



**Committee:** CABINET

**Date:** TUESDAY, 4 DECEMBER 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, 6 November, 2012 (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 receive declarations by Members of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 10 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Members are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Chatsworth Gardens and Clusters of Empty Homes Funding (Pages 1 - 63)**  
**(Cabinet Members with Special Responsibility Councillors Leytham & Hanson)**  
Report of the Head of Regeneration and Planning
7. **Commissioning Arrangements for the Voluntary Sector (Pages 64 - 69)**  
**(Cabinet Member with Special Responsibility Councillor Blamire)**  
Report of the Head of Community Engagement
8. **Service Level Agreement Storey Gallery 2012-13 (Pages 70 - 74)**  
**(Cabinet Member with Special Responsibility Councillor Sands)**  
Report of the Head of Community Engagement
9. **Storey Creative Industries Centre: Progress Update (Pages 75 - 77)**  
**(Cabinet Member with Special Responsibility Councillor Hanson)**  
Report of Head of Resources
10. **Budget and Policy Framework 2013/16: Revenue Budget and Capital Programme Update (Pages 78 - 97)**  
**(Cabinet Member with Special Responsibility Councillor Bryning)**  
Report of Head of Resources
11. **Corporate Fees and Charges (Pages 98 - 133)**  
**(Cabinet Members with Special Responsibility Councillors Bryning, Hamilton-Cox, Hanson, Leytham and Sands)**  
Report of Head of Resources
12. **Local Government Finance Act 2012 -Reforms to Council Tax: Use of Discretionary Powers (Pages 134 - 148)**  
**(Cabinet Member with Special Responsibility Councillor Bryning)**  
Report of the Head of Resources
13. **Budget and Policy Framework 2013/16 - Corporate Plan: Priorities Review (Pages 149 - 159)**  
**(Cabinet Member with Special Responsibility Councillor Blamire)**  
Report of the Chief Executive
14. **Lancaster City Council Energy Strategy (Pages 160 - 166)**  
**(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)**

Report of the Head of Environmental Services

15. **Ryelands Park Bandstand (Pages 167 - 171)**

**(Cabinet Member with Special Responsibility Councillor Smith)**

Report of the Head of Environmental Services

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

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following items in private. It should be noted that the report for item 17 is a public report with two exempt appendices and it will only be necessary to exclude members of the press and public should Members need to refer to the information in exempt appendices 3 and 4 of the report.

Cabinet is recommended to pass the following recommendation in relation to Item 17, should it be necessary to refer to exempt information, and in relation to Item 18:-

“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(s) of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

Members are reminded that, whilst the following item(s) have been marked as exempt, it is for Cabinet 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 also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

17. **Supporting People Programme - Budget Proposals (Pages 172 - 198)**

**(Cabinet Member with Special Responsibility Councillor Leytham)**

Report of the Head of Health and Housing

18. **24, Hala Grove, Lancaster (Pages 199 - 203)**

**(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)**

Report of Head of Resources

## **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](mailto:ebateson@lancaster.gov.uk).

**(iii) Apologies**

Please contact Members' Secretary, telephone 582170, or alternatively email [memberservices@lancaster.gov.uk](mailto:memberservices@lancaster.gov.uk).

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

Published on Friday, 23 November, 2012.

**CABINET****Chatsworth Gardens and Clusters of Empty Homes Funding****4 December 2012****Report of the Head of Regeneration and Planning**

<b>PURPOSE OF REPORT</b>			
To seek approval to deliver a viable solution to the stalled Chatsworth Gardens project through the acceptance of the Clusters of Empty Homes Funding offer of £1.9M.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date Included in Forthcoming Key Decision Notice</b>		5 November 2012	
<b>This report is public</b>			

**RECOMMENDATIONS OF COUNCILLORS KAREN LEYTHAM AND JANICE HANSON:**

- 1) That Option 2 be approved and the Head of Regeneration and Planning be authorised to accept the £1.9M Clusters of Empty Homes Funding and deliver the Chatsworth Gardens project through the approach as set out.
- 2) That the Head of Resources be authorised to update the Capital Programme and Revenue Budget accordingly to allow progression of the project under (1) above.
- 3) That the Head of Resources investigates the viability of finance schemes that may assist prospective home buyers in the Chatsworth Gardens area, through means such as the lend a hand scheme or other deposit guarantee schemes and government initiatives, for consideration as part of future years' budgets.

**1.0 Introduction**

- 1.1 This report outlines the potential next steps for the Chatsworth Gardens housing regeneration project in the West End within the context of new financing opportunities. Previously it had stalled due to the withdrawal of external funding opportunities and the council's preferred developer pulling out.

- 1.2 At its August 2010 meeting Cabinet tasked officers to seek a further HCA funding commitment to deliver Chatsworth Gardens at the lowest potential risk to the Council and that the acceptance of any HCA funding offer and authority to proceed be subject to a further Cabinet report (minute ref: 40).
- 1.3 At its February 2011 meeting Full Council added Housing Regeneration to the priorities to be used to develop the budget and policy framework for the period 2011-14 (minute ref: 99).
- 1.4 In October 2011 Cabinet reaffirmed strategic housing regeneration as a proposed priority for the foreseeable future (minute ref: 48), specifically highlighting Chatsworth Gardens and Bold Street as the focus, alongside an additional priority of bringing empty homes back into use.
- 1.5 This was reflected in the Corporate Plan for 2012/15, which was ultimately approved by Council on 14 May 2012 (minute ref: 21).

## **2.0 Background**

- 2.1 The Chatsworth Gardens site consists of 2 property blocks split by Chatsworth Road:

- Western Block: 4 terraces on Albert Road, Chatsworth Road, Regent Road and Westminster Road.
- Eastern Block: 4 terraces on Albert Road, Balmoral Road, Chatsworth Road and Regent Road.

The project objectives are outlined in the Relationship to Policy Framework section of this report. The council owns 47 properties on the site (Appendix 1a) bought with HCA grant (approx £7M spent to date). Outside of the Chatsworth Gardens area the council also owns a number of "non-project properties"<sup>1</sup> (NPPs) across the West End, also bought with HCA grant. The NPPs are earmarked for sale to provide funding for the main Chatsworth Gardens project.

- 2.2 Cabinet will be aware from previous reports of the reasons for the Chatsworth Gardens project stalling, namely: housing market collapse; withdrawal of preferred developer partner Places for People; the Comprehensive Spending Review (CSR) preventing access to HCA funding. Cabinet will also be aware of officer's efforts to develop alternative proposals which could deliver sustainable housing regeneration. It became clear that:

- All options required substantial £ multi-million capital funding.
- The lower cost schemes had increased risks (in terms of regeneration outcome) as they provided only partial site solutions.
- An absence of external funding opportunity available at the time meant even the lowest cost option could only be delivered through council funding.

---

<sup>1</sup> Non-Project Properties were acquired in 2004 when the Masterplan was in an embryonic stage and the HCA and LCC wanted to make early progress with strategic acquisitions. 25 properties were acquired for £2.2M all located in what became the high intervention Masterplan areas that would be brought forward under various projects e.g. Clarendon Road Remodelling, Adactus Live/Work Units, Chatsworth Gardens, Marlborough Road, Bold Street, the ceased Central Park project and the Co-Op Building.

In effect the council adopted a 'holding' position, waiting for further opportunities and officers continued to work on alternative scheme details.

2.3 The Coalition Government has recently introduced initiatives to bring empty homes back into use. The HCA launched a competitive Clusters of Empty Homes Fund (CEHF) targeting areas with high numbers of empty properties that had good market prospects but which required an intensive approach to return them to a liveable standard. The main details of the funding programme are:

- A minimum of 100 homes brought back into use over project lifetime.
- Delivery is within a distinct, compact area (ward or smaller) with over 10% of homes empty, and each cluster representing more than 25 empty homes.
- Clear and demonstrable high level strategic fit and community support - as well as evidence of local authority commitment.
- In principle commitment to providing 100% match funding.
- Homes can be for rent, shared ownership or outright sale to owner occupiers
- Only capital funding to be spent on empty properties is available.
- Only refurbishment and reconfiguration of empty homes will be supported and not demolition and new build.

2.4 Officers prepared a bid focussing on action to deliver Chatsworth Gardens. This has been successful and the council has been offered up to £1.9M (application attached in Appendix 2). The offer of funding support requires match funding pound for pound but existing public investment in the area can be recycled and funds expended by the private sector can also be shown as match funding. Effectively this means the council can draw on the £1.9M and develop a sustainable proposal without providing any additional/new capital funding. Existing revenue costs will still be required in terms of staffing to project manage the scheme.

2.5 This report details what officers consider to be a viable proposal for Chatsworth Gardens that is cost neutral to council budgets and enables the council to accept the CEHF offer of £1.9M.

### **3.0 Proposal Details**

#### Remodelling Plan

3.1 The CEHF bid required the council to define a high concentration of empty properties in a small area which was ideally suited to the West End situation. The tight timescale for the bid meant an initial option had to be defined, and an amount of match funding assumed. Officers developed a scheme that balanced:

- Delivering on the fund's empty homes core objective
- Supporting the council's identified priority regeneration schemes

3.2 The defined cluster area (Appendix 2) focuses upon the central West End area and includes the whole of the Chatsworth Gardens site, NPP empty homes, as well as privately owned empty homes in the wider area. CEHF

can only be spent on empty homes brought back into use through refurbishment or remodelling (not demolition or new build homes). Officers therefore targeted the potential resources on the empty homes in Chatsworth Gardens. Revisions were made to the existing broad design framework agreed by Cabinet in August 2010 (Appendix 1b) to maximise refurbishment and remodelling of existing properties.

3.3 The project targets over 100 empty homes, many of which accrue from subdivision of large terraced properties into flats, bedsits and former guesthouses. The majority of the properties are presently owned by the council and Appendix 3b shows the proposed planned approach. In summary the proposal is as follows:

- Council owned properties on Westminster and Albert Road will be directly remodelled / refurbished by the council to create 25 terraced family homes (similar to recently remodelled properties on Bold Street) and sold for owner occupation. Within these streets the council will work with remaining property owners and occupiers to improve their homes through grant aid.
- Council owned properties on Balmoral Road and Chatsworth Road will be sold to private developers under a building license agreement that will control quality and timescales for renovation and reuse; including landlord accreditation where properties are not refurbished for owner occupation. The aim is to reduce density and provide larger units of both single houses and 2-3 bedroom flats.
- On Chatsworth Road 8 council owned former HMO properties will be brought back into use as single houses. To facilitate private investment along the remainder of the street it is proposed to undertake a facelift scheme to both sides of the street. An example and explanation of a facelift scheme is detailed in Appendix 4.
- On Balmoral Road the aim is to sell these with a planning permission for 3 self contained 2-3 bedroom flats in each property. The council properties and the rest of the terrace are in reasonable condition so a facelift scheme is considered unnecessary here.
- Outside the Chatsworth Gardens site the council owns 3 properties on Clarendon Road West that will also be sold privately to be brought back into use.
- 55 privately owned empty properties within the West End cluster area are to be targeted and brought back into occupation through a 'carrot and stick' approach. Officers will contact owners and provide assistance to bring properties back into use and offer limited grant assistance.

3.4 Officers have been unable to find a viable refurbishment proposal for the very large (4 storey) properties located on Regent Road within the £1.9M allocation. The size and scale of the properties presents a significant challenge in terms of costs/return, technical approach and market requirements, borne out in the ARUP development appraisals in 2010. The CEHF proposal budgets to demolish the Regent Road terrace in the Western



Block to deliver a site of new build. Existing council owned properties in the second Regent Road terrace in the Eastern Block would be held for the time being.

### Finance

- 3.5 The match funding to access the £1.9M CEHF investment is sourced from funding held in the project, sales/property income and projected investment by the private sector. The proposal is tailored to the opportunity the CEHF provides and meets the project and Masterplan objectives. (Refer to Financial Implications)
- 3.6 The cost estimates, sales and property valuations that inform the budget appraisal have been provided by Chartered Surveyors, Quantity Surveyors, and Local Estate Agents/Surveyors. The design approach has been assessed for sales risks and sales rates and the selected approach balances this with the requirements of the market
- 3.7 Direct refurbishment will be undertaken in phases on a terrace by terrace basis. Once each terrace is completed the sales income will be recycled to fund the next phase. To mitigate sales risk the council could explore means of mortgage assistance, such as the 'lend a hand scheme' and other government initiatives to assist first time buyers onto the property ladder. These initiatives are effectively deposit guarantees - lack of funds for a deposit being a major impediment to securing a mortgage deal in the current housing market. This would in effect greatly mitigate the sales risk. Examining the potential for a Lend a Hand Mortgage scheme in relation to realising the council's housing regeneration priorities was recommended by Cabinet October 2011.
- 3.8 If additional resources of £750K were made available a solution to both Regent Road terraces could be secured, removing remaining uncertainty from the proposals (Option3). However, further external funding opportunities may also arise in future and as previously stated the proposal could exceed income targets. The options for the regeneration of the Regent Road properties cannot be fixed at this stage.

### **4.0 Details of Consultation**

- 4.1 Chatsworth Gardens is a longstanding council project that has been subject to extensive consultation since 2004. The recently established Housing Regeneration Cabinet Liaison Group (HRCLG) has received updates and discussed Chatsworth Gardens and the CEHF bid in detail. The regeneration of empty homes attracted strong support and HRCLG are particularly keen to see this issue addressed. HRCLG would like to see the substantial funding offer taken up to tackle a large number of empty homes and believe this is an opportunity to secure funding which needs to be grasped.

### 5.0 Options and Options Analysis (including risk assessment)

	<b>Option 1: Do Nothing and reject £1.9M CEHF and withdraw from project</b>	<b>Option 2: Accept £1.9M CEHF to deliver Chatsworth Gardens initially bar one Regent Road terrace</b>	<b>Option 3: Accept £1.9M CEHF and request Council funds resources to complete full Chatsworth Gardens scheme</b>
<b>Advantages</b>	Avoids project delivery risks. No further direct capital cost to the council. Removes uncertainty.	Provides a positive and viable solution to Chatsworth Gardens. Utilises existing regeneration funding and poses no further budget costs on the council. Brings empty homes back into use. Clearly sets out council's commitment to local residents and owners in the area. Demonstrates delivery to HCA boosting chances for future funding.	Provides a comprehensive and positive solution to Chatsworth Gardens. Brings empty homes back into use. Clearly sets out council's commitment to local residents and owners in the area. Demonstrates delivery to HCA boosting chances for future funding.
<b>Disadvantages</b>	Risk of exacerbating local housing market failure. Disposal may take several years to realise. Ongoing management costs and staff resources. Adverse impacts likely to be caused resulting in negative regeneration effect. Does not allow take up of Clusters of Empty Homes Funding opportunity.	Ideally requires co-operation from owner occupiers & landlords to avoid costly legal action. Uncertainty of delivery remains for the Regent Road terrace in the Eastern block.	The budget required could not be implemented within the existing MTFS. The challenging and uncertain financial prospects mean that it is difficult to see this position improving. Ideally requires co-operation from owner occupiers & landlords to avoid costly legal action.Reduces opportunity for external funding.
<b>Risks</b>	This was calculated as the highest overall 'all risk.' The potential impact of this approach is a high negative regeneration effect. There are reputational risks to the council and HCA being seen to 'pull out' of the project and the impact on West End. But in financial risk terms withdrawal is the least risky option. Reputational risk with the HCA would make future bids less credible. Long sales period presents health and safety risk from	Involves the council taking the delivery risks on a capital housing development project. The council will face a sales risk on the direct refurbishment properties that needs to be mitigated by some form of mortgage assistance scheme. Limited control over private sector match required to access part of HCA funding. Build costs and sales date/value can adversely impact project. However the appraisal indicates a	Involves the council taking the delivery risks on a capital housing development project The council will face a sales risk on the direct refurbishment properties that needs to be mitigated by some form of mortgage assistance scheme. Limited control over private sector match required to access part of HCA funding. Build costs and sales date/value can adversely impact project.

	dilapidations.	£370K contingency balance to mitigate the financial risks.	
--	----------------	--	--

## 6.0 Officer Preferred Option (and comments)

- 6.1 **Option 1** disposal of all properties with sales receipts covering disposal fees is discounted due to member's consistent positive support for finding a positive solution to Chatsworth Gardens. This option presents considerable risk in every way other than financial. This option declines a HCA sponsored rescue package of £1.9M CEHF and may damage future council HCA resource bids and partnership working.
- 6.2 **Option 3** presents the lowest delivery risk and brings maximum benefits through the realisation of a comprehensive scheme. However, the additional cost to the council could not be implemented within the existing MTFs and negates the opportunity to secure further external resources to complete scheme.
- 6.3 **Option 2** is the affordable route to achieve a viable outcome. It enables full acceptance of the £1.9M HCA funding offer. Due to cost and funding constraints it leaves out elements of Regent Road but officers consider the position to be manageable and will continue to work with the HCA to secure a solution. **Option 2 is therefore the preferred option** as the best and most affordable route forward identified for the project since it stalled in 2008.
- 6.4 Members should be aware that engagement of interest from private developers for refurbishment will be challenging. The council will be taking on a substantial refurbishment element if positive intervention is to be successfully realised and private investment encouraged. The preferred option brings contingent risks associated with construction, refurbishment, project management and end sales. These risks fall to a great extent on the council. However, the preferred Option 2 does allow for a significant contingency balance of £370K which could either meet unforeseen cost increases or lower sales values or even contribute towards the cost of the second Regent Road terrace.
- 6.5 However the council has recent experience of refurbishment on Bold Street where its refurbished properties were sold successfully on the open market. The cost structure and assumptions will also be reviewed through the council's project management approval systems.

## 7.0 Conclusion

- 7.1 The preferred **Option 2** enables the council to maximise an external funding opportunity to deliver on a long standing but stalled regeneration project. The CEHF proposal remains true to the original objectives of the Chatsworth Gardens project and the West End Masterplan in removing unsustainable HMO accommodation and replacing with family housing and a wider range of sustainable housing tenure. The proposal £1.9M funding offer will also achieve outcomes for the council's priority to tackle empty homes in the wider West End area.

- 7.2 In the context of previous attempts to construct a substantive and project the proposal represents a practical and affordable approach albeit one which still presents many challenges in delivery. Key to managing the sales risk is the council considering investing in a form of mortgage assistance scheme to support potential buyers to become owner occupiers. It is important to note that in general terms this is a financial mechanism for the council to invest its reserves into. There are risks involved in such investments but these need to be considered against the benefits brought in securing sales and reducing council risk exposure. The prudent investigation of such a scheme is required.
- 7.3 The CEHF offer also gives an opportunity to show the council can deliver effectively against HCA and the Coalition Government's national housing objectives in difficult circumstances. Demonstrating it can deliver on the ground will give the council an advantage in competing to secure future HCA resources and partnership activity.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

In January 2011 council resolved that housing regeneration be included as a theme in its corporate priorities. This was reaffirmed in the 2012-2015 Corporate Plan.

The Chatsworth Gardens Project is a key element of the West End Masterplan and was ranked as a high priority by Cabinet as part of review and refresh exercise carried out on the Masterplan in 2009. The council has been working with the Homes and Communities Agency (HCA), formerly known (prior to December 2008) as English Partnerships, to deliver the Chatsworth Gardens Housing Exemplar scheme. The objectives of the proposal are as follows:

- Attract families and long-term residents to live and work in and near the town
- Create a more balanced community
- Reverse the negative perception of Morecambe's West End as a place to live
- Reduce the number of HMOs (Houses in Multiple Occupation)
- Kick-starting public/private investment in the area;
- Creating confidence in the market – to show that family housing is possible and have a catalytic effect (along with the other interventions)
- Deliver quality housing stock
- Address crime and social conditions in the area
- Act as a demonstration to the market in terms of the standard and quality of housing that should be delivered in the Masterplan area

As 40% of the districts homelessness derives from failed private sector tenancies in the West End, these schemes will help reduce homelessness correct housing supply imbalances are corrected and help stabilise a transient community

There is a relationship between bringing empty homes back into use and the allocation of proposed sites for housing in the Local Plan. Empty property reuse is significant element of providing for the District's housing needs.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

The West End Masterplan has carefully considered issues of sustainability and is based on sustainable principles. The scheme will be designed and built in accordance with specifications/standards which ensure high quality urban design, including safer by design and life time homes standards as well as high environmental standards. Human rights and diversity issues are given special consideration as owner interests are acquired.

## LEGAL IMPLICATIONS

Legal Services have been consulted and their comments inserted within the body of the report where appropriate.

The council was in default of the current funding agreement for Chatsworth Gardens dated 21/12/2005 when the developer withdrew. Schedule 2, Part 1 of the agreement states that the council will provide the Agency with its detailed written proposals for the future management development and disposal of the council site. The HCA accepted the receipt of the final ARUP study (see August 2010 Cabinet report) as a satisfactory approach, but without the requisite funding this approach is not viable. In February 2011 a high level meeting with the HCA indicated that they will support the council's preferred approach if they consider it to be a viable and positive regeneration solution, but at that time had no funding to support the council achieving this. In February 2012 the HCA encouraged the council to apply for the Cluster of Empty Homes Funding opportunity as a solution to Chatsworth Gardens. The HCA's approval of the Clusters of Empty Homes Funding bid provides a viable and positive regeneration solution to Chatsworth Gardens, thereby satisfying the default provisions of the 2005 funding agreement.

**Option 1** rejects the CEHF offer of £1.9M and effectively instigates withdrawal from the Chatsworth Gardens. This is the HCA contractual default position if no viable scheme can be delivered. If the default provisions are triggered the council has to appoint a Disposal Surveyor to handle the sale of existing assets. The prolonged sales period may have adverse effects on the neighbourhood and lead to claims against the council.

**Options 2 and 3** involve the council in the practical contractual matters of acquisitions and sales. The extent of the legal work involved depends on the particular option, as **Option 3** envisages more extensive intervention. It is anticipated that through negotiation positive ways of working with existing property owners in both the direct and private refurbishment properties. For the non-refurbishment element it will be necessary to bring terraces of properties under single ownership or control. While every effort will be taken to agree acquisitions by agreement, it may as a last resort be necessary to use the statutory powers to enable the redevelopment to take place in the desired form (Members should note that it is too early at the moment to decide whether such powers are required). The ability and approval to use statutory powers is also underpinned by having certainty in delivery.

The report notes opportunities to work with existing owners and private developers in a number of ways which will require legal input in terms of the practical contractual terms of, for example, grant offers, relocation 'swaps', building licence agreements and so on. Legal Services and Property Services have been involved in and have experience in the development of such agreements, most recently on the extensive interventions on Bold Street and the associated grant/developer agreements.

The acceptance of the HCA's Clusters of Empty Homes Funding (CEHF) offer is under a separate agreement to the 2005 funding agreement. Beyond the funding criteria and bid document no formal contractual paperwork has been received but the first years advance grant payment of £955K from the Department of Local Government and Communities has been paid in advance to the council.

## **FINANCIAL IMPLICATIONS**

Option 1 to reject the £1.9M funding offer is the least risky in purely financial terms and would effectively trigger withdrawal from the scheme and the disposal of all properties. This would not lead to clawback of funds already invested; the HCA would accept current property sale valuation prices and the council would be able to cover its eligible disposal costs. However, the principal risks arise from the failure to deliver on regeneration and the loss of reputation with the HCA and government which could have a financial impact on future regeneration in the district.

Option 2 to accept £1.9M CEHF to deliver Chatsworth Gardens, initially bar one Regent Road terrace, utilises existing funding and resources and should present no further draw on council budget save for cash flowing delivery and sales. Mitigating this is the payment of grant funding in advance. Furthermore a contingency balance of £370K has been estimated in the appraisals that could meet unforeseen cost increases.

Option 3 to accept £1.9M CEHF and request Council funds resources to complete Chatsworth Gardens presents a significant burden on an already strained budget and is therefore not considered a viable option. The scale of resource needed is up to £750K and could only be met by prudential borrowing and that would impact on the revenue account for the next 40 years by £54K, as an indication.

### Project Delivery Risks

Direct intervention proposed in both Options 2 and 3 involves the council in contingent risks construction, refurbishment, project management and end sales which may affect the underlying income/cost assumptions on which the proposal is based.

The principal financial risk arises from a number of uncertainties in the project:

- Un-refurbished properties that are to be sold present a risk in terms of timing and value of receipts. Given the current housing market, this is judged to be a significant risk. This risk is mitigated by prudent professional valuations ascribed to the properties. Selling properties with an approved planning permission provides some certainty for prospective developers prior to purchase and this further mitigates sales risks.
- Acquisition costs are based upon professional estimates. There is a risk that these could increase, but the market is moribund and this risk is considered low.
- Construction costs are estimates based on professional advice obtained through detailed research and recent tenders. However, these prices are over a year old and could have moved up or down. The local net position regarding the competing pressures of high inflation pushing up cost but low economic activity increasing competition for work is not certain. On a positive note though, the estimated construction costs used are lower than the council's most recent contract prices and rates for similar refurbishments on Bold Street, so this may indicate downward pressure overall.
- There is a clear sales risk on the refurbished properties in the current market, with constrained lending and uncertain job prospects. In terms of supporting cashflow for the project peak borrowing could be higher and for a more prolonged period than budgeted. Further expert advice will be sought on current prices to ensure

assumptions about sales values still reflect the current market. The sales values utilised in the appraisals are prudent and not bullish, thereby providing a lower risk. The design layout and property types has been appraised as providing a good sales rate, but again a more pessimistic view has been utilised to mitigate this risk.

- The use of private sector match to secure project funding for the council to deliver refurbished homes reduces the level of match funding the council has to directly provide to secure HCA investment. However it presents a risk over which the council has limited control. In mitigation private refurbishment would be controlled by building license to ensure private sector match is secured on time. The estimated refurbishment cost per property are substantially lower than the anticipated costs, this is to mitigate any underperformance in terms of both value and timescale for the securing of private sector match funding to support the project.
- Seeking to mitigate sales risks with a type of mortgage deposit guarantee scheme is considered essential, although the mechanisms of this investment model need to be thoroughly investigated to better understand both the risks and benefits.

To enable the prudent management of all the project risks it would be necessary to review the relative success or failure of the project to meet the forecast costs and sales income at stages within the project as this will determine the viability of future project stages. The main stage separation within the project is between the completion of the Clusters of Empty Homes properties and the progression of the regeneration of the Regent Road properties and it is at this point that further progression would be assessed and either need to be scaled back, carry on as planned or there may be the opportunity to increase the scope.

Development appraisals depend on the accuracy of the underlying variables and officers have employed reasonable and prudent cost benchmarks and market value assessment informed by the views of local agents. The assumptions have been reviewed by qualified surveyors in Regeneration & Planning Service who support the competency of the underlying data.

The complexity of the CEHF application and proposal and the market conditions means no cost/outcome analysis is an exact science - multiple variables impact on the analysis in many ways. Variations can be brought to bear to reduce costs and/or introduce marketable elements depending on circumstances, but Regeneration and Planning officers consider these considerations should not alter the fundamental basis of the cost assumptions as the West End market, though depressed, is relatively stable. The analysis is a rounded view of the likelihood of achieving a particular broad outcome at a certain order of cost, and that actual delivery will benefit from flexibility.

The project will potentially have an impact on the VAT partial exemption position of the Council but it is felt that this can be managed either by the classification of the expenditure or by the phasing of the project.

The figures behind Option 2 and 3 are detailed in Appendix 3a.

## **OTHER RESOURCE IMPLICATIONS**

### **Human Resources:**

All three options require internal human resources to deliver and although these are principally from Regeneration and Planning, although other services support is required, including Financial, Property and Legal.

**Option 1** rejects the CEHF offer of £1.9M and effectively instigates withdrawal from the Chatsworth Gardens. The funding agreement requires a Disposal Surveyor to be appointed and the project would use its nominated firm that would undertake the majority of the work for this option. Internal resource would be required for on-going property management and the financial monitoring of the project's resources until disposal is completed. Legal and Property Services would be required for all property disposals and the cost of this would be met by the project's resources (i.e. sales receipts).

Option 2 and 3 to accept the £1.9M CEHF and progress delivery present significant resource implications for the council and these fall predominantly to Regeneration and Planning. A range of different officers will support the project drawing on existing internal professional resources. Project management, procurement, construction specification and management, property acquisitions and sales and overall delivery will be resourced mainly by Regeneration and Renewal officers. The project team will be supported by dedicated Planning and Building Control officers with the aim of creating efficiencies for both the services and the project. Property acquisitions and sales will require support from Legal and Property Services and the cost for this is budgeted for. Financial Services will provide support to the project throughout its life. A small amount of support from Private Housing is required for grant aided privately rented properties and also landlord accreditation for some property sales. A small amount of support is required from Communications and Marketing to publicise the success of the project.

**Information Services:**

No Information Service implications.

**Property:**

The projects involve the acquisition, disposal and management of residential and some commercial property. They also involve the sale of refurbished property and marketing of development plots. The progression of projects would require input from the council's property services staff resource in conjunction with Regeneration & Planning staff leading the project.

**Open Spaces:**

No Open Space implications.

**SECTION 151 OFFICER'S COMMENTS**

Option 2 could be implemented in accordance with the Council's existing medium term financial strategy (MTFS) and although not without risk, it is considered a manageable way forward to help deliver against the Council's priorities. Option 3 could not be implemented within the existing MTFS and therefore the s151 Officer would advise against pursuing this course of action at this time.

Given the various issues and debate that have arisen in connection with funding bids, it would be helpful to clarify arrangements in order to promote greater understanding and awareness, and this is in hand.

**MONITORING OFFICER'S COMMENTS**

The monitoring officer has been consulted and has no further comments.



**BACKGROUND PAPERS**

Cabinet 3 July 2012, 'Provisional Revenue and Capital Outturn 2011/12' minute no. 22  
Cabinet 17 January 2012, 'Budget and Policy Framework Update – Housing Revenue Account and Capital Programme,' minute no. 80  
Cabinet 4 October 2011, 'Housing Regeneration Priorities', minute no. 48  
Cabinet 15 February 2011, 'Budget Update Report', minute no. 110  
Council 2 February 2011, 'Budget and Policy Framework Update 2011/12' minute no. 99  
Cabinet 31 August 2010. 'Chatsworth Gardens Housing Exemplar', minute no. 40  
Cabinet 22 February 2005. 'Draft West End Masterplan', minute no.149  
Winning Back Morecambe's West End Masterplan - available on Lancaster City Council Website:  
<http://www.lancaster.gov.uk/planning/regeneration/morecambe-s-west-end/>

**Contact Officer:** Tom Brown / Paul Rogers  
**Telephone:** 01524 582326 / 01524 582334  
**E-mail:** [tbrown@lancaster.gov.uk](mailto:tbrown@lancaster.gov.uk)  
[progers@lancaster.gov.uk](mailto:progers@lancaster.gov.uk)  
**Ref:**

**Appendices**

Appendix 1a – Current City Council Ownership Plan for Chatsworth Gardens and Non-Project Properties

Appendix 1b – Approved Design Framework for Chatsworth Gardens

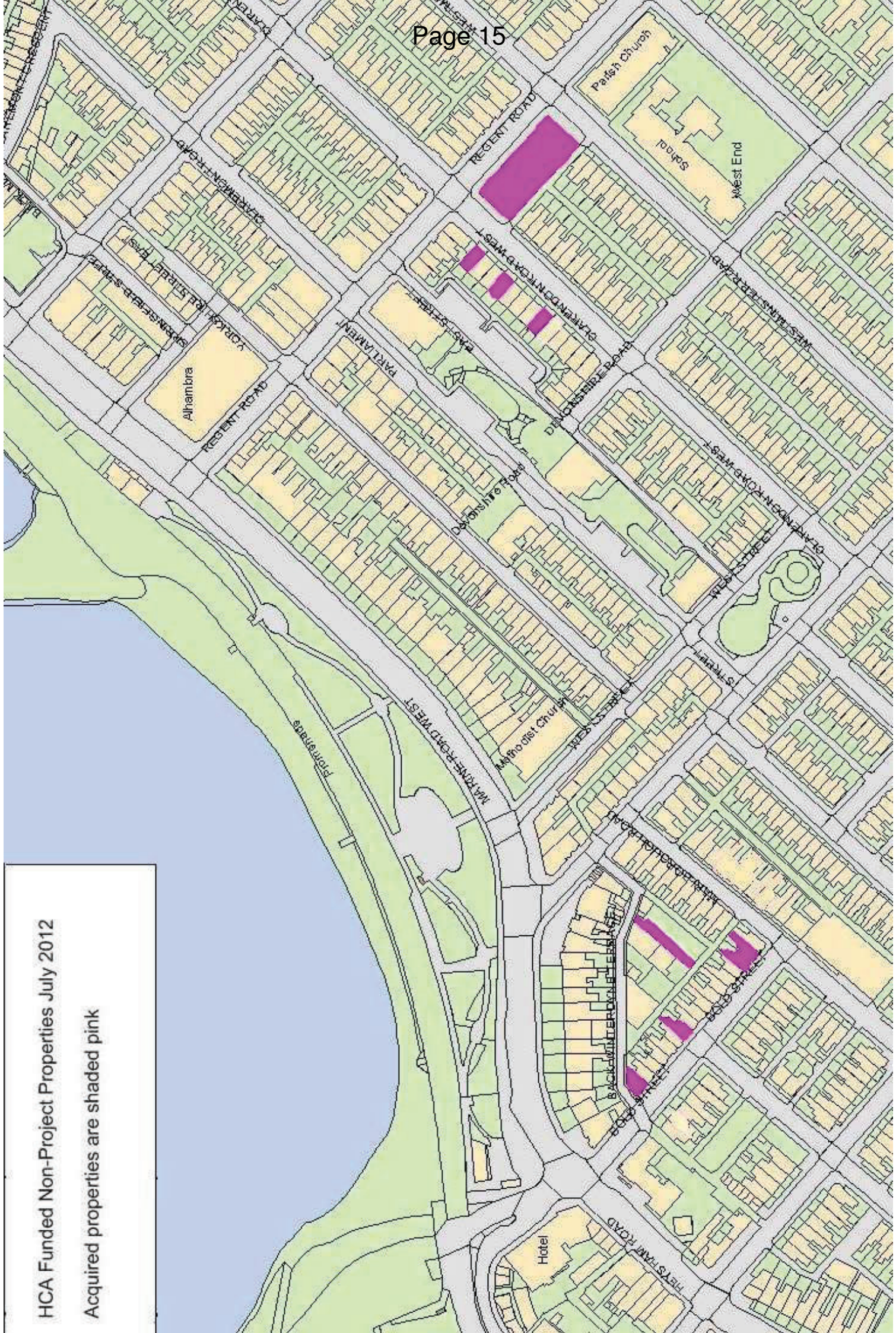
Appendix 2 – Clusters of Empty Homes Funding Application

Appendix 3a – CEHF Financing Details Option 2 and 3

Appendix 3b – Chatsworth Gardens Plans for Option 2 and 3

Appendix 4 – Explanation and Examples of Facelift and Refurbishment Schemes





HCA Funded Non-Project Properties July 2012

Acquired properties are shaded pink

Balmoral Road

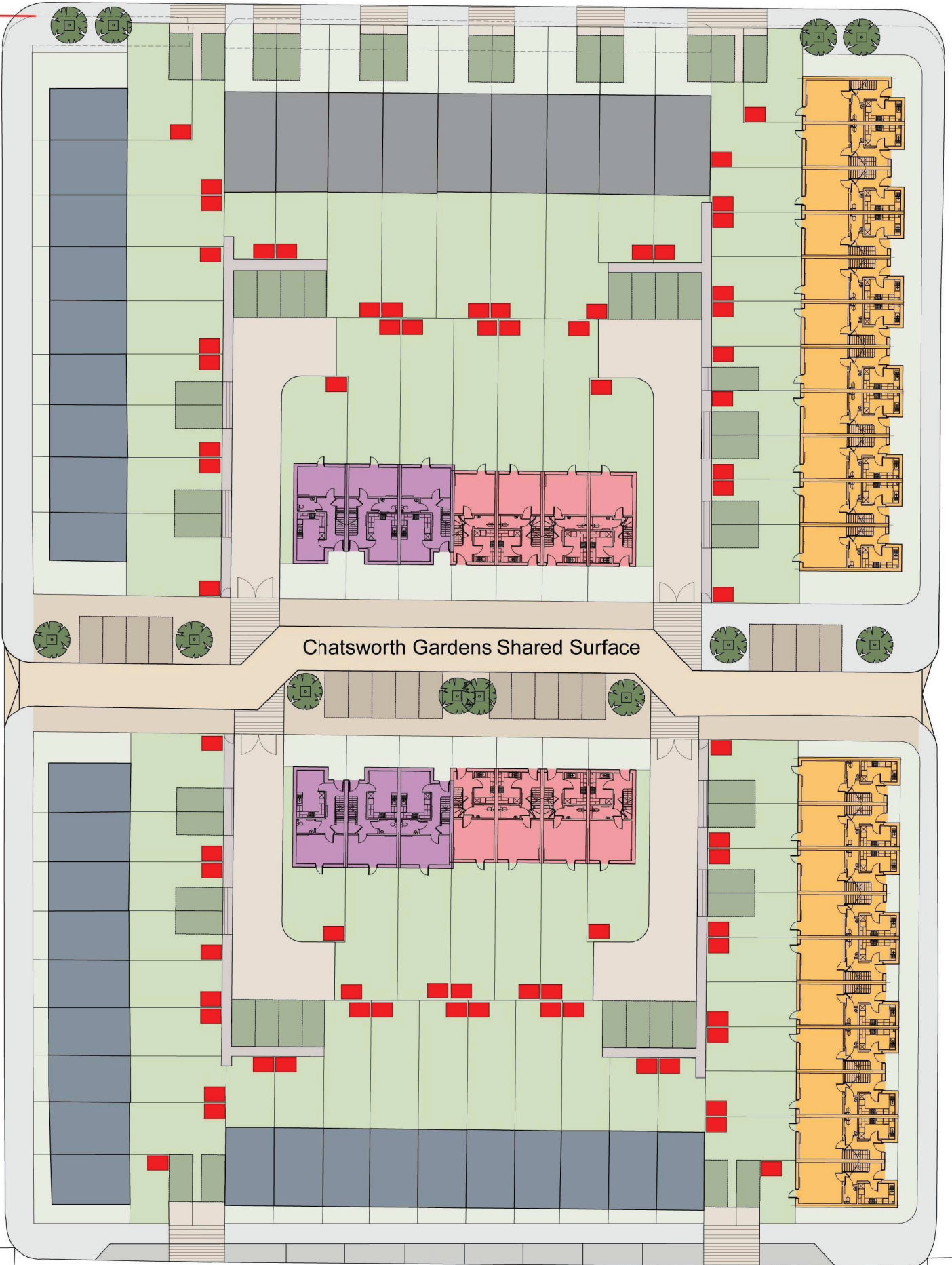
Line of existing  
Balmoral  
Road  
carriageway

Albert Road

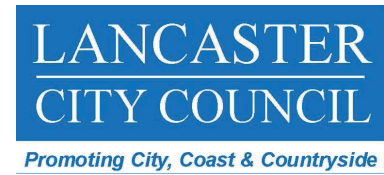
Regent Road

Chatsworth Gardens Shared Surface

Westminster Road



# Lancaster City Council Regeneration and Policy



# Morecambe's West End: Empty Homes Project Plan





April 2012  
Version 1.0

# Lancaster City Council

## Regeneration and Policy



Revision	Date	Filename	Morecambe's West End: Empty Homes Project Plan April 2012	
V1.0	20/04/12	Description	Final Proposal	
		Prepared by	Checked by	Approved by
	Name	Tom Brown Regeneration Officer	David Lawson Assistant Head Regeneration and Policy	Andrew Dobson Head of Regeneration and Policy
	Signature			

---

# CONTENTS

---

	Page
<b>1 INTRODUCTION .....</b>	<b>4</b>
1.1 Project Outline.....	4
1.2 West End Masterplan .....	6
1.3 Regenerating Morecambe.....	9
<b>2 APPROACH TO EMPTY HOMES .....</b>	<b>11</b>
2.1 West End Housing .....	11
2.2 Remodelling HMOs to Single Family Homes.....	13
2.3 Private Developer Properties .....	16
2.4 Privately Owned Empty Homes.....	17
<b>3 APPENDICIES .....</b>	<b>1</b>
3.1 Counting Empty Homes .....	1
3.2 Council Tax Empty Homes List .....	3
3.3 West End Masterplan .....	8
3.4 Project Area Background.....	12
3.5 Community Consultation.....	16
3.6 Chatsworth Gardens .....	17

# 1 INTRODUCTION

## 1.1 Project Outline

The Cluster of Empty Homes, as outlined in red dashed line in Plan 1 is located in West End Masterplan sub-areas 2, 3, 5, 8 and 9. These were prioritised as high intervention areas.

**Plan 1 – West End Masterplan Map showing sub-areas**





The number of empty homes in the Cluster area is shown in Table 1 and also detailed is the number of empty homes to be targeted to be brought back into use.

**Table 1 – Numbers of Empty Homes in the Cluster Area**

Masterplan Area	Total Homes	Total Empty Homes
2 – West End Road	301	15
3 – Clarendon Road East	324	11
5 – Albert / Regent Road	261	138
8 – Yorkshire Street East / West	226	10
9 – Regent Road / Parliament Street	264	23
<b>Total</b>	<b>1376</b>	<b>197</b>
Percentage Empty Homes		14%

The figures listed in Table 1 are the minimum number of units. The number of empty homes is not an exact science due to so many properties being subdivided and clearly containing more units than the council tax records indicate. Where data is held, particularly for Area 5, the level of subdivision is such that the number of empty homes could increase by 30-50 units depending on the definition of a home applied.

The housing typology of Morecambe's West End is typical of Victorian seaside properties, characterised by large terraced houses or guesthouses, over several floors with small gardens. Since the decline in the tourism industry this type of property has lent itself to be used as small flats, and houses in multiple occupation, being too large for retention as a single family home, with very few traditional guest houses or B&Bs remaining. The increase in this type of accommodation at the lower end of the rental market has led to a change in the type and tenure of housing and consequently a change on the demographic profile of the area.

The West End Masterplan has focussed on this type of property, proposing to reconfigure large multi-occupancy housing reducing them in size to provide family accommodation through the removal of the outrigger. This will both decrease internal space and increase external garden space making the properties significantly more attractive to families.

A direct result of the strategy of removing small units of accommodation through the remodelling of large terraced houses to provide single family dwellings is a decrease in housing density. Some larger terraced properties contain as many as 7 flats and the intention is to remodel to provide a single family house. The large size of the properties and scale of alterations means the costs can be quite high.

The properties will be brought back into use by the following ways:

- 49 council owned empty properties will be remodelled and refurbished directly by the council and brought back into use by being sold to owner occupiers. The council intends to explore mortgage assistance options such as the Lloyds Lend and Hand scheme.
- 39 council owned empty properties will be sold to private developers to redevelop under a building license agreement that will control the quality and timescales for renovation and reuse, including landlord accreditation.
- 55 privately owned empty properties within the cluster area will be targeted to be brought back into use through a 'carrot and stick' approach. Officers will contact owners and provide assistance to bring properties back into use and also limited grant assistance. However, a conservative estimate of the success rate means that

only half of these properties have been counted in the bid as being brought back into use.

There is a high degree of certainty of delivery due to large number of properties already under the council's control. The team working on the project have considerable experience of directly remodelling and refurbishing housing in the West End. The same team is also responsible for coercing owners of empty homes to bring them back into use, providing advice, assistance and guidance in the first instance then more intensive support.

The council is exploring the use of providing financial assistance to homebuyers within the cluster through mortgage deposit guarantee schemes such as Lloyds Lend and Hand.

The Clusters of Empty Homes intervention forms part of a wider improvement strategy for the West End's housing, public realm and connectivity that the council is committed to realising.

## 1.2 West End Masterplan

The West End Masterplan set out a vision to create an exceptionally good place to live, work and play. During the Enquiry by Design event in June 2004, there was strong support for the creation of an attractive residential area with a significant appeal for families. The West End Masterplan completed its extensive consultation over the course of 2004 and was adopted as a supplementary planning document by Council in February 2005.

The Masterplan stressed remodelling of properties, demolition and new-build, redevelopment of key sites and place-making within a clear prioritised hierarchy. Core objectives revolved around changing the local tenure mix and social balance - reducing the private rented sector as a means of improving stability and diversifying the types of housing available. Emphasis was also placed on ensuring the sustainability of local shops through consolidation and establishing a "niche market" identity through selective street scene improvements, increasing public open space and stressing physical connections to Morecambe Centre (such as the promenade) and harnessing links to the sea frontage.

The Masterplan in assessing the West End sub-divided it into zones. Each zone was scored against objectives and also an assessment of strengths, weaknesses, opportunities and threats. The result was the prioritisation of 8 areas known as the phase 1 project that required high levels of intervention and needed to be delivered first and would be achieved by:

- Remodelling of selective properties
- Demolition and new-build of selected houses
- Redevelopment of key development sites
- Creation of new public open spaces
- Remodelling / resurfacing of selective streets

The West End Masterplan was funded by the Homes and Communities Agency to provide a comprehensive regeneration plan to which they and other partners would use to plan strategic investments. The Masterplan has formed the basis for all intervention in the West End since 2004 when it began.

Considerable resources have been expended on a wide range of physical and social interventions that have had a significant impact. In particular some of the housing

interventions that took out the worst concentrations of HMOs has improved quality of life for neighbourhoods but has also led to an improvement in the areas indices of deprivation score, moving it out of the worst 1% nationally. The HCA, in both of its former guises, was instrumental in the transformation with both investments in new and refurbished social, affordable and private housing.

Local support for the Masterplan is formally obtained through the West End Partnership that comprises of local councillors, residents and businesses. The development, design and implementation of Masterplan projects has benefitted from the West End Partnerships participation and involvement.

In 2009 a review of the Masterplan was undertaken to take stock of achievements and progress and the reevaluate and prioritise outstanding projects. Masterplan achievements include West End Gardens, Clarendon Road East, West End Road, the Silver Café, Yorkshire Street and Regent Park. The review was endorsed by Cabinet thereby updating the council's commitment to the regeneration of the West End. Housing regeneration remains a fundamental priority for the Masterplan.

