notice of Title

Appendix 4 - Infrastructure Initial Order of Costs

Appendix 5 – Design of Key Infrastructure Requirements

Future Generation Connecting the Heysham Gateway



Growing Places Fund Outline Proposal of Lancaster City Council

**Andrew Dobson
Head of Regeneration and Policy
November 18th 2011**

Growing Places Fund - Outline Proposal

Future Generation – Connecting the Heysham Gateway

In response to an invitation from the Chief Executive of Lancashire County Council, Lancaster City Council is pleased to provide this outline proposal for consideration by the Lancashire Local Enterprise Partnership. The following information responds to the topics raised in the invitation and is preceded by a general introduction to our proposals.

Background

Lancaster City Council, Lancashire County Council and its private sector partners are working together to implement the economic regeneration priorities established in the adopted Lancaster LDF Core Strategy. We are supporting and facilitating growth and investment in the two key priority sectors where Lancaster District makes a particular contribution to the wider regional economy. These are:

- Energy Generation; and
- The Visitor Economy.

Both priority areas seek to capitalise on the opportunities presented by construction of the Heysham to M6 link road which will dramatically improve road access to the Heysham peninsula and provide relief to Lancaster's congested traffic system.

This paper focuses on the potential for significant growth in the south Heysham area, the **Heysham Gateway**, arising out of investment in **Energy Generation** (from nuclear, off-shore and other renewable sources) and allied growth and expansion at the **Port of Heysham**.

Lancaster district has close links with the regional "Energy Coast" programme via Heysham's nomination as one of eight sites allocated nationally for nuclear new build. The Energy Coast seeks to develop Lancashire and Cumbria's strategic coastal areas by increasing the existing critical mass of business and industries in the energy and environmental technology sectors.

We are seeking to provide the infrastructure needed to bring forward sites and premises to complement private sector investment in energy generation and the Port of Heysham, a key and growing freight transport hub. A major part of the Port's growth strategy is to maximise the benefits arising out of the construction of more wind farms in the Irish Sea. In turn, continued growth of the port will increase demand for business sites and premises to support the activities of the port and those using it.

We have clear evidence of unsatisfied demand for business premises in the area due to a lack of available sites and premises. This stems from a failure of the market to deliver the required enabling investment in site infrastructure and site preparation.

Growing Places support is required to provide investment in infrastructure and enabling works to four key sites. These are:

- The Port of Heysham and adjoining Port of Heysham Industrial estate;
- The Lancaster West Business Park;
- The Walker and Heysham Industrial estates; and
- Mellishaw Lane (White Lund Expansion).

Ownerships

The sites are in a mixture of public and private ownerships. All of these sites are made up of previously developed (“brown field”) land.

The Port of Heysham and adjoining Port of Heysham Industrial estate

The Port of Heysham covers a site of just over 50 hectares of which 16 hectares is water (the sea). It is owned by Peel Ports Limited who fully support this submission.

Peel Ports also support the council’s aspirations in respect of The Energy Coast and consider the Port of Heysham to be strategically placed to provide logistics support in this regard notably through the utilisation of port infrastructure. The Port is already home to one of Europe’s major offshore supply bases, providing logistics support to one of the largest gas fields in UK waters. The emergence of the Irish Sea Round 3 off-shore wind farm zone and the development of Heysham 3 nuclear power station offer considerable opportunities to enhance the role of the Port of Heysham particularly in terms of further employment opportunities.

Peel Ports proposed investment will be in two main areas. Firstly, within the existing operational area of the port (edged red on Plan 1), vacant and under used areas will be developed for uses that support the off-shore wind energy generation industry.

Secondly, Peel Ports wish to expand the port area to take in the adjacent 9 hectare Port of Heysham Industrial Estate (edged green on Plan 1). This area represents the only logical opportunity to enable the Port of Heysham to expand. However, this area contains a number of existing, operational, businesses and such a move would be subject to land acquisition and the successful relocation of existing business occupiers to alternative sites and premises.

This relocation is dependent on suitable sites and premises being available in the locality. This is, in part, the rationale for identifying and bringing forward the remaining sites in this submission.

The Lancaster West Business Park

Most of this site is owned by the two local authorities (City and County). Smaller areas at the southern end of the site are in private ownership. Within this site, there is around 23 hectares of vacant land potentially suitable for development. Lancashire County Council has recently constructed a new access road into the site from the main A683 road. This site would be suitable for relocating businesses from the Port of Heysham Industrial Estate. The site is shown on Plan2.

The Walker and Heysham Industrial estates

Both these sites are in private ownership. However Lancaster City Council owns 12 hectares of vacant land immediately to the south of the Walker Industrial Estate which has been identified as having development potential. The city council is currently marketing this site for disposal to potential developers. This site is also shown on Plan2

Mellishaw Lane (White Lund Expansion).

This site is divided by Mellishaw Lane (see Plan 3). The 6.5 hectare site to the north of the lane is owned by a private developer. The more extensive area of land (14.5

hectare) to the south of Mellishaw Lane is owned by a local farmer and is in agricultural use at the moment. Both sites require investment in infrastructure to ready them for development. At the moment, a funding gap of around £1.8m has been identified in connection with Mellishaw North.

Planning Framework, permissions and legal consents

All of the sites are either allocated for development in an existing local plan or adjoin allocated land. In these latter cases, steps are being taking through the local planning process to extend the industrial designations. There are no obvious planning reasons why these sites should not be designated.

Lancaster District Local Plan

Maps 1-3 show the current land allocations in the adopted Lancaster District Local Plan. All of the existing main industrial areas are allocated for employment uses under Policy EC5.

In addition, development at the Port of Heysham is limited to that which is port related (Policy EC10) in recognition of its particular importance to the local economy.

The Local Plan proposes an extensive area of woodland planting under Policy E26 known as “Middleton Wood”. This has been implemented in part, most notably to the east of the Heysham Industrial estate where a community woodland has been established. The intentions behind this designation was to improve radically this large area of derelict land and to provide a more attractive location for employment growth.

Both of the Mellishaw Lane sites are allocated for B1, B2 and B8 industrial uses in the Local Plan.

Lancaster District Local Development Framework

The local plan is the process of being progressively replaced by the Local Development Framework.

The Core Strategy (adopted 2008) identifies South Heysham as a “Regeneration Priority Area” under Policy ER2. Paragraph 5.13 states:

“South Heysham can accommodate recycling based industries and has significant potential for renewable energy. The completion of the Heysham-M6 link road will increase the accessibility of the area and could stimulate further growth. The Port and Power station may also generate land needs”.

Policy ER7 of the Core Strategy also identifies South Heysham as a key focus for renewable energy generation including wind and biomass technology. Paragraph 5.36 confirms the city council’s intention to establish Lancaster district as a centre of environmental technologies and paragraph 5.39 identifies the potential at South Heysham for wind energy and the potential synergies with other renewable and environmental technologies such as biomass.

The forthcoming LDF Land Allocations DPD, which should be adopted in 2013, will consider expanding the Major Industrial Estate and the Lancaster West Business to include additional development land (as shown on Plan 2). It will also consider the future of the Mellishaw South allocation.

Lancashire Minerals and Waste LDF

In addition, the emerging Lancashire Minerals and Waste LDF identifies land at the Port of Heysham, the Lancaster West Business Park and the Heysham Industrial Estate as being suitable for waste treatment facilities. This document has recently been through its independent examination. Allocating these sites in both LDFs will provide flexibility in terms of the range of uses that can be located upon them.

Other Consents

As a port authority, Peel Ports benefit from “permitted development” rights under the General Development Order to undertake certain port related activities without the need for planning permission. The land area of the port estate extends to 34.0 Ha (84.0 Ac) and it is classed as “operational land” for planning purposes. Under the terms of The Town and Country Planning (General Permitted Development) Order 1995 Part 17 is applicable to Development by Statutory Undertakers. Class B(b) essentially enables the undertaking (upon land) of certain port related operations (e.g. loading and unloading of cargo) under the auspices of “permitted development” and consequently planning permission is not required.

Investment package secured

Involvement of the Peel Ports will result in considerable investment in addition to that already made in the Port itself (£10m) and by operators such as Seatruck Ferries and Norfolkline (£60m). Peel will be required to fund relocations from the Port of Heysham Industrial Estate and direct investment in facilitating new off-shore related businesses.

The County Council has recently built a new access road in to Lancaster West Business Park which will reduce the cost of providing serviced plots on this site.

Lancaster City Council (with £1m ERDF and NWDA funding) has also provided a new access road into the Heysham Industrial estate and created the new community woodland which is rapidly improving the appearance of, and investor perception in, this part of the area.

This is in addition to the investment in the M6 Link (£123m) and indirect development such as Off-shore energy generation and national grid upgrades.

Investment required from the Growing Places Fund

The strategy behind the bid aims to provide much needed industrial land over the next 2-3 years to provide for existing and growing needs, particularly from the Port of Heysham. It also aims to have ready a portfolio of sites which will prove attractive to business growth generated by completion of the Heysham/M6 link road in 2015. Longer term, this will establish the Heysham Gateway as the premier business location in the area for companies operational in the energy and related fields.

This means sequencing investment to ensure that an adequate supply of suitable sites are available at the right times. A key driver in this is the work associated with relocating businesses from the Port of Heysham Industrial Estate to facilitate growth of the Port.

This translates into the following investment requirements:

- Site clearance and servicing of additional land at the Lancaster West Business Park (public owned land) – circa £800k
- Site clearance and servicing of additional land south of the Walkers Industrial Estate – circa £600k
- Infrastructure Gap Funding for Mellishaw North – circa £1,800k
- Site investigation/viability study for Mellishaw South – circa £60k

Total potential call on Growing Places fund = £3.26k

In terms of recycling funding, it is envisaged that Peel Ports will acquire serviced plots on market terms to facilitate relocations from Port of Heysham. This will be recycled.

Other serviced plots will also be sold on the open market and receipts recycled.

Gap funding for Mellishaw North will be subject to normal clawback rules.

Key project deliverables in 2012/13

If Growing Spaces Funding was available, it is not unrealistic to expect that by the end of 2012/2013 physical works would be underway on both the Lancaster West Business Park and land south of the Walkers Estate. This would mean that service plots would be available from mid 2013 onwards. Depending on the scale of funding available, this could provide up to 30 ha of new industrial land.

We already have expressions of demand from companies such as Mulgrew Transport (1- 2 acres 4-5000 sq foot workshop/office), Surefreight (3-4 acres 10-20,000 sq feet warehousing 6000 sq feet workshop and offices) and HMT Transport (expansion /possible relocation 3-5 acres 20,000 sq feet of warehousing plus 5000 sq feet of workshops and offices). We also have interest from various other smaller scale users for 1/2 -1.00 acre

Development at Mellishaw North could begin in 2012 with completion in 2013. This would provide 19 serviced industrial plots total 158,000 square ft on 6 hectares of land. Feasibility/viability work at Mellishaw Lane could be completed in 2012 and provide evidence over whether this land can provide for long terms needs or whether other options need to be examined.

