



**Committee:** CABINET

**Date:** TUESDAY, 14 FEBRUARY 2017

**Venue:** LANCASTER TOWN HALL

**Time:** 6.00 P.M.

## A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 17 January 2017 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

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

4. **Declarations of Interest**

To receive declarations by Members of interests in respect of items on this Agenda.

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

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

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

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Platform Review (Pages 1 - 24)**  
**(Cabinet Member with Special Responsibility Councillor Clifford)**  
Report of Chief Officer (Resources)
7. **Bailrigg Garden Village - Capacity Funding (Pages 25 - 51)**  
**(Cabinet Member with Special Responsibility Councillor Hanson)**  
Report of Chief Officer (Regeneration & Planning)
8. **Empty Homes Strategy (Pages 52 - 89)**  
**(Cabinet Member with Special Responsibility Councillor Hanson)**  
Report of Chief Officer (Regeneration & Planning)
9. **Lancaster Flood Management Scheme - River Lune Phase 3 (Pages 90 - 101)**  
**(Cabinet Member with Special Responsibility Councillor Hanson)**  
Report of Chief Officer (Regeneration & Planning)
10. **Budget and Policy Framework Update 2017-21 (Pages 102 - 105)**  
**(Cabinet Member with Special Responsibility Councillor Whitehead)**  
Report of Chief Officer (Resources)
11. **Treasury Management Strategy 2017-18 (Pages 106 - 130)**  
**(Cabinet Member with Special Responsibility Councillor Whitehead)**  
Report of Chief Officer (Resources)
12. **Fees and Charges Review - 2017/18 (Pages 131 - 161)**  
**(Cabinet Members with Special Responsibility Councillors Leyshon & Whitehead)**  
Joint Report of Chief Officer (Resources) and Chief Officer (Environmental Services)
13. **Corporate Financial Monitoring 2016/17 - Quarter 3 (Pages 162 - 173)**  
**(Cabinet Member with Special Responsibility Councillor Blamire)**  
Report of Chief Officer (Resources)
14. **Exclusion of the Press and Public**

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item(s) in private.

Cabinet is recommended to pass the following recommendation in relation to the following item(s):-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item(s) of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 1 & 2 of Schedule 12A of that Act.”

Members are reminded that, whilst the following item(s) have been marked as exempt, it is for Cabinet itself to decide whether or not to consider each of them in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

15. **Office of the Chief Executive: Senior Leadership Team (Pages 174 - 182)**

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

Report of Chief Executive

**ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, Brendan Hughes, James Leyshon, Karen Leytham, Margaret Pattison and Anne Whitehead

**(ii) Queries regarding this Agenda**

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

**(iii) Apologies**

Please contact Democratic Support, telephone 582170, or alternatively email [democraticsupport@lancaster.gov.uk](mailto:democraticsupport@lancaster.gov.uk).

SUSAN PARSONAGE,  
CHIEF EXECUTIVE,  
TOWN HALL,  
DALTON SQUARE,  
LANCASTER, LA1 1PJ

Published on Friday, 3rd February 2017.

**CABINET****Platform Review****14<sup>th</sup> February 2017****Report of Chief Officer (Regeneration and Planning)**

PURPOSE OF REPORT				
This report is to provide Cabinet with an update on the review of the Platform, provide information on a number of early developments and ongoing improvements to reduce the long term net operating position.				
Key Decision	<b>X</b>	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision	16 January 2017			
This report is public				

**RECOMMENDATIONS OF Councillor Darren Clifford**

It is recommended that:

- (1) Cabinet notes the details of the Platform review, including its findings and the early improvements undertaken.
- (2) That Cabinet supports:-
  - the principle of providing additional marketing capacity, for a fixed term period, to be funded either from within existing resources or through additional income and authorises appropriate flexibility regarding budget virement if so needed;
  - the business case for longer term provision being considered in the context of the overall development of the wider area surrounding the Platform.
- (3) Cabinet confirms the overall role and purpose of the Platform as an entertainment and community venue, as well as an important contributor to Morecambe's Place offer, quality of life and attractiveness for visitors.
- (4) A further report is provided to Cabinet as part of the next phase of the budget process, proposing a Vision for the way in which the Platform can support the future development of the Morecambe urban area, in the context of increased private sector interests, significantly improved connectivity and the raised profile of Morecambe as a place to live and to visit.



## Introduction

- 1.1 As part of the budget process in February 2016, Cabinet noted that:  
*“Whilst there is commitment to retaining a performance venue in Morecambe, ways to improve the Platform’s financial performance (and reduce/negate its net operating costs) will be developed and considered during next year.”*  
(Cabinet, 16th February 2016, Minute 76 refers)
- 1.2 Confirming this in March 2016, also as part of the budget process, Council approved a review of options to improve the net operating position of the Platform (Council, 2<sup>nd</sup> March 2016, Minute 141 refers).
- 1.3 Significant work has been undertaken to investigate and review all aspects of the current Platform operation in order to assess opportunities and constraints for its future operation, As a result, a number of positive developments, which can be delivered within existing budgets and resources, are now underway or have been implemented and are outlined in this report.
- 1.4 Cabinet members are asked to note that at the time the Platform review was agreed by Cabinet, during the 2015/16 budget process, a number of other service reviews were also requested, including a review of the Visitor Information Centres (VIC’s). Work to review the VIC’s has been undertaken and a number of improvements implemented. However, the VIC’s are directly affected by the Platform and museums service reviews and, in the circumstances, any VIC developments need to be considered in this context and at a later stage.
- 1.5 Further details of the scope of the Platform review, its findings and short term and long term options for development are now included in this report. The document attached at **Appendix A** provides further more detailed background information on the Platform to support this report.

## 2.0 Background

- 2.1 The Platform is situated in a prominent position on Marine Road Central in Morecambe, within the site designated as the Morecambe Area Action Plan, which has been identified for development as a focus for entertainment, leisure, food and drink. The Midland Hotel, directly opposite the Platform and situated alongside the beautifully restored promenade and jetty, has been a catalyst for the area and the more recent private sector interest and development close by, strongly suggests more buoyancy and confidence in Morecambe’s economy than has been seen for some years.
- 2.2 From 1907 to 1994, the Platform building was the terminus of the North Western Railway, Morecambe Promenade Station, accommodating three sets of platforms. It was designed in Elizabethan Gothic style, incorporating decorative stone from the previous Northumberland Street Station of 1873. Some of the internal glazed brick and tiles, including some in art nouveau style, are still in existence today.
- 2.3 The Platform has been operating as a venue since 1997, when the building was refurbished as a Music and Community Arts Centre. Some years later, it still largely plays the role of a venue for music performances and a wide range of public entertainment and continues to offer local communities flexible space for events that include everything from tea dances to educational events and specialist craft fairs. The Platform is central to a number of major festivals and events in Morecambe throughout the year all of which bring significant footfall.
- 2.4 Adjacent to the Platform, on the same site, there is a pub/ restaurant, a cinema and a catering outlet. The Festival Market, surrounded by individual concessions, is to the rear of the building with a shared walkway at one side.

- 2.5 The Platform has good transport links as it's within easy walking distance of the train and bus stations and benefits from a large pay and display car park in close proximity. The M6/ Heysham link road creates much improved access to the Platform from outside of the district with no need for visitors to travel through Lancaster.
- 2.6 Current facilities within the Platform building include a performance space for audiences of up to 350 seated and up to 600 safely standing. There is an integral bar within the performance space, plus separate kitchen and green rooms, a store room and office accommodation. The Visitor Information Centre, which was based in the old station since 1992 is still situated at the front of the building and provides ticketing and box office facilities for the Platform.
- 2.7 Other performance venues within an approximate twenty mile radius include The Winter Gardens in Morecambe, the Dukes and the Grand Theatres in Lancaster, the Brewery Arts Centre in Kendal, The Great Hall at Lancaster University and the Marine Hall in Fleetwood. Although there is some small overlap at times, all of these have their own brand identities, programmes and target markets, adding in different ways to an appealing, varied and interesting range of events in North Lancashire and South Cumbria.
- 2.8 A number of different lease arrangements are in place for the Platform building in its entirety. The Council currently owns the freehold on the whole building, including the unfettered title on the auditorium and the office accommodation at the rear of the building but also for the adjacent Station pub, KFC restaurant premises and Reel cinema, which have all been sublet separately on a long term leasehold basis. The front part of the building, including the VIC accommodation, the front offices and the bar storage area, is sub-let back to the Council on a lease that is subject to a rent review in 2017 and is due to end on 30th November 2022. If the Council wishes to renegotiate/renew/ surrender the lease then this would require the Council to give notice of its intention not later than 30th August 2022.
- 2.9 For the last two and a half years, the Platform has been managed within the Economic Development service area, as part of Regeneration and Planning. The Platform team has all of the professional skills required to cover the wide range of roles and responsibilities associated with a busy performance venue, as well providing support for major events in the district. There is a developing trend for Platform and events staff to increasingly work in various locations providing event services that are not specific to the Platform itself.
- 2.10 The Platform's net financial outturn has remained fairly constant over the last three years, with a slightly reduced net deficit of £76,536 in 2015/16 (excluding capital charges and support recharges totalling £100,334). Higher levels of income in 2015/16 made it possible to absorb a number of additional and one off costs without an increased negative impact.

### **3.0 Review details**

- 3.1 The purpose of the review has been primarily to focus on the bottom line, to identify additional opportunities to reduce costs and increase income as a means of ensuring the Platform is able to maximise its impact on the economy and quality of life in the district.
- 3.2 Embedded in the review has been a vision of the Platform as an important, busy entertainment venue that is known for its appealing, diverse, often lively, sometimes quirky programme of events. Its unique landmark building and outstanding coastal location are seen as key opportunities both in commercial terms, as a competitive venue, and as a place where the local community can

meet to enjoy events and entertainment.

3.3 The Platform review has considered a range of factors, all of which, in one way or another, impact on its performance. These include:

- The role and purpose of the Platform
- The Platform's current positioning as a performance venue, alongside other venues in the Lancashire/ Cumbria area
- The building, ancillary spaces and external areas
- Income and expenditure
- Experience, knowledge and skills
- Current programme and mix of performances
- Requirements of agents, performers and private hirers
- Catchment areas, visit ratings, comparisons with other venues, current audience profiles and audience behaviours such as advance bookings, repeat visits, purchases
- Marketing, publicity and box office
- Economic and community impact
- Strengths, weaknesses, opportunities and threats (SWOT analysis)

3.4 Platform staff, as well as other staff that work with the Platform on a day to day basis (such as Visitor Information Centre and regeneration staff), have been closely involved with the review and have been able to provide a great deal of information and many ideas for development.

#### **4.0 Review findings**

4.1 Overall, the Platform has some clear strengths and opportunities:

- The venue is in a great location that will benefit significantly from the M6 link and local developments/ private sector interest around the Morecambe Area Action Plan site.
- The building has an important heritage value and offers a unique and appealing venue.
- The venue offers flexible space that can be used for a wide variety of events and activities
- Some spaces in the building could be developed to support the Platform operation and potentially generate income.
- There is an existing loyal customer base and high percentage of repeat visitors.
- A much improved understanding of current audiences has been gained, which can much better inform marketing and PR activities.
- The Platform has an excellent reputation for quality with agents and performers – technical systems, lighting, sound and artist support arrangements.
- The team is skilled, flexible and committed and able to deliver all of the requirements of a performance venue.
- The programme is mixed and flexible with capacity for further development.
- The Patron base venue management system is being used to greater effect and has considerable potential as an audience development, ticketing and box office tool.
- The Platform has an important role as an indoor venue for major festivals

and events in Morecambe.

- Strong joint working arrangements are in place with the Visitor Information Centre around box office, ticketing and information services and there is potential for increased income generation.
- The bar and catering offer has been improved considerably and there is the potential for further significant development and increased income generation.

4.2 The Platform is constrained, in some respects, by the following weaknesses and threats:

- There are mixed views regarding the purpose and role of the Platform in terms of whether it is a community service, a commercial operation or a visitor attraction, or a mix of all of these.
- The size of the venue is ideal for smaller audiences but cannot accommodate larger audiences over 350 (seated) or 600 standing. This means that very popular acts attracting large audiences are outside of the scope of the Platform as a venue.
- The existing bar is extremely constrained, being located within the auditorium and with just two points of sale. Queues are common, bar opening times are heavily restricted and there is very limited opportunity to offer a more general bar and catering offer for visitors to the Platform and VIC when the auditorium is in use.
- The exterior of Platform building has, for some years, looked tired, poorly lit, with inadequate signage and no clear image/branding to improve its visibility and draw customers in. However, works have recently been completed making a considerable difference to the appearance and impact of the building.
- The adjacent open spaces at the front and rear of the building detract from the overall appearance of the building and are difficult to maintain to a high standard.
- The interior condition of the building is poor in certain areas. Recent repairs and maintenance work has just been completed.
- The Council leases the front part of the building, including the VIC, offices and bar storage area, from a third party. The Council's current lease expires in around 6 years but would be renewable.
- The Platform currently requires a subsidy although the focus of current plans is to steadily reduce the subsidy via development of the business and increases in income.
- Uncertainty around the future of the Platform has led to short term planning, including the requirement to restrict forward bookings, until recently.
- Marketing support is severely restricted due to lack of resources. Although there is a clear link between marketing and ticket sales, direct marketing support is limited to around 0.3 fte staff time plus £11,000 annual budget, which is significantly less than for other similar venues.

### **5.0 Further investigations**

5.1 Based on the review findings, further investigation was thought necessary to test the potential of a number of aspects of the Platform's business operations. To achieve this, the following work has been completed or is underway:

- **Market assessment** (underway)

Utilising audience information now available, a market assessment is currently being undertaken by an independent sector specialist. This will provide healthy challenge; help to clarify role and purpose; identify potential new, long term markets; develop and target products and services with audiences and income generation in mind; and focus audience development and marketing activity where it will be most effective. Results of the market assessment are expected during March.

- **Marketing** (pilot completed)

Recognising the important link between marketing/ promotion and ticket sales, it was thought useful to undertake a limited pilot study to assess the impact of additional marketing and promotion on the ticket sales and other income. An increased level of marketing support was provided (about 10 hours per week), on a trial basis, for the Platform between December 2015 and March 2016. The trial focused primarily on shows with spare audience capacity, where unsold tickets represent clear, additional income with a negligible effect on show production costs.

The additional temporary support was valued at around £2.3k over the period in question and led to increased ticket sales of £3K and additional bar income of £2k, compared to the same period in the previous year. Although this was a limited study, effects were primarily noticed for shows where additional promotion and marketing had taken place, suggesting that this was a key factor in the results.

Steps being taken to provide additional marketing for the Platform are described in Section 6 of this report.

- **Box office** (pilot completed)

As a direct means of increasing the sale of on-the-day and advance tickets as well as other retail products, during September 2016, the Visitor Information Centre (which manages the Platform's box office) provided an additional box office facility for evening shows. The cost of this was £330 whilst an additional £1.2k was taken, delivering a very good return on investment. Although this pilot was delivered from the VIC, the benefits of opening the VIC itself, with the requirement for two staff at all times, was unclear. A more cost effective option to develop the box office facility in the Platform foyer is now underway and is described further in Section 6 of this report.

- **Signage and visibility** (underway)

External signage is in poor condition and offers no clear image/branding to improve the venue's visibility or draw in customers. Temporary signs have been used over the past few months to promote up and coming shows/events. Although a limited short term solution, these appear to have an impact as the box office has report small spikes in ticket sales just after new shows/events are displayed. Recent repairs and maintenance works at the Platform have improved the existing information display cabinets at the front of the building.

Work to be undertaken to address lighting, signage and display boards is described further in Section 6 of this report.

- **Production Value** (underway)

A venue's overall offer in terms of spaces available, capacity, quality of sound, lighting and effects and technical support, is known as "production value". To enable the Platform to attract a greater range and better quality of shows that will, in turn, attract bigger audiences, the production

value needs to be of high quality and attractive to performers, their agents and to hirers. In simple terms, the better the production value of a performance venue the more attractive the venue for promoters, agents and private hires, and the greater the potential to develop the programme and audiences.

The Platform team has begun a piece of work to examine the extent to which the Platform meets modern day production requirements. Recent sound and lighting improvements have been helpful but it will be useful to understand whether there is a business case to expand the existing programme and offer by developing additional digital and projection capability and stage improvements.

Although a relatively modest investment would be required for these potential improvements, the business case does need further examination and therefore a further report will be provided during 2017 if improvement of the Platform's production value appears to offer a good opportunity for the Council.

- **Bar and catering development** (Initial options currently being reviewed)  
Bar and catering income is increasing as a result of a number of changes already implemented. However, although there is clearly considerable further income potential, the current physical arrangements constrain this. A number of options can be considered from a simple extension to the creation of much larger facilities outside the auditorium. However, ultimately, any proposals made in a future report would require a business case showing a return on investment and need to be seen in the context of the Platform's role in the wider, developing area.

- **Use of other venues**

There is great potential for some of the exceptional buildings and spaces owned/ managed by the Council to be developed as venues for a range of performances, events and arts activities. As well as the Platform, these include the Storey, the Ashton Hall, the Bay Arena and the Festival Market, which is currently used solely as a local market rather than as a venue for large scale festivals and events, as was originally intended.

As an initial pilot, the high profile tour, *'The Life and Times of Sir Chris Bonnington'*, was programmed for the Ashton Hall in October. Ticket sales were good and the event returned a small profit for the Council, as well as adding to the city's entertainment offer. The Platform team has also facilitated a number of additional private hires at the Ashton Hall by liaising with other local event organisers such as the Grand Theatre, Gathered Voices and Lancaster Music Festival.

Section 6 of this report refers to further development of this approach.

### 6.0 Improvements and developments

6.1 As a result of the work undertaken, a number of improvements have been identified or implemented, within existing budgets, as detailed below:

- **Increased marketing support**

Following the marketing pilot, there is a clear business case for increasing marketing support for the Platform, with a view to increasing ticket, bar and catering and other retail product sales.