Cabinet prioritised the following Masterplan projects:

- Co-Op Building
- Chatsworth Gardens
- Bold Street
- Marine Road West/Prom Public Realm
- Retail/Commercial Core

Listed below are photograph showing the Masterplan's achievements in tackling the phase 1 projects.

West End Road 10 properties remodelled	Clarendon Road 26 properties remodelled
	

Bold Street facelift to 8 properties



Bold Street 4 properties remodelled



West End Gardens and Battery improved



New Café and Toilets at West End Gardens



Rear of third of Frontierland redeveloped



Yorkshire Street improvements



Marlborough Road new build townhouses & flats	Former Bus Depot site redevelopment
	

Housing Regeneration with a focus on the West End continues to be a priority for the council. There are two priority housing regeneration schemes in the West End Masterplan area, both of which have stalled due to funding issues that followed the recession.

Chatsworth Gardens is a fundamental component of the Masterplan. The HCA approved a total of £11.972M regeneration investment, of which £7.893M has been spent. However, this investment has slowed since the preferred developer's interest fell away as the recession took hold. This has led the council to review the original aims and objectives to provide a new way forward in a very different economic context. The clear steer from councillors and local residents was to focus more on refurbishment of existing housing and only consider demolition and new build where necessary and this is what is proposed for Chatsworth Gardens.

The plan for Chatsworth Gardens is to directly and indirectly refurbish the majority of the terraces and implement public realm improvements to make significant improvements to the area to enable a developer for the redevelopment of the largest properties on Regent Road to be secured that presently would not otherwise be possible. The refurbishment of the empty and occupied properties will effectively pump prime the redevelopment of the largest new properties on Regent Road.

### 1.3 Regenerating Morecambe

The council has a firm commitment to the regeneration of Morecambe. A great deal has been achieved in recent years through out Morecambe and this work is continuing. Repeated resource prioritisation to the West End demonstrates the council's commitment to the regeneration of Morecambe and continues regardless of current funding limitations.

The Morecambe Area Action Plan is focusing on the central part of Morecambe around the station, along central drive to the Midland Hotel and out along the promenade. The Action Plan has undertaken extensive and intensive consultation and development and the production of the first draft is underway. There is a an overlap with the West End Masterplan

along West End Promenade, the West End Conservation Area and the large vacant site of the former Frontierland Amusement Park.

The second phase of Morecambe Townscape Heritage Initiative to enhance the historic built environment in Poulton is due to start shortly and is titled A View for Eric and aims to improve the central promenade buildings facing the statue of Eric Morecambe.

Complimenting a number of regeneration projects and key sites is a Coastal Communities Fund bid to improve the promenade's public realm and access. The public realm improvements will significantly upgrade the promenade's presentation and this should boost investor confidence in existing property as well as vacant sites such as the Frontierland site. It also aims to resolve the current disconnect between the town and the promenade.

A priority for housing intervention in the West End is in Masterplan Area 11 centred on Bold Street. It is a three-phase housing project led and funded by LCC. The first phase was completed in 2009 with a grant aided facelift scheme to 8 villa properties. Phase two was completed in November 2010 and involved substantial remodelling of large 4 storey terraces that saw the removal of an entire storey. Phase 2 was completed on budget and schedule. The third phase concerns 17 two and three storey terraced houses of very poor quality and 3 commercial properties to the rear of the 0.27 hectare site. Acquisitions are being made as resources become available and a development brief has been prepared.

Also in Area 11 is Marlborough Road where in partnership with the council Adactus Housing Association has demolished 11 HMOs and car showroom enabling the construction of 12 flats and 11 houses for shared ownership which were completed in February 2012.

Centenary House, the former Co-Op Department store on Regent Road, presents an excellent opportunity for economic regeneration. Only half of the ground floor is in use leaving 2,500 square meters of floorspace vacant. The council has an exclusivity agreement with a development partner to bring forward a proposal to re-use the building.

Morecambe has the highest vacancy rate for shops for medium sized towns at over 30% and the West End's retails area has a rate in excess of 36%. There is an oversupply of retail units in the West End and the Masterplan aimed to refocus the centre into a more compact area centred on Yorkshire Street. The creation of a new shopper's car park is planned to be built in 2012-13 to attempt to better support the local retail businesses as on street parking is limited and time restricted to 1 hour.

---

---

## 2 APPROACH TO EMPTY HOMES

---

### 2.1 West End Housing

West End Masterplan sub-areas 2, 3, 5, 8 and 9 define the Cluster of Empty Homes bid area. Area 5 contains at least 261 homes of which 138 are empty. However, the total number of empty homes may be much higher depending on how units are counted. This is due to many properties having evolved into bedsits and HMOs from guesthouses and this has been an incremental process and many have not been formally converted with planning permission. As a result council tax data can mask the true number of empty properties. The level of data required to calculate the total number of homes and empty homes is extensive. Such data is only really held for the council owned properties where details to verify how the house was occupied and used can be collated. Many properties that are listed as a single house on the council tax register contain multiple units of:

- HMOs,
- Bedsits,
- Guesthouse rooms used as bedsits,
- Holiday flats and flatlets that are no longer used by holidaymakers,
- Specialist live in support accommodation for people with mental health problems
- Properties with a change of use planning consent from flats/HMO to a single dwelling but have had no physical alterations and still contain separate meters or sub-meters, room numbers, locks on bedroom doors, sinks in every bedroom, kitchenettes on upper floors

The scale of difference is quite startling due to the high level of subdivision. Many properties with a single council tax bill really contain three flats or six bedsits. Other properties that were guesthouses began to cater less for holidaymakers and business people and for people on low incomes or benefits. A limited exploration of housing benefit claims for the largest guesthouse that had 18 bedrooms revealed that there was a benefit claimant living in the property from 1994-1999. How many of the bedrooms in this guesthouse were occupied on such a permanent basis is impossible to tell but the decline of the seaside tourism industry and the subsequent evolution of many into hostels, HMOs and bedsits is well documented. Even properties with a planning permission in place to change a single house to three flats still only have a single council tax bill.

The housing is uniform in being large stone built terraces of three or more storeys, with small yards. All properties have bay windows on the ground floor and some have bays to the first and even second floors. West End streets are laid out in a Victorian grid-iron with Regent Road perpendicular to Marine Road West that runs along the seafront and the surrounding streets follow this orientation.

All of the properties in the Cluster are large, ranging from 155 square metres for the smallest 3 storey properties to over 300 square metres for the largest four storey properties. The size of the properties is a challenge in terms of their propensity for sub-division. Conversely the large size of the properties does not lend to straight conversion to single family residential

use. The preferred options to reduce size are the removal of the outrigger and/or storey reduction. Even when subject to volume reduction the properties may still provide large three and four bed units.

**Photograph showing typical West End housing with 4 storey outrigger extending right to the rear boundary**



However, the high cost of remodelling properties to reduce internal space are only something that the public sector would undertake to deliver regeneration and is certainly not an investment that the private sector would deliver. There are a number of properties within the cluster that are owned by the council that the council will not directly bring back into use. Instead these properties would be sold to private developers under a building license or development agreement to ensure the specification, quality and timely completion of the properties refurbishment and reuse. This approach has been successfully used by the council. The other major difference with this approach is that the properties would not be reduced in volume through removal of outriggers or storeys, although properties may see a reduction in unit numbers. These properties would be redeveloped to provide 2 and 3 bed self contained flats constructed to modern standards. Any rented flats would only be by accredited landlords.

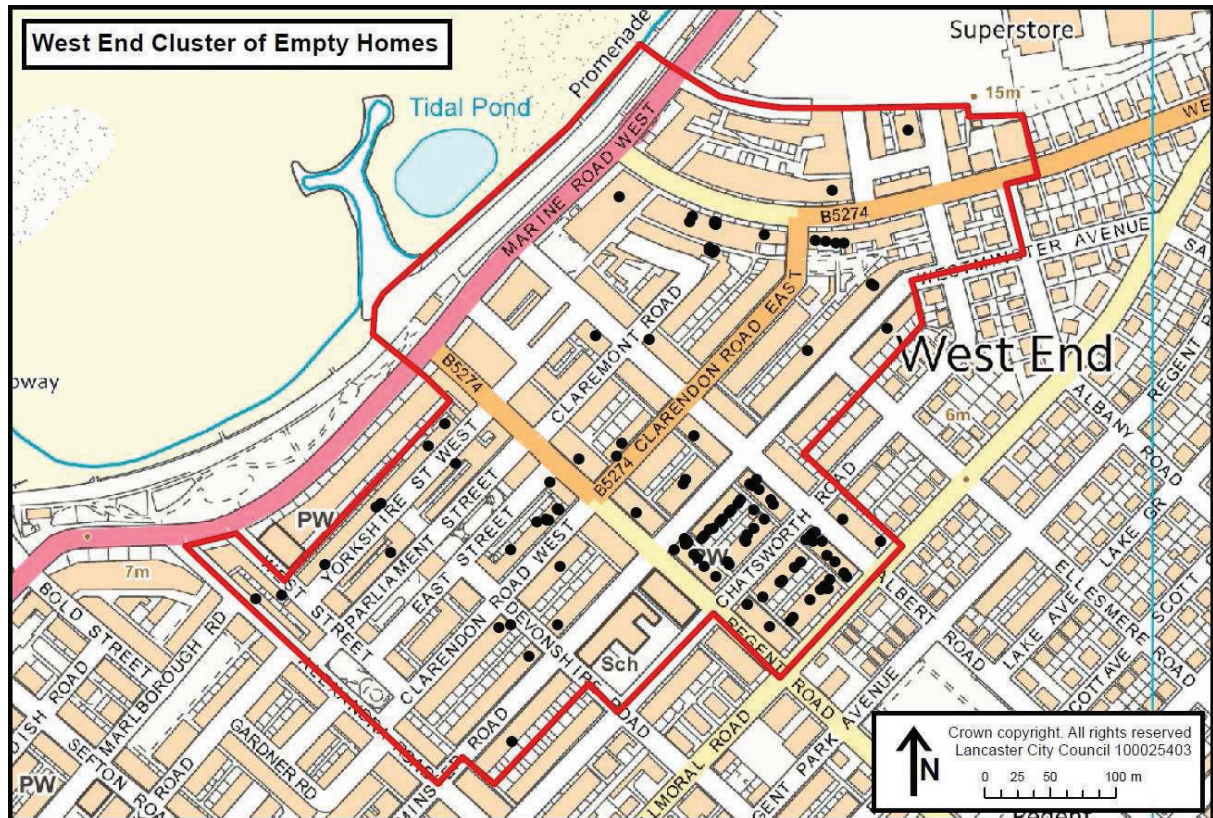
There are also a number of privately owned empty properties in the cluster area that the council would work to bring back into use. The council has experience of providing support and advice to bring empty homes back into use and even provides building specifications to assist property owners to undertake the necessary works to make the properties habitable. An allowance has been made for grant assistance to encourage general works to bring properties back into use along with funds to undertake improvements to front boundaries.

The majority of the empty homes in the Cluster are long term empties. The majority of properties have been empty for over five years. One property has been empty since 1996, two since 1999 and three since 2000.



Plan 2 shows the location of the empty homes within the West end Cluster bid area. The cluster is focussed upon the centre of the West End. The West End is well served by bus, rail, cycle and road transport links and is only 1 mile away from the largest employment area in the district, White Lund Industrial Estate.

### Plan 2 – West End Cluster of Empty Homes



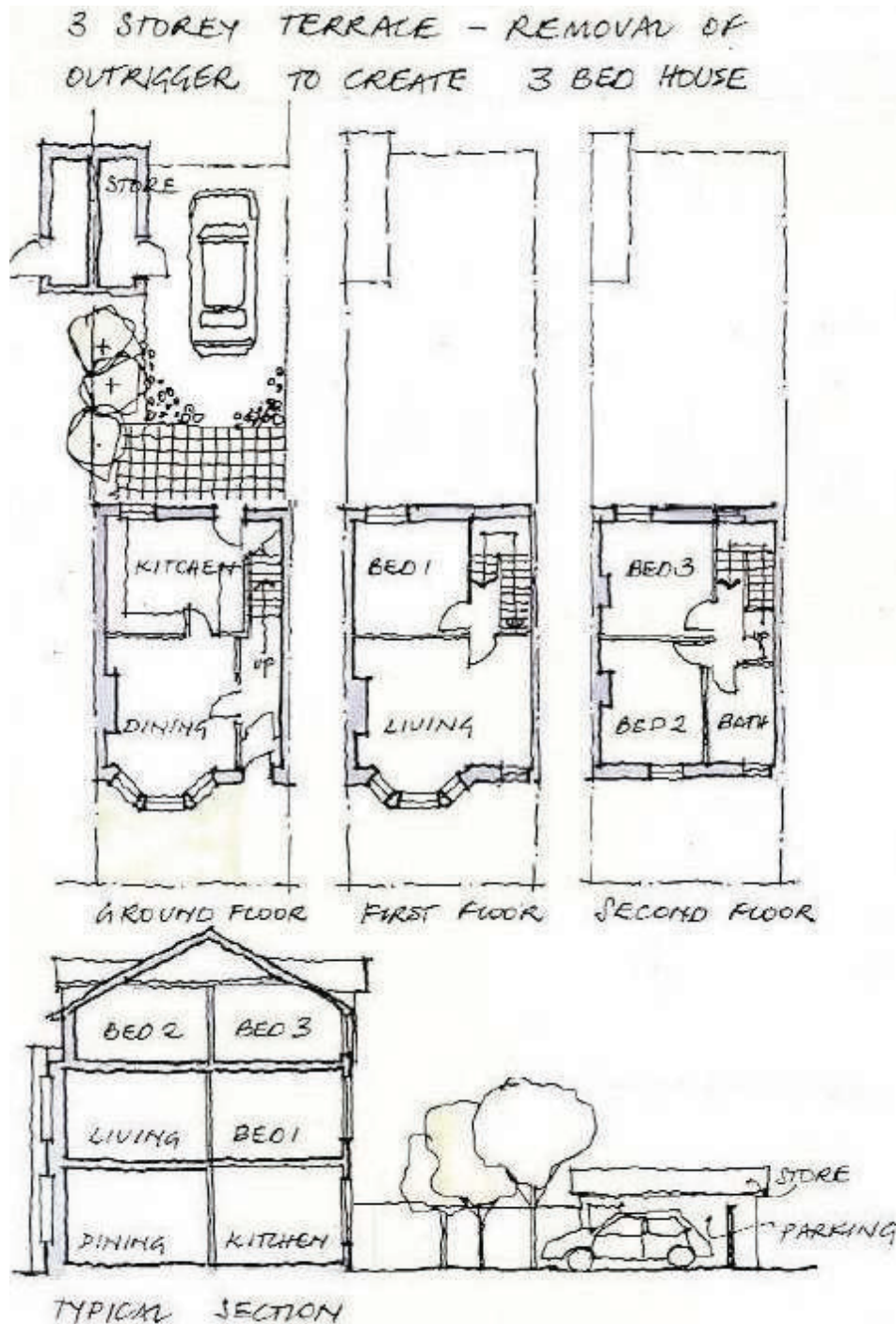
## 2.2 Remodelling HMOs to Single Family Homes

The focus for this intervention is three terraces of properties on Albert Road and Westminister Road in Masterplan Area 5. 24 terraced properties are being targeted, but because many have been subdivided there are a minimum of 49 empty homes. The high level of council ownership in these terraces provides a high degree of certainty for delivery. The entire Westminister Road terrace is empty and owned by the council. Only three terraced houses on Albert Road are occupied and in private ownership, all the other properties are empty and owned by the council.

The three terraces of properties will be directly remodelled and refurbished by the council. Extensive remodelling will see the removal of the rear outrigger to reduce internal living space and will provide 3-4 bedroom houses while providing an increase in external space. The removal of the rear outrigger on these properties will greatly reduce internal space. The smaller Westminister Road properties will reduce from 155m<sup>2</sup> to 99m<sup>2</sup> and the larger Albert Road properties from 179 m<sup>2</sup> to 106 m<sup>2</sup>. In addition to making the internal size of the properties more suitable for families the removal of the rear outrigger will significantly increase rear yard space. Market advice has indicated that the lack of private external space detracts from the West End as a place for families.

The refurbishments will be to a high standard, bringing old homes up to modern performance standards. Use of the Building Research Establishment's new standard BREEAM Domestic Refurbishment aims to bring the properties up to the equivalent of Code for Sustainable Homes Level 3 / Eco Homes Very Good. The refurbishments will achieve this standard through improved thermal performance of the building fabric, mechanical ventilation and heat recovery, gas condensing boilers and solar hot water system.

**Plan 3 Initial Masterplan Remodelling Sketch**



The layouts will, where practical, be to Building for Life standards. All the remodelled properties will provide generous accommodation with three double bedrooms

Since 2005 the council has remodelled over 50 properties and has amassed a great deal of experience and knowledge. Using the lessons learned in remodelling West End properties the design has evolved to better provide accommodation that modern family's desire. Specifications have also evolved through this process resulting in improved housing and also financial efficiencies. A significant issue previously has been undertaking work to pairs of houses at a time and this is not as efficient as undertaking the works to an entire terrace at once. Major works such as demolition of outriggers, reconstruction of rear wall and re-roofing offer significant efficiencies when undertaken on an entire terrace simultaneously.

The removal of the rear outrigger requires the reconstruction of the rear wall and this allows for a substantial upgrade of the properties thermal performance from a 9 inch solid brick wall to externally insulated cavity wall. Further opportunities arise from undertaking works to an entire terrace of properties at once that provide greater efficiencies in both time cost and performance. Re-roofing the properties to modern insulation standards enables significant improvement to the thermal performance and also structural alterations to support renewable energy technologies such as solar hot water or photovoltaic.

The three terraces to be remodelled and refurbished will be undertaken in three separate phases. The phasing reflects the current levels of ownership and control by the council:

- Phase 1 – Westminster Road terrace is entirely in the council's ownership and this enables early progress to be made.
- Phase 2 – Albert Road terrace located between Balmoral Road and Chatsworth Road has only one property not in the council's ownership. Discussions with the owner occupier indicate that they wish to remain in the area in a remodelled home.
- Phase 3 – Albert Road terrace located between Westminster Road and Chatsworth Road has two terraced properties not in the council's ownership, hence it is the final phase of this intervention.

Undertaking the works on a terrace by terrace basis is the most efficient method of working and provides a comprehensive solution to both the empty homes and the wider regeneration of the West End.

The council intends to let contracts directly for the remodelling and refurbishments and this offers the following advantages:

- Removal of the requirement for developer's profit
- Project management internalised
- Reduction in professional fees through in house technical resources
- Developer's finance costs associated with levered bank finance would reduce

The production of detailed plans and building specification to enable the necessary statutory approvals for Phase 1 could commence immediately. The initial specification will be produced in house. Detailed plans will be drawn up externally and these services would need to be procured over a two month period. A planning application would be submitted 3 months into the first phase and would be determined in three months. During the planning determination tenders will be issued to local and regional building contractors with the aim of being able to award the contract shortly after the planning permission is obtained. A conservative eight month build programme is anticipated to achieve practical completion December 2013.

Concurrent to the development and implementation of Phase 1 the council will work to secure either the ownership or participation of the outstanding properties in Phase 2 and 3 and this will be complete mid 2013 enabling Phase 2 and 3 to commence on site. Phase 2 is programmed to complete March 2014 and Phase 3 in September 2014.

As part of the next budget process the council is considering supporting housing regeneration through targeted use of financial tools to assist homebuyers such as the Lloyds Lend a Hand scheme where the council would provide a proportion of the deposit to enable the buyer to access a better loan to value rate and offset some of the risks that lenders a presently so averse to. Such an initiative would be focussed upon directly supporting regeneration projects.

### 2.3 Private Developer Properties

39 council owned empty properties on Balmoral Road, Chatsworth Road and Clarendon Road West will be sold to small private developers. The sale will be controlled by detailed building license agreements that will be linked to a planning permission for the refurbishment and re-use of the properties. The building license agreements will also control the timescale for refurbishment and reuse.

To ensure that the council still has considerable power in securing the desired positive outcomes for these properties the council will withhold title. The council will retain a £1 interest in the property that will enable transfer of the title upon satisfactory completion.

Defining the refurbishment with an approved planning permission enables the necessary space standards and quality of accommodation to be controlled. This approach has been successfully used by the council in the West End to convert a derelict long term empty seafront hotel into modern self contained flats. The control will restrict the refurbishment of single houses to be kept as single houses and for self contained flats prevent further subdivision.

Initial market testing informally with local developers and quality landlords has revealed good interest in these opportunities. Marketing of these opportunities could start immediately with detailed plans worked up concurrently and submitted for planning permission while the legal details and valuations are agreed.

There is considerable variation in the quality of the empty properties. The worst are fire damaged ex-squats, but there are also those that have been subject to metals thefts and others that are in a very state of disrepair and in need of full modernisation. Unfortunately there are more properties in a poor state than a good state and only a couple would be habitable with minimal works.

To bring about the controlled sale and positive reuse of these empty homes the council will:

- Develop and produce specific design solutions for planning application to be submitted that will provide;
  - Balmoral Road – three self contained flats with 2-3 bedrooms
  - Chatsworth Road – 4 bedroom houses
  - Clarendon Road West – option of two 3 bedroom maisonettes or four 2 bedroom flats

- Obtain planning permissions to which the property's sale will be tied to.
- Produce development brief for properties setting out works, standards, use, legal and financial to be utilised in marketing packs
- Procure a market agent to canvas market to develop interest, prior to obtaining planning permissions to provide a primed pool of potential developers.
- Market development opportunities

It is estimated that this process from inception to bringing properties to market will take six months. Following this the council will be in a position to negotiate valuations and the sale of properties. The first sales should complete eight months into the project.

With the planning permissions in place private developers will be able to undertake the necessary refurbishment works immediately. It is envisaged that the developers will be aiming to be as expedient as possible with the refurbishments in order to get a return on their investment as soon as possible. The variation in property condition and the scale of refurbishment required to bring them back into use means that properties could be brought back into use anywhere between three to eight months from the date of sale.

In addition to the statutory approvals for completions council officers will undertake technical inspections to ensure the compliance of completed properties satisfies the conditions in the building license agreement.

Landlords looking to invest will need to demonstrate their track record in managing properties without problems. While property condition is a factor in complaints and problems the worst issues in the private rented sector arise from poor or no management of tenants and properties. Any potential developers will need to participate in the council's Accredited Property Scheme that aims to encourage, acknowledge and actively promote good standards of privately rented accommodation, and to assist landlords and tenants to undertake their respective responsibilities to each other.

### 2.4 Privately Owned Empty Homes

There are at least 55 privately owned empty homes in the Cluster that the council will intensively work to bring back into occupation. However, a conservative estimate of a 50% success rate in bringing these private homes back into use has been assumed. The success rate is likely to be greater and the council will work to try and bring all the properties back into use.

The council has a number of experienced officers that will target these empty properties. Initially the approach is gentle and informative and is then followed up by a carrot and stick approach.

The starting point for intervention is to commence friendly dialogue to establish the particularities of the property being vacant and the issues faced by the owned to get the property reoccupied. Officers are experienced in supporting owners of empty homes to address the issues they are facing. Initially this is in the form of discussions and provision of information and signposting. More intensive support can lead to site visits to detail works required. The production of a schedule of works is provided to assist property owners to

obtain the quotes for the necessary work from builders is also offered. In particular circumstances officers have obtained competitive quotes from a number of experienced builders to provide the owners with greater confidence in commissioning the works.

At this point if gentle advice and assistance hasn't worked it is necessary to highlight the range of legal powers and remedies the council has to bring the property back into use including:

- Housing Act 1985, section 17
- Town and Country Planning Act 1990, section 226
- Enforced sales procedures – Law of Property Act 1925
- Dangerous or dilapidated buildings – Building Act 1984, sections 77 & 78
- Statutory nuisance (statutory nuisance or premises which can affect health) Environmental Protection Act, 1990, Section 80 Building Act 1984, Section 76
- Compulsory purchase orders

To bring back into use the most challenging properties, in terms of building condition, the council will offer limited grant assistance. The grant rate will be 60% council and 40% from the property owner. Grants are only paid out upon completion of an approved specification and are conditional on the property being occupied. Repayment of grant is liable upon disposal of the property and is on a sliding scale, reducing after three years.

However grant assistance is not always appropriate or in some circumstances where the property owner does not have the funds to match to a grant it will be necessary to undertake the works in default and place a charge on the property. The council would then pursue an enforced sale.

Supporting technical officers are an experienced administration team that ensure accurate records and documentation is in place to enable legal powers to be utilised effectively. Recent successes in utilising Section 215 powers under the Town and Country Planning Act 1990 have demonstrated the importance of solid administration support.

There is a particular problem with empty flats above shops and ex-retail units that will require specialist support and intervention to address the issues preventing their reuse and occupation. Support to convert some retail units back into residential accommodation will be provided and officers have previously worked on a number of similar reinstatements.

At the end of September 2011, there were over 1,000 long term empty properties in the district, many of which are residential properties, and the number empty for over a two year period exceeds 300 dwellings. Outside of the work completed previously through specific housing regeneration areas, much of the work around empty homes has been of a reactive nature, leading from complaints received by the Council from neighbouring residents. However, in the light of bringing empty homes back into use being ratified as a key priority for the Council, in September 2012 when the council is working towards setting its budget for 2013/2014, Cabinet will be asked to commit resources to fund a dedicated staff post to deliver a more strategic approach to tackling empty homes with improved targeting and enforcement procedures where necessary. If possible, the council may also identify some financial resources to facilitate a loan scheme to owners of empty homes as part of its future empty homes strategy.

To compliment the future strategic approach around reducing empty homes, the Council has supported the bid submitted to the Homes and Communities Agency made by Methodist

Action North West, who hope to receive funding to bring 150 empty homes back into use across a sub-region within Lancashire. Lancaster district intends to take full advantage of this opportunity, and will work very closely with Methodist Action to identify suitable empty homes that can be returned to use with the grant funding available. Furthermore, Lancaster City Council will shortly be seeking approval to enter into a partnership with Methodist Action to deliver a social lettings agency across the district, and has already secured funding to support an officer post to manage this scheme at a local level, which will dovetail with the work around empty homes and result in an improved private rented sector housing offer for local residents through the Council's Housing Options Team. Should Methodist Action's bid be successful it will together with Cluster of Empty Homes initiative provide a very robust mechanism towards bringing as many empty homes back into use as possible.

---

---

---



### 3 APPENDICES

#### 3.1 Counting Empty Homes

The data presented in Table 2 details the numbers of empty homes and the variable numbers of empty homes depending on the definition. Certainly the council tax data masks the true number of homes that are particular to the West End's housing market failure. The evidence has been collated from planning application records, physical inspections of the properties and information from the previous owners. There is a considerable disparity between the council tax number of units and the real number of units within these very large houses. The data entered onto the Clusters spreadsheet pro-forma utilises the minimum vacant units numbers which is considered to be a very cautious and prudent calculation. If the higher maximum figure were utilised it would have a substantial impact on the unit costs of this intervention. It is the nature of the West End properties and the issues the area faces that there are hidden units, many evolved from guesthouses and many were owner occupiers that took in lodgers in bedsits and flatlets.

**Table 2 - Direct Remodelling and refurbishment of Council owned empty Homes**

No.	Address	Accommodation description and make up	Council Tax Units	Occupied Units	Max Vacant Units	Min Vacant Units	Remodelled Empty Units
78	Westminster Rd	Single house	1	0	1	1	0
76	Westminster Rd	HMO truckers accomodation	1	0	3	3	1
74	Westminster Rd	Single house - 1998 change of use from guest house to a private dwelling	1	0	6	1	1
72	Westminster Rd	Single house	1	0	3	1	1
70	Westminster Rd	1973 application to convert house into 3 self contained flats	1	0	3	3	1
68	Westminster Rd	Single house	1	0	6	1	1
66	Westminster Rd	Single house - 1995 change of use from guest house into single dwelling	1	0	7	1	1
64	Westminster Rd	HMO - 1984 Continuance of the property.s present use as two flatlets - 3 units	1	0	3	3	1
62	Westminster Rd	Locks on bedroom doors - 6 bedsits	1	0	6	1	1
60	Westminster Rd	Has locks on doors indicating bedsits with sinks in every room	1	0	5	1	1
<b>Total</b>					<b>42</b>	<b>15</b>	<b>9</b>

## Morecambe's West End: Empty Homes Project Plan April 2012

No.	Address	Accommodation description and make up	Council Tax Units	Occupied Units	Max Vacant Units	Min Vacant Units	Remodelled Empty Units
77	Albert Rd / 38 Chatsworth Rd	HMO 6 flats with separate meters and postboxes	6		6	6	1
79	Albert Rd	1981 change of use from dwellinghouse to a guest house - sub-metered electricity in bedsits, fire alarm system, 2 kitchens, 3 bathrooms and what looked like 3 bedsits and 2 large/double room bedsits = 5 bedsits	1	0	5	1	1
81/83	Albert Rd	Former 18 bed guesthouse, was vacant when Masterplan began but was about to be converted to a hostel	1	0	18	2	2
85	Albert Rd	1979 Change of use from holiday flats and private living accommodation for mentally handicapped persons - has fire alarm/ emergency lighting - 7 rooms with locks with shared kitchens and bathrooms.	1	0	7	1	1
87	Albert Rd	HMO 4 flats	1	0	4	4	1
89	Albert Rd	Single house - former guesthouse	1	1	0	0	1
91	Albert Rd	HMO 3 units	1	0	3	3	1
51	Balmoral Rd	1981 Change of use of guest house to 3 self contained flats	1	0	3	3	1
		<b>Total</b>			<b>46</b>	<b>20</b>	<b>8</b>
No.	Address	Accommodation description and make up	Council Tax Units	Occupied Units	Max Vacant Units	Min Vacant Units	Remodelled Empty Units
58	Westminster Rd	Single house but was guest house HMO prior to grant aided conversion	1	0	1	1	1
61/63	Albert Road	4 flats and 1 office on groundfloor (office was previously 2 flats)	5	0	5	5	2
65/67	Albert Road	4 flats 1 office - now no longer knocked through and 3 flats in each	5	0	6	5	2
69	Albert Rd	Single house - 1996 application refused for certificate of lawfulness of use as a house of multi-occupation		0	1	1	1
71	Albert Rd	HMO - 3 flats - Change of use from private dwellinghouse to guest house	3	3	0	0	1
73	Albert Rd	Guesthouse with 4 bedrooms and owner occupier accommodation	1	0	5	2	1
75	Albert Rd / 41 Chatsworth Rd	HMO - O/O + 4 tenants in flats upstairs		5	0	0	1
		<b>Total</b>			<b>18</b>	<b>14</b>	<b>7</b>
<b>Direct Remodelling and refurbishment of Council owned empty Homes - TOTALS</b>					<b>106</b>	<b>49</b>	<b>24</b>

Table 3 details the empty properties in the private developer council owned properties for which there is a much lesser disparity between the minimum and maximum units but the disparity remains between these figures and the council tax records.

**Table 3- Private Developer Refurbishment of Council Owned Properties**

	Address	Accommodation description and make up	Council Tax Units	Occupied Units	Max Vacant Units	Min Vacant Units	Refurbished Empty Units
54	Chatsworth Rd	Yale locks on doors indicates bedsit use	1		1	1	0
50	Chatsworth Rd	3 flats/ HMO - 1 exempt council tax bill for flat 1	1		3	3	1
42	Chatsworth Rd	HMO with 3 flats (3 separate electric meters) - Application withdrawn to convert 3 self contained flats			3	3	1
53	Balmoral Rd	3 flats (but most recently used as single house?)	1		3	3	3
55	Balmoral Rd	4 flats including basement - 4 council tax bills - 2000 Lawful Development Certificate for use as a self contained flat in basement	4		4	4	3
57	Balmoral Rd	3 flats	3		3	3	3
61	Balmoral Rd	3 flats	1		3	3	3
67	Balmoral Rd	7 flats	1		7	7	3
69	Balmoral Rd	6 flats - 6 electric meters	1		6	6	0
		<b>Total</b>			<b>26</b>	<b>26</b>	<b>17</b>
67	Clarendon Road	4 flats & 4 council tax bills	4	0	4	4	4
73	Clarendon Road	4 flats but only one council tax bill	1	0	4	4	4
83	Clarendon Road	7 bedsits - fire damaged	1	0	7	4	4
		<b>Total</b>			<b>15</b>	<b>12</b>	<b>12</b>
		<b>Private Developer Refurbishment of Council Owned Properties - TOTALS</b>			<b>41</b>	<b>38</b>	<b>29</b>

### 3.2 Council Tax Empty Homes List

Table 4 lists the council tax data for the cluster and is split into the five masterplan areas. Manual additions to the list have been made for a couple of fire damaged properties that were not listed but are empty.

**Table 4 Council Tax Data on Empty Homes**

Morecambe's West End: Empty Homes Project Plan April 2012

Area 2		Empty From	Band	Property Address			
Prop Ref	Empty From	Band	Property Address				
101607190195	05/09/2011	A	FLAT 4	19 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190198	16/08/2011	A	FLAT 5	19 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190251	29/02/2008	A	FLAT 1(A)	25 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190252	29/02/2008	A	FLAT 2(B)	25 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190254	29/02/2008	A	FLAT 4(D)	25 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190255	29/02/2008	A	FLAT 5(E)	25 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190393	03/07/2006	A	BASEMENT FLAT	39 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190462	02/12/2008	A	FLAT 2 FIRST FLOOR	46 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190496	12/10/2007	A	FLAT 5	47/49 WEST END ROAD	MORECAMBE		LA4 4DJ
101607190456	30/08/2011	A	FLAT 5	45 WEST END ROAD	MORECAMBE		LA4 4DR
101607190513	28/07/2008	A	FLAT 2 KEER COURT	51 WEST END ROAD	MORECAMBE		LA4 4DR
101607190530	01/06/2007	B		53 WEST END ROAD	MORECAMBE		LA4 4DR
101101070102	01/04/2011	A		10 CEDAR STREET	MORECAMBE		LA4 4DS
101000030020	01/04/2010	C		2 ALBANY ROAD	MORECAMBE		LA4 4DT
101304390850	28/03/1999	A		85 MARINE ROAD WEST	MORECAMBE		LA4 4ER
<b>Area 3</b>							
Prop Ref	Empty From	Band	Property Address				
101000300490	15/09/2010	A	FLAT 1	49 BALMORAL ROAD	MORECAMBE		LA4 4JR
101607270200	09/08/2011	B		20 WESTMINSTER ROAD	MORECAMBE		LA4 4JB
101607270471	26/10/2010	B		47 WESTMINSTER ROAD	MORECAMBE		LA4 4JA
101607270190	27/07/2009	A	GROUND FLOOR FLAT	19 WESTMINSTER ROAD	MORECAMBE		LA4 4JA
101607270192	03/01/2011	A	SECOND FLOOR FLAT	19 WESTMINSTER ROAD	MORECAMBE		LA4 4JA
101101160260	13/11/2008	A	FLAT 1	26 CLAREMONT CRESCENT	MORECAMBE		LA4 4HH
101101160262	17/05/2010	A	FLAT 3	26 CLAREMONT CRESCENT	MORECAMBE		LA4 4HH
101101160263	09/02/2009	A	FLAT 4	26 CLAREMONT CRESCENT	MORECAMBE		LA4 4HH
101101160265	03/05/2010	A	FLAT 6	26 CLAREMONT CRESCENT	MORECAMBE		LA4 4HH
101000040172	31/10/2000	A		17A ALBERT ROAD	MORECAMBE		LA4 4UD
101000040803	07/09/2011	A	SECOND FLOOR FLAT	80 ALBERT ROAD	MORECAMBE		LA4 4HZ

## Morecambe's West End: Empty Homes Project Plan April 2012

AREA 5	Prop Ref	Empty From	Band	Property Address		
	101405590841	09/05/2008	A	FLAT 2	84 REGENT ROAD	MORECAMBE LA3 1QG
	101405590521	20/06/2011	A	APARTMENT 1	52 REGENT ROAD	MORECAMBE LA3 1TE
	101405590640	13/07/2006	A		64 REGENT ROAD	MORECAMBE LA3 1TF
	101405590660	16/08/2005	C		66 REGENT ROAD	MORECAMBE LA3 1TF
	101405590681	17/03/2006	C		68 REGENT ROAD	MORECAMBE LA3 1TF
	101405590720	23/03/2006	C		72 REGENT ROAD	MORECAMBE LA3 1TF
	101000040632	01/07/2005	A	FLAT 2	61/63 ALBERT ROAD	MORECAMBE LA4 4HD
	101000040634	01/07/2005	A	FLAT 4	61/63 ALBERT ROAD	MORECAMBE LA4 4HD
	101000040635	01/07/2005	A	FLAT 5	61/63 ALBERT ROAD	MORECAMBE LA4 4HD
	101000040636	01/07/2005	A	FLAT 6	61/63 ALBERT ROAD	MORECAMBE LA4 4HD
	101000040323	28/06/2006	A		32A ALBERT ROAD (THE FLAT)	MORECAMBE LA4 4HF
	101101200550	27/06/2011	A	BEYOND THE FRINGE	55 CLARENDON ROAD	MORECAMBE LA4 4HT
	101101200573	11/09/2010	A	FIRST & SECOND FLOOR MAISONETTE	57 CLARENDON ROAD	MORECAMBE LA4 4HT
	101000040650	24/02/2005	B		65 ALBERT ROAD	MORECAMBE LA4 4HY
	101000040690	11/10/2007	B		69 ALBERT ROAD	MORECAMBE LA4 4HY
	101000040730	17/03/2006	A		73 ALBERT ROAD	MORECAMBE LA4 4HY
	101000040790	02/05/2006	B		79 ALBERT ROAD	MORECAMBE LA4 4HZ
	101000040810	04/05/2004	C		81-83 ALBERT ROAD	MORECAMBE LA4 4HZ
	101000040850	19/03/2007	B		85 ALBERT ROAD	MORECAMBE LA4 4HZ
	101000040870	30/07/2004	B		87 ALBERT ROAD	MORECAMBE LA4 4HZ
	101000040910	28/11/2007	B		91 ALBERT ROAD	MORECAMBE LA4 4HZ
	101607270702	12/07/2007	B		70 WESTMINSTER ROAD	MORECAMBE LA4 4JB
	101607270843	17/03/2006	A	THIRD FLOOR FLAT	84 WESTMINSTER ROAD	MORECAMBE LA4 4JB
	101607270600	02/03/2006	B		60 WESTMINSTER ROAD	MORECAMBE LA4 4JE
	101607270620	23/03/2006	B		62 WESTMINSTER ROAD	MORECAMBE LA4 4JE
	101607270640	22/03/2005	B		64 WESTMINSTER ROAD	MORECAMBE LA4 4JE
	101607270660	13/03/2006	B		66 WESTMINSTER ROAD	MORECAMBE LA4 4JE
	101607270680	17/03/2006	B		68 WESTMINSTER ROAD	MORECAMBE LA4 4JE
	101607270720	02/03/2006	A		72 WESTMINSTER ROAD	MORECAMBE LA4 4JE

## Morecambe's West End: Empty Homes Project Plan April 2012

101607270740	31/03/2006	B		74 WESTMINSTER ROAD	MORECAMBE	LA4 4JE
101607270760	01/04/2008	B		76 WESTMINSTER ROAD	MORECAMBE	LA4 4JE
101607270780	19/04/2007	B		78 WESTMINSTER ROAD	MORECAMBE	LA4 4JE
101607270841	20/02/2006	A	FIRST FLOOR FLAT	84 WESTMINSTER ROAD	MORECAMBE	LA4 4JE
101607270842	11/01/2006	A	SECOND FLOOR FLAT	84 WESTMINSTER ROAD	MORECAMBE	LA4 4JE
101101100382	09/10/2006	A	FLAT 2	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100383	19/06/2006	A	FLAT 3	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100384	24/10/2006	A	FLAT 4	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100385	12/06/2006	A	FLAT 5	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100386	21/11/2005	A	FLAT 6	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100431	02/06/2003	B		43 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100501	14/08/2006	A	FIRST FLOOR FLAT	50 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100502	06/03/2006	A	SECOND FLOOR FLAT	50 CHATSWORTH ROAD	MORECAMBE	LA4 4JF
101101100381	03/07/2006	A	FLAT 1	38 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
				42 Chatsworth Road	fire damaged not on list	
101101100440	07/07/2010	B		44 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100470	11/04/2006	B		47 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100491	03/06/2006	B		49 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100500	17/02/2006	A	GROUND FLOOR FLAT	50 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100510	13/01/2011	A	GROUND FLOOR FLAT 1	51 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100511	27/02/2009	A	1ST FLOOR FLAT(FLAT 2)	51 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100540	24/08/2006	C		54 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
				56 Chatsworth Road	fire damaged not on list	
101101100590	16/05/2007	A	GROUND AND FIRST FLOORS	59 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101101100592	16/05/2007	A	SECOND FLOOR FLAT	59 CHATSWORTH ROAD	MORECAMBE	LA4 4JH
101000300510	11/09/2006	C		51 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300530	27/03/2006	C		53 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300550	28/04/2006	A	BASEMENT FLAT	55 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300551	28/04/2006	A	FLAT 1 GROUND FLOOR	55 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300552	28/04/2006	A	FLAT 2 FIRST FLOOR	55 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300553	23/06/2006	A	FLAT 3 SECOND FLOOR	55 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300571	19/03/2007	C		57 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300611	03/03/2006	C		61 BALMORAL ROAD	MORECAMBE	LA4 4JS

## Morecambe's West End: Empty Homes Project Plan April 2012

101000300670	21/01/2005	C		67 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000300690	07/03/2005	C		69 BALMORAL ROAD	MORECAMBE	LA4 4JS
101000040450	20/04/2011	B		45 ALBERT ROAD	MORECAMBE	LA4 4HX
101405590381	01/11/1996	A	FLAT ABOVE SHOP	38 REGENT ROAD	MORECAMBE	LA3 1QN
	20/02/2006	Business		60 Regent and 80-84 Westminster		LA4 4JE
	21/05/2007	Business		76 Regent Road		LA3 1TF
	31/10/2009	Business		61-63 Albert Road		LA4 4HD
	28/03/2008	Business		43a Chatsworth Road Vets		LA4 4JF
<b>AREA 8</b>						
<b>Prop Ref</b>	<b>Empty From</b>	<b>Band</b>		<b>Property Address</b>		
101607650170	10/02/2009	A		17 YORKSHIRE STREET	MORECAMBE	LA3 1QE
101607650215	22/09/2000	A	SECOND FLOOR FLAT	21 YORKSHIRE STREET	MORECAMBE	LA3 1QE
101607650322	15/07/1999	A	FLAT ABOVE	32 YORKSHIRE STREET	MORECAMBE	LA3 1QE
101607650412	20/12/2010	A	FIRST FLOOR FLAT	41 YORKSHIRE STREET	MORECAMBE	LA3 1QF
101607650431	26/11/2007	A	MAISONETTE FF & SF	43A YORKSHIRE STREET	MORECAMBE	LA3 1QF
101607650691	06/09/2011	A	FLAT REAR OF	69A YORKSHIRE STREET	MORECAMBE	LA3 1QF
101607180211	28/08/2006	A	THE FLAT	21 WEST STREET	MORECAMBE	LA3 1RB
101405290331	01/06/2010	A	MAISONETTE 1ST & 2ND FLOORS	33 PARLIAMENT STREET	MORECAMBE	LA3 1RH
101000060160	30/12/2000	B		16 ALEXANDRA ROAD	MORECAMBE	LA3 1TG
101000060014	15/11/2005	A	FLAT 2	1A ALEXANDRA ROAD	MORECAMBE	LA3 1TH
<b>AREA 9</b>						
<b>Prop Ref</b>	<b>Empty From</b>	<b>Band</b>		<b>Property Address</b>		
101101200940	16/11/2009	A		94 CLARENDON ROAD	MORECAMBE	LA3 1SD
101607271210	09/09/2011	B		121 WESTMINSTER ROAD	MORECAMBE	LA3 1SG
101607271420	18/06/2009	B		142 WESTMINSTER ROAD	MORECAMBE	LA3 1SH
101607271250	25/05/2007	B		125 WESTMINSTER ROAD	MORECAMBE	LA3 1SJ
101101630352	01/04/2009	A	FLAT 3	35 DEVONSHIRE ROAD	MORECAMBE	LA3 1QT
101101200671	12/11/2009	A	BASEMENT FLAT	67 CLARENDON ROAD	MORECAMBE	LA3 1QY

101101200672	23/05/2005	A	GROUND FLOOR FLAT	67 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200673	18/04/2005	A	FIRST FLOOR FLAT	67 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200674	23/01/2006	A	SECOND FLOOR FLAT	67 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200712	02/11/2003	A	FLAT 1	71 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200713	26/07/2004	A	FLAT 2	71 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200714	30/11/2003	A	FLAT 3	71 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200715	29/09/2003	A	FLAT 4	71 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200730	30/07/2004	B		73 CLARENDON ROAD	MORECAMBE	LA3 1QY
101101200741	05/10/2007	B		74 CLARENDON ROAD	MORECAMBE	LA3 1QZ
101405590350	30/05/2011	A		35 REGENT ROAD	MORECAMBE	LA3 1QQ
			83 Clarendon Road	fire damaged not on list		LA3 1QY

### 3.3 West End Masterplan

In 2004 Lancaster City Council, English Partnerships and the North West Development Agency endorsed an Action Plan for the Regeneration of the coastal town of Morecambe. The plan identified that the housing and social problems, and the associated environment and image issues, particularly in the West End, have a serious effect on the economy and therefore the economic future of the town. This led to the development of a specific Masterplan for the West End.

