



Committee: BUDGET AND PERFORMANCE PANEL

Date: TUESDAY, 8 SEPTEMBER 2015

Venue: LANCASTER TOWN HALL

Time: 6.10 P.M.

Councillors are reminded that as Members of Overview and Scrutiny they may not be subjected to the party whip, which is prohibited under the Lancaster City Council Constitution.

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on Tuesday, 21st July, 2015 (previously circulated).

3. **Items of Urgent Business authorised by the Chairman**

4. **Declaration of Interests**

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. **Discussions with Councillor Eileen Blamire - Leader of the Council**

Cabinet Member with responsibility for:

- Relationships with other Councils
- Communications
- Performance Management
- Democratic Services
- Legal
- Human Resources

Councillor Blamire has been invited to the meeting to discuss the financial elements of her portfolio.

6. **Discussions with Councillor Abbott Bryning - Cabinet Member**

Cabinet Member with responsibility for:

- Property Services
- Car Parking

Councillor Bryning has been invited to the meeting to discuss the financial elements of his portfolio.

7. **Budget and Planning Process 2016/17 Onwards** (Pages 1 - 16)

Report of Financial Services Manager.

8. **Corporate Performance and Financial Monitoring 2015/16 - Quarter 1** (Pages 17 - 72)

Report of Chief Officer (Governance) and Chief Officer (Resources)

9. **Work Programme Report** (Pages 73 - 76)

Report of Chief Officer (Governance).

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Dave Brookes (Chairman), Phillippa Williamson (Vice-Chairman), Brett Cooper, Claire Cozler, Andrew Gardiner, Janet Hall, Tim Hamilton-Cox, Colin Hartley and Anne Whitehead

(ii) Substitute Membership

Councillors Sam Armstrong, Alan Biddulph, Roger Sherlock, Nicholas Wilkinson, John Wild and Peter Williamson

(iii) Queries regarding this Agenda

Please contact Sarah Moorghen, Democratic Services - telephone 01524 582132 or email smoorghen@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support, telephone 582170, or alternatively email democraticsupport@lancaster.gov.uk.

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

Published on Friday, 28th August, 2015.

Budget and Performance Panel

Budget and Planning Process 2016/17 Onwards

08 September 2015

Report of Financial Services Manager

PURPOSE OF REPORT

To provide Members of the Panel with the process for reviewing the Council's Budget and Policy Framework for 2016/17 onwards and an update on various policy and planning matters

This report is public.

RECOMMENDATIONS

(1) That the report be noted.

1.0 Introduction

1.1 A copy of the report considered by Cabinet at its meeting on 01 September 2016 is appended for consideration by the Budget and Performance Panel.

1.2 The report sets out a range of indicative scenarios for the General Fund Budget deficits or savings requirements between 2016/17 and 2019/20. In addition, it draws on the need for Cabinet to review the Council's Corporate Priorities at an early stage, alongside the consideration of savings options. A detailed timetable for the forthcoming budget process is appended to the report.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report.

FINANCIAL IMPLICATIONS

See attached report – no other implications arising directly.

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

There are no legal implications directly arising.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

Contact Officer: Andrew Clarke

Telephone: 01524 582138

E-mail: aclarke@lancaster.gov.uk

Ref:

CABINET

**Budget and Planning Process 2016/17 Onwards
01 September 2015**

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
To agree a process for reviewing the Council's Budget and Policy Framework for 2016/19 onwards and to update Cabinet on various policy and planning matters.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	X
Date of notice of forthcoming key decision	N/A		
This report is public.			

OFFICER RECOMMENDATIONS:

1. That the report be noted and the outline budget and planning timetable set out at Appendix A be approved, recognising the work involved and its impact.
2. That Cabinet notes that the City Council will not be taking part in any Lancashire business rate pooling arrangement for 2016/17, subject to confirmation of the scheme prospectus and associated arrangements.

REPORT

1 Introduction

- 1.1 The Council's Constitution requires Cabinet to bring forward each year recommendations for updating the Budget and Policy Framework. This report proposes an outline timetable for doing so and it covers the main aspects, namely:
 - an update on the financial context
 - corporate planning and priority setting, together with supporting arrangements
 - other more specific budget setting matters.
- 1.2 The full draft timetable is set out at **Appendix A**, reflecting the proposals outlined in the following sections. In broad terms, some arrangements follow those adopted during the last budget as it is considered that on the whole, they worked reasonably well for the situation that the Council was in then.

- 1.3 Circumstances this year are very different, however, in that following last May's national and local elections, there is a pressing need to establish clear, manageable and affordable priorities for the medium term, to inform the future allocation of resources and associated budget decisions.
- 1.4 Accordingly, the forthcoming budget requires the consideration of different policy and budget options to reflect the fact that in future, the Council will have significantly less public funding to deliver its services.
- 1.5 In short, the timetable makes provision for considering and responding to the following:
- priority setting, including external facilitation
 - identification and consideration of wide-ranging budget options, to help inform priorities and associated policy setting
 - legislative and regulatory changes
 - national policy changes and funding prospects
 - changing needs of the district and its residents and visitors
 - local views and perceptions
 - policy and budget decisions of other key stakeholders, including local authorities
 - recent performance and experience.

2 **Financial Context**

- 2.1 The new Government's Spending Review 2015, due to be announced on 25 November, is central to the financial context for the Council's future financial strategy. Through the review, Government plans to deliver a further £20BN of public sector savings in order to eliminate the national deficit by 2019/20.
- 2.2 The savings are in addition to the £17BN of measures already outlined in Government's Summer Budget announced on 08 July. Those measures focused predominantly on taxation/tax avoidance measures and welfare reforms, but nonetheless they too will impact directly on the Council, and on the district's various communities.
- 2.3 Government's overriding public finance aim is clear, and it is also clear that the City Council, along with other local authorities, will experience further deep and far reaching reductions in Government funding. The exact size and timing of such reductions are still uncertain, and there are various different commentaries on what may happen. There are also many other complexities around business rates, emerging/as yet unknown changes in Government policy and other specific funding streams that make it impossible to give any firm updates. Nonetheless, 'austerity' is set to deepen for local authorities for pretty much the duration of this parliament.
- 2.4 There are some specific cost pressures coming forward too. The most significant are:
- The impact of the withdrawal of the cost-sharing agreement on waste recycling, estimated to cost the City Council's General Fund around £1M from 2018/19 onwards. Discussions between the County Council and districts are continuing.
 - National Insurance increases from next year to help fund the changes to the state pension. These are estimated to cost over £300K for General Fund and £30K for

the Housing Revenue Account (HRA), with no compensating funding coming through from the Government's 'New Burdens' doctrine.

- 2.5 On the upside, it is expected that some of the favourable budget variances identified at outturn will continue and provisionally these have been estimated at around £400K per year.
- 2.6 In terms of local taxation, whilst there are prospects for the council tax base to grow further, these are outweighed by the lost opportunity to benefit sizeably (by well over £1M per year) from business rate growth, unless Government makes some changes to the current rating system.
- 2.7 Not only that, but as from the current year the Council's business rate income is expected to fall to safety net levels or thereabouts. This adds back almost £400K of pressure annually to the General Fund budget. The hit in the current year can be met from the Business Rates Reserve but thereafter, it cannot be funded and so it adds to the ongoing budget deficit. Inevitably there is a linkage to power station ratings; nuclear power station billing authorities are sharing information on their respective positions and some have already made representations to Government. There may be opportunities for joint working on this issue and if possible, an update will be fed into the meeting.
- 2.8 With regard to New Homes Bonus, currently it is assumed that the scheme will continue in its current form but this is by no means definite.
- 2.9 Pulling these knowns and uncertainties together, the financial prospects for General Fund have been updated, as set out at **Appendix B**. This compares existing Medium Term Financial Strategy (MTFS) projected budget deficits (reported at Budget Council back in March) with an updated position simply allowing for known pressures and expected underspendings, as well as other scenarios reflecting a 'Better Case' and a 'Worse Case'. These latter two scenarios also draw on various external views on what may happen regarding general Government funding. At this stage though, there is no such thing as a "best" case or "worst" case.

Year	Indicative General Fund Budget Deficits or Saving Requirements (Cumulative, Rounded)			
	Existing MTFS Projections	Updated MTFS Projections	Better Case	Worse Case
2016/17	£1.5M	£1.9M	£1.8M	£2.3M
2017/18	£2M	£2.4M	£2.2M	£3.1M
2018/19	N/A	£3.3M	£2.9M	£4.5M
2019/20	N/A	£3.2M	£2.7M	£4.6M

- 2.10 To summarise, the modelling indicates that the General Fund budget deficit is much more likely to be higher than as indicated by the existing MTFS. Overall the Council should expect to have to reduce its current net revenue spending (prior to the use of Balances) by between 15-25% over the next four years.
- 2.11 It is not just the General Fund that is being adversely affected though. The Housing Revenue Account (HRA), covering Council Housing Services, stands to be severely affected if Government plans are implemented. For example, Government's proposal to reduce social housing rents by 1% year on year for the next four years would cost around £90M over the life of the 30-year business plan, if enacted. This raises questions over the viability of any new-build plans and it also would require a major efficiency-drive from the service; as a broad indication, indicative annual savings of around £500K would be needed. Furthermore, other Government social housing proposals could add significantly to this challenge, in order to secure the HRA's long-term viability.
- 2.12 In short, and even without knowing the detail, financial prospects right across Council services have never looked tougher. The proposed budget strategy reflects this.

3 Corporate Planning, Priority Setting and the Policy Framework

- 3.1 The Corporate Plan sets out the role of the Council, in terms of its core purpose and vision for the district. It brings together the Council's strategic priorities, outcomes and success measures to deliver against in the medium term, alongside its ethos.
- 3.2 The Corporate Plan is the key document of the Council's Policy Framework and ultimately therefore, it is a matter that requires full Council approval. The only other documents currently forming part of that Framework are the Local Plan, the Community Safety Agreement and various Licensing Act policies.
- 3.3 In setting the budget for the current year, the Council chose simply to redefine and reduce its activities against existing priorities. This was on the basis that any fundamental changes to the Council's vision, strategic objectives and outcomes would be considered during the 2016/17 budget after the elections had taken place, with the Council being in a stronger place to tackle its financial challenges.
- 3.4 The need for a fundamental overhaul has been reiterated more recently in the external Corporate Peer Challenge undertaken in June. This highlighted the need for the Council to "*move quickly over the coming months to review and set out what kind of council Lancaster wishes to be over the next few years*". Whilst the challenge team acknowledged that discussions had begun on determining a set of priorities for the organisation, it also went on to say that:
- 3.5 "*This debate needs to take place at pace and the Council needs to move quickly, resulting a clear set of manageable priorities which will inform the 2016/17 budget setting process. Officers should support Members by working alongside them to produce a series of clearly appraised policy options to inform this debate.....*"
- "Time is an issue. The Council does not have the luxury of discussing priorities and exploring ideas for a long time."*
- 3.6 In effect, the Peer Challenge confirmed what the Council already knew. It is sometimes

the case, however, that an external assessment makes it easier and more pressing to focus minds on making progress.

- 3.7 Whilst the Peer Challenge drew out other points, essentially the need to prioritise and to develop and agree policy and budget options to help inform that priority setting, are arguably the most fundamental and important aspects to tackle. Alongside this, putting in place the necessary capacity to deliver - be it through leadership and management, staff time and skills, culture and behavioural change, or risk appetite – will be equally if not more challenging.
- 3.8 These points are also provided for in the attached draft timetable, albeit at a high level. Addressing the capacity to deliver will be reflected as far as possible in the presentation of budget options but in view of the time available, it will not be an exact science and there are risks attached.

4 **Supporting Strategies, Policies, and Plans**

- 4.1 In order to be able to prioritise effectively and take informed budget decisions, it is imperative that Members have an understanding of what the Council currently does, especially given the extent of new membership and the changes in roles since the local elections.
- 4.2 For this reason, as Cabinet considers policy and budget options to inform priorities, supporting information will also be provided. It is envisaged that outline information and options on the following key strategies, policies or similar plans will be presented and challenged as the budget and corporate planning process develops:
- Lancaster District Housing Strategy and Action Plan (review of existing)
 - Regeneration Strategy (new strategy to be developed, with options, see agenda item)
 - Local Plan (land allocations)
 - Cultural Heritage / Arts Strategy (review of existing)
 - Corporate Property and Accommodation Strategies (based on rationalisation)
 - Digital Proposals, covering ICT & Customer Services especially (new options)
 - Income and Charging (update of existing)
 - Procurement and Commissioning Strategy (review & development of existing)
 - Commercialism and trading (new options)
 - Risk management (review of appetite in particular)
 - HR & workforce planning matters (combination of reviewing existing & new options)
 - Community Safety (review of existing agreement/support provided, eg. CCTV, PCSOs)
 - Waste Management (County-wide waste collection review, and local arrangements)
 - Public Realm (further review of management and delivery arrangements)
 - Car Parking Strategy (options that further support relevant aims)
 - Health and Wellbeing (further review of delivery and consider future strategy)
 - Council Tax: charging policy (review of existing policy)
 - Localised Council Tax Support (see later: steer to be sought at October Council)
 - Other welfare / community support (review of existing provisions)
 - Licensing and Gambling Act Policies (as appropriate, subject to legal requirements)
- 4.3 This list is not exhaustive and other more general efficiency options will be progressed also. The Council's agreed position is that efficiency savings still take priority over other forms of saving, but Members should be under no illusion that the Council's budget can

be balanced through efficiencies or budget underspendings alone. This is acknowledged nationally and the City Council is no different. Indeed spending decisions taken by other publicly funded bodies (e.g. County Council, Police, Fire and Rescue) are also likely to have both direct and indirect consequences that will add further pressure on the City Council's services and budgets.

- 4.4 In real terms even more pressure is created, as there is little evidence that public expectation or demand for Council services is decreasing; in some areas the opposite is the case. This was highlighted in the LGA peer review-

“Demand for many services such as street cleansing, litter collection, grounds maintenance and waste collection has remained the same despite significant reductions in the Council's capacity over the last couple of years. This is putting a strain on some services trying to maintain their previous level of performance (or trying to improve their performance). There is a need to consider how to manage the expectations of residents and elected members with smaller service capacity, including how this is communicated to the public.”

- 4.5 Ahead of the main budget development work, there are two policy matters brought to Cabinet's attention now:

Business Rate Pooling

Proposals are being developed to introduce a pooling arrangement for Lancashire. Subject to Government issuing the pooling prospectus for 2016/17, the pool would operate on the basis that each member authority benefits from its own scope to retain more business rate growth, but also stands its own risk – and every member of a pooling arrangement loses the protection of the safety net, meaning that there is no limit to the exposure to reductions in annual income, through successful rating appeals and other downward pressures. It is known that not all Lancashire authorities expect to be in a position to join. For the City Council, it is still exposed to many appeals (including one in relation to outage at the power station) and as such, at this time the risk of joining the pool is simply too great – for no actual benefit.

To put it simply, just drawing current estimates:

- Estimated value of outstanding appeals: £7.8M
- Potential additional exposure from those appeals: Unknown, but could be £millions
- Exposure from any future power station appeals: Unknown but potentially huge
- Potential Additional Growth: £nil at present. Income would need to rise by almost £400K before this comes into play.

This is a very simplified summary but it does help demonstrate why they City Council is not in a position to take part in any county-wide pooling at present and Cabinet is asked to note this position. It is so clear cut that no alternative options are presented. If circumstances do change there could be opportunities for future years, assuming pooling continues, and so arrangements will be kept under review.

Localised Council Tax Support Scheme

Regarding Localised Council Tax Support (LCTS), under the Local Government Finance Act 2012 the Council must consider, for each financial year, whether to revise

its scheme or to replace it with another scheme. The first local scheme was implemented in April 2013. This was subject to a full review two years ago, and it resulted in only one minor change being implemented to remove the 'second adult rebate'. More recently for the current year, Council decided to leave its scheme unchanged. Under the 2012 Act Government made provision for a national review to take place but there has been no recent news on this.

In terms of financial impact, the cost of the scheme continues to reduce, as highlighted in the corporate financial monitoring report elsewhere on the agenda.

Nonetheless, there are policy options around LCTS and as such, a clear steer will be sought directly from Council at its October meeting on whether to retain existing arrangements, or whether to develop and consult on alternative scheme proposals. This fits with statutory requirements and gives sufficient time should Council resolve to consider any revisions or alternatives. Depending on timing, any national review may also inform future scheme design from 2016/17 onwards. The deadline for adoption of any revised scheme is 31 January.

5 Other Budget Framework / Strategy Matters

- 5.1 The crux of the Budget Framework is the Medium Term Financial Strategy (MTFS) and the half-yearly review is scheduled for the December Cabinet meeting, to feed into December Council if appropriate. Typically it is through this review that Cabinet is requested to review council tax targets, currently set at a 1.99% increase each year subject to local referendum thresholds. There is no news as yet on whether the referendum thresholds will change, or whether Government will continue to encourage councils to freeze council tax through some form of financial incentive or other means.
- 5.2 Underpinning the MTFS is the detail of the 3-year Revenue Budget and 5-year Capital Programme. The key milestones for preparing these budgets are included in the appendix and some work is already underway, but during this budget it is intended to convert to a 4-year forecasting model for both revenue and capital.
- 5.3 Cabinet will again provide the forum for developing a full set of proposals to balance the budget. Key points to note are:
 - The aim of this year's budget exercise is to approve a programme of General Fund savings for implementation over the period up to 2019/20, informed by prioritisation and policy review. This involves balancing the budget over the medium term, not just next year. There is nothing to warrant taking a short term approach.
 - Arrangements are in hand for Cabinet to have some external facilitation (through the LGA) to help with priority setting. This is expected to take place in autumn time, to enable Cabinet's initial full draft priorities to be determined around December.
 - Whilst efforts will continue to identify efficiencies and various minor budget savings, as mentioned earlier Chief Officers will develop a full range of budget options to help inform priority setting and resource allocation. Taking account of the financial modelling summarised earlier, the provisional target is to identify £4M of recurring savings options, to give scope to balance the budget over the next three years or so. This should give Members some scope for choice – unless a

'worse case' scenario comes to fruition and in that case, additional savings options would need to be identified. This exercise is scheduled for completion by December time but where possible, savings options will be shared earlier with Cabinet Members, to feed into priority setting.