Additional marketing support equivalent to 0.5 fte, will now be provided by the corporate marketing team, at a further total cost of c£15k per annum (£13k staff costs, including on costs and £2k marketing budget). This additional marketing resource will be provided from within existing

budgets and/or additional income to be generated and once established is expected, as a minimum, to return the same value to the Platform in terms of income year on year.

- **Image, Appearance, external signage and lighting**

Until recently the Platform building looked tired and easy to miss but significant improvements have been made in terms of external decoration and some external lighting has been replaced. Further lighting and signage work will be installed, subject to listed buildings/advertisement consent, to help create good, clear promotional messages that positively increase the vibrancy, visibility and presence of the building. Total estimated costs are £12,000 to be provided from within existing Property Services budgets.

- **Interior sound and lighting**

A new digital sound system and additional internal theatre lighting have been installed that bring the Platform much more up to date with what is expected of a modern entertainment venue, allowing the venue to cater for a wider variety of shows and events.

- **Bar and catering** - The range and quality of the beverages (alcoholic and non-alcoholic), hot drinks (tea, coffee and hot chocolate) and snacks has been significantly improved with a noticeable impact on income.

- **Box Office** –.The old box office facility in the foyer area of the Platform will be upgraded to current requirements to create a flexible, safe space to allow the VIC to provide additional ticketing services, when the VIC is closed. A minimal resource is required to achieve this and can be managed from existing budgets.

- **Staff and skills** - Platform staff are now trained across a range of skill areas including venue management, health and safety, bar and catering operations and technical support. This has created a flexible and cost effective approach to day to day management of the venue. VIC staff continue to run the Platform's ticketing services and box office very effectively.

- **Card payments** - An electronic payment system has been introduced for bar and catering sales to ensure that it is quick and easy to order and pay without unnecessary barriers.

- **Cleaning** - The existing cleaning contract, which is very longstanding, will be reviewed, capitalising on any opportunities to reduce costs

- **Technical support services** - A further assessment will also be made to test the potential of providing technical support and equipment for other venues/ events on a chargeable basis.

- **Additional programming of other Council venues**

Following some initial success, the Platform team is keen to explore further opportunities to work with services across the Council and with partners to increase events taking place in the Council's other buildings and spaces. This has the potential to create income opportunities and to deliver social and economic value in the local area, enhancing the district's "place offer".

### 7.0 Proposal Details

7.1 A considerable number of improvements to Platform operations have already been undertaken, or are underway, which Cabinet members are asked to note. At this time, no financial growth is requested as proposals at this stage can be managed within service budgets.

- 7.2 However, Cabinet members are asked to consider and confirm the role and purpose of the Platform. The original role of the Platform was as a Music and Community Arts Centre and the venue has therefore always operated as much more than a simple commercial enterprise. Today, there is, quite rightly, a strong focus on income generation as a means of reducing the overall cost of the venue to the Council. Nevertheless, the Platform also delivers important social and economic value as a community facility, as a contributor to Morecambe's Place offer and quality of life and also as a visitor attraction. Whilst these roles do not always reflect directly on the Platform's bottom line, positive social and economic outcomes for the area are achieved.
- 7.3 This report proposes that whilst all reasonable opportunities to generate additional income are developed, as detailed in the report, this is undertaken in the context of the Platform's continuing broad role and purpose.
- 7.4 Bar and catering options have not been included in any detail in this report although this is an area that has been recognised as a revenue generator. However, it is also recognised that these options need to be considered in the context of longer term requirements and opportunities for the Platform building itself, potential development in the surrounding area, local private sector interests and investments and the economic potential arising from the new link road.
- 7.5 It is proposed that a further report is presented to Cabinet early in 2017/18 to consider how the Platform can best support wider developments in the local area and what services, including bar and catering, will be required to achieve this.

### **8.0 Details of Consultation**

- 8.1 Audience information has been gathered and used to inform some of the discussions throughout the review. Staff have been closely involved in the Platform review and many ideas for improvement have been generated as a result of this involvement. Informal discussions have taken place with other local venues.

### **9.0 Conclusion**

- 9.1 Bearing in mind that Cabinet has confirmed its support for the long term future of the Platform, it is important to take a similarly long term view to developing its role, programme, audiences and profile, capitalising on the opportunities available.
- 9.2 As a result of the review, which has been multi-dimensional, a number of actions have already been taken or are underway. Further information to allow Cabinet to consider in what way the Platform can support the future development of the wider surrounding area will be presented during early 2017/18.



**RELATIONSHIP TO POLICY FRAMEWORK**

The Platform fits with the following Council Priorities:

Community Leadership

- Maintain a financially stable position and strong financial forecast for the delivery of council services – Review and refresh internal processes and systems to drive efficiency and cost savings

Sustainable Economic Growth

- Sustainable economic growth and jobs will be created in key sectors including....the visitor economy – Regenerate central Morecambe through the Morecambe Area Action Plan
- The attractiveness and offer of the district as a place to visit or invest will be improved – Evaluate economic impact, delivery and funding of the arts in the district
- Lancaster and Morecambe Bay will be recognised as important visitor destinations – Increase the number of visitors to the district and visitor spend in the district

**CONCLUSION OF IMPACT ASSESSMENT**

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

There is no additional impact as a result of this report, over and above those relating to the existing arrangements for the Platform.

**LEGAL IMPLICATIONS**

There are no direct additional legal implications as a result of this report, over and above those relating to the existing arrangements for the Platform.

**FINANCIAL IMPLICATIONS**

The report / attachment makes reference to 2015/16 due to full year data being available for this period and although the pilot period appears to have made a positive return, there is still a need to draw upon the outturn position for 2016/17. The business case for providing additional marketing support has not yet been fully appraised, therefore, and so in light of this it makes sense for continuation on a more permanent basis to be considered in the context of the overall development of the wider area surrounding the Platform.

It is re-iterated, therefore that Members are only being asked to support the proposals / progress to date at this stage, as it is expected that any additional financial implications arising for providing additional marketing capacity for a fixed term period can be managed under delegated authority (and as provided for in the recommendations) through a combination of existing resources and/or additional income generated if this cannot be met from either a re-direction of or absorption within other budgets, noting that additional capacity could be provided either through a fixed term post or specialist external provider, as appropriate.

One-off additional signage / lighting will be funded from within existing budgets.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

Implication noted in the report regarding an increase in the dedicated marketing resource for the Platform, which will be provided from the corporate Communications and Marketing

Team.

**Information Services:**

Minor implication regarding improving IT arrangements in the Platform box office.

**Property:** Support required from Property Services in relation to building improvements and development of bar/ catering options.

**Open Spaces:**

None as a direct result of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 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

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# Platform Assessment 2016

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## The Purpose of this report

This assessment has been produced to help inform the review of the Platform. It is focused on providing factual information about the Platform and issues that affect it.

As an assessment it is designed to give an overview rather than be a comprehensive study.

The information in this assessment has been extracted from the following sources:

- Platform Monitoring Spreadsheet 2014/15
- Platform Monitoring Spreadsheet 2015/16
- Authority Financials - General Ledger
- Patronbase (Platform Show/Ticket Management System)
- Audience Agency Finder Survey 2015/16
- Platform Marketing Pilot 2015/16

## 1. The Platform

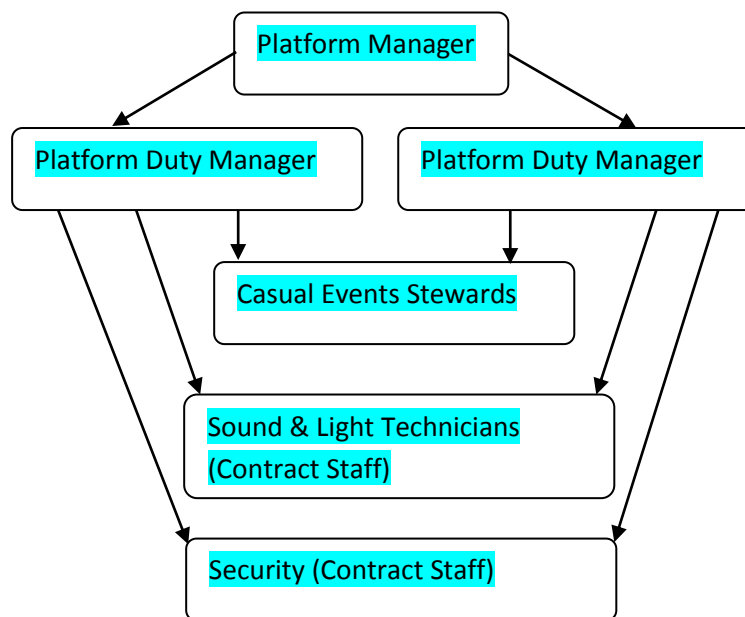
The Platform is located in a converted Edwardian railway station and offers flexible space as all seating and the main stage can be removed. The main auditorium has a seating capacity of 350 (theatre style), it can also be set up cabaret style or standing only or a mix of seating/standing.

The Platform is used for a variety of events and activities including live music, talks, comedy, children's shows, festivals, conferences, weddings, celebrations and community events such as tea dances and a flower club.

The Platform bar in the auditorium offers a selection of hot and cold drinks, alcoholic and non-alcoholic beverages and a small selection of cold snacks. The Platform is within easy walking distance of Morecambe's railway station, bus station and is situated next to a large car park (pay and display).

Morecambe's Visitor Information Centre is also located in the Platform and the building is situated in a prominent position on Marie Road.

## 2. Staff Structure



## 3. Programme

The programme at the Platform offers mainly live music including rock, folk, rock & roll, blues and classical, some talks, comedy, children's shows and is used a main venue for large scale annual festivals such as Vintage by the Sea and Steampunk.

In addition to this the Platform is hired for the following types of community events; flower club, tea dance, weddings, charity events, graduation balls and craft fairs.

In 2015/16 the Platform had 142 events, 55% of these were shows and 43% community use, however 70% of the Platform audience attend shows and only 30% attend community events (excluding festivals).

The Platform generates income via ticket sales from Platform presented shows where a deal is agreed with an agent or promoter and this could include a requirement for a guarantee to secure an artist/show, it might also include a % of the ticket sales above the guarantee, it could be a straight % split of the total ticket income (industry norm. 70/30 to the artist), it could be first call of a fixed amount to the artist or venue. The type of deal will depend on the type and profile of artist/show and the level

of risk that the Platform is willing to take, although less ticket income is generated from % splits, these deals carry much less risk than a guarantee.

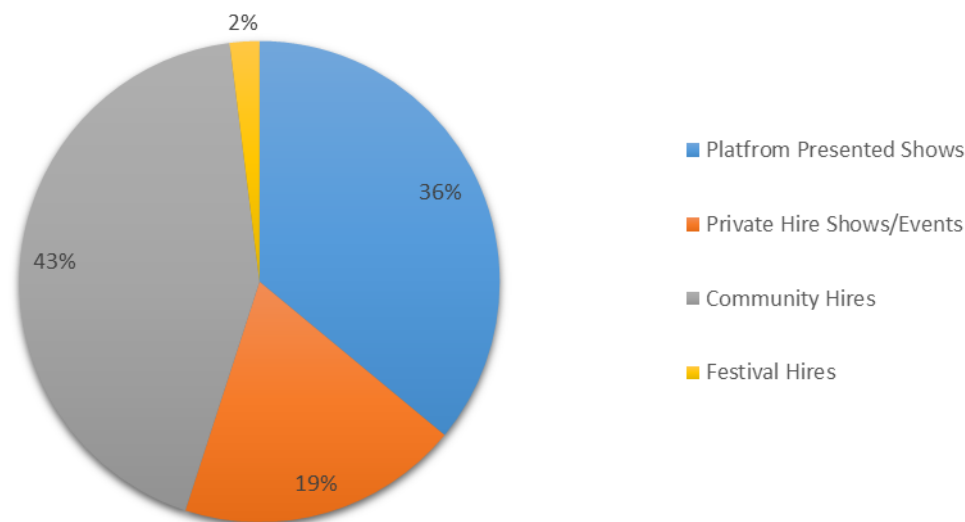
The artists and shows that the Platform are able to book is affected by the venue's capacity, location, tour dates of the artists or show, where else the artists or show is performing, available dates in the Platform programme, what else it taking place locally at other venues, relationship with agents and promoters, the venue's reputation and history it terms how shows have performed, the potential audience for the artist or show (aimed at existing or new audiences), marketing capacity, the deal with the agents or promoter and the production costs.

Income is generated via hires from agents/promoters or artists, bands and performers who want to hire the Platform to run their event, although advertised in the Platform brochure and via our website etc. the ticket income taken through the Platform box office is passed to the hirer.

The Platform is also hired by local community groups and organisations, schools and individuals for weddings and other functions, clubs, balls, dances, most of these are one-off hires however the Platform has a few regulars such as the flower club and tea dance.

These shows, events and hires also generated income for the Platform from the bar and catering offer.

### Platform Programme Profile 2015/16



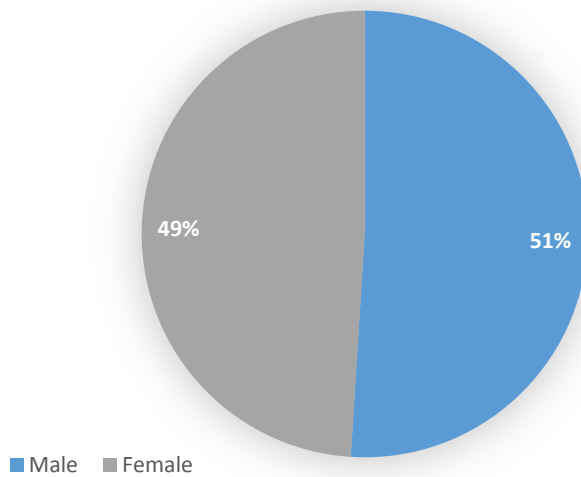
**Top 5 Most Profitable Shows in 2015/16**

<b>Show</b>	<b>Genre</b>	<b>Private Hire</b>	<b>Platform Presented</b>
<i>Rock back the clock</i>	<i>Rock &amp; roll</i>	√	
<i>King King</i>	<i>Blues</i>		√
<i>Les Mckeown</i>	<i>Rock</i>		√
<i>Club Tropicana</i>	<i>Mix of the 80's</i>		√
<i>The Young'uns</i>	<i>Folk</i>		√

Note. Platform presented shows above were % splits x 4 and guarantee x 1

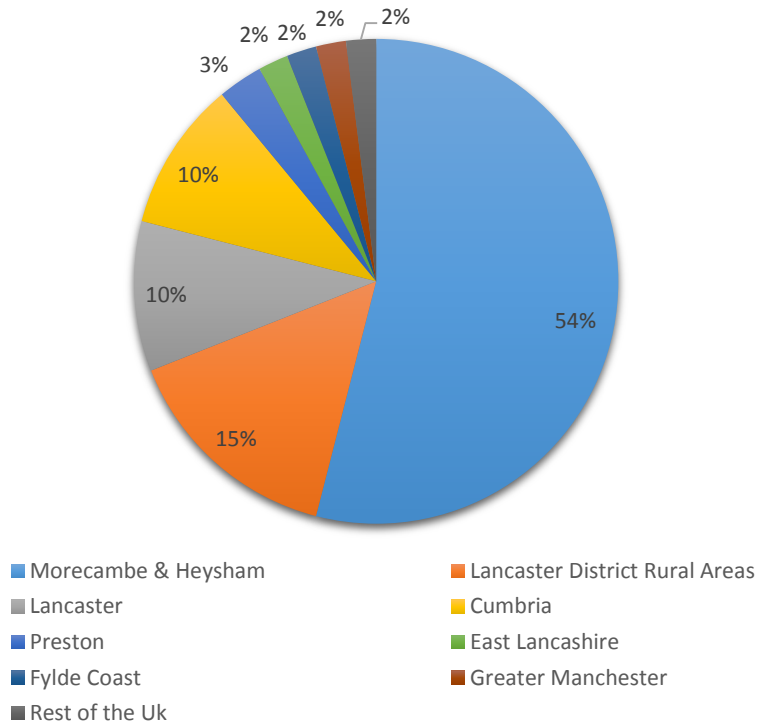
## 4. Audience

**Gender of Platform Audience  
2015/16**

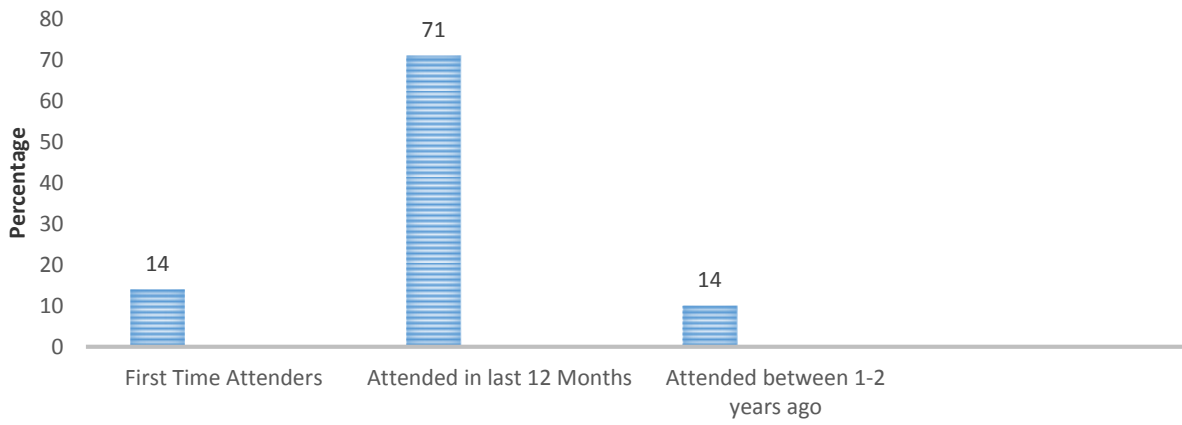


Note. The average age of the Platform audience is 45+

### Platform Catchment Area 2015/16 (audience approximatley 20,000 per year)



### AUDIENCE VISIT PROFILE



Note. The Platform visit profile is similar to the average of other participating venues (Brewery Arts Centre in Kendal, Lancaster Arts at Lancaster University, The Dukes Theatre, Theatre by the Lake in Keswick) in the Audience Agency Finder survey

## Other findings from the Audience Agency Finder Survey

Visit rating – Platform 77% very good (cluster average 64%)  
 Value for money – Platform 57% very good (cluster average 48%)  
 Planned visit to the venue – Platform 39% (cluster average 31%)  
 Overnight stay other than your own home – Platform 16% (cluster average 18%)  
 Also visited a restaurant/cafe – Platform 25% (cluster average 27%)  
 Also shopped - Platform 35% (cluster average 22%)  
 Also visited a pub/bar - Platform 33% (cluster average 21%)  
 Also visited an historic site – Platform 7% (cluster average 5%)  
 Also participated in other arts/cultural activity - Platform 11% (cluster average 5%)

# 5. Marketing

## PLATFORM MARKETING FUNCTION

Currently consists of approximately 11 hours per week (0.3 FTE) of dedicated officer time and £11,000 marketing budget.