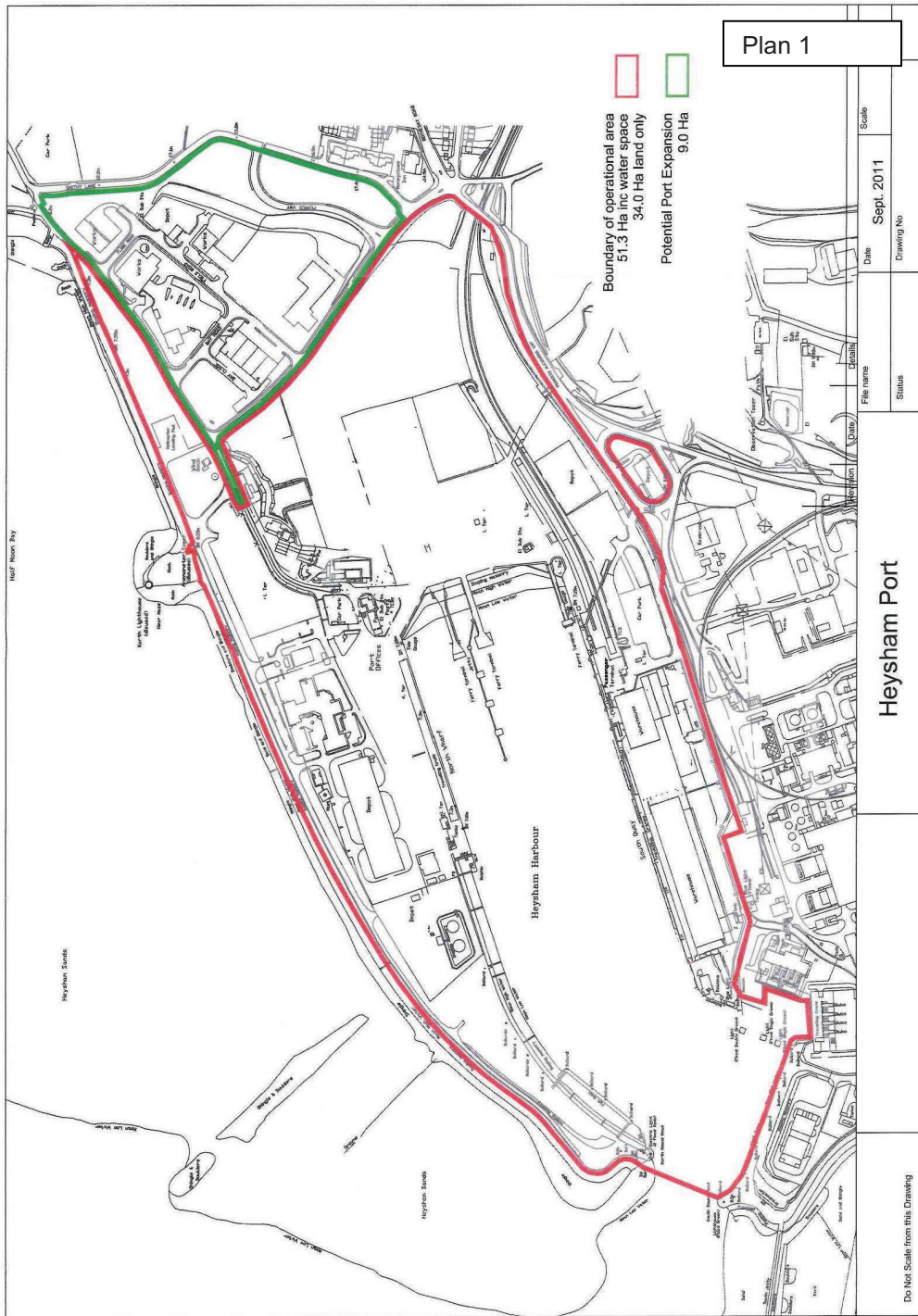
The fund will therefore facilitate:

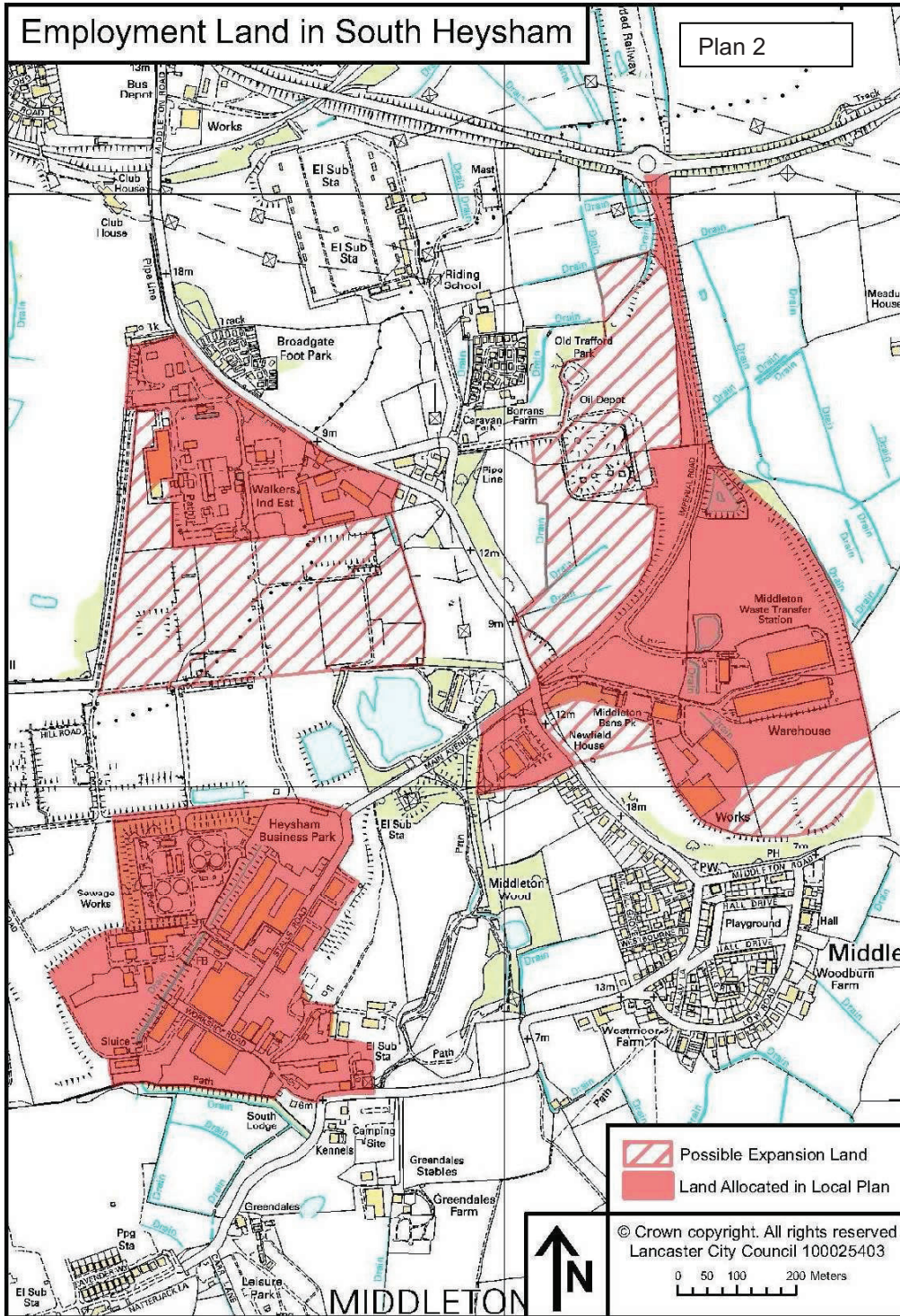
- Creation of New Jobs in target sectors;
- Productivity enhancements by supporting business locations close to the port; and
- Long term sustainable growth.

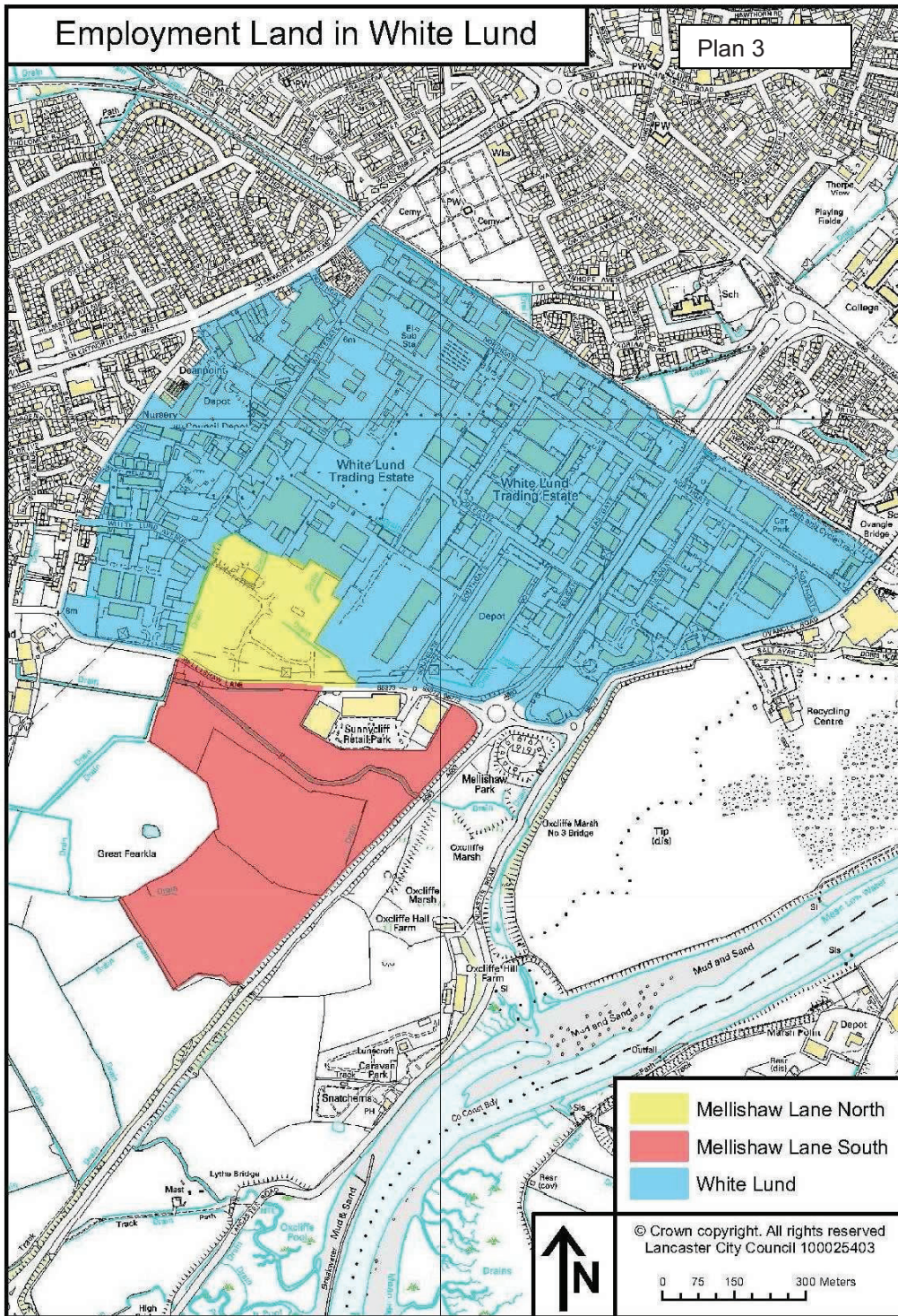
Supporting research & innovation through the Lancaster Science Park building on the strength of Lancaster University

Key infrastructure requirements

The key infrastructure requirements are set out above.







Appendix F

Budget and Policy Framework Update, Cabinet 17 January 2012

Community Capital Fund Proposal

The LDLSP has agreed to allocate £100,000 of capital to a fund for improvements to neighbourhood/parish/community buildings that would support positive activities and involvement in the local community.