- Budget options will be presented in a standard form and alongside each other as far as practical, to ensure adequate comparison and challenge of future policy. Such options will involve some fundamental choices on which activities and functions continue. Members should appreciate that the budget options will include withdrawing from various services and activities completely. The options presented will not be without contention. There will be consideration of more innovative ideas around commercialisation and income generation to help protect services but the Council would need to invest up front, just to appraise such an approach. Currently it does not have the capacity or skills base to do so.
- It is assumed that the Local Government Finance Settlement and supporting information will be announced around December time, not long after the Spending Review. It is not clear whether any indicative information will be received for years 2017/18 and beyond, although it is hoped that Government will move back to multi-year Settlements to aid planning.
- Subject to gaining the Settlement, during December all the information from the above actions can be brought together. It is at this point that a judgement can be formed on the extent to which Cabinet's priorities, policy aspirations and budget plans match up – or whether affordability is still an issue.
- Alongside General Fund budget development, options for tackling the HRA will also be developed, and clearly the amount of savings needed will be heavily influenced by Government policy and associated legislative developments
- Informal Cabinet Budget Briefings will be held, to report on progress overall and to gain direction on specific aspects of budget development. Provisionally, a number of briefings have been incorporated into the timetable, broadly on a fortnightly basis, but these may be rearranged as need be.

5.4 The time, effort and resources required to complete the budget and planning exercise cannot be overestimated and this must be appreciated. It requires focus and inevitably it means that there will be less time available to support other activities and requests.

5.5 Nonetheless a flexible approach is still required, to respond to emerging issues from Government as well as more local matters where appropriate.

6 Options and Option Analysis

6.1 The following options are available to Cabinet.

- (1) Approve the proposals and timetable set out in the report for reviewing and revising the Council's Budget and Policy Framework.
- (2) Approve an amended version of the proposals, drawing on any specific issues that Cabinet have.

7 Details of Consultation

- 7.1 The Council has recently commissioned a residents survey, which ran for six weeks and finished on 17 August. Whilst the survey was high level, it aims to provide some information on the services and activities that people value the most - and least. The outcome of the survey will feed into the budget and priority setting exercises.
- 7.2 Depending on Cabinet's actual budget proposals, it is to be expected that more detailed consultation will be needed on various specific proposals.
- 7.3 Provision is made for consultation with Budget and Performance Panel and other stakeholders in January, as usual.
- 7.4 Regarding the workforce, arrangements are in place to ensure that regular communication updates are provided, so that staff are kept abreast of the Council's future general direction as well as specific service proposals. As usual, specific staff consultation will be undertaken in accordance with HR policies where budget proposals require it.
- 7.5 In determining the budget and planning timetable for 2016/19, Cabinet is asked to consider whether it wishes to arrange any further consultation or other involvement, internally or externally. The Peer Challenge report also raised this issue, including whether the scrutiny function could play a stronger role in policy development.

8 Officer Preferred Option

- 8.1 Assuming that Cabinet has no other specific issues to address Option 1 is the Officer preferred option, as it sets out a structured but very challenging approach for Cabinet to review the existing Budget and Policy Framework and to bring forward its budget and corporate planning proposals for 2016/17 up to 2019/20, within statutory timescales. The time and effort involved will mean that less is spent on other tasks.

RELATIONSHIP TO POLICY FRAMEWORK

The plans and strategies outlined in the report together make up the Council's Budget and Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

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

The annual review of the budget and policy framework helps ensure that the Council's plans and strategies are kept up to date, and that their impact on local communities is assessed and considered. In particular, the outline plans regarding consultation help develop the Council's understanding of the needs of its communities, in turn helping it to meet the Public Sector Equality Duty as a community leader, service provider and employer.

FINANCIAL IMPLICATIONS

As set out in the report; no other implications directly arising from this report at this time.

OTHER RESOURCE IMPLICATIONS

Human Resources/Information Services/Property/Open Spaces:

As set out in the report; no other implications directly arising from this report at this time.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has produced this report, which is in her name (as Chief Officer (Resources)), but it has also been produced on behalf of the Chief Executive in part.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

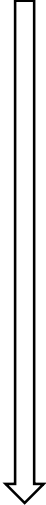
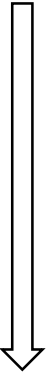
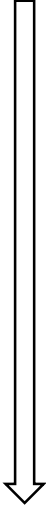
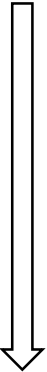
Summer Budget – HM Treasury
Spending Review 2015 – HM Treasury
Future Funding Outlook – Local Government Association

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

E-mail: nmuschamp@lancaster.gov.uk

Budget and Planning Timetable 2016/17 to 2019/20

01	September	Cabinet	Cabinet meeting: <ul style="list-style-type: none"> • 2016/17 Budget & Policy Framework timetable; • current year Quarter 1 monitoring & impact for future years. Budget/policy implications of any other agenda items to be picked up.	Officers to prepare outline information and budget options on key strategies, policies or similar plans, for consideration by Cabinet.	Cabinet to determine initial full draft priorities with external facilitation from the LGA, drawing on the outcomes from the Satisfaction Survey. To be completed around December.
08		Scrutiny	Budget and Performance Panel meeting (Qtr 1 monitoring and timetable to be presented).		
		Cabinet	Cabinet budget briefing (provisional).		
22		Cabinet	Cabinet budget briefing (provisional).		
29		Cabinet	Cabinet briefing (including any budget briefing) and quarterly meeting with Chamber.		
06	October	Cabinet	Cabinet meeting - budget/policy implications of any agenda items to be picked up.		
13		Cabinet	Cabinet budget briefing (provisional).		
21		Council	Consider whether existing Localised Council Tax Scheme (LCTS) be retained for 2016/17, or whether revised options be developed.		
27		Cabinet	Cabinet briefing (including any budget briefing).		
03	November	Cabinet	Cabinet meeting - budget/policy implications of any agenda items to be picked up. Quarter 2 monitoring reported.		
10		Scrutiny	Budget & Performance Panel Meeting.		
		Cabinet	Cabinet budget briefing (provisional).		
24		Cabinet	Cabinet briefing (including any budget briefing).		
25		Government	Government's Spending Review 2015 due to be announced.		
01	December	Cabinet	Receive Budget and Policy Framework updates / half yearly reviews (General Fund and Council Housing): <ul style="list-style-type: none"> • Draft revenue budget. • Capital programme update. • Provisions and Reserves. • Draft corporate priorities and implications. • Fees and Charges Policy. 	Government to announce Local Government Finance Settlement in December.	
08		Cabinet	Cabinet budget briefing (provisional). Consider all budget savings options in context of any emerging policy changes. Initial assessment of affordability and scope for growth.		

Budget and Planning Timetable 2016/17 to 2019/20

15	December	Cabinet	Cabinet budget briefing (provisional).	During December all the budget options will be brought together. At this point a judgement can be formed on the extent to which Cabinet's priorities, policy aspirations and budget plans match up and whether they are affordable.
16		Council	Approve Members Allowances Scheme. Approve MTFS review (including capital investment) and any changes to council tax targets. Consider any 2016/17 LCTS options (subject to October Council).	
22		Cabinet	Cabinet budget briefing (provisional).	
05	January	Cabinet	Cabinet budget briefing (provisional).	
12		Cabinet	Cabinet briefing (including any budget briefing).	
19		Cabinet	Consider any draft Corporate Plan changes and their budgetary implications. Approve Housing Rents and recommend Housing Revenue Account (HRA) budget / MTFS proposals for Council. Agree council tax, General Fund Revenue Budget and Capital Programme proposals for initial consideration by Council.	
26		Cabinet	Cabinet budget briefing (provisional).	
		Scrutiny / External Stakeholder	Cabinet's budget proposals presented to Budget and Performance Panel, other Members and economic stakeholders (and other major preceptors to present, as appropriate).	
02	February	Cabinet	Cabinet budget briefing (provisional).	
03		Council	Consider Cabinet's initial proposals regarding the Budget and Policy Framework: <ul style="list-style-type: none"> • Draft Corporate Plan implications. • Capital and Revenue proposals for General Fund and Housing Revenue Account. • Any other Policy Framework updates (following review). Approve (City's) council tax increase (%).	
09		Cabinet	Cabinet briefing (including any budget briefing).	
16		Cabinet	Reconsider Budget and other Policy Framework proposals in light of feedback from Council, Budget and Performance Panel and any further consultation undertaken. Make full recommendations back to Council to complete Budget setting and corporate planning.	
23		Cabinet	Cabinet budget briefing (provisional).	
		Scrutiny	Budget and Performance Panel meeting (treasury management framework, and any budget and planning updates).	

Budget and Planning Timetable 2016/17 to 2019/20

01		Cabinet	Cabinet budget briefing (provisional).
02	March	Council	<p>Approve Budget:</p> <ul style="list-style-type: none"> • 4 year Revenue Budget and Capital Programmes for both General Fund and Housing Revenue Account (latter if not already approved). • Treasury Management Framework including Prudential Code Limits. • Medium Term Financial Strategy (including future years' Council Tax Targets and incorporating future years' housing rents targets). • Approve full Council Tax rates. <p>Approve Policy Framework:</p> <ul style="list-style-type: none"> • Corporate Plan. • Any other Policy Framework Updates.

GENERAL FUND REVENUE BUDGET

FUNDING PROJECTIONS: 2015/16 TO 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000
Projected Net Revenue Budget	18,332	19,993	20,637	21,847	22,377

An additional cost of £1M has been assumed from 2018/19 onwards as a result of the cost sharing arrangement with the County Council ending.

Also included are National Insurance increases, additional salary savings, reduced energy costs and additional income from planning fees. The net impact of these is virtually cost neutral on the budget forecasts.

External Financing:

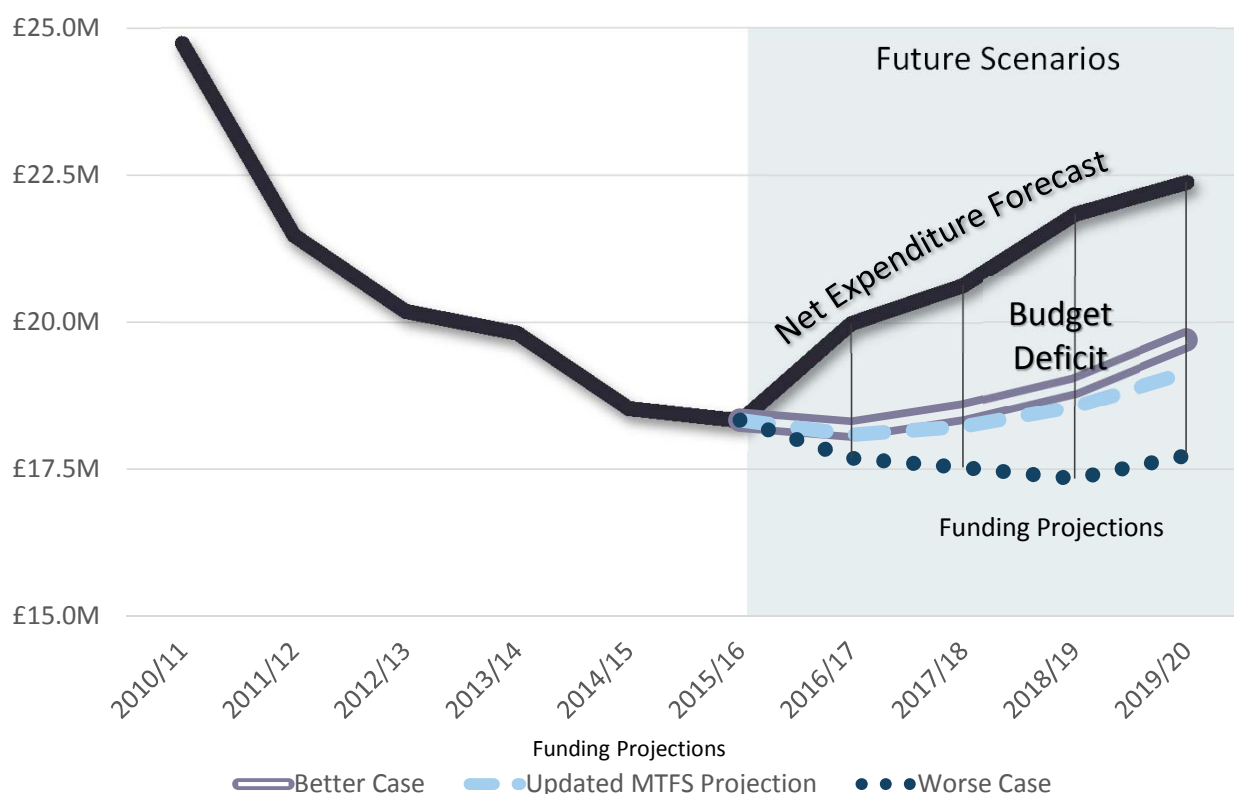
Revenue Support Grant	(3,862)	(3,298)	(2,754)	(2,506)	(2,506)
New Homes Bonus	(1,280)	(1,729)	(1,977)	(2,157)	(2,306)
Retained Business Rates	(5,207)	(4,922)	(5,070)	(5,227)	(5,389)
Council Tax Surplus(-) / Deficit	(131)	0	0	0	0
Total External Funding	(10,479)	(9,949)	(9,800)	(9,890)	(10,201)

A	Resulting Council Tax Requirement	7,853	10,044	10,837	11,958	12,176
B	Allowable Council Tax Requirement (@ 1.99% Increase)	7,853	8,134	8,423	8,677	8,938
	Tax Base	38,500	39,100	39,700	40,100	40,500

PROJECTED BUDGET DEFICITS (SAVINGS REQUIREMENTS)

(A - B)	Updated MTFS Projections From Above	1,910	2,414	3,280	3,238
	<i>Existing MTFS Projections</i>	<i>1,476</i>	<i>1,996</i>	<i>N/A</i>	<i>N/A</i>
	Better Case	1,814	2,167	2,905	2,658
	Worse Case	2,312	3,111	4,489	4,624

Mapping Funding Against Expenditure



BUDGET AND PERFORMANCE PANEL

**Corporate Financial and Performance Monitoring
2015/16 – Quarter 1**

08 September 2015

**Report of Chief Officer (Governance) and
Chief Officer (Resources)**

PURPOSE OF REPORT

<p>To present the corporate financial monitoring report for Quarter 1 of the 2015/16 monitoring cycle and provide an update on improvements being made in corporate performance management, monitoring and reporting and the effective use of business intelligence to inform decision-making. This report also provides information and data on the corporate complaints received for the whole of 2014 /15 and details of the extensive business improvement work that has been undertaken on the council's business travel arrangements and vehicle tracking and the ongoing plans to realise benefits and deliver efficiencies and service improvements going forward.</p>
--

This report is public

OFFICER RECOMMENDATIONS

- (1) **That Budget and Performance Panel considers the Cabinet Report dated 01 September 2015 and attached appendices, making any comments and recommendations considered necessary.**

1. CORPORATE FINANCIAL AND PERFORMANCE MONITORING 2015/16 - QUARTER 1

- 1.1. The report attached at **Appendix A**, presented to Cabinet on 01 September 2015, provides a summary of financial monitoring for Quarter 1 of the 2015/16 performance monitoring cycle. It also gives an update on improvements being made in the corporate performance management, monitoring and reporting arrangements and actions being planned to make more effective use of business intelligence to inform decision-making.
- 1.2. Budget and Performance Panel are asked to consider the Cabinet report and attachments in line with their Terms of Reference within the Constitution relating to the monitoring and review of the council's performance.

2. CORPORATE COMPLAINTS ANALYSIS 2014 / 2015

- 2.1. Set out at **Appendix B** is the data for corporate complaints received, in line with the council's Complaints Policy, for the whole of 2014 / 2015, as presented to cabinet on 04 August 2015.
- 2.2. The tables and graphs set out that a total of 120 complaints were received across all Services and provides an analysis of:
- *Number of Complaints by Service;*
 - *% Complaints by Stage (Stage 1; Stage 2 and Ombudsman);*

- % *Complaints by Status* for each stage (*Not upheld; Partially Upheld and Upheld*), and;
 - *Number of Complaints by Type* (*Unhelpful attitude of employee; Neglect or unjustifiable delay; Malice, bias or discrimination; Failure to take account of relevant matters, Failure to follow procedures*).
- 2.3. The Complaints Policy provides an '*Overview of the complaints procedure*' which makes it clear that all frontline staff are '*...empowered to resolve problems at the point of service delivery without recourse to the formal complaints procedure.*' These instances are not reflected in the reported data which deals only with formal complaints at two stages:
- **Stage 1** – dealt with by a senior officer within the Service
 - **Stage 2** – a review by the Chief Officer (or their delegated senior officer) who is not the subject of the complaint

In addition, in exceptional circumstances (e.g. where it is felt that a satisfactory resolution will not be reached) the Chief Executive may ask the Local Government Ombudsman to consider the complaint without it having been through the council's complaints procedure.