Between December 2015 and March 2016 additional resources were allocated to market the Platform as part of a small pilot scheme in order to contribute to this assessment. Dedicated officer time increased by approximately 12 hours per week and the dedicated marketing budget was increased by £1,000.

Marketing activity increased included additional Facebook adverts and more regular newspaper adverts, target marketing linked to specific shows, increased the content on social media channels, support for uploading events onto google calendar and websites, 3 competitions on Bay Radio, increased display boards outside council venues and provided a lead officer for weddings.

## Results of Marketing Pilot

- 2 schools purchased 70 tickets for a children's show
- Ticket sales for a number of the target shows significantly increased following the above
- Additional enquiries about wedding reception hires

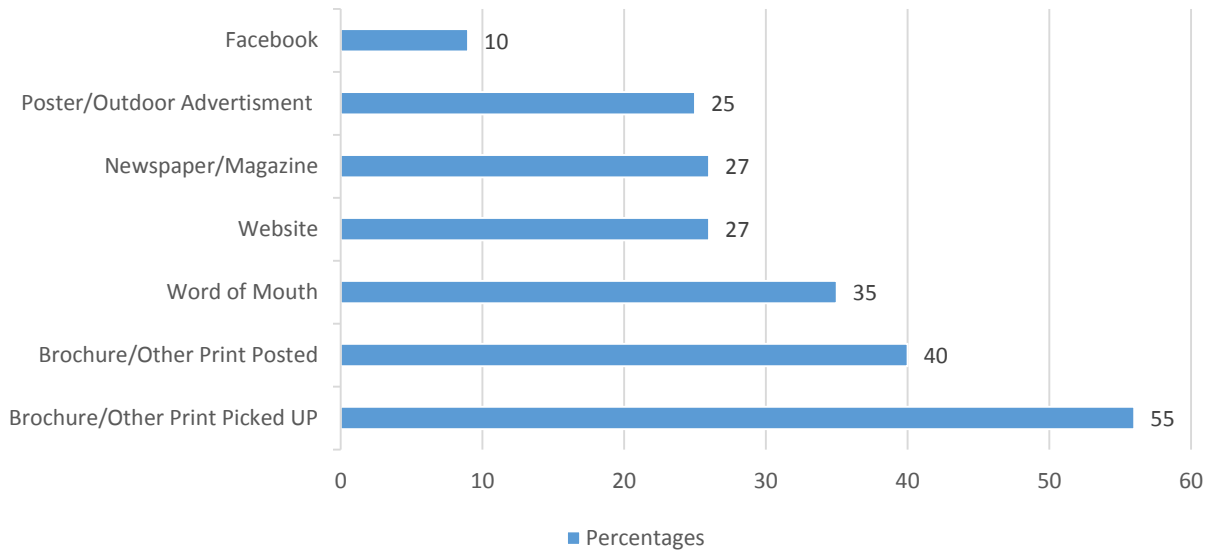
Below is a 3 year comparison of ticket admission income during period 9-12 (December to March). Ticket income and bar income has increased during this period compared to the previous two years. The admission figures include ticket income taken for shows in the following year.

Detail Code	Description	Actual2015/2016	Actual2014/2015	Actual2013/2014
I8391	Admission Fees	-33,016.10	-30,070.34	-30,289.22
I9532	Bar	-12,651.17	-10,141.25	-10,533.87



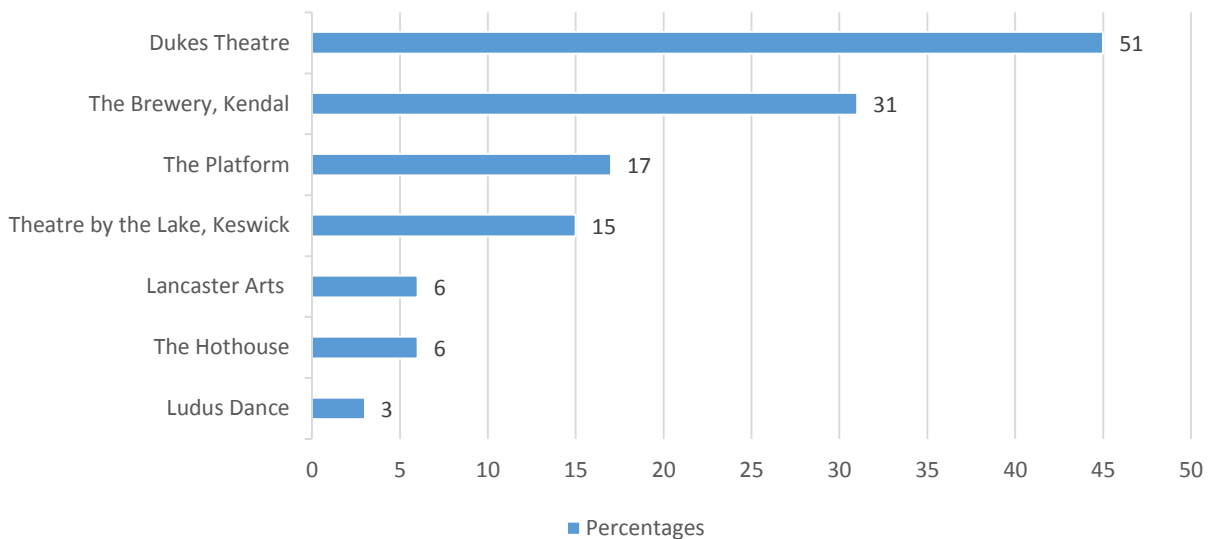
Audience agency survey results – which of the following had you seen or heard before your visit?

### Platform Promotion



64% of the Platform audience surveyed stated that they do not use social media to follow the Platform and the cluster average was also high 62%

### Venue Crossover



The above is the percentage of surveyed audiences from all the participating venues that have also attended one or more of the other venues.

## 6. Finances

### NET BUDGET (excluding support re-charges and notional capital charges)

PLATFORM	2013/2014		2014/2015		2015/2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Net Budget (exc. service charges)	86,700	79,581	75,400	79,999	74,300	77,150

### PRICING POLICY (hires)

A new pricing policy for hires was introduced in 2015/16 that has contributed to an increase in income from venue hires in 2015/16 (see venue hire table below) even though the Platform had only one additional hire than in the previous year. The new pricing policy allows the hirer to discuss their requirements with the Platform and the hire fee reflects this and the hirer can see exactly what the fee covers, whereas the previous policy was more ridged and in the main set fees for full or half day hires only, it wasn't exactly clear what the fee covered.

### TICKET SALES 2015/16

PLATFORM PRESENTED SHOWS	2013/2014		2014/2015		2015/2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Admission Income	87,500	90,001	91,300	81,394	102,300	92,666

Ticket sales (Platform presented shows) has increased significantly (13.5% increase) in 2015/16 from the previous year.

SHOWS THAT HAVE HIRED THE PLATFORM	2013/2014		2014/2015		2015/2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Private Hire Income	30,800	26,533	31,400	19,824	31,800	29,353

Ticket sales (from shows that have hired the Platform) have increased significantly (48%) in 2015/16 from the previous year.

### ***Current & Projected Ticket Sales (Platform presented shows)***

Approximately 16,800 tickets available for all shows in 2015/16 (based on 350 max seating capacity) However at the moment it's unrealistic to expect that shows will reach full capacity, in most cases a more realistic capacity is around 200 based on current data. Therefore for the purpose of this

assessment and in the short to medium term it's estimated that 9,600 ticket sales are achievable (i.e. 200 per show). Based on these figures current occupancy is on average 69% (i.e. 6,661 tickets overall for Platform presented shows in 2015/16). Of the 2,939 tickets potentially still available, based on £15 per ticket the following additional income could be achieved:

- 25% - £11,021
- 50% - £22,043
- 75% - £33,064
- 100% - £44,085

A 50% increase in ticket sales equates to an additional 31 tickets per show.

### Ticket Sales In advance.

From 2012/13	Ticket Sales Sold In advance	£14,905	In the 2013/14 budget
From 2013/14	Ticket Sales Sold In advance	£10,458	In the 2014/15 budget
From 2014/15	Ticket Sales Sold In advance	£14,570	In the 2015/16 budget
From 2015/16	Ticket Sales Sold In advance	£17,317	In the 2016/17 budget

### VENUE HIRE INCOME 2015/16

PLATFORM	2013/2014		2014/2015		2015/2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Venue Hire Income	32,000	26,560	26,500	26,184	32,400	34,024

### CATERING SALES 2015/16

PLATFORM	2013/2014		2014/2015		2015/2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Bar Income	45,900	47,065	47,000	39,858	42,500	50,921
Café Income	5,300	2,699	2,500	594	1,500	1,792

2013/14	Bar Income £47,065 - Bar Supplies £21,654 =	£25,411
2014/15	Bar Income £39,858 - Bar Supplies £16,690 =	£23,168
2015/16	Bar Income £50,921 - Bar Supplies £22,600 =	£28,321

The above excludes staffing and building costs.



**Equality impact assessment form**

An equality impact assessment should take place when considering doing something in a new way.

Please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to [‘report clearance’](#) (please refer to report writing guidance).

Please keep your answers brief and to the point. Consideration needs to be reasonable and proportionate.

Please also remember that this will be a public document – do not use jargon or abbreviations.

**Section 1: Details**

<b>Service</b>	Regeneration and Planning, Economic Development
<b>Title and brief description (if required)</b>	Platform review and improvements
<b>New or existing</b>	Existing service
<b>Author/officer lead</b>	Anne Marie Harrison
<b>Date</b>	30 <sup>th</sup> November 2016

**Does this affect staff, customers or other members of the public? Yes**

**Yes** Please complete the rest of the equality form.  
**No** Please return the equality form as above.

**Section 2: Summary**

**What is the purpose, aims and objectives?** To reduce the net operating deficit of the Platform by increasing audiences and levels of income. The needs of all groups needs to be considered as part of any developments that may emerge.

**Who is intended to benefit and how?** The local community benefits from ongoing access to a performance venue and community facility as well as a busy programme of entertainment and events. Local businesses benefit from additional visitors and visitor spend in Morecambe and the surrounding area.

**Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?		No
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

<b>If yes, please provide more detail of potential impact and evidence including:</b>	
<ul style="list-style-type: none"> <li>- A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results?</li> <li>- What does this tell you ie negative or positive affect?</li> </ul>	
Age  including older and younger people and children	
Disability	
Faith, religion or belief	
Gender  including marriage, pregnancy and maternity	
Gender reassignment	
Race	
Sexual orientation  Including Civic Partnership	

Rural communities	
People on low incomes	

**Section 4: Next steps**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?** A audience and market assessment is being undertaken to inform the ongoing development of the Platform. The existing ticketing data is also used to inform the development of the programme and to communicate with customers on an opt in basis.

**How have you taken/will you take the potential impact and evidence into account?** All available evidence will be used to inform service design and delivery, as required.

**How do you plan to monitor the impact and effectiveness of this change or decision?** Further audience analysis and data on ticket and other sales.

Thank you for completing this equality impact assessment form, please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to ['report clearance'](#) (please refer to report writing guidance).

**CABINET**

**BAILRIGG GARDEN VILLAGE – CAPACITY FUNDING  
14 February 2017**

**Report of Chief Officer (Regeneration and Planning)**

PURPOSE OF REPORT			
Following the announcement of the City Council's success in securing support for its Expression of Interest for the development of a Garden Village in South Lancaster, Cabinet's authority is sought to formally accept the funding offered by the Homes and Communities Agency to provide capacity to advance the delivery of Garden Village Project.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	16 January 2017		
This report is public			

**RECOMMENDATIONS OF COUNCILLOR JANICE HANSON**

- (1) That Cabinet authorises the Chief Officer (Regeneration) to accept the nomination to develop a Garden Village at Bailrigg, Lancaster and the associated funding offer from the Homes and Communities Agency to assist in accelerating delivery.
- (2) That delegated authority be given to the Chief Officer (Resources) to update the General Fund Revenue Budget between 2016/17 and 2017/18 once profiling of expenditure and grant terms and conditions are known.
- (3) That officers be authorised to begin preparatory work in partnership with the County Council and the University of Lancaster and the Homes and Communities Agency to undertake master planning, infrastructure planning and community consultation alongside the ongoing Local Plan process.
- (4) That officers report back to Cabinet with a progress update on project planning and the role anticipated for the City Council when more information is known.

**1.0 Introduction**

- 1.1 Back in July 2016 local authorities were invited to submit expressions of



interest in the delivery of locally led Garden Villages. These are properly master-planned new settlements to be designed close to and well connected to large sustainable settlements, with the capacity to deliver between 1,500-10,000 new homes.

- 1.2 The Homes and Communities Agency were particularly encouraging the council to examine the potential for such a Garden Village in Lancaster District given the identified need for housing growth evidenced in the emerging Local Plan.
- 1.3 Officers then developed a concept plan which took the preferred option for an urban extension in south Lancaster and redesigned it around other planned change at the University Campus to create a proposal for a “Bailrigg Garden Village”.
- 1.4 On 14<sup>th</sup> December 2016 Full Council agreed to publish the consultation draft Local Plan. That plan had been updated to include the Garden Village as a firm proposal. On 2<sup>nd</sup> January 2017 the Minister for Planning announced that the City Council’s Expression of Interest has been successful. The details of the Expression of Interest are attached as Appendix A.

**2.0 Proposal Details**

- 2.1 To enable local authorities to realise their vision for new garden villages, the Government will provide a tailored package of support that will include capacity funding to ensure, amongst other things, that the local authority has the right skilled staff in place, and/or specific funds to commission key studies and assessments. The funding will be available in 2016/17 and 2017/18 with further funding subject to review.
- 2.2 In addition direct support to delivery will also be made available through the Homes and Communities Agency, including through their Advisory Team for Large Applications (ATLAS) to provide expertise for managing such a large project.
- 2.3 The City Council will receive around £200K from the Homes and Communities Agency, the precise figure will be determined at the end of January. It is not clear at this stage what terms and conditions are attached.
- 2.4 Ultimately, the Garden Village will be delivered by the private sector under the umbrella of an agreed master plan, which will also co-ordinate delivery and infrastructure provision. It is encouraging to note that developers are already approaching the Council with a view to establishing a consortium capable of taking this idea forward.

**3.0 Details of Consultation**

- 3.1 Informal consultation has taken place with the Director of Estates at the University of Lancaster and the Vice Chancellor has joined the City Council’s Cabinet Member in welcoming the Planning Ministers decision. The Lancashire Enterprise Partnership and the County Council also support the scheme.

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

	<b>Option 1:</b> Not to accept the nomination to develop a Garden Village and associated funding.	<b>Option 2:</b> To accept the nomination to develop a Garden Village and to accept the funding offer to accelerate delivery.
Advantages	No additional draw on resources other than those	Enables the appropriate staff resource and skills to be

	allocated to Local Plan preparation at this time.	recruited to manage delivery at a reasonable pace, in addition to providing funds to appoint specialist expertise to work to define infrastructure needs.
Disadvantages	Delivery of the concept post Local Plan preparation will be much slower and a higher drain upon the City Council's resources as Government assistance may not be available at that time.	Adds to the number of high profile major projects being managed in the Regeneration and Planning Service at this time.
Risks	Reputational damage after submitting proposals found to be innovative then declining to take up the means to deliver them at a greater pace.	Given competing demands the level of resources able to be accessed by this funding may not be enough.

**5.0 Officer Preferred Option (and comments)**

5.1 Option 2 is preferred.

**6.0 Conclusion**

6.1 The development of a Garden Village in place of the urban extension option investigated in the run up to the Council decision on the Consultation Draft Local Plan is a much better option for the district. It should have the ability to generate far more consensus about a development of this scale, and enable both the City and County councils and the University of Lancaster to promote a high quality bespoke development significantly enhancing the City's reputation as a place to live and work.

6.2 The work needed up front to design and plan infrastructure for a new settlement of this scale would be an additional burden for the City Council without this significant help from the Government via the Homes and Communities Agency. Developing a Garden Village in this way now clearly supports the Council's objectives for managed growth as represented in their Consultation Draft Local Plan.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>Bailrigg Garden Village is a strategic housing growth allocation in the City Council's Consultation Draft Local Plan.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b>  <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b></p> <p>This proposal will deliver opportunities for affordable housing to meet the needs of those currently disadvantaged in the open housing market. It will also take pressure of the wider rural areas for housing growth which might not meet high standards of sustainability.</p>

**LEGAL IMPLICATIONS**

Although the Garden Village will be delivered primarily by the private sector, there will be a need for appropriate mechanisms to be put into place to ensure the necessary infrastructure is delivered in a timely manner and that costs are shared equitably between all parties involved. At this early stage, work will focus on the principles of such an agreement with the detail to follow later.

**FINANCIAL IMPLICATIONS**

Although actual terms and conditions associated with the HCA grant offer are not yet known, it is not anticipated that there will be any additional implications arising through acceptance of the award at this stage.

In order to progress the project and align delivery with the current draft Local Plan aspirations, the council will need to appoint a dedicated full time project officer for a fixed term period in line with the duration of the funding offer. This is expected to cost in the region of £45K per annum including on-costs, with any remaining funding being used to procure specialist external advice as and when needed.