Ribble Valley and Fylde LSPs have started similar schemes this year with £100,000 and £50,000 respectively. Ribble Valley believe that the positives have been the levering of several hundred thousand pounds matched funding into the individual projects and community involvement in the different projects giving a springboard to other initiatives and leaving a legacy for the scheme. They are hoping to repeat the project this year as more ideas have come forward.

CABINET

**Budget and Policy Framework Update –
Housing Revenue Account and Capital Programme
17 January 2012**

**Report of Head of Health and Housing and Head of
Financial Services**

PURPOSE OF REPORT				
This report updates the Housing Revenue Account (HRA) revised budget position for the current year and sets out the recommended budget for 2012/13 and future years under the new self-financing regime. It also sets out the updated Capital Programme for 2011/12 and a proposed programme to 2016/17.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan		January 2012		
This report is public.				

RECOMMENDATIONS OF COUNCILLOR LEYTHAM:

1. That the Housing Revenue Account Revised Budget for 2011/12, as set out at Appendix A, be recommended to Council for approval.
2. That the Housing Revenue Account Budget for 2012/13, also as set out at Appendix A, be recommended to Council for approval.
3. That Cabinet recommends to Council that the minimum level of HRA unallocated balances, be retained at £350,000 from 01 April 2012, and that the Statement on Reserves and Balances be noted and referred to Council for information.
4. That average council housing rents for the year commencing 01 April 2012 be set at £69.22, representing an increase of 7.82% in line with the Government's assumptions in the national social rent restructuring policy.
5. That future year budget projections also be set in line with the national social rent restructuring policy with average rent increases of 4.64% for 2013/14 and 4.61% for 2014/15, and the resulting budget projections as set out at Appendix A be referred on to Council for approval.

6. That the Capital Programme as set out at Appendix D be referred on to Council for approval.
7. That Cabinet notes that the proposed revenue budgets and capital programme have been referred to the District Wide Tenants Forum and that any issues arising will be fed back directly to Cabinet.

1 INTRODUCTION

- 1.1 The Council is required under statutory provisions to maintain a separate ring-fenced account for all transactions relating to the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock.
- 1.2 It is therefore necessary to prepare separate revenue and capital budgets for the HRA each year, and to set the level of housing rents in sufficient time for the statutory notice of rent variations to be issued to tenants by 01 March. In order to meet this deadline, it is recommended that Cabinet set the rent increase for 2012/13 at this meeting, and recommend a balanced budget and fully financed Capital Programme for referral on to Council.

2 2011/12 REVISED BUDGET

- 2.1 A review of the current HRA budget has been undertaken. A net saving of £251K has been achieved, when compared with the original budget. A summary statement is set out at **Appendix A** and the main variations are also shown below, discounting any notional items.

SUMMARY OF MAIN VARIANCES ON HRA	£'000
Operational Variances: (+)Adverse / (-)Favourable	
Decrease in HRA Subsidy Payable	-106
Repairs and Maintenance (net)	+19
Supervision and Management	-52
Increase in Depreciation and Impairment of Fixed Assets	+41
Debt Management Costs	+11
Increase in Interest Payable and Similar Charges	+46
Other minor variances	+3
Sub-total:	-38
Other Variances:	
Net Changes regarding Other Earmarked Reserves	-62
Increase in Contributions from Major Repairs Reserve (MRR)	-971
Increase in Direct Revenue Financing	+820
Forecast Surplus in Year (transferred to Revenue Balances)	-251

- 2.2 Taking account of the recommended Revised Budget outlined above, HRA Balances would be as follows.

	2011/12 Original Budget £'000	2011/12 Revised Budget £'000
Balance brought forward from 2010/11	350	452
Transfer to Balances - surplus on revised estimate		251
Forecast Balances as at 31 March 2012	350	703

- 2.3 Cabinet is recommended to refer the HRA Revised Budget for 2011/12 to Council for approval.

3 2012/13 BASE BUDGET AND FUTURE YEARS' PROJECTIONS

- 3.1 The draft budget has now been prepared for 2012/13 with projections for 2013/14 and 2014/15. The budgets are set out in line with Accounting Requirements. Specific aspects of the budget proposals are outlined in more detail below.

3.2 The HRA Self-financing Determinations

- 3.2.1 The Localism Act abolishes the present housing subsidy system and introduces the self-financing reforms from 01 April 2012. The draft HRA Self-financing Determinations were published on 21 November 2011, the consultation period for which ends on 06 January 2012. The final determination is expected to be published before the end of January 2012, but no significant changes are expected.
- 3.2.2 The 2012/13 and future year estimates are based on the draft determinations for self-financing the HRA. There are five determinations and they are as follows:

- **The Settlement Payments Determination.** This sets out the amount each authority will either pay or receive from the Government on 28 March 2012 in order to exit the current subsidy system, and the way in which the payments will be made. Lancaster will make a payment to Government of £32M.
- **The Limit on Indebtedness Determination.** This places a cap on the amount of housing debt each council may hold. The limit on indebtedness for Lancaster is £61M.
- **The HRA Subsidy Determination for the year 2011/12.** This adjusts the subsidy entitlement for this financial year in order to take account of the interest costs or savings arising from the settlement payments. These payments will be made before the end of the financial year.
- **The Item 8 Credit and Debit Amendment Determination for the year 2011/12.** This enables the appropriate charges to be made between the

HRA and the Council's General Fund to reflect the borrowing costs or savings in this financial year arising from the settlement payments.

- **The Item 8 Credit and Debit Determinations for 2012 onwards.** This provides a framework for the HRA ring-fence to continue to operate under a devolved system of funding.

3.2.3 The following table summarises the settlement payment and limit on indebtedness as set out in the draft determination:

SETTLEMENT PAYMENT	GOVERNMENT'S PROPOSAL 01 FEB 2011	DRAFT DETERMINATION 21 NOV 2011	
	£M	£M	
Self-financing Valuation	59	61	
Less HRA Subsidy CFR (notional)	(29)	(29)	
Self-financing settlement payment to Government	30	32	*
Actual HRA debt	15	15	
Add Self-financing settlement payment to Government	30	32	
Self-financing actual opening debt	45	47	
LIMIT ON INDEBTEDNESS			
Borrowing Cap	59	61	**
Less Actual Debt	45	47	
Headroom	14	14	

* payment to be made on or before 28 March 2012

** maximum amount of debt Lancaster can hold

3.3 Assumptions included in Budget Forecasts

3.3.1 The debt figures included in the 2012/13 HRA budget include charges linked to the additional £32M of borrowing anticipated to finance the HRA self-financing settlement. As a result of this, the budget has increased interest costs of £1.12M. This is based on current rates for a 25 year fixed maturity PWLB loan with a 0.7% reduction applied to reflect the saving offered by the PWLB for 'HRA self financing' loans.

3.3.2 In addition there is an assumption that an annual set aside will be made for the even repayment of debt over a 25 year period, leading to a further charge of £1.28M. These are considered to be prudent assumptions but may change depending on the cost of debt, as well as the amount and structure of the actual loans taken on. As an indication, a movement of 0.5% would see interest costs change (rise or fall) by £160K per annum.

3.3.3 In due course the above assumptions will be incorporated fully into the draft Treasury Management Strategy for consideration by Cabinet in February. Members are asked to note that although the assumptions in the budget are based on debt repayment over a 25 year period, this and other housing finance related assumptions could change in future, as Members consider future council housing strategy and

regeneration priorities. These will be the subject of future Cabinet reports in due course.

- 3.3.4 The depreciation charge for 2012/13 and future year projections are based on the uplifted associated estimates included within the Government's self-financing valuation; this gives an increase of £1.15M in 2012/13 compared to the revised budget. In turn, this depreciation is effectively transferred into the Major Repairs Reserve (MRR), which is used to help finance the capital programme. The policy regarding depreciation is another aspect that will require more detailed consideration in future years.

4 RENT SETTING POLICY

4.1 The National Social Rent Policy

- 4.1.1 The self-financing valuation assumes that councils will set their rents in line with the Government's national social rent restructuring policy. The policy assumes the following:

- guideline rents will converge with formula rents in 2015/16
- rents will increase by just above inflation year on year after 2015/16
- limits apply to individual annual rent increases - RPI+0.5%+£2 per week up to convergence, and RPI+0.5% thereafter.

- 4.1.2 The housing benefit 'limit rent' will continue to ensure that Government does not meet the associated extra benefit costs for rents that are set above policy levels.

- 4.1.3 Government does not have any plans to change the national rent policy set out above.

- 4.1.4 The draft budget figures have assumed a rent increase in line with the national social rent policy of 7.82% - Option 1 below. However this report also details an alternative rent increase of 4.75% - Option 2. This is broadly the increase previously assumed for future years.

- 4.1.5 **Appendix E** compares the rent options detailed in this report and illustrates the impact on the HRA in financial terms.

4.2 OPTION 1 - Rent increase in line with Governments National Social Rent Policy

- 4.2.1 Based on the assumptions in the policy, the Council's average weekly rent for 2012/13, is £69.22, this being an increase of 7.82%. This level of increase is:

- above the medium-term assumptions previously made, due to the RPI being significantly higher than anticipated;
- in line with the Government's expectations built into the self-financing valuation;
- required for the financial viability of the Account, and its contribution to the 30-year Business Plan;

- necessary if the Council wishes to maximise investment and service growth opportunities;
- designed by Government to keep rent rises at a reasonably affordable level for tenants;
- calculated to maximise the income to the HRA without incurring housing benefit limitation penalties.

4.2.2 Based on RPI projections of 2.5% going forward, it is assumed that increases of 4.64% in 2013/14, 4.61% in 2014/15, 4.59% in 2015/16 and 3.02% in 2016/17 will be applied for the future. This assumption supports:

- the longer term financial viability of the Account and its contribution to the 30 year Business Plan;
- keeping rent rises in accordance with the Government's proposal for rent restructuring;
- the Authority keeping to the Government's convergence target whilst keeping rents at a reasonably affordable level for the tenant, and
- keeping rent levels below the projected Limit Rent and projected upper level to avoid incurring rent rebate limitation penalties.

4.3 **OPTION 2 - Alternative Rent Increase of 4.75% in 2012/13**

4.3.1 Cabinet may also wish to consider the option of a lower rent increase of 4.75% for 2012/13, with subsequent rent increases aligned to meet convergence at 2015/16 as set out in the Government's rent policy.

4.3.2 This level of increase results in an actual average rent of £67.25 for 2012/13, which is £1.97 lower than Option 1, however the following points should be noted:

- This option goes against the Government's expectations on rent increase and is not in line with Government's self-financing debt calculations.
- The resulting cumulative loss of income to the HRA would be £1.67M. This is equivalent to an average loss of revenue per annum of £334K.
- The Council will not be able to re-invest in capital projects and or service improvements to the same level.
- £1.67M could be the equivalent of approximately 10 new affordable homes in the district.
- To achieve convergence by 2015/16, future years' rent increase assumptions would have to be maintained at a higher increase of 4.75% up to and including year 2016/17.

4.4 Whichever rent increase option is chosen now, rent increase assumptions for 2013/14 onwards will be reviewed again, in future years' budget processes.

5 RENT COLLECTION PERIODS

- 5.1 The Council will be collecting rents over the standard 48 weeks with 4 non-collection weeks.

6 SAVINGS AND GROWTH

- 6.1 No proposals have been put forward at this time, for savings or growth.