- 2.4. The analysis of corporate complaints shows a positive reduction in the number of complaints received in the second half of the year, particularly in Environmental Services where, as a frontline service the majority of complaints are received.

3. CORPORATE BUSINESS TRAVEL AND VEHICLE TRACKING

- 3.1. During 2014/15 a major business improvement review was undertaken to determine the extent of business travel across the council and to gain a clear understanding of current business travel needs from both an operational and customer perspective.
- 3.2. The detailed report and process analysis of the council's business travel arrangements, initially considered by the Management Team in March 2015, set out numerous options and solutions that could be considered and implemented at an individual service and corporate level to reduce and, in some cases, eliminate business travel through:
- alternative transport arrangements;
 - greater/better use of technology and mobile and remote working;
 - better understanding of customer demand and considering opportunities to change customer expectations of the services the council provides;
 - business improvement techniques and the redesigning of work activities and travel planning;
 - better use of business intelligence and analytics;
 - improved communications to provide a 'one-stop-shop' of information on work travel; journey planning; available technology (i.e. audio and video conferencing), guidance and policy;
 - reviewing the council's fleet management and use of telemetry
- 3.3. An update, presented to Management Team in May, outlined that much needs to be done in 2015/16 (and beyond) and that strong leadership will be essential to fully realise the benefits of the review and deliver efficiencies and service improvements. Chief Officers undertook to take a lead on reassessing business travel within their Services taking advantage of the options and opportunities set out in the Corporate Business Travel review.
- 3.4. Supplementary to the Business Travel Review, arrangements have been made, with the agreement of Chief Officers, for the phased cessation of the essential car user designation during 2015/16 based on a consideration and

analysis of the characteristics of officers work activities and related mileage data.

- 3.5. This is part of the wider work to achieve the Council's stated aim to that '*no employee being under any obligation to use their own vehicle for business use*' and which has resulted in the development, implementation and administration of pool car arrangements across all Services, commencing with an initial six vehicles being made available from 01 July 2015.
- 3.6. The use of pool cars will be monitored throughout the current year. Based on the assumption that officers with essential car user designations will either use the pool cars provided, or their own vehicle claiming casual user mileage rates, possible savings have been calculated of between £7,200 and £10,700 in 2015/16 and £55,000 and £93,900 in subsequent years.
- 3.7. In mid-January 2015, the council acquired a vehicle tracking (telemetry) system the units for which have now been fitted to most of the council's vehicle fleet, including refuse collection vehicles, panel vans, large goods vehicles, road sweepers, various grounds maintenance equipment and, more recently, the six pool cars.
- 3.8. An initial evaluation of the data from the telemetry system has identified a number of possible opportunities to change driver behaviour and the way that services are delivered to make the best and most efficient use of the council's fleet. The initial findings have been considered by Chief Officers and advantage will be taken of the ongoing monitoring of the council's fleet and the realisation of opportunities going forward.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report

LEGAL IMPLICATIONS

None arising from this report

FINANCIAL IMPLICATIONS

As set out in the attached Cabinet Report and appendices

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces: As set out in the relevant appendices

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Corporate Plan 2015 – 18
Performance Management Framework

Contact Officer: Corporate Financial
Monitoring - Andrew Clarke, Financial
Services Manager

Telephone: 01524 582138

E-mail: aclarke@lancaster.gov.uk

Contact Officer: Corporate Performance
Management – Bob Bailey, Performance
Manager:

Telephone: 01524 582018

E-mail: rbailey@lancaster.gov.uk

Ref: N/A

APPENDIX A**CABINET****Corporate Performance and Financial Monitoring
2015/16 – Quarter 1****01 September 2015****Report of the Chief Officer (Governance) and Chief
Officer (Resources)**

PURPOSE OF REPORT				
To present the corporate financial monitoring report for Quarter 1 of the 2015/16 monitoring cycle and provide an update on improvements being made in corporate performance management, monitoring and reporting and the effective use of business intelligence to inform decision-making.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A			
This report is public				

OFFICER RECOMMENDATIONS

- (1) That Cabinet considers the corporate financial monitoring report and appendices and makes any recommendations as appropriate.
- (2) That Cabinet notes the adopted Performance Management Framework and developing performance management arrangements and work being undertaken to support operational and strategic decision-making through an improved use of business intelligence and insights.

1. Corporate Financial Monitoring

1.1. The corporate financial monitoring report for Quarter 1 is attached at **Appendix A**, and the headline variances and projections are as following:

- Current General Fund underspend of £201K, projected to increase to £553K by the end of the year.
- Housing Revenue Account underspend of £13K, project to become a deficit of £39K by the end of the year.
- Council Tax surplus of £314K, of which the Council's share would be £41K.

1.2. In support, the latest update on Property matters is included at **Appendix B**, and the position with regards to treasury management activities is included at **Appendix C**.

2. Corporate Performance Management

2.1. The 2015 – 2018 Corporate Plan was approved by Council on 04 March 2015. The Corporate Plan sets the direction for the delivery of council

services and together with the Medium Term Financial Strategy (MTFS) and other strategies drives the allocation of resources as part of the council's Policy Framework. It also reflects the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the council faces.

- 2.2. The approved corporate priorities: *Clean, Green and Safe Places; Health and Wellbeing; Community Leadership* and *Sustainable Economic Growth* are underpinned by an ethos of an '*Ensuring Council*' – a model of local government developed by the Association of Public Service Excellence (APSE) and approved by Council on 26 February 2014. The focus of the corporate plan priorities has been narrowed as resources have reduced.
- 2.3. In early August, Management Team endorsed the revised **Performance Management Framework** (see **Appendix D**) which sets out the requirements for effective performance management that results in action being taken in response to actual performance to make outcomes for the council and the public better than they would otherwise be. Essentially this requires:
 - systematically deciding and communicating what needs to be done (*aims; objectives and priorities*);
 - a plan for ensuring that it happens (*improvement, action and service plans*);
 - some means of assessing if it has been achieved (*performance/success measures*);
 - information reaching the right people at the right time (*performance reporting*) so decisions are made and actions taken.
- 2.4. The related plans and actions fit within a **plan-do-review-revise** framework helps to integrate planning, review, financial management and improvement that informs policy and management decisions and improves services. In this way, performance management can be used by management to ensure that services are improving and are more efficient and Members to ensure that policy decisions are being carried out and local residents are being well served.
- 2.5. The four priorities are reinforced within the Corporate Plan by headline corporate outcomes and success measures. Delivering better outcomes is a complicated business and can be difficult to measure. Work is, however, underway to determine a range of performance information and data, both qualitative and quantitative, that provide not only a greater understanding of what is actually going on but also provides the basis for decision-making, identifying areas for (continuous) improvement and shared learning.
- 2.6. With the right information and quality data in place the council's performance management information system, CorVu, will assist effective performance by reducing (or eliminating) multiple entry of the same data, reduce error, enhance ownership of indicators and actions and facilitating faster and tailored reporting.
- 2.7. Through performance dashboards, CorVu will enable different information to be available at different levels of the Council, providing a strategic overview of performance for Cabinet Members and senior management and more detailed operational information at a Service, team and individual level. The hierarchy of measures within the system will be individually owned by a named person who will be accountable for the collection of the data/information and the performance itself.
- 2.8. To further support effective business decisions, work is also underway to provide easy access to a wide range of meaningful and useful data and information in an understandable and structured format. It is intended that

insights at a local, regional and national level can be used to help identify, analyse and develop strategic and operational business opportunities.

2.9. The document *Getting to Know Our Lancaster District Communities* attached as **Appendix E** provides key up-to-date information about the Lancaster district and the various communities within it. Originally developed to help the Council and its partners when carrying out equality analysis, the information has the potential for many other potential uses that will help officers and Members to:

- plan future activity based on evidential and special information
- focus resources on important issues affecting the district
- highlight a wide range of data that impacts on, and is impacted by the work of the council and its partners

2.10. The document provides a summary of, and links to, the detailed data, information and analysis across a range of themes relevant to the Lancaster district, together with county or national statistics where local information is not currently available. This document has been replicated in an easy to use format on the Council's intranet but is not, as yet, widely used.

3. Conclusions

3.1. The adopted Performance Management Framework and developing performance management and business intelligence arrangements are the first step in enhancing the current strengths in business planning and performance recognised in 2014 through the Investors in People (IIP) Assessment and more recently the Peer Review led by the Local Government Association.

3.2. The improvements being made in corporate performance management, monitoring and reporting and the more effective use of business intelligence will help Members and management to better understand Service and corporate performance and to make informed decisions based on actual performance and improved customer insights.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>This report is a requirement of the council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework and specifically in the Corporate Plan 2015-18</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>None directly arising from this report.</p>
<p>LEGAL IMPLICATIONS</p> <p>None directly arising from this report.</p>
<p>FINANCIAL IMPLICATIONS</p> <p>None directly arising from this report.</p>
<p>OTHER RESOURCE IMPLICATIONS</p> <p>Human Resources / Information Services / Property / Open Spaces:</p> <p>References and any related implications contained within the report and related appendices.</p>

SECTION 151 OFFICER'S COMMENTS

Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Corporate Plan 2015 – 18
Performance Management Framework

Contact Officers: Corporate Financial Monitoring - Andrew Clarke, Financial Services Manager **Telephone: 01524 582138; E-mail: acclarke@lancaster.gov.uk**
Corporate Performance Management - Bob Bailey, Performance Manager: **Telephone: 01524 582018; Email: rbailey@lancaster.gov.uk**
Ref:

Corporate Financial Monitoring

Quarter 1: April – June 2015

HEADLINE INFORMATION:

- General Fund revenue budget underspend of £201K, projected to become £553K by the year end.
- Housing Revenue Account underspend of £13K, projected to become an overspend of £39K by the year end.
- Council Tax surplus of £314K.
- Sundry Debt level at £3.4M of which £1.9M relates to Housing Benefit Overpayment recoveries. Overall a 14% reduction on the previous quarter.
- Council Housing Rent Arrears circa £291K. A 5% increase on the previous quarter.

1. INTRODUCTION

This report provides a snapshot on the corporate financial position for the Council at the end of June. It looks at the latest spend and income collected against profiled budgets, and where appropriate it provides a forecast projection for the full year. In addition, there are sections covering income collection and procurement.

The report is split into the following areas:

- Revenue Monitoring – General Fund and Housing Revenue Account
- Capital Monitoring – General Fund and Housing Revenue Account
- Local Taxation – Council Tax and Business Rates
- Income Collection – General Fund Sundry Debts and Council Housing Rents
- Procurement

It should be noted that the Council has to operate two specific funds – General Fund and Housing Revenue Account (HRA). The latter covers all aspect relating to Council Housing, whilst the General Fund covers all other Council services.

In addition, there is also a Collection Fund where the Council acts as billing authority for all Council Tax and Business Rates income in the district. This is then shared between itself, the Government, Lancashire County Council, the Police and Crime Commissioner and the Fire Authority.

2. REVENUE MONITORING

This section covers both General Fund and the Housing Revenue Account (HRA), and reports on variances relating to the day to day income and expenditure of the Council. There are also two specific sections for salaries and the Repair and Maintenance Section (RMS).

2.1. Summary Position

The table below provides an overall summary position as at the end of June for both the General Fund and HRA.

	GENERAL FUND			HRA		
	Annual Budget £000's	Current Variance £000's	Full Year Projection £000's	Annual Budget £000's	Current Variance £000's	Full Year Projection £000's
Salaries	20,146	(170)	(287)	1,465	(31)	(3)
Transport	1,701	(15)	(82)	27	0	0
Premises	9,560	60	13	5,689	(4)	(8)
Supplies & Services	9,232	3	(6)	654	10	32
Fees & Charges	(12,622)	(79)	(191)	(15,584)	20	45
Grants & Contributions	(4,087)	0	0	(85)	0	0
Other Net Budgets	(3,181)	0	0	0	0	0
Transfer to/(from) Reserves	(3,696)	0	0	3,464	(8)	(27)
	17,053	(201)	(553)	0	(13)	39

There is a current underspend of £201K in respect of the General Fund which is expected to increase to £553K by the year end. For the HRA there is a current underspend of £13K which is expected to become an overspend of £39K by the year end.

A more detailed analysis of the variances is included at **Annex A**, but the key areas to note are as follows:

General Fund

- Salaries under by £144K – more details are provided in section 2.2.
- Fuel savings of £15K.
- Premises cost up by £60K, mainly due to additional rates.
- Income up by £79K, mainly due to addition grant income and increased usage at Salt Ayre Sports Centre.

HRA

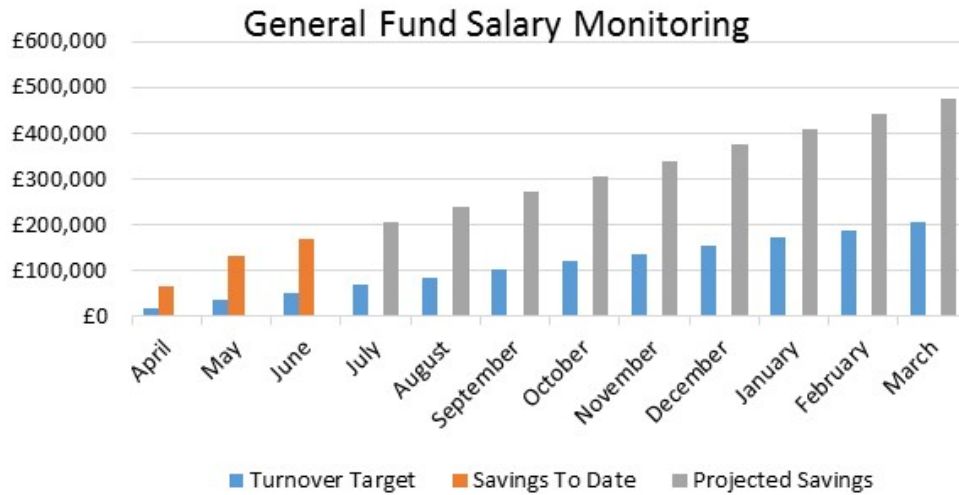
There are a number of variances relating to sheltered housing which have been offset by an additional transfer from the Sheltered Housing Reserve. Excluding these, the key variances are as follows:

- Salaries under by £31K – more details are provided in section 2.2.
- Additional service charge costs of £9K relating to Cable Street offices.
- Additional court costs of £9K relating to rent arrear cases.

2.2. Salary Monitoring

The following table shows the savings for each service together with the number of vacant posts generating those savings. It is important to note that vacancies do not always result in additional savings, as agency staff or additional overtime may be required to cover such staff shortages, particularly in front line services - hence the reason why for example Environmental Services has 21 vacancies and only savings of £26K.

Service	FTE's*	Vacancies	Annual Budget £000's	Current Savings £000's	Projected Savings £000's
General Fund					
Management Team	8	0	594	0	0
Environmental Services	348	21	6,979	(26)	(128)
Governance	42	4	1,252	(25)	(82)
Health & Housing	125	11	2,789	(35)	(2)
Regeneration & Planning	112	5	2,366	(35)	(24)
Resources	95	9	2,506	(49)	(51)
	730	50	15,150	(170)	(287)
Housing Revenue Account					
Council Housing	125	7	2,789	(31)	(3)
* FTE's - Full Time Equivalent Posts					



At the end of 2014/15 there were additional General Fund salary savings of some £262K over and above the revised budget. Analysis has shown that the period during which posts become vacant and are filled again is often longer than anticipated, therefore additional savings are occurring. In view of this, and the projected additional savings of £287K shown in the previous table, there is the potential to double the annual savings target (currently £200K) to £400K. A more detailed analysis will be undertaken as part of the 2016/17 budget setting process.

2.3. Repair and Maintenance Section – Trading Position

The work of this section is predominantly on the Council Housing stock, with a small element on municipal buildings. The total budget for the section is around £9.5M, and covers both in-house and contracted out provision for all repair and maintenance and capital works.

there is currently an overspend of £16K against the profiled budget, which is only 0.2% of the overall annual budget, and therefore within acceptable tolerances.

As highlighted in the 2014/15 Outturn Report to Cabinet, last year there were variances totalling £553K relating to capital works and general repair and maintenance, which had not previously been reported as part of the quarterly monitoring process. This highlights the need for specific monitoring for this section in addition to the need to demonstrate whether the section is providing value for money.

	TOTAL £
INCOME	(562,793)
EXPENDITURE	
Direct Labour	264,591
Direct Materials	108,239
Overheads	382,782
Recharged Revenue Work	366,331
TOTAL EXPENDITURE	1,121,943
NET EXPENDITURE	559,150
Profiled Budget	542,950
Variance from Budget - Adverse/(Favourable)	16,200

The table to the right is a starting point in this process and sets out the financial position at the end of June. This shows

2.4. Other Budget Monitoring and Projected Future Year's Budget Changes

The following variances have either already been identified in this report or relate to other known changes that are due to impact on future years budgets.

Salary Savings

As already identified in section 2.2, additional General Fund salary savings of £287K are projected in this year. Taking account of planned staffing changes and restructures it is estimated that additional savings of £200K could be achieved in future years. A more detailed analysis will be undertaken as part of the 2016/17 budget process.