The Masterplan brief recognised that significant change was required to the built environment of the area to maximise its potential and that the development of a spatial strategy would need to consider the strategic objectives identified for the West End in the Morecambe Action Plan:

- To increase the attractiveness of the West End as an area to live for existing residents and to attract new people to move into the area as long term residents, having a knock-on impact to improve the overall image of the resort
- To increase the proportion of owner occupiers and reduce the private rented sector as a means of improving stability
- To diversify the types of housing available
- To increase the amount of useable quality open space
- To improve the quality of the built environment
- To assure the sustainability of local shops through consolidation and establishing a niche market identity



The outline for the development brief for the West End Masterplan plan was to:

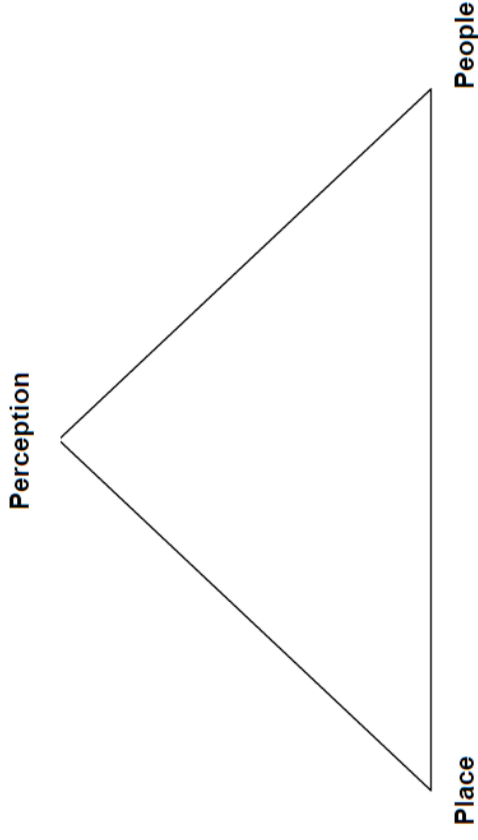
**Identify the role that the West End can play in the local housing market set in the context of the districts economic future and with reference to local housing needs. Develop, consult and finalise proposals for a spatial strategy for the West End.**

During the development of the West End Masterplan the Collaboration Agreement was signed on 20<sup>th</sup> July 2004 between Lancaster City Council (LCC) and the Homes and Communities Agency (HCA) (under its previous incarnation as English Partnerships). In advance of the formal completion of Masterplan priorities the £2.2M funding was targeted on properties where the following apply:

- Houses in multiple occupation on the market for sale
- Large terraced ex-guest houses on the market for sale
- Identified vacant large premises
- Identified unoccupied redundant commercial premises
- Seafront guest houses on the market for sale
- Other terraced property with remodelling / improvement potential

The partners embarked upon delivery of an ambitious and far reaching housing project in the West End of Morecambe. The main aim was to tackle the problems of the oversupply of houses of multiple occupation (HMOs) and the social consequences for the neighbourhood.

The West End Masterplan completed its extensive consultation over the course of 2004 and was adopted as a supplementary planning document by Council in February 2005. The Masterplan set out a vision for the West End that was based upon a three cornered set of principles:



The '3 P's', are designed to convey guiding principles and the approach that should be taken to delivery of a new Morecambe West End.

The key principles behind the perception strategy encompass:

- a. The redefined vision for the West End encompassing high quality living, working and incidental leisure / tourism offers
- b. A broad range of housing aimed at a number of areas of need as identified in the Couttie report
- c. A high quality retail offer, based upon a blend of local and specialist shopping activity
- d. A home for higher education, based upon the possible establishment of a campus for St Martins College
- e. A high quality food / drink offer based upon a number of new outlets in the West End
- f. A redefined accommodation strategy based upon some higher quality self-catering and specialist 'boutique' hotel accommodation, thus continuing the envisaged success that the Midland Hotel project will instigate.

The place making strategy for the West End will draw out the following qualities:

- a. A place where people want to live as homeowners for the long term

- b. A place where unfit homes are replaced by high quality housing choices across a range of affordability levels
- c. A place where people want to educate their children in high quality pre-school and primary schools
- d. A place where people want to shop for local services and goods as well as for their discretionary and specialist requirements
- e. A place where people want to eat, socialise and mix in a friendly and beautiful environment
- f. A place where people want to enjoy views, vistas and open spaces populated by sculpture, public art and high quality street furniture
- g. A place that mixes soft and hard landscape in a clever and complementary manner drawing out the best aspects of the sustainable urban neighbourhood
- h. A place that is truly sustainable in all aspects of a living community

To deliver on the vision for place there will be a requirement to re-structure the West End in a physical sense. The Masterplan for the West End presented in this report identifies levels of intervention and the overall prospects for change in place making. They range from high level high intervention strategies that would see significant change in the physical structure and tenure in the neighbourhood through to more minimalist intervention approaches and would seek to stabilise market conditions and improve public realm and the living environment.

These projects will transform the West End from its current state to a sustainable urban neighbourhood exhibiting the very best attributes of urban living along the seafront. A key driver in changing the current definition of 'place' is to re-structure the tenure mix in the West End, with a move away from HMOs towards more sustainable living principles manifested in homeownership and effective landlord accreditation schemes.

The plan for people is therefore an extremely challenging one, yet it encompasses the following core objectives:

- a. Improvement in local school provision, building on the County Council's education strategy and taking forward proposals for enhanced local school opportunities, which may also include pre-school provision
- b. Weaving into the strategy a 'healthy living ideal' which takes the best features of Morecambe's reputation for healthy living forward in a multifaceted approach to this issue
- c. Plans to change the housing market, by changing tenure mix and taking out of the supply chain HMO's and absentee landlord accommodation

- d. The delivery of affordable homes identified as a core requirement in the district housing strategy - this should principally be delivered through new home ownership options. This will have beneficial impact on the district as whole as it will take pressure off other overheated parts of the borough
- e. By creation of new employment opportunities, based around a number of economic initiatives particularly in the fields of arts, digital technologies, retail and leisure
- f. Higher education, the delivery of a higher education campus if possible and all that it brings with it will have a terrific positive impact on the West End
- g. Sustainable Living Principles that will be woven into the plan

Following the adoption of the Masterplan Chatsworth Gardens was formalised as the flagship project in the West End and was supported by the HCA. Chatsworth Gardens forms a cornerstone of the comprehensive masterplan for the regeneration of the whole of the West End of Morecambe, a core council priority. The rationale behind the particular Chatsworth Gardens scheme is to address failure of the housing market in the West End of Morecambe, to stimulate the provision of housing for families, singles and couples, in order to create a more balanced and long-term sustainable community, with a greater choice of housing and tenure.

It was always intended to create an exemplary housing scheme to act as a catalyst for private sector investment and contribute to the regeneration of Morecambe's West End by tackling the lack of family housing and helping to create a more balanced community with more families and the greater choice of housing and tenure. In essence, the project aims to reinforce the changes and regeneration already happening in the local area by addressing the lack of appropriate family housing, working toward creating a more balanced community with a greater choice of housing stock.

### 3.4 Project Area Background

Morecambe developed with the popularity of coastal resort tourism and was a thriving seaside resort from 1890 to the mid-twentieth century. Morecambe, like almost every other traditional seaside resort within the UK, has suffered from serious social deprivation over the last 40 years or so, following the decline of the traditional seaside holiday. Visitor numbers have also suffered as a result of declining amenities including the loss of the West End and Central Piers, Morecambe's swimming pool and Frontierland.

The British seaside tourism decline in Morecambe was to a certain degree delayed by the construction of the two nuclear power stations which effectively meant that over a 5-10 year period much of the traditional holiday accommodation was taken up by a transient workforce involved in the construction of the two plants. Following their completion, many properties in the area were subdivided into bedsits or one/ two bedroom flats occupied by tenants largely supported by state benefits.

## Morecambe's West End: Empty Homes Project Plan April 2012

At one stage two of the wards had the highest unemployment rates in Lancashire. Most recent figures from the Office of National Statistics do not show the current unemployment rate. The neighbourhood in which Chatsworth gardens is located in August 2007 has 6% and 19% Jobseeker's allowance and Incapacity Benefit claimants, which compares to the Lancaster average of 2% and 7% respectively.

Today Morecambe has a population of circa 45,000 and there is a preponderance of over 65's. Morecambe and the West End offer contrasting pictures when analysed by population type. The West End exhibits below average (compared to regional and national) levels of retired people (15.2%) but above average proportions of the population in the 0-15 (21.3%) and 15-24 (12.5%) age cohorts. Morecambe as a whole has a much older population (20.8%), with fewer children (19.0%) and a smaller proportion of the population are of working age.

As a result of the increasing focus on the provision of employment in and around the White Lund area, located between the two main centres of Lancaster and Morecambe, the Morecambe housing stock has continued to be popular with the younger working population.

Over the last 7 years this trend has accelerated as a direct consequence of the rapidly escalating value of properties within the Lancaster district. Many first time buyers have been forced out of the market in Lancaster, and as a result have looked towards Morecambe to the direct benefit of the more traditional format of housing stock of semi-detached and 2 or 3 bed terraced houses.

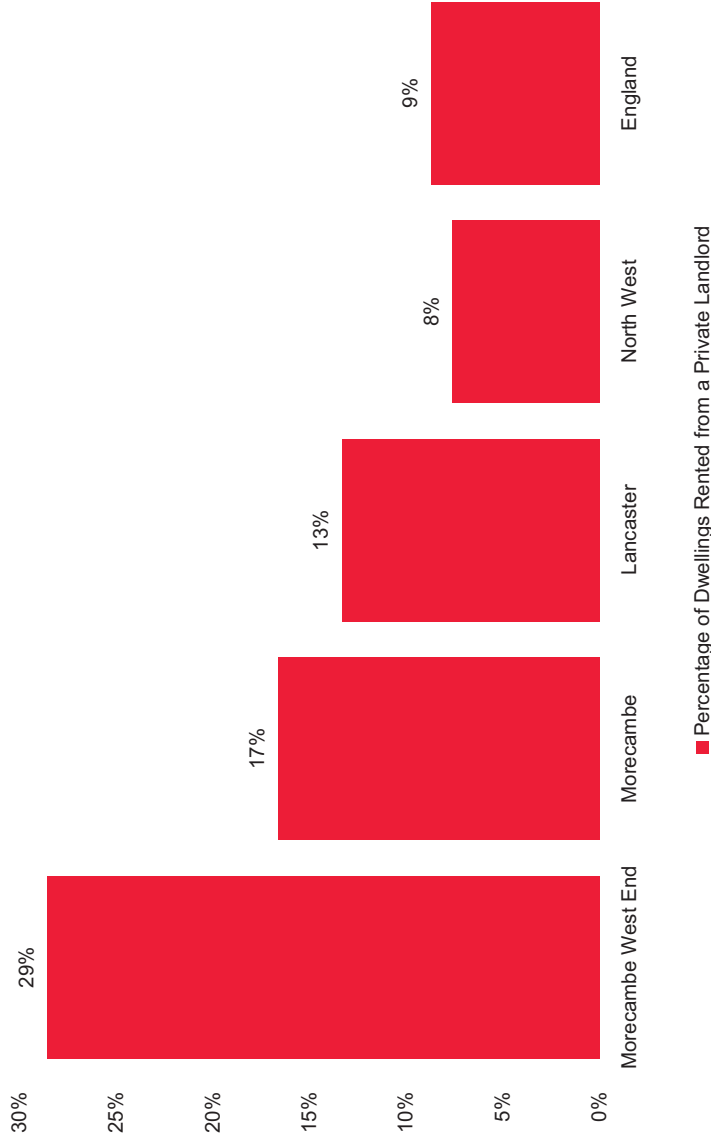
Evidence shows that employment and income deprivation are extreme in Morecambe's West End. According to both of these measures, the Chatsworth Gardens site area is within the top 0.5% of the most deprived Super Output Areas in England. There is also a severity of education deprivation and subsequently the occupational structure of the working age population is largely skewed towards lower value added occupations and a high degree of benefit dependency.

Crime levels in the West End are amongst the highest within the Lancaster District for a variety of offences. For each offence the rate of occurrence is significantly higher in the West End than in the Lancaster District as a whole, and recent figures show that crime levels are rising.

In terms of housing in the West End, statistics suggest that there are very few family sized households (3 to 5 persons) (28.3%) and a very high proportion of one-person households (39.4%). Table 1 details the percentages of dwellings rented from a private landlord for the West End of Morecambe which is 20% higher in comparison to that of the national average and a further 1% to the average for the North West. The high volume is due to the HMOs within the location of the West End.

### Table 1 Percentage of Private Rented Dwellings in West End

Morecambe's West End: Empty Homes Project Plan April 2012



Morecambe's West End has 38% of semi detached dwellings, 4% of detached dwellings, and 15% of apartments in a converted or shared house (HMOs), 14% of flats in purpose built blocks and 3% of dwellings being in shared dwellings. By comparison to the North West in particular only have 2% of dwellings in converted flats (HMOs).

Figures for the North West Region and England only show percentages of 18% and 13 % respectively of combined flattened type dwellings, which by comparison to the West End of Morecambe level of 32% is considerably higher. This oversupply of flattened dwellings currently supplies the lower income households and transient population that typify areas of deprivation.

The Housing Condition Survey, 2004 shows that 30% of the houses in Morecambe's West End are either unfit for habitation or defective. This is 16% higher than the level for Lancaster District as a whole, thus illustrating a strong need for improving the quality of the housing stock.

The statistics support the need for a restructuring of the housing stock in the West End in order to attract new people to the area, especially families, thus diversifying the population base and contributing to the sustainability of the area.

Furthermore, many of the policy and strategy documents reviewed here recognise the importance of housing within regeneration strategies and the need for sustainable communities. The policy context shows that there is a government commitment to raising the standard of housing and the civic environment.

The Morecambe Resort Action Plan states that the local economy can be strengthened by enhancing the housing, tourism and retail markets and attracting new investment. Improving the residential market and fabric of Morecambe, especially in the West End area, is paramount in achieving the regeneration ambitions for the town. The Resort Action Plan recognises that more stable communities are required in Morecambe, with people living in attractive environments with a choice of good quality housing supported by a range of facilities and services.

The West End area was previously designated as a Housing Renewal Area. Significant investment has been made in the area to improve housing in the neighbourhood. However, despite some improvements in the quality of the stock delivered through the Renewal Area, the West End still suffers from a complex set of social issues. These include a transient population, high crime rates, anti-social behaviour and benefit dependency. It is considered that these problems are in-part caused and exacerbated by the structure of the housing stock in the neighbourhood, specifically:

- A high proportion of large houses (three to five storey properties built as guest houses but converted to houses in multiple occupation)
- High levels of poor quality private rented stock
- High density
- Lack of open space
- Lack of sites for the development of new housing that meet modern requirements

The need to regenerate the residential areas of Morecambe (especially in the West End) is central to meeting the aim of making the town an attractive place to live, work and visit. The attractiveness and functionality of the West End needs to be enhanced to ensure that it meets the needs of local residents and encourages people to move into and invest in Morecambe in the long-term.

In 2004 the HCA provided initial funding to fund property acquisitions to trigger change and to prepare a detailed Master Plan for the West End area, providing a template for future development and funding bids.

The key principle behind the Masterplan is for the West End to remain a predominantly residential area, but one that accommodates a more balanced community, with more families, a greater choice of housing and tenure. The Masterplan was completed at the end of 2004 and has

received support from Lancaster City Council, the West End Partnership (WEP), English Partnerships, the North West Development Agency and Adactus Housing Association.

Winning Back Morecambe's West End Masterplan and Delivery Strategy was prepared in 2005, and is based on the aim of respecting and capitalising on the position of the West End's proximity to the seafront with its panoramic views over Morecambe Bay. Again, the strategy identifies a three-cornered set of principals to focus the regeneration of Morecambe: Place, People and Perception. The strategy aims to drive change in the town by addressing the negative perceptions of the West End, facilitating place making; and re-addressing the profile of the people that live within the West End.

The Masterplan was adopted by the City Council as Special Planning Guidance to the Lancaster District Plan in February 2005. The Masterplan outlines the vision for the West End of Morecambe as an exceptional place to live, work and play.

At the local level, the Morecambe Resort Action Plan, and the West End Masterplan both highlight the negative effects caused by the low perception of the area amongst residents, developers, and the wider community. More specifically there is recognition of problems associated with former guest houses being converted into HMOs, and notes the implications in terms of a transient population which creates unstable communities and reduces the attractiveness for others.

### 3.5 Community Consultation

The Winning Back Morecambe's West End Masterplan was developed by a multi agency steering group which included community representation through the West End Partnership, along with representation from the City Council, County Council, English Partnerships, the Housing Corporation, Adactus Housing Group, NWDA and the MP for Morecambe and Lunesdale. The initial scope of the Masterplan was set following a day long consultations event where the local community was asked what issues they wanted to see addressed. The options for addressing those issues were then developed through a two day Enquiry by Design event which included expert professional advisors working through potential interventions with representatives of the local community. The final options for intervention where than agreed by the Steering Group before going out to a three day consultation event held at Heysham High in September 2004. A further public meeting was held in December 2004 at the Platform which was attended by approximately 300 people. Following this event the final Masterplan was agreed by the Steering Group in December 2004. The Masterplan was subsequently adopted by Cabinet as a supplementary planning document to the Lancaster District Plan at its meeting in February 2005.

Chatsworth Gardens has specifically been subject to further detailed consultation process. The initial development brief was discussed which formed the basis of the developer selection process was developed and agreed in consultation with the West End Partnership. The current proposals for Chatsworth Gardens and the West End have been developed with support from local councillors. It is envisaged that as part of



the further development of new proposals that further community consultation would take place prior as the scheme progresses. This would be in addition to the formal statutory consultation required for obtaining planning permission.

### 3.6 Chatsworth Gardens

Located in Masterplan area 5 Chatsworth Gardens aims to address the particular housing market failure issues of the West End of over supply of 1 bed units and HMOs, poor property condition, empty homes and poor quality environment. The location of Chatsworth Gardens was greatly influenced by the large size of the properties, the poor quality of the stock, the number of HMOs and empty properties and therefore offered the best location to introduce new stock to change the mix and address the housing market failure. The objectives of the proposal are to:

- Attract families and long-term residents to live and work in and near the town
- Create a more balanced community
- Reverse the negative perception of Morecambe's West End as a place to live
- Reduce the number of HMOs (Houses in Multiple Occupation)
- Kick-starting public/private investment in the area;
- Creating confidence in the market – to show that family housing is possible and hence have a catalytic effect (along with the other interventions)
- Deliver quality housing stock to Code for Sustainable Homes Level 3
- Address crime and social conditions in the area
- Act as a demonstration to the market in terms of the standard and quality of housing that should be delivered in the Masterplan area

Complimenting the refurbishment of empty homes in this area is the redevelopment of the very largest properties on Regent Road. This provides a comprehensive solution to the site through a mixture of public and private investment that overcomes the current economic challenges.


\_\_\_\_\_





## Appendix 3a

CEHF Financing Details of Option 2 and Option 3

The two tables listed below provide an overview of how the council will match fund the £1.9M Cluster of Empty Homes Funding for Options 2 and 3. N.B. Costs are shown as a positive and income is shown as a negative number.

The top half of the two tables above the thick black line details eligible cost and sales income to arrive at a total. The lower half details the resources available to deliver the option including the match funding and external funding and then applies this to the total costs to arrive at the balance of the option.

<b>Option 2</b>	LCC Cost & Income	Private Match	Clusters of Empty Homes Funding
Total Council Eligible Clusters Spend	£3,434,805		
Out-turn of refurb Sales income applied to eligible spend	<b>-£818,158</b>		
Grants to private empty properties	£138,000		
<b>Gap After remainder of refurb sales income</b>	<b>£2,754,647</b>		
LCC Match from income	<b>-£1,182,933</b>		<b>-£1,182,933</b>
LCC private match (external to LCC costs)		<b>-£809,500</b>	<b>-£809,500</b>
Match funding total to equal or exceed approval			<b>-£1,992,433</b>
Clusters of Empty Homes Funding Approval			<b>-£1,942,740</b>
LCC Match from Income + Clusters funding	<b>-£3,125,673</b>		
<b>Balance of Scheme - Contingency if negative &amp; Gap if positive</b>	<b>-£371,026</b>		

<b>Option 3</b>	LCC Cost & Income	Private Match	Clusters of Empty Homes Funding
Total Council Eligible Clusters Spend	£3,434,805		
Out-turn of refurb Sales income applied to eligible spend	£302,217		
Grants to private empty properties	£138,000		
<b>Gap After remainder of refurb sales income</b>	<b>£3,875,022</b>		
LCC Match from income	<b>-£1,182,933</b>		<b>-£1,182,933</b>
LCC private match (external to LCC costs)		<b>-£809,500</b>	<b>-£809,500</b>
Match funding total to equal or exceed approval			<b>-£1,992,433</b>
Clusters of Empty Homes Funding Approval			<b>-£1,942,740</b>
LCC Match from Income + Clusters funding	<b>-£3,125,673</b>		
<b>Balance of Scheme - Contingency if negative &amp; Gap if positive</b>	<b>£749,349</b>		

The titles of the tables are explained below.

Total Council Eligible Clusters Spend – This is the cost to the council of refurbishing and carrying out facelifts to empty properties in the Chatsworth Gardens area.

Out-turn of Refurb Sales income applied to eligible spend – This is the balance of the sales income from the properties directly refurbished by the council after it has been applied to the ineligible costs that relate to the acquisition, refurbishment and demolition of occupied properties. Option 2 provides income due to not budgeting for the acquisition of the second Regent Road terrace where as Option3 includes this cost which is greater than the sales income and is therefore a further cost.

Grants to private empty properties – This is the grant support provided to owners of private properties in the West End outside of Chatsworth Gardens.

Gap After remainder of refurb sales income – This is the cost of the project that needs to be met.

LCC Match from income – This is the sales income from properties sold to private developers and owner occupiers to refurbish back into positive use. This is the principal source of match funding the council has.

LCC Private Match (external to LCC costs) – This is the investment made by the private sector in bringing empty homes back into use. Although this is not direct spend by the council the evidence of private investment made to bring empty homes back into use can be counted as match funding. This increases the amount of funding the council can access to support the project.

Match Funding Total to equal or exceed approval – This is the total match funding provided by the council i.e. the sum of LCC Match from income and LCC Private Match. To access the full approval of funding offered this sum needs to at least equal this amount.

Cluster of Empty Homes Approval – This is the amount of funding approved by the Homes and Communities Agency and needs to be match funded pound for pound.

LCC Match from Income + Clusters funding – This is the total funding available to meet the total costs.

Balance of Scheme – This is the outturn of the project i.e. cost less funding and this equals either a contingency if negative or a gap funding requirement if positive. For Option 2 the £371K contingency provides a safety net if required or resources to be applied to completing the second Regent Road terrace. For Option 3 the £749K gap funding requirement is the further investment the council will need to contribute.

---

## **Notes on General Project Costs and Income**

The direct refurbishment costs used in the appraisals are based upon benchmarked cost estimates from quantity surveyors and correlate with tendered costs for regeneration projects in terms of both unit and m2 rates. The specification for the refurbishments is high and there is potential to reduce elements or specifications if costs are greater than anticipated.

The sales values for the refurbished properties are based upon detailed professional advice from both national and local surveyors. The values ascribed to refurbished properties are lower than the market averages to mitigate the sales risk faced by the project. The sales values for the properties to be sold to private developers to refurbish were estimated by national and local surveyors and again are viewed as prudent estimates to mitigate sales risks. Furthermore, the values have been checked by back calculating from the anticipated development costs and the end value to ensure that they are a viable prospect.

The acquisition costs listed in the appraisals are based upon professional valuations from a team of local and national surveyors. Although current market conditions have been viewed as poor since the recession, local house prices have largely remained flat following the initial drop in values that followed the recession and it is likely that this static trend will

continue. The risk that house prices will increase is considered low and is offset by the properties the project will in turn be selling.

Properties currently owned by the council, both in the Chatsworth Gardens site and in other parts of the West End, will be sold with an approved planning permission detailing the refurbishment to be undertaken. The sale will be under a development agreement that specifies when this must be completed and that all costs to achieve this need to be documented and provided to the council. This is the private sector match funding, although the costs are separate to the council's costs the evidence of spend to bring empty homes back into use can be utilised as match funding to enable access to the HCA funding. There will be a set of criteria to qualify to be able to buy one of these properties to ensure that developers have the finance in place and that the future use and management will be to council standards. Control over quality, timescales and documentation of spend is provided by the development agreement whereby the developer pays the acquisition price less £1 and the council retains the title until the conditions of the development agreement have been discharged.

The development cost used to estimate private sector match are low, to avoid optimism bias. The estimates are approximately half the cost expected. Lower estimates have been used due to the importance of securing this investment to the project's success in drawing down HCA grant funding. The estimates cover a range of property conditions that will vary in cost to refurbish. The developer's redevelopment costs will also vary, as some will be builders and others will be procuring services in a standard way. All these factors have led to the low figure being ascribed to avoid over estimation. The converse of such prudence is that there is a possibility that the council could overachieve on its estimates for securing private sector match from these properties which would have positive benefits for the project and for the council.

Privately owned empty properties within the Cluster area will be targeted by officers to be brought back into use. A small amount of the private sector match will be captured from the cost of bringing these properties back into use. The estimated private sector costs to bring empty property back into use are low to avoid optimism bias. Costs will vary as there are a range of property conditions from long term empties that require full refurbishment to short term empties that need minor improvements. The use of grant assistance to ensure that the council can offer both a "carrot" and "stick" approach is essential to achieve the required number of empty homes within the timescales. A further element of caution in deriving private sector match from these properties is from the low success rate of 50% of the 55 private empty properties being brought back into use. This very prudent estimate may mean that the council overachieves on both the number of empty homes brought back into use and the level of private sector match funding evidenced.

The application of private sector match into the project funding is beneficial to the council as it allows the total approval of funding to be accessed. The significance of this to the project is considerable and it is for this reason the estimates are prudently low.

# Option 2



Albert Road

Balmoral Road

Chatsworth Gardens

Westminster Road

Regent Road

## Key



Direct Refurbishment and remodelling by council to provide 3 bedroom family homes for owner occupation.



Council owned properties to be sold to owner occupiers / private developers to refurbish into provide single family houses for either owner occupation or rent. Both terraces on Chatsworth Road receive a grant aided facelift scheme.



Council owned properties to be sold to private developers / owner occupiers to refurbish to provide either 3 self contained 2-3 bedroom flats or single family homes for either owner occupation of rent.



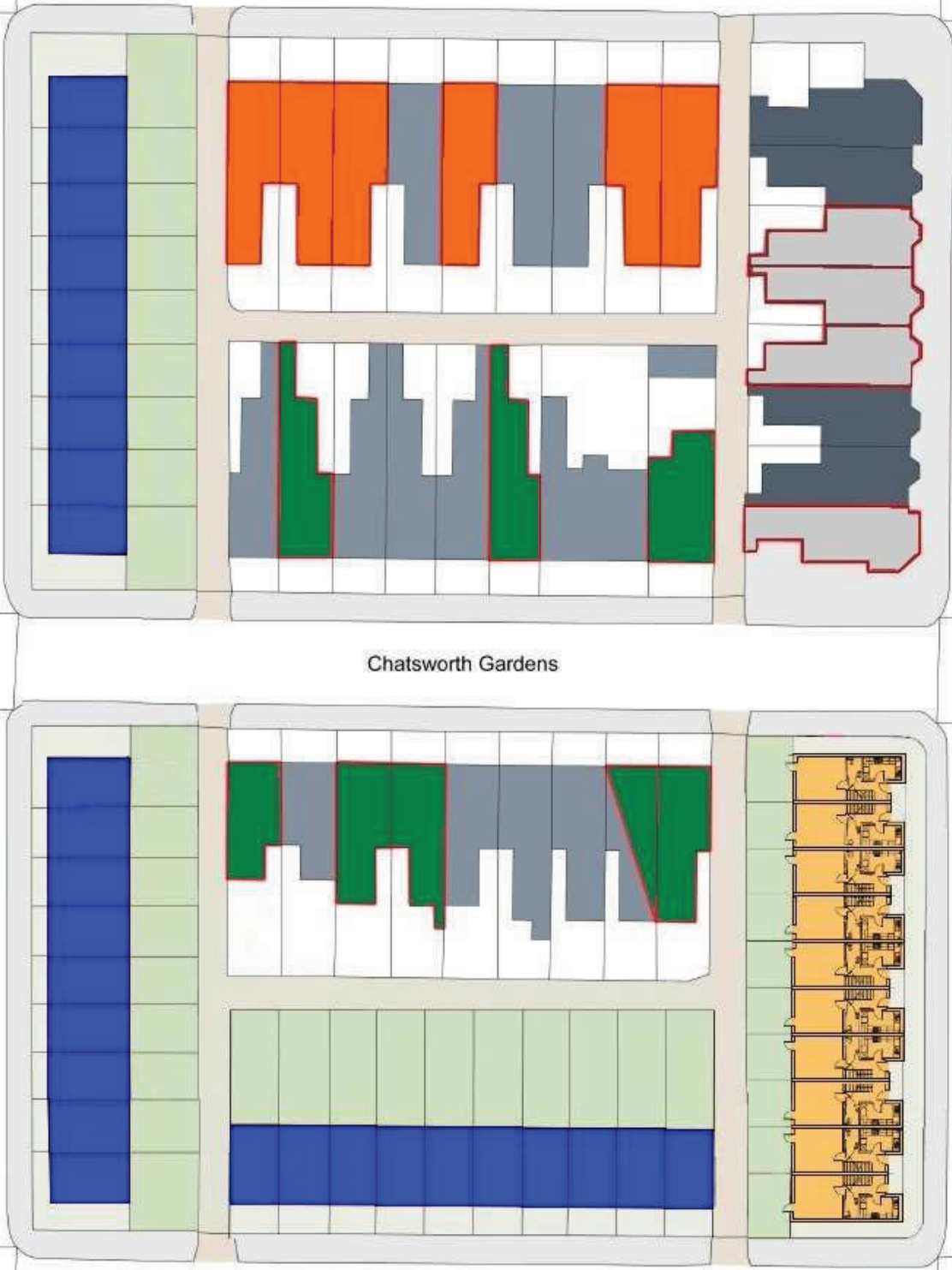
New build constructed by private developers to provide 3-4 bed family homes for owner occupation.



Council owned properties held until further funding secured.



Private properties





# Option 3



Albert Road

Balmoral Road

Chatsworth Gardens

Westminster Road

Regent Road

## Key



Direct Refurbishment and remodelling by council to provide 3 bedroom family homes for owner occupation.



Council owned properties to be sold to owner occupiers / private developers to refurbish into provide single family houses for either owner occupation or rent. Both terraces on Chatsworth Road receive a grant aided facelift scheme.



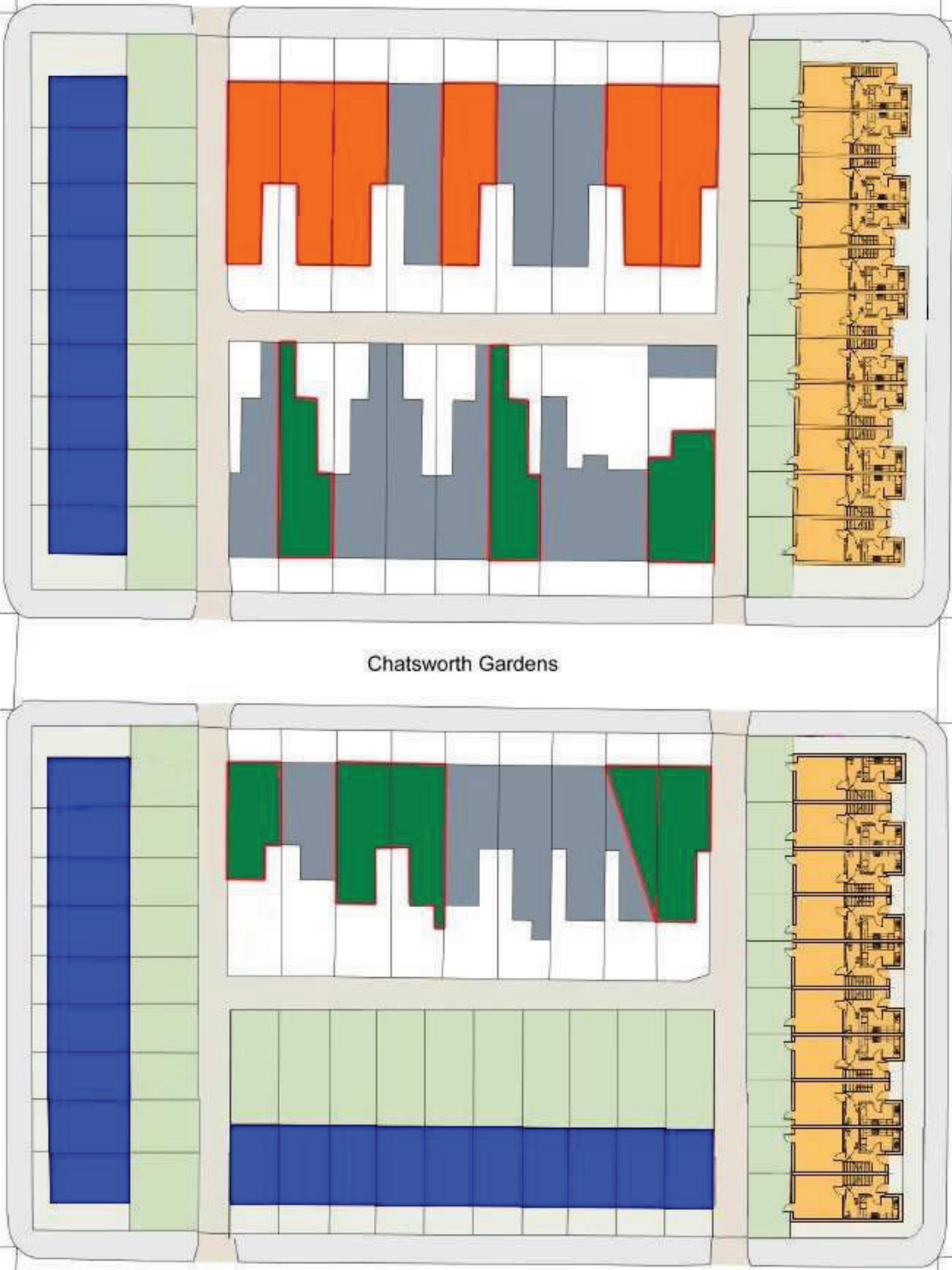
Council owned properties to be sold to private developers / owner occupiers to refurbish to provide either 3 self contained 2-3 bedroom flats or single family homes for either owner occupation or rent.



New build constructed by private developers to provide 3-4 bed family homes for owner occupation.



Private properties



## Appendix 4

### Explanation and Examples of Facelift and Refurbishment Schemes

Listed below are two recent schemes delivered by the council on Bold Street that are being utilised as examples to explain what they entail.

#### Facelift Scheme

In 2009 the council undertook a grant aided facelift scheme to improve the external appearance of the terrace of properties, odd numbers 19-33 Bold Street. The facelift includes the following elements:

- Roof – re-slate, insulate, remove dormers and old roof lights and replace with velux windows, re-slate bays and repair chimneys.
- Rainwater goods – new gutters and down pipes as well as refurbished cast iron downpipes.
- Front Elevation – clean stonework, re-point and repair stone window surrounds.
- Windows and Doors – new replacement double glazed windows and either refurbished or replacement front doors.
- Environmental works – rebuild boundary walls and install steel railings and gates.

The overall aim of the facelift scheme is to improve appearance of how the houses present to the street. However, there are other benefits internally from improved water tightness, better drainage and insulation that translate to greatly improved living conditions. The extent of the works can vary depending on the property.

Pictured below is the before and after photos of the Bold Street facelift scheme.



#### Refurbishment Scheme

In 2010 the council undertook the refurbishment and remodelling of a terrace of properties on Bold Street. The refurbishment and remodelling was comprehensive and includes the following:

- Remodell – the removal of an entire storey to reduce the internal space and potential for HMO use.
- Roof – re-slate, insulate, remove dormers and old roof lights and replace with velux windows, re-slate bays and repair chimneys.

- Rainwater goods – new gutters and down pipes as well as refurbished cast iron downpipes.
- Front Elevation – clean stonework, re-point and repair stone window surrounds.
- Windows and Doors – new replacement double glazed windows and either refurbished or replacement front doors.
- Environmental works – rebuild boundary walls and install steel railings and gates.
- Plumbing – new central heating system, new bathroom and wc and new kitchen.
- Electrics – full re-wire.
- Environmental measures – solar hot water heating fitted to roof and improved insulation.
- Decoration – re-configure internal space, re-plaster, new internal doors and replace timber trim where necessary and re-paint.
- Miscellaneous – clearance of rubbish, treatment of damp and damage and structural repairs.

Pictured below is photo that contrasts the un-refurbished with a refurbished Bold Street property.





**Commissioning Arrangements for the Voluntary Sector  
4 December 2012**

**Report of Head of Community Engagement**

<b>PURPOSE OF REPORT</b>				
To advise members of progress to date in developing a Commissioning Plan to support the voluntary, community and faith sector in delivering services to meet current and emerging local needs.				
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>	<b>Referral from Cabinet Member</b> <input checked="" type="checkbox"/>
<b>Date Included in Forthcoming Key Decision Notice</b>			n/a	
<b>This report is public</b>				

**RECOMMENDATIONS OF HEAD OF COMMUNITY ENGAGEMENT**

It is recommended that:

- (1) That Cabinet note the timetable and process for development of a Commissioning Plan and approve the Plan for publication in accordance with the timetable.
- (2) That Cabinet note the General Fund Revenue Budget assumptions for future years and give any early indication of whether alternative options should be considered.

**1.0 Background**

1.1 In November 2012, Cabinet considered a report recommending an approach to take forward commissioning arrangements for Arts and Voluntary, Community and Faith sector (VCFS) services (*Minute 71 refers*). Cabinet made a number of resolutions:

- (1) *That the Commissioning Framework for Arts and Voluntary, Community and Faith sector services be approved in principle.*
- (2) *That the Commissioning of Arts sector services be undertaken following the publication of the Arts Strategy in early 2013 and that existing Arts Service Level Agreements remain in place for the next twelve months.*
- (3) *That Investment in VCFS services for the three year period from 2013 – 2016 is focused on support for VCFS organisations, volunteering coordination, advice and information services and small development grants.*

- (4) *That indicative sums be agreed for each of these services by the portfolio holder and Leader once more information is available on the cost of support for VCFS organisations and volunteer co-ordination, subject to final confirmation as part of the budget process.*
  - (5) *That subject to the introduction of a small development grants scheme, the Council's Welfare Grants Scheme be removed.*
  - (6) *That final decisions on service delivery be determined as part of the procurement process and in line with the Council's Contract Procedure Rules.*
  - (7) *That the General Fund Revenue Budgets be updated accordingly as part of the 2013/14 Budget Process.*
  - (8) *That the Commissioning Plan and service specification be approved at the December Cabinet meeting, prior to the publication of the plan.*
- 1.2 The November report set out proposals for the allocation of commissioning funding. (set out in Appendix A). Resolution 4 sets out the procedure for approval of the proposals.
- 1.3 This report provides information relevant to Resolution 8

## **REPORT**

- 2.1 Engagement and communication in variety of ways are ongoing features at all stages of commissioning and assist in gaining the understanding that is required to focus investment on the most important services that will have the most impact. The process by which this will be achieved in respect of the Commissioning Plan is set out in the timetable attached as Appendix B
  - 2.2 Following on from the extensive engagement that fed into the November report, two questionnaires have been developed – one for advice and information providers, the other for infrastructure support providers.
  - 2.3 The information gathered prior to the November Cabinet report and the information gathered as a result of this exercise will inform the development of the Commissioning Plan.
  - 2.4 The Plan will be circulated in accordance with the timetable for members' consideration at the meeting.
  - 2.5 The Commissioning Plan will comprise details of services to be supported, intended level of investment, timescales and performance management arrangements.
- ### **3.0 Details of Consultation**
- 3.1 Consultation with VCFS partners has been ongoing over the last two years with members and council officers engaging in discussions on a range of sector issues,
  - 3.2 All organisations with existing SLA's with the council have been engaged in discussions regarding potential commissioning arrangements.
  - 3.3 In addition, dialogue and engagement with Lancashire County council has taken place and areas for joint working and investment are emerging. The proposals for joint investment in volunteering coordination have arisen as a direct result of this.

#### **4.0 Options and Options Analysis (including risk assessment)**

A detailed options analysis and risk assessment was developed as part of the November report to Cabinet. Cabinet may wish to consider the draft budget assumptions and these are outlined in the financial implications section.

#### **5.0 Officer preferred option**

The preferred option is to approve the Commissioning Plan and funding allocations once published.

#### **6.0 Conclusion**

6.1 The council has taken steps towards introducing the commissioning arrangements proposed in this report over the last two years. Detailed reviews of current SLA's, an assessment of local needs and opportunities and communications and engagement work with the VCFS have been undertaken, leading to these proposals. The recommendations provide a means of steering the council's investment in VCFS services to achieve the maximum impact linked to current needs and opportunities in the district. In addition, they will provide clear, transparent arrangements that focus on value for money and impact and support the principle already agreed by Cabinet at earlier meetings.

6.2 Specific steps have been taken to work with Lancashire County Council with the potential to invest jointly providing a more strategic investment in some services.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

Proposed commissioning arrangements fit with Corporate Plan priorities and outcomes as follows:

- The voluntary, community and faith sector has capacity to deliver services for the district
- Local communities are actively working with partners to improve where they live in ways that matter to them
- Efficiency savings and service improvements achieved through joint working and shared services
- Impact of welfare reforms managed well to avoid any unnecessary impact on local communities

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

The proposals potentially impact on a wide range of people and organisations. The work undertaken to understand local needs and the VCFS issue and opportunities has helped to inform the proposals, which seek to have a positive impact within the limits of the funding available.

#### **LEGAL IMPLICATIONS**

Contractual arrangements with VCFS partners will need to reflect the council's requirements in line with normal requirements.

#### **FINANCIAL IMPLICATIONS**

The current approved budget in 2012/13 for VCFS Service Level agreements totals £242,500 including two rent contributions and these figures have been used in the report for

illustration purposes to demonstrate how the total amount would be split across the different areas of the VCFS Sector.

An inflationary element of 2% is currently assumed in the draft budgets for 2013/14 onwards and Cabinet may wish to consider whether this remains or whether grant levels should be kept at the same level as 2012/13 – or indeed whether any other budget options should be considered. If the decision were taken to keep grants at the 2012/13 level there would be a total saving of £12.7k against future years' draft budgets.

Ongoing review and monitoring of the Commissioning Framework by the Partnerships Team will continue with ongoing support from Financial Services and Legal Services, where appropriate, throughout the process.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

Staff capacity is required for the procurement of services and ongoing engagement and performance monitoring of service contracts

**Information Services:**

No direct implications from this report

**Property:**

Currently two allocations are made to VCFS organisations in respect of rent of council premises, although this is inconsistent in that this support is not available to other organisations in the same way. Current council policy is to achieve market values for its properties and the council would be required to charge tenants in line with this.

**Open Spaces:**

No direct implications from this report

**SECTION 151 OFFICER'S COMMENTS**

If Cabinet wishes to consider any budget proposals regarding VCFS funding it is advisable to give an early indication now, although options could still be identified and considered later during the budget process when prospects and affordable priorities are clearer, but prior to VCFS services actually being commissioned.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

Local Assessment 2012  
 Engagement Workshops Report  
 Commissioning Framework 2013 – 2016

**Contact Officer:** Anne Marie Harrison

**Telephone:** 01524 582308

**E-mail:** amharrison@lancaster.gov.uk

## Proposals for commissioned services 2013 – 2016

## Lancaster City Council Corporate Outcomes

◆The voluntary, community and faith sector has capacity to deliver services for the district◆Local communities are actively working with partners to improve where they live in ways that matter to them◆Efficiency savings and service improvements achieved through joint working and shared services◆Impact of welfare reforms managed well to avoid any unnecessary impact on local communities

Services	Objectives	£'s pa	Services	Additional requirements/ comments
VCFS Infrastructure services	<ul style="list-style-type: none"> <li>To provide a central point for VCFS advice, information and support</li> <li>To assist VCFS organisations to develop strong and efficient business models for the future</li> </ul>	£25,000	<ul style="list-style-type: none"> <li>Training</li> <li>Business advice and development</li> <li>Development of shared services/joint resourcing</li> <li>Developing tendering and contracting capacity</li> <li>Sector quality standards</li> <li>Research and data provision</li> <li>Communications across the sector</li> <li>Grants and trusts</li> <li>Liaison with public sector partners</li> <li>Monitoring changes and sector development</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative approach between a small number of infrastructure agencies with a lead agency providing coordination.</li> <li>Requires that infrastructure bodies operate at a level that means they can support but are not in competition with the organisations they assist.</li> <li>Requires a focus on support for high demand / critical services which may change over time</li> </ul>
Volunteering coordination	<ul style="list-style-type: none"> <li>To increase levels of volunteering in the district</li> <li>To provide efficient, effective coordination of volunteers at a central point</li> </ul>	£15,500	<ul style="list-style-type: none"> <li>Volunteer information and publicity</li> <li>Recruitment</li> <li>Training and support for volunteers and volunteer managers</li> <li>Relevant checks</li> <li>Vacancy management</li> <li>IT and all information requirements</li> <li>Development of quality standards</li> <li>Monitoring the value and impact of volunteering</li> </ul>	<ul style="list-style-type: none"> <li>To be provided as match funding for Lancashire County Council contribution via One Lancashire to support volunteering coordination in Lancaster district</li> <li>Collaborative approach between infrastructure agencies and partners with a lead agency providing coordination</li> <li>Support for VCFS organisations and community groups to recruit and manage volunteers</li> </ul>
Advice and information	<ul style="list-style-type: none"> <li>To provide accessible advice and information services</li> <li>To reduce levels of debt, poverty, personal distress and isolation</li> <li>To reduce demand for crisis interventions</li> </ul>	£190,000	<ul style="list-style-type: none"> <li>Specialist advice and information, such as Debt advice, basic needs and crisis advice, including food, housing, personal care, Disability and mental health</li> <li>Access to services information</li> <li>Liaison with public sector and VCFS</li> <li>Training</li> <li>Ensuring quality service standards</li> <li>Monitoring changing levels and types of demand</li> </ul>	<ul style="list-style-type: none"> <li>Requires a collaborative approach between specialist agencies with a lead partner taking the coordination role</li> <li>Needs to take account of predicted huge increase in demand</li> <li>Focus on early intervention and prevention</li> <li>Requires extensive volunteering support</li> </ul>
Small grants	<ul style="list-style-type: none"> <li>To support development of VCFS organisations</li> <li>To protect or develop critical services</li> </ul>	£12,500	<ul style="list-style-type: none"> <li>Grants to support sustainability of VCFS organisations, skills and development of new capacity</li> <li>Grants to support design, testing and development of new services to meet identified needs</li> </ul>	<ul style="list-style-type: none"> <li>To provide limited support to meet gap created as similar schemes end in 2013</li> <li>Management agency to be selected via relevant processes</li> </ul>



## APPENDIX B

<b>Commissioning timetable</b>	
<b>Milestone</b>	<b>Dates</b>
Cabinet decision	6 November 2012
Detailed service design in consultation with specialist partners	6 November – 30 November 2012
• <i>Questionnaires out (Advice and Information providers / and Infrastructure support providers)</i>	<i>12 November 2012</i>
• <i>Detailed information from One Lancashire/ county council (Volunteering coordination)<sup>1</sup></i>	<i>12 – 28 November</i>
• <i>Deadline for responses to questionnaires</i>	<i>23 November 2012</i>
• <i>Analysis</i>	<i>26 – 28 November</i>
• <i>Commissioning Plan drafting</i>	<i>22 – 30 November</i>
• <i>Cabinet</i>	<i>4 December 2012</i>
Publication of Commissioning Plan and service specifications	14 December 2012
Deadline for submission of bids proposals for service delivery	25 January 2013
Assessment of proposals (member involvement)	w/c 4 February 2013
Contractual arrangements in place	1 April 2013
Contract monitoring / performance management	Ongoing

<sup>1</sup> Selnet (Social Enterprise Lancashire Network) on behalf of ONE Lancashire have recently been awarded £130,000 through Lancashire County Council's 2012-14 Central Gateway Grants to Third Sector Organisations to deliver a Pilot Project that will create and deliver a county wide strategic approach to volunteering.