The council is well versed with managing external grant funding / claims including that previously awarded by the HCA and so any associated administrative workload arising (outside of that specifically managed by the dedicated project officer) is not expected to be overly onerous and so can be absorbed within existing resources.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

Recruitment of a project officer is likely to be necessary although there may be opportunities for secondment from other partner organisations.

**Information Services:**

Associated with above

**Property:**

The City Council owns various parcels of land within the Garden Village area and at the appropriate time the council will need to consider how best to deploy these assets.

**Open Spaces:**

None in terms of council open space

**SECTION 151 OFFICER'S COMMENTS**

The s151 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**

Appendix A Submission of an Expression of Interest for a Locally Led Garden Village

**Contact Officer:** Andrew Dobson  
**Telephone:** 01524 582303  
**E-mail:** adobson @lancaster.gov.uk

## LANCASTER CITY COUNCIL

### Expression of Interest for a locally-led Garden Village.

## BAILRIGG GARDEN VILLAGE, LANCASTER

### Project objectives, Scale and Planning Status.

#### The Concept

“ **B**ailrigg Garden Village presents the best opportunity in generations to extend Lancaster’s strategic housing supply in a manner which respects and reflects the ethical beliefs of the local community about sustainable living, local identity, and high levels of connectivity through public transport and cycling.

*It will address the long standing “Town and Gown” challenge of integrating the university campus with the city, in a carefully master planned and themed manner, without simply extending the urban area around it.*

*The Garden Village will also assist the university with its aspirations to attract the highest calibre of staff and students to Lancaster by providing a bespoke new residential neighbourhood closely assimilated with the Bailrigg and Innovation campuses during an unprecedented period of growth”.*

#### 1.0 Project description: Bailrigg Garden Village :-

- Abuts the narrow southern boundary of the city of Lancaster.

- Incorporates the existing Bailrigg campus of the Lancaster University.
- Is an opportunity to strengthen the visual disconnect between town and country and enable a bespoke development to evolve as a Garden Village with the university campus at its centre.
- Will be built around the most effective public transport corridor in the district linking Lancaster city centre with the university's public transport hub.
- Addresses needs arising from the next generation of growth at the Lancaster University.
- Could deliver 3,000 new homes up to 2031.

1.1 The key will be careful master planning and building vision into that plan. The landform around Bailrigg allows for creativity in design with interlinking heavy landscaped belts to create intimate neighbourhoods and corridors. Lancaster district enjoys a distinct range of urban design capable of being interpreted in both traditional and contemporary, and this must be at the heart of Bailrigg Garden Village. It must complement and enhance the evolving university campus yet have the ability to stand alone as a distinct settlement on the edge of the City of Lancaster.

1.2 Many of the original Garden Cities lost their main local employment hubs and have become commuter settlements within larger conurbations in recent years. At Lancaster there is a very real opportunity to create a bespoke Garden Village built around the districts most significant employment site with the added advantage of being directly connected to two of its other main hubs of employment none of which will need a car to access.





## **2.0 The Strategic Growth Challenge for Lancaster**

2.1 Work undertaken by Turley Associates to provide the evidence base for Lancaster District's emerging Local Plan 2013-2031 highlights :-

- Low levels of natural population growth
- Low levels of inward migration
- Negligible graduate retention
- Outward migration by hidden households
- An ageing workforce within the local economy

2.2 The current sustainability the district enjoys with 80% of people living and working locally is under threat (For contextual background within Northern Powerhouse refer to Appendix A).

2.3 The councils new Local Plan expects to plan for between 13,000 and 14,000 new homes between 2013 and 2031 to start to address the demographic challenge evidenced by Turley.

2.4 Within the context of that growth Bailrigg Garden Village has the ability to:-

- Deliver around 3,000 new dwellings and make a significant contribution to meeting housing needs, including starter homes – a national priority. Sufficient highway capacity will be released to consider increasing this figure even further to at least 5,000 in the longer term (subject to future planning decisions).
- Secure the long term growth aspirations of the Lancaster University. That growth would see 1,000 new staff employed on campus with associated housing and travel needs to be met.
- Enable the full potential of the Health Innovation Campus (2,000 jobs) which is of national significance to be realised. Growth is currently constrained by highway issues which can be unblocked by this proposal.
- Realise the full potential of the university through its leading work with SMEs to maximise the economic impacts to Lancaster and Lancashire.

### 3.0 High Level Spatial Plan

3.1 The ambition to create a Garden Village at Bailrigg arises from:-

- a) The need to stimulate significant growth in the delivery of new housing in north Lancashire; and
- b) The need to address a number of the key blockages to development in one of the few corridors where the Lancaster's true growth potential can be realised.
- c) Options to deliver a significant housing growth being restricted because of natural constraints. These broadly fall into coastal flood risk, Green Belt, Mineral interests, and Protected Landscape constraints.
- d) The need to relieve a major corridor heavily constrained by traffic congestion which already has an impact on the level of growth permissible within the Lancaster University campus, the phasing of the Health Innovation Campus, and the delivery of housing.

3.2 The creation of a Garden Village enables a critical mass of development to be promoted which addresses these challenges by :-

- a) Facilitating growth along the congested A6 Corridor by the construction of a major junction re design to M6 Junction 33, including potential new northern slips relocated close to the Lancaster University. These improvements are identified in the Lancaster District Transport Master Plan with an estimated cost £55m.
- b) The delivery of a comprehensive land drainage strategy to facilitate the development and deal with current flooding challenges around Ou Beck, Burrow Beck and Galgate.
- c) Integrating a new village within developing public transport networks and hubs, including investigating the potential for a southern park and ride interchange for the university and Lancaster city centre.
- d) Delivering a commercially viable district centre serving the Garden Village, the Health Innovation Campus and the



Lancaster University. This may include new education provision.

- e) Delivering an efficient and permeable local transport network whilst addressing the challenges of crossing the West Coast Main Line in two places.
- f) Maintaining the integrity of the Lancaster Canal which forms the entire western boundary of the Garden Village at high level.
- g) Delivering an effective balance between high quality market housing and affordable / starter homes for those needed to grow the districts workforce.
- h) Supplying the Garden Village with high quality digital services.

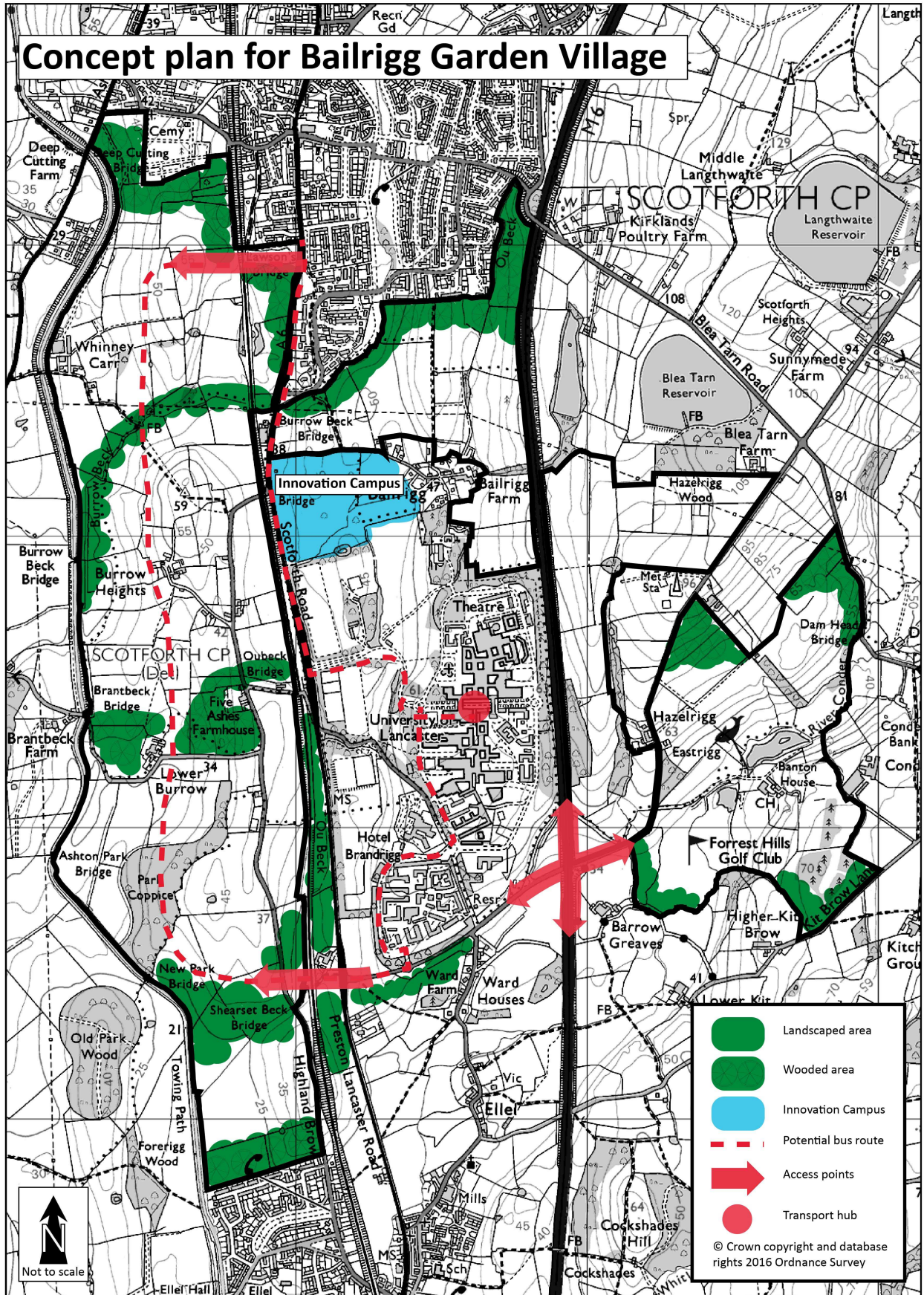


Figure 2: Concept plan of Bailrigg Garden Village

## 4.0 Planning Status

### 4.1 Bailrigg Garden Village is:

- a) An emerging allocation in the City Councils statutory Development Plan.
- b) Identified as the most favoured option to deliver a large quantum of housing in a public consultation on options for housing growth between October and November 2015.
- c) Expected to be included in the deposit draft Land Allocations DPD for the councils' new Local Plan in December 2016.

### 4.2 The Lancaster University Innovation Campus :-

- a) Has planning permission which has started to be implemented.
- b) Reserved matters applications due to be submitted in August 2016 for the first phase of development.
- c) Has been delivered through a development partnership between Lancaster City Council, Lancashire County Council and Lancaster University.

### 4.3 The Transport Master Plan for Lancaster due to be adopted by Lancashire County Council in September 2016 already identifies the infrastructure requirements to support the proposal.

## 5.0 Master Planning

5.1 **Design ambition:** The key to creating a well-planned and distinctive Garden Village will be master planning. The post-recession town planning environment in the north of England is faced with volume housebuilders who have jettisoned much of their commitment to urban design practice and the experiences learnt in the early years of the millennium. A return to quality place making requires the identification of very firm design objectives and standards. Bailrigg Garden Village must create a step change in the return to high standards and local distinctiveness.

5.2 **Integration:** The Lancaster University is about to embark on a refresh of its campus master plan to account for the innovation campus and Forest Hills. This process will be integrated with a wider master plan for Bailrigg Garden Village. There is already engagement with master planning specialists John McAslan and Partners in relation to this refresh and many of the design principles established for the university campus are capable of being applied in the same landscape setting.

5.3 **Connectivity:** The scheme presents a unique opportunity to achieve levels of connectivity otherwise only possible in metropolitan areas. The potential in this regard is huge as one of the districts major sources of employment already sits within the scheme and delivers integrated links to the city centre along an uncomplicated route, shared by a number of the districts other major employers.

## 6.0 Governance

6.1 The success of the current partnership between the City Council, the County Council and University will be the driving force.

- a) Lancaster City Council will be responsible for planning policy, development management, land drainage and economic promotion and project management.
- b) Lancashire County Council will be responsible for delivering highway infrastructure, transport planning, strategic economic development and support linkages with the Lancashire LEP through the current Growth Deal 3 applications.
- c) The Lancaster University will be responsible for Master Planning, integrating high quality design criteria, and delivery of campus growth. Their estates management operation has the potential to become the management organisation for landscape and community infrastructure within the scheme.

6.2 The above partnership expects to operate as a Strategic Management Board assembling the key development interests which include Peel Estates and Bailrigg Farm Trust in a JVC or SDV.

- 6.3 Lancashire Enterprise Partnership supports the project and views the Lancaster University as one of its major economic drivers, and fully understands, through its Strategic Economic Plan, the importance of Lancaster District in cross boundary economic relations with Cumbria.
- 6.4 Since the identification of this potential land allocation information has been assembled about other landowners with a controlling interest.
- 6.5 Strategic highway infrastructure both within the A6 corridor and at junction 33 have been the subject of detailed discussions with Highways England. Detailed design work for potential junction improvement options is already underway.
- 6.6 The project has already been submitted as a bid for Growth Deal 3 funding and is currently ranked 2 out of 23 by the Lancashire LEP.
- 6.7 Virgin Media have taken the strategic decision to invest in upgrading digital infrastructure in Lancaster and have identified Bailrigg as a new digital hub for their product.





## **7.0 Constraints**

- 7.1 The range of constraints which represent potential threats / blockage to the scheme fall within policy, land ownership and infrastructure challenges.
- a) Out of date Local Plan in process of replacement.
  - b) Public support required for new draft plan in Winter 2016/17.
  - c) Support from Planning Inspectorate requires certainty over infrastructure delivery.
  - d) Introduction of CIL within district still uncertain.
  - e) The infrastructure requirements for flood risk management have not been evaluated since Storm Desmond.

## **8.0 Delivery**

- 8.1 There is currently no specific delivery option preferred over another. All the potential options are to be evaluated alongside the master planning process. The Growth Deal 3 submission includes the potential for delivery of:-
- 450 dwellings between a 2019 and 2022
  - Delivery of junction improvements to JCN 33 by 2022
  - Accelerated delivery to 300 dwellings pa to 2031
  - Increase of 4,000 new students by 2027
  - 3,000 additional university employees by 2027
- 8.2 Experience at Lancaster City Council includes a track record of delivering an entirely new settlement through a master planning and high quality urban design processes. Wychewood Park, Nantwich, Cheshire.

## 9.0 Exemplar

- 9.1 ***Bailrigg Garden Village*** presents a significant opportunity to become a best practice exemplar. It can demonstrate how early master planning and the setting of locally distinctive urban design criteria can restore design quality to the process of volume house building which has been a major casualty of the recent recession.
- 9.2 ***Bailrigg Garden Village*** will demonstrate how close collaboration between a major economic driver and local authorities can set the vision and standards for the creation of a new settlement, and drive delivery of built form coupled to lifestyle and wellbeing, paying homage to the concepts delivered by the industrial philanthropists in the early town planning movement in this country.
- 9.3 ***Bailrigg Garden Village*** will demonstrate how critical mass and ambition can overcome previously insurmountable blockages to growth and within the scope of a strict master plan. There will also be scope for accommodating innovative new forms of pre-constructed housing and self-build projects given the considerable scope for intimate phases.

## 10.0 Package of support

- 10.1 To advance the proposal the City Council is examining a package of funding measures to assist in preparing an overarching master plan for the proposals.
- An initial £55,000 will be allocated by the City Council and Lancaster University to extend the master planning process to the wider garden village
  - Additional private sector funding which is capable of being recovered during the phased development amounts to a conservative estimate of £15 Million based on assumptions included in the council's evaluation of potential CIL charging undertaken by GVA.
  - These investments are estimated to assist in the delivery of over £600 Million in private sector housing investment.



10.2 Unblocking the current barriers to delivering Bailrigg Garden Village is estimated to require public sector support. This will be in the region of :-

- 1) Around £55m is required to provide the critical infrastructure to improve M6 Junction 33 and effect crossings of the west Coast railway line to unlock land for 3,000 -5,000 homes. Access to HCA funding streams required.
- 2) Around £15M is likely to be required to undertake detailed investigations into designing and constructing the land drainage infrastructure to facilitate the development and deliver the added benefit of mitigating surface water flooding evidenced during Storm Desmond. Access to EA design expertise and potential funding streams required.
- 3) The Local Planning Authority has experienced a depletion in its planning resources since 2010 so capacity funding to assemble a project delivery team for this major development would be required for a) the master planning exercise leading up to the consents process 2017/18 and b) the delivery phase post 2019 although this could partially be recovered through the use of a Planning Performance Agreement once a development partner or consortium is identified.
- 4) Master planning support and facilitation from ATLAS to work with the local authority and Lancaster University teams.

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## APPENDIX A: LANCASTER DISTRICT'S STRATEGIC NARRATIVE IN THE NORTHERN POWERHOUSE.

Within the Northern Powerhouse concept there tends to be an over dominating emphasis on the importance of large metropolitan areas to the exclusion of other communities. The large northern cities may well be powerhouses of commerce and manufacturing but cannot, and do not accommodate all key economic drivers and infrastructure projects of national importance.

It is very clear that the new economic landscape in the north will be dominated by large Combined Authorities linked through HS2 and HS3. For areas like Lancaster District the evidence base already suggests that these very metropolitan areas are drawing away a significant proportion of young talent and skills with Newcastle, Leeds, Liverpool and Manchester being the most popular destinations for its young people to seek their university education. Many do not subsequently return to strengthen the local economy and workforce.

Between them the shire counties of Lancashire and Cumbria are home to major hubs of the energy and defence industries. Two out of seven of the country's nominated sites for new nuclear power stations are located there, together with National Grids largest infrastructure upgrade project in the UK. Both on shore and offshore, a significant amount of energy generation by wind power is housed here, serviced and linked into the national grid.

BAE systems have no less than three major manufacturing complexes in Lancashire and Cumbria and GSK are constructing a major new bio-pharmaceuticals plant at Ulverston. The two counties house several nationally and regionally important centres of higher education including the Lancaster University. There is however clear evidence of poor graduate retention and a mismatch between Higher Education provision and delivering the skills needed to support these vital industries. This evidence can be found in the skills plans for both LEP's and within the emerging Great North Plan.