National Insurance

The Government is introducing a new flat rate State pension scheme from 01 April 2016 and will end the additional State's earnings related pension scheme (SERPS) at the same time. Currently, the Council can contract out of SERPS for those employees who are already members of the Local Government Pension Scheme. By doing so the Council was able to pay lower employer national insurance contributions via a rebate of 3.4%. From April 2016, with the ending of SERPS this rebate will no longer apply. The cost of this change to the General Fund will be in the region of £330K per annum, and £30K per annum for the HRA. No additional funding from the Government's "New Burdens" doctrine is anticipated.

Energy Savings

At the end of 2014/15 there were significant savings on energy costs across a number of service areas amounting to over £100K. Subsequent investigation has shown that a proportion of this related to billing errors and failure of a combined heat and power unit at Salt Ayre (meaning that not all savings should recur). As a result, savings in the current year are forecast to be in the region of £28K, but will rise to £50K in future years.

Fuel Savings

Additional fuel savings of £30K were achieved in 2014/15, and a further £61K is projected for 2015/16. It is anticipated that this trend will continue, and allowing for potential increases in price, additional savings of £50K per annum could be achieved.

Income – Fees and Charges

Additional planning fee income of £86K was achieved in 2014/15, and the current year projection is for a further £100K. Whilst it is accepted that the majority of this increase resulted from larger one off applications, it is not unreasonable to assume an ongoing increase of £50K per annum in planning fee income.

Income – Retained Business Rates

The latest projection for retained Business Rates income shows a shortfall of £371K compared to the budgeted Baseline position (see section 4.1.2 for more details). Whilst this can be covered by the Business Rates reserve in this year, future years will not be covered. As a result, this potentially means a reduction in income of £389K for 2016/17 onwards. The impact of appeals is the significant factor in the changing level of retained income, and the position is monitored on a regular basis.

Net Impact on Future Years

The net impact of all the changes shown above results in an additional cost of £369K per annum from 2016/17 onwards. Future monitoring reports will continue to highlight any additional cost pressures or savings that may impact on future years' budgets.

3. CAPITAL MONITORING

This section covers both General Fund and the HRA. Again reporting on any changes to the programmes or key variances. This section includes both expenditure and financing.

3.1. General Fund Capital Programme

The programme has been updated for approved slippage of £2.526M (Cabinet 23 June 2015), in addition to the following changes:

- **Council 04 March 2015**

Lancaster District Empty Home Partnership £200,000

To be funded from approved revenue growth. The programme has now been updated following agreement that the costs can be capitalised.

- **Delegated Officer Decision – 17 April 2015**

Car Park Improvements (£65,000)

MAAP Morecambe Central Seafront 'Connecting Eric' £155,000

Net Change £90,000

To be funded from the Morecambe Area Action Plan (MAAP) Reserve.

- **Delegated Officer Decision – May 2015**

AONB Vehicle Replacement £25,000

To be funded from the Renewals Reserve

At the end of June there were spend and commitments of £1.808M against the latest approved programme of £11.649M, leaving £9.841M still to spend. Details of spend against each scheme is shown in **Annex B**. There is one overspend, after allowing for commitments, on the Bold Street demolition scheme and a report is to be produced on this in due course.

The performance of the Council's property portfolio has strong linkages with capital investment and financing, and therefore at this point attention is drawn to the Property Group report at **Appendix C**, provided alongside this financial monitoring report.

3.2. HRA Capital Programme

The HRA Capital Programme has also been updated for approved slippage of £95K which has increased it to £5.045M. Against this there are spend and commitments of £1.121M leaving £3.924M still to spend. Details of spend against each scheme is shown in **Annex B**.

4. LOCAL TAXATION

4.1. Collection Fund Monitoring

4.1.1. Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the following table. Such a surplus or deficit arises because of the great many changes in liability that occur throughout the year. Furthermore, any difference between estimated and actual collection performance will ultimately have a bearing.

The second table goes on to compare budgeted council tax yield, or total amount collectable, with the yield position as at the end of June.

Collection Fund Surplus (June 2015)		£000's
		(314)
Represented by In-Year Movements to Date:		
Lower Council Tax Support than estimated	(357)	
Net of Higher Second Homes/Lower Empty Homes income	+38	
Other Movements in the Tax Base	+5	(314)
<i>Of which the City Council would retain 13%</i>		<i>(41)</i>

	Budgeted Projection £000's	Actual Position £000's	
Total Council Tax Collectable (Yield)	61,738	61,805	
Actual amount collected	(18,161)	(18,161)	29.4%
Amount Outstanding	43,577	43,644	

As at 30 June, there is an estimated surplus of £314K of which the City Council would retain £41K.

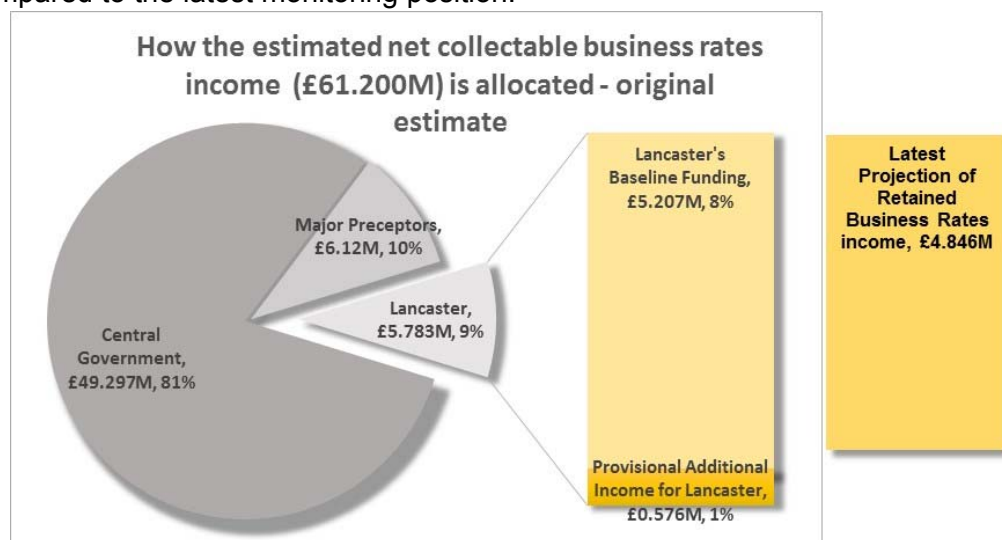
This year's position is made up of:

- £357K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in 2013, the trend is still that the total support being claimed is lower than expected;
- overall £38K lower than estimated income from second/empty homes (specifically identifiable);
- a balance of £5K relating to other movements in the tax base.

Should the tax base increase each year by more than originally estimated, this too helps towards balancing the General Fund revenue budget for future years.

4.1.2. Business Rates Retention

The following diagram shows how the net income collected from Business Rates is distributed between the relevant parties. Lancaster's estimated income is then compared to the latest monitoring position.



The following table expands on this latest position.

	Original £000's	June £000's
Net Collectable Amount of Business Rates	(64.309)	(65.251)
Less: Provision for Appeals	3.109	7.771
Net retained business rates	(61.200)	(57.480)
Less: Central Government Share – 50%	30.600	28.740
Less: County Council & Fire Authority Share – 10%	6.120	5.748
Lancaster's Retained Business Rates Share – 40%	(24.480)	(22.992)
Less: Tariff payable to Central Government	19.763	19.763
Add Back: Cost of Collection	(0.227)	(0.227)
Add: Small Business Rates Relief Grant	(1.415)	(1.390)
Total Amount of Retained Business Rates	(6.359)	(4.846)
Less: Lancaster's Baseline Funding Level	5.207	5.207
Provisional Additional Income	(1.152)	
Provisional Loss of Income		0.371
Split as follows:		
50% Levy Payable to Central Government	(0.576)	
50% Retained by Lancaster	(0.576)	

N.B. The Safety Net Threshold for 2015/16 is £4.816M

The table shows that originally it was anticipated that there would be additional income of £1.152M, of which 50% (£576K) is payable to Central Government and 50% retained by the Council. However, the latest position shows that this has changed to a loss in income of £371K for the Council. The amount of retained business rates income is currently £4.846M which is just above the Safety Net Threshold of £4.816M, therefore the Council will have to stand this loss. However, there is currently £381K held in the Business Rates Reserve to cover any shortfall in income.

Aside from the power station impact, the main reason for the change is that the provision for appeals has had to be increased by some £4.7M, with the bulk of this (£3M) relating to appeals received in March 2015, before the Government's cut off deadline of 01 April 2015 for appeals relating to the 2010 valuation. Some of this loss is mitigated by additional income from new hereditaments coming onto the list.

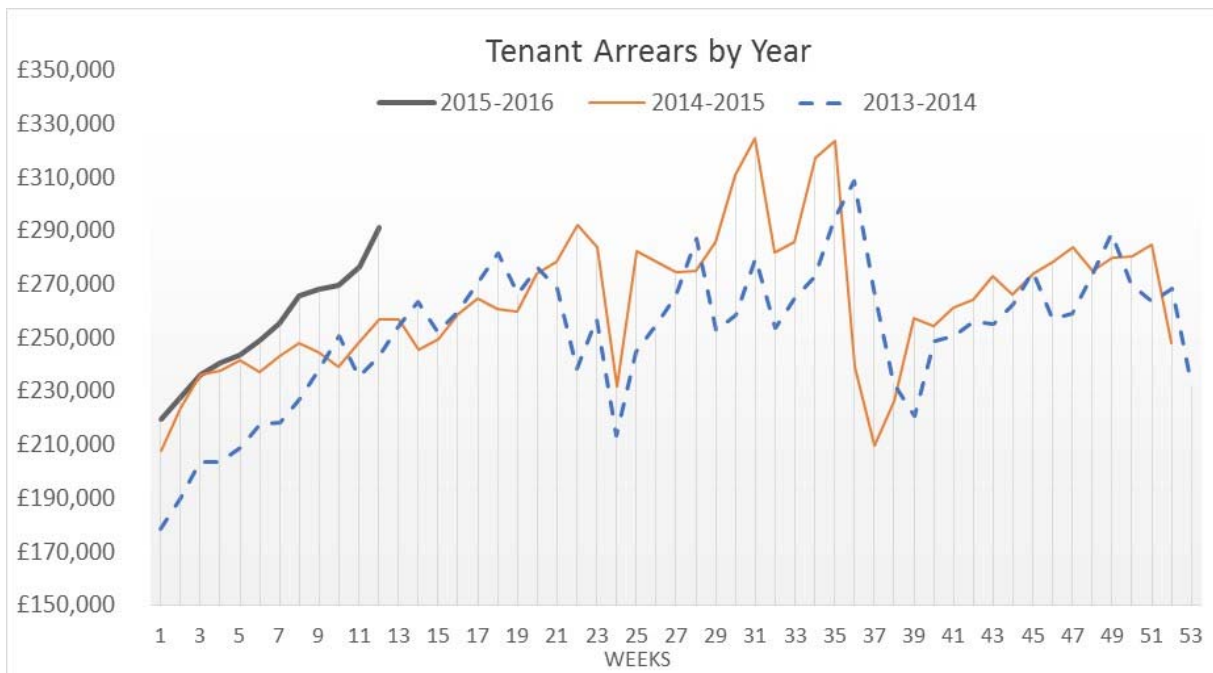
This demonstrates the significant impact appeals can have when trying to forecast the level of business rates income the Council will receive each year. Current and future year's budgets have been estimated at the Baseline Funding level, however this position will need to be reviewed as part of the forthcoming budget process with a view to reducing it to the Safety Net Threshold (see report elsewhere on agenda). This will reduce the level of income by some £389K in future years.

SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	TOTAL
	£	£	£	£	£	£	£
Enviromental Services	478,075	100,649	325,242	13,340	11,376	28,326	957,008
Governance	-	-	-	-	350	8,030	8,380
Regeneration & Planning	9,829	7,798	1,430	1,081	2,742	3,697	26,578
Resources	157,804	37,422	50,594	44,059	33,396	94,914	418,189
Health & Housing	68,459	2,925	9,733	3,223	1,583	1,813	87,735
Hsg Benefits (Revenues)	101,016	145,985	59,364	282,229	300,715	989,654	1,878,964
	815,183	294,778	446,365	343,932	350,162	1,126,434	3,376,854

5.2. Council Housing Rent Arrears

This section monitors the level of tenant arrears, to indicate any impact from welfare reforms and/or the wider economy on rent collection and in turn, to inform whether any specific actions are necessary. It will also feed into future reviews of the bad debt provision.

The following chart shows the current level of arrears compared to the previous 2 years. At the end of June, the level of arrears for 2015/16 is £291K (2014/15 Qtr 1 £257K) which is £14K higher than the previous quarter this year. At this early stage, no specific actions are proposed (other than continuing to review and analysis).



6. CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

6.1. Exceptions to Tender

In accordance with the latest approved contract procedure rules all exceptions to tender and other significant contract variations will be reported as part of the quarterly corporate monitoring process.

- There is only one exception to report on for Qtr1 relating to the Empty Homes Partnership. The Methodist Action North West (MANW) has been awarded a grant to provide funding to bring empty properties up to a decent homes standard. MANW are the only provider working in this district to provide this service and therefore the exception has been granted.

CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances		Projection for Year	
			Adverse / (Favourable)		Adverse / (Favourable)	
			£	£	£	£
Employees	Environmental Services	Turnover savings	(26,000)		(128,000)	
	Governance Services	Turnover savings	(25,000)		(82,700)	
	Health & Housing	Turnover savings	(34,600)		(1,700)	
	Regeneration & Planning	Turnover savings	(35,200)		(23,900)	
	Resources	Turnover savings	(49,000)	(169,800)	(50,700)	(287,000)
Transport	Environmental Services	Fuel savings	(13,900)		(61,300)	
	Governance Services	Reduced Mayoral transport costs	-		(8,000)	
	Health & Housing	Reduced vehicle running costs	(400)		(9,400)	
		Heysham Pool education transport reduction	(800)	(15,100)	(2,700)	(81,400)
Premises	Environmental Services	Business rates savings	(7,400)		(6,300)	
	Health & Housing	Salt Ayre business rates increase	14,100		14,100	
	Regeneration & Planning	Winning Back West End - additional costs on empty properties	21,200		21,600	
	Resources	Commercial properties - additional business rates on empty buildings	11,200		11,200	
	Various Services	Energy costs and projected savings	20,400	59,500	(28,000)	12,600
Supplies & Services	Environmental Services	Waste disposal costs	3,100		15,300	
		Bins and Boxes reduced number of replacements	(8,500)		(34,000)	
	Governance Services	Savings on Mayoral functions budget	(1,400)		(2,400)	
		Savings on Members Special Responsibility Allowances	(1,200)		(3,300)	
	Health & Housing	Salt Ayre Café additional costs due to increased events/upgrade offset by add'l income	2,100		7,200	
	Regeneration & Planning	Platform - additional costs re venue hire, offset by additional income	6,600		8,700	
	Planning software upgrade delayed from 2014/15	2,500	3,200	2,500	(6,000)	
Fees & Charges	Environmental Services	Ryelands Park increased income from event hire	(6,600)		(6,600)	
		Bins and Boxes additional income	(6,500)		(14,000)	
	Governance Services	Additional Search Fee income	(5,000)		(15,000)	
		Reduced Betting Shop licence income	1,500		2,900	
	Health & Housing	Salt Ayre - additional income mainly from in the Café, Main Hall/Studio and Swimming due to uptake in classes/usage	(31,500)		(56,000)	
		Additional HMO licence fee income	-		(7,000)	
	Regeneration & Planning	Planning application fee income re one-off large applications	(5,900)		(100,000)	
		Support to the Arts - Lancs CC funding for Way of the Roses unspent	(6,600)		(6,600)	
		Platform - additional income from venue hire	(4,500)		(13,800)	
		Capital salaries - reduced charge to capital programme, partly offset by salary savings	23,500		52,300	
		Winning Back West End - additional grant income claimed	(32,800)		(32,800)	
	Resources	Lancaster Town Hall reduced rental income in Customer Services	3,700		7,500	
		Investment Interest	(6,000)		??	
	Net additional income from commercial properties	(2,200)	(78,900)	(2,200)	(191,300)	
TOTAL				(201,100)		(553,100)

CORPORATE FINANCIAL MONITORING: Housing Revenue Account

Subjective Area	Service	Reason for Variance	Current Variances Adverse / (Favourable)		Projection for Year Adverse / (Favourable)	
			£	£	£	£
Employees	Health & Housing	Turnover Savings	(31,000)	(31,000)	(3,000)	(3,000)
Premises	Health & Housing	Sheltered Housing - reduced energy costs (offset against transfer from Sheltered Housing Reserve)	(16,000)		(28,000)	
		Cable Street - service charge not previously invoiced due to resolving errors	9,400		12,000	
		Melling House - increase in responsive repairs and maintenance contract (offset against transfer from Sheltered Housing Reserve)	2,600	(4,000)	8,200	(7,800)
Supplies and Services	Health & Housing	Increase in court costs relating to rent arrear cases	8,600		30,000	
		Agency staff required to cover long term sick leave (offset against transfer from Sheltered Housing Reserve)	1,200	9,800	2,400	32,400
Fees and Charges	Health & Housing	Reduced income from service charges and increased void losses for all sheltered housing (offset by transfer from Sheltered Housing Reserve)	20,300	20,300	44,600	44,600
Appropriations	Health & Housing	Transfer from Sheltered Housing Reserve	(8,100)	(8,100)	(27,200)	(27,200)
TOTAL				(13,000)		39,000