**CABINET**

**Service Level Agreement  
Storey Gallery 2012 – 2013  
4<sup>th</sup> December 2012**

**Report of Head of Community Engagement**

<b>PURPOSE OF REPORT</b>				
To seek members views as to future arrangements regarding the Council's Service level Agreement with the Storey Gallery.				
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b>	<b>Referral from Cabinet Member</b>
<b>Date Included in Forthcoming Key Decision Notice</b>			n/a	
<b>This report is public</b>				

**RECOMMENDATIONS OF HEAD OF COMMUNITY ENGAGEMENT**

**That Cabinet considers the request attached at Appendix A.**

**1 Introduction**

1.1 Cabinet, at its meeting on the 9 October 2012, considered a report seeking members' views as to future arrangements regarding the Council's Service Level Agreement with the Storey Gallery.

1.2 Cabinet resolved unanimously:

- (1) *That Cabinet recognises that the grant to the Storey Gallery company is in two parts. A £27,100 ring fenced grant for the purpose of rent and £10,700 for artistic activities.*
- (2) *That the ring fenced grant of £27,100 be no longer allocated to the Storey Gallery company but used to support the future management and operation of the Storey Gallery space as it is essential for the management of this space.*
- (3) *That the £10,700 grant be held back until detailed proposals regarding any specific project are brought forward by the company for consideration by Cabinet.*
- (4) *That any proposals brought forward should indicate the likely financial support of the Arts Council, Lancashire County Council and/or other funding bodies as appropriate.*

- 1.3 This report provides further information in respect of resolutions 3 and 4.

## 2 Report

- 2.1 Since the October meeting of Cabinet there has been ongoing correspondence with the Storey gallery company concerning their future business model.
- 2.2 An email proposal was submitted to the Council on the 13 November 2012. The email asks Cabinet to agree to a series of proposals by the Storey Gallery company and these are set out in **Appendix A**.
- 2.3 In terms of the company's new direction, no further information is available to assist Cabinet, other than to quote from the company's consultant's report that was presented to Cabinet last time:

"Our revised vision and plan focuses on the delivery of a variety of art projects outside the gallery, but in the local area, and involves the collaboration and cooperation of a variety of both local residents and regional organisations. We think that this mode of operation could be delivered with the support of the project grants, and could expand and contract as available resources allow. We also think that it has the potential to reach and engage a larger and more diverse audience than we were able to do through gallery exhibitions, and so it could provide increased value money.

You will find that, as I suggested when we met, this plan involves little if any use of the gallery spaces in the Storey Institute. We were reluctant to take such a step as the physical gallery spaces are a significant asset, and they provide an ideal place to display certain types of visual art practices. However, we concluded that, given the reduced level of funding which we are now receiving, and can expect to receive in future, we will not have the resources to continue to run a continuous programme of gallery exhibitions. We would still be interested in organising occasional exhibitions, but this might depend on the future management arrangements for the building."

- 2.4 In terms of the third part of the company's request, Officer's views are that it is for the company to decide whether it wishes to apply to the Arts Council for funding, rather than it being a matter for the Council.

## 3 Details of Consultation

- 3.1 There has been ongoing dialogue with the Storey Gallery company since Cabinet's meeting in October.

## 4 Options and Options Analysis (including risk assessment)

- 4.1 The options are to:
- 1 Accept the proposals put forward by the Storey gallery company, subject to gaining clarity on the funding of its future 'infrastructure' costs (see financial implications).
  - 2 Reject or amend in some way the proposals put forward.

No specific officer recommendation is put forward, but attention is drawn to the comments in section 2 above.

**5 Conclusion**

- 5.1 The City Council has had in place a longstanding SLA with the Storey Gallery company. The current financial and operational difficulty the company is facing has led to the closure of the gallery space and a review of its current operational and financial arrangements. The proposal put forward by the Storey Gallery company attempts to find an interim solution the company's current difficulties, to give it time to determine its future.

**RELATIONSHIP TO POLICY FRAMEWORK**

Corporate Plan Economic Growth priority: Support arts in the district working with the Arts Partnership.

**CONCLUSION OF IMPACT ASSESSMENT**

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

No issues at this stage – would be taken into consideration during the development of any new arrangements.

**LEGAL IMPLICATIONS**

There are no legal implications arising as a result of this report.

**FINANCIAL IMPLICATIONS**

The Council has made provision within its revenue budget for a grant of £10,700 for artistic activity.

As an indication, for the space currently occupied by the company, rent and service charges for the period October to the end of February are estimated at around £1,500.

Going forward, the company's position will be determined by its success or otherwise in attracting funding from other bodies. If unsuccessful, then the company would need to vacate its premises by the end of the specified period. (i.e. February 2013). There would be no flexibility to extend this. Any recovery action for rent and service charge arrears would depend on the company's financial position at that time, but in the event that repayment was impossible, the City Council would draw on the £10,700 to cover the costs of any write off.

If successful in attracting external funding, the company would still need to address its 'infrastructure' costs or overheads and if, as the request says, Arts Funders will only support 'programme' and this excludes overheads, then there is no obvious way that the company could be viable in future in any event, based on the information available. It therefore follows that if Cabinet is minded to support the company's request, this issue would need to be clarified. Cabinet has already decided not to provide rent and service charge support on an ongoing basis – this new request is presented as an interim option only.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:** None

**Information Services:** None

**Property:**

Subject to agreeing terms, the Storey Gallery company currently occupies accommodation in

The Storey, a building owned by the City Council.

**Open Spaces:** None

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and her comments reflected in the report.

**MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring officer has been consulted and has no observations to make on this report.

**BACKGROUND PAPERS**

**Contact Officer:** Richard Tulej  
**Telephone:** 01524 582079  
**E-mail:** rtulej@lancaster.gov.uk  
**Ref:**

**APPENDIX A**

**Email received 13 November 2012.**

Dear Mark

Thank you for your note of 8 November and the helpful suggestions contained within it.

You are correct in thinking that we need to retain an office base in order for us to develop funding applications. So, reflecting on your suggestions, Storey Gallery would like to make the following proposals to Cabinet.

We would like Cabinet to:

Agree to underwrite rent and service charges on the office we currently occupy in the Storey Institute until the end of February 2013.

Agree to support in principle our proposed new direction (noting the existence of such support from County Council and Arts Council).

Confirm that it wishes Storey Gallery to make an application to the Arts Council, and other sources, to deliver this work.

The reasons for structuring our proposal in this way are as follows:

The amount of work required to put together an Arts Council application is substantial. It is clear from our discussions with the Arts Council that any proposal to them will only be successful if some form of matched funding is available. While an indication of City Council support for our programme is not a guarantee of success it is clearly a very significant contribution, and the absence of such support would almost certainly guarantee failure in our current context.

The underwriting of our office rent and services would act as in-kind matched funding. Arts funders, including the Arts Council, will support programme, but not the infrastructure required to run the Gallery.

Given the very limited resources now available to us, we believe that it is in everyone's interests to have an open discussion about our proposed new direction and the likelihood of success in gaining funding for its implementation. Finally, we do wish to make clear (and we say this in the interests of not misleading anyone) that should our funding application not be successful, then it is very unlikely that Storey Gallery would have the funds available to pay for the rent and service charges for the period covered under the underwrite. This situation reflects the position that has been implicit in the relationship between Storey Gallery and the City Council for many years.

I hope that these proposals can be brought to Cabinet as soon as possible to allow us all to proceed in an agreed way. If any of the above needs amplification or clarification, please let me know.

Yours sincerely

John Angus

**CABINET**

**Storey Creative Industries Centre: Progress Update  
04 December 2012**

**Report of the Head of Resources**

<b>PURPOSE OF REPORT</b>			
To provide Cabinet with an update on the position regarding the Storey Creative Industries Centre (CIC).			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
<b>Referral from Officer</b>			<b>X</b>
<b>Date Included in Forthcoming Key Decision Notice</b>			N/A
<b>This report is public.</b>			

**RECOMMENDATION OF THE HEAD OF RESOURCES:**

- (1) That Cabinet notes the report and makes any further recommendations as it considers appropriate.

**1 INTRODUCTION**

- 1.1 At its meeting in October Cabinet requested a regular update on the position regarding the Storey. This report outlines progress and matters arising up to Tuesday 21 November; any later events will be reported at the meeting.

**2 GENERAL PROGRESS**

- 2.1 Cabinet Members and various Officers visited the Storey on Wednesday 14 November and had an informal meeting with tenants. The visit and meeting went well; a broad appreciation of what the building and gardens could offer was gained, as well as their current condition.
- 2.2 Views were shared on the current operation and the way forward. Points to note are as follows:
- Even though there is still much to sort out, tenants have appreciated improvements made to date and the efforts of staff involved.
  - The need for the operation to be financially viable and sustainable was recognised. – as is the need to clarify what the objective is, e.g. to break even.
  - Balancing the arts and cultural side, the managed workspace side, and the events / public rooms side is crucial – but a tricky balance, especially

- in context of financial objectives.
  - Nonetheless, the place is getting its 'buzz' back.
  - There is a need to have regular liaison with tenant representatives, covering the various interests.
  - Visit to/from other similar venues would be useful for development and learning.
  - Encouragement was given to joint media communications and tenant input into marketing.
- 2.3 Regeneration and Planning are working on a brief for how to develop the Storey operation in the medium to long term which will take account of future developments such as Lancaster Castle. This will lead to a new business plan. It is hoped that a draft of this will be ready for reporting to Cabinet early in the new year.
- 2.4 Communications have drafted a Marketing and Communications plan.
- 2.5 ICT have overhauled the Storey's local area network and internet connections, which now provide a much faster service.
- 2.6 Property Group are working with the tenants with regard to longer term letting arrangements; room bookings within the building and showing a number of prospective tenants vacant accommodation within the building. A potential larger occupier has showed interest in moving in before Christmas.
- 2.7 Property Group have also applied for a premises licence to cover the public entertainment for the public space. The notice period ends on 23 November.
- 2.8 The building conditions survey has been completed and the report is awaited. A number of other management issues within the building are being dealt with on a daily basis.
- 2.9 A separate visit to the Storey Institute Gardens was to take place on 21 November.
- 2.10 The draft budget will be updated over the coming months, drawing on how plans develop.
- 2.11 A report elsewhere on the agenda covers the Storey Gallery company's position.
- 2.12 Information has been passed to the Liquidator further to the recent meeting of Budget and Performance Panel. Other SCIC company related information has been passed on or collection arrangements made. The Liquidator is in the process of confirming any amounts owed by/owing to the company.
- 2.13 Any operational decisions continue to be made using either existing Officer delegations or on the assumption that ultimately, charges for services should be recovered in full from tenants, whilst still seeking to keep those charges to a minimum.



**3 CONCLUSION**

- 3.1 Given the short space of time elapsed and the many other work demands, progress may seem limited but this is inevitable. Time is needed to develop a clear strategy and supporting proposals to take the Storey forward.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> The Storey operation will need to support Council's priorities and be sustainable, to fit with the Council's theme of managing the Council's resources to deliver value for money.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> Not applicable at this stage – this report is for information only.</p>	
<p><b>LEGAL IMPLICATIONS</b> None arising directly as a result of this report.</p>	
<p><b>FINANCIAL IMPLICATIONS</b> As referred to in the report. The draft operating budget will continue to be updated and reported through to Members.</p>	
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p><b>Human Resources / Information Services / Property / Open Spaces:</b></p> <p>As reflected in the report. Again, one of the biggest concerns to appreciate is the amount of Officer time being spent on the Storey and that this has an adverse impact on other workloads.</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b> The s151 Officer has produced this report, in her capacity as Head of Resources.</p>	
<p><b>DEPUTY MONITORING OFFICER'S COMMENTS</b> The Deputy Monitoring Officer has been consulted and has no further comments to add.</p>	
<p><b>BACKGROUND PAPERS</b> None.</p>	<p><b>Contact Officer:</b> Nadine Muschamp <b>Telephone:</b> 01524 (58)2140 <b>E-mail:</b> <a href="mailto:nmuschamp@lancaster.gov.uk">nmuschamp@lancaster.gov.uk</a> <b>Ref:</b> NM/ES/Cttees/Cabinet/09.10.12</p>

**CABINET**

**Budget and Policy Framework 2013/16 –  
Revenue Budget and Capital Programme Update  
04 December 2012**

**Report Head of Resources**

<b>PURPOSE OF REPORT</b>				
This report provides an update on the Council’s financial position to help inform development of Cabinet’s budget proposals. Given that the Local Government settlement has not yet been received, the report is primarily for information, rather than seeking any specific decisions.				
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>	<b>Referral from Officer</b> <input checked="" type="checkbox"/>
<b>Date of notice of forthcoming key decision</b>	05 November 2012			
<b>This report is public</b>				

**RECOMMENDATIONS OF COUNCILLOR BRYNING:**

1. That Cabinet notes the draft budgetary position for current and future years.
2. That the mid-year treasury management progress report set out at Appendix C be noted and referred on to Council.
3. As part of identifying service areas for review linked to corporate priorities, Cabinet indicates the lower priority areas within General Fund, for which service reduction options should be developed.
4. That progress against the above actions be reported to the January Cabinet meeting.

**1 INTRODUCTION**

- 1.1 Over the last few months Cabinet has considered various proposals associated with developing the Budget and Policy Framework for next year onwards. A separate report elsewhere on the agenda seeks Cabinet’s views regarding corporate priorities and associated services. This report provides a financial update in support of the process.

## 2 GENERAL FUND REVENUE BUDGET – CURRENT YEAR

- 2.1 At Council on 29 February Members approved the current year's budget at £20.732M, of which £20.190M relates to the City Council and £542K relates to parish precepts. Since then, various adjustments have been approved and other changes have become apparent through the monitoring process.
- 2.2 To draw together such changes, an in-depth analysis of all current year budgets has now been undertaken. This has resulted in a draft revised budget of £19.209M for the City Council, representing a projected total net underspending of £981K or 4.8%:

	£'000	£'000
<b>Operational Variances:</b>		
Staffing Savings	-322	
Other Net Savings and Underspendings	-244	
Reduced Borrowing Costs	-363	
Reduced Investment Interest	+52	
Reductions in Income	+170	
Increases in Income	-182	
<b>Net Operational Underspending 2012/13</b>		-889
<b>Other Variances:</b>		
Slippage on Revenue Funded Activities		-92
<b>Total Net Underspending</b>		<b>-981</b>

- 2.3 A further summary of the budget and variance analysis is attached at **Appendix A**. Key points to note are as follows:
- Net staff savings are forecast from a combination of savings measures, turnover & longer-term vacancies.
  - The impact of the national and global economic position is still having an adverse impact on some service areas and their associated budgets.
  - There is slippage expected on some regeneration activities such as Heysham Gateway, Business Improvement District (BID) development and the Morecambe Area Action Plan. This will be the second year that the latter two budgets have slipped. Budgets in the current year have been reduced accordingly, but this apparent saving is offset by increases in the following year. The creation of specific reserves is being considered.

- 2.4 Taking account of the above changes, Revenue Balances would stand at £2.620M as at 31 March 2013. This is some £1.342M higher than expected back in February time.
- 2.5 That said, there is still time for the revised budget position to change further over the coming weeks and therefore Cabinet is simply requested to note the overall position at this stage.
- 2.6 In terms of earmarked reserves and provisions, a full review has not yet been completed. This will be undertaken in time to report to January's Cabinet meeting.

### **3 2013/14 DRAFT REVENUE BUDGET**

3.1 The first draft of the 2013/14 budget has also been produced, in accordance with Financial Regulations and the Council's Medium Term Financial Strategy (MTFS). Further information will be provided for the January meeting but for now, there are several key points to highlight:

- At this stage, council tax support changes are simply assumed to be budget neutral. Arrangements are in hand for a special Council meeting to be held in January, in order to determine the Council's local scheme for next year.
- The draft makes no assumptions on the outcome of the fees and charges review and other reports elsewhere on this agenda.
- The draft provides for no changes in the budgeted contributions from Revenue Balances. Formal advice on minimum levels will be given at a future meeting.
- The draft position does not include any growth options, nor does it include any specific savings options.
- In terms of capital financing, the draft budget is based on the revised capital programme which has been updated for delays in schemes which have been put on hold due to the delayed capital receipt from the sale of land at South Lancaster. There will clearly be more changes coming through, once aspects such as Lancaster Market are finalised and the results of the municipal buildings survey are known. The impact of the delay in the major capital receipt being received has increased the underlying need to borrow and therefore increased the revenue budget by £353K in 2013/14 only, for now – but this initial assumption is also likely to change.
- The interest rate on the loan taken out to enable the HRA to become self financing was slightly less than originally anticipated – 3.03% instead of 3.5%, and a single 'pooled' approach is assumed for apportioning debt interest across the Council's Funds. This has resulted in lower borrowing costs of £432K, of which £364K is retained by the General Fund.

3.2 Currently the draft budget for 2013/14 stands at £20.196M, as shown in **Appendix A**, which also shows the provisional variance analysis undertaken so far.

#### **4 LOCAL GOVERNMENT FINANCE SETTLEMENT**

- 4.1 The provisional Local Government Finance Settlement is not expected to be announced until later this month and therefore the impact will be reported formally into January's Cabinet meeting.
- 4.2 To reiterate, the MTFs approved back in February assumed that Government support would reduce by 2% in 2013/14 (over 4% in real terms) compared with 2012/13, and 0% (about 2% in real terms) the year after. These projections were based on the 2010 Spending Review forecasts, in the absence of any more up to date information.
- 4.3 There are various views circulating on the extent and speed of further funding reductions, but the Autumn Statement to be made by the Chancellor on 05 December will provide the real context for future funding prospects. There is a general expectation that further significant reductions will come, and in the medium term, the changes in business rates distribution arising under the Finance Act 2012 adds even more uncertainty.

#### **5 COUNCIL TAX**

- 5.1 To reiterate the points reported in November, in addition to the change in the referendum trigger threshold being reduced to 2%, the Government has also announced proposals for a continuation of the Council Tax Freeze Grant.
- 5.2 Under this proposal, the Council would receive the equivalent of a 1% tax rise (£84K) for 2013/14 and 2014/15, should it choose to freeze or reduce council tax for 2013/14. Take up of this arrangement is voluntary.
  - Based on the City Council's tax rate of £192.25 for a Band D property, a 1% change in tax rate amounts to £1.92 per year or just under 4 pence per week.
  - Similar offers of grant support apply to the County Council, the Police and Crime Commission and fire authorities. For information, the full basic Band D tax for the area is currently £1,514.13.

#### **6 SAVINGS REQUIREMENTS: SCENARIOS**

- 6.1 At this stage it is impossible to give any reasonably accurate picture of what the Council would need to save next year to continue with existing services, depending on its council tax targets. This is mainly because of the uncertainties over Government funding and other legislative changes.
- 6.2 Nonetheless some scenarios are set out as follows, similar to those outlined in the November report to Cabinet. Note that these projections do not include any new Council Tax Freeze Grant for 2013/14 and 2014/15. For now they simply assume that council tax would rise by the Referendum threshold of 2%, assumed year on year. They are for information, to highlight the potential scale of savings that the Council may face.

Government Funding Cash Reduction Scenarios: 2013/14 & 2014/15	2013/14 £000's	2014/15 £000's
	Savings Required	
2% then 0% (current MTFS)	75	763
5% then 1.5%	429	1,286
7.5% then 4%	725	1,850
10% then 6.5%	1,020	2,399
12.5% then 9%	1,316	2,934
15% then 11.5%	1,611	3,454

- 6.3 As a broad measure, every 1% change in Government funding amounts to around £118K in 2013/14, or around 1.4% in city council tax terms.
- 6.4 A 1% change in council tax amounts to around £84K.
- 6.5 Where recurring savings are made in 2013/14, these would also help achieve the savings targets shown for 2014/15 (and subsequent years).

## 7 RE-DIRECTION OF RESOURCES (SAVINGS & GROWTH OPTIONS)

7.1 As highlighted above, the Council's financial prospects could change significantly as a result of the Government funding settlement. In view of this position, Cabinet is advised once again to focus its attention on identifying and prioritising areas for making recurring savings and this links to the Corporate Priorities report elsewhere on the agenda. It is reiterated that without such an approach, Cabinet runs the risk 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
- presenting an unaffordable and undeliverable medium term Corporate Plan to Council, leading to unmanageable expectations of stakeholders.

7.2 A further update is set out below on the themes for achieving savings in line with the MTFS:

### Efficiencies

Sessions with Service Heads and Portfolio Holders to review their own detailed budgets are currently being arranged. This will provide a useful forum in which to recognise the efficiencies already gained and identify any new areas.

### Invest to Save Schemes

At present the reserve established to fund such schemes has provisionally been fully allocated against completing the Lancaster Market leasehold surrender. If this does not change, then there will be a need to address capacity for providing up front

funding for any new invest to save proposals. A report elsewhere on the agenda seeks direction regarding the adoption of an Energy Strategy and this is one potential area in which new schemes may be developed.

### Income Generation

A report elsewhere on this agenda sets out proposals for a range of increases to fees and charges for a number of key service areas, and seeks views on any other potential areas.

### Service Reductions

It is still expected that the Council will need to reduce the level and/or range of services provided, in order to establish sustainable balanced budgets for the medium term. Cabinet's direction is therefore sought on the areas in which it requires savings options to be developed, and this sits squarely with reviewing services in line with corporate priorities (elsewhere on the agenda).

## 8 GENERAL FUND CAPITAL PROGRAMME

8.1 The capital programme has been updated for slippage in a number of schemes, mainly resulting from the delay in the South Lancaster capital receipt, and a number of new Information and Communications Technology (ICT) schemes. Full details are contained within **Appendix B** but a summary is also provided below.

General Fund Programme	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Total Gross Programme</b>	<b>6,903</b>	<b>3,977</b>	<b>1,838</b>	<b>1,155</b>	<b>1,085</b>	<b>814</b>	<b>15,772</b>
<b>Financing:</b>							
Grants & Contributions	1,444	1,224	1,229	909	943	743	6,492
Direct Revenue Financing	357	87	30	30	30	0	534
Reserves Financing	1,012	347	70	184	70	60	1,743
Capital Receipts Applied	618	9,413	0	0	0	0	10,031
Increase / (Reduction) in Underlying Borrowing Need	3,472	(7,094)	509	32	42	11	(3,028)
<b>Total Funding</b>	<b>6,903</b>	<b>3,977</b>	<b>1,838</b>	<b>1,155</b>	<b>1,085</b>	<b>814</b>	<b>15,772</b>
<b>Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

8.2 Points to note regarding investment include the following:

- a. The ICT capital schemes have been updated to take account of the latest system / equipment upgrade requirements, all of which have been financed from the renewals reserve and as such are not reliant upon capital receipts or unsupported borrowing.
- b. Several matched funding projects linked to the recent Lancaster and Morecambe Bay Project ERDF bid have also been reprofiled, but no associated growth has been included at this stage. The schemes are Morecambe TH12 (A View for Eric), Lancaster Square Routes and the Morecambe Area Action Plan. At the time of writing the report no announcement had been made as to whether the bid had been successful. Any updates will be provided at the meeting.
- c. Vehicle renewals of £209K have been included in the revised programme for this year and currently they are assumed to be financed from unsupported borrowing in

accordance with delegated authority given to the Head of Resources. As and when the value for money assessment of whether to lease or buy has been made, the programme will be amended accordingly.

- d. The results of the municipal buildings surveys will be reported to Cabinet in January and as such the current programme is still based on the original estimates.
- e. No updates have been included for the £1.9M Chatsworth Gardens project as this is subject to a report elsewhere on this agenda.
- f. In terms of future investment priorities, Cabinet has already identified two potential new investment areas for consideration, these being Heysham Mossgate and Morecambe Market. These have not been included in the latest programme.

8.3 Points to note regarding financing include the following:

- a. The programme has been updated provisionally to account for new capital receipts and slippage, and changes in the timing of projects, but these assumptions will change further over the next month. The programme has been provisionally balanced, taking into account the profiling changes in unsupported borrowing resulting from the above and allowing for an overall £663K reduction in underlying borrowing need. This is not a recommended position; it is simply for presentation and it will change.
- b. The draft programme assumes that existing levels of Disabled Facilities Grant funding will be maintained and used wholly to support such schemes, rather than being redirected into other areas. It should be noted that to ensure continuity of the scheme and to avoid undue delays in processing applications, up to £200K will be committed against next year.
- c. No other changes to the capital financing principles (as set out in the MTFS) are considered appropriate at this stage. The final outcomes for Luneside East and sale of land at South Lancaster are key issues.

8.4 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.

8.5 Members are reminded that when combined, all the potential pressures on borrowing could make it inadvisable to take forward all capital investment options at the same time, even if they were affordable (though clearly this latter point has not yet been addressed). In view of Council's stance on Lancaster Market, this still represents the first priority for additional capital resources. Cabinet is advised to reflect this accordingly, in developing its draft priorities further.

## **9 COUNCIL HOUSING (HOUSING REVENUE ACCOUNT- HRA)**

9.1 In September, Cabinet adopted a HRA medium term financial strategy and rent policy that supported the future investment needs of the HRA housing stock, whilst enabling the Council to consider using HRA funding in a wider regeneration context.

9.2 At that meeting Cabinet approved a rent setting policy which capped rent increases at no more than 3% per annum. The actual rent level for 2013/14 is still to be determined and proposals will be put before Cabinet in January for approval.



- 9.3 As part of the current budget process both revenue and capital estimates have been updated and the latest draft position is as follows:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Draft Housing Revenue Account				
+Overspend / (Saving)	+152	+42	+57	(457)

- 9.4 The latest projections show a net overspend of £152K in the current year which would need to be met from the HRA unallocated balance of £1.205M, if no further savings can be identified. For information, the current minimum level on this reserve is still £350K, but is still subject to a formal review by the Head of Resources.
- 9.5 The current rent estimates for 2013/14 onwards have been based on an increase of 3% which is the maximum agreed increase as referred to above. For information a 1% change in rent equates to £134K in 2013/14.
- 9.6 The HRA capital programme has been updated for the items previously referred to in the September Cabinet report and include:
- Provision for additional fire precaution works
  - Provision for remodelling of sheltered schemes
  - Provision for improvements to communal areas to flats.
  - Increase the boiler replacements
  - Renewable technologies
  - Increase the environmental budget.
- 9.7 Full details of the programme, together with a detailed review of provisions and reserves will be present to Cabinet in January. This will also include proposals for rent increases and the impact they have on reserves and investment opportunities.

## 10 TREASURY MANAGEMENT

- 10.1 In accordance with the CIPFA Code of Practice on Treasury Management Members are presented with regular monitoring reports on treasury activities. The report for the first half of the year is attached at **Appendix C** and provides Members with the latest position on Icelandic investments as well as investment and borrowing activities.

## 11 DETAILS OF CONSULTATION

- 11.1 Cabinet is requested to refer to the Corporate Priorities Review report elsewhere on the agenda.
- 11.2 Consultation will also be undertaken through the Budget and Performance Panel meeting in January, prior to Budget Council at the end of February.

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

- 12.1 In terms of the budget generally, at this stage Cabinet is requested to note the budgetary position but more importantly, take forward a number of actions to help

develop a balanced set of budget proposals. In particular, direction is sought for areas in which savings options should be developed.

12.2 Cabinet is requested to note the treasury management update report and refer it onto Council. There are no options presented in this regard.

**13 OFFICER PREFERRED OPTION AND COMMENTS**

13.1 The Officer preferred options are reflected in the recommendations.

**14 CONCLUSION**

14.1 Once the Settlement has been received, the Council's financial outlook should become much clearer, although generally local authorities are expecting that further significant savings will need to be made in future years.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Diversity, Human Rights, Community Safety, Sustainability etc)</b> 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><b>FINANCIAL IMPLICATIONS</b> As set out in the report.</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b> The section 151 Officer (as Head of Resources) is responsible for this report and her comments and advice are reflected accordingly.</p>	
<p><b>LEGAL IMPLICATIONS</b> Legal Services have been consulted and have no observations to make on the report.</p>	
<p><b>DEPUTY MONITORING OFFICER'S COMMENTS</b> The Deputy Monitoring Officer has been consulted and has no further comments.</p>	
<p><b>BACKGROUND PAPERS</b> None. Background information has previously been published as part of earlier committee reports.</p>	<p>Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail:nmuschamp@lancaster.gov.uk</p>

## GENERAL FUND VARIANCE ANALYSIS

	2012/13 Revised Compared to Current Budget		2013/14 Estimate Compared to Original Forecast	
	£	£	£	£
<b>ORIGINAL BUDGET</b>		<b>20,190,000</b>		<b>20,655,000</b>
<b>EXPENDITURE</b>				
<b>Employee Savings</b>				
Environmental Service	-84,400		-243,500	
Community Engagement	37,400		32,600	
Governance	3,600		12,600	
Health & Housing	0		30,500	
Office of Chief Executive	-118,300		-126,100	
Regeneration & Planning	-82,200		-72,400	
Resources	-43,800		-38,800	
		<b>-287,700</b>		<b>-405,100</b>
<b>Transport Expenses</b>				
Fuel	-23,800		-32,000	
Repair & Maintenance	-67,200		-67,700	
Vehicle Hire and Leasing Costs	-139,000		-174,000	
		<b>-230,000</b>		<b>-273,700</b>
<b>Premises</b>				
Energy costs	-66,700		-47,300	
Community Pool covers (offset by savings above)	21,000		0	
Williamson Park	-9,900		1,900	
City Lab - net of reserve	11,300		8,700	
Repair & Maintenance	-30,000		-30,300	
Rates	34,800		32,400	
		<b>-39,500</b>		<b>-34,600</b>
<b>Supplies &amp; Services</b>				
Audit Fees	-24,200		-35,000	
Rate Relief	14,300		15,500	
Software licences / ICT Infrastructure	-72,800		-22,800	
		<b>-82,700</b>		<b>-42,300</b>
<b>Net Benefit Payments</b>		<b>47,600</b>		<b>88,600</b>
<b>Net Borrowing Costs</b>		<b>-363,200</b>		<b>-320,800</b>
<b>INCOME</b>				
Housing Benefits Overpayments	-50,000		-50,000	
Legal Costs Recovered (Revenues & Benefits)	-76,200		-78,100	
Building Control Fees	91,800		91,800	
Planning Application Fees	50,000		50,000	
General Rents	-56,200		-59,200	
Sales	10,900		-15,900	
Fees & Charges	17,200		7,200	
		<b>-12,500</b>		<b>-54,200</b>
<b>Interest on Investments (Net of HRA allocation)</b>		<b>38,200</b>		<b>83,800</b>
<b>Other Net Service Variances</b>		<b>-41,000</b>		<b>-51,100</b>
<b>CORPORATE COSTS</b>				
Capital Financing (Minimum Revenue Provision)		<b>-92,600</b>		<b>352,700</b>
Revenue Financing of Capital Programme		<b>24,600</b>		<b>32,600</b>
Finance Lease Costs		<b>-10,200</b>		<b>-30,200</b>
<b>SPECIFIC BUDGET CHANGES NOT INCLUDED ABOVE:</b>				
Highways Agreement		0		169,400
Cost Sharing : Waste Collection		0		103,400
ICT Exchange Licence (to ensure security standards compliance)		0		100,000
Lancaster Market (provisional)		114,000		-336,000
Storey Institute (provisional)		45,700		66,700
<b>Delayed Spending:</b>				
Consultancy - Heysham Gateway	-20,000		20,000	
Consultancy - Morecambe Area Action Plan	-32,100		32,100	
Consultancy - Morecambe BID Feasibility Study	-40,000		40,000	
		<b>-92,100</b>		<b>92,100</b>
<b>TOTAL VARIANCES</b>		<b>-981,400</b>		<b>-458,700</b>
<b>LATEST BUDGET PROJECTIONS</b>		<b>19,208,600</b>		<b>20,196,300</b>

**GENERAL FUND CAPITAL PROGRAMME**

**APPENDIX B**

Service / Scheme	2012/13			2013/14			2014/15			2015/16			2016/17			2017/18		
	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme
<b>Environmental Services</b>																		
Hala Park Playground Improvements	50,000	50,000																
Car Park Improvement Programme	80,000		80,000															
Clay Pits Recreation / Play Facilities Development	92,000		92,000															
Priorsgate playground works	14,000	14,000																
Mainway Recycling Bins	4,000		4,000															
Toilet Works	90,000		90,000	60,000		60,000			90,000									
Allotment Extension - Scotforth	49,000		49,000															
Allotment Improvements (subject to expenditure plan)	47,000		47,000															
Vehicle Renewals	209,000		209,000															
<b>Community Engagement</b>																		
The Platform Improvements (subject to business case)	110,000		110,000															
Warm Homes Scheme	50,000		50,000															
Williamson Park - Woodland Improvement Grant	23,000		23,000															
Williamson Park - Steps	183,000		183,000															
Williamson Park - Other renewal and enhancement	75,000		75,000															
Salt Ayre Sports Centre - Swimming Pools Hydraulic Floors	45,000		45,000															
Salt Ayre Works Programme	74,000		74,000															
<b>Health and Housing</b>																		
YMCA Places of Change	52,000		52,000															
Disabled Facilities Grants (future years funding to be confirmed)	802,000		802,000															
<b>Regeneration and Planning</b>																		
Toucan Crossing - King Street	13,000		13,000															
Artle Beck Improvements (Flood Defences)	91,000		91,000															
Strategic Monitoring (River & Sea Defences)	98,000		98,000	101,000		101,000			11,000			11,000			11,000			11,000
Wave Reflection Wall Refurbishment	41,000		39,000	10,000		20,000			20,000			20,000						
Slyndale Culvert Project	11,000		8,000	20,000		359,000			6,000									
Amenity Improvements	36,000		3,000															
Luneside East	128,000		128,000															
Bold Street Renovation Scheme	262,000		54,000															
Lancaster Square Routes (Phases 1 and 2)	7,000		7,000	75,000		75,000			271,000			271,000						
Finances Passage (links to Square Routes)	17,000		13,000	446,000		174,000			133,000			133,000			166,000			51,000
Morecambe TH12: A View for Eric				160,000		33,000									200,000			61,000
Poulton Pedestrian Route																		
Public Realm Works	13,000		13,000															
Greyhound Bridge Road Affordable Housing	250,000		250,000															
Storey Institute Centre for Industries	13,000		13,000															
Morecambe Area Action Plan (Improving Streets)				100,000		100,000			100,000			100,000						
Port of Heysham Sites 1&4 (Payment of Clawback)				328,000		328,000												
West End Temporary Car Park	19,000		19,000															
<b>Resources</b>																		
I.T. Infrastructure																		
I.T. Application Systems Renewal	265,000		265,000	277,000		277,000			10,000			10,000			100,000			100,000
I.T. Desktop Equipment	74,000		74,000	60,000		60,000			60,000			60,000			84,000			84,000
Invest to Save: Solar Panels to Municipal Buildings	20,000		20,000															
Lancaster Indoor Market	1,155,000		1,155,000															
5 Cheapside	49,000		49,000															
Lancaster Bus station	35,000		35,000															
Corporate Property Renewal and Enhancement Programme	2,257,000		2,257,000	1,687,000		1,687,000			1,687,000			1,687,000						
<b>GENERAL FUND CAPITAL PROGRAMME</b>	<b>6,903,000</b>	<b>1,294,000</b>	<b>5,609,000</b>	<b>3,977,000</b>	<b>1,224,000</b>	<b>2,753,000</b>	<b>1,838,000</b>	<b>1,229,000</b>	<b>609,000</b>	<b>1,155,000</b>	<b>909,000</b>	<b>246,000</b>	<b>1,085,000</b>	<b>943,000</b>	<b>142,000</b>	<b>814,000</b>	<b>743,000</b>	<b>71,000</b>
<b>Financing :</b>																		
Specific Grants and Contributions	1,294,000		1,224,000															
General Capital Grants	150,000			87,000		30,000			30,000			30,000			30,000			30,000
Revenue Financing	357,000			347,000		70,000			70,000			184,000			70,000			60,000
Reserves Financing	1,012,000			9,413,000														
Usable Capital Receipts	618,000			11,071,000														
Increase / Reduction (-) in Capital Financing Requirement (CFR)	3,431,000			-7,094,000														
(Underlying Change in Borrowing Need)	3,472,000																	
<b>TOTAL FINANCING</b>	<b>6,903,000</b>			<b>3,977,000</b>		<b>1,838,000</b>	<b>1,838,000</b>	<b>1,229,000</b>	<b>609,000</b>	<b>1,155,000</b>	<b>909,000</b>	<b>246,000</b>	<b>1,085,000</b>	<b>943,000</b>	<b>142,000</b>	<b>814,000</b>	<b>743,000</b>	<b>71,000</b>

## 2012/13 Treasury Management Progress Report to 30 September 2012

### Report of Head of Resources

#### 1. Introduction

It is a requirement of the CIPFA Code of Practice on Treasury Management that regular monitoring reports are presented to Members on treasury activities. These reports will normally be presented soon after the end of June, September, December and March as part of the Council's performance management framework.

Council approved the Treasury Strategy including the Investment Strategy for 2012/13 at its meeting on 29 February 2012. This report outlines activities undertaken in pursuance of those strategies during the financial year up to the end of Quarter 2.

Treasury management is a technical area. To assist with the understanding of this report, a glossary of terms commonly used in Treasury Management is attached at **Annex A**. In addition, the Councillor's Guide to Local Government Finance also has a section on treasury and cash management and this is available through the Member Information section on the Intranet.

#### 2. Summary

- No further payments have been made by KSF and Landsbanki, leaving outstanding amounts due of £215K and £648K respectively.
- On other treasury matters, since the HRA self financing transaction at the end of 2011/12 there have been no changes to the debt portfolio. No temporary borrowing was required during the quarter and no new long term debt has been taken on.
- There have been no material breaches of any prudential indicators or counterparty limits in the quarter and no other major risks have been identified.

#### 3. Economic update (provided by Sector)

The outlook for the global economy remains clouded with uncertainty. The UK economy has struggled to generate a sustained recovery so this offers little hope for a strong recovery in 2012, and possibly even into 2013. Consumer and business confidence levels are generally low and it is not easy to see potential for a significant increase in the growth rate in the short term.

Sector undertook a review of its interest rate forecasts following the issue of the Bank of England Inflation Report for August 2012. Consequently, it pushed back the first rise in Bank Rate from Q1 2014 to Q4 2014, as well as lowering the pace of rises in gilt yields.

The Bank of England forecasts of the speed and strength of recovery and rate of reduction of CPI inflation over the last four years had been attracting increasing criticism for being consistently over optimistic. In this latest Inflation Report, the Bank changed its position significantly in as much as it markedly downgraded its forecasts for the strength and speed of recovery in GDP growth. Whereas previously it had consistently been forecasting a strong recovery to over 3% p.a., it was now only forecasting growth to recover to around 2% during the period from early 2013 to the end of 2015.

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
<b>Bank rate</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
<b>5yr PWLB rate</b>	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.30%
<b>10yr PWLB rate</b>	2.50%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.20%	3.30%
<b>25yr PWLB rate</b>	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%
<b>50yr PWLB rate</b>	3.90%	3.90%	3.90%	4.00%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%

Economic forecasting remains difficult with so many external influences weighing on the UK. Key areas of uncertainty include:

- The impact of the Eurozone crisis on financial markets and the banking sector.
- The impact of the UK Government's austerity plan on confidence and growth.
- Monetary policy action failing to stimulate growth in western economies.
- The potential for weak growth or recession in the UK's main trading partners - the EU and US.

The overall balance of risks remains weighted to the downside. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However, near-term, Quantitative Easing (QE) is likely to depress yields and further QE thereafter may lead to a reassessment of Sector's central forecast.

#### 4. Icelandic Investments Update

As reported in the year end report for 2011/12 there have been material repayments made against the Council's Icelandic deposits from all three banks. During quarter 1 repayments were received from KSF (10%) and Landsbanki (12%), and a further payment from Landsbanki was expected in quarter 3. The current position is summarised below:

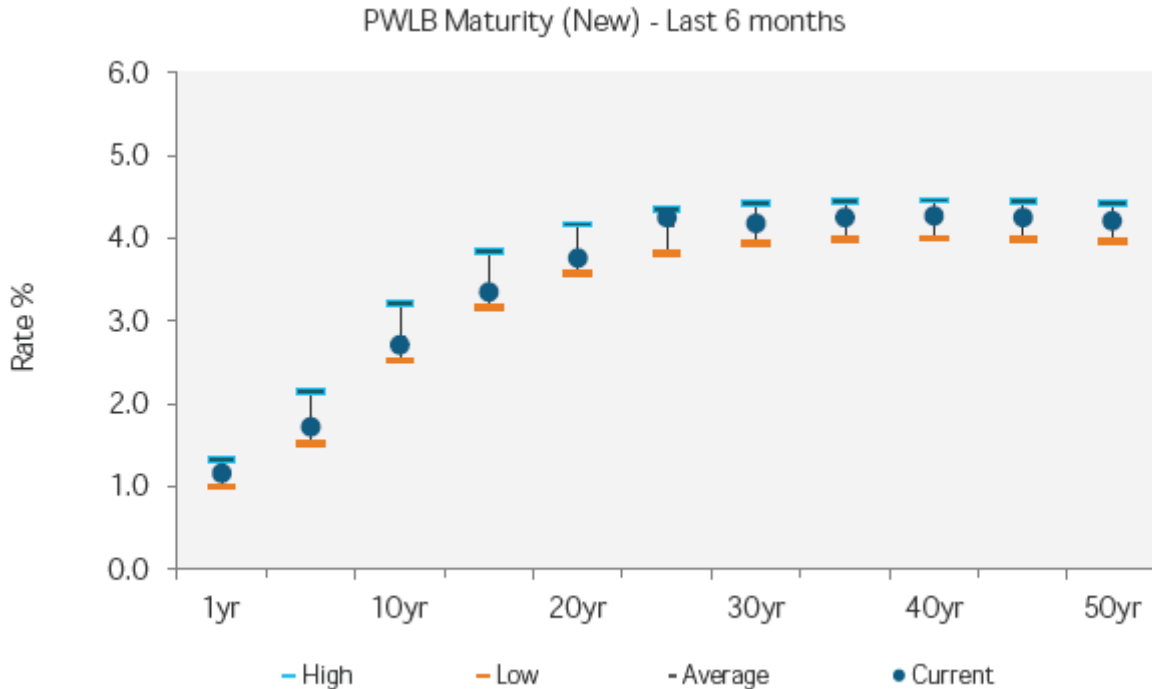
	<b>KSF £000</b>	<b>Glitnir £000</b>	<b>Landsbanki £000</b>	<b>Total £000</b>
Deposit	2,000	3,000	1,000	6,000
Claim	2,048	3,173	1,121	6,342
Payments received	1,495	2,508	464	4,467
Amounts held in ISK*		571	8	579
Total anticipated recovery (%)	83.50%	100%	100%	
Further payments due (%)	10.50%	0%	58%	
Further payments due (£000)	215	0	648	863
Total anticipated receipts	1,710	3,079	1,119	5,908

\*These are earning interest but are also subject to currency fluctuations, these sums will be repatriated once Icelandic currency controls allow.

The total repayment in cash terms is now expected to be £5.9M meaning that the majority of the £6M principal invested will be returned.

## 5. Current Borrowing Rates.

There are few changes in relation to the cost of new debt. The graph below shows that the pattern seen since January 2009 has persisted, with a marked spread between short term and long term borrowing. Further, rates remain at their depressed levels even compared to the range seen over the last 6 months.



Extract from Sector weekly debt monitor 22/9/2012

However, as the Council is not currently looking to borrow, there is little immediate impact of these low rates. The main issue going forward could be that the margin between the Council's current loans and the threshold for avoiding penalties for early repayment will also increase but there are currently no plans to make early repayments and it will not be clear whether this is an attractive strategy until the cash demands linked to Lancaster Indoor Market are clarified, hopefully during quarters 3 and 4.

The £31M loan taken out at the end of March in respect of ending the HRA subsidy system was drawn down as an Equal Instalment of Principal (EIP) loan at 3.03% compared to the estimated 3.5%. This has resulted in annual saving of approximately £432K in interest which is split between the General Fund (£364K) and the HRA (£68K).