Both Counties also face similar challenges which could affect their continuing ability to house these substantial economic assets for the nation. Those challenges relate in more remote areas to demographic problems associated with replacing the ageing workforce, skills retention and encouraging inward migration. In addition to these the challenges

poor transport and communications links are very real constraints especially in the rural areas. Concerted efforts are needed to rise to these challenges if Lancashire and Cumbria are to maintain the ability to house these key industries.

Some of the basic assumptions decision makers make about the natural attractiveness of the landscape, its heritage coast and culture as promotional assets for inward migration no longer align with the desires of young people and families who need to be attracted to live and work in this part of the region. In short the excitement and draw of the major metropolitan areas out competes what can often be seen as remoteness and culturally disadvantaged locations when it comes to quality of life decisions being made.

Both the Lancashire and Cumbria Local Economic Partnerships have produced Strategic Economic Plans. Both highlight very well the contribution that the counties make to the Northern Powerhouse but in different ways describe the challenges of matching the skills needed to generate higher levels of economic growth. For Lancaster District the economic research carried out to influence the decisions to be made in the emerging Local Plan for 2013-2031 suggests that there are elements of both Lancashire and Cumbria scenarios which need to be addressed to protect the long term sustainability of the local economy.

The location of a relatively high volume of Further Education establishments within and well connected to it does not seem to be a guarantee of delivery of the skills needed to meet future demand and provide a replacement workforce in the years to come. Given their relative remoteness from larger urban concentrations around central Lancashire and Carlisle the local communities around Morecambe Bay within the administrative areas of Lancaster, South Lakeland and Barrow could look to each other to provide mutual assistance in the maintenance of a healthy economy around Morecambe Bay.

Connectivity between employment growth in advanced manufacturing and housing/skills growth in popular locations is critical to success along with improving transport links between the two and taking positive action to match the cultural and service centre desires of those needed to be attracted to the area.

Increasing the local workforce need not start with encouraging increased inward migration. The first call could be to address the aspirations of school leavers and graduates many of whom also make up the hidden

households expecting to leave the district. These together with a proportion of graduates from the universities, who might aspire to stay in the area could be encouraged to do so with arrange of incentives. These incentives need to include:

- Affordable housing needs
- Access to employment
- Arts and Cultural enhancements in the districts service centres
- Retail and leisure enhancements in the districts service centres
- Broadband comparable to the metropolitan areas in both speed and reliability.

Attracting new workers to the area largely relies on the same set of incentives on top of the significant assets such as high quality schools, environment and accessibility which already exist.

There are already significant projects in the pipeline to address the deficiencies. The City Council wants to work with the HCA on a partnership to deliver the Governments Starter Homes initiative. A multi million pound investment in a Health Innovation Campus at the Lancaster University will be one of the Lancashire LEP's priority initiatives. It will deliver around 2,000 new jobs and become a world class centre for research into the provision of health care for ageing adults based on pioneering developments in North America. The district is a nominated location for new nuclear build once its two existing power stations need to be replaced. Currently however to support the extended lives of these stations EDF Energy need to recruit 700 new Engineers in 10 years to retain a sustainable workforce. The completion of the Heysham/M6 Link Road brings with it expanded activity between the Port of Heysham and Ireland with jobs related growth in the Heysham Gateway area.

In Lancaster City Centre a new masterplan will link together the major retail/cultural redevelopment opportunity at the Canal Corridor North, with regeneration in the visitor economy and arts sectors across the City Centre and the renovation of Lancaster Castle under the custodianship of the Duchy of Lancaster. The Dukes Playhouse and Lancaster Grand Theatre will be provided with opportunities to grow and refine their contribution to the vibrancy of the City Centre. Significant growth in new student accommodation and the promotion of young worker accommodation in a similar format will enhance the attractiveness of Lancaster as a place to learn and subsequently work.

Major investments by BT and Virgin Media are making significant changes to the digital connectivity of the district which is also home to a growing number of digital media companies.

The Morecambe Bay University Hospitals Trust is working closely with the City and County Councils to rationalise its estate and effect a major long term overhaul of Lancaster Royal Infirmary to strengthen the resilience of the NHS around the Bay. Other strong collaborations such as Morecambe Bay Partnership and Marketing Lancashire deliver targeted heritage and visitor economy related regeneration projects to enhance the identity of the district as a unique destination for lifestyle to visit and relocate to.

Initiatives between the local authorities, further education establishments and the schools system are beginning to examine ways to create a single point of access to job opportunities and intelligence on education and lifestyle. All geared to giving young people more accurate information on career planning and lifestyle choices with the specific aim of challenging the belief that outward migration is the best choice for economic prosperity.



## Lancaster City Council's Equality Impact Assessment Guidance and Form

### What is an equality impact assessment?

An equality impact assessment is a way of understanding the impact that a new way of doing things might have on members of our community, in particular people from protected groups. This could be a new service, practice, policy, strategy, project or decision.

Protected groups include age, disability, faith, religion or belief, gender (including marriage, pregnancy and maternity), gender reassignment, race and sexual orientation (including Civil Partnership).

Please note: the impact on rural communities and people on low incomes must also to be considered.

### Why do I need to carry out an equality impact assessment?

Part of the council's core purpose is to *'provide a range of customer focused services and offer value for money and meet the needs of people who live, work and visit the district' and to 'maintain a cohesive community by ensuring we understanding the needs of our communities and provide equality of access to our services and employment opportunities'*.

It is therefore important that we collect and use information about our community to help us to understand how service changes and decisions might impact on the local community.

Our corporate *Ethos* makes it clear that in our stewardship role the council has a responsibility for *'ensuring the social, economic and environmental wellbeing of the local area'* and that in terms of social justice that *'the values of local government are founded on equality and meeting community needs'*.

Therefore we should consider how everything we do will impact on the communities that we serve. This should lead to more informed decision making, more customer focussed, cost effective, efficient services for local people.

When delivering services and employment, the council has a general equality duty to consider the need to:

- Eliminate unlawful discrimination, harassment, victimisation or other unlawful conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

### How do I carry out an equality impact assessment?

A simple form has been developed to assist services with carrying out equality impact assessments.

The form provides a consistent approach to equality impact assessment, however, it is more important that we consider how everything we do will impact on the local community and that action is taken to mitigate impact. The form provides a way of recording this.

The council's 'getting to know our communities' data will help services to assess potential impact on protected groups. This provides both local and national statistics and is available on the Elsie equality and diversity page (via HR).

All councils have to produce similar information, therefore it may be useful to do a web search rather than starting from scratch.

An example of a completed form is also available on the Elsie equality and diversity page (via HR).

### **When do I need to carry out equality impact assessment?**

Equality impact assessment should take place when considering doing something in a new way.

For example:

- A change in a current service or introduction of a new service
- The review of a current policy/strategy or the development of a new policy/strategy
- The start of a new project or when making a decision.

A decision making flow chart is available on the Elsie equality and diversity page (via HR).

An equality impact assessment form will need to be completed as an appendix to decision making committee reports eg Cabinet, Council.

Please note: the outcomes of your equality impact assessment should be used to inform your reports.

Please refer to the report writing guidelines on Elsie or contact democratic services for advice on this.

### **Who should carry out equality impact assessment?**

An equality impact assessment should be carried out by the officer leading on above examples.

### **Who can I contact for support and guidance?**

Equality impact assessment support is available from the HR and Organisational Development Team.

**Equality impact assessment form**

An equality impact assessment should take place when considering doing something in a new way.

Please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to [‘report clearance’](#) (please refer to report writing guidance).

Please keep your answers brief and to the point. Consideration needs to be reasonable and proportionate.

Please also remember that this will be a public document – do not use jargon or abbreviations.

**Section 1: Details**

<b>Service</b>	Regeneration and Planning
<b>Title and brief description (if required)</b>	Authority to accept funding, Bailrigg Garden Village
<b>New or existing</b>	New
<b>Author/officer lead</b>	Andrew Dobson
<b>Date</b>	30th January 2017

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary**

**What is the purpose, aims and objectives?**

To draw down Government funding to prepare a Master Plan for a new Garden Village

**Who is intended to benefit and how?**

The wider community in Lancaster district through increase in housing supply. Staff in Lancaster City Council by obtaining resources to assist in preparing a Master Plan. University of Lancaster by achieving higher quality development adjacent to the campus.



**Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?		No
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

<b>If yes, please provide more detail of potential impact and evidence including:</b>	
<ul style="list-style-type: none"> <li>- A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results?</li> <li>- What does this tell you ie negative or positive affect?</li> </ul>	
Age  including older and younger people and children	
Disability	
Faith, religion or belief	
Gender  including marriage, pregnancy and maternity	
Gender reassignment	
Race	
Sexual orientation  Including Civic Partnership	

Rural communities	
People on low incomes	

**Section 4: Next steps**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?** None

**How have you taken/will you take the potential impact and evidence into account?**

There is not expected to be potential impact

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Local Plan process monitoring

Thank you for completing this equality impact assessment form, please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to ['report clearance'](#) (please refer to report writing guidance).

**CABINET**

**Empty Homes Strategy  
14<sup>th</sup> February 2017**

**Report of Chief Officer (Regeneration and Planning)**

<b>PURPOSE OF REPORT</b>			
To consider an updated Empty Homes Strategy for Lancaster District and the resource implications associated with it.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	16.01.17		
<b>This report is public</b>			

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

- (1) That Cabinet approves the revised Empty Homes Strategy as the basis for the council’s actions in terms of bringing empty properties back into beneficial use.
- (2) That cabinet notes the resource implications set out in the report.

**1.0 Introduction**

- 1.1 Empty Homes are a wasted asset which should be providing much needed accommodation in times of housing shortages. They can also attract criminal and anti-social behaviour. Bringing empty homes back into use has financial and community benefits and has been a council priority since 2013 when an Empty Homes Officer was first appointed and the original Empty Homes Strategy was prepared.
- 1.2 Cabinet last considered this issue at its October 2014 meeting where it resolved to adopt the Empty Homes Strategy, continue the approach to dealing with empty homes until 31<sup>st</sup> March 2017, create a dedicated fund of £200k for pro-active works and to review the need for supporting resources as part of the 2017/18 budget process.
- 1.3 This exercise has now been undertaken and this report puts forward a revised Empty Homes Strategy for 2017 onwards and a proposal for the long term funding of this service.

## 2.0 Proposal Details

2.1 The draft Empty Homes Strategy 2017 to 2022 is reproduced for consideration at Appendix 1. This summarises how many empty homes exist and where there are particular concentrations, the reasons why homes remain empty and the range of initiatives available to the council and its partners to tackle the problem. It then looks at the impact made since 2013 and recommends a new Action Plan for the next five years. It is recommended that Cabinet approves this new strategy for immediate use.

2.2 The strategy proposes the following approach:

**Through efficient and effective partnership working, the City Council will seek to reduce the number of empty homes in Lancaster District and bring as many properties as possible into beneficial use. This will be achieved by:**

- **Maintaining an accurate and up-to-date record of empty properties shared as appropriate with key partners;**
- **Proactively targeting empty properties that have a significant negative impact on the surrounding neighbourhood and those which have been empty for more than two years;**
- **Working with owners of empty properties to raise awareness of the options available to them;**
- **Providing financial support towards the cost of necessary repair and restoration work;**
- **Where necessary, utilising statutory powers to require work to be carried out; and**
- **Monitoring the use of discretionary provisions (e.g. differential council tax charging) as a means of discouraging properties from remaining empty.**

2.3 The success of the strategy and action plan is heavily dependent upon having a dedicated Empty Homes Officer in post who can access technical, legal and financial support as necessary. The current Empty Homes Officer (the Council's second one) has been in post since May 2015 and has been successful in building up these internal working relations particular with key services such as Council Tax and Planning Enforcement.

2.4 The New Homes Bonus allocates funding to Local Authorities for a 6 year period (reducing down to 4 years), as a reward for increasing housing supply including the return to use of empty properties. The future of the New Homes Bonus scheme beyond 2020 is currently unclear.

2.5 Due to no specific budget being identified at the time, the Empty Homes Officer post was established on a temporary basis with the intention being to examine ways in which it could be permanently funded through savings elsewhere. The opportunity has now arisen through the retirement of another officer in the Regeneration and Planning Service to utilise these salary savings to make the Empty Officer's post permanent. This can be achieved by streamlining other areas of work and providing a more focused and co-ordinated service. Whilst there will inevitably be some impact on other parts of the service, it is considered that these can be managed without significant detriment to other areas of work.

2.6 In addition, a specific £200K capital budget was established during the 2015/16 budget process for pro-active empty homes work. This has been utilised primarily for partnership work with Methodist Action North West (see para 4.12 of draft strategy). This budget was established for a two year period to coincide with the contract of the Empty Homes Officer. For the reasons set out in the Strategy, this has not yet been fully utilised and £101K has been re-profiled into 2017/18 as part of the latest draft Capital Programme update.

**3.0 Details of Consultation**

3.1 The Empty Homes Officer reports regularly to both the Planning Policy and Housing Regeneration Cabinet Liaison Groups. In addition, the Overview and Scrutiny received a detailed presentation on the subject in 2015.

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

	<b>Option 1:</b> Approve the revised Empty Homes Strategy including the resource implications	<b>Option 2:</b> Do not approve the revised Empty Homes Strategy
Advantages	<p>Provides framework for the actions of the Council and its partners and promotes co-ordinated, efficient working.</p> <p>Provides certainty to allow longer term planning of actions</p> <p>Sets clear message that tackling empty homes is a council priority.</p> <p>Brings direct and indirect financial benefits together with community benefits</p>	None identified
Disadvantages	Requires dedicated resources that will have some impact on other areas of work.	Empty homes would not be identified as a council priority and would be dealt with on an ad-hoc basis by various council services with potential for confusion and overlap.
Risks	Requires continued commitment from key partners such as Methodist Action	Fewer empty properties would be brought back into use.

**5.0 Officer Preferred Option (and comments)**

5.1 Option 1 is preferred due to the importance associated with this area of work.

**6.0 Conclusion**

6.1 This is an important area of work and a council priority. Approving a revised strategy and providing adequate resources are important steps in delivering this work.

**RELATIONSHIP TO POLICY FRAMEWORK**

Bringing empty properties back into beneficial use contributes directly to the council's health and wellbeing priority by improving the supply and quality of the district's housing. It also contributes to the clean, green and safe priority by reducing the potential for anti-social behaviour and to the economic growth priority by improving confidence in an area for investment.

**CONCLUSION OF IMPACT ASSESSMENT**

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

Impact Assessment attached.

**LEGAL IMPLICATIONS**

Legal Services play an important role when formal action is required. Recently approved internal changes will improve the service's ability to respond to such requests.

**FINANCIAL IMPLICATIONS**

As referred to in the report.

Estimated income from bringing empty homes back into use (be it through council tax charging or New Homes Bonus) is already reflected, as far as possible, within Cabinet's budget proposals, as part of those respective income streams. It will be monitored as part of usual arrangements and in addition, a review of council tax discretionary charging policy is planned during next financial year.

In terms of capacity, the cost of making the Empty Homes Officer (EHO) permanent can be met from the redirection of savings arising through the retirement of an existing postholder (31 March 2017) within the Regeneration & Projects team, and this is reflected in Cabinet's budget proposals. As an aside, a further internal re-organisation of the team is planned to follow to ensure sufficient capacity is still in place and it is expected that the overall impact of these changes will be cost neutral at worst with the potential for a small saving.

It is not anticipated that there will be any additional capacity needs regarding relevant council tax collection and recovery, but they too will be kept under review.

As previously reported, it is not possible to accurately quantify in financial terms how much additional income from the New Homes Bonus payment (the future of which is currently unclear) or additional council tax generated from the number of empty homes brought back into use is directly attributable by having a dedicated EHO in place and whether the City Council's share is more or less than the annual cost of the post.

That said, a successful empty homes programme can help address housing need, improve the economic prospects of an area and also complement other regeneration initiatives such as S215 untidy land and building work and ongoing enforcement work through planning and housing legislation. It is proposed that co-ordination between the various council functions with the EHO post continues and is improved in order to provide the most efficient service possible within existing resources.