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2015/16 Gross Budget	£	Approved Slippage £	Other Approved Changes £	Latest 2015/16 Gross Budget	£	Actual to Date	£	Commitments (Outstanding Orders) £	Total £	Overspend / (Budget Remaining) £
Environmental Services	Allotment Improvements	0		5,000	0	5,000		5,028		0	5,028	28
	Bins & Boxes Lease Buy-out	21,000		0	0	21,000		0		0	0	(21,000)
	Car Park Improvements	200,000		25,000	(65,000)	160,000		1,080		800	1,880	(158,120)
	Middleton Solar Farm Feasibility Study	60,000		7,000	0	67,000		0		23,855	23,855	(43,145)
	Happy Mount Park - Pathway Replacements	20,000		0	0	20,000		0		0	0	(20,000)
	Purchase of Vehicles	780,000		533,000	0	1,313,000		380,110		203,802	583,911	(729,089)
	Vehicle Tracking System	0		24,000	0	24,000		0		0	0	(24,000)
	Williamson Park Improvements	75,000		0	0	75,000		0		0	0	(75,000)
Health & Housing Services	Disabled Facilities Grants	783,000		200,000	0	983,000		156,793		0	156,793	(826,207)
	Salt Ayre Works Programme	30,000		0	0	30,000		0		0	0	(30,000)
Regeneration & Planning	Warm Homes Scheme	0		6,000	0	6,000		0		0	0	(6,000)
	Albion Mills S106 Scheme	0		40,000	0	40,000		39,750		0	39,750	(250)
	Amenity Improvements	0		31,000	0	31,000		8		0	8	(30,992)
	Dalton Square Christmas Lights Renewal	28,000		0	0	28,000		0		0	0	(28,000)
	Bold Street Demolition Scheme	0		20,000	0	20,000		507		31,631	32,138	12,138 *
	Chatsworth Gardens	1,578,000		300,000	0	1,878,000		431,258		0	431,258	(1,446,742)
	Improving Morecambe's Main Str	330,000		118,000	0	448,000		0		3,600	3,600	(444,400)
	Lancaster Square Routes	5,000		103,000	0	108,000		62,475		0	62,475	(45,525)
	Luneside East	0		0	0	0		1,351		0	1,351	1,351
	Middleton Nature Reserve	17,000		0	0	17,000		0		0	0	(17,000)
	Morecambe TH12 A View for Eric	471,000		386,000	0	857,000		45,966		0	45,966	(811,034)
	Sea & River Defence Works	1,020,000		76,000	0	1,096,000		42,110		7,785	49,896	(1,046,105)
	Toucan Crossing King Street	0		3,000	0	3,000		0		0	0	(3,000)
	King St/Wellington Ter. Affordable Housing s106 scheme	90,000		0	0	90,000		0		0	0	(90,000)
	Pedestrian/Cycle Link Sainsbury's Morecambe s106 scheme	50,000		5,000	0	55,000		0		0	0	(55,000)
	Lancaster District Empty Homes Partnership	0		0	200,000	200,000		0		0	0	(200,000)
	Morecambe Area Action Plan	0		0	155,000	155,000		0		0	0	(155,000)
AONB Vehicle Replacement	0		0	25,000	25,000		0		25,189	25,189	189	
Resources	Corp Prop Renewal Ehnce Scheme	2,771,000		483,000	0	3,254,000		64,162		101,499	165,661	(3,088,339)
	ICT Systems, Infrastructure & Equip	479,000		161,000	0	640,000		112,127		66,822	178,949	(461,051)
Total Gross Programme		8,808,000		2,526,000	315,000	11,649,000		1,342,725		464,983	1,807,708	(9,841,292)

* See note in report.

Grants & Contributions												
Capital Grants Income		(2,130,000)		(668,000)	0	(2,803,000)		(1,185,783)		0	(1,185,783)	
Total External Income from Grants & Contributions		(2,130,000)		(668,000)	0	(2,803,000)		(1,185,783)		0	(1,185,783)	
Total Net Programme		6,678,000		1,858,000	315,000	8,846,000		156,942		464,983	621,925	

HRA CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2015/16 Gross Budget	£	Approved Slippage £	Other Approved Changes £	Latest 2015/16 Gross Budget	£	Actual to Date	£	Commitments (Outstanding Orders) £	Total £	Overspend / (Budget Remaining) £
Health & Housing Services	Adaptations	300,000		0	0	300,000		(11,602)		291	(11,310)	(311,310)
	Energy Efficiency Boiler Replacement	625,000		0	0	625,000		28,061		0	28,061	(596,939)
	Environmental Improvements	684,000		0	0	684,000		210,209		134,125	344,334	(339,666)
	External Refurbishments	934,000		16,000	0	950,000		207,713		0	207,713	(742,287)
	Fire Precaution Works	305,000		23,000	0	328,000		20,520		0	20,520	(307,480)
	Kitchen Bathroom Replacement	1,133,000		3,000	0	1,136,000		201,438		263,865	465,303	(670,697)
	Lift Replacements	87,000		33,000	0	120,000		32,744		0	32,744	(87,256)
	Re-roofing & Window Renewals	794,000		0	0	794,000		990		0	990	(793,010)
	Communal Areas - Flats	0		20,000	0	20,000		0		0	0	(20,000)
Rewiring	88,000		0	0	88,000		9,075		23,706	32,781	(55,219)	
Total Gross Programme		4,950,000		95,000	0	5,045,000		699,149		421,988	1,121,136	(3,923,864)

2015/16 Treasury Management Progress Report April to June 2015 (Quarter 1)

Report of Chief Officer (Resources)

1. Introduction

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

Council approved the 2015/16 Treasury Strategy, which incorporates the Investment Strategy, at its meeting on 4 March 2015. This report outlines activities undertaken in pursuance of those strategies during the financial year up to the end of Qtr 1.

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 an updated Guide is now available through the Member Information section on the Intranet.

2. Economic update (provided by Capital Asset Services)

After strong UK GDP growth in 2013 at an annual rate of 2.7% and 3.0% in 2014, quarter 1 of 2015 was disappointing at only 0.4%, though subsequent data indicates that this could well be revised up further down the line and also indicates a return to stronger growth in quarter 2. In its May quarterly Inflation Report, the Bank of England reduced its GDP forecast for 2015 from 2.9% to 2.5% and from 2.9% to 2.7% in 2016, while increasing its forecast for 2017 from 2.4% to 2.7%.

Uncertainty around the likely result of the UK general election in May has obviously now evaporated although this has been replaced by some uncertainty around the potential impact on the UK economy of the EU referendum promised by, or in, 2017. In addition, the firm commitment of the Conservative Government to eliminating the deficit within the term of this Parliament will have an impact on GDP growth rates. However, the MPC is fully alert to this and will take that into account, and also the potential spill over effects from the Greek crisis, in making its decisions on the timing of raising the Bank Rate.

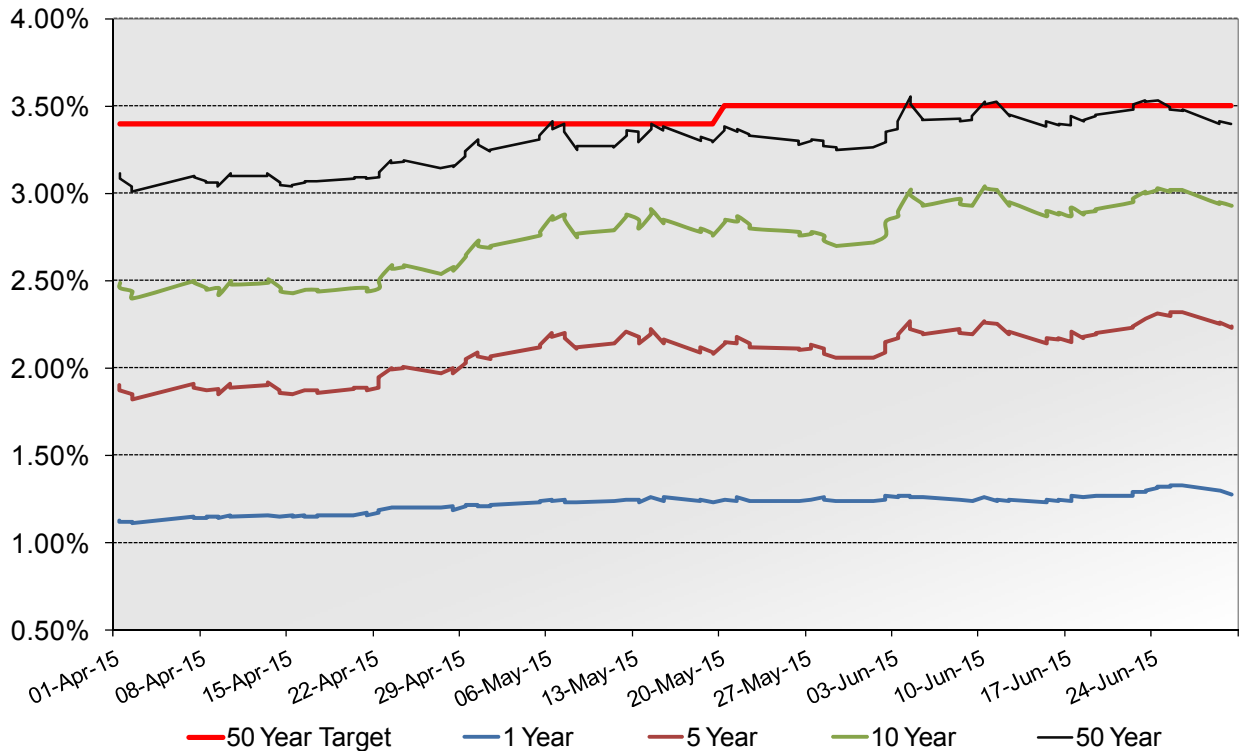
As for the American economy, confidence has improved markedly in this quarter that the US will start increasing the Fed funds rate by the end of 2015 due to a return to strong economic GDP growth after a disappointing start to the year in quarter 1, (a contraction of 0.2%), after achieving 2.4% growth in 2014.

In the Eurozone, the ECB unleashed a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in

economic growth, though it remains to be seen whether this will have an enduring effect as strong as the recovery in the US and UK.

3. Borrowing Activities

No new borrowing was undertaken during Qtr 1, therefore the level of debt outstanding with the Public Works Loans Board (PWLB) at the end of June was £67.332M, and the annual cost of borrowing is £3.071M. The following graph shows the PWLB rates for the first quarter of this year.



Early Repayment of Debt

Officers continue to monitor potential saving opportunities associated with the early repayment of existing debt. This takes into account the premiums or discounts associated with early repayment and the projected cost of refinancing or loss in investment interest. At present, it would not be financially prudent to repay any debt based on the current rates being offered.

4. 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 any cash deposited.

All investment activity has been in line with the approved Treasury Strategy for 2015/16. A summary of the investments at the end of Qtr 1 is shown in the following table (Table 6.1):

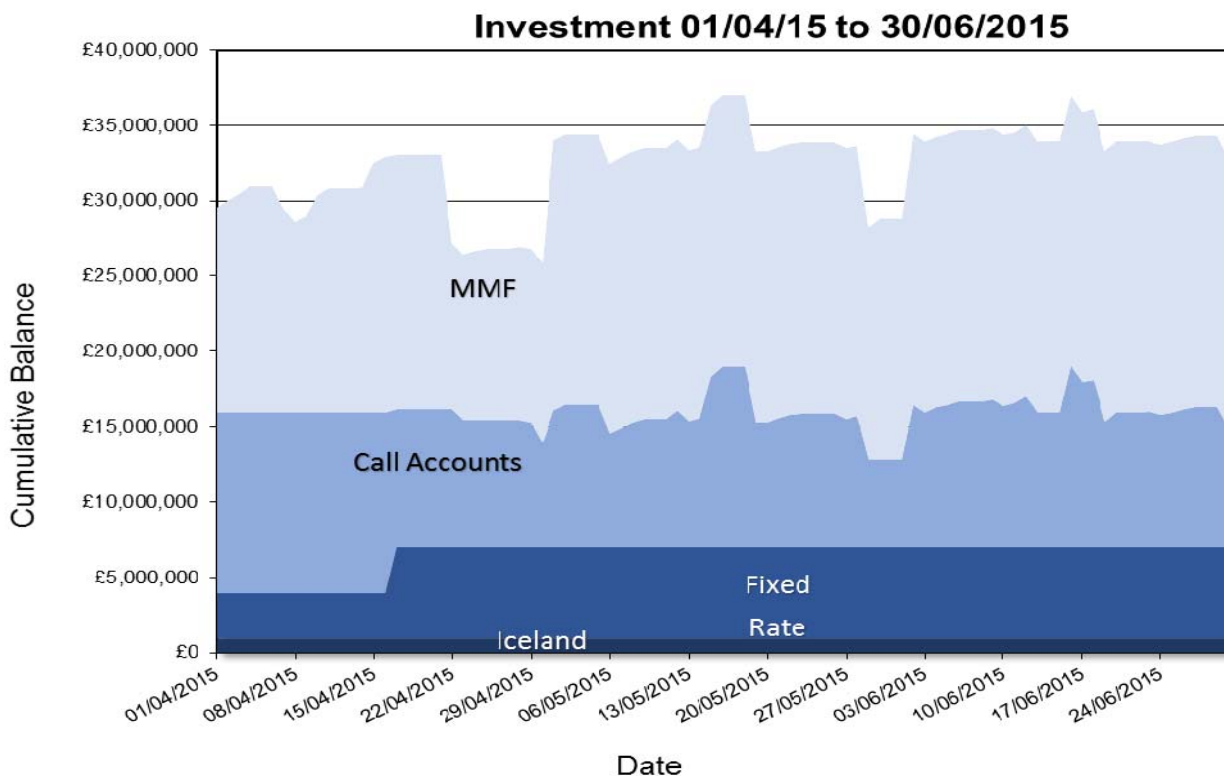
Table 6.1 Counterparty balances

Investments	Opening £	Min £	Max £	Closing £	Rate	Cumulative Interest £
Call Accounts:						Indicative Rate
RBS	0	0	9,923,904	24,306	0.25%	3,505
Lancashire County Council	49,000	0	7,000,000	7,000,000	0.25%	968
Svenska Handelsbanken	3,000,000	994,000	3,000,000	3,000,000	0.35%	2,502
Santander	0	0	2,000,000	2,000,000	0.40%	1,644
Lloyds	4,000,000	0	4,000,000	0	0.40%	2,060
DMADF	0	0	4,000,000	0	0.25%	219
Blackrock Government Liquidity MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.34%	5,128
Blackrock Liquidity First MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.43%	6,451
Insight MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.39%	5,885
Ignis MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.47%	7,006
Longer Term Fixed Rate Investments:						Fixed Rate
Lloyds	6,000,000	6,000,000	6,000,000	6,000,000	0.60%	9,551
Barclays	0	2,000,000	2,000,000	2,000,000	0.64%	2,700
Sub-total	37,049,000			42,024,306		44,920
				Budgeted income		32,435

The longer term credit rating of Government backed banks (RBS and Lloyds) has reduced slightly following the Government’s decision to gradually sell off its stake in these banks. As a result for now, future investments placed with these banks will be kept short term. In addition, Officers are currently investigating investment returns offered by other Local authorities who are looking to borrow over longer periods (6-9 months).

The following graph shows the different investment products used by the Council. The majority of the Council’s balances are held within instant access MMF’s or call accounts. This is mainly because the Council is due to repay the Government £23M in respect of Transitional Protection monies, following settlement of one significant Business Rate appeal. However, the exact timing of this payment is still not certain therefore the majority of cash has been held in instant access accounts.

Graph 6.1 Investment balances



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	0.500%
7 day LIBID	0.362%
Lancaster City Council investments	0.469%

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

	Budget to Date £000's	Actuals to Date £000's	Variance £000's
Cash Interest	32	45	13
Total	32	45	13

Investment returns, excluding balances held in the Icelandic account, exceed the budgeted level. This is due to cash balances being larger than expected as a result of delays within the capital programme and from Business Rates retention, as touched on earlier.

5. Risk management

The new investment matrix, as approved by Council on 04 March, has increased the pool of counterparties that can be used and the term over which an investment can be placed, whilst still keeping risk appetite low. The grading of each counterparty is still based upon the credit rating assigned by the three main agencies.

There is financial risk attached to the longer term debt portfolio (associated with interest rate exposure) as all of the debt is on fixed interest but there has been no change to this over the quarter. Low investment returns mean that using cash invested to repay debt can appear more attractive, however this is not a financially viable option at present due to the penalties associated with early repayment.

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.
E.g. 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.
- **Capita Asset Services** – are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

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

Property Group Update

2015/16 Quarter 1:
April – June

Report from: Senior Property Officer

1.0 Introduction and Background

This Quarter 1 report is intended to provide an update on previously reported projects and initiatives and to highlight any significant emerging property related issues. This report is not intended to provide in depth updates on all ongoing individual property cases.

2.0 Corporate Non-Housing Property Portfolio Delivery Programme

As explained in previous reports, individual projects within the delivery programme fall into three procurement groups based on their value i.e. Minor Works (MW), Intermediate Works (IW) and Projects (P).

It has been reported on a number of occasions and is worthy of note again here that budget flexibility between individual projects is essential. This is because the costs taken from the 2012 condition survey data to build up the original five-year budget were purely indicative, having been estimated based upon non-invasive surveys. As such, the levels of work required at each property have increased or decreased as detailed specification work for the procurement process has progressed.