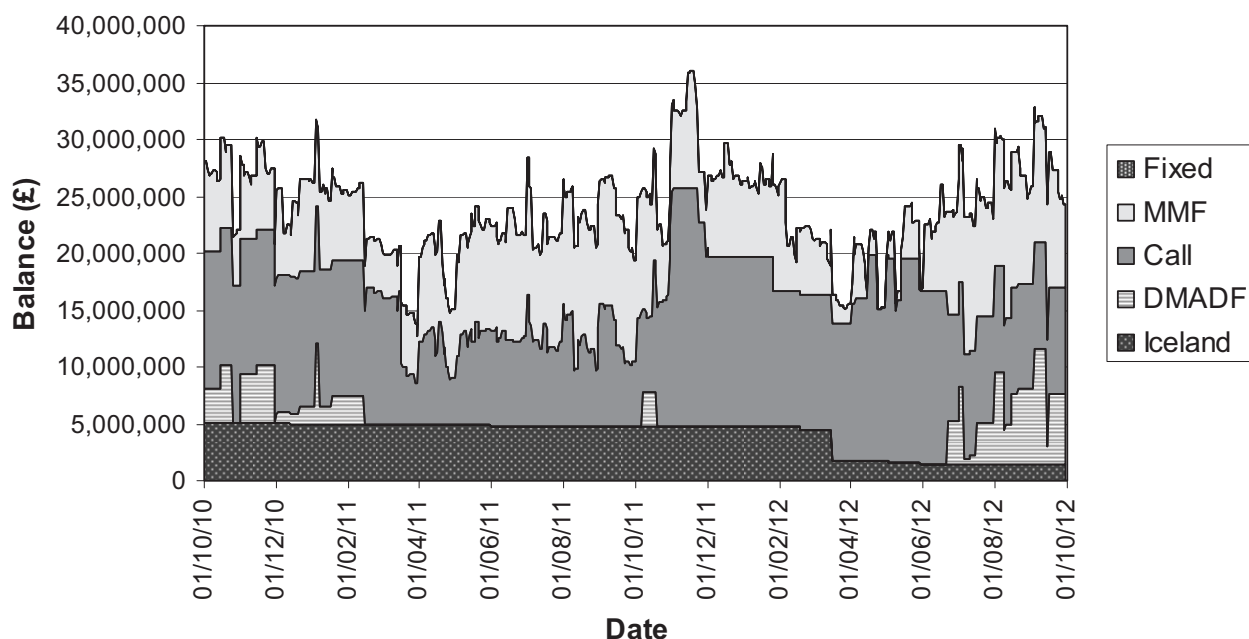
## 6. Investing Activities

As laid down in the approved Investment Strategy, the aim is to prioritise security and liquidity of the Council's investments. This is to ensure that the Council has sufficient cash to support its business, but also to minimise any further chance of a counterparty failing and the Council not being able to remove its deposits, as happened with the Icelandic banks.

All investment activity has been in line with the approved Treasury Strategy for 2012/13. No fixed term investments have been placed; surplus cash has been managed on a day to day basis using the call accounts and Money Market Funds (MMF). A full list of the investments at the end of Quarter 2 is shown below.

Other Investments	opening	Min	Max	closing	Indicative rate	Cumulative Interest £
Call: RBS	3,000,000	3,000,000	3,000,000	0	0.80%	5,392
Call: Barclays	3,000,000	0	0	0	0.55%	3,707
Call: Lancashire County Council	6,000,000	6,000,000	12,000,000	9,300,000	0.70%	33,163
DMADF	0	0	10,140,000	6,200,000	0.25%	3,709
Government Liquidity MMF	0	0	6,000,000	1,370,000	0.30%	4,024
Liquidity First MMF.	1,850,000	0	6,000,000	6,000,000	0.65%	14,206
Sub-total	13,850,000			22,870,000		64,200
				Budgeted income		81,974

### Investment pattern for the prior 2 years



In the last quarter the Council has tried to make full use of the capacity with the County Council, once current cash demands become clear it may be that fixed term deposits are placed with County although they are at present fully borrowed and not taking on further deposits. Towards the end of the first quarter, credit rating changes to RBS and Barclays meant that these counterparties fell off the investment list. It may be that Members want to re-consider some of the limits agreed within the 2012/13 strategy to allow instant access deposits with these institutions to continue, however, until such a review, these banks will not be used. Proposals are being developed for consideration by Members and will be reported through in due course.

Given this and the reduced ability to place deposits with County, lower yielding accounts have been used such as the DMADF and governmental MMF accounts with a resultant loss of investment income. In addition, cash balances are lower than anticipated in the budget, the main reason being the ongoing delays with realising material capital receipts.

## 7. Summary of Budget Position and Performance

In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates over the year to date is as follows:



Base Rate	0.50%
7 day LIBID	0.43%
Lancaster CC investments	0.57%

The return is just above base and is better than the 7 day LIBID benchmark which is positive given that the Council's investments are in the main on instant access. In absolute terms as the Council has focused on secure and highly liquid deposits the rate of return is very modest however, for the type of investment the Council is making, it is a reasonable rate.

In terms of performance against budget, the details are as follows:

	<b>Annual Budget</b>	<b>Profiled Budget</b>	<b>Actual to Date</b>	<b>Variance</b>
	£'000	£'000	£'000	£'000
Icelandic Credits	50	25	25	0
Cash Interest	164	82	64	18
<b>Total</b>	<b>214</b>	<b>107</b>	<b>89</b>	<b>18</b>

There is an £18K adverse variance which is jointly due to lower cash balances than anticipated, as noted in section 6, as well as reduced capacity on higher yielding accounts following limits placed by the County and credit rating reductions to Barclays and RBS.

The credits from Icelandic investments are accounting adjustments to the investments that still held with the Icelandic banks. These are real credits to the General Fund balance but are subject to adjustments depending on changes to the repayment profile of outstanding amounts. At present there is no reason to alter the assumptions made at budget time but this will be kept under review.

## 8. Risk management

There has been no material change in the policy or operation of the treasury function over the quarter, in recognition of the considerable uncertainty that exists within the economy and financial sector. The view is, therefore, that residual counterparty risk exposure for investment remains low.

There is financial risk attached to the longer term debt portfolio, associated with interest rate exposure but all of the debt is on fixed interest and there has been no change to this over the quarter. The low rates create a risk in terms of the ability to repay debt but the Council is not yet in position to be following such a strategy.

There have been very positive developments with the Icelandic banks over the last 2 quarters and the risk attached to uncertainty of the Council's creditor status has now been extinguished. There are still uncertainties over the timing and exact amounts of repayments, as well as how elements already repaid in ISK will be repatriated.

Further, there is an interest rate risk attached to the current investment strategy where the Council, as at September 2012, had no high street banks it could deal with, even on an instant access basis. The cost/benefit of the current strategy is being reviewed to ensure that the risk of foregone income is being actively monitored against a level of counterparty risk that is acceptable.

A copy of the approved Prudential and Treasury Indicators is included for reference at **Annex B**.

**9. Conclusion**

The Council's treasury function has been on a low risk plateau since the Icelandic banking crisis and there is no strong argument for moving away from this cautious position. However, with an ever decreasing investment list, there is some argument for a minor relaxation of limits in specific circumstances or movement away from a lowest common denominator approach to a more 'average' based approach, such as Sector's traffic light system. This will be taken forward over the next quarter for Members consideration, should workloads allow.

## Treasury Management Glossary of Terms

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

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.
- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.

Eg. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as  $8\%/1.45 = 5.5\%$ .

See also PWLB.

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

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

## PRUDENTIAL &amp; TREASURY INDICATORS

Approved by Council 29 February 2012

		2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>AFFORDABILITY</b>				
<b>PI 1:</b>	Estimates of ratio of financing costs to net revenue stream			
	Non - HRA	16.3%	13.3%	12.7%
	HRA	24.6%	23.0%	21.7%
	Overall	19.6%	17.2%	16.3%
<b>PI 2:</b>	Actual ratio of financing cost to net revenue stream	Reported after each financial year end		
<b>PI 3:</b>	Estimates of the incremental impact of new Capital Investment decisions on the Council Tax	£5.59	£0.00	£0.00
	This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme	2.9%	0.0%	0.0%
<b>PI 3A:</b>	Illustrative Impact of Additional Borrowing £1 million	Repayment Period		
		5 Years	10 Years	25 Years
	Increase in Council Tax (£)	£4.81	£2.57	£1.38
	Increase in Council Tax (%)	2.50%	1.34%	0.72%
<b>PI 4:</b>	Estimates of the incremental impact of Capital Investment on Housing Rents	Nil	Nil	Nil
<b>CAPITAL EXPENDITURE</b>				
<b>PI 5:</b>	Estimates of capital expenditure			
	Non - HRA	4,099	3,311	1,066
	HRA	3,916	3,616	3,616
	Total	8,015	6,927	4,682
<b>PI 6:</b>	Actual capital expenditure	Reported after each financial year end		
<b>PI 7:</b>	Estimates of Capital Financing Requirement			
	Non - HRA	28,850	28,474	27,459
	HRA	45,264	43,984	42,704
	Total	74,114	72,458	70,163
<b>PI 8:</b>	Actual Capital Financing Requirement	Reported after each financial year end		
<b>EXTERNAL DEBT</b>				
<b>PI 9:</b>	Authorised Limit			
	Authorised Limit for Borrowing	75,500	75,500	75,500
	Authorised Limit for Other Long Term Liabilities	2,700	2,500	2,300
	Authorised Limit for External Debt	78,200	78,000	77,800
<b>PI 10:</b>	External Debt: Operational Boundary	73,200	73,000	72,800
<b>PI 11:</b>	Actual external debt	Reported after each financial year end		
<b>PI 12:</b>	HRA limit on indebtedness	60,194	60,194	60,194
<b>PRUDENCE</b>				
<b>PI 13:</b>	Treasury Management: adoption of CIPFA code of Practice	The Council has adopted the updated Treasury Management code of practice (2011).		
<b>PI 14:</b>	Net debt and the capital financing requirement			
	Anticipated indebtedness (operational boundary)	73,200	73,000	72,800
	Anticipated investment	14,930	13,990	14,920
	CFR	74,114	72,458	70,163
	Under/over borrowed (-/+)	-14,016	-14,532	-17,557
<b>TREASURY MANAGEMENT</b>				
<b>TMI 1:</b>	Fixed Interest Rate Exposure	100%	100%	100%
	The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the			
<b>TMI 2:</b>	Variable Rate Interest Rate Exposure	30%	30%	30%
	The Authority will limit its exposure to variable interest rate costs to the amounts payable on the			
<b>TMI 3:</b>	Maturity Structure of Borrowing			
	Upper and Lower Limits			
	Under 12 months	0% to 50%	0% to 50%	0% to 50%
	12 months and within 24 months	0% to 50%	0% to 50%	0% to 50%
	24 months and within 5 years	0% to 50%	0% to 50%	0% to 50%
	5 years and within 10 years	0% to 50%	0% to 50%	0% to 50%
	10 years and within 15 years	0% to 100%	0% to 100%	0% to 100%
	15 years and within 25 years	0% to 100%	0% to 100%	0% to 100%
	25 years and within 50 years	50% to 100%	50% to 100%	50% to 100%
	Maturity Profile of Current Outstanding Debt*			
	Under 12 months	0%	0%	0%
	12 months and within 24 months	0%	0%	0%
	24 months and within 5 years	0%	0%	0%
	5 years and within 10 years	0%	0%	0%
	10 years and within 15 years	0%	0%	0%
	15 years and within 25 years	0%	0%	0%
	25 years and within 50 years	100%	100%	100%
<b>TMI 4:</b>	Investments for periods longer than 364 days	Nil	Nil	Nil
	The Authority will not invest for periods of longer than 364 days.			

**CABINET**

**Fees and Charges Review – 2013/14  
04 December 2012**

**Report of Head of Resources**

<b>PURPOSE OF REPORT</b>				
To consider the annual review of fees and charges for 2013/14.				
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		5 November 2012		
<b>This report is public</b>				

**RECOMMENDATION OF COUNCILLOR HAMILTON-COX**

- (1) To be brought forward at the meeting (in respect of car parking).

**RECOMMENDATION OF COUNCILLOR LEYTHAM**

- (2) That the Environmental Health and Private Sector Housing fees in Appendix D be increased by 2%.

**RECOMMENDATION OF COUNCILLOR SANDS**

- (3) That the charges for Salt Ayre Sports Centre, Community Pools, Williamson Park, Parks and Recreation Grounds and the Platform be increased in line with the proposed percentages (rounded to nearest £0.10) and arrangements as set out in Appendix E.

**RECOMMENDATION OF COUNCILLOR HANSON**

- (4) Members consider the introduction of charging for all cycle lockers.

**RECOMMENDATION OF COUNCILLOR BRYNING**

- (5) That Members approve the Fees and Charges Policy as set out at Appendix A, and indicate whether there are any other areas of income generation that require further consideration, other than those included in the recommendations above.

## **1 INTRODUCTION**

### **1.1 General Policy**

**1.1.1** This report sets out the proposed fees and charges increases for 2013/14 for a number of service areas. In previous years these were reported to and considered by Members in isolation, however it is now felt more appropriate to combine such reports and consider them as a whole in conjunction with the Fees and Charges Policy. The policy was initially reported to Members at their meeting on 06 December 2011 and a copy is attached at **Appendix A**; Members are now asked to approve it formally.

**1.1.2** In addition, attached at **Appendix B** is a full listing of all the general fund fees and charges for 2011/12 actuals and 2012/13 and 2013/14 estimates. This shows that the total income generated from fees and charges is now projected to be £9.37M next year, although this report is only concerned with inflationary increases in respect of £4M of that total. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery or fixed contracts (ie trade refuse collections). As such these income areas allow for little or no discretion in setting fee increases.

**1.1.3** That said, certain areas, such as Building Control, should have their fees reviewed annually to ensure the function breaks even on a rolling basis. Officers are due to report to the Budget and Performance Panel in respect of this service area and it was also an action to be taken forward in approving the current year's budget. Similarly, reviewing any charging / sponsorship opportunities for the Lancaster Fireworks Event was an approved action for this year, as was reviewing the provision of waste bins and boxes – this latter point has been the subject of debate for a number of years.

**1.1.4** In seeking approval for the overall policy, Cabinet is also requested to indicate whether there any other specific areas for income generation that it wishes to consider in developing its budget proposals. These may relate to existing fees and charges, potentially new areas, or proposals for changing the assumed annual inflationary increase.

**1.1.5** In general terms, as part of the current budget process all relevant fees and charges have been increased by 2% in line with the provisional annual inflationary review. This represents an aggregate of a range of inflation increases covering employees, energy, repair and maintenance and general supplies and services. After setting this figure, however, the Bank of England issued an inflation update in November, which reported that the Consumer Price Index (CPI) had risen to 2.7% in October but was forecast to reduce back down to 2% by the end of 2013. Members could propose to increase fees and charges generally by more than 2% in light of the current CPI forecast, if they so wished. Given expected financial pressures, officers would advise against proposing to lower this general % increase - such a proposal would need to go forward to Council, as part of Cabinet's overall budget proposals.

### **1.2 Specific Fees and Charges**

**1.2.1** Members are now asked to consider various specific fees and charges increases to achieve the draft budget forecasts for 2013/14. If any recommendations do not meet the draft budget assumptions then savings elsewhere within the budget will need to be identified or a growth item submitted to Full Council in February for approval.

However, Members should be aware that the timing of growth approvals may cause operational difficulties in terms of the statutory notice periods required to implement new charges by 01 April 2013.

**1.2.2** In order to assist the decision making process the report will be structured into four main areas as follows:

- Environmental Services - Car Parking
- Health & Housing
- Wellbeing
- Regeneration & Planning – Cycle Parking Lockers

**1.1.1** These will set out the key considerations for Members in context of the latest budget projections and list the relevant options, options appraisal and officer recommendations either in the body of the report or in the appendices. It is important to remember that income budgets have been set based on the best information available at this time, but also that the impact of the current economic climate could continue to adversely affect income generation.

## **2 ENVIRONMENTAL SERVICES – CAR PARKING**

### **2.1 Background**

Parking fees and charges are reviewed annually to ensure the Council meets its transportation and budget commitments. Last year Members approved retaining the existing permit charges but increasing pay and display charges as follows:

Increase the Evening Charge from £1.20 to £1.40

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

It was originally proposed to increase the up to 1 hour charge on all car parks from £1.20 to £1.30, however this was on the basis that Lancashire County Council applied the same increase to on-street pay and display charges. Despite initial indications that this would be proposed their final recommendations did not include this, therefore this option was not finally recommended at Lancaster City Council.

For information, we maintain a differential in the up to 1 hour charge between off-street and on-street (this being the higher) to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces looking for a space and adding to congestion and increasing pedestrian safety issues.

### **2.2 Influencing Factors for 2013/14**

There are a number of issues that need to be taken into account when looking at parking during 2013/14 and future years. These include major works being undertaken by United Utilities, Cabinet's recent decisions about the future of the Festival Market, the Portas Pilot and the Morecambe Area Action Plan.



United Utilities – Major works are going to be undertaken in Lancaster city centre, between February 2013 and November 2014, to improve bathing water quality. These works will affect Wood Street car park and access to and from St Nicholas Arcades car park will also be affected during some phases of the works. The impact of these works is likely to be significant and there is the potential for Lancaster’s retailers to be affected.

Portas Pilot – the Pilot is looking at specific initiatives to bring extra trade into Morecambe Town Centre and there may be requests for cheaper or free parking to support these initiatives.

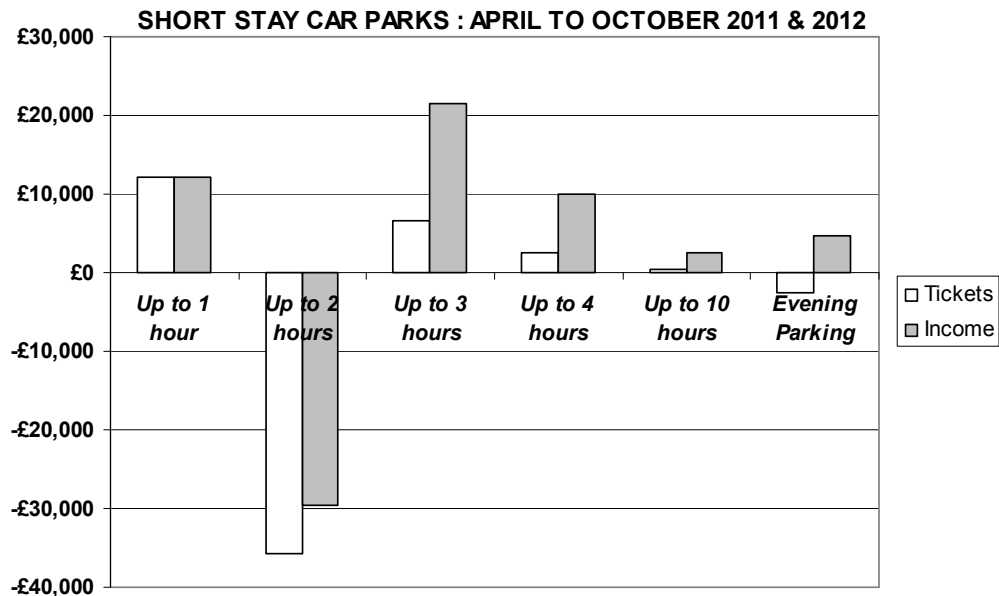
Morecambe Area Action Plan (MAAP) - The First Draft MAAP now out for consultation considers provision of both on and off street parking in Central Morecambe and identifies many issues and suggests that changes are required to parking provision and in management to support the regeneration of the centre.

Besides these issues we also need to be looking further forward and considering the potential impact of the Duchy of Lancaster’s plans for the castle as well as the impact of development of the canal corridor.

## 2.3 Current Usage and Financial Position

### 2.3.1 Usage Update

In terms of the number of cars using pay and display car parks, the overall level has dropped by 2.3% when comparing April to October figures for 2011 and 2012, however actual income has increased by 2%. The main reason is because there has been a shift on short stay car parks from parking up to 2 hours to parking for either 1, 3, 4 or 10 hours, so whilst the overall number of cars parking has dropped, the period being parked for has increased. The following graph shows this in more detail.



It is clear therefore that whilst usage in simple car number terms can reduce, the actual income generated can increase.

### 2.3.2 Financial Position

The financial position at the end of 2011/12 as shown in the following table was £53K more than the revised estimate. This is due to income being an average of nearly 4% per month down on target for the first 8 months prior to the Revised Budget being set and this was then followed by an improved position during the remaining 4 months.

	<b>2011/12 Estimate</b>	<b>2011/12 Revised</b>	<b>2011/12 Actual</b>	<b>Variance on Revised</b>
Fees	£2,065,900	£1,979,900	£2,037,851	+£57,951
Evenings	£84,800	£93,600	£91,403	-£2,197
Permits	£239,800	£161,500	£158,864	-£2,636
<b>TOTAL</b>	<b>£2,390,500</b>	<b>£2,235,000</b>	<b>£2,288,118</b>	<b>+£53,118</b>

The current 2013/14 Draft Budget outlined in the table below assumes that income across the three headings will continue at the same level as projected for 2012/13, i.e. Fees and Evening income will remain the same and permits will reduce by £5,000 each year. An inflationary increase of 2% has also been added in line with the Council's existing policy on fees and charges.

	<b>2012/13 Estimate</b>	<b>2012/13 Revised</b>	<b>2013/14 Estimate</b>	<b>Inflation Included</b>
Fees	£2,032,900	£2,032,900	£2,073,600	£40,700
Evenings	£106,400	£106,400	£108,500	£2,100
Permits	£146,100	£141,100	£144,300	£3,200
<b>TOTAL</b>	<b>£2,285,400</b>	<b>£2,280,400</b>	<b>£2,326,400</b>	<b>£46,000</b>

The annual review needs to consider options for covering additional inflationary increases of £46,000 across the above headings.

### 2.4 Proposal Details

The proposals are to focus on day time pay and display charges as evening charges were increased in April 2012 and permit income has been reducing in recent years.

### 2.5 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 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 2013/14 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. At the time of finalising this report a response has not been received from the County Council.

### 2.6 Options and Options Appraisal

All options and relevant analysis are set out in **Appendix C**.

## 2.7 Officer Preferred Option

**Option 1(a)** is the officer preferred option as this limits increases to one tariff and the estimated additional income of £46,000 would meet the budgetary target. However, this option should be linked to a positive response from the County Council to raise the on-street charges otherwise car park charges would be higher than on-street charges and this would not maintain the required differential as outlined in this report.

In the event of the County Council not increasing their charges the officer preferred option would be Option 1(b). This would result in a budgetary shortfall of approximately £12,500. Increasing the long stay charges even higher to meet this shortfall would require significant increases that are not considered to be acceptable. As a result further savings would need to be identified or a growth item submitted to meet the shortfall. This can only be addressed as an when the County Council approve their charges for 2013/14.

## 3 HEALTH & HOUSING

### 3.1 Proposal Details

Set out in **Appendix D** are the current charges and options for increases for 2013/14. 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.

#### 3.1.1 Pest Control Fees

The pest control fees were increased last year by 5% on the previous year. 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.

#### 3.1.2 Cemetery Fees

*Neptune Baby and Young Child Memorial Garden.*

As in previous years, uptake of memorial options in this area has been limited. It is again proposed therefore that the fees for burial options, cremated remains, memorial plaques and associated extras be retained at the same level as last year.

#### 3.1.3 General Fees & Charges

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		✓

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.

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 is estimated to operate at a loss of £89,600 inclusive of recharges, and £20,800 excluding recharge in 2013/14, based on the latest draft budget which includes an inflationary increase of 2%. If Option 2 (5% increase) is approved the deficit will be reduced by £3,300.

### 3.2 Financial Position

The following table shows the overall impact of the proposals:

	2013/14 Draft Budget (Including 2% inflation) Option 1 £	2013/14 Projected Increase of 5% Option 2 £
Cemeteries	261,600	269,500
Dog Warden Service	5,200	5,400
Pest Control	113,400	116,800
Private Housing	7,100	7,300
Public/Port Health	31,400	32,300
	<b>418,700</b>	<b>431,300</b>

The table shows that Option 1 is in line with the current draft budget including the 2% inflationary increase, whereas Option 2 would generate a further £12,800 more than this.

### 3.3 Options and Options Appraisal

**Option 1** is the officer preferred option. Last year fees were increased by more than inflation and it is felt inappropriate to do so for a second year, therefore the basic inflationary increase of 2% is being proposed.

## 4 WELLBEING

### 4.1 Proposal Details

Set out in **Appendix E** are the current charges and proposed increases for 2013/14. The charges are rounded to the nearest 10p where appropriate. The setting of charges within each facility is very much demand led and as such is a simple flat inflationary increase does not always work. Indeed, there is evidence to suggest that certain activities would suffer a dramatic reduction in throughput and therefore income if increases were applied.

Appendix E sets out a range of price increases which will generate the overall 2% inflationary increase already built into the draft budget for 2013/14. The range of increases are based on officers knowledge of market demand and supply, factors such as inflation and VAT and the need for the Council to operate services which provide value for money. The prices are the maximum charge and officers retain the flexibility to reduce charges in line with market demand or specific schemes such as the £1 swim sessions at Salt Ayre Sports Centre

### 4.2 Financial Position

The table below shows the overall impact of the proposals:

	<b>2013/14 Draft Budget (Including 2% inflation) £</b>	<b>2013/14 Draft Budget with Proposed Increases £</b>
Platform	34,100	34,600
Community Pools	352,400	355,500
Salt Ayre Sports Centre	842,400	853,900
Rec Grounds / Open Spaces	16,500	16,500
Williamson Park	155,100	153,200
	<b>1,400,500</b>	<b>1,413,700</b>

Overall, if the proposed increases are approved they will generate £13,200 more than the draft budget which equates to an average increase of almost 3%.

The opportunity to increase prices above inflation for certain activities enables officers to maximise the potential income generation on those activities and at the same time enables price freezes on other activities that would otherwise see a drop in customer demand.

### 4.3 Health and Wellbeing Benefits

Salt Ayre Sports Centre is the main revenue earning facility within Community Engagement and is integral to the Health and Fitness Referral programme offered by the Active Health Team which provides all surgeries within the district the opportunity to “refer” patients for sport and physical activity exercise as part of a health improvement scheme.

Access to facilities at Salt Ayre and the Community Pools continues to provide opportunities for people to participate in sport and physical activities at reduced rates without requiring a membership fee. In addition, all facilities are integral to work with partner agencies such as the Police and County Council when offering diversionary activities particularly for children and young people. Various schemes are in place which are aimed at encouraging people who may not normally access opportunities

to sport and physical exercise to take part in activities in a safe and controlled manner.

#### **4.4 Officer Preferred Options**

The proposed increases are those set out in Appendix E and are the officer preferred option. These will generate more than the overall 2% inflationary increase by some £13,200.

## **5 REGENERATION & PLANNING : CYCLE PARKING LOCKERS**

### **5.1 Proposal Details**

In 1999 Cabinet recommended that cycle lockers be provided free of charge in order to support cycling in the district. In addition, this would ensure members of the public received the same benefits as City Council staff who benefited from free cycle lockers.

Details of the current cycle locker provision for the public is attached at **Appendix F** together with the advantages and disadvantages.

Further issues are that open access lockers have been tried in the public domain at various sites in Lancaster city centre and Carnforth station with little success. A variety of locking mechanisms were also tried without success - coin operated versions were vandalised, and use of the lockers was abused as they were not being used for their intended purpose.

In addition, the alternative of Sheffield stands are readily available (capacity is saturated at Lancaster station but there is capacity in and around the city centre). However, cyclists often cite these as being barely adequate in terms of being theft or vandalism proof.

If such issues are to be overcome or at least improved then financial investment will be required. As a starting point it would therefore seem appropriate to consider the introduction of charging for cycle lockers to generate income to contribute to the investment required.

### **5.2 Officer Preferred Option**

At present there is no officer preferred option other than to ask Members to consider whether charging for cycle lockers should be introduced, and if so officers be instructed to set out the investment requirements needed, to develop the process and fee structure and report back in due course.

## **6 CONCLUSION**

The officer preferred options set out in this report will exceed the required inflationary increases already built into the 2013/14 draft budget. They take on board the need to generate income in line with the requirements of the Medium Term Financial Strategy and the Fees and Charges Policy, whilst endeavouring to ensure customer demand for services is not adversely impacted upon.

**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. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

The proposed increases are considered to be fair and reasonable.

**LEGAL IMPLICATIONS**

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

**FINANCIAL IMPLICATIONS**

Detailed financial implications are set out in the body of the report.

In summary, the officer preferred options will generate an additional £13,200 over and above the current 2013/14 draft budget. However, if the County Council do not increase their on-street parking charges in line with Lancaster's off-street increase then there will be a budget shortfall of £12,500 with regard to parking, as explained in section 2.7. Members do have the option, as part of their budget proposals, to offset this shortfall against the additional income generated by Community Engagement or require further savings to be identified. A decision on the County Council charges is not expected until the new year.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property:**

None.

**Open Spaces:**

None specifically, other than income generation as referred to in the report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and she has no further comments, other than highlighting that this report is in her name – in her capacity as Head of Resources.

**DEPUTY MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further observations to make.

**BACKGROUND PAPERS**

None

**Contact Officer:**

Andrew Clarke

**Telephone: 01524 582138**

**E-mail: aclarke@lancaster.gov.uk**

**Ref:**



**LANCASTER CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# **FEES AND CHARGES POLICY**

**DECEMBER 2012**



## 1. INTRODUCTION

- 1.1. The decisions made by councils about charging for local public services affect everyone. Where councils charge for services, users pay directly for some or all of the costs of the services they use. Where no charges are made, or where charges do not recover the full cost of providing a service, council taxpayers subsidise users.
- 1.2. Fees and charges represent an important source of income, providing finance to assist in achieving the corporate objectives of Lancaster City Council. The purpose of this policy is to establish a framework within which fees and charges levied by the council are agreed and regularly reviewed.
- 1.3. The decision on whether to make a charge (and the amount to charge) is not always within the control of the council. But where it is, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available for the council to make informed decisions.
- 1.4. The policy therefore provides clear guidance to service heads and service managers on;
  - The setting of new fees and the policy context within which existing charges should be reviewed.
  - How fees and charges can assist in the achievement of corporate priorities.
  - The council's approach to cost recovery and income generation from fees and charges.
  - Eligibility for concessions.
- 1.5. The policy should allow the council to have a properly considered, consistent and informed approach to all charges it makes for its services. This will in turn, support the delivery of corporate objectives.

## 2. GENERAL POLICY

- 2.1. This policy relates to fees and charges currently being levied by the council and those which are permissible under the wider general powers to provide and charge for discretionary services included within the Local Government Act 2003.
- 2.2. Statutory charges also fall within the scope of the policy, even though their level may not be determined by the council. This ensures clarity and consistency and allows subsequent reviews of the policy to be comprehensive. It also enables changes to the national legislative charging framework, and any other situations that may arise in the future, to be addressed.

### Council policies, strategies and priorities

- 2.3. Specific decisions and charging policies should support delivery of the council's Corporate Plan and other local strategies and service objectives.

Charging decisions will take account of the council's corporate priorities and have regard for the potential impact on other service areas.

## Basis of charging decisions

- 2.4. The council will charge for all services where it is appropriate and cost-effective to do so, unless there are contrary policies, legal or contractual reasons.
- 2.5. When discretionary charges are set, the general aim shall be to cover the cost of the service or, where legally possible, the council may charge on a commercial basis. Charges will reflect the full cost of provision, unless covered by subsidies/concessions designed to meet corporate priorities or there are contrary policies or legal reasons.

## Concessions

- 2.6. Subsidies and concessions should be used to help achieve specific targets or objectives. Concessions should be awarded and reviewed in relation to each service. Where subsidies and concessions are applied there should be an evaluation process in place to measure levels of success in meeting these objectives. Definitions and qualifying criteria for concessionary target groups should be consistent across the council.

## Surplus Income

- 2.7. Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. Where a surplus, over budget, is generated from charges 50% of this surplus will be considered as a corporate resource and transferred to unallocated balances. This is on the provision that this is not prohibited by other statutory requirements or government guidance.
- 2.8. However, it is acknowledged that the ability to use charges to deliver the corporate priorities of the Council requires a degree of freedom and corporate controls (as expressed through this policy) need to avoid imposing unnecessary restrictions. Therefore, proposals for re-investing any additional income raised from charging in the expansion and development of a particular service will need to be considered as part of the annual review of charges. Each proposal will therefore be considered on its own merit and in light of financial planning process.

## Efficient Administration

- 2.9. Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users. The reasons behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

## Regular Review

- 2.10. Charges, and decisions not to charge, will be reviewed annually in sufficient time for the impact of any revisions to be included in the budget setting process.

Policy Implementation

- 2.11. The policy will encompass decisions made as part of the annual fees and charges review process, where new charges are introduced or where existing charges are removed or amended.
- 2.12. The policy is undertaken in accordance with the council's Constitution (Financial Regulations). These put the responsibility with Service Heads, for recommending the level of existing or new charges, to the Council.

**3. CHARGING POLICY**

- 3.1. Within the service and financial planning process, each fee or charge should be identified to one of the categories in the following table and the appropriate charging policy adopted in establishing and reviewing charging rates / levels. This will be subject to approval through the budget process or, for in-year changes, subject to approval by Cabinet or Service Heads under delegated authority. In all cases, in determining an appropriate charging policy, proper consideration should be given to the wider equalities implications which may be involved affecting full accessibility of all groups to council services.

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.
Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The council wishes the service to be fully available, but sets a charges to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory	Charges are set in line with legal obligations.

- 3.2. In applying the appropriate charging policy, the issues which may need to be considered in setting the level of fee and charge for any particular service include typically those set out below:

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	<ul style="list-style-type: none"> <li>• Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided.</li> <li>• Are competitors charging similar prices?</li> <li>• Does the council offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• How would changes in pricing structures affect demand for the service and potentially its profitability?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for the service?</li> </ul>
Fair charging	<ul style="list-style-type: none"> <li>• How do the charges compare to other providers of similar services?</li> <li>• Has the loss of income from not charging on a commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost recovery	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges and recharges?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Are Members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing the policy to a different one e.g. subsidised?</li> </ul>
Subsidised	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> <li>• Does this approach fit in with the requirements of other funding streams i.e. grants?</li> <li>• Is this approach legally required?</li> <li>• Is there a problem of frivolous use of the service?</li> </ul>
Nominal	
Free	
Statutory	<ul style="list-style-type: none"> <li>• Are charges in line with statutory requirements?</li> <li>• Are they set at the maximum permitted levels?</li> </ul>

#### 4. SUBSIDIES AND CONCESSIONS

4.1. It might be appropriate to consider subsidising some services, particularly if this helps to achieve corporate priorities and supports local strategies and policies. The main reasons for charging less than full cost are set out below;

- There is a sound financial and policy justification for the council tax payers subsidising this service.
- The desire to encourage particular sections of the community to use specific services, and they could not afford, or might otherwise be deterred by, full cost charges.
- Charging full cost discourages or prevent uptake, which may have a detrimental impact on the council's finances in the long run.

- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.
  - The council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.
- 4.2. When considering using a subsidy, the following points should be taken into account;
- That it supports a corporate priority, objective, or policy.
  - There is evidence to suggest that the impact of the policy can be measured.
  - The cost of the subsidy can be estimated and accommodated within the council's budget.
  - That the proposal is the most effective approach available to deliver the policy objective.
- 4.3. It is recognised that in some circumstances discounts may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

## **5. NEW FEES AND CHARGES**

- 5.1. Proposals for new fees and charges must be considered within the financial planning process or, where necessary, submitted to Cabinet for approval as an in-year change.
- 5.2. Proposals for new fees and charges should be analysed using the guidance in the appendix to this policy. This effectively provides a brief rationale and business case for the proposed charge.
- 5.3. The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and reviewed within the Performance Management framework.

## **6. REVIEWING FEES AND CHARGES**

- 6.1. Service Heads must consider charging policies and current levels of charge each year as part of the service and financial planning process. The presumption is that the value of fees and charges will be maintained in real terms over time and increased annually in line with inflation as set within the service and financial planning process.
- 6.2. If there are any significant changes in the course of a year, such as in cost, market forces or service levels, which materially affect current charges and revenues, then that charge should be reviewed and any change approved by Cabinet or through delegated authority as an in-year change.

### Annual review of fees and charges

- 6.3. Service Heads should review the charge and anticipated yield from fees and charges in sufficient time to be able to influence the annual budget process.

- 6.4. As part of this process, the Head of Resources will determine the percentage rate for “typical” fees and charges increases. Additionally, Cabinet may decide to set income targets for specific service areas as part of an effort to identify efficiencies and/or generate additional income.
- 6.5. Service Heads will review existing fees and charges in line with this policy and the financial planning process. Any proposal to significantly amend an existing fee or charge will require a full justification and explanation to be provided.

## **7. COLLECTION OF FEES AND CHARGES**

- 7.1. In line with the Debt Management Policy, wherever it is reasonable to do so, charges will be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly, and as necessary appropriate recovery procedures followed.

## **8. RECORDING OF FEES AND CHARGES**

- 8.1. Each service should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national / external procedures or other specific procedures for determining and reviewing rates of charge.
- 8.2. The council’s fees and charges are set prior to each financial year. They are widely published including the council’s website, and consist of a schedule of charges across each service area.
- 8.3. Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented, together with clear advice on VAT, together with any discounts or concessions available. Reasonable notice is defined as one calendar month.

## GUIDANCE FOR NEW FEES AND CHARGES

### Charging Policy

The charging policy objectives must be stated here, together with why this policy (Full Commercial or Fair Charging etc.) has been adopted. The intended aims of the charges should also be clearly thought out and explained. Any legal issues should be identified.

### Comparative Information

Include here details of comparative information collected from other authorities or competitors etc.

### Financial

Information Required	Description
Level of charge	Recommended or proposed new level of charge.
Start date	Proposed implementation date for new level of charge, although it could be related to a future event.
Budgeted income	Level of income to be generated from the new charge.
Surplus / deficit as a percentage of cost	The total cost of supplying the service (including recharges and other overheads) should be calculated and deducted from the income generated. This surplus or deficit should then be compared to the total cost as a percentage. Calculating total cost may require the use of judgement and reasonable assumptions. This is acceptable, so long as a clear audit trail of those assumptions is maintained.
Surplus / deficit per usage	The difference between income generated and the total cost of providing that service, divided by the expected number of users of that service.

### Impact Assessment

Any proposals must identify likely impact on the service's users including; who currently benefits from the service, the effects on them of any changes and who will benefit from new exemptions and discounts together with how demand and usage is expected to change. Equality issues must specifically be considered and reported.

### Impact on Other Areas

The likely consequences in terms of reduced or increased demand for other council services must be identified here as well as any extra costs to other services. Equality issues must specifically be considered and reported.

**Method of Collection**

Proposals for new charges must identify what collection methods will be used. If this is a change in current arrangements it will need to identify the following:

- What the likely impact is on the rate and costs of collection;
- What account has been taken of how long low income users can pay; and
- How cost effective will the new methods be?

**Alternatives**

Explain here the other measures that have been considered instead of, or as well as, the proposed charge (cost cutting, reducing charges, sponsorship etc.).

**Consultation**

Include here the extent of consultation conducted, which will be dependent upon the impact of fee and/or charge, and the results of that consultation.