Overall therefore, it is considered that allowing for both financial and social impact benefits, the proposal regarding the EHO post does represent value for money, acknowledging however that other stakeholders or affected parties may well perceive the business case differently.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

As set out in the report

**Information Services:**

None identified

**Property:**

None identified

**Open Spaces:**

None identified

**SECTION 151 OFFICER'S COMMENTS**

The s151 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**

Empty Homes Strategy 2014 - 17

**Contact Officer:** David lawson

**Telephone:** 01524 582331

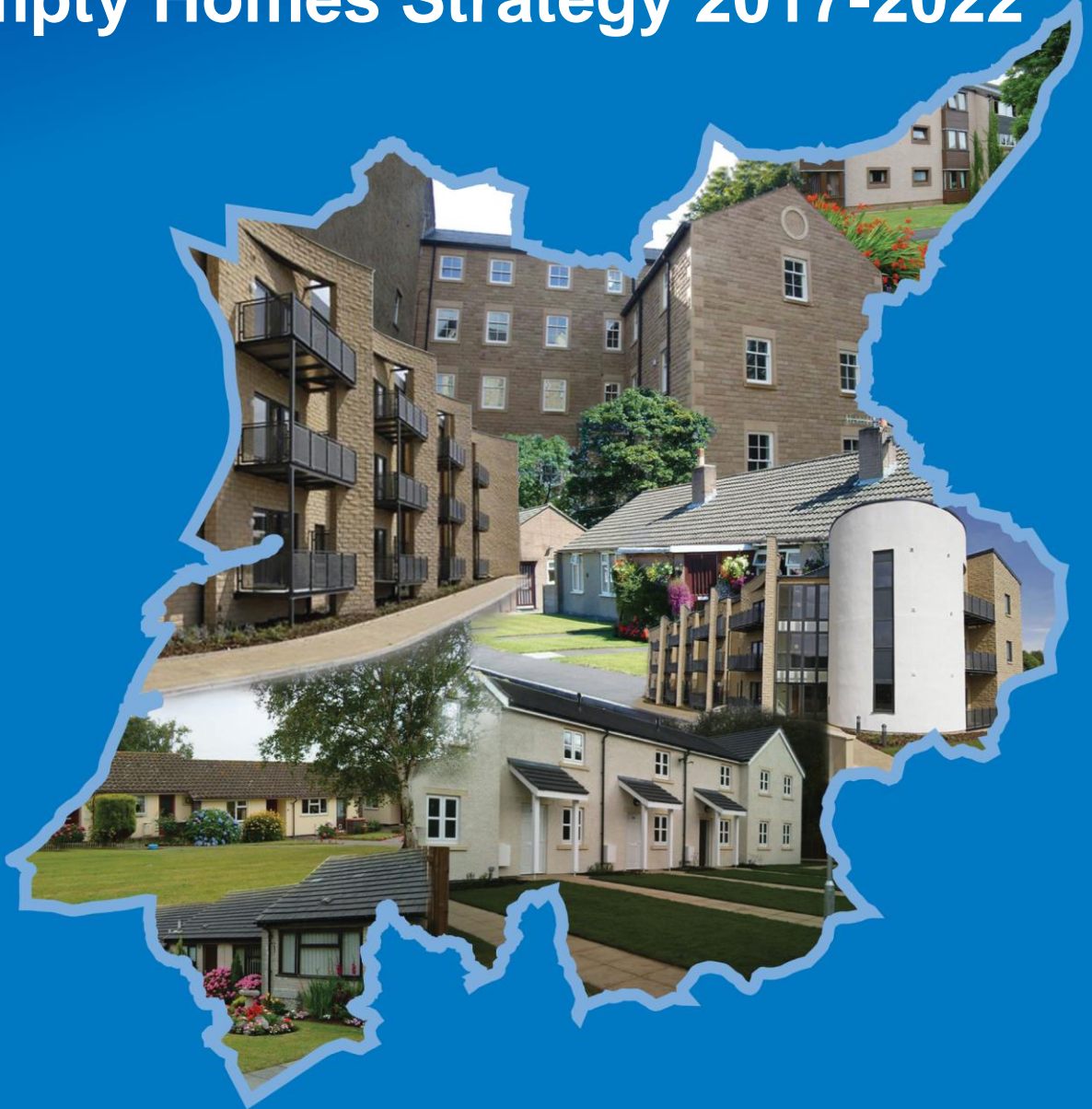
**E-mail:** dlawson@lancaster.gov.uk

**Ref:**



Lancaster City Council - Regeneration and Planning Service

# Empty Homes Strategy 2017-2022





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## Policy Statement

The Empty Homes Strategy 2017 – 2022 is intended to continue and build upon the positive work already developed to reduce the number of long term empty homes across the district. The implementation of this Strategy will ensure that the council continues to hold up-to-date intelligence about empty homes through collaborative working and data sharing across council services and by using a range of methods, tools and incentives to bring empty homes back into use. Continuous monitoring of empty properties and analysis of prevalence of empty homes as a result of changes in the housing markets will allow the council to formulate effective approaches and direct resources as required to target those areas.

To pro-actively reduce the number of long term empty homes in the district, the strategy sets out a series of measures to raise awareness of the impact of empty homes and offer a range of incentives and support to the owners of empty homes.

The Strategy seeks to build upon the existing partnership with Methodist Action North West which is supported with dedicated council funding to provide the financial and technical support sometimes required to bring empty homes back into use, and to provide other elements of practical support to home owners wherever possible.

The Strategy also provides the framework for taking appropriate enforcement action against the owners of empty homes. This requires the continued support and input of other council services in order to be effective and to deal with long term empty properties in a timely and most efficient way. This, in turn, will benefit those communities and neighbouring properties and act as a deterrent to other empty homes owners.

Most importantly, the Strategy seeks to maintain and maximise the existing housing stock in Lancaster district, by bringing as many empty homes back into use as existing council resources allow. This comes about at a time when there is a real shortage of housing in Lancaster district and the role that Empty Homes Strategy can play in meeting the district's housing need, and one which has received overwhelming support from Lancaster district's residents.

**Through efficient and effective partnership working, the City Council will seek to reduce the number of empty homes in Lancaster District and bring as many properties as possible into beneficial use. This will be achieved by:**

- **Maintaining an accurate and up-to-date record of empty properties shared as appropriate with key partners;**
- **Proactively targeting empty properties that have a significant negative impact on the surrounding neighbourhood and those which have been empty for more than two years;**
- **Working with owners of empty properties to raise awareness of the options available to them;**
- **Providing financial support towards the cost of necessary repair and restoration work;**
- **Where necessary, utilising statutory powers to require work to be carried out;**  
**and**
- **Monitoring the use of discretionary provisions (e.g. differential council tax charging) as a means of discouraging properties from remaining empty.**

## 1. Introduction

- 1.1 The purpose of the Council's Empty Homes Strategy is to reduce the number of long term empty homes within Lancaster district and maximise opportunities to bring empty properties back into use through a range of approaches, measures, interventions and use of statutory powers.
- 1.2 Empty homes often have a very negative impact on the local area, as they are prone to deteriorate over time without regular upkeep, and can be subject to antisocial behaviour or vandalism. Empty homes are also a wasted resource that could be used to meet the increasing housing need across the Lancaster District. According to Council Tax records, there were 1920 long term empty homes in Lancaster District on the 1 January 2017.
- 1.3 Since the appointment of an Empty Homes Officer in July 2013 and the adoption of the Empty Homes Strategy, over 250 homes have been brought back into use with Council involvement. Accurate records are now kept of all empty properties and their status, and there is open dialogue with most empty home owners and a point of contact for any concerned neighbours.
- 1.4 This strategy has been produced to build on the success of the previous Empty Homes Strategy and provide a framework within which empty homes will be brought back into use. This will help maintain sustainable neighbourhoods which will contribute towards regeneration and investment, reduce social problems and meet the housing needs of the district.

The main objectives of the strategy are to:

- Raise awareness of empty homes and the issues they cause;
- Maintain accurate records and information about empty homes in the district;
- Explore and pursue funding opportunities available to tackle empty homes;
- Continue to take a proactive approach to engage with empty home owners and target problematic empty homes that generate complaints; and
- Implement all measures available to the Council in order to bring empty homes back into use.

## What is an Empty Home?

- 1.5 At any given time, there will always be a number of empty homes due to people buying and selling houses, relocating, estates being resolved etc. In most cases, this will be a short term situation. The houses that are being targeted in this strategy are those that have been left empty for an excessive period of time and have become 'long term empty homes', which is defined by the Government as being empty for six months or more.
- 1.6 There are a number of reasons as to why homes become empty for an extended period, such as:
- Taking an excessive period of time to sell on the open market;
  - Renovations taking longer than planned;
  - Irresponsible or unexperienced landlord;
  - Property left in probate;
  - Health issues of owner;
  - Family disputes or relationship breakdown;
  - Abandonment, repossession or bankruptcy; and
  - Property being kept as financial investment or for sentimental reasons.
- 1.7 There are many financial, social and environmental benefits to bringing long term empty properties back into use, for the owners, the neighbours and the wider community. It is estimated that leaving a property empty is, on average, costing the owner over £7000 per year in lost rental income, council tax and insurance, and this does not take into account depreciation or any repairs required due to vandalism.
- 1.8 As well as being a financial burden to the owner and removing much needed housing from the market, there are other reasons that bringing long term empty properties back into use has a positive effect, such as:
- Improving the visual amenity of the local area, and so increasing local property values;
  - Investment in regeneration areas can encourage stable communities and inspire further investment in the housing stock;
  - Removes the burden of responsibility placed on neighbouring residents and the negative effects empty properties can have on adjoining dwellings such as excessive cold and damp;
  - Supporting local businesses and services by maximising the population, and so boosting the economy; and
  - Reducing the need for emergency and enforcement action by the emergency services and local authority, which is a savings to the tax payer.

## 2. The National Context

2.1 According to Government figures, there are over 610,000 empty homes across England, with over 200,000 of these being long term empty properties that have been empty in excess of six months. On average, approximately 2% of the housing stock is empty at any one time. A certain level of empty properties is necessary to ensure the normal functioning of the housing market and modernisation of existing housing stock.

2.2 The profile of empty homes has been rising up the political agenda for the past few years. In 2011, the then coalition Government published 'Laying the Foundations' – A Housing Strategy for England, which demonstrated a clear commitment to tackling empty homes by making £100m available in Capital funding to develop projects that improve long term empty properties and see that they are effectively used to provide affordable housing to people with housing need. In addition, other financial and policy drivers were brought in to encourage Council's to invest in empty homes, primarily through the Homes and Communities Agency's Affordable Homes Programme 2011-2015. This was the basis upon which the council successfully bid for Cluster of Empty Homes Funding to bring forward a regeneration scheme at Chatsworth Gardens in Morecambe's West End, and in addition, the council supported the sub-regional bid made by Methodist Action North West to secure funding under the Empty Homes Funding (Community Groups).

2.3 However, since 2015, there have been no further Affordable Homes Programme funding that is specifically targeted towards bringing empty homes funding back into use.

### New Homes Bonus

2.4 The New Homes Bonus allocates funding to Local Authorities for a six year period as a reward for increasing housing supply including the return to use of empty properties. The future of the New Homes Bonus is currently unclear, and the Department of Communities and Local Government are currently reviewing this and undertaking further consultation.

### Council Tax Changes

2.5 From April 2013, councils have the discretion to decide on discounts available to owners of empty properties in order to act as an incentive to bring them back into use, as well as the option to place a premium on the Council Tax of properties that have been empty in excess of two years.

2.6 Lancaster City Council has taken advantage of this, and reduced the length of time that discounts are available to empty home owners, and the owners of properties that have been left empty in excess of two years are now charged 150%. The aim of this is to try to discourage home owners from leaving properties empty for an excessive period of time.

- 2.7 Over three years on from these changes it is considered that they have been effective in acting as a deterrent to homes being left empty for an excessive period of time, as the number of properties that have been empty in excess of two years has stopped increasing and have levelled at around 250.
- 2.8 However, a negative outcome of this change has been the trend for the owners of long term empty properties to put a small amount of furniture within the property and classify it as a second home. This removes the premium charge and makes identifying empty properties more difficult. There has also been a backlash from home owners that are renovating properties with whatever spare money and time that they have, with the aim to bringing a modernised property back into use. As the owner is being financially penalised once the property becomes empty for more than two years, which only extends the length of time it takes them to complete the works.
- 2.9 The Council will continue to monitor and review the impact of discretionary measures such as differential council tax charging during the life of this strategy.

## 3. The Local Context

3.1 The District of Lancaster has a total housing stock of approximately 63,000 dwellings, with a population of over 140,000 residents.

3.2 Council Tax records are used to determine the level of empty homes and as of 1 January 2017 there were 1,920 long term empty properties. This includes:

- Long term empty premium properties - 257 properties that have been empty in excess of two years, which is the main focus of the Empty Homes Officers work;
- Long term empty properties, which has been empty for between 6-24 months – 660 properties - owners will only be contacted if the property is causing concern, or to be made aware of Council initiatives;
- Empty uninhabitable major works – 74 properties that are undergoing extensive structural works;
- Exempt properties – 298 properties where the owners are deceased or in a care home, or the property is prohibited. Due to partnership working with Council Tax and Housing Standard, those that are causing concern are now being targeted in order to see that they be brought back into use; and
- Second homes – 631 properties – which are classified as empty with Council Tax as they are not permanent residence. Some of them will be genuine holiday and second homes, but due to some empty home owners trying to avoid premium charges placed on empty properties, it is believed that at least 20% of properties classified as second homes are actually long term empty properties.

3.3 This does not, however, include any properties that have been removed from the Council Tax listings by the Valuation Office for whatever reason, and are either due to be returned following extensive renovations or have been abandoned in a poor condition with no incentive to be brought back into use. It also does not include properties that are not accurately classified within the Council Tax records, such as properties that have been vacated but the owner has failed to notify the Council. If Council Tax is still paid there would be no reason for the property to be flagged up as empty unless it is brought to the attention of the Council by a concerned neighbour.

3.4 It is therefore evident that pinning down an accurate number of genuine long term empty properties in the district is not straightforward, but a rough estimate puts the figure close to 1,800. This is also a fluid number that is changing on a daily basis, as houses become occupied and further houses are vacated.

## **Lancaster City Council's Corporate Plan / Medium Term Financial Strategy**

### Corporate Plan / Medium Term Financial Strategy

3.5 Lancaster City Council's Corporate Plan 2016-2020 identifies four main priorities for Lancaster district which are:

- Economic growth
- Health and Wellbeing
- Clean, Green and Safe Places
- Community Leadership

3.6 The Health and Wellbeing priority is around improving the quality of housing and availability of housing across the district, which includes housing renewal, housing regeneration and improvements to the existing housing stock. Bringing empty homes back into use contributes to this priority. The Clean, Green and Safe Places priority is concerned with ensuring our district is a safe place to live and the wider context is about reducing the potential for anti-social behaviour and acts of vandalism and crime that are often associated with empty homes and the impact upon the wider community.

3.7 The Medium Term Financial Strategy must both support and inform the Council's vision for the district and the strategic direction as set out in the Corporate Plan. This is so that available resources are matched against agreed priorities and any other supporting needs. It also highlights any imbalance – this being the need to make savings and manage expectations.

3.8 The Council expects that this imbalance and the need to make savings will continue to grow significantly over the medium term and will need to be considered by the Council as part of its annual budget process.

### Draft Local Plan and Strategic Market Assessment

3.9 The National Planning Policy Framework (NPPF) requires all local authorities to understand their district's housing requirements, and to ensure that they take account of, and plan to meet that need, and this is a very important pre-cursor in getting Local Plans adopted.

3.10 Lancaster City Council is preparing the draft Local Plan which will be seeking to deliver an annual housing requirement of 675 dwellings per year. The methodology for assessing the district's housing need through housing related studies already takes account of empty properties in the district and even if every empty property came back into use there would still be a significant shortfall. Notwithstanding this, the Local Plan will not focus solely on new supply of housing, as the existing housing stock in Lancaster district is just as important, and the emphasis of new supply is very much focused on what new housing is required across the district to meet the specific needs of that community and new housing should therefore complement the existing housing supply to meet future needs.



## Housing Strategy and Action Plan 2012-2017

3.11 The Housing Strategy and Action Plan was approved in 2013 after the Council undertook a district wide Housing Needs Survey in 2011. The three themes contained within the Housing Strategy are:

Quantity – achieving sustainable growth in the Lancaster District

Quality – Regeneration priorities and improving the existing housing stock

People – meeting the housing needs of all parts of the community

3.12 Improving the existing housing stock remains a very clear priority in Lancaster district, but very challenging at a time when much of the external funding opportunities have ceased. However, bringing back empty properties into use is an agreed Cabinet priority, and a specific action within the Housing Strategy was to prepare and implement an Empty Homes Strategy for Lancaster district. As a new Housing Strategy for Lancaster district will shortly be prepared, the role of the existing housing stock in Lancaster district is a continuing theme/priority and work on empty homes is integral to this.

## Private Sector Housing Enforcement Policy

3.13 Lancaster district has a very large private rented sector due in part to the presence of two major universities in the City and the corresponding need for large amounts of student housing. In recent years, as well as increased provision on campus at Lancaster University, there has been an increased level of private sector student housing new build provision in the city centre. The council fully expects that this will ultimately bring about changes to the housing markets in south Lancaster as demand for different types of student housing will shift and should help to improve access to market housing in the traditional residential areas in south Lancaster. Notwithstanding this, a key focus of the Empty Homes Strategy will be to measure those impacts and changes, and where required, the Empty Homes Officer will support landlords to pro-actively manage their properties. Lancaster University now run their own accreditation scheme for off-campus student accommodation, with the support of the Housing Standards Team who previously administered the scheme and helped shape the new service.

3.14 Lancaster City Council's Housing Standards Team carries out a wide range of duties to ensure that private sector rented accommodation is free from category one hazards and that minimum standards are achieved. Where possible, the Council will seek to achieve full voluntary compliance with legislative requirements and license provisions, but will not hesitate in using its enforcement powers where necessary and now has increased legislative powers to tackle Rogue Landlords as part of the Housing and Planning Act 2016.

3.15 The Housing Standards Team also promote and encourage good quality accommodation by administration of the Houses in Multiple Occupation licensing and the Council's Accredited Property Scheme and work very closely with the Home Improvement Agency and Housing Options Team providing a seamless service where possible. Technical Officers routinely inspect properties prior to a bond being issued or where properties are being referred into the Council's Social Lettings Agency, complaints

around anti-social behaviour as well as disrepair and illegal eviction and in order to build upon their success. A more recent initiative is to implement selective licensing in Morecambe's West End, where the highest concentration of private sector rented accommodation exists, and work is currently ongoing to bring this forward.