2.1 Delivery Programme

The delivery programme is now in the first quarter of year 3 and the following tables provide a summary of progress to date for information purposes:

2.1.1 Year 1 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Minor Projects				
Projects within 14 Buildings	£103K	Various	100%	Contained within the R&M revenue budget and not capital spend.
Intermediate Projects				
White Lund Depot	£113K	27/01/14	100%	
Lancaster Cemetery Chapels	£175K	27/01/14	100%	
Lancaster Town Hall Railings	£47K	02/10/13	100%	
Lancaster Town Hall Paving	£28K	07/10/13	100%	
Morecambe Town Hall	-	-	-	Included in Morecambe General (below)
The Dukes Playhouse	-	-	-	On hold pending Dukes development funding bid.
Williamson Park Phase 1	£122K	02/12/13	100%	

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Assembly Rooms Phase 1	£100K	09/12/13	100%	
Storey Phase 1	£323K	03/02/14	100%	
Maritime Museum Phase 1	£390K	27/03/14	100%	Additional replacement boiler
Morecambe Intermediate General Projects; Morecambe Town Hall & Garages (60 Euston Road, Regent Road PC) Salt Ayre Sports Centre	£100K	Various	100%	Additional works identified including re-plastering MTH stairwell, Euston Road reroofing and Stone Jetty external works.
Lancaster Intermediate General Projects; Bridge End Depot, Ryelands Changing Rooms, Old Man's Rest, Cottage Museum, King George Playing Fields	£98K	Various	100%	
Major Projects				
Williamson Park	TBA		0%	Stone paving specification delays. Included within Phase 2
The Platform Phase 1	£413K	03/03/14	99%	Additional works identified including new roof edge protection, maintenance staircase to flat roof and fire compartmentalisation works.
Salt Ayre Sports Centre	-	-	-	Included in Morecambe General projects
Mitre House Car Park	£115K	30/09/13	100%	Replacement sub-base required.

2.1.2 Year 2 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Ashton Memorial – Internal & External Works	£585K	16/02/15	85%	
Lancaster Town Hall – Replacement Lift	£180K	02/02/15	95%	
Salt Ayre Sports Centre – urgent works	£36K	27/01/15	0%	£30K accounts for just urgent works pending results of energy investment survey and service lead review of the facility.
Scotforth Cemetery	£33K	27/01/15	90%	
City Lab	£48K	06/01/15	70%	
White Lund Depot greenhouse electrical works	£26K	03/02/15	80%	

2.1.3 Year 3 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Maritime Museum & 26 St. Georges Quay Phase 2	£151K	28/09/15	0%	Agreed Maximum Price part submitted
The Storey - Phase 2	£126K	29/06/15	20%	
The Storey - Phase 3 (gallery roof)	£55K	18/09/15	0%	Additional works identified AMP currently being quantified
Lancaster Williamson Park - Phase 2	£134K	27/04/15	85%	
Ashton Memorial - Dome Ceiling Restoration	£100K	TBA	0%	Awaiting specialist conservation reports. To be programmed 2016/17
Lancaster Town	£408K	01/06/15	15%	

Hall – Electrical & Building Works				
Lancaster Town Hall – Banqueting Ceilings	£270K	28/09/15	0%	Extra Works -not included in original condition survey. AMP received currently being processed.
Williamson Park Butterfly House Phase 1 Essential Works	£134K	21/08/15	0%	AMP received currently being processed.
King Street Covered Yard	£65K	06/07/15	10	Brought forward for H&S Reasons – extra works identified.
Old Fire Station Boiler	£100K	02/10/15	0%	Brought forward Replacement boiler at end of serviceable life
Ryelands House Boiler	£150K	20/11/15	0%	Replacement boiler at end of serviceable life, not included in original budget.
Assembly Rooms Phase 2	£135K	12/03/16	0%	
The Platform Phase 2	£100K	20/11/15	0%	
Intermediate Demolition Projects (Ryelands Park Pavilion)	£48K	14/09/15	0%	AMP received and planning approval being sought.
City Museum – Essential Works	£140K	14/09/15	0%	Total budget being considered as match funding for potential HLF bid – £140K covers essential repairs only.

2.2 Methodology

The focus of year 1 was to deal with category D urgent works across the property portfolio. The works undertaken in year 1 & 2 have now allowed the focus to shift towards working on individual buildings rather than spreading our available resources too thinly over numerous sites. The rationale behind the development of the year two and three delivery programmes was to select buildings with a secure future and complete all category A – C (less urgent but still essential) works.

Once capital works have been completed on a particular building that building will then be allocated a planned maintenance schedule and added to the growing planned maintenance programme. The goal for the remainder of this delivery programme is to complete the required work across the property portfolio, facilitating the move from the current emphasis on an expensive reactive approach, to a more financially sustainable planned maintenance ethos.

Finally, it should be understood that the estimated budget costs have been taken from the 2012 non-invasive condition survey and as such the possibility exists that unit costs will increase due to inflationary pressures and further deterioration of components within identified works.

3.0 Capital Receipts

No capital receipts were received in Quarter 1.

4.0 Performance of Commercial Buildings (Occupancy)

As can be seen from the table below there have been some changes since the closing position of the commercial property portfolio over the last 12 months.

	2015/16 Quarter 1	2014/15 Quarter 2	2014/15 Quarter 3	2014/15 Quarter 4
Number of Properties	60	60	60	60
Occupation by Floor Area				
• Total Let (m2)	17,265	17,161	17,287	17,287
• Total Vacant (m2)	1,267	1,521	1,395	1,395
• Total Area (m2)	18,532	18,682	18,682	18,682

Whilst there have been slight changes in current occupation across the City Council's total commercial property portfolio the percentage let figure remains at 93%. The remaining 7% of vacant space now amounts to the equivalent of 1267m2, the majority of which is attributable to the following 2 buildings:

1. **The Storey:** The total commercial occupation within this building is currently running at 91%. The remaining 9% equates to a vacant floor area of 145m2.
2. **Citylab:** The total commercial occupation within this building is currently also running at 80%. The remaining 20% equates to a vacant floor area of 235m2.

Other buildings currently contributing to the total vacant space include:

- Edward Street Dance Studio (159m2) – This building is vacant due to its inclusion in the Canal Corridor Development Agreement.
- 56-58 Euston Road – Marketing of this building continues and some positive interest in the unit has been expressed.
- 8 Ridge Square – This is a Council Housing property that has been vacant for some time.

Property Group continues to work towards reducing the vacancy rates in the commercial property portfolio although considering that supply is currently outstripping demand in the commercial office rental market, an overall 7% vacancy rate across the whole portfolio represents a relatively healthy position.

There will undoubtedly be further updates during the remainder of the year; changes are expected to have bearing on both occupancy and future rental income. The latter will be reflected in updating the budget.



Performance Management Framework (PMF)

Document History

Document Title	Version	Reference/Date	Comments
Draft Performance Management Framework	0.01	April 2015	First Draft
Draft Performance Management Framework	0.02	May 2015	HR Manager suggested amendments
Performance Management Framework	0.03	July 2015	

Introduction

Performance management is a way of describing the number of different areas of work and management arrangements that the council uses to ensure that it achieves what it set out to do within the resources it has committed. It is also about how we consistently plan and manage improvements to our services.

To achieve this, the Performance Management Framework supports a systematic and coordinated approach with everyone understanding their part in the different processes and actively participating in them. Our framework provides the basis for ensuring that we understand the various elements which contribute to delivering effective and efficient services that meet the needs of the local community.

The Council has adopted this PMF to ensure that services are focused on continuous improvement.

Scope and Content

The Performance Management Framework sets out and helps us to:

- Be clear about what we are trying to achieve
- Understand exactly how we are going to achieve it collectively and individually
- Understand how we will monitor and report progress through regular evaluation and review
- Understand how the contribution of individual members of staff, managers, teams and Services relate to each other and help to deliver our priorities



Our Performance Management Framework provides an overview of the arrangements in place to manage performance and our performance management information system, CorVu (see page 4) provides performance information and data so that everyone knows; what needs to be achieved; what is required of them and when; what is measured and managed, and; what progress we are making - all in one place!

To help achieve our aims we are striving to ensure that the following characteristics, which are key in high performing organisations, are embedded at the Council:



Business Planning and Policy Framework – how the plans fit together

Business planning is the essential foundation for effective performance management. The purpose of business planning is to translate high level priorities into management action and linked measures of performance.

Business planning needs to be undertaken at all levels of the council. Our Performance Management Framework links plans and performance outcomes and measures together, connecting business priorities with the activities and actions of managers and staff at a Service, team and individual level.

The **Corporate Plan** is a central part of the policy framework setting out the corporate priorities and outcomes that the council aims to achieve over the next three years and the ethos for doing so.

The council plans its finances to deliver these priorities and to manage spending within available resources by producing and regularly updating a three-year rolling budget through the **Medium Term Financial Strategy** (MTFS). The MTFS summarises the same priorities and outcomes as the Corporate Plan but expresses them in financial terms, whilst highlighting any imbalance - being the need to make savings and manage expectations.

Underpinning these are other specific policies that explain the approach to particular areas of activity and that link to relevant legislation. Principle amongst these are the **Local Plan** identifying areas for planning development in the district and those that should be protected from development; the **People Management Strategy** (not yet developed) focusing on effective people management and development and making the best use of the skills of our workforce, and; the **Medium Term Corporate Property Strategy** setting out how the council manages its assets to ensure they are fit for purpose and opportunities are identified and managed.

Service Business Plans are produced annually by each of our Services showing what they will do to contribute to the achievement of outcomes within the Corporate Plan, and key operational actions and activities for service delivery.

Individual **Employee Development and Performance Appraisals** contain personal objectives that will help to achieve actions within the relevant Service Business Plan and/or the priorities and outcomes in the Corporate Plan.



Performance planning, monitoring and review cycle – what happens, when and how?

The performance planning, monitoring and review cycle provides an opportunity to continuously review our performance and to take early action if something is going wrong. There are four stages to the process:



Planning – Where are we now and where do we want to be?

Where we are now is reflected in actual performance against our agreed success measures (at both a corporate and Service level). This helps us to interpret data and contextual information to understand current performance, look for recognised trends (if there are any) and identify opportunities that will improve performance and help us to get to where we want to be through planned and systematic changes.

Doing – How do we get to where we want to be?

To get to where we want to be we need to maximise our capacity to deliver actions set out in our various plans, manage risks and allocate resources and use performance management monitoring and information to ensure we remain on course.

Reviewing – How are we doing and are we there yet?

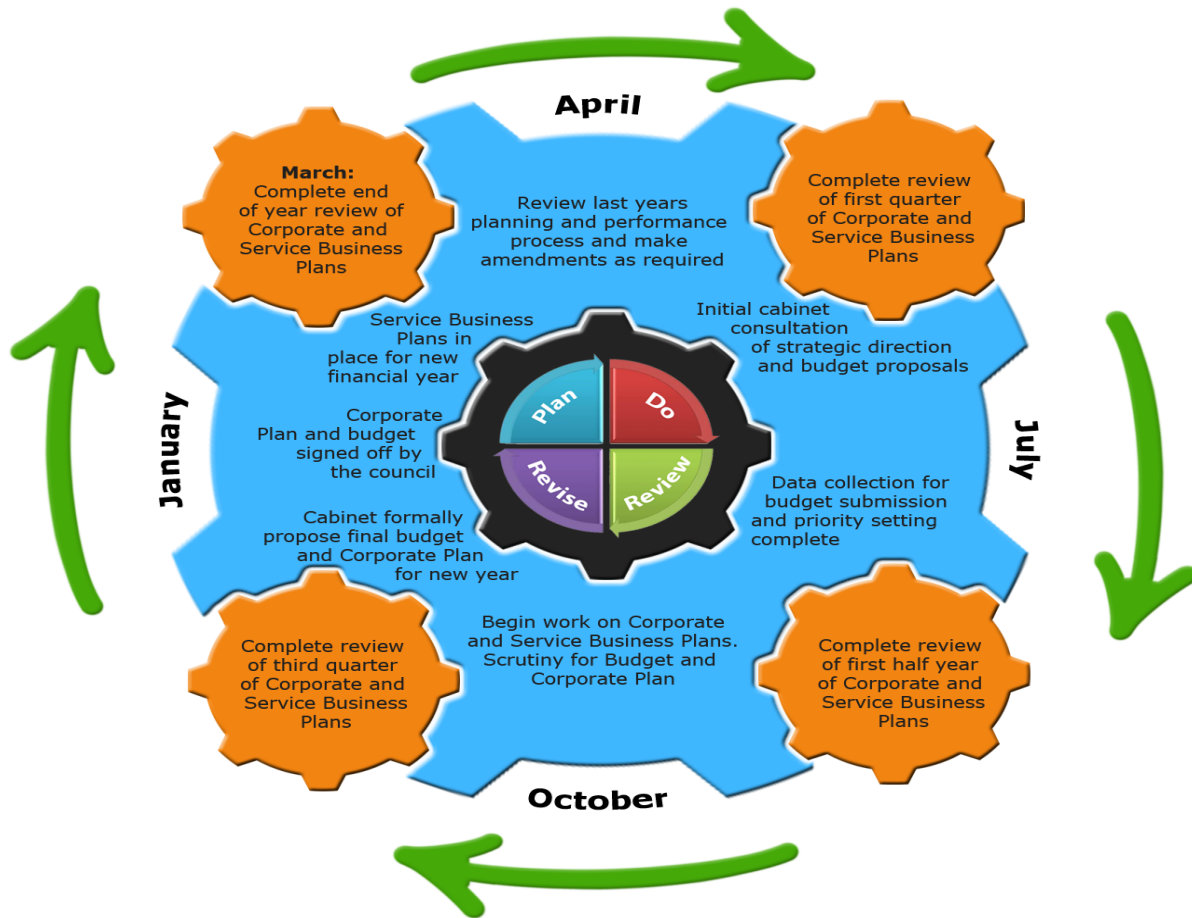
By monitoring and managing performance we can assess our progress towards achieving our ambitions.

Revising – What do we do next?

It is important that our services evolve to meet changing business needs and those of our residents. Having reviewed our performance we may need to change what we are doing to revise our ambitions and priorities in light of emerging issues and lessons learned so that we continuously improve the services we deliver.

To maximise the effectiveness of business planning and the performance monitoring and review cycle a timetable sets out how these align to each other, and to the budget monitoring and financial planning process.

Our business planning broadly takes place on an annual cycle, but in order to respond effectively to ever changing environment in which we have to deliver services to our customers, planning and reviewing is an iterative process that also takes place on a quarterly and, in some cases, monthly basis. The diagram below sets out the annual business planning and performance cycle:

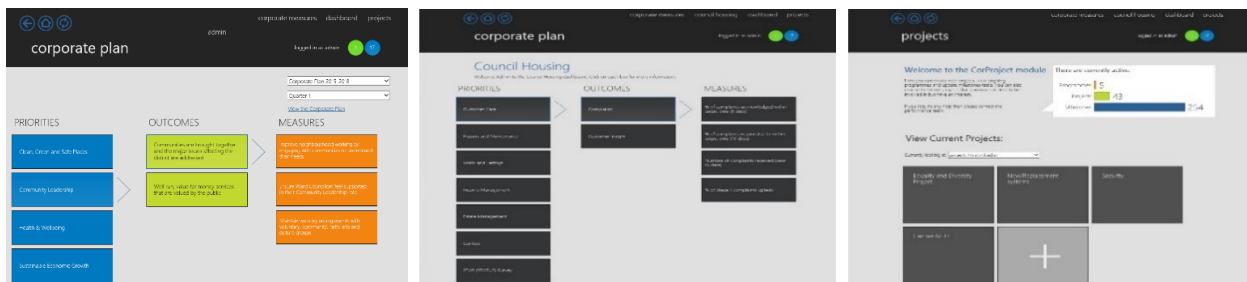


Performance Management Information System - CorVu

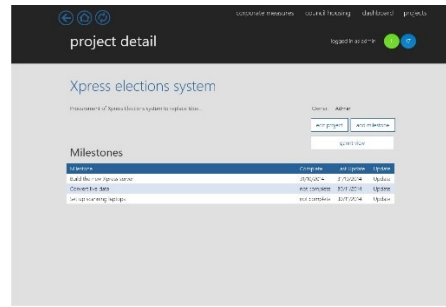
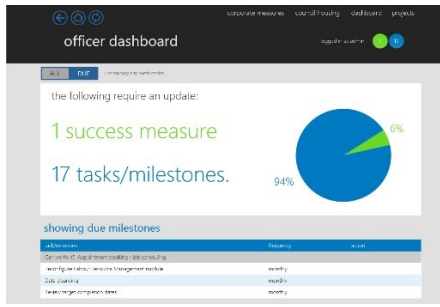
To facilitate efficient and effective performance management, important data and related contextual information is monitored and reported through CorVu our performance management information system.