## Fees and Charges

				Total Income	-8,827,292	-9,118,900	-9,370,300		
Service	Service Area	Cost Centre	Detail	2011/12 Actual £	2012/13 Revised £	2013/14 Estimate £			
Community Engagement	Communications	Customer Services Mgt & Admin Lancaster V.I.C.	Sales - Goods Resold	-951	-1,000	-1,000			
			Commission - Accom Bookings	-893	-500	-500			
			Commission - Concerts/Disc Ticket	-864	-700	-700			
			Commission - National Express	-90	-200	-200			
			Commission - Self Catering Accom	-179	-300	-300			
			Sales - Publications & Data	-8,657	-5,200	-6,800			
			Sales - Souvenirs	-19,437	-12,900	-14,700			
			Travel Tickets	-845	-700	-1,000			
			Marketing & Communications Morecambe V.I.C.	Sales - Council Magazine	-2,550	-100	-100		
				Commission - Accom Bookings	-603	-500	-500		
	Commission - Coach Travel Tickets	-663		-600	-600				
	Commission - Concerts/Disc Ticket	-419		-500	-500				
	Commission - National Express	-1,212		-800	-800				
	Commission - Sea Cat	-165		-400	-300				
	Sales - Publications & Data	-7,725		-7,700	-7,900				
	Sales - Souvenirs	-13,901		-15,500	-15,800				
	Travel Tickets	-3,091		-2,600	-2,700				
	Community Leisure Projects	Admission Fees		-3,045	-4,000	-4,100			
		<b>Carnforth Swimming Pool</b>	<b>Fees and Charges</b>	<b>-109,491</b>	<b>-111,200</b>	<b>-113,400</b>			
		<b>Heysham Swimming Pool</b>	<b>Fees and Charges</b>	<b>-145,540</b>	<b>-150,300</b>	<b>-162,800</b>			
		<b>Hornby Swimming Pool</b>	<b>Fees and Charges</b>	<b>-74,192</b>	<b>-74,600</b>	<b>-76,200</b>			
	Wellbeing	Holiday Activities Programme Sports & Physical Activity	Bull Beck Picnic Site Giant Axe Field	Admission Fees	-10,262	-10,000	-10,200		
				Admission Fees	-6,960	-8,500	-6,500		
				Rents - General	-6,100	-6,100	-6,200		
				Rents - General	-807	-800	-800		
Service Charges Recovered				-695	-700	-700			
				<b>Grass Pitches</b>	<b>Hire Charges</b>	<b>-11,741</b>	<b>-12,000</b>	<b>-12,200</b>	
Greaves House & Gardens				Rents - General	-331	-300	-300		
<b>Happy Mount Park</b>				<b>Bowling</b>	<b>-722</b>	<b>-600</b>	<b>-600</b>		
				Rents - Concessions	-3,500	-3,500	-3,600		
				Rents - General	-19,333	-18,800	-19,200		
		Service Charges Recovered	-782	-800	-800				
		<b>Tennis</b>	<b>-604</b>	<b>-400</b>	<b>-600</b>				
King George V Field Lcr King George V Field Mbe Non-Resort Parks General Open Spaces Regent Park - Income		Scotforth Recreation Ground Platform	Rents - General	-2,055	-2,100	-2,100			
			Service Charges Recovered	-123	-100	-100			
			Rents - General	-1,075	-1,100	-1,100			
			Rents - General	-8,401	-2,000	-5,200			
			Rents - General	-1,980	-2,000	-2,000			
			Rents - Concessions	-4,121	-3,500	-3,600			
			Service Charges Recovered	-50	-100	-100			
			Rents - General	-100	-100	-100			
			Admission Fees	-101,822	-95,600	-97,500			
			Bar	-43,434	-45,000	-45,900			
Cafe		-5,106	-5,200	-5,300					
Private Hire		-36,920	-30,200	-30,800					
		<b>Venue Hire</b>	<b>-29,361</b>	<b>-33,400</b>	<b>-34,100</b>				
Promenade Management	Recreation Grounds Aquarius Health & Beauty Athletics Track Heatwaves	Rents - Concessions	-8,815	-9,000	-9,200				
		Rents - General	-25,487	-24,700	-25,200				
		<b>Sales - Promenade Passes</b>	<b>-775</b>	<b>-700</b>	<b>-2,100</b>				
		<b>Service Charges Recovered</b>	<b>-874</b>	<b>-1,000</b>	<b>-1,000</b>				
		<b>Bowling</b>	<b>-4,261</b>	<b>-1,500</b>	<b>-1,500</b>				
		<b>Fees and Charges</b>	<b>-3,233</b>	<b>-3,500</b>	<b>-3,600</b>				
		<b>Fees and Charges</b>	<b>-13,200</b>	<b>-13,200</b>	<b>-13,500</b>				
		<b>Fees and Charges</b>	<b>-6,493</b>	<b>-6,900</b>	<b>-7,000</b>				
		Fees and Charges	-3,194	-4,100	-4,200				
		<b>Main Hall</b>	<b>Fees and Charges</b>	<b>-151,582</b>	<b>-153,200</b>	<b>-156,300</b>			
<b>Outdoor Synthetic Pitch</b>	<b>Fees and Charges</b>	<b>-5,615</b>	<b>-7,600</b>	<b>-7,800</b>					
<b>Projectile Hall</b>	<b>Fees and Charges</b>	<b>-15,032</b>	<b>-13,200</b>	<b>-13,500</b>					
<b>Reflexions</b>	<b>Fees and Charges</b>	<b>-271,153</b>	<b>-289,400</b>	<b>-295,200</b>					
Salt Ayre Mgt & Admin SASC Cafe Shop Studio Swimming	Stone Jetty	Fees and Charges	-4,042	-4,000	-4,100				
		Fees and Charges	-103,316	-111,000	-113,200				
		Fees and Charges	-8,304	-9,000	-9,200				
		<b>Fees and Charges</b>	<b>-40,836</b>	<b>-42,000</b>	<b>-42,800</b>				
		<b>Fees and Charges</b>	<b>-282,735</b>	<b>-296,800</b>	<b>-302,700</b>				
		Rents - Concessions	-7,000	-7,900	-8,100				
		Service Charges Recovered	-766	-800	-800				
		<b>Williamson Park Butterfly House</b>	<b>Admission Fees</b>	<b>-64,649</b>	<b>-65,700</b>	<b>-67,000</b>			

Service	Service Area	Cost Centre	Detail	2011/12 Actual £	2012/13 Revised £	2013/14 Estimate £	
Community Engagement		<b>Williamson Park Butterfly House</b>	<b>Educational Usage</b>	<b>-7,631</b>	<b>-9,300</b>	<b>-11,300</b>	
			<b>Family Tickets</b>	<b>-15,847</b>	<b>-15,500</b>	<b>-15,800</b>	
		Williamson Park Cafe	Sales - General	-154,699	-158,000	-168,000	
		Williamson Park Events	Special Events	-29,823	-16,400	-14,700	
			<b>Venue Hire</b>	<b>-37,191</b>	<b>-39,300</b>	<b>-40,100</b>	
		Williamson Park Grounds	Sale Of Memorial Plaques	0	-1,000	0	
		Williamson Park Ice Cream Conc	Sales - General	-14,780	-10,000	-16,200	
		Williamson Park Lodges	Rents - General	-8,275	-5,700	-12,300	
		<b>Williamson Park Mngmt &amp; Admin</b>	<b>Car Parking Fees</b>	<b>-22,305</b>	<b>-20,100</b>	<b>-20,500</b>	
			Sales - General	-300	-600	-600	
	Williamson Park Shop	Sales - General	-29,925	-30,100	-30,700		
			<b>Sales - Publications &amp; Data</b>	<b>-385</b>	<b>-400</b>	<b>-400</b>	
			<b>Community Engagement Total</b>	<b>-2,033,419</b>	<b>-2,044,800</b>	<b>-2,119,100</b>	
Environmental Services	Env Services Depot	White Lund Depot	Rents - General	-13,095	-13,800	-14,100	
			Sales - Goods Resold	-3,077	-3,000	-3,100	
	Grounds Maintenance	Nurseries	General Fees & Charges	-93,914	-93,700	-95,600	
			Small Parks & Open Spaces	General Fees & Charges	-12,129	-200	-200
	Markets	Charter Market Lancaster	General Fees & Charges	0	-10,600	-12,400	
			Market Tolls	-57,889	-63,900	-63,900	
			Rents - Market Stalls	0	-23,600	-24,100	
			Morecambe Market	Advertising - Hoardings Etc	-2,460	-1,000	-1,000
			Rents - Market Stalls	-315,794	-313,700	-313,700	
			Service Charges Recovered	-14,137	-14,000	-14,000	
			Storage	-12,808	-12,900	-12,900	
	Parking	Off Street Car Parks	Car Parking Fees	-2,037,851	-2,032,900	-2,073,600	
			Car Parking Fees - Evening Charges	-91,403	-106,400	-108,500	
			Car Parking Permits	-158,864	-141,600	-144,300	
			Fines	-128,311	-139,600	-139,600	
			Rents - General	-32,275	-32,300	-32,300	
		On-Street Parking Services	On-Street Parking Dispensations	-3,049	-6,200	-3,200	
	Street Cleaning	Residents On-Street Parking	Car Parking Contracts	-55,375	-60,000	-60,000	
			Public Conveniences	General Fees & Charges	-19,818	-18,600	-19,000
	Street Cleaning	Street Cleaning	Sales - Vending Machines	0	-100	-100	
			Fines	-1,720	-4,200	-4,300	
	Waste Collection	Bulky Waste Collection	General Fees & Charges	-23,980	-27,700	-28,300	
			Domestic Collections	-48,773	-44,600	-45,500	
Sales - Goods Resold			-30,681	-30,000	-30,600		
Sales - Scrap			-2,032	-2,000	-2,000		
Recycling - Bring Sites			Sale of Recycling Material	-89	-200	-200	
Trade Refuse			Trade Refuse Collections	-914,553	-1,007,300	-1,027,400	
	Three Stream Waste Collection	Domestic Collections	-5,849	-5,200	-5,300		
			<b>Environmental Services Total</b>	<b>-4,079,924</b>	<b>-4,209,300</b>	<b>-4,279,200</b>	
Governance Services	Democratic Services	Electoral Registration	Sales - Publications & Data	-2,490	-2,100	-2,100	
			Legal	Legal Services Mgt & Admin	-32,647	-28,500	-29,100
	Licensing	Gambling Act 2005	Searches Administration	-189,646	-178,300	-181,900	
			Amusement Machines	-6,100	-6,200	-6,300	
			Licences - Betting Shops	-13,100	-9,000	-9,200	
			Licences - Bingo Establishments	-5,150	-5,200	-5,300	
			Licences-Gaming Machines	-3,850	-4,100	-4,200	
			Licences - Lotteries	-2,940	-3,100	-3,200	
			Hackney Carriage Licences	Dual Drivers Badge	-14,722	-16,300	-20,700
				H.C. Driver Licence	-10,764	-11,500	-11,700
				H.C. Inspection Fees	-9,702	-10,000	-10,200
				H.C. Taxi Plates	-1,835	-1,500	-1,500
	H.C. Transfer Of Ownership	-280		-500	-500		
	H.C. Vehicle Licence	-22,589		-21,400	-33,000		
	Miscellaneous Licences	Licensing Act 2003	P.H. Drivers Licence	-17,008	-16,500	-16,800	
			P.H. Inspection Fees	-21,556	-23,000	-23,500	
			P.H. Operators Licence	-5,941	-6,000	-6,100	
			P.H. Taxi Plates	-4,199	-4,200	-4,300	
			P.H. Transfer of Ownership	-360	-400	-400	
			P.H. Vehicle Licence	-44,755	-44,000	-44,900	
			Licensing Act 2003	Licensing Act 2003 - Personal	-6,894	-7,700	-7,900
			Licensing Act 2003 - Premises	-126,685	-138,500	-141,300	
			Temporary Event Notices	-6,179	-6,200	-6,300	
			Licences - Motor Salvage Operators	-296	-100	0	
	Licences - Second Hand Dealers	-450	-500	-500			
	Licences - Sex Shops	-5,125	-2,500	-2,600			
	Licences-Skin Piercing\Tattoos	-2,370	-1,500	-1,500			
Licences - Street Cafes	-3,263	-4,500	-4,600				
			<b>Governance Total</b>	<b>-560,895</b>	<b>-553,300</b>	<b>-579,600</b>	

Service	Service Area	Cost Centre	Detail	2011/12 Actual £	2012/13 Revised £	2013/14 Estimate £	
Health & Housing Services	Environmental Health	Cemeteries - General	Burial Of The Dead	-3,782	-3,900	-4,000	
			Hire Of Chapels	-3,710	-3,400	-3,500	
			Interment Fees	-123,977	-129,000	-121,400	
			Memorial Fees	-21,236	-21,000	-21,400	
			Rents - General	-600	-600	-600	
			Rents - Grazing Rights	-431	-400	-400	
			Sale Of Grave Spaces	-88,083	-81,300	-82,900	
			Sale Of Memorial Benches	-1,078	-1,300	-1,300	
			Sale Of Memorial Plaques	-24,156	-16,800	-27,100	
			Dog Warden Service	Collections and Kennelling	-5,119	-5,100	-5,200
			Environmental Protection	EPA Authorisation Fees	-18,215	-18,000	-18,400
				Income - Works In Default	-2,236	-3,300	-3,400
				Water Sampling Fees	-2,623	-6,200	-6,900
			Lancaster Port Health Authority	General Fees & Charges	-3,945	-2,600	-2,700
		Pest Control	Insect Control Charges	-29,662	-20,600	-31,100	
			Pest Control Contracts	-33,388	-41,000	-41,800	
			Rodent Control Charges	-35,974	-35,900	-40,500	
			Public Health Services	Licences-Animal Boarding	0	-1,000	-1,000
				Licences - Dog Breeding	0	-500	-500
				Licences - Pet Shops	0	-1,500	-1,500
				Licences-Riding Estabs	0	-800	-800
		GF Housing	Mellishaw Park	Rent - Houses	-46,570	-51,200	-51,200
				Service Charges Recovered	-9,243	-10,000	-10,200
		Strategic Housing	Private Rented Sector Activity	APS Fees	-975	-8,100	-6,800
				Fines	0	-3,000	0
				General Fees & Charges	-600	-900	-900
				HMO License Fees	-24,034	-71,800	-21,200
		Immigration Inspection Fees	-636	-300	-300		
	Home Improvements	Administration Charges	0	-80,000	-72,500		
	Housing Options - Housing Advice	General Fees & Charges	-34,202	-24,000	-24,000		
		<b>Health &amp; Housing Total</b>	<b>-514,475</b>	<b>-643,500</b>	<b>-603,500</b>		
Regeneration & Planning	Development Mgt	Building Regulations	Bldg Regs - Application Fees	-114,709	-115,000	-116,800	
		Development Control	Planning Application Fees	-338,588	-350,000	-350,000	
	Environmental Mgt Policy & Delivery	Sea Defence Works	Service Charges Recovered	-1,515	-1,500	-1,500	
		Local Development Framework	Sales - Publications & Data	-25	-200	-200	
		Middleton Nature Reserve	Rents - General	-875	-900	-900	
			Rents - Grazing Rights	0	0	-800	
			Rents - Wayleaves & Titles	-18,469	-11,500	-500	
		Bold Street Property Account	Rents - Commercial Properties	-6,200	-2,600	0	
		West End Property Account	Rents - Commercial Properties	-16,000	-16,000	-16,300	
				<b>Regeneration &amp; Planning Total</b>	<b>-496,380</b>	<b>-497,700</b>	<b>-487,000</b>
Resources	Finance	Financial Services Mgt & Admin	Administration Charges	-3,234	-3,000	-3,100	
		City Lab,4-6 Dalton Square	Hire Of Premises	-2,820	-4,600	-4,700	
	Property		Sales - Refreshments	-72	-100	-100	
		Storey Institute	Hire Of Premises	0	-4,000	-12,200	
		Commercial Properties	Rents - General	-799,410	-816,700	-909,800	
			Service Charges Recovered	-261,590	-274,800	-303,900	
			Lancaster Town Hall	Rents - General	-7,100	-7,400	-7,500
		Morecambe Town Hall	Rents - General	-2,950	-3,100	-3,200	
		Municipal Buildings	Hire Of Premises	-37,673	-30,000	-30,600	
			Sales - Refreshments	-2,900	-3,100	-3,200	
		Town Hall Tours	Admission Fees	-206	-300	-300	
		Cultural & Recreational Areas	Rents - General	-583	-600	-600	
		Miscellaneous Land	Rents - General	-3,081	-3,000	-3,000	
			Rents - Grazing Rights	-7,103	-3,500	-3,500	
			Old Mans Rest	Rents - General	-12,800	-13,500	-13,500
				Service Charges Recovered	-678	-2,600	-2,700
				<b>Resources Total</b>	<b>-1,142,200</b>	<b>-1,170,300</b>	<b>-1,301,900</b>

## Parking Fees and Charges 2013/14

### Options Analysis (including risk assessment)

#### Option 1(a)

*This option is aimed primarily at achieving the budgetary target that has been included in the 2013/14 Draft Budget.*

Short Stay and Long Stay Car Parks	Current Tariff	Proposed Tariff	Additional Income
Increase Up to 1 hour tariff	£1.20	£1.30	£46,000

Advantages	Disadvantages	Risks
<p>This option meets the budgetary target and ensures that car parking makes a contribution to a balanced budget.</p> <p>This option avoids the need for additional savings or income from other functions of the Council.</p>	<p>Although this option only seeks to increase one tariff, this accounts for 42% of all ticket sales and the first hour's tariff often influences customers' perceptions of the overall level of all parking charges.</p>	<p>This option requires the County Council to implement increases to its 1 hour charges to maintain the required differential.</p> <p>If the County Council does not increase its charges and this option is approved, charges would be further misaligned and this could lead to longer term tariff issues and County needing to make significant increases in the future.</p> <p>There is always the risk that customer resistance would be greater resulting in budgetary issues.</p>

#### Option 1(b)

*This option is aimed at making a contribution to the budgetary target that has been included in the 2013/14 Draft Budget*

Long Stay Car Parks	Current Tariff	Proposed Tariff	Additional Income
Increase Up to 3 hour tariff	£2.20	£2.50	£24,000
Increase Up to 5 hour tariff	£3.70	£4.00	£3,000
Increase Over 5 hours tariff	£6.00	£6.50	£1,800
Other Car Parks			
Increase Up to 4 hour tariff	£0.80	£1.00	£3,600
Increase Over 4 hour tariff	£1.20	£1.40	£600

Advantages	Disadvantages	Risks
<p>This option raises over 70% of the required budget target.</p> <p>This option limits tariff increases to long stay car parks that tend to be used by commuters.</p> <p>This option could lead to increased permit sales.</p> <p>This option does not affect any short stay tariffs that are a key part of maintaining city and town centre viability.</p> <p>This option does not require the County Council to specifically increase their on-street charges although this would still be desirable to implement the differential charges.</p>	<p>This option affects a number of long stay tariffs that could reverse the increased long stay sales in Lancaster and further reduce the long stay sales in Morecambe.</p>	<p>The increase in long stay tariffs could lead to customers choosing not use car parks and park on-street in unrestricted parking areas causing further difficulties for residents living in these areas.</p> <p>There is always the risk that customer resistance would be greater resulting in budgetary issues.</p>

### Option 1(c)

***This is to consider approving Options 1a and 1b resulting in a range of increases covering both short stay and long stay car parks meeting the budgetary target and making a further contribution of £33,400.***

The advantages, disadvantages and risks associated with this option are similar to those for Option 1(a) and 1(b) with a significantly increased risk of not actually achieving the levels of estimated additional income. This would have the potential to complicate further reviews of parking charges and potentially limit the tariffs that could be increased in 2014/15.

### Option 2

***This option is not to implement any parking fees and charge increases in 2013/14.***

Advantages	Disadvantages	Risks
<p>This option limits the impact on parking usage and town centre businesses and trading.</p> <p>This option could ease the concerns of businesses and retailers about the major works being</p>	<p>This option is unlikely to achieve the required budget contribution through increased usage.</p> <p>This option could lead to the need for larger increases in future years.</p> <p>This option could lead to</p>	<p>This option increases the budget preparation difficulties at a time when additional income or major savings are required.</p>

<p>undertaken in Lancaster and reducing levels of usage in Morecambe.</p> <p>This option has the potential to reduce any further reductions in usage.</p> <p>This option is likely to receive the most support through the consultation process.</p>	<p>increased usage that could impact on traffic congestion.</p>	
--	---	--

## Health and Housing : Fees and Charges 2013/14

	2012/13	2013/14	2013/14
	Current Fee	Option 1 Proposed Fee @ 2% (Inflation)	Option 2 Proposed Fee @ 5%
<b>Exclusive Burial Rights</b>			
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.	663.30	676.60	696.50
ii) Exclusive right of burial in a woodland area : 1 space	291.10	296.90	305.70
Transfer of Grave Deed	Legal Costs	Legal Costs	Legal Costs
Duplicate Grave Deed	85.60	87.30	89.90
Searches – hourly rate	38.30	39.10	40.20
<b>Interment Charges</b>			
(a) For the interment in a grave or woodland site either where the exclusive right of burial <b>HAS</b> or <b>HAS NOT</b> 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.	175.60	179.10	184.40
ii) of the body of a person whose age at the time of death exceeded 16 years.	593.00	604.90	622.70
iii) interment of cremated remains	142.30	145.10	149.40
iv) interment of cremated remains under headstone	216.80	221.10	227.60
(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.			
<b>Scattering of Cremated Remains</b>	37.30	38.00	39.20
<b>Use of Cemetery Chapel</b>	97.40	99.30	102.30
<b>Walled Graves &amp; Vaults:</b>			
For one person	1,935.40*	1,974.10*	2,032.20*
For two persons	2,688.00*	2,741.80*	2,822.40*
For opening and resealing vault	345.40	352.30	362.70
<b>Garden of Remembrance Memorials</b>			
(a) Aluminium Plaque – Carnforth	117.90*	120.30*	123.80*
(b) Bronze plaque – Price on Application	POA	POA	POA
(c) Torrisholme, Scotforth, Skerton, Hale Carr, Carnforth:			
<b>Old Style:</b>			
i) Granite memorial incorporating flower vase and inscription up to 3 lines	494.80*	504.70*	519.50*
ii) Each additional line (up to 6 in total)	47.80*	48.80*	50.20*
iii) For cleaning and re-gilding following second inscription.	42.00*	42.80*	44.10*
<b>New Style:</b>			
i) Granite memorial incorporating flower vase and full inscription	524.70*	535.20*	550.90*
ii) Deed of grant fee	35.00	35.70	36.80
iii) New inscription	105.00*	107.10*	110.30*
iv) Motif	11.50*	11.70*	12.10*
<b>* = PLUS VAT</b>			

	2012/13	2013/14	2013/14
	Current Fee	Option 1 Proposed Fee @ 2% (Inflation)	Option 2 Proposed Fee @ 5%
<b>Vault Memorial</b>			
i) Granite memorial for up to 4 plastic urns, including first interment and flower vase (25 year lease)	682.50*	696.20*	716.60*
ii) Back to back vault for up to 2 plastic urns including first interment inscription, flower vase for a 25yrs lease	541.80*	552.60*	568.90*
iii) Additional inscribed plaque for second interment	157.00*	160.10*	164.90*
iv) Renewal of lease period	135.40	138.10	142.20
<b>The Neptune Baby and Young Child Memorial Garden</b>			
<b>Burial Options</b>			
Purchased Grave including EROB, headstone and plaque with up to 6 lines of text.	1,197.00*	1,220.90*	1,256.90*
Public Grave	Free of Charge	Free of Charge	Free of Charge
<b>Cremated Remains</b>			
Niche Wall Plaques including up to 4 lines of text	204.70*	208.80*	214.90*
10 year lease for external niche wall	91.90	93.70	96.50
10 year lease for internal altar niche	183.70	187.40	192.90
Scattering of ashes	Free of Charge	Free of Charge	Free of Charge
<b>Memorial Plaques</b>			
Perimeter plaque including up to 4 lines of text	204.70*	208.80*	214.90*
10 year lease for perimeter plaque	78.70*	80.30*	82.60*
Centre feature plaque including up to 6 lines of text	362.20*	369.40*	380.30*
10 year lease for centre plaque	183.70	187.40	192.90
<b>Charges for Extras</b>			
Additional line of inscription	31.50*	32.10*	33.10*
Posy holders for niche wall	10.50*	10.70*	11.00*
Motifs	31.50*	32.10*	33.10*
Custom Motif	P.O.A.	P.O.A.	P.O.A.
Oval Ceramic Photo Plaque 5cm x 7cm (Colour)	68.20*	69.50*	71.60*
Oval Ceramic Photo Plaque 5cm x 7cm (Black & White)	36.70*	37.40*	38.50*
<b>Memorial Fees</b>			
A memorial not exceeding 6' (1800 mm) in height	102.40	104.40	107.50
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	137.30	140.00	144.20
(b) enclosing a space not exceeding 7' 9" (2325 mm) in length by 7' 3" (2175 mm) in width.	275.40	280.90	289.20
A tablet or footstone not exceeding 1' 6" (450 mm) by 1'(300mm)	62.70	64.00	65.80
Additional charge for exceeding above size	39.40	40.20	41.40
An inscribed vase	33.90	34.60	35.60
Temporary marker	14.70	15.00	15.40
<b>Woodland Burial Memorial Plaque</b>	183.70*	187.40*	192.90*
<b>Memorial Tower</b>	210.00*	214.20*	220.50*
<b>Lawn Sections</b>			
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.	102.40	104.40	107.50
<b>The charges indicated include one inscription (name)</b>			
For each additional inscription (name)	33.90	34.60	35.60
Annual registration fee for memorial mason	43.30*	44.20*	45.50*
* = PLUS VAT			



**DOG WARDEN SERVICE CHARGES**

	2012/13	2013/14	2013/14
	Current Fee	Option 1 Proposed Fee @ 2% (Inflation)	Option 2 Proposed Fee @ 5%
Kennelling charge per day	11.30	11.50	11.90
Detention Fee	9.40	9.60	9.90
Dog faeces bags	1.60/100	1.60/100	1.70/100
Return of stray dog from dog warden service (prior to kennelling)	37.50	38.30	39.40

**PEST CONTROL CHARGES**

<b>Common Insects : Domestic Premises</b>			
- Cockroaches	Free of Charge	Free of Charge	Free of Charge
- Bedbugs (up to one hour of treatment)	42.00	42.80	44.10
- Bedbugs (subsequent complete or part hours)	26.20/hr	26.70/hr	27.50/hr
- Fleas	42.00	42.80	44.10
- Standard charge re bedbugs and fleas for those in receipt of Housing and/or Council Tax benefits.	21.00	21.40	22.10
- All other insects (excluding wasps)	42.00	42.80	44.10
- Wasp treatment	42.00	42.80	44.10
Multiple nests at same property at one visit.	Half full price/treatment	Half full price/treatment	Half full price/treatment
- Moles and squirrels	29.10/hr	29.70/hr	30.60/hr
<b>Common Insects : Business Premises</b>			
- All visits (including wasps) (minimum 1 hour)	81.10*/hr	82.70*/hr	85.20*/hr
<b>Rodents:</b>			
- Domestic premises	28.90	29.50	30.30
- Those in receipt of Housing and/or Council Tax benefits.	14.40	14.70	15.10
- Business premises (minimum 1 hour)	74.30*/hr	75.80*/hr	78.00*/hr
- Drain camera surveys	(New Fee for 2012/13) 80.00*	(New Fee for 2012/13) 81.00*	(New Fee for 2012/13) 84.00*
<b>Emergency Callouts:</b>			
- 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
<b>Disclosure of information on Health &amp; Safety matters:</b>			
- Full factual statement which may also include sketches, copy of F2508, witness statements, etc.	138.00	140.80	144.90
- Brief statement where the information may be of limited use to the recipient.	48.30	49.30	50.70
- Photographs & an administration charge	2.60 each & admin charge to be 13.10	2.70 each & admin charge to be 13.40	2.70 each & admin charge to be 13.80
- Photocopying	15p/sheet	15p/sheet	16p/sheet
<b>Contaminated Land Information:</b>			
- Domestic enquiry	106.00*	108.10*	111.30*
- Industrial enquiry	135.20*	137.90*	142.00*
<b>* = PLUS VAT</b>			

## PORT HEALTH CHARGES

	2012/13	2013/14	2013/14
	Current Fee	Option 1 Proposed Fee @ 2% (Inflation)	Option 2 Proposed Fee @ 5%
<b>Ship Inspection Charges</b>			
<b>Gross Tonnage:</b>			
Up to 3,000	113.70	116.00	119.40
3,001-10,000	170.60	174.00	179.10
10,001-20,000	227.30	231.80	238.70
20,001-30,000	260.40	265.60	273.40
Over 30,000	341.20	348.00	358.30
<b>With the exception of:</b>			
• Vessels with the capacity to carry between 50 and 1000 persons -	341.20	348.00	358.30
• Vessels with the capacity to carry more than 1000 persons -	568.80	580.20	597.20
<b>Water Sample Charges:</b>			
Water sample as part of sanitation certificate	85.60	87.30	89.90
Water sample from Heysham Port	94.20	96.10	98.90
Water sample from Glasson Dock	108.10	110.30	113.50

## PRIVATE WATER SUPPLY CHARGES

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	94.50	96.40	99.20
- Hourly rate (up to maximum £500 minus flat rate) for subsequent hours	37.50‡	38.30‡	39.40‡
Sampling (each visit) ** (Up to a maximum of £100) ‡	52.50‡	53.60‡	55.10‡
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	94.50	96.40	99.20
- Time on site exceeding one hour	10.50	10.70	11.00
Granting an authorisation (Each authorisation) ‡ (Up to a maximum of £100)	74.80‡	76.30‡	78.50‡
<b>Analysing a sample:</b>			
- 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. ‡
** No fee is payable for repeat sampling/analysis solely to clarify the results of a previous sample			
‡ Subject to a maximum permissible fee.			

## PRIVATE SECTOR HOUSING:

	2012/13	2013/14	2013/14
	Current Fee	Option 1	Option 2
		Proposed Fee @ 2% (Inflation)	Proposed Fee @ 5%
- Immigration Inspection Charges	61.40	62.60	64.50
- Accredited Property Scheme	57.00	58.10	59.90

## Options Analysis

	<b>Option 1 To approve an inflationary increase of 2% in fees.</b>	<b>Option 2 To approve a 5% increase.</b>	<b>Option 3 To do nothing and retain the existing fees and charges.</b>
Advantages	<p>This option allows for increased fee revenue of £8,200 in line with the current budget projections 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>	<p>This option would generate additional income of £12,800.</p>	<p>This option would mean no price increases for customers.</p>
Disadvantages		<p>Any increase in fees is likely to be unpopular with customers.</p>	<p>No opportunity to raise additional revenue through fees and charges. There would be a budget shortfall of £8,300 which would need to be met from savings elsewhere.</p>
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>	<p>This option increases the difficulties of securing a viable budget at a time when additional income and savings are required.</p>

## APPENDIX E

## Wellbeing Fees and Charges 2013/14

	Current Price	Proposed Price	Percentage Increase
	£	£	%
<b>Platform</b>			
<b>Hire Charges - Community Rate (Hall only)</b>			
Theatre Hire for Community Groups	No equivalent	450.00	-
Theatre Hire Community - Indoor Fair/Sale etc	No equivalent	330.00	-
Coffee Mornings (Mon - Thurs)	25.70	30.00	16.7%
Morning Xmas Fair	51.30	56.00	9.2%
<b>Concerts / Events Open to General Public</b>			
Theatre Hire Packages - Commercial (Incl.staff)	No equivalent	660.00	-
Theatre Hire Packages - Commercial (Excl.staff)	No equivalent	480.00	-

<b>Community Pools (Carnforth / Heysham &amp; Hornby)</b>				
<b>Swimming</b>				
Adult		3.60	3.70	2.8%
Junior		2.00	2.10	5.0%
Senior Citizen		2.60	2.70	3.8%
Senior with card		2.30	2.40	4.3%
Family Swim	Hornby	9.50	9.75	2.6%
<b>Swim Passes</b>				
Early Bird	Heysham / Carnforth	80.00	82.00	2.5%
Adult		145.00	149.00	2.8%
Senior		115.00	118.00	2.6%
Junior		75.00	77.50	3.3%
<b>Classes</b>				
Peak		4.50	5.00	11.1%
Off Peak		4.00	4.20	5.0%
Prospect Referral - Active Health	Heysham	2.00	2.20	10.0%
Parent & Child		3.40	3.50	2.9%
Splash Up!	Heysham	3.00	3.20	6.7%
<b>Pool Hire</b>				
Private Hire	Hornby	43.00	44.00	2.3%
Private Hire	Heysham	45.00	47.00	4.4%
Carnforth Otters Non Vat	Heysham	40.00	42.00	5.0%
Floats Party	Heysham	65.00	70.00	7.7%
It's A Knockout	Heysham	85.00	90.00	5.9%
<b>Swimming Lessons</b>				
8 week course		35.20	36.00	2.3%
8 week course - one to one		90.40	94.00	4.0%
Water Babies	Heysham	3.40	3.50	2.9%
<b>Other Income</b>				
Holiday Programme	Heysham	650.00	700.00	7.7%
Lifesaving Classes	Heysham	220.00	230.00	4.5%
Holiday Programme	Carnforth	350.00	375.00	7.1%
Courses	Carnforth	220.00	250.00	13.6%

<b>Salt Ayre Sports Centre</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Percentage Increase</b>
	£	£	%
<b>Main Hall</b>			
Court Hire per 55 mins			
Adult Peak	9.50	9.75	2.6%
Adult Off Peak	8.50	8.75	2.9%
Junior Peak	7.50	7.75	3.3%
Junior Off Peak	6.50	6.75	3.8%
Early Bird per person (2 Hrs)	4.50	4.75	5.6%
Main Hall Sports Hire per 55 mins			
1/2 Hall Sport	48.00	50.00	4.2%
1/2 Hall Events	37.00	38.00	2.7%
Gymnastics (per lesson)	4.50	4.75	5.6%
Fitness Classes Peak	5.00	5.20	4.0%
Other Income	250.00	250.00	0.0%
<b>Reflexions (Priced monthly)</b>			
Membership - Full	34.00	35.00	2.9%
Membership - Off Peak	26.00	27.00	3.8%
Membership - Monthly	45.00	46.00	2.2%
Membership - 55+	22.00	23.00	4.5%
Membership - Corporate	28.00	30.00	7.1%
Membership - Junior	17.00	17.50	2.9%
PAYG	6.50	6.75	3.8%
<b>Swimming</b>			
Adult	3.60	3.70	2.8%
Junior	2.00	2.10	5.0%
Senior Citizen	2.60	2.70	3.8%
Senior Citizen with Card	2.30	2.40	4.3%
Family Swim	9.50	9.75	2.6%
Parent & Toddler	2.20	2.20	0.0%
Spectators (all)	1.50	1.60	6.7%
Shower	3.50	3.60	2.9%
Pool Classes	5.00	5.20	4.0%
Special Price swims	1.00	1.00	0.0%
Medical Referral members	2.00	2.20	10.0%
Swim Tuition per lesson	4.40	4.50	2.3%
Adult One to One	11.30	12.00	6.2%
Early Bird 6 Month	80.00	82.00	2.5%
Adult 6 Month	145.00	149.00	2.8%
Senior 6 Month	115.00	118.00	2.6%
Junior 6 Month	75.00	77.50	3.3%
Adult 1 Month	40.00	41.50	3.8%
Junior 1 Month	22.00	22.50	2.3%
Leamer Pool	32.00	33.00	3.1%
Main Pool	55.00	60.00	9.1%
Whole Pool	75.00	77.00	2.7%
Clubs Non Vat	47.20	50.00	5.9%
<b>Heatwaves</b>			
Casual	5.50	5.75	4.5%
<b>Studio</b>			
Fitness Classes	5.00	5.20	4.0%
Other income	30.00	31.00	3.3%
<b>Projectile Hall</b>			
Fitness Classes	5.00	5.20	4.0%
Other Income	30.00	31.00	3.3%
<b>Athletics Track</b>			
School Events	290.00	300.00	3.4%
Other Income	145.00	150.00	3.4%
Hourly Rate non vat	34.00	35.00	2.9%
<b>Outdoor Hire (Per Hour)</b>			
Full Synthetic Pitch	34.00	34.00	0.0%
1/2 Synthetic Pitch	18.00	18.00	0.0%
<b>Aquarius Room</b>			
Aquarius Room Hire	24.00	24.50	2.1%

<b>Recreation Grounds / Parks &amp; Open Spaces</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Percentage Increase</b>
	£	£	%
<b>Grass Pitches</b>			
Adult Game	42.00	43.50	3.6%
Junior Game	21.00	22.50	7.1%
<b>Cricket club per season -</b>			
Adult with changing	410.40	421.00	2.6%
Junior	194.90	196.00	0.6%
<b>Football Club per Season</b>			
Adult with changing rooms	410.40	421.00	2.6%
Adult without changing room	220.60	225.00	2.0%
Junior	194.90	200.00	2.6%
<b>Cricket per match</b>			
Adult	61.60	62.00	0.6%
Junior	33.90	34.00	0.3%
<b>Bowls (Summer Season Ticket)</b>			
Adult	47.20	48.00	1.7%
Senior Citizen/Junior	23.60	24.50	3.8%
<b>Bowls (Winter Season Ticket)</b>			
Adult	32.30	33.00	2.2%
Senior Citizen/Junior	16.20	17.00	4.9%
<b>Clubs Per Season/Team</b>			
Adult	225.70	232.00	2.8%
Senior Citizen/Junior	118.00	121.00	2.5%
<b>Bowls Casual Per Hour (HMP)</b>			
Adult	3.60	3.70	2.8%
Senior Citizen/Junior	1.80	1.90	5.6%
<b>Exclusive Green Use</b>			
Half Day 3 hours	34.90	36.00	3.2%
Full Day 6 hours	51.30	53.00	3.3%
<b>Season Ticket</b>			
Adult	57.50	50.00	-13.0%
Senior Citizen/Junior	24.60	20.00	-18.7%
<b>Casual Per Hour</b>			
Adult	3.60	3.00	-16.7%
Senior Citizen/Junior	1.70	1.50	-11.8%
Lost Ball	2.60	2.60	0.0%
2 adult 2 children	6.70	6.00	-10.4%
<b>Multi Use Games Areas (MUGA)</b>			
<b>Happy Mount Park</b>			
55 mins with lights	28.70	20.00	-30.3%
Adult Without lights	25.70	10.00	-61.1%
Junior Without lights	12.80	10.00	-21.9%
<b>10x 1hr sessions</b>			
Adult/Junior with floodlights 12 sessions(2 free)	287.30	200.00	-30.4%
Adult no floodlight 12 session (2 free)	256.50	100.00	-61.0%
Junior Without lights 12 session (2 free)	128.30	100.00	-22.1%
<b>Launching Permits</b>			
Powered Craft	15.90	16.50	3.8%
Datag (one off charge)	51.30	53.00	3.3%
Non Powered Vessel	15.90	16.50	3.8%
Quad Bike Access Permits for Shellfish Collection	56.40	60.00	6.4%
Day Permits - All Vessels	11.30	12.00	6.2%
<b>Moored Vessel Registration</b>			
Stone Jetty Permits - Disabled Anglers Vehicles	12.80	13.50	5.5%
Grosvenor Access Permits - Disabled Anglers Vehicles	6.70	7.00	4.5%

<b>Williamson Park</b>		<b>Current Price</b>	<b>Proposed Price</b>	<b>Percentage Increase</b>
		£	£	%
<b>Butterfly House</b>	<b>Note</b>			
Adult Admission	<b>1</b>	3.60	3.60	0.0%
Child Admission	<b>1</b>	2.60	2.60	0.0%
Concession Admission	<b>1</b>	3.20	3.20	0.0%
Family Admission (2 x Adult 2 x Children)	<b>1</b>	11.50	11.50	0.0%
School Booking Half Tour	<b>2</b>	4.40	4.40	0.0%
School Booking Full Tour	<b>2</b>	3.60	3.60	0.0%
Birthday Party Tour		27.00	30.00	11.1%
Junior Zoo Keeper Course		22.00	23.00	4.5%
Wildlife Detective Session		3.75	4.00	6.7%
<b>Events</b>				
Wedding Hire	<b>3</b>	440.00	440.00	0.0%
Wedding Corkage Alcoholic Drinks	<b>3</b>	5.50	5.50	0.0%
Wedding Corkage Soft Drinks	<b>3</b>	3.50	3.50	0.0%
Evening Hire	<b>3</b>	375.00	375.00	0.0%
Ashton Memorial Day Hire	<b>3</b>	180.00	180.00	0.0%
Ashton Memorial 1/2 Day Hire	<b>3</b>	90.00	90.00	0.0%
Art Exhibition (1 week)	<b>4</b>	27.00	28.00	3.7%
<b>Car Parks</b>				
Car Parking Permits	<b>5</b>	21.00	25.00	19.0%
Short Stay Car Park	<b>6</b>	0.70	0.80	14.3%
Long Stay Car Park	<b>6</b>	1.30	1.40	7.7%
<b>Gift Shop</b>				
Orienteering Map purchase	<b>6</b>	1.70	1.80	5.9%

## Notes

1 - No increase recommended across this area as the section needs re-development in order to offer better value for money. Any increase on admissions could have an adverse effect on throughput / income.

2 - No increase for one year only. Education visits currently down on last year by 22 schools. Re-development of section and education package needed in next 12 months.

3 - Wedding hire and corkage rates are currently at the highest end of the wedding market. For 1 year only, and taking into account the current building maintenance issues with the Ashton Memorial no increases is proposed. Any increase would make the ve

4 - Increase rounded to nearest £1. Still offers competitive rate for art gallery room hire.

5 - Large increase still offers value for money.

6 - Increase rounded to nearest 10p and still offers good value for money.

## Options and Options Analysis

	<b>Option 1 To increase fees as set out above.</b>	<b>Option 2 To approve a different increase (either in percentage of £ income terms).</b>	<b>Option 3 To do nothing and retain the existing fees and charges.</b>
Advantages	This option makes an additional contribution of £15,700 to the 2013/14 budget process, whilst retaining fees at competitive levels.	This option potentially allows for a greater increase in revenue, therefore making a greater contribution to the 2013/14 budget process.	This option would mean no price increases for customers (and so the 'subsidy' of associated services by all council tax payers would increase, irrespective of whether they use those services or not). This option could, potentially, have a positive effect on income generation should throughput increase significantly as a result of no increases, but there is no strong evidence to support this.
Disadvantages	Any increase in fees is likely to be unpopular with customers.	Alternatively, if an increase less than the 2.6% general inflation assumption is approved, it would not meet the current budget requirements, and revenue raising opportunities would be lost. An increase in fees above the recommended amount is likely to meet with customer resistance. This could result in reduction in income generation and as such customer dissatisfaction that may be difficult to respond to.	Lost opportunity to raise additional revenue through fees and charges in areas that may stand an increase. This option will not meet the current budget requirements by some £27,400, requiring additional income or savings to be generated from other activities / services undertaken by the council.
Risks	There is always a risk that customers will choose not to access services especially with any increase in charges.	There is always a risk that customers will choose not to access services if fees are too high or move to one of the key competitors in the district. There is a risk that even current income levels will fail to be achieved if fees are perceived to be too high.	This option increases the difficulties of securing a viable budget at a time when additional income and savings are required. There is no compensating increase in throughput and the Council suffers loss of income. Perceived greater unfairness by tax payers generally.



## Cycle Parking Lockers - Lancaster/Morecambe Railway Station

### Lancaster Station

- 44 lockers spread over platforms 3 & 4
- 100% occupancy at all times (2 waiting for re-issue)
- 33 on waiting list
- Turn over of approx. 1 locker per month
- Sheffield stands on platform 3 for overspill but barely meets demand
- Situation is not satisfactory
- Approx value of asset - 44 lockers x say £750 each to replace = £33K
- Approx deposits held £1,800 (deposits have varied over the years)
- Longest key holding March 1999

### Morecambe Station

- 10 lockers situated behind the bus station
- Currently 50% occupancy 5/10 (though 2 of those are not using their locker)
- No waiting list - for some reason NO demand
- Turn over not an issue
- Sheffield stands are numerous nearby at both the railway station and bus station
- Situation adequate
- Approx value of asset - 10 lockers x say £750 each to replace = £7.5K
- Approx deposits held £150 (deposits have varied over the years)
- Longest key holding - no record

### **Current Operation**

- Lockers are 'Free' to hire after initial key deposit of £50
- Managed by Environmental Management
- No formal monitoring since end of CDT project (March 2011)
- Keyholder requests by email or phone
- Lockers promoted by flyers on site and celebrating cycling website and word of mouth

### **Advantages**

- Secure Cycle Parking - overlooked by CCTV and station staff
- City Council held in high regard for the service (amongst cyclists)

### **Disadvantages**

#### **Lancaster**

- '**Locker for life**' means infrequent or non users are not penalised or even identified -penalising potential more frequent and therefore legitimate users.
- More lockers required, if status quo continues, at £750 each.
- Running out of space at the station for more - agreement required with station operator (currently Virgin) - new franchise may have different strategy in mind for cycle parking.

#### **Morecambe**

- Surplus lockers prone to vandalism (due to location)

**CABINET**

**Local Government Finance Act 2012 -  
Reforms to Council Tax: Use of Discretionary Powers**

**04 December 2012**

**Report of Head of Resources**

PURPOSE OF REPORT			
To inform Members of various new discretionary powers available with regard to council tax discounts, premiums and exemptions, and seek Cabinet’s recommendations on their adoption for referral on to Council.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	<b>X</b>
Date Included in Forthcoming Key Decision Notice		Not Applicable.	
This report is public.			

**RECOMMENDATIONS OF COUNCILLOR BRYNING:**

- (1) That Council be recommended to adopt the following changes in council tax charging policy for 2013/14 onwards, for implementation by the Head of Resources under her delegated authority:
  - i. replacement of the current exemption of up to twelve months for properties undergoing or in need of major repairs or structural alteration, with a discount of 50% for up to 12 months (Class A);
  - ii. replacement of the current six month exemption followed by a 50% discount for empty homes, with an exemption for two months followed by a discount of 50% for up to a further four months only (after which, a full charge would apply);
  - iii. removal of the 10% discount on second homes; and
  - iv. introduction of a premium of an additional 50% of council tax due on properties that have been empty for two or more years.

**1 INTRODUCTION**

- 1.1 The Local Government Finance Act 2012 (“the Act”) gained Royal Assent on 01 November 2012. The Act introduces a number of policies designed to increase revenue from empty and second homes, whilst also providing incentives to bring more empty homes back into use.
- 1.2 As part of this policy commitment, the Act makes provision to give local authorities discretion to reduce some of the council tax exemptions currently prescribed, as well as powers to

charge premiums in certain circumstances. An outline of these expected powers was reported to Cabinet in September.

- 1.3 Since that time, work has been undertaken to develop a set of workable options for implementing these new discretionary powers and these are outlined below for Cabinet's consideration. **Appendix A** provides a summary of current legislation, the Act's new provisions and the charging proposals developed for Members to consider.
- 1.4 In terms of decision-making, council tax charging policy is ultimately a matter for Council. Any changes would be reflected in the council tax base, as calculated by the Head of Resources (as s151 Officer) under delegated authority. This report allows Cabinet to make recommendations to Council as an early part of its budget and policy framework proposals for 2013/14, whilst still allowing the timely calculation and notification of the tax base to major precepting authorities and parishes, subject to all relevant Regulations being received from Government.

## 2 SPECIFIC PROPOSALS CONTAINED IN THE ACT

### 2.1 Exempt & Empty properties

2.1.1 The new discretionary powers focus on the following exemption categories in relation to empty properties:

- **Class A** – vacant dwellings where major repair works or structural alterations are required, under way or recently completed. (This exemption applies for a maximum period of twelve months.)
- **Class C** – an empty property that is substantially unfurnished. (This exemption applies for a maximum period of six months.)

2.1.2 In relation to Class "A" and Class "C" categories of dwelling, the Government has removed the statutorily prescribed time periods and 100% exemptions, and gives billing authorities the discretionary power to charge between 0% and 100% from the date the property becomes empty.

2.1.3 Subject to a legislative change that a mortgagee in possession becomes a person liable to pay council tax, the Government is set to revoke the exemption granted to such properties previously designated under **Class L** of the exemption regulations. This change does not involve discretionary powers and therefore no further action is required by the Council.

2.1.4 The number of empty properties under the above categories and the estimated financial details are contained in **Appendix B**.

2.1.5 Existing exemptions not subject to reform continue to apply. A full list of exemptions is detailed in **Appendix C**.

### 2.2 Second Homes

2.2.1 A property is classed as a second home if it is furnished but no-one lives there as their sole or main residence. Current council tax legislation allows the billing authority to award a discount on these properties of between 10% and 50%. Lancaster City Council awards a discount of 10% only in these cases.

2.2.2 The new Finance Act will amend this range from 0% to 50%, thereby allowing authorities to charge 100% council tax on second homes should they choose to do so. The current number of second homes and the financial details are contained in **Appendix B**.

## 2.3 Empty Homes Premium

- 2.3.1 Billing authorities currently have discretion to provide a discount of *up to* 50% on empty properties that are not exempt. These are classed as long-term empty properties.
- 2.3.2 The City Council has never exercised its discretion to reduce the discount on such properties and therefore a 50% discount still applies.
- 2.3.3 From next year the new legislation will allow authorities to charge an additional premium, above the 100% charge, for properties that have been empty for a long time (for example two years).
- 2.3.4 Numbers and financial details are contained in **Appendix B**.
- 2.3.5 As a final note on this aspect, the Government has recently issued a consultation document proposing to exempt from any premium those long term empty properties that are considered “genuinely” up for sale. There are difficulties attached to administering this proposal and the outcome of the consultation is awaited. For now, however, an allowance of 60% has been built into the attached estimates to reflect those properties likely to be considered “genuinely for sale”.

## 3 DETAILS OF CONSULTATION

- 3.1 No formal consultation with the public has taken place on this issue, but detailed discussions have taken place with major precepting authorities and other Lancashire authorities at a local level. The specific views of major precepting authorities are being sought to feed into the decision-making process. Furthermore, the proposals are being shared with parish and town councils, as the proposals would potentially increase their tax raising capacity, depending on where empty / second homes are located across the district.

## 4 OPTIONS AND OPTIONS ANALYSIS (including risk assessment)

- 4.1 There are three options available for consideration as outlined below. **Appendix D** sets out an equality impact assessment and this has informed development of the proposals. Inevitably, however, balancing the differing impact on stakeholders involves judgement and as such, any policy changes adopted would be kept under review after implementation.

### **Option 1**

#### **To recommend the introduction of a charging policy in line with recommendations**

Would encourage owners to bring property back into occupation and provides flexibility where appropriate. The two month exemption period for Class “C” dwellings caters for short turnover periods between occupiers.

### **Option 2**

#### **To decide not to recommend any changes in charging policy to Council**

Would lose the opportunity to raise additional income for the Council and its precepting partners, as well the losing any associated impact on helping to bring empty homes back into use.

### **Option 3**

#### **To recommend an alternative, e.g. maximising charges by using the discretionary powers to their limit**

Whilst potentially such a policy may maximise income generation, it may provide a disincentive to repair property and bring back into use and would not cater for short empty

periods between occupiers. Landlords would be liable for charges during all turnover periods and this may have knock on implications for the rental market.

## 5 PREFERRED OPTION AND COMMENTS

5.1 Option 1 is the preferred option in line with the following comments:

(i) For Class “A” dwellings it is considered that the Council should provide a reasonable but not excessive exemption period to promote property development, particularly supporting major upgrading and improvement to poor quality housing stock.

(ii) For Class “C” dwellings it is considered that the Council should provide an initial two month exemption period to allow for the changeover of occupiers, particularly tenants, and 50% discount for an empty period for a further four months after which the full charge would be applied.

(iii) For Second Homes it is considered that the Council take advantage of this flexibility to levy an extra 10% charge to homeowners of second homes, who should contribute fully towards services and generally they have a choice in ownership.

(iv) For long-term empty homes it is considered that the Council should levy a 50% premium on homes that have been empty for more than 2 years. This initiative should encourage owners to return them to use, whilst providing additional income to the Council.

## 6 CONCLUSION

6.1 There is potential for the Council to raise additional revenue in adopting these discretionary powers. However, it should be noted with caution that income relating to empty properties generally proves difficult to collect and staffing resources, collection performance and bad debt provisions will continue to be reviewed, should the Council choose to adopt these proposals.

6.2 Any “Empty Homes Premium” for properties empty for more than 2 years must be seen to operate fairly and be equitable to all owners, whilst also making sense in the context of the broader local strategy for dealing with empty homes.

### RELATIONSHIP TO POLICY FRAMEWORK

The proposals have been developed in support of the Council’s Medium Term Financial Strategy, whilst also supporting corporate aims regarding the priority for health and wellbeing.