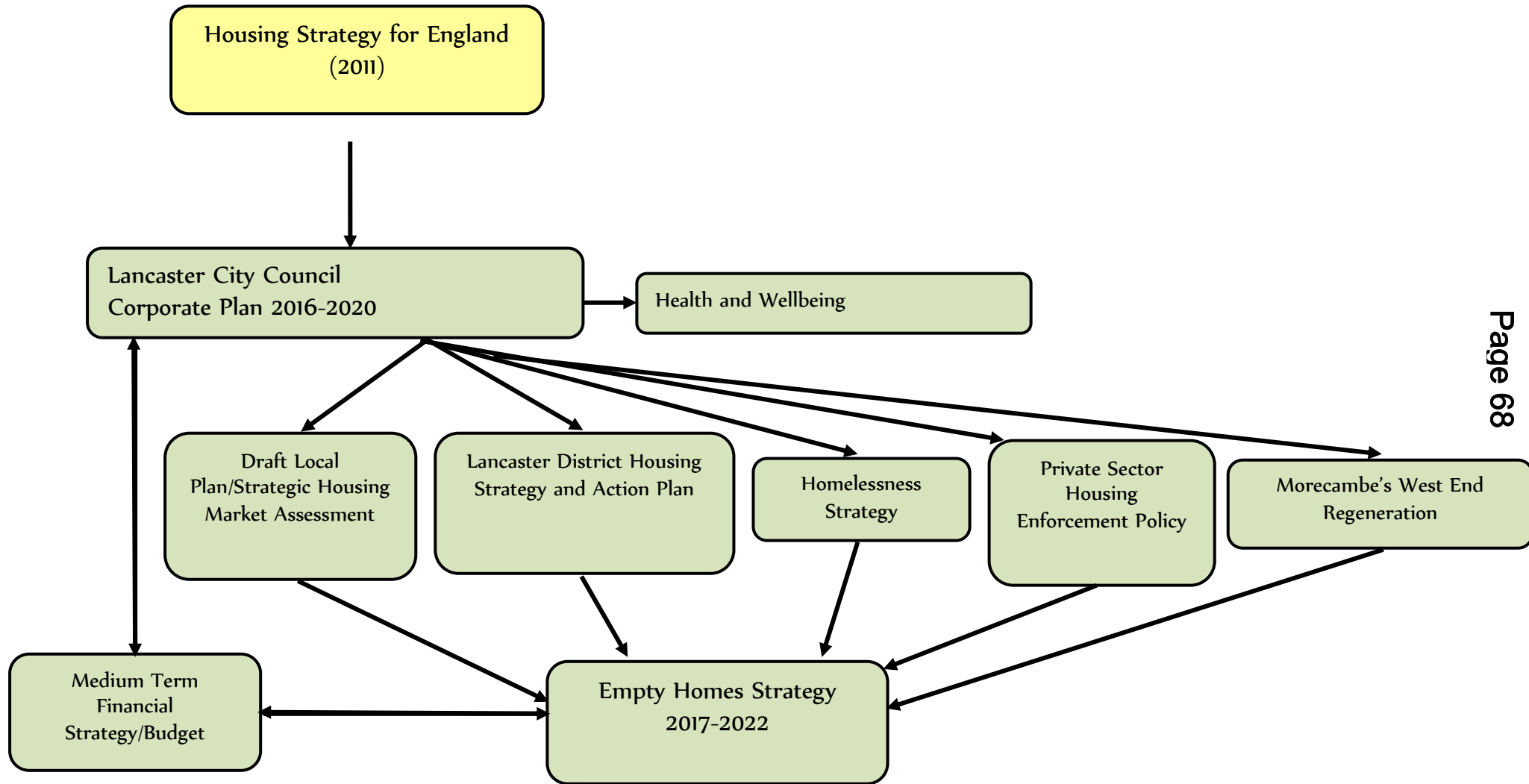
3.16 In summary, the Housing Standards Team significantly contributes towards the improvement and investment in the private rented sector and work towards increasing the number of private sector properties that meet the decent homes standard, as well as making use of any suitable initiatives to improve the thermal efficiency of existing housing stock and reduce fuel poverty by making the appropriate referrals to other agencies or through direct interventions through the Home Improvement Agency.

3.17 There are direct links between the Housing Standards Team and the Empty Homes Officer. The Housing Standards Team will often take an initial complaint about an empty property and then work to resolve short term issues affecting neighbouring properties through negotiation and enforcement.

### Homelessness Strategy

3.18 Lancaster City Council will be undertaking a refresh of its Homelessness Strategy in the light of a number of changes in government policy which includes a series of welfare reforms and the emerging Homelessness Reduction Bill and subsequent legislation. One of the identified priorities in the last Homelessness Strategy was to increase the supply of affordable housing and good quality rented accommodation available in Lancaster district. Much work has been done to increase the provision of rented accommodation in the district, which has included the implementation of the Council's Choice Based Lettings Scheme and a review of the allocation policy, closer working between the Council's Housing Options Team, Housing Standards Team and Home Improvement Agency, who are all based in one office at Morecambe Town Hall. There is strengthened partnership working with key partners such as Registered Providers, third sector organisations and private landlords, and the established partnership with Methodist Action North West who operate a Social Lettings Scheme in Lancaster district and which has been rolled out to incorporate empty properties. Properties brought into the social lettings agency are let through referrals from the council's Housing Options Team which directly assists in meeting a local housing need and the proactive prevention of homelessness.

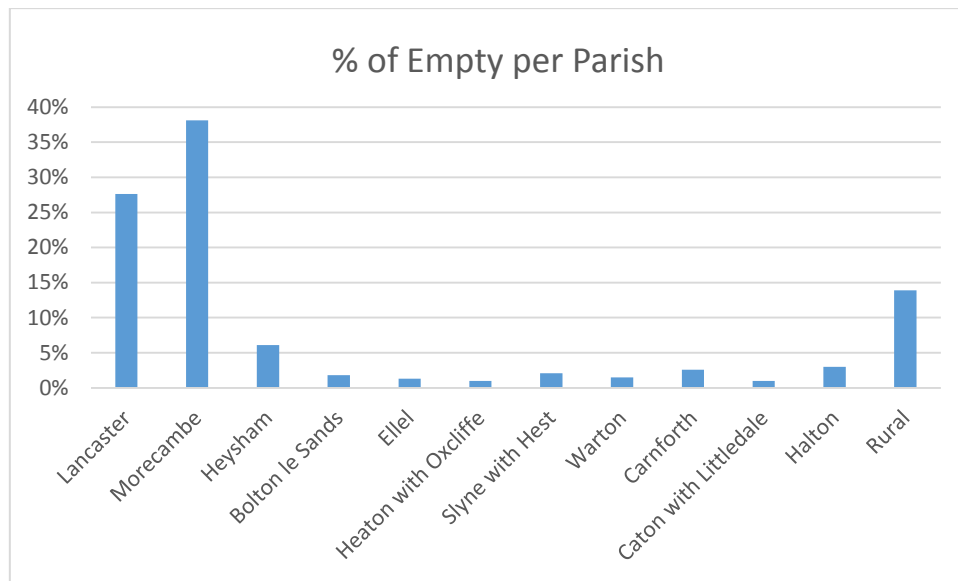
Links to Strategies and Policies



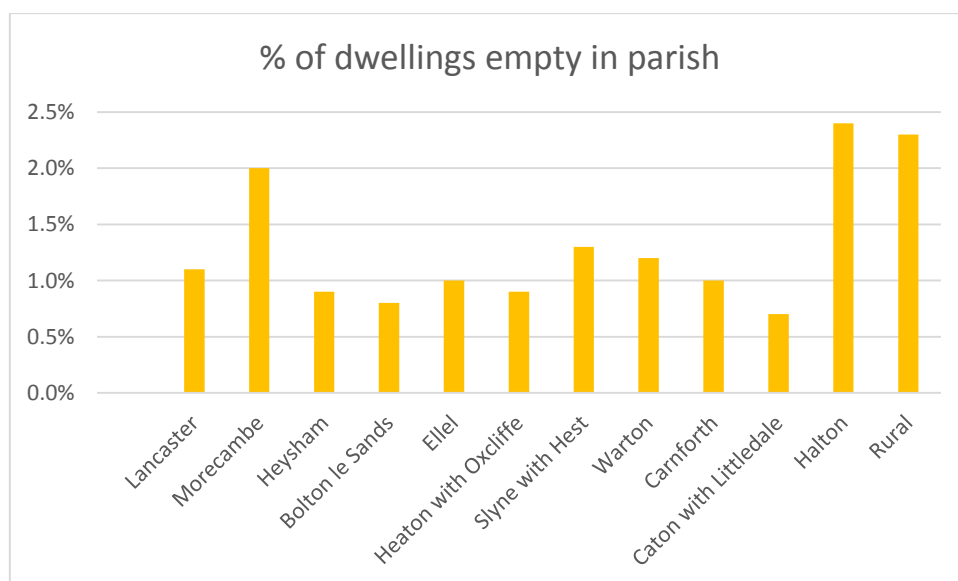
#### 4. The Local Impact

##### Empty Properties per Parish

4.1 Work has been done to establish the levels of empty properties across the various parts of Lancaster District (labelled as “parishes” for the purposes of this document). This is to show where the problem areas are and where more focus might be needed. The results have been displayed in two formats: the percentage of all empty properties across the Lancaster District per parish and the percentage of the dwellings within the parish that are empty.



4.2 This shows, as expected, that the highest levels of empty properties are in the two main urban areas, Lancaster and Morecambe, with Morecambe having almost 40% of the total empty properties in the District. It also shows that there is a high percentage of empty properties in the remaining 29 rural parishes, with almost 14% being in these areas.

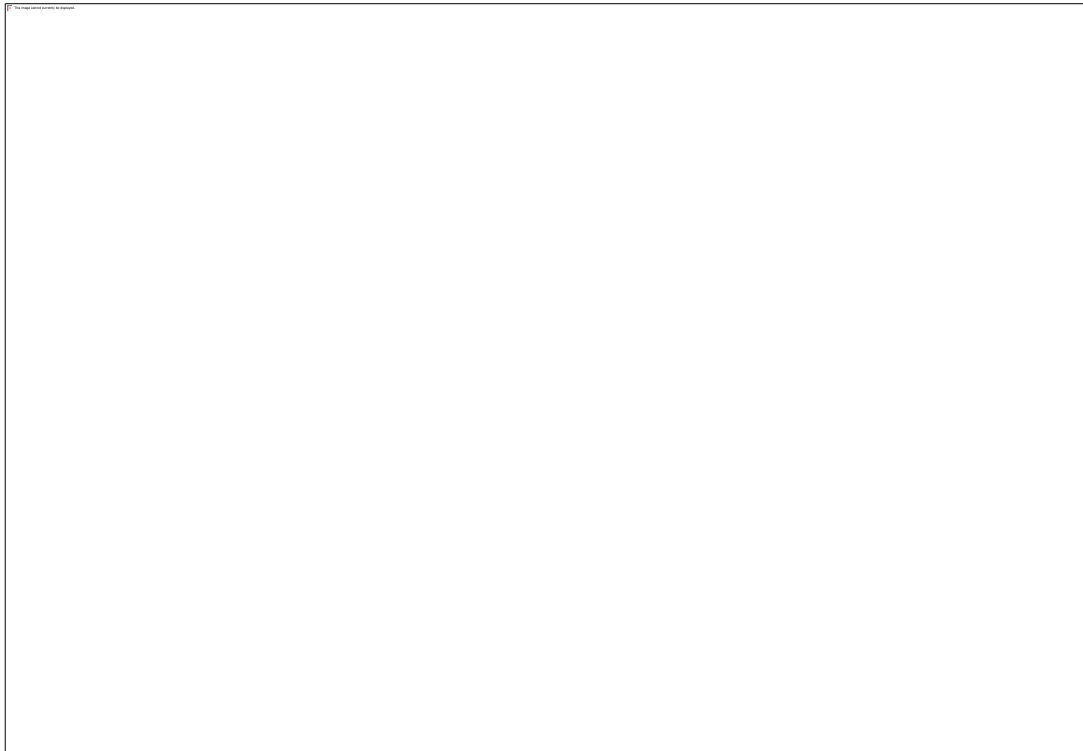


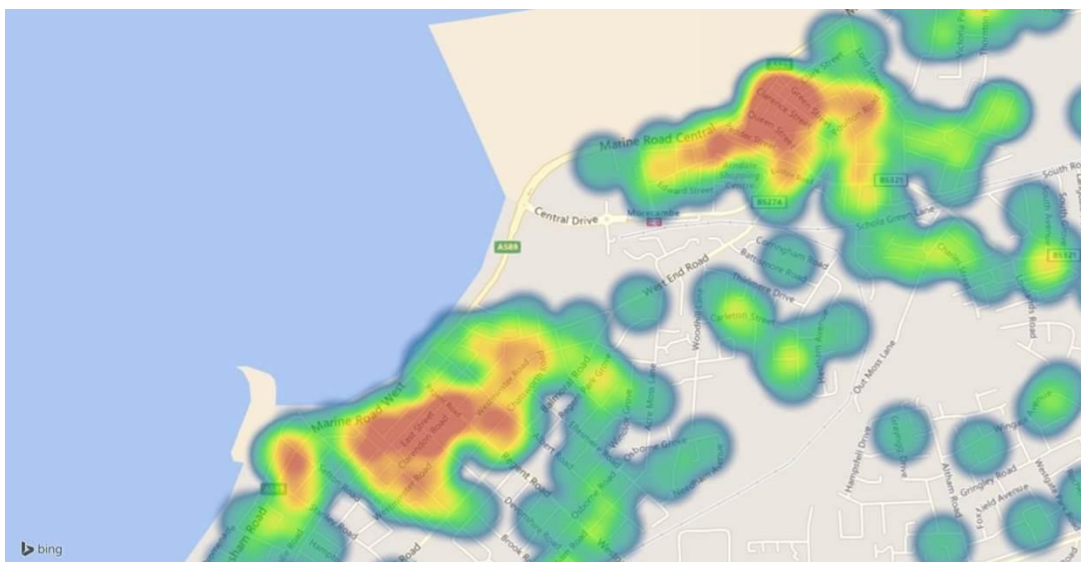
4.3 This shows individual parishes with high levels of empty properties within them. On average, approximately 1% of each parish's total dwellings are empty, however there are some parishes with a much higher level which requires further investigation. Again, Morecambe stands out with 2% of the total housing stock being empty. This is unsurprising due to the nature of the housing stock having a high level of flats and the number of poor quality / derelict buildings.

4.4 More surprisingly are the rural villages that have shown high levels of empty homes, such as Halton (2.4%), Middleton (6%), Borwick (5.2%) and Wennington (5.8%). It has been found that the high levels of empty homes in both Halton and Middleton are due to ongoing developments; Halton being the unsold properties within the Halton Mills development, and Middleton being the stalled development of the former Pontin's Holiday Camp site. Whereas, in villages such as Borwick and Wennington, these results have shown what a large impact any empty properties can have in a small rural environment.

## Mapping

4.5 Following on from obtaining this data, it has been possible to map some of this information to show 'hot spots' in the district. As Morecambe has been shown to have the highest level of empty properties, the initial mapping has been done of LA3 and LA4 postcodes. The results are shown below.





4.6 This quite clearly shows that the most concentrated areas of empty homes are within the Town Centre and the West End of Morecambe. This assists when trying to take a targeted approach to tackling the negative impact of empty homes. It has also been used by the Council's Health and Housing Service to form an evidence base to define a suitable area when applying for Selective Licensing, as empty homes in these areas is an indication that more needs to be done by landlords to improve housing standards.

#### **Cluster of Empty Homes Funding – Chatsworth Gardens (Morecambe's West End)**

4.7 For the past decade the West End of Morecambe has been a major regeneration priority for the Council, founded upon the West End Masterplan's principle focus to remove Housing in Multiple Occupation and smaller poor quality flat units by converting them back to larger family housing. As part of this Masterplan, the Council acquired a number of properties in Chatsworth Gardens to create an exemplar scheme, which due to funding constraints sat empty for a number of years, only adding to the high level of vacancy in the area.

4.8 In 2013, the Council was successful in bidding for £1.9m in capital funding from the Cluster of Empty Home Programme which targeted areas with high levels of empty properties in order to bring them back into use through refurbishment rather than demolition.

4.9 The first phase of this project involved the renovation of 27 terraced empty properties which were a mix of single houses, self-contained flats, bedsits and former guest houses which due to their multi-occupancy nature comprised 62-104 units (depending on whether they are defined by planning, housing or council tax). The Council's development partner, PlaceFirst, has been successful in converting these into 51 houses and apartments for private rent, which, predominantly, have now all been occupied at market rent. The remaining units are the least desirable, upper floor flats that the developer is unwilling to accept a lower rent for in order to make the project sustainable in the longer term. Pictured below are some before and after photos of PlaceFirst.

*Photograph of Westminster Road before and after refurbishment*



- 4.10 The second phase is due on site in 2017 and aims bring the remaining 21 empty terraced properties back into use as high quality market rent houses and apartments. There will be a reduction from the number of existing units from a range of 69-95 units (similar to the first phase this is not an exact number depending on the definition used) down to 45 units. The 45 units comprise 1 five bedroom, 13 four bedroom, 10 three bedroom and 21 two bedroom units.
- 4.11 In addition to Chatsworth Gardens the project has tackled other empty properties within the Masterplan area on Clarendon Road and Bold Street. The Council considers this project to have been a success, which has brought new life to a once dilapidated area of Morecambe. The Empty Homes Officer has noticed an increase in interest from developers in other empty properties in the vicinity to Chatsworth Gardens, hoping to benefit from knock on effect the scheme will have on property prices. The renovation project has not only attracted external investment from property developers, but has encouraged local residents and communities to take pride in their homes and improve the visual appearance of the neighborhood.

### **Methodist Action North West**

- 4.12 In 2012, a new partnership was formed between Lancaster City Council and Methodist Action North West (a Preston Based charity) to deliver a new Social Lettings Agency in the Lancaster District. Methodist Action lease private sector housing in the local area from owners that would like to rent their properties but do not want the responsibility of management. The properties are then made available to people that present to the Council with housing need, are rented at the local housing allowance rate, and are fully managed to ensure all housing standards are met. The owner will receive a guaranteed rental income for the term of the lease and the property will be returned to them in the same condition that it was taken on to give them full peace of mind. The scheme has been successful in increasing the number of good quality private rented properties and has increased the portfolio of housing offers to people who are in housing need who present to the council.
- 4.13 As the Social Lettings agreement was being established between Methodist Action and Lancaster City Council, the Government made available £30m in funding to community

groups to bring empty properties back into use. A sub-regional bid between Lancaster City Council, Preston City Council, South Ribble Borough Council and Methodist Action was successful in winning £1.25m in funding to be used across all three districts to bring empty properties back into use. The scheme runs alongside the Social Letting scheme, with a loan being offered to the owners of long term empty properties in order for renovations to be carried out for the property to be brought back into use. The loan is then repaid to Methodist Action via the rental income in the first few years. More recently, Lancaster City Council has provided a further £200k of its own budget to further the investment in bringing long term empty properties back into use.