7 RESERVES AND BALANCES

- 7.1 The Section 151 Officer is required to undertake a formal review of general reserve levels. In assessing the adequacy of such balances, the Head of Financial Services takes account of the strategic, operational and financial risks facing the authority. In addition the Officer needs to take account of the effectiveness of internal financial and other controls; assurance on these can be taken from the respective formal Statements and external assessments. Consideration has also been given to the specific risks and assumptions underlying the HRA as set out in **Appendix B**.
- 7.2 After reviewing the Housing Revenue Account and General Fund in comparative terms and considering the key issues, assumptions and risks underlying the budget projections, the Section 151 Officer advises retaining the minimum level of HRA Balances at £350K to support the budget forecasts, as part of the overall medium term financial planning for the HRA. Whilst the fundamental changes in council housing finance pose new strategic and financial risks, the new arrangements will also remove much of the year on year uncertainties surrounding the old housing subsidy system. In effect, the new arrangements give greater autonomy.
- 7.3 The above advice is already reflected in the HRA budget proposals. It can be seen from this that HRA balances are maintained at just the minimum level in future years.
- 7.4 A draft statement on all reserves is attached at **Appendix C**. These are viewed as adequate for the period covered, but will need to be reviewed regularly as shown. Cabinet is asked to note this information, with the Statement being referred on to Council in support of its HRA budget proposals.

8 OVERALL POSITION

- 8.1 If rents were to be set in line with the proposals made under 4.2 of this report, being an increase of 7.82%, and the other various budget issues were approved as set out above, the overall position regarding the HRA budget would be as set out at **Appendix A**. This shows that for 2012/13, the Account would make a contribution of £360K towards the funding of in-year capital expenditure, and a contribution to the Major Repairs Reserve (MRR) of £598K whilst meeting forecast base revenue expenditure and retaining Balances of £350K.
- 8.2 In essence the above proposals mean that compared to last year, there is a substantial reduction in the proportion of direct revenue financing required to support capital spending. This is directly attributable to the uplift applied to depreciation charges, as mentioned earlier, which has resulted in more funds being available from the Major Repairs Reserve, to help support capital.

9 REVISED CAPITAL PROGRAMME 2011/12

- 9.1 The Council Housing Capital Programme was set at £3.658M by Council on 02 February 2011. This programme has since been updated for the addition of slippage from last year and other minor adjustments.
- 9.2 The capital programme has then been adjusted to incorporate procurement savings, other projected variances and new additions.
- 9.3 Procurement savings total £186K, these are a direct result of receiving lower than estimated tenders and are as follows:
- £157K on External Refurbishments – Rurals, Contract 2
 - £19K on Environmental / Crime Prevention Works
 - £10K on Re-Wiring
- 9.4 A further reduction of £111K has been made to the programme to allow for expected variances as follows:
- £89K projected saving on External Refurbishments
 - £65K leaseholder contributions on External Refurbishments
 - £25K projected saving on Energy Efficiency Works
 - £17K projected saving on Choice Based Lettings
 - £25K projected saving on Bathroom / Kitchen Refurbishments
 - £50K increase to Bathroom / Kitchen Refurbishments – Mainway Phase 1
 - £60K increase to Disabled Adaptations
- 9.5 Additions of £1.030M have also been made to the capital programme for the following:
- £1M for the Invest to Save – PV solar Panels Scheme (subject to final decision)
 - £30K for Total Mobile - upgrade and installation of handsets and software
- 9.6 The revised 2011/12 Capital Programme, which now totals £4.493M, is attached at **Appendix D** for Members' approval.

10 CAPITAL PROGRAMME 2012/13 TO 2016/17

- 10.1 Council Housing Services have a statutory duty to ensure that all of the Council Housing stock meets the Decent Homes Standard. All the Council's housing stock currently meets Decent Homes Standard, however the Council needs to ensure that this position is maintained.
- 10.2 In addition, the Council has agreed its own standard for improvement works, i.e. the Lancaster Standard, and this exceeds the Decent Homes Standard (as determined under the old methodology). This Lancaster Standard has been agreed with the District Wide Tenants' Forum.
- 10.3 The Council has a long-term investment programme, which identifies resources needed to maintain a viable 30-year Business Plan, taking account of such Housing Standards. This has been incorporated in the Council's new self-financing business plan.

- 10.4 One of the outcomes from the Stock Options Appraisal was that future years' programmes should be set in line with the HRA Business Plan wherever possible. The recommended Capital Programme is set out at **Appendix D**. Whilst this has been extended into 2016/17, currently there are no other major changes proposed to balance the 5-year Programme. The Capital and Revenue Planned Maintenance Programmes identified for 2012/13 have been drawn up from the information from the 2001 and 2008 Stock Condition Surveys and contained within the 30 year Business Plan. The programmes will enable the housing stock to continue to meet both the Decent Homes Standard and the Lancaster Standard using the information from the 2001 & 2008 surveys.
- 10.5 However, under the new self financing system, the Council has the opportunity to consider further investment and growth in its service and stock. This could include additional works which have been identified over and above those that are included in the proposed capital and planned maintenance programmes and these include:
- Flat communal area improvements
 - Category 2 sheltered housing schemes remodelling and refurbishment
 - Increase in environmental works
 - Increase demand for adaptations
 - Renewable technologies
- 10.6 The medium term projections show an increase in the MRR balances of approximately £6M from the 01 April 2012 to the 01 April 2016.

11 **DETAILS OF CONSULTATION**

- 11.1 The draft Revenue Budget and Capital Programme has been presented to the District Wide Tenants' Forum on 11 January 2012. Views expressed by the Forum will be fed directly into Cabinet.

12 **OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

- 12.1 With regard to the Revised Budget, Cabinet could consider other proposals that may influence the Revised Budget for the year and the call on revenue balances.
- 12.2 The most obvious options available in respect of the 2012/13 rent increase are to:
- i) Set the average housing rent at £69.22 i.e. an increase of 7.82%. The benefit of this option would be that the Authority would be in line with the Government's proposals to achieve convergence with no negative financial implications to the HRA. Whilst this increase may appear large, this is only because currently, average council housing rents are below those of other social housing providers.
 - ii) Set the rent increase at a minimum level of 4.75%, broadly in line with previous projections. This would mean an actual average rent of £67.25,

which would result in a total loss of income of £1.67M, over 5 years, when compared with Option 1. With no other compensating factors from the Government to offset the loss of income, the shortfall would have to be met from savings within the HRA or funded from Reserves. This option would also considerably delay the Authority in achieving convergence, and may not support sustainability of the HRA in the longer term.

- iii) Set the rent increase different to either of the proposed options above.
- 12.3 The options available in respect of the minimum level of HRA balances are to set the level at £350,000 in line with the advice of the Section 151 Officer, or to adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting, and could have implications for the Council's financial standing, as assessed by its external auditors.
- 12.4 The options available in respect of the revenue budget projections and assumed rent levels for 2013/14 to 2014/15 are to recommend those as set out, or to consider other proposals for incorporation. It should be noted that if Cabinet does not go with option 1 and decides on option 2 or other alternative rent levels for 2012/13 or future years', these would alter the budget projections.
- 12.5 The options available in respect of the Capital Programme are:
- i) To approve the programme in full, with the financing as set out;
 - ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.
- 12.6 Any risks attached to the above would depend very much on what measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known. It should be noted that Officers may require more time in order to do this. The risks attached to the provisional nature of current subsidy determinations will be managed through future reporting arrangements, as set out in the report.

13 OFFICER PREFERRED OPTION AND COMMENTS

- 13.1 The Officer Preferred options are to:
- approve the 2012/13 revised Revenue Budget as set out;
 - approve the provisions, reserves and balances positions as set out;
 - set a 7.82% increase in average rents, and to approve the draft revenue and capital budgets as set out in the appendices, for referral on to Council as appropriate.

These are as reflected in the Member recommendations.

through its approved Housing Strategy in relation to council housing.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability etc)
No significant implications directly arising.

FINANCIAL IMPLICATIONS
As set out in the report.

SECTION 151 OFFICER'S COMMENTS
The s151 Officer's comments are incorporated into the report.

Formal advice regarding affordability and borrowing etc. will be included in the subsequent reports to Council, alongside Cabinet's budget proposals. .

LEGAL IMPLICATIONS
Legal Services have been consulted.

MONITORING OFFICER'S COMMENTS
The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS
HRA Subsidy Determinations

Contact Officer: Suzanne Lodge / Nadine Muschamp
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HOUSING REVENUE ACCOUNT DRAFT BUDGET FOR CONSIDERATION BY CABINET 17 JANUARY 2012

	2010/11 Outturn £	2011/12 Budget £	2011/12 Revised £	2012/13 Budget £	2013/14 Forecast £	2014/15 Forecast £
INCOME						
Rental Income - Council Housing (Gross)	-11,754,600	-12,527,200	-12,512,300	-13,476,400	-14,082,900	-14,712,400
Rental Income - Other (Gross)	-197,800	-193,100	-199,200	-204,300	-208,300	-212,200
Charges for Services & Facilities	-1,801,300	-1,835,000	-1,678,500	-1,719,200	-1,757,100	-1,793,700
Grant Income	-7,700	-7,700	-7,700	-7,700	-7,700	-7,700
Contributions from General Fund	-170,100	-165,200	-170,000	-170,000	-170,000	-170,000
Total Income	-13,931,500	-14,728,200	-14,567,700	-15,577,600	-16,226,000	-16,896,000
EXPENDITURE						
Repairs & Maintenance	3,792,200	4,077,600	3,944,700	3,999,300	4,072,800	4,174,000
Supervision & Management	3,197,900	3,279,600	3,227,500	3,359,500	3,357,300	3,419,000
Rents, Rates, Taxes & Other Charges	128,200	103,200	97,900	93,000	102,000	111,100
Negative Housing Revenue Account Subsidy Payable	1,748,700	2,348,000	2,241,700	0	0	0
Increase in Provision for Bad and Doubtful Debts	315,200	182,000	183,000	190,400	191,900	193,500
Depreciation & Impairment of Fixed Assets	36,519,400	2,346,800	2,357,100	3,502,100	3,586,100	3,671,100
Debt Management Costs	1,100	1,100	12,300	1,100	1,100	1,100
Total Expenditure	45,702,700	12,338,300	12,064,200	11,145,400	11,311,200	11,569,800
NET COST OF HRA SERVICES	31,771,200	-2,389,900	-2,503,500	-4,432,200	-4,914,800	-5,326,200
(Gain) or Loss on Sale of HRA Fixed Assets	-109,300	0	0	0	0	0
Interest Payable & Similar Charges	723,800	751,400	793,000	1,921,900	1,951,000	1,951,000
Amortisation of Premiums & Discounts	0	159,000	159,000	161,000	49,100	-600
Interest & Investment Income	-236,000	-32,500	-29,000	-44,700	-58,200	-19,900
Pensions Interest Costs & Expected Return on Pensions Assets	-836,100	68,000	0	0	0	0
	0	0	0	1,280,000	1,280,000	1,280,000
(SURPLUS) OR DEFICIT FOR THE YEAR	31,313,600	-1,444,000	-1,580,500	-1,114,000	-1,692,900	-2,115,700
Adjustments to reverse out Notional Charges included above	-33,747,300	-63,200	-32,100	-32,100	-32,100	-32,100
Net charges made for retirement benefits	945,600	-68,000	0	0	0	0
Transfer to/(from) Major Repairs Reserve	-286,600	73,100	-898,100	951,100	1,511,900	1,931,200
Transfer to/(from) Earmarked Reserves	22,700	199,900	138,200	187,900	143,100	126,600
Capital Expenditure funded by the Housing Revenue Account	1,823,400	1,302,200	2,121,500	360,000	70,000	90,000
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	71,400	0	-251,000	352,900	0	0
Housing Revenue Account Balance brought forward	-523,300	-350,000	-451,900	-702,900	-350,000	-350,000
Housing Revenue Account Balance carried forward	-451,900	-350,000	-702,900	-350,000	-350,000	-350,000