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

The main affected group would be council taxpayers. The tax impact would fall on owners of second homes and empty dwellings, and mortgagees in possession. An equality Impact Assessment has been undertaken and is attached at **Appendix D**.

**FINANCIAL IMPLICATIONS**

The Government has stated that it will allow Councils to retain locally any additional council tax resulting from using the discretionary powers covered in this report. Any changes would feed into the tax base mechanism and therefore the financial benefits would be shared with the Council's major preceptors – i.e. County, Fire and Police Authorities.

**Appendix B** indicates the estimated revenue impact for the proposals (including Class L changes awaiting authorisation). They would generate an indicative additional £713K in total for district and precepting authorities in the Lancaster area. This equates to an estimated £90K for the City Council, although amounts will depend on the collection rate assumptions built into the final tax base calculations. The empty homes income brings with it a potentially high level of risk, as it may prove difficult and costly to collect. The calculations as attached are based upon an estimated collection rate of 70% for all categories, apart from long term empty homes and the premium, where a collection rate of 65% has been used. This judgement may be considered reserved in comparison to some other authorities, but it takes account of the profile of the district. Again, these assumptions may change slightly in the final council tax base calculations. It is important to note too that the number of properties affected by the proposals will fluctuate, during each year. This will affect the income collectable.

In terms of staff resources, the Council needs to ensure that its local taxation administration arrangements deliver value for money (and in this context, that any future decision to invest in the service is needed and worth the expected incremental income generation). At this stage it is not proposed to request additional staff resources to administer the proposed changes in charging policy. Instead, staffing needs and performance will continue to be reviewed. The service still has some limited scope to make efficiency savings as part of the shared service arrangements. If it transpires that collection is much worse or far more time consuming than estimated, however, then the business case would be revisited.

As a separate note, potentially council housing (as a landlord) may incur council tax charges as a result of the proposals, and other housing regeneration schemes may be similarly affected.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has contributed to the production of this report, which is in her name (as Head of Resources).

**LEGAL IMPLICATIONS**

Under the Local Government Finance Act 1992 (as amended by the 2012 Act), the Council, as the billing authority, may determine that the prescribed Council Tax discount (i) shall not apply or shall be of a lesser percentage in relation to second homes and empty homes, and (ii) shall not apply and the amount of council tax shall be increased by such percentage of not more than 50% to long term empty dwellings. The Council making such a determination (including varying or revoking a previous determination) under sections 11A(3), 11A(4) and 11B(1) of the 1992 Act for a financial year, must do so before the beginning of the year. Any such determination must be published in at least one newspaper circulating in its area before the end of twenty one days beginning on the date of the determination.

**DEPUTY MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further observations.

**BACKGROUND PAPERS**

Consultation Paper: Council Tax – Empty homes premium exceptions (September 2012)

Contact Officer: Adrian Robinson  
AD (Head of Revenues & Benefits) Shared Service  
Telephone: 01524 582202 or 01772 906023  
E-mail: a.robinson@preston.gov.uk

**TECHNICAL REFORMS TO COUNCIL TAX  
(Effective from 1 April 2013)**

**Option 1 Proposals:  
The key features are detailed below:**

<b>Measures Considered</b>	<b>Current Regulation</b>	<b>New Provisions</b>	<b>Option 1 Proposal</b>
1 Removing the Council Tax exemption on empty properties in need of or awaiting major repair or structural alteration	Class A exemption – up to 12 months exemption while the qualifying conditions exist	Abolish the exemption and allow Councils to grant a discount between 0% and 100% for up to 12 months	To introduce a discount of 50% for a period up to 12 months
2 Removing the Council Tax exemption for properties from the date the property becomes continuously empty	Class C exemption - exempt for first 6 months when continuously empty	Abolish the exemption and allow Councils to give a discount between 0% and 100% from when the property became empty.	To replace with an exemption for the first two months when continuously empty. Thereafter, introduce a discount of 50% for up to a further 4 months.
3 Removing the Council Tax discount for furnished properties not occupied as a main home (ie. Second homes)	10% discount while furnished properties are not occupied as a main home	Allow Councils to reduce the discount to 0%	To reduce the discount to 0%
4 Removing the discount on long term empty properties and charging an 'empty homes premium' of 50% on properties left empty for more than 2 years	50% discount after 6 months and continuing while the property remains empty	Allow Councils to levy an 'empty homes premium' on properties left empty for longer than 2 years.	To reduce the discount to 0% after 6 months continuously empty.  To Levy a premium of 50% on properties that have been empty for 2 years or more.
Remove the Council Tax exemption for properties taken into possession by a mortgage lender	Class L exemption – Exempt	Abolish the exemption – subject to further discussion with mortgage lenders	No decision to make – legislation will dictate action (Enabling power, awaiting authorisation by the Secretary of State)

**TECHNICAL CHANGES TO COUNCIL TAX  
INCOME PROJECTION**

<b>Exemption class</b>	<b>Number of Properties</b>	<b>Current Discount/ Exemption</b>	<b>New Discount/ Exemption</b>	<b>Forecast Collection Rate</b>	<b>CTAX income (Total) (estimated)</b>	<b>CTAX income (Lancaster element) (estimated)</b>
Exempt Class A (Major repairs)	93	100%	50%	70%	£40,100 (additional 50% income)	£5,100
Exempt Class C (Standard empty) 6 month period	1,045	100%	100% (2) 50%(4)	70%	£141,100 (additional 50% income)	£17,900
Exempt Class L (Mortgagee in possession)	55	100%	0%	70%	£22,400 (additional 100% income) (Awaiting authorisation)	£2,800
Second Homes	787	10%	0%	70%	£73,000 (additional 10% income)	£9,300
Long Term Empties	920*	50%	0%	65%	£362,200 (additional 50% income)	£46,000
<b>INTERIM TOTALS</b>	<b>2,900</b>				<b>£638,800</b>	<b>£81,100</b>
Long Term Empties (over 2 years)	478* (included in above statistics)		50% Premium	65%	£74,900 (based on an additional premium of 50%)	£9,500 (based on an additional premium of 50%)
<b>OVERALL INCOME PROJECTION</b>					<b>£713,700</b>	<b>£90,600</b>



## Current exemptions from Council Tax

<b>A</b>	Vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to twelve months). <b>(This exemption is subject to reform)</b>
<b>B</b>	Unoccupied dwellings owned by a charity (up to 6 months)
<b>C</b>	A vacant dwelling (i.e. empty and substantially unfurnished) (up to six months). <b>(This exemption is subject to reform)</b>
<b>D</b>	A dwelling left unoccupied by people who are in prison.
<b>E</b>	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home.
<b>F</b>	Dwellings left empty by deceased persons (6 months from date of probate).
<b>G</b>	An unoccupied dwelling where the occupation is prohibited by law.
<b>H</b>	Unoccupied clergy dwellings.
<b>I</b>	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved to receive personal care.
<b>J</b>	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved in order to provide personal care to another person.
<b>K</b>	An unoccupied dwelling where the owner is a student who last lived in the dwelling as their main home.
<b>L</b>	L An unoccupied dwelling which has been taken into possession by a mortgage lender. <b>(This exemption is subject to reform)</b>
<b>M</b>	A hall of residence provided predominately for the accommodation of students.
<b>N</b>	A dwelling which is occupied only by students, the foreign spouses of students or school and college leavers
<b>O</b>	Armed forces' accommodation
<b>P</b>	A dwelling where at least one person who would otherwise be liable has a relevant association with a Visiting Force.
<b>Q</b>	An unoccupied dwelling where the person who would otherwise be liable is a trustee in a bankruptcy.
<b>R</b>	Empty caravan pitches and boat mooring.
<b>S</b>	A dwelling occupied only by a person, or persons, aged under 18.
<b>T</b>	A dwelling which forms part of a single property which includes another dwelling and may not be let separately from that dwelling, without a breach of planning control.
<b>U</b>	A dwelling occupied only by a person, or persons, who is or are severely mentally impaired who would otherwise be liable to pay the council tax or only by one or more severely mentally impaired person.
<b>V</b>	A dwelling in which at least one person who would otherwise be liable is a diplomat.
<b>W</b>	W A dwelling which forms part of a single property, including at least one or other dwelling, and which is the sole or main residence of a dependent relative of a person who is resident in the other dwelling (granny annexe)

**TECHNICAL REFORMS TO COUNCIL TAX  
EQUALITY & HUMAN RIGHTS IMPACT ASSESSMENT (EHRIA)**

<p><b>Department</b></p> <p><i>Resources</i></p>	<p><b>Division</b></p> <p><i>Revenues</i></p>	<p><b>Officers involved in the assessment</b></p> <p><i>Candice Lancaster, Special Projects Manager Julie Smethurst, Revenues Manager</i></p> <p><b>Who is the owner of this EHRIA - responsible for monitoring outcomes?</b></p> <p><i>Adrian Robinson, Assistant Director (Head of Revenues &amp; Benefits)</i></p>
<p><b>Name of the policy, function or service provision to be assessed:</b></p> <p>Technical reforms of Council Tax</p>	<p><b>Date of assessment:</b></p> <p>6/11/12</p>	<p><b>Is this a new or existing policy or service provision?</b></p> <p>New</p>

**Who defined the policy, function or service provision and who are the main stakeholders?**

The Department for Communities and Local Government (DCLG).

The main stakeholders are:-

- Precepting Authorities;
- Council Tax payers;
- Council Housing
- Private and Registered Social Landlords;
- The Tribunal Service;
- The Council's Contact Centre;
- Housing Advice;
- Audit;
- Accountancy;
- Legal Services.

**Who implements and who is responsible for this policy or service provision?**

Adrian Robinson, Assistant Director (Head of Revenues and Benefits)

– **Describe the aims and objectives of the policy or service provision, how does it complement PCC Corporate Priorities:**

The Government has set out a range of changes affecting specific Council Tax exemption categories relating to empty or second homes.

These changes enable local authorities, within certain parameters, to determine the level of discount, if any, that should be made available in these cases. Our response to these changes sets out how the Council will use these new freedoms, and has the following key aims:

1. To make best use of the housing stock in the area by minimising the length of time it remains empty.

	<p>2. To allow a reasonable amount of time for turnover in occupiers</p> <p>3. To give property owners and landlords a reasonable time within which to bring their properties into occupation.</p> <p>3. To raise additional Council Tax income that can be used to maintain services, including those for vulnerable people, help residents to find work, and help keep the overall level of Council Tax at an affordable level for all residents.</p> <p>Our objective is to promote the principles of fairness, equality of opportunity, social inclusion and reduce poverty through excellent service provision, whilst achieving the required budgetary savings.</p> <p>This contributes towards the Council’s Health and Wellbeing corporate priority, working with partners and stakeholders to provide advice, guidance and support to the citizens of Lancaster.</p>
<p>– <b><i>Do the anticipated outcomes meet or hinder other policies, values or objectives of the authority?</i></b></p> <p><b><i>Can you identify how this may impact on promoting good relations between different groups within the city?</i></b></p>	<p>There is the potential for a financial impact on some individuals where they will be required to pay more Council Tax, or are exempt for shorter periods.</p> <p>There may be a negative financial impact on the following groups which may have a detrimental effect on the relationships between them and the Council:</p> <ul style="list-style-type: none"> <li>• Private and Registered Social Landlords;</li> <li>• Owners of second homes;</li> <li>• Owners of occupied and unfurnished dwellings that require major repair or structural alteration;</li> <li>• Owners of other unoccupied unfurnished dwellings;</li> <li>• Owners of empty dwellings that have been repossessed by a mortgagee.</li> </ul>

<p>– <b>What are the expected outcomes from this policy or service provision?</b></p>	<p>These proposals will help the Authority keep the overall level of Council Tax down, thereby supporting hardworking families and pensioners. This will be achieved by reducing the Council Tax discount previously available to the owners of second homes and empty properties in the area.</p>
<p>– <b>Is this policy or service provision being delivered in partnership? If so, please detail partnerships involvement</b></p>	<p>No</p>

### Responding to Need

<p>– <b>Who is intended to benefit from the policy, strategy or function and in what way?</b></p>	<ul style="list-style-type: none"> <li>• Individuals and families benefit from Council Tax increases being kept down.</li> <li>• The Council can generate additional revenue.</li> <li>• Incentivise owners to refurbish and bring empty homes back in to use, thereby increasing the housing stock and improving communities.</li> <li>• Bringing empty homes back in to use will contribute towards the amount of empty homes bonus the Council receives.</li> </ul>
<p>– <b>What do you already know about who uses this service? Are there identified gaps in the information needed (Actions to collect this data should be included in your action plan)</b></p>	<p>There are approximately 2,900 council tax payers who will be affected by these proposals.</p>
<p>– <b>What further consultation do you need to do? Please describe how you propose to proceed?</b></p>	<p>None</p>

### Comments

Are there any issues that you feel are important and have not been identified in this EHRIA?

Whilst the changes will result in additional Council Tax being charged, collection of monies due on empty properties has historically proven to be more challenging and resource intensive. Projected collection rates may need to be revised.

### **Assessing Impact on each Protected Characteristic**

#### **Step 1**

Consider the aims and expected outcomes of the service / function or project you are delivering and ask yourself the following questions:-

- How are the current needs of different equalities groups and communities being met?
- Is there any initial evidence that any part of it could discriminate unlawfully, directly or indirectly, against particular groups of people?
- *How will you ensure that your chosen methods of communication will reach all communities?*

#### **Step 2**

*Look at each protected characteristic, would any group be affected differently than others ? If you believe they would please identify whether this would be positively or negatively.*

*If there is no differential impact then you should select the neutral option.*

*Positive = you can evidence that outcomes from this project have / will impact positively on a protected characteristic*

*Negative / Unsure = Outcomes have not / are not expected to impact positively (There must be a corresponding action in your plan to address this or comment to justify why you cannot address the impact)*

*Neutral = No evidence either way*

Protected Characteristic	Positive	Negative	Unsure	Neutral	Comments
Race				*	
Disability				*	
Gender				*	
Age				*	
Religion & Belief				*	
Sexual orientation				*	
Socio economic				*	
Transgender				*	
Carers*				*	
Human Rights				*	

Protected Characteristic	Positive	Negative	Unsure	Neutral	Comments
Pregnancy & Maternity				*	
Rural Issues*				*	
Ex Offenders*				*	

<p>If you found adverse impact on any grounds at all, can it be avoided? What action will you take?</p> <p>(If you make changes because of adverse impact make sure these don't have a further adverse effect on any other group)</p>		
<p>If there is nothing you can do about any adverse impact highlighted, can the reasons be justified on the grounds of promoting equality of opportunity for any groups?</p>		
<p>What lessons have been learnt from completing the assessment?</p>		

Signed (completing Officer)..... Signed (Lead Officer).....



**CABINET**

**Budget and Policy Framework 2013/16 –  
Corporate Plan: Priorities Review  
4 December 2012**

**Report of the Chief Executive**

PURPOSE OF REPORT			
That Cabinet highlights areas of service for review that could, in turn, affect the council's future priorities.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officer			<b>X</b>
Date of notice of forthcoming key decision	N/A		
This report is public			

**RECOMMENDATIONS OF THE CHIEF EXECUTIVE**

- (1) That Cabinet consider whether they wish to highlight any areas of service for review that could, in turn, affect recommendations to Council in respect of the Corporate Plan Priorities and Budget 2013-2016.

**1.0 Introduction**

- 1.1 At its meeting on the 9 October 2012, Cabinet considered a half year monitoring report of the Corporate Plan 2012-2015 and resolved:

*That Cabinet Members consider any new priorities and reports these formally by 4 December 2012.*

- 1.2 In October, Cabinet also approved the timetable for completing the annual review of the budget and policy framework. Accordingly at this meeting Cabinet is due to consider budget proposals in context of any emerging policy or priority changes. Some items are included elsewhere on the agenda, but this report seeks wider direction on Cabinet's future proposed service priorities, to inform development of the Corporate Plan and Budget. Cabinet is advised, therefore, to consider this report and the budget update alongside each other.

- 1.3 The current Corporate Plan Priorities, as approved by Council in May this year are:

Economic Growth  
Health and Wellbeing  
Clean, Green and Safe Places  
Community Leadership

The following themes underpin these Corporate Priorities:

Working Together in Partnership  
Managing the Council's Resources  
Environmental Sustainability

- 1.3 At its meeting on the 6 September 2011, Minute 34 refers, Cabinet agreed a number of areas of activity to be fed into the Corporate Plan and Budget process last year. A copy of Minute 34 is attached as **Appendix A**.

## **2.0 Proposal Details**

- 2.1 Cabinet are requested to highlight areas of service for review that could, in turn, affect the council's future priorities and budget setting. However, any review needs to be considered in the current financial context which requires savings to outweigh growth.

## **3.0 Consultation**

- 3.1 Public sector partners including Lancaster City Council, Lancashire County Council, NHS Lancashire North Clinical Commissioning Group, University Hospitals of Morecambe Bay NHS Foundation Trust, Lancashire Fire and Rescue, Lancashire Constabulary and Lancaster and Morecambe College, have joined together to gather and hear local residents views.

The objectives of the engagement exercise have been to:

- raise awareness that public services are continuing to work together and with others;
- discuss issues, opportunities and develop solutions together;
- encourage a shift in public thinking, expectation and behaviour to enable local people to consider the role can play not only in shaping their district and its services, but in delivering them too;
- help us to focus and prioritise on what people most need. The focus of this year's joint engagement exercise has been 'families'.

The report set out at **Appendix B** includes information from a number of sources including the 'Take Pride in Your Family' questionnaire results, Place/Living in Lancashire survey results 2008/2011, Lancaster University 'Economic Crisis, Need and Voluntary Organisation in the Lancaster District' Report, Lancaster District Local Assessment 2012/13 Report and Pupil Power event results. Cabinet is advised to take this into consideration in reviewing services, priorities and budget setting.

**RELATIONSHIP TO POLICY FRAMEWORK**

This report forms part of the annual review of the Council's budget and priorities/policy framework.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

None arising directly from this report.

**LEGAL IMPLICATIONS**

There are none directly arising from this report.

**FINANCIAL IMPLICATIONS**

There are no specific financial implications at this stage, but the review of priorities will allow budget options and proposals to be developed.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

N/A

**Information Services:**

N/A

**Property:**

N/A

**Open Spaces:**

N/A

**SECTION 151 OFFICER'S COMMENTS**

This report should be considered alongside the recent MTFs review and the general budget update, as reported elsewhere on the agenda.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

Corporate Plan 2012-15

Corporate Plan Mid-Year Review Report and Minutes – 9 October 2012

Cabinet Min 34 from meeting held on 6.09.11

**Contact Officer:** Mark Cullinan

**Telephone:** 01524 582011

**E-mail:** chiefexecutive@lancaster.gov.uk

**Ref:** CE/ES/Cttees/Cabinet/December 2012

**34. Priorities Review** PDF 90 KB**(Cabinet Member with Special Responsibility Councillor Blamire)**

Report of the Chief Executive

**Minutes:****(Cabinet Member with Special Responsibility Councillor Blamire)**

Cabinet received a report from the Chief Executive which provided information on the priorities review, to enable Cabinet to decide how it wished to proceed in terms of the Corporate Plan and Budget for 2012-15.

There were no options listed in the report, which provided details on a number of areas of activity which Cabinet Members had requested be considered in more detail. Brief details on how to review each of the activities identified and the process for reporting to Members was set out in the report with the areas of activity identified as follows:

- Increased provision for social housing (including the possibility of council housing new build)
- More allotments because of the current very long waiting lists
- A programme for renewable energy on council houses – to increase energy production to reduce bills for tenants and as a potential financial investment for the council
- Protection of heritage on the Canal Corridor site
- Support for the arts in the district
- Continued funding for PCSO's
- Look at levels of street cleansing and improvement of open spaces
- Diversionary activities for young people
- Housing Regeneration
- Council housing opportunities – new regulations
- Council Tax Benefits localisation and grant reduction
- Implications of business rates changes as far as can be forecast
- Apprenticeships
- Working with the voluntary sector to reduce the amount of rough sleeping in the district.

The report highlighted areas of service for review which could, in turn, affect the council's future priorities. Cabinet were advised that the report needed to be seen in the current financial context which required savings to outweigh growth.

Councillor Hanson proposed, seconded by Councillor Leytham:-

- (1) "That Cabinet agree that the areas of activity identified in the report be fed into the Corporate Plan and budget process and recognise that these relate to all parts of the district, city, coast and countryside."
- (2) "That the areas of activity be amended as follows: 2.2 to include reference to the allotment initiative at Heysham, 2.7 to include reference to visitor as well as street signage."

Councillors then voted:-

**Resolved unanimously:**

- (1) That Cabinet agree that the areas of activity identified in the report be fed into the Corporate Plan and budget process and recognise that these relate to all parts of the district, city, coast and countryside.
- (2) That the areas of activity be amended as follows: 2.2 to include reference to the allotment initiative at Heysham, 2.7 to include reference to visitor as well as street signage.

**Officers responsible for effecting the decision:**

Chief Executive

**Reasons for making the decision:**

The decision to agree to the areas of activity recognises the council's commitment to city, coast and countryside and will assist in the development of the budget process.

## **'Most important to families' Research**

### **Background**

For the second year running, public sector partners including Lancaster City Council, Lancashire County Council, NHS Lancashire North Clinical Commissioning Group, University Hospitals of Morecambe Bay NHS Foundation Trust, Lancashire Fire and Rescue, Lancashire Constabulary and Lancaster and Morecambe College, have joined together to gather and hear local residents views.

The objectives of the engagement exercise have been to:

- Raise awareness that public services are continuing to work together and with others
- Discuss issues, opportunities and develop solutions together
- Encourage a shift in public thinking, expectation and behaviour to enable local people to consider the role can play not only in shaping their district and its services, but in delivering them too
- Help us to focus and prioritise what matter most to local people

### **Engagement Approach**

The focus of this year's joint engagement exercise has been 'families'. Families are at the heart of our society and it is important that the right services needed to support them are available (be they those caring for an elderly relative, or other dependant, or those with children).

The engagement exercise was preceded by a desk top exercise to establish what information public services already have on current family needs. This included:

- 2008 Place Survey
- 2011 'Living in Lancashire' results
- Lancaster University report on 'Economic Crisis, Need & Voluntary Organisations in the Lancaster District'
- Lancaster District Local Assessment 2012/13 report.

The Take Pride in your Family questionnaire was developed in consultation with partners and distributed and promoted via a variety of communication channels.

The consultation ran from 17 September to 15 October 2012 (4 weeks)

Partners plan to meet in November/December to discuss whether further work should take place to further explore and gain a more in depth understanding of the results eg workshops, focus groups etc.

142 questionnaire respondents have signed up to 'have their say' on public services. 113 of them have registered an interest in being involved in further discussions.

### **Desk Top Research**

The last widespread survey on perceived need was the 2008 Place Survey. Every local authority in the country asked their citizens a series of questions about their perceptions of their area and of local public services. Lancashire County Council annually includes some of these questions in their Living in Lancashire panel questionnaires.

### **2008 Place Survey and 2011 Living in Lancashire Survey**

The Place Survey and Living in Lancashire Survey included two questions:

- *What facilities are the most important in making somewhere a good place to live?*
- *Which facilities most need improving?*

The results show that people in Lancaster respondents think the most important facilities in making somewhere a good place to live are:

- The level of crime
- Clean streets
- Health services
- Affordable decent housing
- Education provision, public transport, parks and open spaces, access to nature and the level of congestion appeared in the top ten.

The most needs improving responses were as follows:

- Road and pavement repairs
- Level of traffic congestion
- Activities for teenagers
- Clean streets
- Job prospects
- The level of crime
- Wage levels and cost of living, affordable decent housing, facilities for young children, shopping facilities and public transport appeared in the top ten.

The Living in Lancashire Survey also included questions on:

- *Which community services or facilities are the most important to have in a local area?*
- *Which do they have and which have they used in the last 12 months?*
- *Which three or four of the following services should be the highest priorities for spending in the coming years?*
- *Which three or four of the following services should be the lowest priorities for spending in the coming years?*

The top five community services or facilities that are most important for a local area include:

- 1) A GP
- 2) Post office
- 3) Chemist/pharmacy
- 4) Corner shop

#### 5) Bus stop

A bank/cash point, a dentist, school (primary, secondary, special) and play ground also appeared in the top ten. People have most of these in their local area and have used them in the 12 months.

The top five county council services which should be the highest priorities for spending in the coming years include services for older people, primary and secondary education, repairing roads and bridges, keeping local bus services running, traffic management, support for businesses and attracting investment to Lancashire and waste management.

The top five county council services which should be the lowest priorities for spending in the coming years include museums, county parks, open spaces and picnic sites, libraries, adult education, nursery education, welfare rights and trading standards.

2012 results will be available for these questions in January 2013 (Living in Lancashire Survey).

#### **Economic Crisis, Need and Voluntary Organisation in the Lancaster District Report**

This report was produced by Lancaster University on behalf of Lancaster District CVS.

- The report recognised that the income poorest families, particularly those with children would be affected by the cuts the most.
- It suggested that the demand for voluntary sector services has increased during the economic crisis and recognised that the districts ageing population contributes to this.
- The need for advice and on social welfare benefits and services was highlighted as particularly high, especially housing needs eg benefit entitlement calculations.
- A concerning finding was the 'inability to access adequate amounts of food is problematic in the Lancaster District due to changing benefit entitlements, the economic crisis and austerity measures.'
- Mental health issues, food advice and advocacy and housing were the key issues raised by the research interviews.

#### **Lancaster District Local Assessment 2012/13 Report**

The report identifies a number of future trends including ageing population, migration, households and housing need, IT and technology, recession, public spending and government cuts, unemployment, household spending, benefits.

Some key trends include:

- Lancaster's above-average population of older people means extra 15,000 people over the age of 65 by 2035.
- Lancaster has experienced low net migration in recent years but figures are rising.
- Growth rates in the Lancaster District are projected to be 26.7% in 2033. To meet this need, it is estimated that over 900 new market and affordable homes are required annually over the next 10 years.

- Advances in technology make many activities easier and cheaper for local people. For example, better value shopping and less unnecessary travel.
- The number of people claiming jobseeker's allowance in the Lancaster District has risen by 200 (7.9%) over the last year and now stands at 2768.
- The Welfare Reform Act (2012) will make a significant change to the welfare and benefits system. Citizens Advice have noted an increase in requests for advice on benefits and tax credits, making it the issue most frequently asked about and accounting for one third of all requests made<sup>i</sup>. Issues around debt are very close behind (31%), with employment (8%), housing (7%) and relationships (5%) the next main concerns.

The report also highlights a number of priority needs that reflect the Lancaster University report including meeting urgent needs (food and shelter), the need for impartial advice and supporting those with a disability (both physical and mental).

### **Take Pride in Your Family Questionnaire Results 2012**

334 responses were received for the Take Pride in Your Family questionnaire - 192 online and 142 paper. These results have been analysed separately whereas the comments and demographics have been included in the overall analysis.

### **Most important public services to families and most needs improving**

#### Top ten most important public services

- 1) A safe district to live in
- 2) Easy access to health services and the support you need
- 3) Good education provision
- 4) Accessible and affordable public transport
- 5) Job opportunities
- 6) A clean district to live in
- 7) Anti social behaviour prevention
- 8) Support for the elderly to live independently
- 9) Affordable decent housing
- 10) Parks and open spaces

Eight of the above options have also been chosen as the top ten services that most need improving, with the exception of 'good education provision' and 'parks and open spaces'.

In addition, 'activities for teenagers' and 'well planned town centres, villages and other areas' have been identified as services that most need improving.

#### The top ten public services most need improving

- 1) Job opportunities
- 2) Accessible and affordable public transport
- 3) Anti social behaviour prevention
- 4) A clean district to live in
- 5) Activities for teenagers.
- 6) Affordable decent housing
- 7) Easy access to health services and support you need
- 8) A safe district to live in



- 9) A well planned town centres, villages and other areas
- 10) Support for elderly people to live independently

### **Representation**

Postcode and demographic analysis suggests that respondents represent a range of Lancaster district resident views including rural, urban, gender, age, ethnicity and disability. However, there has been a low response from under 18 year olds, students, lone parents and the unemployed.

298 of respondents answered the postcode and demographic questions.

Questionnaire responses have been received from people who live across the district, both urban and rural areas. (see attached map)

The response from male (44.5%) and females (55.7%) is a close reflection of the Lancaster district population gender statistics (male 48.3%, female 51.7%).

A wide range of age groups from 18 to 65+ have responded to the questionnaire, however the majority of responses have been received by people aged between 45 and 64 (41.3%) followed by 25 to 44 (33.6%).

The response from ethnic groups has been representative in comparison to the 2001 Lancaster district ethnicity statistics (2011 statistics are currently unavailable).

Approximately a fifth of respondents suffer from a long term physical illness, mental health, health condition or disability.

The majority of respondents are employed and married.

Over a third of respondents have parenting responsibilities and just under a fifth have caring responsibilities.

### **Other Relevant Engagement**

Members may also wish to consider the outcomes of a number of other relevant engagement activities to help to inform their budget decisions.

#### Voluntary sector commissioning engagement

Engagement sessions took place in Lancaster and Morecambe with a range of voluntary sector groups (via CVS). The feedback on needs was similar to the Lancaster University report (refer to desk top research section). Other identified needs included housing, employment and transport.

'Benefits/jobseekers restructure has impacts in different areas, especially disability and families.'

The feedback on voluntary sector needs and how together we can work differently have been fed into the Voluntary Sector Commissioning Framework.

## Pupil Power

The Local Democracy week Pupil Power event involved 98 children aged 10 - 12 from 3 primary schools across the district.

The overall results of the Pupil Power game and the individual activity suggested that community safety is the most important service and that public toilets are the least important service.

## Special Council

This year's Special Council event involved 36 young people aged 15 to 19 from 11 schools and colleges from across the district. The event involved a political speed dating activity followed by the Pupil Power game.

The overall results of the Pupil Power game suggested that community safety is the most important service and dog wardens are the least important service.

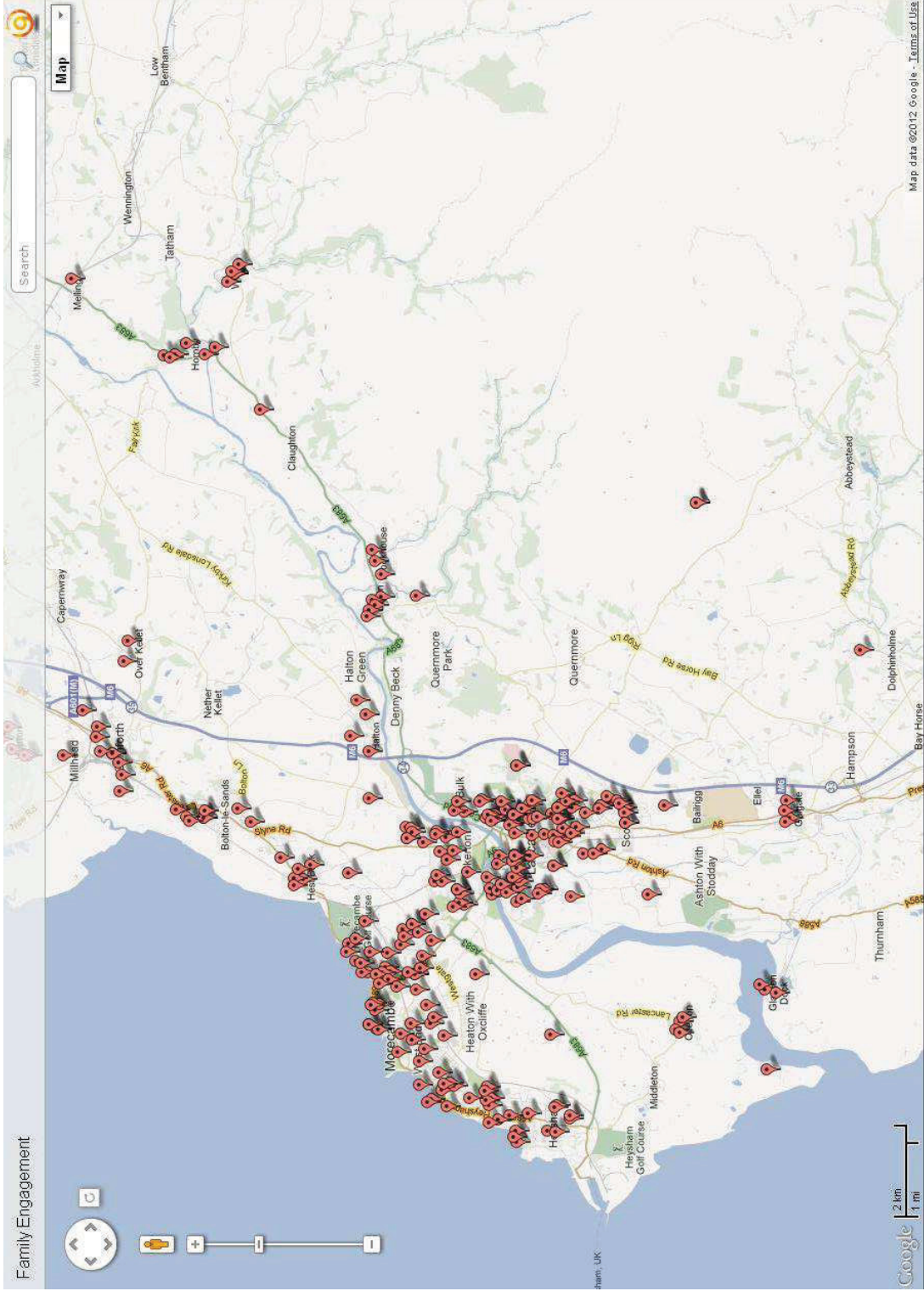
## **Conclusion**

The desk top research, take pride in your family questionnaire and pupil power results suggest that the most important public services for the Lancaster district are:

- Safety
- Health
- Education
- Transport
- Employment
- Clean streets/district.

The consultation also suggests that the areas that most need improving include:

- Job opportunities
- Transport (in particular, the local bus service)
- Anti social behaviour prevention
- Clean streets/district
- Activities for teenagers



**CABINET**

**Lancaster City Council Energy Strategy  
4<sup>th</sup> Dec 2012**

**Report of Head of Environmental Services**

PURPOSE OF REPORT				
To establish Cabinet's preferred approach to further delivering the outcomes of the Corporate Plan that relate to energy.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
				<b>X</b>
Date Included in Forthcoming Key Decision Notice			NA	
This report is public				

**RECOMMENDATIONS OF CLLR HAMILTON-COX**

(1) To be brought forward at the meeting

**1.0 Introduction**

- 1.1 'Managing the Council's Resources' and 'Environmental Sustainability' are two of the themes that the Council currently has underpinning the four stated Corporate Priorities.
- 1.2 The Corporate Priority of Clean, Green and Safe Places includes the following relevant outcomes, success measures and actions for 2012-15-

Outcomes	Success Measures	Actions
<ul style="list-style-type: none"> <li>• CO2 emissions from council activities are reduced</li> <li>• Council's energy usage is reduced</li> <li>• Income generated from energy, including solar energy</li> <li>• Income generated through climate change mitigation</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reduction in carbon emissions from the council's operations of 3.4% towards 34% cut by 2020</li> <li>• Reduce energy usage across Lancaster City Council owned buildings</li> <li>• Increase average Standard Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Implement energy efficiency measures for council buildings, housing and vehicles</li> <li>• Deliver actions to reduce the fuel consumption of council fleet</li> <li>• Deliver energy efficiency works at Salt Ayre Sports</li> </ul>

Outcomes	Success Measures	Actions
and adaptation projects for reinvesting into the invest to save fund	Procedure (SAP) rating in Council Housing homes <ul style="list-style-type: none"> <li>Increase income from energy and recycling projects</li> </ul>	Centre <ul style="list-style-type: none"> <li>Consider how best to manage the Council's future energy requirements</li> <li>Deliver opportunities arising from Government 'green deal' scheme, including solar technology</li> <li>Deliver the energy efficiency measures within the planned and capital programme for council housing</li> </ul>

1.3 The Corporate Priority of Economic Growth includes the following relevant outcomes, success measures and actions for 2012-15-

Outcomes	Success Measures	Actions
<ul style="list-style-type: none"> <li>Employment opportunities are created by development of energy infrastructures which may include offshore wind, renewables and biomass</li> </ul>	<ul style="list-style-type: none"> <li>Number of offshore wind; renewables; bio-mass initiatives supported</li> </ul>	<ul style="list-style-type: none"> <li>Promote offshore wind, renewable energy and biomass opportunities in the district</li> </ul>

1.4 Clearly some of the above are for the Council to do directly and some are for the Council to promote and support. The remainder of this report focuses on those outcomes which the Council can actively deliver and draws a distinction between 'efficiency' outcomes and 'renewables' outcomes.

1.5 'Efficiency' outcomes are those which generate savings for the council through the identification of opportunities to improve the management of the council's energy consumption. The Council has already taken a number of positive actions to improve the efficient use of energy within its buildings and assets and is generating real savings, most notably at Salt Ayre Sports Centre, Lancaster Town Hall, and the Council Housing stock. However, there are a finite number of efficiencies which can be made and, whilst continued activities are planned, their success is dependent on the availability and priority for funding.

1.6 By comparison, 'Renewables' outcomes will involve the creation of the energy

required for necessary functions but from renewable sources and will generate both income and savings. Examples of the key commercially proven renewables include wind, biomass, solar PV / thermal, and hydro. The Council has recently delivered a significant energy project i.e. the installation of solar PV panels on a number of Council owned properties. The success of this project demonstrates the positive impact of successfully delivering renewables outcomes.

- 1.7 There is no doubting the success of meeting the 'efficiency' related outcomes, but as the number of opportunities for improved efficiency declines, a greater focus on the renewables outcomes will be required to maximise the potential gains for the Council.
- 1.8 Furthermore, whilst an action in the Corporate Plan is to consider how best to manage the Council's energy usage in the future, it can be expected that the Council will become increasingly affected by legislative requirements to reduce our carbon emissions. The Climate Change Act 2008 has set a legal precedence for the Government to reduce the UK's carbon emissions which has seen the introduction of legal mechanisms including the Feed-in Tariff, the Carbon Emissions Reduction Target, and the Green Deal. As the pressure to achieve legally binding carbon reduction targets increases, it can be anticipated that the UK Government will place further duties on the Council. Therefore, there is a need to plan ahead, particularly when there are currently financial incentives available for renewable energy projects to assist in this regard.
- 1.9 At the moment, progress in this regard is relatively good but has tended to be in response to the need to make savings or as a reaction to opportunities that have arisen. An Energy Strategy will provide a fully considered view on what the aspects of the Corporate Plan outlined above really mean to Lancaster City Council and; what the Council is going to do about them. Areas covered could include: emissions reduction, renewable energy, behaviour change, the living environment, impact on the local economy, job creation etc.
- 1.10 In addition, using an Energy Strategy to plan ahead could help-
  - reduce emissions
  - lower overall costs
  - protect against energy inflation
  - provide valuable income to the Council
  - provide jobs and growth for the local economy.
- 1.11 The strategy should be one that is clear, agreed, understood and can be realistically attained by the Council. Essentially a document that sets out how the Council is going to achieve this aspect of the Corporate Plan.
- 1.12 It would essentially have three elements-
  - **targets / aims / or goals as to what the Council wants to achieve.** As an example 'we will produce 25% of the energy that the authority uses from renewable sources by 2015;'
  - **a plan of how to get there.** In order to deliver that, we will install X MW of solar PV, Y MW of wind or biomass etc;
  - **Identify projects that will deliver those goals.** The first projects will be solar PV on Salt Ayre, White Lund Depot etc. This will be followed by X, Y and Z;
- 1.13 If agreed the strategy would need to be funded and adequately resourced.

- 1.14 It is expected that, besides the more obvious efficiency initiatives, renewable energy projects could be considered when developing the strategy. These obviously require significant up-front costs but have the potential to generate income and make real savings for the Council. A number of ongoing renewable energy projects in other Councils are included in Appendix 1 by way of example.

## **2.0 Proposal Details**

- 2.1 Cabinet are requested to consider their approach to delivering this significant part of the corporate plan.

- 2.2 The Council has made considerable progress already that will contribute to the agreed outcomes. There will no doubt be further opportunities that arise. The ability to take advantage of these opportunities depends very much on alignment of opportunity with funding, officer capacity and other priorities.

- 2.3 It is proposed that to fully address this aspect of the corporate plan the Council develops an energy strategy. Based on the capacity the Council has it is clear that the adoption of a strategic approach is one that will require additional resource. Clearly there are a number of services of the Council that will be integral to the development of a Council Energy Strategy. Officers from these services will need to have a significant input in its development. What will be needed though is expertise to help translate what we want achieve into something that can be delivered. Expertise is needed, as examples to assess the types of technology available, what the costs are, what the expected income will be and so forth. It is estimated that in order to develop a fit for purpose strategy that is provided to the point where it could realistically start to be implemented would cost £20,000. This one off cost though as highlighted by the examples in the appendix would be more than offset by, as an example, the future income that could be generated from further renewable energy projects.

## **3.0 Details of Consultation**

- 3.1 Were the Council to consider a strategic approach to this aspect of the Corporate Plan it would be important that the resultant strategy had been fully consulted on.

## **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 **Option 1-** Continue to deliver this aspect of the Council's corporate plan in the way that it has been delivered to date. The main risks of this are that there will be no real focus and when opportunities do arise the lack of underpinning strategy will create problems in terms of resourcing, staffing, consultation and ability to deliver real wins to the Council. It is also considered certain that ultimately energy costs will continue to rise, targets for reducing carbon emissions etc will continue to rise, commercially proven renewable technologies will improve and incentives for introduction of renewables will decrease. Not having any planned approach could act against the Council's best interests and there can be no guarantees that this approach will effectively deliver this aspect of the Corporate Plan.

- 4.2 **Option 2-** Seek to develop a Council energy strategy, subject to

consideration as part of the budget. This would help to ensure the Council has in a place a clear, agreed and realistic plan for the future that will allow us to protect ourselves against rising energy costs, meet emission targets, generate income and take advantage of available technologies at the opportune moments. It will require a budgetary allocation of around £20,000 to develop the actual strategy. Dependent on the approach chosen it could potentially cost millions to deliver, but potentially the benefits financially, economically and environmentally may far outweigh the initial costs.

**5.0 Conclusion**

5.1 The report sets out how the Council could deliver this aspect of the Corporate Plan

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>As outlined in the report</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</b></p> <p>As outlined in the report</p>
<p><b>LEGAL IMPLICATIONS</b></p> <p>Any strategy will have to take into account any statutory duties the Council may have.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>The development of an energy strategy will require significant officer time as well as the use of external expertise. If deemed a priority the officer time will be prioritised from existing budgets however it is estimated that the one-off cost of external expertise would be in the region of £20K. There is currently no specific budgetary provision for this and therefore it would need to be considered as part of the current revenue budget exercise.</p> <p>It should be noted that once developed, the strategy is likely to highlight areas requiring significant financial investment (potentially into the £millions) and Members should be mindful that difficult financial decisions will need to be taken in order to support the strategy. However, as the results are unquantifiable at this moment in time, further reports will need to be prepared in order to outline options available including full financial appraisals to justify their support.</p>
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p><b>Human Resources:</b></p> <p>None</p> <p><b>Information Services:</b></p> <p>None</p> <p><b>Property:</b></p> <p>Responsibilities regarding energy management for property need to be clearly set out, in context of other potential strands of any energy strategy. For council owned property, support from the County Council is currently being considered, linked to the joint working</p>



arrangements in place. The work involved in developing any energy strategy would need to reflect this, to avoid duplication and ensure co-ordination.

**Open Spaces:**

None

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and her comments reflected in the report. She would add also that in due course and as with all budget proposals, any capital investment options would need to be considered in accordance with the Prudential Code, to ensure affordability, prudence, and sustainability.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

**Contact Officer:** Mark Davies  
**Telephone:** 01524 582401  
**E-mail:** mdavies@lancaster.gov.uk  
**Ref:**

APPENDIX 1

**BUSINESS CASES FOR RENEWABLE ENERGY PROJECTS IN LOCAL GOVERNMENT**

**PROVIDED BY STEPHEN CIRELL (Stephen Cirell Consultancy Ltd) at member briefing 19/09/12.**

*Preston City Council – wind energy project;*

Under an early business case, it was indicated that a 3 MW wind farm (three 1 MW wind turbines) would cost £4.5m and the net income (based on a wind speed of 6-7 m/s) would be £800,000 pa. This would pay back over 5 years and offer a return of 20% tax-free for the Council for 20 years.

Since that report was presented, further discussions have taken place and it now appears as though a larger scheme might be more appropriate. An example might be three 3 MW turbines, giving a total capacity of 9 MW, with a cost of around £12m and an income of £2.5m pa tax free for 20 years. This would generate 21,000 MWh of energy per annum (almost three times the total energy usage of the Council currently).

*Wrexham County Borough Council – solar PV project*

The Council is borrowing £25m to put solar PV on 3,000+ of its Council properties. This is being funded partly by the HRA and partly by borrowing. The scheme is providing a profit to the Council across the 25 year period of around £15m. It has managed to secure a very competitive price well under £2500 per kw installed for this project (by undertaking its own procurement exercise), which has decreased its costs

and increased its profit.

*Severn Trent Water – AD plant*

Severn Trent commissioned and built the AD plant at Stoke Bardolph and its capital cost was £15m. It took two years to build, will earn approximately £1.5m pa and will pay back in 10 years. It creates 15,000 MWh of energy per annum. To replicate this project, 700 hectares (or 1400 acres) of land is required at 50 tonnes of maize per hectare. This produces 37,000 tonnes of maize annually. Either the FIT can be used for this or there are 2 ROCs currently for AD under the ROC banding. Heat is produced by the plant too but only 10% of this is used in the process (as there is currently no outlet for it). The IRR on this plant is 11.5%.

*Derby City Council – hydropower plant*

Derby City Council has undertaken a project in the more traditional area of hydropower. It has put a hydropower facility at Longbridge Weir, on the River Trent near the Council House in Derby.

The facility is 200 KW but will produce around 12,500 MWh of electricity per annum, for a capital cost of around £2m. Much of the power will be used in the Council's own offices, and its carbon footprint will be radically reduced.