The system provides a number of advantages that will help to make the most of one of our most important assets: information. These advantages include:

- A single centrally managed source of evidence that performance to deliver plans and projects is being managed
- Interactive ‘Strategy maps’ that provide a visual demonstration of how priorities, outcomes and success measures and any related project activities link together



- Ability to run automated Service Business Plans and Employee Development Performance Appraisals
- A real-time snapshot, in one place, of how the council is progressing against its plans, strategies, projects and programmes



- Performance and project management activities presented in different ways with intuitive and dynamic dashboards, reports and graphs at a corporate, Service and individual level of responsibility



- Activities contributing to more than one priority/outcome/plan entered once but reported multiple times to different audiences
- Links to other performance and improvement drivers including internal/external audits; peer reviews and service based improvement programmes/action plans
- Capability to make the most of business/customer intelligence and benchmarking across the council and externally though a direct link to [LG Inform](#)¹



Accountability – taking responsibility for results

Effective performance management requires clearly defined and structured accountability. Business planning and regular review and revision need to take place at all levels of the council – the different roles and responsibilities expected from each of these is set out below:



¹ LG Inform is the LGA's free data service which presents up-to-date published data about the local area and the performance of the council. LG Inform can help review and compare our performance with other councils

- **Cabinet and Overview and Scrutiny:** Ultimately, councillors are responsible for setting the direction of the council. Cabinet Portfolio Holders meet with Chief Officers to discuss performance under their areas of responsibility. The Leader of the Council, as the Cabinet Portfolio Holder with overall responsibility for performance, reports quarterly to Cabinet. Overview and scrutiny are involved in performance management on a selective and strategic basis through task groups and the **Budget and Performance Panel** (acting on behalf of Overview and Scrutiny) examine performance data each quarter, detecting trends and identifying key areas of concern.
- **Management Team** review performance at least every three months and can ask managers to review areas of concern and agree management action to address underperformance at any time.
- **Chief Officers** are responsible for overseeing the performance of the whole of their Service. They make sure that Service plans are monitored at least every three months and regularly provide progress reports to the appropriate Cabinet Portfolio Holder(s). Where success measures/actions and project milestones are significantly off-track the 'owner' will escalate the matter to the Chief Officer (referred to as the 'escalation owner') who will determine what further remedial action/resource is required or whether it would be of more benefit to terminate the activity/project all together.
- **Service Managers:** Managers will be assigned as 'owners' of success measures/actions and project milestones with overall responsibility for their performance and early intervention if things are going wrong so that action can be taken to get back on-track. Service managers (and possibly Teams within Services) meet regularly to share information; review progress of Team/Service plans; take action to deal with underperformance; develop ideas; identify emerging issues and areas of work for the next plan and agree a way forward on a variety of matters. Service Managers will have general responsibility for corporate activities / actions such as sickness absence management; governance and assurance and health and safety. Whilst, various mechanisms are in place to monitor these CorVu will be developed so that relevant data/information is captured in one place.
- **Individuals:** All staff have a responsibility to deliver the tasks that have been agreed in their appraisal and understand how their work contributes to team, service and council priorities. Within the CorVu system individuals will be assigned to success measures/actions and project milestones that they will be responsible for updating data/information and commentary at agreed frequencies (i.e. monthly/quarterly/half yearly/annually)

Support

Support is available to provide advice, experience, knowledge and techniques that will help to deliver improvement through business planning and performance management.

Human Resources and Organisational Development coordinates the council's performance management, monitoring and reporting and provides guidance and support on corporate and service business planning arrangements. They also support the delivery of quality services through continuous business improvement and the development of a skilled and motivated workforce.

The PMF is the Council's core component in the delivery of a robust Corporate Improvement Plan. It draws together many activities to ensure improvement is planned, managed and effectively resourced.

Other support services (Governance Services and Resources) will provide advice and support so that governance arrangements are in place that will deliver the council's priorities whilst making the best use of resources that represent value for money and proper stewardship.

Financial management is a crucial part of the business planning cycle – planning how to allocate resources; understanding what can be afforded; managing the budget, and; cost and income risks. Resources (Finance) will provide sound financial advice and help find solutions and manage opportunities and challenges that will deliver services within available resources.



Assurance and Quality Control

Our performance culture is founded on the knowledge that everyone contributes through our performance management framework and, where appropriate, measurable activities at every level (i.e. individual; team; Service and corporate) that translate into outcomes that effect and have an impact on delivering and improving our services.

The key to this is determining success measures that are derived from **purpose**. This means understanding what the system or activity is there to do (e.g. Reduce hate crime and the fear of crime; Increase number of affordable homes) and then ensuring that the measure(s) help us to tell whether we are actually doing this.

Once we have the right measures, they must be measured right. This involves considering good quality data reported in a timely and accurate way that tells us about the **actual** performance of our measures. The key is to intelligently interpret data – as well as contextual information - and to use this to understand the capability of the system/activity, taking into account recognised trends/variations and identifying opportunities for improving performance where this is needed. The right measures then provide an evidence base from which to make decisions; initiate systematic adjustments and determine actions.

Further guidance for developing plans and performance measures and associated activities is available from the HR & OD Team.

PMF Evaluation

This PMF will be reviewed annually or when significant changes are made to the way the council plans and monitors performance to ensure it:

- Remains appropriate to the councils performance management needs
- Contributes to the achievement of measurable service/corporate improvements. The HR & OD Team will lead on the review of the framework and report to Management Team and the Leader of the Council who has overall responsibility for the council's performance.

Getting To Know Our Lancaster District Communities 2015/16

Introduction and context

This document provides key information about the Lancaster District and the various communities within it.

Further information can be found by clicking onto the relevant web links.

Where local information is not available, county or national information has been provided.

This information has many uses and will be particularly helpful to the council and partners when conducting equality analysis (helping to assess the impact of decisions on the districts communities).

This information is up to date as of August 2015. It will be updated annually.

Issues and suggestions

Please contact the council's consultation and engagement officer if you have trouble accessing the information web links or you are aware of some information which should be included jmilligan@lancaster.gov.uk

Data themes

- [Lancaster district profile](#)
- [Demographics/age](#)
- [Local economy and employment](#)
- [House prices](#)
- [Households](#)
- [Education](#)
- [Health](#)
- [Crime](#)
- [Hate crime](#)
- [Children and young people](#)
- [Older people](#)
- [Disability](#)
- [Faith, religion and belief](#)
- [Gender including marriage, civil partnership, pregnancy and maternity](#)
- [Gender reassignment](#)
- [Sexual orientation](#)
- [Race](#)
- [Lancaster District Communities Together Group](#)

Our district – general population information

The Lancaster District Profile provides a range of statistics and analysis for our area and includes sections on people and communities, economic development, children and young people, community safety, environment, health and wellbeing and older people.

Demographics/age

Population (2011 Census) – 138,375

Population (2014 mid-year estimate) – 141,222

Population projections, age and ethnicity analysis (under 'people and communities')

The age group of 15-24 and 65+ have an above average proportion in the Lancaster district due to the universities and the district being a popular retirement destination.

There has also been an increasing diversity in ethnicity during the last decade, mainly in the 'other white' and 'other' groups which is likely a result from migration from Eastern Europe.

It is estimated that between 2012 and 2037 the population of Lancaster will increase by 5.9%.

Numbers of residents by specific age (Census 2011)

Local economy and employment

Employment numbers and sector analysis (under 'economic development')

In 2013, the number of people employed in the Lancaster district was 53,700.

While the manufacturing sector has declined the service sector has become a far greater source of employment – Lancaster has a lower rate of jobs in the manufacturing sector than the Lancashire average but a higher than average rate of employment in the service sector.

With two universities in Lancaster employment in the education sector is high.

Types of employment (2011 Census)

The top 5 sectors of employment in the district are:

- 1) Human health and social work activities (10,112)
- 2) Wholesale and retail trade including repair of motor vehicles and motor cycles (9,569)
- 3) Education (9,173)
- 4) Accommodation and food service activities (4,615)
- 5) Construction (4,501)

New business success rates and analysis (2013) – 4,185 active enterprises. In 2013, 510 businesses started and 345 businesses closed

Average (mean and median) gross full time annual pay (in context with UK, County and other district councils).

This shows that in 2014, the average median gross income in the Lancaster District was £25-26,000 and a typical mean gross household income was £32-33,000. [More detail and ward data available from right hand downloads.](#)

Earnings by gender (national figures)

The gender pay gap (i.e. the difference between men's and women's earnings as a percentage of men's earnings) based on median gross hourly earnings (excluding overtime) for full-time employees increased to 10.0% from 9.5% in 2012.

[Gender pay gap shrinks to record low, says ONS \(BBC News 19 November 2014\)](#) The average full-time pay gap between men and women is at its narrowest since comparative records began in 1997, official figures show. However, the change was the result of men's wages dropping faster than women's in real terms. Allowing for inflation, weekly earnings for all fell by 1.6% compared to 2013.

The percentage of public sector employees working in the district and surrounding authorities

This shows that in 2010, public sector employment as a share of total employment is 24%, public sector density is 13.2% and public employment rate is 23.9% (above UK average) for the Lancaster District. Whereas, private sector employment density is 42% and employment rate is 49.5%.

Commuter figures and analysis (under 'environment and transport')

Distance Travelled to Work (2011 Census)

Lancaster (4.4%) has the highest percentage of people travelling 60km or more to work which would allow workers to reach Manchester.

House prices

Average house prices and analysis (under 'people and communities')

Lancaster has around 61,000 dwellings. 90% are owner occupied or private rented but the local authority maintains a notable proportion of the dwelling stock.

House prices in the district are above average for Lancashire, but has a relatively high proportion of its housing stock in the two lowest council tax bands in comparison to national averages.

Households

Profile of local households (under 'people and communities')

Household Composition (2011) shows number of people in a household, and includes numbers of married, same sex civil partnership, families, lone parents, one person households and other similar information.

Living Arrangements in the Lancaster district (2011) provides more detail into self-described marital status.

Deprivation figures (under 'people and communities') A total of 11.6% of households were in fuel poverty in 2013, determined by energy efficiency status of the property, the cost of energy and household income.

Lancaster was the 133rd most deprived area out of 326 districts and unitary authorities in England.

Education

Levels of qualification of residents (Census 2011)

Of the 115,405 of over 16 year olds in the 2011 Census, 23,804 people had no qualifications.

Number of full time students - 16,413 full time students aged 16 to 74 (2011)

Numbers of unpaid carers – 9,261 (1-19 hours), 1,819 (20-49 hours) and 3,535 (50+ hours) based on 2011 Census

School population data and analysis

This suggests that the vast majority of Gypsy/Roma and Irish Traveller pupils registered on roll with schools were resident in Lancaster (181 pupils), Hyndburn (78 pupils) and Preston (36 pupils).

Health

Health and wellbeing statistics and analysis, including life expectancy (under 'health and wellbeing') Figures for life expectancy at birth reveal that Lancaster had male and female rates that are somewhat lower than the national averages.

Health inequalities (Lancashire data)

Number of births and deaths – 1,482 births and 1,519 deaths in 2013

Teenage pregnancy

This suggests that the under-18 conception rate has improved in most areas since 2001 with Hyndburn, Lancaster, Pendle, Preston, Rossendale and West Lancashire reporting substantial improvements.

Active people survey - who takes part in sport? (National analysis including demographics and a local profile is also available)

This shows that women are less likely to take part in sport than men.

[Sport participation can be influenced by factors such as age, ethnicity, faith, sexual orientation and disability.](#)

Sports market segmentation tool (can be used by gender, age and ethnic group)

Crime

Safer Lancashire Priorities

The following community safety priorities have been identified by Safer Lancashire:

- Anti-social behaviour
- Domestic abuse

- Road safety
- Child sexual exploitation
- Counter terrorism
- Hate crime

Crime figures and perception analysis (under 'community safety')

Crime figures by postcode or ward

Compare neighbourhood crime figures with other similar areas (under 'crime map' or 'performance')

Hate crime

[In 2013/14, there were 44,480 hate crimes recorded by the police \(England and Wales\), an increase of 5% compared to 2012/13.](#)

- 84% were race
- 10% were sexual orientation
- 5% were religion
- 4% were disability
- 1% were transgender hate crimes

Stonewall Gay British Crime Survey 2013

This suggests that:

- One in six lesbian, gay and bisexual people have experienced a hate crime or incident in the last three years
- One in ten victims experienced a physical assault
- More than three quarters of victims did not report what they had experienced to the police and two thirds didn't report it to anyone.

Wyre and Lancaster District Hate Crime Project

Children and younger people

Children and young people statistics and analysis

Children in poverty (2012) The proportion of children (aged 0-19) in poverty across Lancashire is 16.5%.

[Young People who are Not in Education, Employment or Training \(NEET\)](#) comprehensive statistics and narrative at county level with some district and ward level statistics.

Older people

Lancaster is ahead of the national trend towards living longer. It is likely that 24% of the population will be over 65 by 2030, which is higher than the national average (will be 22% currently 18%). By 2037 5% of population of UK (1 in 20 people) will be over 85.

Older people statistics and analysis

Infographics on Older people from 2011 Census

[Lancashire Strategy for an ageing population](#) including Lancashire based research from 2005 This suggests that, Lancaster's total population is forecast to increase by 9,400 between 2005 and 2020. Within the same period, the population aged 50 or over will increase by 12,300. The greatest increase will be in 65- to 79-year-olds (5,700).

- In 2001, 653 people in Lancaster aged 30 to 44 (2.4%) were BME. These people are the 50- to 64-year-olds of 2020. 653 people is more than three times the 170 people aged 50 to 64 who were BME in 2001.
- The younger the age group, the higher the proportion of BME people.
- The proportion of the older population who are BME will increase as the current population ages.
-

According to the Indices of Deprivation 2004, around 3,550 people in Lancaster aged over 65 (14.9%) are income deprived. If this percentage remains the same in 2020, the number of income-deprived over-65-year-olds will be 4,723.

The majority would use their car to go shopping, to the doctors, hospital or leisure services. 53% felt very safe in their home during the day and 46% felt fairly safe. 44% felt very safe in their homes and 52% felt fairly safe. 17% felt very safe when travelling during the day and 56% felt fairly safe. 8% felt very safe in the town centre during the day and 36% felt fairly safe. 7% felt very safe travelling around after dark and 59% felt fairly safe. 3% felt very safe in the town centre after dark and 22% felt fairly safe.

Disability

Day to day activities limited a lot in the Lancaster District (ONS key figures for 2011 Census)

- 9.2% of people in Lancaster
- 10.3% of people in North West
- 8.3% of people in England

UK statistics on deafness (Local information is not currently available.)

Number of deaf/blind people in the UK and in the North West

- Approximately 250,999 deaf/blind people in the UK
- 222,000 of these people are aged over 70
- 33,000 adults (age 20-69)
- 4,000 children (0-19 years)

- It is estimated that there will be 7,743 deaf/blind people and 2,901 people with more severe impairment living in Lancashire.

Sight loss data tool will give you data on sight loss/blindness for Lancashire, North West and England. Please follow the guidance notes.

Learning disabilities statistics

There were around 1.5 million people estimated to be living with a learning disability in the UK in 2011. This includes 905,000 adults of which 530,000 were men and 375,000 were women.

In the North West it is estimated that nearly 5 people in 1,000 have a learning disability (2011).

Learning disability profile

In Lancashire there are (all figures per 1,000, averages are for England only):

- 4.68 adults with learning disabilities known to GPs (above average)
- 4.53 adults (18-64) with learning disabilities know to Local Authorities (above average)
- 7.81 children with autistic spectrum know to schools (below average)
- 17.49 children with moderate learning disabilities know to schools (below average)
- 3.05 children with severe learning disabilities know to schools (below average)
- 1.31 children who have profound and multiple learning disabilities know to schools (above average)
- 21.86 children with learning difficulties know to schools (below average)

UK mental health facts and figures

- 1 in 4 people will experience some kind of mental health problem in the course of a year.
- [About a quarter of the population](#) will experience some kind of mental health problem in the course of a year, with mixed anxiety and depression the [most common mental disorder](#) in Britain.
- [Women are more likely to have been treated for a mental health problem](#) than men and about [ten percent of children have a mental health problem](#) at any one time.
- [Depression affects 1 in 5 older people.](#)
- [Suicides rates](#) show that British men are three times more likely to die by suicide than British women and [self-harm statistics](#) for the UK show one of the highest rates in Europe: 400 per 100,000 population.
- Only [1 in 10 prisoners has no mental disorder.](#)

Mental health statistics including dementia

Faith, religion and belief

Religion statistics and analysis

In Lancaster, the 2011 Census provided the following breakdown for religion:

- 1) Christian (65.9%)
- 2) No religion (24.5%)
- 3) Not stated (7.1%)
- 4) Muslim (1.3%)
- 5) Other (0.5%)
- 6) Buddhist (0.4%)
- 7) Hindu (0.3%)

- 8) Jewish (0.1%)
- 9) Sikh (0.1%)

Whilst the largest faith group in Lancaster is Christian, this is below the Lancashire average of 67%. Lancaster's percentage of residents who claim no religion is above the Lancashire average of 19.1% and is second highest of the 14 authorities. This could be in part to the 1.3% Muslim population which is well below the 6.6% average for Lancashire.

Gender

Number of Men and Women in the Lancaster district

The 2011 Census identified 66,841 and 71,534 females in the Lancaster District.

5 facts about living arrangements and marital status in England and Wales (2011 Census)

- 1) 785,000 people who married were not living together as a married couple, this was 3.7% of the married household population.
- 2) 145,000 people in householder who were married and not living together were cohabiting with a different partner.
- 3) Those aged 40 and over made up a larger proportion of the cohabiting population in 2011 (41%)
- 4) In Richmondshire (North Yorkshire) there were 2 never married men to every never married women in 2011.
- 5) Wales has the highest proportion of its adult population divorced (9.7%) while Northern Ireland has the lowest (5.5%).

Gender reassignment

Press for Change trans research - Engendered Penalties: Transgender and Transsexual People's Experiences of Inequality and Discrimination

This suggests that there is 'no publicly available statistical data on which to make firm estimates'.

Although 'in 2000, after informal consultations with the Passport Section of the Home Office, Press for Change estimated there were around 5,000 transsexual people in the UK, based upon numbers of those who had changed their passports (Home Office 2000)'.

Mental health wellbeing and trans people Transgender people are more likely to experience mental distress due to the social disapproval and discrimination that they encounter.

Data on transsexual and transgender people. A report produced by the EHRC expressing the difficulties in gathering equality data on this characteristic, and also best practice and areas to consider.