2012/13 BUDGET
HOUSING REVENUE ACCOUNT – RISK & ASSUMPTIONS
FOR CONSIDERATION BY CABINET 17 JANUARY 2012



RISK AREA	NOTES/DETAILS
Self Financing	<p>The current subsidy system comes to an end and the HRA will be self financing from April 2012. The council will be making a one off settlement and be making a proposed settlement payment of £32m and the HRA will need to service a new debt of approximately £1.5m. Unlike the previous negative subsidy the HRA was paying to Government the new debt will be fixed subject to interest rates.</p> <p>Currently the HRA is servicing historic debts of £15m and the start of self financing this will increase to approximately £47m.</p> <p>Under the Government's borrowing rules the council would still be £14m below its debt cap. The requirements of the Prudential Code apply, however, in that any additional borrowing to support capital investment will need to be affordable, prudent and sustainable.</p> <p>Robust business planning arrangements will need to be maintained that take into account debt financing, stock condition, service budgetary needs, and ongoing Government policy around rents and inflation.</p>
Rent Setting	<p>The current policy for calculating social rents and service charges within the HRA is expected to be maintained. The Government is assuming, in its calculation of the debt settlement for self financing, the council will increase its rents in accordance with Government guidelines. The Government is also assuming that the national policy of rent convergence will continue with the assumption that local authority rents will converge with RSL rents soon after 2016. This may take up to 2022.</p> <p>The estimates as set out assume an increase of 7.82% which is considered the optimum level of increase for the Council based on the Government's proposals in the Determination. This equates to an average actual rent of £69.22 which is below the Government's Limit Rent of £70.33. Increases above the Limit Rent would result in a penalty through the Rent Rebate Subsidy Limitation. Proposals are also below the Formula Rent, which is calculated at £72.53. The difference between the Actual Rent and Formula Rent represents our gap in convergence.</p>
Rent Collection	<p>It is anticipated that proposed Government Welfare reforms will present a higher risk to levels of rent collection and that the council may need to increase the contribution to the Bad Debts Provision to reflect future arrears trends. The provision now stands at an appropriate level. There is a negative effect on future years' budgets if arrears management deteriorates and a positive effect if it improves.</p> <p>A new income management team is being established to provide improved collection arrangements for housing rents and debts.</p>
Supporting People Grant	<p>Lancashire County Council provide an annual grant of approximately £240,000 for 3 contracts providing support services in sheltered housing and community alarm support. County are continuing to reconfigure their commissioning strategy for these services. Existing contracts will expire 31 March 2013.</p>

Appendix B

<p>Reductions in stock from Right to Buy (RTB) sales - CHS</p>	<p>The rate of sales in 2011/12 remains low with only 3 RTB so far this year. This compares to 3 in 2010/11, 2 in each of 2008/09 and 2009/10 and is reduced from an average of 59 for the preceding 5 years. It is anticipated that this trend is likely to continue in the short to medium term leading to higher levels of rental income than would previously have been predicted. Low sales levels leads to lower levels of capital receipts. Sales impact on the revenue position as income is reduced but many costs are fixed. Significant reduced rental streams would lead to deterioration in the HRA budgetary position unless measures could be taken to reduce costs within the HRA.</p> <p>The Government has indicated its intent to raise Right to Buy discounts. The Government's objective is to increase the number of sales through the Right to Buy. At this stage it is difficult to assess the impact but it is anticipated that given the current economic climate sales will not increase.</p>
<p>Management of Void</p>	<p>Rent loss through void properties in previous years has been maintained at a low level. The reduction followed the introduction of improved void management arrangements within Health and Housing Services. In recent months we are starting to experience an increase in rent loss through voids and steps are being taken to tackle this, however if stock turnover increases greater allowance may need to be made within the budget.</p>
<p>Stock Condition Survey</p>	<p>The HRA stock investment needs are informed through a stock condition survey. The last survey was undertaken in 2008/09 and provides a robust base to inform investment needs. It is proposed to review the stock condition information again during 2012/13 to feed into an updated asset management plan and overall HRA business plan to ensure a successful transition to self financing.</p>

Appendix B

RISK AREA	NOTES/DETAILS
Meeting the Decent Homes Standard - CHS	Sufficient funds need to be set aside within the Revenue Budget / Major Repairs Reserve in order to ensure that the 30 Year HRA Capital Programme can continue to be financed. Any significant reduction in available capital financing (e.g. through revenue growth) could have an adverse impact on the position.
Repair & Maintenance Services - CHS	RMS is a high turnover activity with charges set to recover costs. The budget is based on the current Repairs and Maintenance Section establishment. Changes in the level of the establishment, the efficiency of the workforce, or the amount of work available to RMS will impact on the ability of the unit to recover its costs and could lead to a surplus or deficit. The hourly charging rate should be reviewed regularly in order to ensure there is no significant under/over recovery of cost.

RESERVES AND PROVISIONS - FOR CONSIDERATION BY CABINET 17 JANUARY 2012

	HRA General Balances	Major Repairs Reserve / Business Plan Support	Total Earmarked Reserves	Flats - Planned Maintenance	Central Control Equipment	Telecare	Non-Sheltered Scheme Equipment	I T Replacement	Office Equipment Reserve	Sheltered - Equipment	Sheltered - Planned Maintenance	Sheltered Support Grant Maintenance	JE Reserve	Management Restructure Reserve	Net Movement on Earmarked Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 31st March 2010	523	6868	2287	818	73	10	125	314	52	231	328	137	100	100	2287
Actual Outturn 2010/11															
Contributions to Reserves	102	2366	425	136	10	10	15	57	10	36	74	27	50		23
Appropriations to/from (-) Reserves - Revenue		115	-322	-10			-95			-9	-41		-67		
Appropriations to/from (-) Reserves - Capital	-173	-2767	-81					-24			-57			-100	
Actual Balance 31st March 2011	452	6581	2310	944	83	20	45	347	62	258	304	164	84		2310
Revised Estimates 2011/12															
Contributions to Reserves	251	2345	353	136	5	10	15	57	10	32	62	20	6		138
Appropriations to/from (-) Reserves - Revenue		82	-145	-7	-4	-5	-19			-9	-17		-84		
Appropriations to/from (-) Reserves - Capital		-3325	-70	-40				-30							
Projected Balance 31st March 2012	703	5683	2448	1033	84	25	41	374	72	281	349	184	6		2448
Estimates 2012/13															
Contributions to Reserves		3490	330	136	5	10	15	57	10	32	45	20			188
Appropriations to/from (-) Reserves - Revenue		931	-73	-11	-4	-7	-19			-27	-4				
Appropriations to/from (-) Reserves - Capital	-353	-3470	-70								-70				
Projected Balance 31st March 2013	350	6634	2636	1158	84	27	37	431	82	287	320	204	6		2636
Estimates 2013/14															
Contributions to Reserves		3574	329	136	5	10	15	57	10	32	44	20			143
Appropriations to/from (-) Reserves - Revenue		1398	-116	-34	-4	-7	-19			-27	-24				
Appropriations to/from (-) Reserves - Capital		-3460	-70								-70				
Projected Balance 31st March 2014	350	8146	2779	1260	85	30	33	488	92	292	270	224	6		2779
Estimates 2014/15															
Contributions to Reserves		3659	322	132	5	10	15	57	10	32	41	20			123
Appropriations to/from (-) Reserves - Revenue		1710	-110	-50	-4	-7	-19			-27	-2				
Appropriations to/from (-) Reserves - Capital		-3438	-90	-20							-70				
Projected Balance 31st March 2015	350	10077	2902	1322	85	33	29	545	102	297	239	244	6		2902
Estimates 2015/16															
Contributions to Reserves		3747	351	132	5	10	15	57	10	30	73	19			291
Appropriations to/from (-) Reserves - Revenue		980	-60	-30							-30				
Appropriations to/from (-) Reserves - Capital		-3500	-60												
Projected Balance 31st March 2016	350	11304	3193	1424	90	43	44	602	112	327	282	263	6		3193
Estimates 2016/17															
Contributions to Reserves		3837	351	132	5	10	15	57	10	30	73	19			291
Appropriations to/from (-) Reserves - Revenue		980	-60	-30							-30				
Appropriations to/from (-) Reserves - Capital		-3808	-60												
Projected Balance 31st March 2016	350	12313	3484	1526	95	53	59	659	122	357	325	282	6		3484

RESERVES AND PROVISIONS- For Consideration by Cabinet 17 January 2012

APPENDIX C (2)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Capital Reserves					
Major Repairs Reserve (MRR) / Business Plan Support	Set up following the introduction of Resource Accounting in the HRA. Grant received from Government annually which must be credited to this reserve with the intention of funding major works to the Council's housing stock.	Can be applied to Capital improvements to HRA housing stock (specifically excluding demolition) and, additionally from 1 st April 2004, repayment of HRA debt and credit liabilities (including premia on early repayment of PWLB loans). The Council's thirty year HRA Business Plan has projected increasing levels of balances in early years to fund deficits in later years, and it is intended that these balances will be held in the MRR.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year grant and support to capital programme, plus additional transfer taking account of higher than expected opening position for Unallocated Balances, in line with policy of maintaining the latter at £350K.
Revenue Reserves					
Flats – Planned Maintenance Reserve	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in flats.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate revised in year contribution of £136K, a transfer of £7K to fund the revenue budget for increased expenditure on Planned maintenance and £40K transfer to fund the capital programme for boiler replacement.

RESERVES AND PROVISIONS- For Consideration by Cabinet 17 January 2012 **APPENDIX C (2)**

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Central Control Equipment Reserve	Established to smooth the costs of major renewal or replacement of Central Control Equipment and systems	Funded from Central Control subscriptions with additional appropriations in lieu of interest. Reserve is to be applied to renewal or replacement of major items of equipment and systems for Central Control system. Also used for chargeable enhancements throughout the life of the system.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £5K and a transfer of £4.4K to revenue budget to cover the purchase of equipment.
Telecare	Established to smooth the costs of renewal or replacement of Telecare Equipment.	Funded from Lifeline subscriptions. Reserve is to be applied to renewal or replacement of items for Telecare equipment.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £10K and a transfer of £5.3K to revenue budget to cover the purchase of equipment.
Non-sheltered scheme equipment	Established to fund purchases of equipment for non-sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for non-sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £15K and a transfer of £19K to revenue budget to cover the purchase of equipment

RESERVES AND PROVISIONS- For Consideration by Cabinet 17 January 2012 **APPENDIX C (2)**

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
IT Replacement	Established to fund future major IT systems replacement.	To be applied to future replacements / choice based lettings.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in-year contribution of £57K and transfer £30K to support the total mobile upgrade.
Office Equipment Reserve	Established to fund purchases of minor IT and other office equipment.	Used to fund ad-hoc purchases of major office furnishings resultant from health & safety legislation and risk assessments (desk, chairs, cabinets etc) and minor office equipment items e.g. pc upgrades.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £10K.
Sheltered Equipment Reserve	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for common area services for Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Maintain in year contribution at £32K and transfer £8.6K to revenue budget for sheltered equipment purchases.
Sheltered – Planned Maintenance	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £62.4K and transfer £17.4K to revenue budget for increased expenditure on rota painting.