*Renewable Heat Incentive*

The example here is a large local authority secondary school. The building has an annual heating requirement of 3,351 MWh from a X capacity gas boiler.

It costs £877,250 for a new biomass boiler, with improved controls and fittings, which then generates £88,279 'cash back' per annum through RHI guaranteed for 20 years. It costs £17,464 per annum for wood pellets to fuel the boiler so you make £83,066 per annum from this for 20 years.

The scheme will pay for itself in just over 8 years. This works out at just under a million pounds net profit, tax free, (£996,000) over the 20 years not even counting inflation.

*Solar Thermal Project*

This example is a leisure centre with a 20 m / 8.5 m pool, 1.2 m deep. Pool temperature has to be 29 degrees. Turnkey cost for solar thermal £45,000 (supplied, installed and commissioned). Collector power 53 kw. This system has a five year payback - the total cost is £45k with the RHI and fuel cost savings being £75k, delivering a surplus of £30,000 over 20 years.

**CABINET**

**Ryelands Park Bandstand  
4<sup>th</sup> December 2012**

**Report of Head of Environmental Services**

<b>PURPOSE OF REPORT</b>			
To seek Cabinet's decision on a request from Morecambe Town Council with regards to the Ryelands Park bandstand			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
		<b>Referral from Officer</b>	<b>X</b>
<b>Date of notice of forthcoming key decision</b>	NA		
<b>This report is public</b>			

**RECOMMENDATIONS OF CLLR SMITH**

- (1) That the City Council does not agree with the principle of Morecambe Town Council's proposed relocation of Ryelands Bandstand to Happy Mount Park
- (2) That before the City Council considers whether it would in principle allow Morecambe Town Council to locate a bandstand in Happy Mount Park a comprehensive consultation exercise, overseen by the City Council, but funded by Morecambe Town Council is undertaken. The results of this to be reported back to Cabinet.
- (3) That based on Cabinet's decision the Head of Environmental Services responds to Morecambe Town Council's letter.

**1.0 Introduction**

- 1.1 Morecambe Town Council have made a request to Lancaster City Council, via the Chief Executive, as set out in Appendix A.

**2.0 Proposal Details**

- 2.1 In terms of the request from Morecambe Town Council the following information should be considered-
- 2.2 There is some debate as to whether bandstand in Ryelands Park was actually originally located in Happy Mount Park as indicated in the letter from Morecambe Town Council. Either way it has been located in Ryelands Park for a very long time.
- 2.3 The bandstand in Ryelands Park is in poor condition. A structural survey was undertaken about 2 years ago, following a similar request. The survey indicated that whilst it was currently in safe condition it would not be advisable to attempt to take apart and then transport the structure.

- 2.4 Work is currently taking place to develop a master plan for Ryelands Park. The bandstand isn't specifically included in this. It is clear though from consultation that has taken place already that despite it's poor condition the local community view it as an iconic feature of the Park. At this stage there is no funding to be able to make improvements to the bandstand.
- 2.5 Extensive consultation has recently taken place with users of Happy Mount Park. The aims of the consultation were to –
- to increase the number of visitors to Happy Mount Park and maximise satisfaction.
  - To improve the profile of Happy Mount Park as a visitor destination

A total of 401 questionnaires were completed face-to-face and online. One question was asked about what people would like to see with regard to the development of the park. Of 150 responses 5 people said they would like to see a bandstand in Happy Mount Park. 3 other people said there should be more bands in the park.

- 2.6 During the summer a number of bands do play in the park and manage to do so without a permanent bandstand.
- 2.7 Were a permanent bandstand to be located in the Park it would need space finding for it. Besides the initial cost of purchasing and constructing the bandstand sufficient ongoing maintenance budgets would need to be allocated to the bandstand.
- 2.8 Whilst 1700 residents and visitors have signed a specific petition on this subject no consultation on the actual need for a bandstand in Happy Mount Park has taken place.

### **3.0 Options and Options Analysis (including risk assessment)**

- 3.1 **Option 1- Agree / Not Agree to the idea relocation of the Ryelands Bandstand to Happy Mount Park.** Based on previous advice this option is not practically feasible and even if it were would require consultation with the users of Ryelands Park. The City Council has no resource currently available to undertake this consultation. Were Cabinet minded to consider this option it should consider requesting that Morecambe Town Council covers the costs of a consultation exercise
- 3.2 **Option 2- Agree / Not agree to the principle of a bandstand in Happy Mount Park.** A permanent bandstand in Happy Mount Park would take up valuable space and would need to be properly maintained. At this stage there is no real evidence to show how a permanent bandstand would add to the visitor experience in Happy Mount Park and complement the existing range of activities, which already includes concerts and bands who manage to perform without a permanent bandstand. Were Cabinet minded to consider this option consultation would need to take place to establish whether a permanent bandstand really was needed. The City Council has no resource currently available to undertake this consultation. Were Cabinet minded to consider this option it should consider requesting that Morecambe Town Council covers the costs of a consultation exercise

**4.0 Conclusion**

4.1 The report seeks Cabinet’s view on Morecambe Town Council’s request so a response can be made.

4.2

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>The Council’s corporate plan includes the action of continuing to develop and market Happy Mount Park as a key visitor attraction.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b>                  (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>NA</p>	
<p><b>LEGAL IMPLICATIONS</b></p> <p>None as result of this report</p>	
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>As set out within the report</p>	
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p><b>Human Resources:</b> NA</p> <p><b>Information Services:</b> NA</p> <p><b>Property:</b> NA</p> <p><b>Open Spaces:</b> As set out within the report</p>	
<p><b>SECTION 151 OFFICER’S COMMENTS</b></p> <p>The Section 151 Officer has been consulted and has no further comments.</p>	
<p><b>MONITORING OFFICER’S COMMENTS</b></p> <p>The Monitoring Officer has been consulted and has no further comments.</p>	
<p><b>BACKGROUND PAPERS</b></p>	<p><b>Contact Officer:</b> Mark Davies  <b>Telephone:</b> 01524 582401  <b>E-mail:</b> mdavies@lancaster.gov.uk  <b>Ref:</b></p>



Morecambe Town Council  
Morecambe Town Hall  
Marine Road  
Morecambe  
LA4 5AF.

Contact: David Croxall  
Telephone: 01524 422929  
Email: [clerk@morecambe.gov.uk](mailto:clerk@morecambe.gov.uk)  
Our Ref: TC/FC 2011  
Your Ref:

Mr M. Cullinan,  
Chief Executive,  
Lancaster City Council,  
Town Hall,  
Dalton Square,  
Lancaster.  
LA1 1PJ

8<sup>th</sup> November, 2012

Dear Mr Cullinan,

**Happy Mount Park, Morecambe – Provision of a Bandstand**

Earlier this year the Town Council considered correspondence regarding the Ryelands Park Bandstand from members of the Community within Morecambe who were requesting support from the Town Council to fund Bandstand being relocated in Happy Mount Park where it had originally come from.

The impetus behind this was twofold. Firstly the bandstand was originally located in Happy Mount Park and secondly the number of band concerts promoted in the Park with no proper facilities e.g. a bandstand.

The Town Council resolved that I should work with the City Council with a view to making this happen and for the Town Council to actively seek external funding towards the project.

I have now received a petition signed by 1,700 residents and visitors to the town requesting:

“The Bandstand in Ryeland’s Park, Lancaster to be returned to Morecambe and placed in Happy Mount Park for the use of band concerts in the summer months”.

The purpose of this letter is therefore to find out the City Council’s position with regard to the bandstand in Ryelands Park and I would respectfully ask the following questions on behalf of the Town Council and local residents/visitors to the town:.

- (1) Would the City Council raise any objections to the apparently underused bandstand being relocated back to Happy Mount Park?
- (2) If the answer to this was yes, would the City Council be happy for the Town Council work to seek external funding to pay for the relocation costs?

- (3) If the City Council view is negative in terms of the bandstand not being relocated, is the City Council in agreement to the Town Council actively working with the public and community groups to pursue funding for a new bandstand for Happy Mount Park?
- (4) Finally, does the City Council have a view as owners of the Park on the most suitable location within Happy Mount Park for a bandstand?

I look forward to receiving the City Council's response to these questions as soon as possible and any other comments that you believe to be appropriate to this issue.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David Croxall". The signature is written in a cursive, flowing style.

David Croxall  
Clerk to the Council

**CABINET**

**Supporting People – Budget Proposals  
4<sup>th</sup> December 2012**

**Report of Head of Health and Housing**

<b>PURPOSE OF REPORT</b>			
To provide Cabinet with details of the proposed changes to the distribution of the Supporting People Programme Grant across Lancashire.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		5 November 2012	
<b>Appendices 3 and 4 referred to in this report are exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972</b>			

**RECOMMENDATIONS OF Councillor Karen Leytham**

- (1) That Cabinet note the proposed changes relating to the distribution of the Supporting People Programme Grant.
- (2) That Cabinet consider the impact and future implications of the proposed changes upon this district.
- (3) That Cabinet agree which of the options identified should be selected when Lancaster City Council exercises its voting rights at future Commissioning Board meetings.
- (4) That officers continue to investigate the options available to deliver a new hostel for rough sleepers and single homeless people until the Supporting People budget proposals are endorsed, and then a further report will be brought back to Cabinet outlining the potential options and the wider implications of commissioning this new service.

**1.0 Introduction**

1.1 The Supporting People Programme is responsible for the planning, commissioning and procurement of housing related support services which enable vulnerable people to develop independent living skills and prevents homelessness and social exclusion by providing timely interventions that minimise the need for more costly health, community safety or social care services. These vulnerable groups can be defined as homeless households, people with a history of drug/alcohol misuse, offenders, people with



disabilities, young people at risk, older people, victims of domestic violence and gypsies and travellers.

- 1.2 Since the introduction of the Supporting People Programme in 2003, the funding of housing related support services has changed from a ring fenced grant to funding being provided in Lancashire County Council's Formula Funding.
- 1.3 Lancashire County Council advocate that the success of the Supporting People Programme is dependent on effective partnership working between the County and other partners, especially district councils given their strategic responsibility in relation to housing. Therefore, the Supporting People Programme has unique governance arrangements and whilst its operational administration is carried out by a dedicated team within the county council, the partnership comprises three distinct groups; the Commissioning Body, locality groups in the north, east and central areas of Lancashire, and provider forums.
- 1.4 The Commissioning Body is made up of a partnership of Lancashire County Council, Lancashire Primary Care Trusts, Lancashire National Offender Management Service, Lancashire Drug and Alcohol Action Team and the twelve two-tier district councils which exclude Blackpool and Blackburn. The Commissioning Body has a decision making role which is fully detailed within the Memorandum of Understanding and Terms of Reference appended to this report in Appendix 1. Part of the Commissioning Body's role is to agree the funding distribution formula for the Supporting People Programme in Lancashire.
- 1.5 The three locality groups incorporate both commissioners and providers, with some delegated decision making functions around particular areas such as commissioning plans, needs assessment, customer engagement, personalisation, quality and performance. Lancaster district forms part of the North locality group along with Wyre and Fylde Councils.

## **2.0 Current and Proposed Funding Distribution**

- 2.1 The Supporting People Programme funds a wide range of tenancy support related services, which includes different forms of supported housing projects (where accommodation and tenancy support is provided usually by the same provider) such as sheltered housing, young people's projects and refuges, other services like home improvement agencies, and floating or visiting support where the support is flexible and can be delivered anywhere.
- 2.2 In 2006, there was a redistribution of funding for floating support services based on a 60/40 model (60% deprivation and 40% population). Later in 2008, it was proposed and agreed that this model would be used to redistribute the funding across Lancashire, but the implementation of this model was delayed as it would have resulted in a significant shift in funding, which for South Ribble district, would have represented a 44.10% decrease in funding. Because of the concerns about the appropriateness of using this methodology, it was never implemented. Furthermore, at the time the Commissioning Body agreed the new methodology, there was no equality

impact assessment undertaken, and the county council's legal services have since advised that there needs to be a further review of the decision in order to meet the requirements of the Equality Act.

- 2.3 In the intervening years since the original decision was made, a needs assessment methodology has been developed which was implemented across the North West, as well as other areas of the country, and more recently a new budget modelling tool has been developed which translates the needs assessment figures into indicative budgets.
- 2.4 The need to agree a robust methodology for distributing the grant across Lancashire has become even more acute because, as a result of the impact of the Comprehensive Spending Review in 2010 upon the county council's budget, £1.3M savings have to be achieved by the end of 2014/15. Therefore, there needs to be a consistent transparent process in place to determine how those savings should be achieved across districts.
- 2.5 Lancashire County Council's overall aim is that the funding is allocated in line with local needs and priorities. The total budget figure for Lancashire (excluding the funding provided to learning disabilities where separate commissioning arrangements apply) is £18,124.139.
- 2.6 It is worth noting though that the needs assessment methodology is based on a wide range of assumptions around population, different client groups, clusters, districts and localities, service provision and duration of service. The assumptions through the needs assessment methodology and the indicative budgeting tool can never be a scientifically accurate assessment, and the figures generated are best attempts at estimating levels of need using these assumptions. However, this methodology takes account of far more detail than the previous 60/40 model and should therefore predict a far more accurate level of need in each district. Appendix 2 provides some further detail about the range of information used in the budget modelling tool.
- 2.7 The approach taken by the county council in agreeing and implementing a new methodology was to find a transparent robust model but which, to a certain extent, would limit the potential reduction to those district budgets affected. Therefore, four different potential models have been tested, which are:-
  - 60% deprivation/40% population (the original model suggested)
  - 50% needs and 50% deprivation
  - 75% needs and 25% deprivation
  - 100% needs

The results of each methodology applied are detailed in Appendix 3 (exempt item), along with the results with the necessary savings applied.

### **3.0 Current spend of SP funding in the Lancaster district**

- 3.1 Lancaster district currently receives 12.76% of the total budget for

Lancashire, which in monetary terms equates to £2,312,865 annually. Appendix 4 (exempt item) shows the services provided split into client groups, and the contract values per provider.

- 3.2 The level of savings needing to be achieved is dependant upon which methodology is applied, which are detailed in Appendix 3. There is only one model that would not result in a reduction in this district's allocation even after the savings have been applied.
- 3.3 Not only do the proposals affect existing services, the commissioning of any new services would also be affected as it is a current requirement of the Commissioning Body that new services can only be commissioned in the following circumstances:-

***Where there is capital funding available (interpreted as grant, land or access to properties) then the SP Commissioning Board will be prepared to agree additional revenue funding on the understanding that, as a result of the significant political implications of closing services, confirmation from the Chief Executive and Leader will be required:***

- ***stating that there is an acceptance that other services may need to be closed in the future in order to provide ongoing funding to the new project;***
- ***demonstrating that consideration has been given to identifying services which would be closed/reduced in the future in order to achieve savings targets***

- 3.4 In July 2011, Lancaster City Council bid for funding under the Government's Homelessness Change Programme and secured £790K capital funding to provide an 18 unit hostel for rough sleepers. Whilst the council was the lead organisation submitting the bid, given the short window of opportunity involved, the intention was not for the city council to build and manage the scheme, but that a partner organisation (a Registered Provider) would develop the project and draw down the grant directly from the Homes and Communities Agency. The revenue funding through Supporting People would be subject to separate contract tendering and procurement rules that Lancashire County Council apply.

- 3.5 No formal reporting to Cabinet has taken place as yet, as officers have been unable to proceed with identifying a substitute partner organisation to deliver the project, although a number of organisations have already expressed an interest in both building and managing the proposed new service.

- 3.6 A report went to the Commissioning Body in April 2012 requesting a decision on the revenue funding for the proposed homeless hostel, but in view of the uncertainty around the distribution of the Supporting People grant, no further steps have been taken to commission the service until there was some further clarity around the budget position, and a sense of what savings would need to be identified to commission the proposed service. The likely annual revenue cost of a hostel of this type, which would be adequately staffed with 24 hour cover, is likely to be circa £200K annually. Should Lancaster City Council wish to commission this service, further savings within the existing and future budget would need to be identified in addition to any reductions in budgets

brought about when the new methodology is applied.

- 3.7 Members are asked to consider whether officers should proceed with exploring options relating to the proposed new service for rough sleepers, which will necessitate additional savings in the current and future proposed budget of around £200K annually, and whether the proposed project is of sufficient strategic importance above and beyond those services that are currently being funded. Should Members wish to proceed with the rough sleeper project, a further report will be brought back to Cabinet setting out the range of options that exist for the new service, along with more detailed proposals about how the savings could be achieved. Members should be aware, however, that there is a very strong likelihood that those recommendations could result in the reduction and/or closure of one or more existing services, and that any such proposal is always a complex and politically sensitive issue which will directly effect other vulnerable client groups, service providers and key stakeholders and partners. It should be borne in mind, however, that there has never been a specific service provided locally for rough sleepers and single homeless households who require very intensive support and accommodation that is likely to meet their needs and bring about immensely positive outcomes for them, and for the wider community.

#### 4.0 Details of Consultation

- 4.1 Lancashire County Council consulted all district councils at an extraordinary meeting on the 25<sup>th</sup> October 2012, and each district has now been tasked with considering the options presented, and whether they are willing to support the county council's preferred methodology. Therefore, all partner bodies will, at the next meeting of the Commissioning Body (to take place in December 2012 or early January 2013), will be required to cast their vote accordingly. The findings will then be formally reported to Lancashire Chief Executives in January 2013, for final endorsement before being implemented by Lancashire County Council. There will need to be wider consultation with locality groups and existing service providers regarding the proposals, and the impact of whichever model is applied.

#### 5.0 Options and Options Analysis (including risk assessment)

	Option 1: 60/40 model	Option 2: 50% need:50 deprivation	Option 3: 75 % need; 25% deprivation	Option 4: 100% need
Advantages	None	None	Lancaster district's current budget allocation would increase by 0.24% and is the preferred model that the county wish to implement.	Lancaster district's budget allocation would increase by 7.94% and by 0.38% even after the savings have been applied. Less savings to be achieved to

				commission the proposed homeless hostel.
Disadvantages	Lancaster district would see a current budget reduction of - 10.31% increasing to - 16.14% when the savings are applied.	Lancaster district would see a current budget reduction of - 4.11% increasing to - 10.61% when the savings are applied.	Lancaster district's future budget reduction would decrease by -5.11%.	This is not the county's preferred model.
Risks	Loss and/or reduction in services particularly when the savings are applied.	Loss and/or reduction in services particularly when the savings are applied.	Potential loss or reduction in some services when the savings are applied but to a lesser extent than Option 1 and 2. Some districts may not support this model as the 100% needs model presents better outcomes for 10 out of the 12 districts. Would require savings of £300k from 2015 to commission the new service. The reduction in existing services could place more pressure on the council meeting its statutory duties although the council is not thoroughly meeting its current statutory duties towards single homeless households in a satisfactory way at present.	If there is a majority vote from districts to adopt this model, the county are not likely to support and adopt it because of the budget implications upon a neighbouring district, which is exacerbated when this model is applied.

5.1 See also paragraph 3.6 above, which outlines whether to proceed with exploring options relating to the proposed new service for rough sleepers.

**6.0 Officer Preferred Option (and comments)**

6.1 The officer preferred option is Option 3, which is the county council's preferred model. Whilst it does not represent the greatest financial gain for the Lancaster district, the county have to take into account the potential impact and any financial reductions imposed on all districts within the partnership by any model applied, and if districts were to vote against this model, it is highly likely that the county would refuse to implement the 100% needs model, as before with the 60/40 model, which will result in delays in planning for and implementing the necessary savings by the end of 2014/15, or the county may be forced to implement Option 3 anyway. The preferred model means that the resultant reductions in budget are below -20% of current budgets, which the county believe is a reasonable and rational approach. Although there will be a need to identify savings if option 3 is approved in order to commission the homeless hostel, officers will provide a range of options to achieve the necessary savings, and are of the view that the proposed new service is of sufficient strategic importance to take precedence over some of the existing services currently funded through the Supporting People Programme.

**7.0 Conclusion**

7.1 This report outlines the various options that Lancashire County Council have explored to ensure there is a fair and transparent of distributing the Supporting People Programme Grant across the county, and have identified the most suitable option that will limit the impact of any proposed budget reductions in each district within the partnership. Members are therefore required to decide whether this is an acceptable approach and whether officers are permitted to vote in support of the county's preferred methodology at the next meeting of the Commissioning Body in December 2012.

7.2 This report also makes reference to the wider implications of implementing the county's preferred methodology which will result in a reduced budget once the savings are applied in 2015.

**8.0 Next steps**

8.1 At December's meeting of the Commissioning Board, agreement will be sought from the county to adopt their preferred methodology to distribute the Supporting People grant in Lancashire. Assuming agreement is reached, the proposal will be referred to Lancashire Chief Executives in January 2013 for final endorsement and before being implemented by Lancashire County Council. If officers are authorised to proceed, a further report will be presented to Cabinet which will provide details of all the possible options to deliver the new service, and more specific recommendations about how the necessary savings could be achieved in the future.

**RELATIONSHIP TO POLICY FRAMEWORK**

Section 8 of the Council's Corporate Plan 2012 - 2015 seeks to improve the health and wellbeing of vulnerable people, reduce the number of homeless people in the district and reduce the number of people sleeping rough in the district.

Lancaster District Homelessness Strategy 2008 – 2013 aims to reduce the number of vulnerable groups becoming homeless including young people, those affected by domestic violence and offenders/rough sleepers.  
“No Second Night Out” – Government initiative to end rough sleeping nationally, leading to a Lancashire NSNO strategy and policy, and local policy and protocols.

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

A full equality impact assessment will be undertaken by Lancashire County Council, endorsed by the county’s legal services and the Commissioning Body. Lancaster City Council will need to undertake a further Impact Assessment once the new methodology is endorsed and applied, in relation to future changes and how the savings will need to be made within this district.

The county’s preferred methodology seeks to minimise the impact of budget reductions that fund services provided to vulnerable groups across Lancashire.

**LEGAL IMPLICATIONS**

There should not be any direct legal implications upon Lancaster City Council, although given the governance arrangements that apply to the partnership; it has never been entirely clear whether the county council are deemed to be the sole accountable body or whether responsibility for any decisions and resultant actions are shared equally by the partner bodies.

**FINANCIAL IMPLICATIONS**

Lancaster City Council is a current provider of services in relation to its sheltered housing provision, the vulnerable household’s project and the home improvement agency, and could be affected by any savings that need to be made. Furthermore, if SP funded services reduce in the future, this could result in an increase in homeless presentations, and our duty to provide temporary accommodation, leading to higher temporary accommodation costs and increased staffing resources being required, with resources needing to be redirected from other areas if efficiency measures cannot be identified.

Whilst at this stage, any financial implications cannot be quantified, this will be kept under review during the budget process.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

There may be future implications if SP funding is reduced and services reduce/cease, as some of the Council’s staff posts are either solely or part funded through SP funding.

**Information Services:**

None

**Property:**

None at this stage, but there could be if Cabinet wish to proceed with the proposed hostel, which may require the use of a council owned site.

**Open Spaces:**

None

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and would stress the need for adequate financial appraisal for capital or other proposals (including the consideration of the financing of ongoing operational / 'whole life' costs) to inform decision-making and priority setting - as is required by the Council's own Financial Regulations as well as being reflected in the SP Commissioning Board's requirements set out under 3.3. In this way, the Council can clearly demonstrate awareness and appreciation of any issues and challenges and the potential impact on other service areas and priorities – even if it does not necessarily have a solution at that time. The need for transparency is reflected in the Council's key decision definitions.

As with other funding bid matters on the agenda, it would be helpful to clarify arrangements in order to promote greater understanding and awareness, and this is in hand.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

**Contact Officer:** Kathy Sinclair  
**Telephone:** 01524 582724  
**E-mail:** ksinclair@lancaster.gov.uk  
**Ref:**



**Lancashire Supporting People**

**Memorandum of Understanding**

**10<sup>th</sup> November 2011**

This Memorandum of understanding is between

- (1) Lancashire County Council (“the Authority”)
- (2) Lancashire Primary Care Trusts covering (to be reviewed)
  - East Lancashire
  - Central Lancashire
  - North Lancashire
- (3) National Offender Management Service - Lancashire
- (4) Lancashire Drug and Alcohol Action Team (LDAAT)
- (5) City, Borough and District Councils covering
  - Preston
  - Hyndburn
  - South Ribble
  - Ribble Valley
  - Chorley
  - Lancaster
  - Pendle
  - Fylde
  - Wyre
  - West Lancashire
  - Rossendale
  - Burnley

(Collectively known as the “Partner Bodies”).

**The Partners Agree the following**

**1. General Responsibilities**

- 1.1 Since the introduction of the Supporting People Programme in 2003, the funding of housing related support services has changed from a ring fenced grant to being included in Lancashire's Formula Funding. This has resulted in the recent transition from a nationally defined programme to a local determined approach to the planning, procurement and management of housing support services.
- 1.2 Lancashire County Council and the partners have agreed to continue to operate as a partnership and to retain the structures which have been operating over the last few years

## APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

- 1.3 This Memorandum of Understanding is not intended to create a legal partnership pursuant to the Partnership Act 1890, the Limited Partnerships Act 1907 or the Limited Liability Partnership Act 2000.
- 1.4 In the event of any dispute arising out of or in connection with this Memorandum of Understanding or the Supporting People Programme any party can invoke the Dispute Resolution set out in Section 11 of this document.

### **2. Duties of the Partner Bodies**

- 2.1 Each partner body will fully co-operate with each and every other such body in the interests of the well-being of the people of Lancashire as a whole, and will not in any way restrict or confine their participation to matters affecting their own functions.
- 2.2 Each partner body will provide the resources reasonably required by the Commissioning Body from time to time in terms of the time of representatives and facilities for meetings so as to facilitate the effective functioning of the Commissioning Body and effective commissioning of Supporting People services.
- 2.3 Each partner will agree a shared statement where SP commissioned services are being reported in the press (e.g District and LCC)

### **3. The Commissioning Body**

- 3.1 The working of the Commissioning Body established by the Administering Authority will be governed by the Terms of Reference, which is set out at Appendix 1.
- 3.2 All representatives of the partner bodies on the Commissioning Body, including substitute representatives, will be treated at all times as having the necessary and proper authority to speak on behalf of the relevant partner body in respect of any decision or recommendation made by the Commissioning Body.
- 3.3 Representatives of the Partner Bodies are responsible for informing and involving their Elected Members as required by their own organisation.
- 3.4 The Commissioning Body will identify issues of a significant political nature which require consultation with the Lancashire Chief Executive's Group in advance of a decision being made. The Lancashire Chief Executive's Group will then determine if any issues need to be referred to the Leaders Group
- 3.5 The Commissioning Body will not make financial commitments which conflict with the advice of the Lancashire County Council regarding affordability within known or predicted funding levels for this or future years.

### **4. Locality Groups**

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

4.1 The Terms of Reference of the Locality Groups are set out in a separate document.

4.2 Each partner body agrees to appoint appropriate officers to the Groups.

**5. Information and confidentiality of information**

5.1 Subject to any relevant restriction in the Data Protection Act 1998, the partner bodies agree to exchange information with each other which is in their possession and which is reasonably required by the Commissioning Body in connection with its functions under the Supporting People programme.

5.2 Each partnership body shall treat as confidential all information in its possession or obtained from another partner body by reason of its representation on the Commissioning Body and shall not disclose it to a third party (other than another partner body for the purposes of the Supporting People programme) except as permitted hereunder.

5.3 The provisions of 4.2 above shall not apply to confidential information to the extent that:

5.3.1 disclosure is required by law (such as the Freedom of Information Act), regulation, or order of a Court or Tribunal of competent jurisdiction;

5.3.2 disclosure is required by any regulatory body or Government department;

5.3.3 disclosure is strictly necessary to protect the vital interests of a service user.

5.4 In order to protect the interests of service users the Authority may enter into a protocol for the exchange of information between local authorities.

5.5 The obligations under this clause continue to apply after the expiry or termination of this Memorandum of Understanding.

**6. Administration of the Programme**

6.1 Day to day work in connection with the Supporting People programme will be carried out by the Supporting People Team.

6.2 The day to day work consists of:

- (i) assessment of the level of housing related support needs for all vulnerable client groups across Lancashire
- (ii) strategic review of services
- (iii) development of commissioning plans
- (iv) customer engagement
- (v) performance monitoring and quality assurance;
- (vi) arrangements for contract payments;
- (vii) budget management and monitoring.

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

- (viii) The procurement of housing related support services will be carried out by One Connect (partnership between LCC & BT) from 1<sup>st</sup> April 2012. In the meantime, the Supporting People Team will continue to carry out this function.

- 6.3 Members of the Supporting People team are employed by the County Council in its Adult and Community Services Directorate and line managed by the Director of Commissioning.

**7. Administrative Systems**

- 7.1 The Authority shall maintain appropriate administrative systems.

**8. Accountancy, audit and contract arrangements**

- 8.1 The Authority's Financial Procedure Regulations apply to all financial transactions in connection with the Supporting People programme where relevant, except where the regulations are inconsistent with the grant conditions or directions of the Secretary of State.
- 8.2 The Authority's Contract Procedure Rules, where relevant, are applicable to all contracts with the service provider

**9. Quality Assurance/ Contract Management programme**

- 9.1 The Authority will
  - 9.1.1 ensure that the Supporting People contracts are reviewed and monitored by an appropriately qualified person or body;
  - 9.1.2 report back periodically to the Commissioning Body regarding the quality and performance of services.

**10. Charging framework**

- 10.1 The Authority will apply the charging framework approved by the Commissioning Body in considering whether any service recipient who applies for relief from charges under the rules should receive such relief and to determine the level of the relief.

The Authority will ensure that the charging rules are applied on a transparent and fair basis;

**11. Dispute resolution**

- 11.1 The partner bodies shall attempt in good faith to reach a settlement of any dispute between them arising out of or in connection with this Memorandum of Understanding or the Supporting People Programme.
- 11.2 If the dispute cannot be resolved by the senior officer representatives of the relevant partner bodies on the Commissioning Body within 30 days of it being

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

referred to them, it must be referred by them to more senior officers of the partner bodies who shall in good faith attempt to resolve the dispute within 21 days of its being referred to them.

11.3 For the purpose of paragraph 14.2 a more senior officer means a chief officer or a deputy chief officer.

11.4 The normal working and functions of the Commissioning Body, the Supporting People Team and the Locality Groups shall not cease or be delayed by the existence of the dispute or the procedures in this paragraph for its resolution.

Signed for the County Council as Administering Authority:

Date

Signed for the Commissioning Body:

Date

DRAFT

**LANCASHIRE SUPPORTING PEOPLE**

**TERMS OF REFERENCE - COMMISSIONING BODY**

**10<sup>th</sup> November 2011**

**1. Terms of reference**

- 1.1. The governance of the Supporting People Partnership comprises a range of partnership groups:
  - The Commissioning Board
  - Locality Groups in the North, East and Central areas of Lancashire
  - Provider Forums
- 1.2. The Lancashire Supporting People Commissioning Body (CB) has overall responsibility for Supporting People within Lancashire, although a number of functions are delegated to the Locality Groups
- 1.3. The purpose of the CB is:
  - to ensure that vulnerable people across Lancashire are able to access good quality and effective housing related support services which enable them to either maintain, or to move on to, independent living
  - to provide a strategic steer for the commissioning of housing related support services across Lancashire
  - to make the best use of available resources

**2. Membership**

- 2.1. The CB comprises representatives of the following organisations:
  - All district, borough and city councils
  - Probation
  - LCC Adult and Community Services
  - LCC Children and Young People's Services
  - LDAAT
  - Health
- 2.2. The Accountable Officer and Head of Supporting People will be an 'ex-officio' member, as will other officers of the County Council.
- 2.3. Members will identify deputies, who are authorised to make decisions, in order to ensure that there is continuity in attendance.
- 2.4. The CB may also decide to co-opt other members onto the CB from those having an active contribution to make to the SP programme, but these will not have voting rights. Such decisions will be made and reviewed annually.
- 2.5. No decisions shall be valid unless at least one third of voting members are present
- 2.6. In exceptional circumstances, decisions can be made by email.
- 2.7. Discussions can be held with Chair/Deputy Chair in the event that urgent issues arise.

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

- 2.8 Representatives of the Partner Bodies are responsible for informing and involving their Elected Members as required by their own organisations
- 2.9 The Commissioning Body will identify issues of a significant political nature which require consultation with the Lancashire Chief Executive's Group in advance of a decision being made. The Lancashire Chief Executive's Group will then determine if any issues need to be referred to the Leaders Group

3. **Role and Tasks**

The role and responsibilities of the Commissioning Board are:

- 3.1 To maximise linkages with other strategic partnerships and ensure that the targets and outcomes of the SP Commissioning Plans reflect wider local agendas and priorities.
- 3.2 To ensure that the housing support needs of vulnerable people across Lancashire have been appropriately mapped and that robust plans have been put in place to develop services which meet the needs of local communities
- 3.3 To scrutinise and approve the commissioning and procurement plans developed by the Locality Groups including any associated funding commitments
- 3.4 To agree the funding distribution formula
- 3.5 To monitor spend against the agreed budget
- 3.6 To monitor implementation of key actions identified in the Commissioning Plans
- 3.7 To monitor progress in achieving the strategic outcomes identified in Lancashire Supporting People Partnership's review of housing related support services for older people
- 3.8 To agree the business plan
- 3.9 To approve funding adjustments that will change the contract value by more than 10% of the contract price or £10k, whichever is the larger, subject to compliance with LCC's standing orders and procurement rules
- 3.10 To approve uplifts to contracts.
- 3.11 To minimise the risks to service users and the Supporting People Programme by approving and monitoring the risk register
- 3.12 To identify opportunities for joint commissioning at a county level.
- 3.13 To approve joint commissioning at a county level

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

3.14 To understand the impact on vulnerable people of the services which have been commissioned and to ensure that services are operating to a high standard and meeting local strategic needs through reviewing key performance indicators including:

- Outcomes for service users receiving short term services
- Move on from supported accommodation to general needs tenancies
- Demand for services including reasons for rejection
- Profile of service users who access services by protected characteristics under the Equality Act compared to appropriate local population (as advised by JSNA)
- Quality Assessment Framework
- Utilisation figures
- Throughput
- Number, nature and outcome of complaints
- Cost data

4. **Appointment of Chair**

4.1. The Lancashire Commissioning Body shall annually appoint from its members a Chair and Vice-Chair. Decisions about the chair shall be taken by the Commissioning Body itself.

5. **Meetings**

5.1. The Lancashire CB shall normally meet every three months. Meetings will be scheduled so as to mesh with budgetary, strategic and other requirements.

5.2. The Head of Supporting People will act as secretary to the CB.

5.3 All reports will be made available in writing to CB members five clear days in advance of each meeting

5.4 The CB is a decision making Body and will be chaired as such

5.5 CB members have the responsibility to have read any reports and to have briefed themselves about their responsibilities

5.6 Minutes of CB meetings will be placed on Lancashire web page. Minutes will be written so that action points and request for action by the CSG or SP team are clear and have deadlines

5.7 Minutes to be availability no later than two weeks following CB and to be published on web ( subject to confidentiality data protection)

5.8 To ensure that members are adequately briefed the CB will on occasion invite presentations of issues of importance, or operate on a workshop basis

6.0 **Declaration of Interest**

6.1 The Group may at times have to consider confidential information on matters related to commissioning, procurement or performance. Members are individually required to declare known conflict of interest prior to the commencement of the meetings. The Group will determine



APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

whether or not any declaration necessitates exclusion from discussion on specific issues.

**Signed for County Council as Administering Authority:**

**Date**

**Signed for the Commissioning Body**

**SP Commissioning Body    Date**

DRAFT

**TERMS OF REFERENCE – LOCALITY GROUPS**

**10th November 2011**

**1.0 Terms of reference**

- 1.1 The governance of the Supporting People Partnership comprises a range of partnership groups:
- The Commissioning Board
  - Locality Groups in the North, East and Central areas of Lancashire
  - Provider Forums
- 1.2 The Lancashire Supporting People Commissioning Body (CB) has overall responsibility for Supporting People within Lancashire, although a number of functions are delegated to the Locality Groups
- 1.3 The Locality groups will have two part agenda, Part A providers/ commissioners and part B for commissioners only.

**2.0 Membership**

- 2.1 The following organisations are members of the Locality Groups with voting rights
- All district councils in the Locality
  - LDAAT
  - LCC – Adult and Community Services
  - LCC – Children and Young People
  - Health
  - Probation
- 2.2 Membership of the Group shall be reviewed every year
- 2.3 Locality Group members are encouraged to send substitutes if they are unable to attend meetings
- 2.4 Provider membership can be in any of the following forms:
- Five provider representatives from the local provider forum representing the sector e.g. sheltered housing, socially excluded groups, floating support, care and support and the chair of the provider forum.
  - Provider involvement in the task groups/work streams as per the action plans for commissioning plans for non accommodation based services, mental health, complex needs and substance misuse
  - Provider Forum Chair represents the Forum:
    - Provider forum chair attends for one item only at each meeting
    - OR

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

- Provider forum chair submits a written report at each meeting OR
- Provider forums chair attends to discuss particular issues either at the request of the provider forum or the locality groups

3.0 **Role and Tasks**

The role and responsibilities of the Locality Group are outlined below:

Partnership

- Maximise linkages with other strategic partnerships and ensure that the targets and outcomes of the SP Commissioning Plans reflect wider local agendas and priorities.

Needs Assessment and Commissioning

- To map housing related support needs for all vulnerable client groups, and regularly update, in line with agreed process
- To develop commissioning plans informed by stakeholder and customer engagement
- To identify opportunities for joint commissioning at a local level
- To ensure that commissioning priorities are fed into the capital bidding processes
- To contribute to, and agree, specifications for services being tendered
- To agree the decommissioning of services

Customer Engagement

- To undertake a full review of the Customer Engagement Framework every three years
- To refresh the Customer Engagement Framework on an annual basis by monitoring progress with implementation and revising action plan as appropriate

Quality Assurance

- To consider and approve a quality assurance process which is appropriate for the supported housing sector (including quality standards; performance indicators; outcomes data set).
- To approve contract management arrangements

Personalisation

- To maximise the opportunities for personalising services
- To explore the implications of individual budgets

Equality and Diversity

- To ensure that services reflect the cultures of the communities they serve

Performance Management

- To understand the impact of the services which have been commissioned on vulnerable people and to ensure that services are operating to a high standard and meeting local strategic needs through reviewing key performance indicators including:
  - Outcomes for service users receiving short term services
  - Move on from supported accommodation to general needs tenancies
  - Demand for services including reasons for rejection

APPENDIX 1 – CABINET REPORT – SUPPORTING PEOPLE BUDGET PROPOSALS

- Profile of service users who access services by protected characteristics under the Equality Act compared to appropriate local population (as advised by JSNA)
- Quality Assessment Framework
- Utilisation figures
- Throughput
- Number, nature and outcome of complaints
- Cost data

4.0 **Link between CB and locality groups**

The following arrangements will be in place for reporting decisions to the CB or seeking the CB's approval to recommendations put forward by the Locality Groups.

- (i) Submission of full reports requiring approval by CB
  - Commissioning Plans
  - Agreement to support capital bids
- (ii) Reporting of decisions made by Locality Groups (full papers not provided unless agreement cannot be reached across the Locality)
  - Approach to needs assessment
  - Customer engagement framework
  - Approach to quality assurance and contract management
  - Awareness of specifications for services being tendered
  - Awareness of services being decommissioned

5.0 **Appointment of Chair**

The Locality Groups shall annually appoint from its members a Chair and Vice-Chair. Decisions about the chair shall be taken by the locality groups itself. (districts)

6.0 **Meetings**

- 6.1 The Locality Groups shall meet at least four times per year
- 6.2 All reports will be made available in writing to Locality Group Members two weeks in advance of each meeting to allow sufficient time for providers to be consulted.
- 6.3 The Locality Group is a decision making Body and will be chaired as such
- 6.4 Locality Group members have the responsibility to have read any reports and to have briefed themselves about their responsibilities
- 6.5 Minutes of Locality Groups meetings will be placed on Lancashire SP web pages no later than two weeks after the meeting. (However this would not include commercially sensitive issues).
- 6.6 No decisions shall be valid unless at least one third of members are present

**7.0 Declaration of Interest**

The Group may at times have to consider confidential information on matters related to commissioning, procurement or performance. Members are individually required to declare known conflict of interest prior to the commencement of the meetings. The Group will determine whether or not any declaration necessitates exclusion from discussion on specific issues.

DRAFT

## **Overview of Budget Modelling Process or Lancashire.**

The Indicative Budgets Tool that HGO has developed is designed to help Authorities to come to strategic decisions on how to divide up their housing support budgets, particularly in circumstances where the total budget is static or reducing and the need for the services are increasing.

In 2-tier authorities, such as Lancashire, it suggests a basis for cutting up the budget on 2 different dimensions – between need groups (or what we refer to as “client group clusters”) and between Districts.

The process is designed to provide a transparent basis upon which to have the discussion. At the end of the day the Tool can never make decisions for any Authority, and while it may give you answers to any number of decimal places this should never be confused with absolute truth.

The Tool starts from the premise that relative levels of need are the starting point for the rationale on how to allocate limited funds. The Tool is therefore directly linked to HGO’s other tools for projecting the need for support services. This includes the original Needs Estimation Model, and a slightly more sophisticated methodology for projecting the need specifically for people over 65 by the Older Persons Need for Services toolkit.

As part of carrying out this exercise for Lancashire HGO is providing detailed and up to date Guidance Notes for all 3 elements of the Budget Modelling Process – The Needs Estimation Model, the Older Persons Need for Services toolkit and the Indicative Budgeting Tool itself. This overview is designed to help you understand the high-level principles upon which these resources work. The Guidance Notes should be used to provide more detail where you wish to examine a particular point.

HGO will also supply a summary note of the variables that are currently selected in the different tools and the results that these generate.

The real work however will be in modelling the impact of variations to the relevant variables and seeing the consequence on the proposed budget split. It is hoped that this will generate a consensus around a budget distribution that is reasonable and acceptable to all parties.

The specific elements of this process are as follows.

### **1. Needs Estimation Model**

This works on the basis of the following approach.

HGO uses publically available evidence to estimate the size of different client group populations. This is either a prevalence rate e.g. the proportion of people with a learning disability in the population, or an incidence rate e.g. the number of people experiencing domestic violence

## APPENDIX 2 – CABINET REPORT: SUPPORTING PEOPLE BUDGET PROPOSALS

in a particular year. We then look for research of various kinds (including some undertaken by ourselves) which provides an evidence base for saying what proportion of that client-group population might have need of a housing support service. The combination of these two factors provides the estimate for the different client group populations in need.

This gives us a total estimate of the different client group populations in need of a service. There is a significant chance that this involves counting people more than once as e.g. someone with an experience of domestic violence may also have a substance misuse problem and be under 21 and therefore a young person at risk. We account for this by reducing the populations in need by what we call the "Client Group Overlap Deflator". This is calculated by looking at the incidence of people actually receiving services across the country over a number of years who have been classified as having more than one client group label (drawn from Supporting People Client Record Form data).

This gives us a modified total of people in need. We translate this into a number of units of service needed by looking at what has happened across the country where people have received a service. In relation to each client group we look at the balance in terms of what type of service and on average how long they received the service for.

The end product of the Needs Model is therefore a number of units of service needed by client group by District.

### **2. Older Persons Need for Services Toolkit**

This work has been taken further forward in conjunction with Housing Vision, specifically for Older People. The principle is the same. We identify a proportion of the over 65 population most likely to be in need of assistance by using the prevalence research that was used by the Wanless Report – *Securing Good Care for Older People* (2006). We then identify what proportion of that population is likely to need a range of different services using a piece of research based on a number of local authority Strategic Housing Market Assessment questionnaires.

The toolkit is different because it estimates the need for a number of service interventions across the housing, care and support divide, it uses a more sophisticated way of calculating a local multiplier to apply to what are national prevalence rates, and it takes into account the ability to self-fund services or get the support needed through informal means.

The end result is the same – a number of units of different types of service required.

### **3. Indicative Budgets Tool**

This starts with the projected need for units of service by client group and by District generated through the previous 2 tools. The tool then weights these needs according to the impact of investing in provision for the different client groups. This includes looking at the cost benefit analysis

### APPENDIX 2 – CABINET REPORT: SUPPORTING PEOPLE BUDGET PROPOSALS

carried out by Cap Gemini and the relative success in delivering outcomes by client group in the County as a whole. This means that a relatively high level of return for investment according to Cap Gemini and a relatively high success rate in meeting outcomes will result in a higher weighting being applied to the raw needs rates coming out of the other 2 tools (numbers of units of service needed by client group), and vice versa.

These weighted needs rates are then turned into cash sums by applying a series of benchmarks which can be locally determined. The tool splits the need for service into different levels of intervention with an average number of weekly hours required and an average hourly rate to each. This gives a total amount of notional money needed to meet these weighted needs by client group cluster and by District, as part of the notional total budget required. The proposed real budget allocation to Client Group Clusters and Districts is therefore calculated by applying the same proportions to the actual budget.

This is the core of the process, but there are many other things that you can vary including applying some dampeners to minimise or postpone the change from the current budget distribution. There is also a different way of setting District allocations based on a combination of the difference in population and local deprivation rates (the 60-40 option already worked up in Lancashire). If this latter option is chosen, the allocation to Districts is set on this basis but within each District the budget is divided among Client Group Clusters using the weighted needs method.

The Needs Estimation Model produces needs figures by individual client group but it is assumed that budgets will be set at a higher level, that is by client group cluster e.g a Core Socially Excluded Cluster which could combine the resources for services for people with drug problems, alcohol problems, offenders and single homeless. One of the key decisions that any Authority using this approach therefore needs to make is agreeing the Client Group Clusters that it wishes to use.

#### **4. Bringing it all together**

The different elements of the budget modelling process are linked together, so for example if you change one of the assumptions in the Needs Model you will see the impact on the proposed budget distribution. The combination of the tools provides an immense flexibility and sensitivity that can produce a range of optional answers that hopefully will include one that all parties can sign up to, and all based on a transparent methodology.



Document is Restricted

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

Document is Restricted

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

Document is Restricted

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

Document is Restricted