Sexual orientation

For every 100 people in Britain, just 1 will identify themselves as gay or lesbian according to the latest government statistics. This suggests that 1.5% of UK are gay, lesbian or bi-sexual. However, Stonewall, a gay rights charity reckon that 5-7% 'is a reasonable estimate'.

This would suggest that 9,889 people are lesbian, gay or bi-sexual in the Lancaster District, based on the 2014 mid-year population estimate of 141,277.

The Lancaster LGBT Group, Out in the Bay, suggest based on above and local knowledge, Lancaster has the second highest LGBT population in Lancashire compared to Blackpool who has the highest. The group also suggests that 3% of the population is trans gender.

Civic partnership numbers in Lancashire, workplace equity and sexual identify at the national level

This suggests that there has been an increase in civil partnerships both in Lancashire 2011 to 2013, however, there has been a reduction across the North West.

Stonewall research/publications (lesbian, gay and bisexual charity)

Sexual identity in the UK

Race

Ethnic Groups in the Lancaster district (2011)

This suggests that the second largest ethnic group is 'white other', this could be a reflection of the large Polish community in the Lancaster district.

Main languages spoken in the Lancaster district (2011)

Lancashire Ethnicity statistics and analysis including Gypsy, Roma and Traveller community

Gypsy, Roma and Travellers (2011 Census) – 331 white Irish/Irish gypsy travellers (0.2% of Lancaster District population)

The district has a history of being a popular location for Travellers to make their home. It contains approximately 16 private sites, mostly in Heysham Central and Westgate wards, and 19 pitches on Mellishaw Park site, which the council manages on behalf of Lancashire County Council.

A Gypsy and Traveller Accommodation Assessment (July 2013) highlighted that:

- There are approximately 158 Traveller pitches in the district
- 139 of these pitches are on private sites with the remainder on the Mellishaw Lane site
- An additional 44 Traveller pitches are required between 2013-2026
- During the first five years the need for additional pitches is low
- The future need for Traveller pitches comes from the formation of new households

- There are currently no Travelling Showpeople plots in the district. Six unauthorised encampments were reported within the Lancaster District during 2011-2013.

Lancaster District 'Communities Together' group

The below communities from the Lancaster district are invited/represented on this group which meets on a quarterly basis:

- Hindu
- Lancaster University academic and student community
- Jewish
- Baha'i
- Chinese
- Traveller
- Polish
- University of Cumbria academic and student community
- African
- Huaxian Chinese
- Muslim
- Interfaith group

The purpose of this group is:

- To provide the Lancaster District with a forum where community members and representatives of key agencies can come together, build relationships and share experiences and knowledge with a view to improving community cohesion, a sense of belong and taking part.
- To encourage and promote positive relationships between diverse and emerging communities and groups in the Lancaster District.
- To organise and support events that celebrate diversity, welcome newcomers and promotes positive relationships between the District's diverse communities and groups.
- To act as a link between local communities and statutory agencies, including advising statutory agencies on messages and consultations that are relevant to those communities.

Lancaster City Council host these meetings and other a number of other organisations are invited to attend including Lancashire Constabulary, Lancashire Fire and Rescue and Health Watch.

APPENDIX B**Corporate Complaints Analysis 2014/15**

Status by Service	<i>Environmental Services</i>				Total by Status
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Not upheld	7	5	5	5	22
Partially upheld	2	2	0	1	5
Upheld	17	15	5	7	44
Total by Service by Quarter	26	22	10	13	71

Status by Service	<i>Governance</i>				Total by Status
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Not upheld	2	0	0	1	3
Partially upheld	0	0	0	0	0
Upheld	0	0	0	0	0
Total by Service by Quarter	2	0	0	1	3

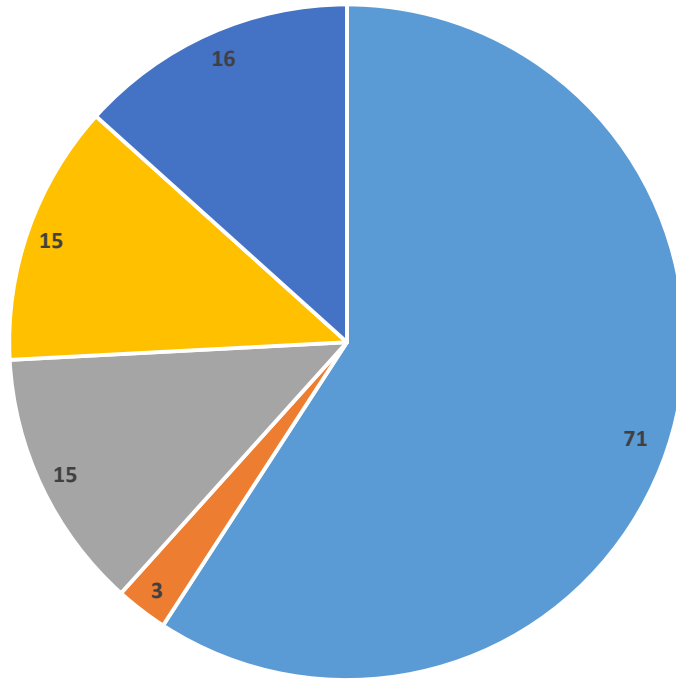
Status by Service	<i>Health & Housing</i>				Total by Status
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Not upheld	2	3	2	3	10
Partially upheld	1	2	0	0	3
Upheld	0	2	0	0	2
Total by Service by Quarter	3	7	2	3	15

Status by Service	<i>Regeneration & Planning</i>				Total by Status
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Not upheld	1	3	2	3	9
Partially upheld	1	2	2	1	6
Upheld	0	0	0	0	0
Total by Service by Quarter	2	5	4	4	15

Status by Service	<i>Resources</i>				Total by Status
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Not upheld	3	0	2	3	8
Partially upheld	0	0	1	4	5
Upheld	1	2	0	0	3
Total by Service by Quarter	4	2	3	7	16

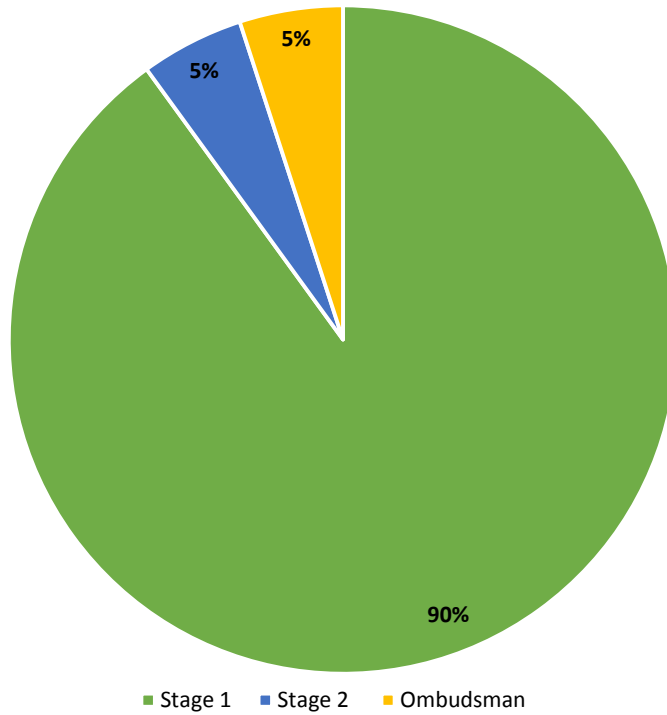
Total by Quarter - All Services	37	36	19	28	120
--	-----------	-----------	-----------	-----------	------------

Number of Complaints by Service

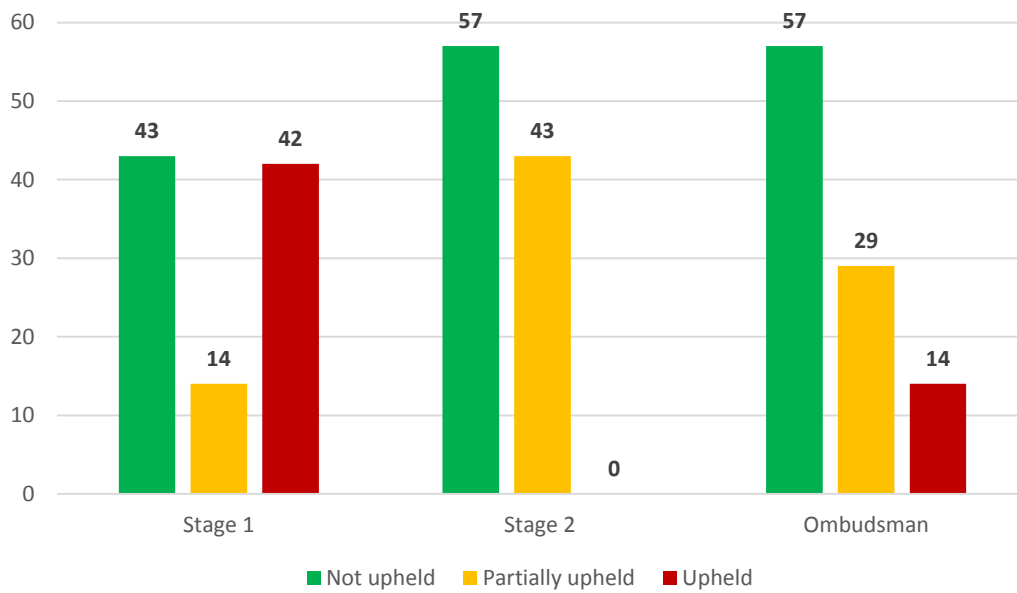


■ Environmental Servies ■ Governance ■ Health & Housing ■ Regeneration & Planning ■ Resources

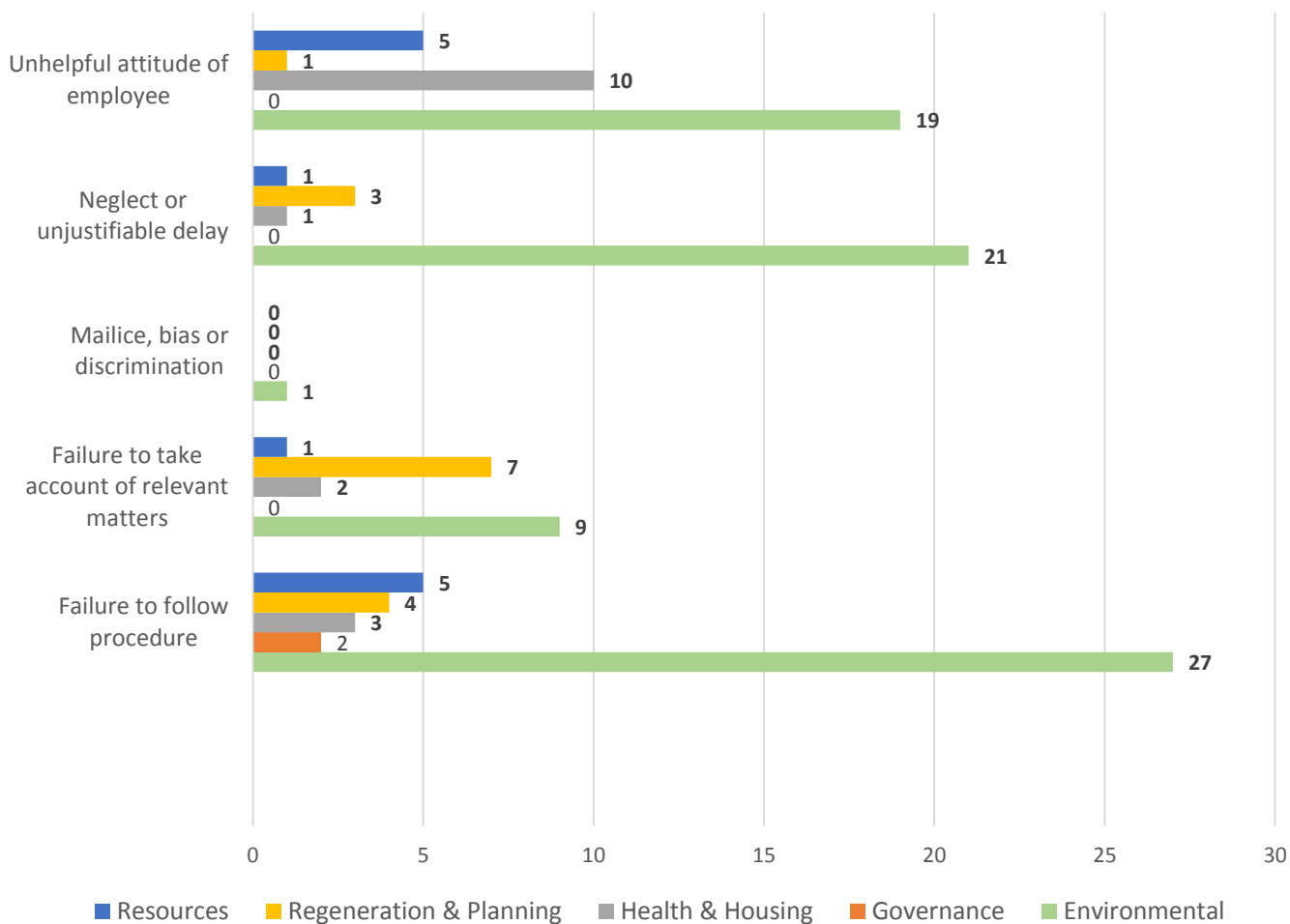
% Complaints by Stage - 2014/15



% Complaints by Status - 2014/15



Number of Complaints by Type - 2014/15



BUDGET AND PERFORMANCE PANEL

Work Programme Report

8th September 2015

Report of the Chief Officer (Governance)

PURPOSE OF REPORT

To update Members on the Panel's Work Programme.
--

This report is public.

RECOMMENDATIONS

- (1) That Members note the Work Programme, as detailed in Appendix A to the report.
- (2) That Members consider whether they would like to include any further items in the Work Programme.

1.0 Introduction

- 1.1 Members are requested to consider the updated Work Programme.
- 1.2 The Budget and Performance Panel is responsible for setting its own annual Work Programme within the terms of reference, as set out in Part 3, Section 13 of the Constitution.
- 1.3 Members of the Budget and Performance Panel are entitled to give notice to the Chief Executive that they wish an item relevant to the Terms of Reference of the Committee to be included on the agenda for the first available meeting and the meeting will determine whether the issue should be included in its Work Programme based on its relevance as compared to the priorities as set out in the Scrutiny Work Programme (Part 4, Section 5 of the Constitution).

2.0 Updates

2.1 Empty Homes

At the last meeting the Panel requested clarification upon this issue, in particular whether this had been considered at a recent meeting of the Overview and Scrutiny Committee.

At its meeting, held on 15th June 2015, the Overview and Scrutiny Committee, after considering its Work Programme, agreed:

“Draft Empty Property Strategy

That a briefing note informing of the latest position be provided to the Committee prior to the next meeting. The Committee to then consider whether this item should remain on the Work Programme.”

At its next meeting, held on 8th July 2015, the Committee: -

“...noted that a briefing note had been circulated prior to the meeting on the Council’s Empty Homes Strategy 2013-15. Members were asked to consider whether an update on progress made was still required.”

The Committee has not made any further requests on this issue.

At the request of the Chairman the briefing note previously circulated to the Overview and Scrutiny Committee has been circulated to Members of the Panel.

SECTION 151 OFFICER’S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

None.

Contact Officer: Sarah Moorghen
Telephone: 01524 582132
E-mail: smoorghen@lancaster.gov.uk

BUDGET & PERFORMANCE PANEL WORK PROGRAMME 2015/2016

Matter for consideration	Officer responsible/ External	Expected date of meeting
Compliments and Complaints Half Yearly Report. To form part of the Corporate Performance Monitoring Report.	Chief Officer (Environment)	September 2015 (Twice yearly thereafter)
Financial Monitoring	Chief Officer (Resources)	(1) Quarter 1 – September 2015. (2) Quarter 2 – November 2015. (3) Quarter 3 – February 2016
Corporate Performance Monitoring	Chief Officer (Governance)	(1) Quarter 1 – September 2015 (2) Quarter 2 – November 2015 (3) Quarter 3 – February 2016
Annual Stakeholders Meeting	Chief Officer (Resources) Chief Officer (Governance)	January 2016
Treasury Management Strategy	Chief Officer (Resources)	February 2016
Voluntary, Community and Faith Sector (VCFS) – Review of Activity/ Support of the Citizens Advice Bureau	Chief Officer (Governance)	February 2016
ICT – Bring your own Device	Chief Officer (Resources)	February 2016
Budget Overspends/Variance	Chief Officer (Resources)	As required
Arts Commissioning Framework	Chief Officer (Regeneration and Planning)	At the appropriate time (anticipated April 2017).
Procurement Strategy	Chief Officer (Resources)	Prior to the updated Strategy being presented to Cabinet.

Invitations to Cabinet Members

Cabinet Member and area of responsibility	Issue	Expected date of meeting
Councillor Blamire, Leader of the Council	Corporate Performance Monitoring	Various – as set out in the Work Programme Report
All Members of Cabinet	Various. Invitations to be extended to Cabinet Members to coincide with issues relevant to their respective portfolios.	Various

Briefing Notes

Matter Consideration	for	Date Requested	Officer Responsible	Date Circulated
Empty Homes		Discussed at previous meeting see report and circulated prior to the meeting at the request of the Chairman.	--	13.08.2015
E- Billing (Business rates and Council Tax Collection)		10.08.2015	CO(Resources)	To be circulated in September