RESERVES AND PROVISIONS- For Consideration by Cabinet 17 January 2012 **APPENDIX C (2)**

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Sheltered – Support Grant Maintenance	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges, but classed as Support Costs under County Guidelines.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Retain as budgeted.
JE Reserve	Established to fund the support of the pay structure	Contribution to the reserve to be approved by Cabinet. Use of the reserves to be determined (and agreed) by both the Head of Legal & Human Resources and Head of Financial Services.	Council Housing Services/ Financial Services	Budget & Outturn	Reserve contribution at £6K to fund redundancy costs and the transfer of £83.5k to fund Fair Pay structure.
Management Restructure Reserve	Established to fund potential one-off staff costs arising from the Senior Management Restructure.	Contribution to the reserve to be approved by Cabinet. Use of the reserve restricted to restructurings approved through Personnel Committee.	Council Housing Services/ Financial Services	Budget & Outturn	Management restructure completed. No balance left in the reserve.

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Provisions					
Bad Debts	This provision is used to write off all Housing Revenue Account bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Financial Services / Debt Management Group	Budget & Outturn	Slight Increase of £1K due to slight increase in former tenant arrears.

RENT INCREASE - COMPARISON OF OPTION 1 AND 2 FOR CONSIDERATION BY CABINET 17 JANUARY 2012

	2011/12	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
	Revised	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Average No of Properties for Rent purposes	3,805	3,801	3,796	3,791	3,786	3,781	3,776	3,771
LESS voids @ 1.5%	57	57	57	57	57	57	57	57
Projected chargeable properties	3,748	3,744	3,739	3,734	3,729	3,724	3,719	3,714
FORMULA RENT		£72.53	£74.71	£76.95	£79.26	£81.63	£84.08	£86.60
Option 1 - Government Proposed Rent Increase								
Projected % Increase (Inflation)	6.90%	7.82%	4.64%	4.61%	4.59%	3.02%	3.01%	3.00%
Projected £ Increase	£5.02	£5.02	£3.21	£3.34	£3.48	£2.39	£2.46	£2.52
Projected Actual Rent (see Rent Model)	£64.20	£69.22	£72.43	£75.77	£79.25	£81.64	£84.10	£86.62
Estimated Rent Income	£12,512,300	£13,476,400	£14,082,900	£14,712,400	£15,367,100	£15,809,900	£16,263,900	£16,729,300
DIFFERENCE BETWEEN FORMULA RENT AND ACTUAL RENT		-£3.31	-£2.27	-£1.18	-£0.01	£0.01	£0.02	£0.02
Option 2 - 4.75% Proposed Rent Increase in Yr 1, re-align with convergence thereafter								
Projected % Increase	6.90%	4.75%	4.75%	4.75%	4.75%	4.75%	3.86%	3.01%
Projected £ Increase	£3.05	£3.19	£3.19	£3.35	£3.51	£3.67	£3.13	£2.53
Projected Actual Rent	£64.20	£67.25	£70.44	£73.79	£77.29	£80.97	£84.09	£86.62
Estimated Rent Income	£12,512,300	£13,092,700	£13,696,300	£14,327,600	£14,988,100	£15,679,000	£16,262,300	£16,729,300
DIFFERENCE BETWEEN FORMULA RENT AND ACTUAL RENT		-£5.28	-£4.26	-£3.16	-£1.96	-£0.67	£0.01	£0.02
Positive / Negative (-) Impact on Rental Income to the HRA								
Option 2 compared to Option 1	£0	-£383,700	-£386,600	-£384,800	-£379,000	-£130,900	-£1,600	£0
Cumulative Loss of income at Year 3 and Year 5				-£1,155,100		-£1,665,000		

CABINET

Morecambe Bay Nature Improvement Area

17 January 2012

Report of Head of Regeneration & Policy Service

PURPOSE OF REPORT			
To obtain the agreement of cabinet for the City Council as managing authority for the Arnside/Silverdale AONB to act as accountable body for the Morecambe Bay Nature Improvement Area (NIA) in the event of the funding bid being successful.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan		December 2011.	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

- (1) That Cabinet agrees to Lancaster City Council acting as accountable body for the Morecambe Bay NIA and signs the required Memorandum of Agreement by 31st January 2012.
- (2) That the revenue budget and capital programme be updated accordingly in the event that the Stage 2 application is successful, subject to there being no impact on City Council resources and subject to detailed monitoring arrangements being agreed with the Head of Financial Services.

1.0 Introduction

What are Nature Improvement Areas?

The Natural Environment White Paper, published in June 2011 commits Government to assist partnerships of local authorities, local communities and landowners, the private sector and conservation organisations to establish new Nature Improvement Areas. Although the characteristics of Nature Improvement Areas (NIAs) will vary across the country according to what is possible and what is needed, these will be places where:

- opportunities to deliver ecological networks, which can provide valuable benefits to wildlife and people, are particularly high;

- a shared vision exists among a wide partnership including statutory and voluntary sectors;
- people are inspired by their enhanced experience of the outside world;
- significant improvements to the ecological network can be achieved over large areas by enlarging and enhancing existing wildlife sites, improving ecological connectivity and/or creating new sites;
- multiple benefits can be achieved, for example, to water quality, flood and coastal erosion risk management, development of a low carbon economy and mitigating climate change impacts.

Defra and Natural England are currently working together to select 12 NIAs across the country to each receive support and funding of around £600, 000 over 3 years.

2.0 Proposal Details

2.1 Morecambe Bay Nature Improvement Area

A Morecambe Bay Nature Improvement Area will bring about a step change for nature conservation in one of Britain's most important areas for biodiversity. Morecambe lies right at the heart of an area which is internationally significant for its wildlife in particular birds, flora and butterflies.

For this reason, the Arnside & Silverdale AONB Partnership (for which Lancaster City Council is the host authority) has worked with a wide range of other organisations to develop a proposal for a Morecambe Bay Nature Improvement Area and applied to Stage 1 of this process.

The Morecambe Bay NIA was subsequently selected as one of only 20 projects nationally to be invited to submit a Stage 2 application by December 16th 2011. In order to do this a detailed Business Plan has been developed, agreed and submitted. £657, 000 has been applied for.

If successful, key representatives will then be invited to present the proposal to the national judging panel and 12 NIAs will eventually be selected, with project work due to begin in April 2012.

The Morecambe Bay NIA proposal will deliver nationally significant benefits for wildlife and people by:

- promoting the growth of a low carbon economy linked to the natural environment;
- delivering and monitoring major improvements to the area's ecological network in partnership with farmers, land managers and communities;
- leaving a legacy for future enhancements through an improved integration with the planning system;
- and creating inspiring opportunities for people to connect with the natural world.

A successful application would not only result in a Defra grant of £657 000 over 3 years but would also generate significant added value and support and it is hoped targeting of additional resources.

2.2 Role of Lancaster City Council

As host authority for the Arnside & Silverdale AONB Partnership, the Council would act as the accountable body were a grant to be awarded. No match funding would be required from the Council for this project.

Defra and Natural England require formal confirmation that the Council will act as the accountable body in the event a grant offer is made and require a formal Memorandum of Agreement setting out partner responsibilities to be in place by 31st January.

3.0 Details of Consultation

3.1 A wide range of partner organisations including the local authorities in the AONB Partnership, Natural England, the Environment Agency, the RSPB and the Forestry Commission have been consulted and have engaged in preparing the bid.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 is for the Council to agree to act as accountable body, and to proceed with the bid for funding and in doing so aim to secure three years external funding for project work which could not normally be undertaken either in the AONB or outside the designated area. Insofar as the AONB is concerned project work will help to implement the local authority partners adopted Management Plan. In other areas improvements to the natural environment have been restricted due to reduction in public funding across a wide range of agencies and the success of this bid will help to replace some of those funds.

4.2 Option 2 is for the Council not to agree to act as accountable body, and therefore not to proceed with the application for funding. This would lose the opportunity to obtain external funding for the partnership bodies to invest in improvements to the natural environment. It would mean that the AONB Management Plan's objectives will continue to be harder to achieve in the current financial climate.

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the preferred option as this presents a unique opportunity in the current financial climate to obtain external funding for projects to improve the very special areas which the City Council has a responsibility to manage, without any match funding burden on the council itself.

6.0 Conclusion

6.1 It is concluded that it is in the City Council's best interests to attempt to secure these funds and that agreeing to act as accountable body is a reasonable action which reflects its leading role within the AONB partnership.

RELATIONSHIP TO POLICY FRAMEWORK

Management of the Arnside/Silverdale AONB is a statutory function for the City Council and

partnership working to share facilities and access new areas of funding is a clear corporate priority for the council.

CONCLUSION OF IMPACT ASSESSMENT

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

The enhancement of the high quality environments in the district is important for the districts visitor economy and the council's reputation as a trusted custodian of the special landscapes around Morecambe Bay.

FINANCIAL IMPLICATIONS

Subject to the final approval of individual projects by Natural England, it is anticipated that the majority of expenditure will be revenue with a small element of capital. Once individual projects are approved it is the intention that AONB officers will award some funding to external partners who will then carry out the works but will also engage contractors directly to carry out some of the works. It is anticipated that any ongoing maintenance for projects and any assets created will be the responsibility of the partner organisation who carries out the works, unless separate approvals are gained from the City Council in advance.

There is no requirement for the City Council to contribute any funding towards this initiative, therefore there should be net nil impact on the City Council revenue and capital budgets.

Natural England's terms and conditions state that grant funding must be claimed quarterly in arrears. Detailed monitoring arrangements in terms of how Natural England grant will be administered and paid over to partners will need to be agreed by Council officers and in place before the projects commence. Standard City Council Contract Procedure Rules will also need to be applied when contracting works.

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

Legal Services have been involved in the drafting of the Memorandum of Agreement, and will approve the final document.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

The Natural Environment White Paper -
The Natural Choice
<http://www.official-documents.gov.uk/document/cm80/8082/8082.pdf>

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What the Natural Environment White Paper means for local authorities

<http://archive.defra.gov.uk/environment/natural/documents/newp-summary-la-110607.pdf>

Making Space for Nature (2010) - A Review of England's Wildlife Sites and Ecological Network

<http://archive.defra.gov.uk/environment/biodiversity/documents/201009space-for-nature.pdf>

Morecambe Bay NIA Summary of Vision and Strategic Objectives

CABINET**Community Safety 2012/13
17th January 2012****Report of Head of Property Services / Environmental
Services**

PURPOSE OF REPORT				
To provide information to allow consideration of priorities for the Council's contribution to community safety in 2012/13.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Officers
				X
Date Included in Forward Plan	NA			
This report is public				

OFFICER RECOMMENDATIONS

That within the context of statutory responsibilities, the corporate plan, Cabinet priorities and the available budget Cabinet recommends:-

- 1) Council priorities for community safety in 2012/13**
- 2) How much budgetary provision should be proposed for such priorities**

1.0 Introduction

- 1.1 The Council's Corporate Plan 2011-14 includes the priority of fulfilling our minimum statutory duties with a focus on keeping the streets clean and safe.
- 1.2 The Council has a statutory requirement to contribute to community safety and there is statutory duty for a community safety partnership.
- 1.3 At its meeting on 4th October 2011 Cabinet considered a report, 'Maintaining the Public Realm'. Cabinet's recommendations from this report provided clear direction on its focus for the future.
- 1.4 Of particular relevance to this report was Cabinet's recommendation with regard to PCSOs.
- 1.5 Cabinet had requested had requested further information on the position with regards to funding of PCSOs in 2012/13 and clearly PCSOs do make a contribution towards maintenance of the public realm.
- 1.6 In 2011 The Home Office agreed that they would for the next two years continue to provide the 2/3 funding that they currently contribute towards PCSOs if someone else contributed the other 1/3. No further information is available as to the detail of PCSO funding beyond April

2013. And by that stage the new Police Commissioners will be in place which could alter matters further. For 2011/12 the LDLSP has provided the majority of the contribution to 9 PCSOs within this District. In order to maintain the level of PCSOs currently funded by the LDLSP a contribution of £99,000 would be required in 2012/13.

1.7 Cabinet therefore resolved –

That Cabinet notes the information with regard to PCSOs and confirms that consideration should be given to the funding aspect as part of the development of the 2012/13 budget.

1.8 This report is provided to present Cabinet with information on the extent that the Council and wider partnerships currently contribute to the safety of the District. In so doing it will enable Cabinet to consider within the context of statutory responsibilities, the corporate plan, Cabinet priorities and the available budget Cabinet what the Council's priorities for community safety in 2012/13 are and how much funding should be allocated to them.-

1.9 The report will cover the specific areas of –

- CCTV
- PCSOs
- Other contributions to safety

2.0 CCTV

2.1 The City Council currently has budgetary responsibility for operating the public space CCTV system in the Lancaster district. The CCTV system was initially installed in 1996 and has been subsequently expanded to be now based on 42 cameras in Lancaster and Morecambe – largely based in the town centres, with some in the West End of Morecambe, and on the Ryelands and Ridge housing estates. The cameras are largely column mounted, although 4 are situated within buildings (Lancaster and Morecambe bus stations and the Festival Market) and there are 4 on building frontages. Each camera is connected to a mains electricity supply and individual cameras, or groups of cameras are connected to the BT fibre optic network which transmits signals and images. The control room is located in Lancaster Police station where all the base equipment is located including a substantial BT box with all the fibre connections and the display screens and control points for daily use by the CCTV operators.

2.2 The system is owned by the City Council, with initial capital funding supplied mainly by the Home Office and other funders such as ERDF. Most operating costs fall to the council, although the police meet the costs incurred in the control room eg heating, lighting, cleaning. All of the Council's costs fall to the General Fund; none are treated as a landlord cost, i.e. charged to the Housing Revenue Account.

2.3 The Draft 2011/12 Revised Budget and projected 2012/13 Estimate (including notional capital and internal recharges) shows the following in terms of CCTV:

	2011/12	2012/13
--	----------------	----------------

	Revised £	Estimate £
Insurance Costs	1,300	1,300
Office Equipment	2,500	2,600
Hire of Equipment (<i>BT rentals etc</i>)	31,500	32,300
Contracted Services (<i>staff cost</i>)	121,000	124,100
Equipment Maintenance (<i>cameras etc</i>)	44,000	45,100
Total Direct Costs	200,300	205,400
Support Recharge from Property Services*	68,700	69,000
Support recharge from other Services*	96,300	97,000
Capital Charges (Notional)	5,100	5,100
Total Estimated Expenditure	370,400	376,500

* Note that all recharges are currently being updated and the figures shown above will change

- 2.4 The budget table above identifies that there are 3 main external costs to operate the system which comprise Hire of Equipment, Contracted Services and Equipment Maintenance, which together total £201.5K for the current year.
- 2.5 The greatest area of expenditure is the contracted services element which covers the payments made to Remploy who are the council's provider of trained CCTV operators. The current contract is in need of renewal but has been extended on a month to month basis in view of the budget issues at the present time to allow the council greater flexibility.
- 2.6 The second greatest expenditure is the contract for maintenance of the cameras by Chubb Electronic Security whilst the third element, hire of equipment relates to the hire of fibre optic transmission fibres from BT which controls the system and relay the images to the control centre.
- 2.7 In considering options for the future operation of the CCTV system, the options would be:
- No change
 - Reduction in the number of operating cameras
 - Reduction in the number of operating hours
 - Reductions in both camera numbers and operating hours
 - Closure of the system
- 2.8 Section 4 below identifies these options in greater detail.
- 2.9 Separately it is also worth noting that a recent independent survey of over 1000 adults (albeit commissioned by the CCTV User Group) identified that:
- 90% support the use of public area CCTV
 - 82% believe CCTV saves money and court time
 - 80% believe that public area CCTV does not infringe on their right to privacy
 - 76% believe that there are the right amount or too few public area CCTV cameras
 - 71% believe CCTV in public areas makes them feel safer and reduces crime

- 70% are against any removal of public area CCTV
- 61% are against any reduction in monitoring.

3.0 PCSOs

- 3.1 Currently the CSP / LDLSP contribute to the funding of nine additional PCSOs in this District. Besides their core work these PCSOs also deliver a range of tasks agreed by partners within the CSP/ LDLSP.
- 3.2 Recent consultations with the community demonstrated that the work of the PCSOs was valued.
- 3.3 There is much evidence to demonstrate that besides their obvious contribution to community safety PCSOs also contribute to maintenance of the public realm.
- 3.4 It is clear that the funding provided by the CSP/ LDLSP will not be available in 2012/13.
- 3.5 The contribution required to maintain the current level of PCSOs in the District in 2012/13 is £99,000.
- 3.6 In simple terms the contribution required per PCSO is £11,000.
- 3.7 Were none of this contribution to be made there would still be a PCSO presence in the District but it would be nine less than now. The PCSOs that remained would be entirely responsible to the Police and would definitely not have the positive community impact that they do now.
- 3.8 If the City Council decided to directly contribute to PCSO provision in 2012/13 it would then draw up a service level agreement with the Police to ensure that the priorities for the Council were being delivered.
- 3.9 At this stage it is not clear how the Home Office intends to fund PCSOs beyond 2012/13.

4.0 Other Contributions to Safety

- 4.1 The Council's use of the Community Payback scheme to improve the appearance of the District has to date worked well. Currently the Council contribute £24,000 per annum to the Probation Service to part fund the cost of a Probation Service supervisor, vehicle and tools. In turn the Probation Service undertakes a list of environmental works provided by the Council. Cabinet (4th October 2011) resolved –
- “that the City Council continues to work in partnership with the Probation Service and that a list of environmental improvement works for 2012/13 is developed by officers and agreed with the relevant Cabinet portfolio holder.”*
- 4.2 The Council's Street Pride initiative has been a further success in terms of working with partners and improving the appearance of the District. Cabinet (4th October 2011) resolved –
- that in preparing the Street Pride programme for 2012/13 officers also ask for areas of open space to be nominated*

4.3 Members and Officers from across the Council contribute to the safety of the District by working with relevant partners at strategic, tactical and operational levels on a wide range of subjects and issues.

4.4 In 2011/12 the LDLSP contributed towards the following community safety activities-

- PCSO salaries (part of £99,000 required to support 9 'at risk' PCSO posts): **£37,458**
- Positive Activities for Young People (provided by Lancaster City Council and other partners): **£10,000**
- Safety Matters project: installation of safety equipment (such as fire alarms, stairgates, etc) into the homes of vulnerable families): **£21,093**

The LDLSP has also agreed to allocate £50,000 of Performance Reward Grant to tackle domestic violence but this is unlikely to be spent before 2012/13 - it is planned to go towards extending the IDVA (Independent Domestic Violence Advocate) service to cover weekends and public holidays.

4.5 In 2011/12 the CSP allocated all of its 2011/12 budget of **£161,000** to community safety activities, including:

- PCSO salaries (part of £99,000 required to support 9 'at risk' PCSO posts): **£61,542**
- IDVA Service: **£20,000**
- Positive activities for young people: **£15,000**
- Domestic Violence Outreach Service (provided by Lancaster District Womens Aid): **£17,580**
- "Target hardening" of the properties of those at risk from antisocial behaviour: **£9000**
- Street Pride events: **£8000** (£2000 of this to be carried forward into 2011/12)
- LDAAT Funding to tackle PPO (Priority and Prolific Offenders): **£6000**
- LDAAT Funding to address substance misuse issues: **£10,000**
- Arrest Referral Scheme: **£6294**
- Plus other smaller initiatives (path 23, LANPAC subscription, small projects budget including Heysham playground): **£1800**

The funding for this came from the main areas of-

- Safer Lancashire Board grants: **£49,580**
- Lancashire Police Authority grants: **£42,000**
- Lancaster City Council: **£32,300**
- LDAAT: **£16,000**
- Fire Service: **£13,500**
- Police: **£3000**

5.0 Details of Consultation

5.1 Consultation has taken place with communities, businesses and partners and this has already been reported to Cabinet.

6.0 Options and Options Analysis (including risk assessment)

6.1 It is clear that greatly reduced budgets available to the public sector will have an impact on the amount that the Council and its partners are able to deliver.

- 6.2 The report clearly sets out that with regard to community safety there a number of conflicting priorities. The information in the report is provided to help Cabinet decide which activities are the ones which will have the greatest impact on the Corporate Plan and Cabinet's priorities.
- 6.3 Once that has been determined Cabinet can then determine within the context of statutory responsibilities, the Corporate Plan, Cabinet's priorities and the Council's budget what level of resources to allocate to them
- 6.4 Because the CCTV system is directly provided and managed by the Council the report details very specific options for future provision which are set out below.

Specific Options for CCTV

- 6.5 **No change** – this would result in the budget remaining the same for the time being. There would be a need to enter a tender process for the staffing and maintenance functions of the operation and depending on the specification set out, the costs may or may not vary. For the purposes of this report, it has been assumed that costs for this option would remain static and that the contractual obligation for the tender would be three years.
- 6.6 There are no specific advantages, disadvantages or risks associated with this option as it retains the status quo.
- 6.7 **Reduction in the number of operating cameras** – to achieve this, a view would have to be taken on the areas that would have fewer cameras. This could be based on consultation with the police about those areas that have least crimes and it could for example be geographically based or perhaps based on the cover provided for certain types of property, for example car parks or shopping streets as opposed to residential areas.
- 6.8 Reducing camera numbers would not result in a reduction of staffing unless the cameras which were to be removed were in the busiest urban areas which may therefore reduce the need for double manning on Friday/Saturday evenings, but it would result in a reduction of the maintenance costs. At present this is based on approximately £1,000 per camera and is based on a new for old replacement basis if it is not possible to repair the cameras. Each camera removed from the system would therefore result in a saving of approximately £1,000.
- 6.9 However, it should be noted that the existing maintenance contract is due for immediate renewal if the council decides to retain the system. This may lead to a variation of the contract terms and prices.
- 6.10 Each camera has to be connected to the BT fibre optic network to enable the camera to operate and transmit pictures and in that respect the council is committed to the existing BT contract which runs to 31 March 2013. Even if cameras are taken out of the system, or the system is used less frequently, the contract cost remains payable at the sum of £31,250pa until 31 March 2013.
- 6.11 The advantage of this option is that there could be a small reduction in the council's costs. However, the potential disadvantage would be that there would be a perception that the fear of crime could increase. It is also possible that crime rates could increase once the knowledge is spread that there are no longer CCTV cameras in the vicinity. A further disadvantage is that detection

rates would fall in those areas where cameras are no longer to be in operation.

6.12 The risks associated with this option are largely as set out in the above paragraph relating to a potential increase in crime rates and a reduction in detection rates.

6.13 **Reduction in operating hours** – the current system is operated every day of the year from 8.00a.m. each day until 3.00a.m. Working with the police, an analysis of crime patterns in the areas covered by CCTV has been undertaken, and it has been identified that the following hours could be considered for future staffing of the control room:

Monday 12 noon - 8 pm
Tuesday 12 noon - 8 pm
Wednesday 12 noon - 4 am
Thursday 12 noon - 4 am
Friday 12 noon - 4 am
Saturday 9 am - 4 am
Sunday 9 am - 1 am

It should be noted that this is based on single manning of the system at all times rather than having double staff at peak times on Friday/Saturday evenings.

6.14 Such a change in working hours would result in potential cost reductions from the current budget of £121,000pa to approximately £74,500pa. This figure could rise to approximately £84,500pa if the view is taken that there should be double staffing at the peak times on Friday/Saturday evenings. In addition to this annual figure, the reduction in staff would also result in potential one-off redundancy costs of between £6K and £27K over the life of any contract. (The variation in redundancy costs would depend upon which operators are made redundant reflecting that we cannot pre-select who would be chosen and therefore the best and worst case scenarios have been identified by Remploy).

6.15 In considering this proposal, it is likely that there could be some operational problems identified which could result in the need for operators to be called in to allow police to access information in emergency situations. If that had to be covered by CCTV operators, it is estimated that the additional costs would be approximately £25 per required day plus £21/hr actual call out with a minimum of 4 hours.

6.16 The advantages of this option are that the geographic coverage of the CCTV operation remains and the hours of operation are focussed on the main times that crimes are currently committed. The disadvantages are that there could be an increase in crime rates in those hours when the CCTV system is not manned. Similarly detection rates could fall.

6.17 The risks associated with this option will again relate to the potential for crime increases and detection rate decreases.

6.18 **Reduction in camera numbers and operating hours** – this option would draw together the detail set out above. The actual savings made would largely depend on the number of hours for which the system operated.

6.19 The advantages, disadvantages and risks are as set out in the individual

options for reducing camera numbers and reducing operating hours.

6.20 **Closure of the system** – This would result in the termination of all three contracts referred to in the budget.

6.21 In terms of the BT contract, as indicated previously, the council would be committed to the payments due until 31 March 2013. In terms of the maintenance contract, it is anticipated that this could be terminated at the end of the financial year or such date that the council determined.

6.22 The staffing contract with Remploy could also be terminated at the end of the year provided sufficient notice was given. In this situation, Remploy would be responsible for meeting the entire costs of the redundancies.

6.23 However, it would not be possible to leave the cameras “in situ” as the public would be given a false sense of security with the expectation that the cameras were operating when in reality they were not. The cost of camera removal has been estimated at approximately £200 per camera which includes disconnection costs and reinstatement of the surface, provided that there are no unforeseen issues underground. In addition, the entire control room would require dismantling and the space returning to the police for their use. It is estimated that this could cost in the region of £3K. Total costs of this aspect would therefore be £11,400.

6.24 The advantages of this option are that there would be a budget saving for the council. However, it should be noted that there would be some ongoing costs due to the timing of the BT contract as referred to above.

6.25 The risks of this option are higher than other options which involve a reduction in the operation of the system, but are still related to the potential for crime increases and reductions in crime detections.

7.0 Officer Preferred Option (and comments)

7.1 The purpose of this report is to provide information to allow consideration of priorities for the Council’s contribution to community safety in 2012/13. Therefore, there are no officer preferred options.

<p>RELATIONSHIP TO POLICY FRAMEWORK As outlined within the report</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) As outlined within the report</p>
<p>LEGAL IMPLICATIONS There are no legal implications directly arising from this report.</p>
<p>FINANCIAL IMPLICATIONS Details of the financial implications are set out within the body of this report. Current revenue budgetary provision for direct costs associated with community safety can be summarised as follows:</p>

	2012/13	2013/14	2014/15
	£'000	£'000	£'000
CCTV (excluding recharges etc)	205	210	214
Contribution to Community Safety Partnership (CSP)	33	13	13
TOTAL	238	223	227

The City Council makes no direct contribution to the PSCOs, as they are currently funded via the CSP and the LDLSP. The City Council makes an annual contribution to the CSP and the amount is listed in the table above.

In addition, the Council's approved capital programme still has a match funding contribution of £25K to CCTV in Carnforth in 2012/13. This has been rolled forward over many years, however, and therefore it is appropriate that the need for this provision is reviewed.

With regard to existing CCTV equipment, it is considered that there is no real risk of any clawback liabilities arising should there be changes to the function. This is because the initial purchases took place over 15 years ago.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

There are no specific property issues referred to in this report but Property Services have prepared the report

Open Spaces:

As outlined within the report

SECTION 151 OFFICER'S COMMENTS

Members are advised to identify their community safety proposals and the level of resource to be allocated in context of their overall priorities and the Council's financial prospects, as well as service objectives and value for money.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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CABINET

**Shared Services Programme – Oneconnect Limited
17 January 2012**

Report of Chief Executive

PURPOSE OF REPORT			
To advise Cabinet on progress and proposals for shared services with Oneconnect Limited (OCL - the strategic partnership established between Lancashire County Council and BT) around Information Services and Customer Services			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers			x
Date Included in Forward Plan	N/A		
This report is public.			

OFFICER RECOMMENDATIONS:

- 1 That Cabinet considers the progress and proposals for shared services with OneConnect Limited in respect of Information Services and Customer Services and supports further development of the proposals on that basis.**

REPORT

- At its meeting on the 26 July 2011, Cabinet was informed that, Lancashire County Council and BT have jointly formed a company called OneConnect Limited to undertake the work of the Strategic Partnership.
- As reported to Cabinet on the 19 April, the benefits from the Strategic Partnership could be significant and, therefore, Lancaster City Council had previously agreed to add its name to the OJEU notice.
- The meeting in July was advised that the services currently being progressed by the City Council through OneConnect Limited are ICT, Customer Access and an HR/Payroll system. The HR/Payroll system has dropped out of the draft and will be pursued in other ways.
- At its meeting on the 4 October 2011, Cabinet were asked to note the signing of a Memorandum of Understanding which, whilst not legally binding, has been signed by the Chief Executives of Lancaster City Council and Lancashire County Council to

demonstrate the commitment between the two Authorities to work together through the Strategic Partnership with the aim of delivering the services identified in 3. above.

5. The following list of documents are being drafted and will form the basis of any formal agreement with Oneconnect Limited:

- Shared Services Agreement between Lancaster City Council and Lancashire County Council
- ICT Service Provision Agreement
- Customer Services – Call Handling Service Provision Agreement
- Customer Services – Face to Face Service Provision Agreement

6. A summary of the current proposals for Customer Access are set out below for consideration. The shared service will bring together customer access currently being provided via Lancaster and Morecambe Town Hall Customer Service Centres and Cable Street (Council Housing) Customer Service for both Lancaster City Council and Lancashire County Council services provided in the Lancaster District:

- A. OCL will deliver telephony customer service on behalf of Lancaster City Council and Lancashire County Council via the telephony channel at their offices in Accrington.
- B. Lancaster City Council will deliver customer service on behalf of Lancashire County Council via the face to face channel. Lancaster City Council will also continue to handle our own email enquiries. Focusing on face to face service will enable us to provide good foundations on which to further develop local public sector face to face services in the future.
- C. Lancaster City Council will work closely with OCL to ensure delivery of a consistent customer experience via the three channels.
- D. The detailed methodology for how the service will be delivered will not be available until the next phase (known as the transition period) however what is known is as follows:
 - Telephony opening hours will be extended to 8am to 6pm (currently 8am to 5pm in the CSCs and 9am to 5pm at Cable Street).
 - OCL's proposed target % of calls answered is 95% (the target is currently 97% and although we do not always meet this we have no adverse feedback from customers as a result). Lancaster City Council has an additional current target to answer 80% of calls within 20 seconds. This will be a non contractual target in the new arrangement.
 - The benefits of the service include improvements and efficiencies which can be made from implementation of automated service (e.g. Interactive Voice Response (IVR), Automated Attendant, Speech Dial).
 - Although OCL welcome the secondment of Lancaster City Council staff to deliver the telephony service unfortunately the vast majority of employees may feel that a transfer of work to Accrington may not be acceptable in view of the commuting time involved. This increases the problems of a smooth transition and therefore a robust take-on plan will need to be jointly developed and agreed during the transition period to mitigate this.
 - Any changes which are classified as non business as usual may be chargeable.
 - All arrangements will be subject to a monitoring period prior to final agreement of cost and service standards.

7. Information Services

- A. It is proposed that OCL provide the full range of Information technology Services on behalf of Lancaster City Council.
 - B. The service will be provided by seconding existing City Council employees to OCL which will enable a smooth transition.
 - C. The shared service will ensure access to a wider range of expertise and support the Council towards greater efficiency and effectiveness across all services.
 - D It is anticipated that the services will be provided from Lancaster.
8. It is intended that, if Cabinet agrees in principle to proceed with developing the shared services proposals, officers will continue to work on the draft documentation (incorporating the full terms and conditions) and on the financial appraisal, with a view to reporting back to enable Cabinet to make a final decision in due course.

RELATIONSHIP TO POLICY FRAMEWORK

The efficiencies delivered from developing a shared service programme will greatly assist in achieving the objectives in the Council's Corporate Plan, particularly in terms of efficiencies and working closely with other partner organisations to deliver improved benefits for the Lancaster district community.

CONCLUSION OF IMPACT ASSESSMENT

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

The use of business cases to develop options will ensure that benefits identified for introducing shared services will be sustainable and achievable.

FINANCIAL IMPLICATIONS

At present, the terms of the agreements and final details of the service provision for both the ICT and Customer Services proposals have yet to be finalised, therefore at this point in time it is not possible to provide financial implications associated with the shared service programme. As and when these details have been finalised a full whole life financial appraisal will be undertaken and reported back to Members in due course, to support their decision-making.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Employees and the recognised trade unions are engaged in a structured consultation process which will continue to support the development of the Strategic Partnership project.

The development of the arrangements set out in the various appendices will impact on our employees within each of the services that it is proposed will move into the partnership. The impact being the secondment of employees from the City Council to the County Council and a subsequent secondment to One Connect Limited (OCL).

The level of impact will however depend on the service delivery model which is developed. Although it is not anticipated that the majority of employees will be adversely affected by the

proposals, the vast majority of employees may feel that a transfer of work (telephony) to another location within the County would not be acceptable. This, tied to a diminished need for specific types of work will lead to a lesser need for employees in certain areas. There are some employees in the Customer Service Centre (CSC) on fixed term contracts that are due to terminate during 2012. Although the final structure has not yet been defined we anticipate that there will be roles for all permanent CSC employees in the new arrangements.

The Council, County Council and OCL will however seek to avoid compulsory redundancies by endeavouring to find suitable alternative employment across each organisation. The Council will also seek volunteers before any employee faces compulsory redundancies.

Information Services: N/A

Property: N/A

Open Spaces: N/A

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has no further comments at this stage.

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report, but Legal Services will be required to advise upon and approve all the documentation referred to in paragraph 5 of this report prior to proceeding with these shared service arrangements.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Previous Shared Services Programme
Cabinet Reports and Minutes

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Ref:CE/ES/Committee/Cabinet/Shared
Services/06.12.11

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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