- 4.14 This £200k budget has been available since April 2015 in order to offer grants to the owners of long term empty properties of up to £12,000, with a projected 16 properties being renovated and occupied in a two year period. This unfortunately has not been achieved for a number of reasons. Firstly, a new partnership and terms of reference had to be agreed between the relevant parties at the start of the project. Further problems arose due to a major development of 6 flats falling through, as well as the reluctance of some landlords and property owners to rent their property through Methodist Action at a reduced rental income resulting in lower take up than expected. There have also been a number of limitations placed on how the finance can be used, due to the type and size of properties required for the social letting scheme limiting the offer of finance to one and two bedroom properties (the most acute need is for one bedroom units), as well as the management limitations of Methodist Action not taking on individual units in buildings with mixed ownership unless they have full control of the management arrangements.
- 4.15 Furthermore, given the need for one bedroom units, there has also been the strategic decision not to concentrate the funding in the West End of Morecambe due to potential conflict with the West End Masterplan and the over-supply of single persons accommodation that already exists. Since the approval of the funding 33 properties have been surveyed as part of the scheme, with 9 properties proceeding, and, as of January 2017, only three of these currently being occupied.
- 4.16 In the 4 years that Methodist Action and Lancaster City Council have been working together to bring long term empty properties back into use, through both the sub-regional funding and direct funding from Lancaster City Council, 16 properties have been completed creating 19 new units of accommodation. All properties have, therefore, benefitted from this financial assistance, have been fully renovated and are now occupied by local people that approached the Council in housing need. The properties that have been brought back into use through the scheme have been done very successfully, and have been properties that were unlikely to have come back into use without assistance. The offer of financial assistance has also been a positive way of making contact with empty home owners, as, even if they are not interested in taking advantage of the scheme, they are made aware of the Empty Home Officers role within the Council, are offered other assistance available and means that there is an open dialogue to provide updates with the progress with the property in the future.
- 4.17 Methodist Action have confirmed that they are keen to continue the successful partnership with Lancaster City Council in order to provide good quality social housing for the local residents and see that long term empty properties are brought back into use. They are



always proactively looking for any available funding that can be used to further invest in the project, and have already invested their own funding into three of the schemes as a top up loan to the owner to ensure the projects go ahead. This is something that they are willing to consider for any projects in the future on a case by case basis.

### **Proactive Section 215 Work**

- 4.18 The Council is actively targeting the areas of the district that are considered to be of significant importance with regard to their visual impact on the local community and visitors. This includes Lancaster City Centre, Morecambe Town Centre and main thoroughfares in and out, and through the district. Residential and commercial properties, as well as public buildings and open areas of land in these areas are considered to have a significant impact on the public perception of an area. The Council is working to encourage all owners in these areas to take pride in their asset and invest in the visual appearance to improve the perception of Lancaster and Morecambe to increase investment and tourism. Building on the success of this work, it is likely that this project will be extended to other areas, such as targeting smaller town or village centres and individual properties that are considered to be falling into disrepair.
- 4.19 This proactive work can be linked with the Section 215 works of the Empty Homes Officer as empty homes in prominent locations can have a large impact on the surrounding area, even lowering the value of neighbouring properties. These properties are therefore often proactively targeted for Section 215 Notices as a means to lessen their negative impact. Also, due to the properties being vacant, there is little excuse for the works not being undertaken, such as a struggling business or family home on low income.
- 4.20 If the owner is unable to pay for the works to improve the visual appearance of the property they are actively encouraged to sell the building in order for someone else to complete the works. Should the owner of the building not carry out the works outlined in the notice, the Council then has the option to either prosecute for non-compliance or carry out the works on their behalf and place a charge on the property, which can lead to an enforced sale. Details of enforcement powers available to the Empty Homes Officer are discussed further in Section 5.18.

## 5. Achievements met by the Empty Homes Strategy 2013-2015 and Objectives going Forward

5.1 The Council's last Empty Homes Strategy was written in 2013 to coincide with the appointment of the first Empty Homes Officer tasked with specifically targeting empty homes and using the powers available to reduce their impact and reduce the overall number of empty homes across the district. A number of objectives were put forward and these can now be assessed in terms of achievement, expanded on for the future and further objectives added.

### To Raise Awareness of Empty Homes Issues

5.2 Benefits of raising awareness using information and publicity:

- Members of the community affected by empty properties are more informed and have a contact within the Council to raise any concerns
- The public are made aware of enforcement actions available to the Local Authority that can be used when dealing with problematic empty properties
- Owners of empty properties are educated in the problems associated with leaving a house empty and the missed opportunities associated with them
- Owners become more aware of the assistance available through promotion of the Council's role

5.3 Achievements made towards raising awareness of empty homes issues:

- **Letters to empty homes owners** – Contact has been made with all empty home owners whose property has been empty in excess of 2 years, making them aware of the Council Tax premium, highlighting any specific issues regarding their property, and emphasising their potential lost revenue and risks involved in leaving a property empty. Letter drops have also been carried out to all relevant empty home owners to make them aware of the financial assistance available to bring their property back into use.
- **Media coverage** – There have been a number of articles in local newspapers highlighting the issues surrounding empty homes across the district and advertising the financial assistance available. There was also a full page article in the Council brochure that is mailed out to all properties in the district with their yearly Council Tax bill. These have had a varying range of response, mostly positive, with people being pleased that the role is within the Council
- **Visiting neighbouring properties** – The people that are most affected by empty properties are those that live directly adjacent to them. Either through physical problems caused, such as excessive cold or damp, or the worry and stress of potential antisocial or criminal activity taking place at the property. By visiting the neighbouring properties and making them aware that the property is being monitored, and the owner encouraged to take action, it can remove some of the burden and give them a point of contact within the Council should they need to report anything.

5.4 Objectives going forward:

- Continue to ensure all empty home owners whose property has been empty in excess of 2 years are contacted, and expand this contact to properties that have been empty for more than 21 months to give them advance warning of the premium charge.

- Ensure that there is at least one press release within the media on a yearly basis to keep the issue of empty properties relevant in people's minds and provide contact details for people that are affected by them
- Carry on visiting neighbouring properties of long term empty homes to provide them with a point of contact within the Council
- Continue to raise awareness of the issues surrounding empty properties, and strive to find additional methods of connecting with local residents such as community meetings or leaflet drops in areas with high levels of empty properties.

### **To Maintain Accurate Records and Information about Empty Homes in the District**

5.5 The majority of the statistics relating to empty homes in the district are obtained from the Council Tax register. This shows details regarding the status of the property, how long it has been empty and provides contact details for the owner of the property. An up to date spreadsheet of all empty homes is provided by Council Tax on a quarterly basis in order to keep up to date with any changes.

5.6 Since July 2015, the Empty Homes Officer has been working much more closely with the Council Tax service which allows for a much more targeted approach when contacting empty home owners. This has led to more joint working when it comes to enforcement as if a property owner is in Council Tax debt and the property requires direct action from the lack of compliance with enforcement measures, this can lead to the enforced sale of the property.

5.7 Other ways of information gathering are via complaints from the general public, internal referrals from other services within the authority and other statutory bodies, such as the Fire Service and Police. On receipt of this information, background checks are carried out, as well as a site visit depending on the source, if the complaint is found to be valid, a hard file and an electronic file is created. All copies of letters, photographs and other documents are input into these files, as well as a log being kept of telephone calls, emails and site visit notes.

5.8 By keeping records and information on empty properties in the area, it allows the Council to monitor the progress being made towards bringing an empty property back into use. It also assists in deciding what future action needs to be taken.

5.9 Objectives going forward:

- Continue to maintain records and information about empty homes to ensure the information is accurate and up to date.
- Continue to develop the close working relationship with the Council Tax service to maintain and gather relevant information on empty homes, and target problem properties
- Encourage additional information to be provided by third parties
- Pursue the mapping of empty properties across the district to better assist with focusing attention towards areas of high vacancy, and as an aid to communicate information

## **To Explore and Pursue Funding Opportunities to Tackle Empty Homes**

- 5.10 The Council is always open to funding opportunities to help assist in bringing empty homes back into use, however, unfortunately there is currently no known funding opportunities available that can be used to tackle empty homes.
- 5.11 As previously stated, Lancaster City Council are working closely with Methodist Action who are proactively pursuing any funding available for works towards empty properties which may be available to third parties rather than local authorities. Methodist Action are actively working with national lobbying groups such as the Empty Homes Network, HACT, Agents for Change and Locality to argue for more empty homes funding from the Government, including providing case studies to be used to support further lobbying. Also, through their established networks, they are requesting financial support through charitable donations and formal investment as well as providing an element of match funding for properties referred into the Empty Homes Scheme on a case by case basis.
- 5.12 This partnership working can give us access to funding that otherwise would not have been able to be accessed by the Council, and can assist to work towards our joint goal of providing good quality housing and reducing the numbers of empty properties.
- 5.13 Objectives going forward:
- Continue build on the relationship between Lancaster City Council and Methodist Action in order to maximise the funding opportunities available.
  - Keep up to date with all Government legislation and be prepared to bid for any suitable funding.

## **Continue to Take a Proactive Approach to Engage with Empty Home Owners and Target Problematic Empty Homes that Generate Complaints**

- 5.14 As previously stated, contact has already been made with all empty home owners whose property has been empty in excess of 2 years, as well as letter drops going out to all suitable properties owners to make them aware of the funding available. The Council needs to be proactive in tackling empty properties, to make owners aware of the negative impact their property is having and highlight the various options available to bring them back into use.
- 5.15 Due to the increase in planning applications for purpose built student accommodation across the Lancaster area, there could in the future be a surplus of individual student dwellings which could well fall empty. The Council is therefore establishing the link between student homes and empty properties, and will look to contact student housing landlords to encourage them to use their properties to meet alternative housing demands in Lancaster.
- 5.16 The Council is also actively encouraging members of the public to report any empty homes in the local area that have either been left empty for an excessive period of time or are causing any kind of concern. Even if the property is already known, it provides another contact to obtain any information about the background of the property and gives the resident the peace of mind that the owner of the property is being pursued.

## 5.17 Objectives going forward:

- Continue to engage with empty home owners and local residents to best assist with encouraging action to be taken to bring long term empty properties back into use.
- Actively target student housing landlords of properties that have been empty in excess of 6 months to encourage them to take action with their properties

## **To Implement All Measures Available to the Council in Order to Bring Empty Homes Back into Use**

5.18 There are a number of measures available to the Council to encourage empty home owners to take action with their property with the aim to see that they are brought back into use. These measures range from liaising with them and offering advice and reassurance, to enforcement action that can lead to the enforced sale of their property. These measures are outlined below:

- Advice and Guidance – making empty home owners aware of their various options, to sell or rent their properties and the financial and maintenance benefits that this has in comparison with leaving the house empty. Other motivations are also offered, such as reduced VAT rates on renovations to long term empty properties and guidance on planning where appropriate.
- Financial and Other Assistance – The partnership with Methodist Action has provided the Empty Homes Officer with an additional tool to offer empty home owners without the necessary financial resources to bring properties back into use where this is the primary reason for the property remaining empty. The loan given to carry out renovations works to the long term empty properties give owners an additional option that they would otherwise not have had. The Empty Homes Officer has also developed relationships with a number of properties developers, and can provide their details if a home owner is interested in selling quickly and without estate agents fees.
- Threat of Enforcement – If there is no success with an owner towards bringing an empty property back into use, the threat of enforcement action is used to focus their mind as to the alternative if they do not take positive action independently.
- Enforcement – There are a number of statutory notices under a range of legislation that are available to the Council to use against problematic empty properties. The main notice used is under Section 215 of the Town and Country Planning Act 1990, which targets properties that are considered to be detrimental to the amenity of the surrounding area, and a notice can be served requesting that various works be completed to rectify this. Team work with other departments also means that vermin problems, unsecured properties, fire risks and failure to pay Council Tax can also be enforced against.
- Works in Default or Prosecution – This is a measure that can be used as a last resort, and so will only impact on very few empty home owners across the district. The direct non-compliance with an enforcement notice is a criminal offence and so can lead to prosecution, or in some cases the Council deem it more effective to carry out the required works themselves and charge the owner. This would then see that the negative impact felt by the property would be remedied, and the owner billed accordingly.
- Enforced Sale – If the Council hold a charge against a property for works in default, and the owner is either untraceable, unwilling or unable to pay, there is the option to enforce

the sale of the property in order to recover their costs by placing it up for auction. To date, this power has not yet been achieved by the Council, although we did get close before the owner paid their outstanding balance at the last opportunity. This is a tool that should be explored further and utilised in the appropriate circumstances, however the Council needs to identify the appropriate resources within the legal department to make this a practicable option.

### 5.19 Objectives going forward:

- Continue to work through all the measures available, to an increasing degree of severity, in order to achieve the desired outcome.
- Where appropriate, increase the use of Section 215 Notices to lessen the negative impact of long term empty properties with the view to seeing them brought back into use.
- Pursue the use of enforced sales on the most severe cases, in which all other options have failed, as a final means to see the property brought back into use. This can also then be advertised as a deterrent to other empty homes owners to leaving their properties to deteriorate.

## 6. Case Studies

### Pond Terrace, Carnforth

6.1 This property had been empty for three years when the Empty Homes Officer contacted the owner via a general mail drop, making empty home owners aware of the funding available to carry out works to long term empty properties. The owner had purchased the property as an investment, and was carrying out renovation works as and when she could afford to and had the time.

6.2 The owner saw the benefit of taking the interest free finance available and so agreed to the survey of the property and to get quotations for the works. The cost of the works exceeded the loan available, therefore Methodist Action were able to provide a small top up loan and the owner contributed the rest.

6.3 The works took two months to complete by a local building firm. They were completed to the Council's specifications to a high standard, and met all of the housing standards criteria for decent rented housing. The property has since been rented out by Methodist Action to a local person that presented to the Council with housing need.



## Hawksworth Grove, Heysham

6.4 This property had been empty for approximately 7 years when it was brought to the attention of the Empty Homes Officer by a concerned neighbour. The property was never listed as empty with Council Tax, as it was inherited by the owner when his uncle died and he listed it as his main residence but never moved in.

6.5 The property had deteriorated to a poor condition, with very overgrown gardens and fly tipping, which can attract vermin, and the neighbours reported the internal issues the property was causing via the adjoining wall.

6.6 After tracking down the owner with the assistance of Council Tax, the Empty Homes Officer was able to provide him with a number of options as to what he could do with his property. In the end, it was decided he would sell to a property developer, who fully renovated the property within 3 months, and it has now been sold and is occupied.





## EMPTY HOMES ACTION PLAN 2017 – 2022

Action – Raise Awareness	Outcomes	Lead	Timescale for completion	Resource Implications
Regularly review council tax data and make contact with empty homes owners at the earliest possible stage	Reduction in the time homes are empty	Empty Homes Officer	Ongoing	Within existing resources
Use a wide range of publicity at regular intervals and encourage reporting of empty homes	Raises public awareness	Empty Homes Officer	Ongoing	Within existing resources
Provide early intervention through a wide range of advice and support to bring empty homes back into use as quickly as possible	Reduction in the time homes are empty	Empty Homes Officer	Ongoing	Within existing resources
Regularly liaise with neighbours of empty properties	Providing support to local residents	Empty Homes Officer	Ongoing	Within existing resources
<b>Action – Maintain accurate records</b>				
Obtain information from council tax on a quarterly basis to monitor the total number of empty properties on a district wide basis	More effective monitoring	Empty Homes Officer	Quarterly	Within existing resources
Maintain internal records of empty properties being targeted and log all actions taken	More effective monitoring	Empty Homes Officer	Ongoing	Within existing resources
Provide statistical information to check progress on reducing the number of empty homes and consider the impact of the current council tax charging policy	More effective monitoring	Empty Homes Officer	Quarterly	Within existing resources

<b>Action –Seek funding</b>				
Investigate any funding opportunities to draw down funding for empty homes	Increase resources to reduce empty homes	Empty Homes Officer/Housing Strategy Officer	As and when required	Within existing resources
Work in partnership and support Methodist Action North West by identifying suitable empty properties that can be brought back into use	Will reduce empty homes and monies are recycled	Empty Homes Officer/Housing Strategy Officer	Ongoing and at quarterly reviews	Within existing resources
Maintain links with other district councils, regional and national bodies to identify potential funding opportunities and recognised good practice around empty homes	Better chance of securing funding	Empty Homes Officer/Housing Strategy Officer	As and when required	Within existing resources
<b>Action – Proactive approach</b>				
Monitor the numbers of empty student housing becoming vacant and make contact with long term empty student housing landlords	Bring housing in desirable areas back into housing stock	Empty Homes Officer	Ongoing	Within existing resources
Encourage members of the public to report empty homes	More effective monitoring and support for residents	Empty Homes Officer	Ongoing	Within existing resources

<b>Action – Enforcement</b>				
Maintain contact with empty homes owners at regular intervals and monitor the situation	Better recording and audit trail	Empty Homes Officer	Ongoing	Within existing resources
Where appropriate, serve notices upon empty homes owners and take appropriate legal action	Will reduce number of empty homes	Empty Homes Officer/Legal Services	As and when required	Within existing resources
If necessary, prosecute empty homes owners and undertake works in default	Will reduce number of empty homes	Empty Homes Officer/Legal Services	As and when required	Within existing resources
Pursue an enforced sale as a last resort	Will reduce number of empty homes	Empty Homes Officer/Legal Services	As and when required	Identify appropriate resources within Legal Services
Review the level of legal support to support empty homes enforcement and options to increase resources	Will reduce number of empty homes	Legal Services Manager	As and when required	Identify appropriate resources within Legal Services



## Lancaster City Council's Equality Impact Assessment Guidance and Form

### What is an equality impact assessment?

An equality impact assessment is a way of understanding the impact that a new way of doing things might have on members of our community, in particular people from protected groups. This could be a new service, practice, policy, strategy, project or decision.

Protected groups include age, disability, faith, religion or belief, gender (including marriage, pregnancy and maternity), gender reassignment, race and sexual orientation (including Civil Partnership).

Please note: the impact on rural communities and people on low incomes must also to be considered.

### Why do I need to carry out an equality impact assessment?

Part of the council's core purpose is to *'provide a range of customer focused services and offer value for money and meet the needs of people who live, work and visit the district' and to 'maintain a cohesive community by ensuring we understanding the needs of our communities and provide equality of access to our services and employment opportunities'*.

It is therefore important that we collect and use information about our community to help us to understand how service changes and decisions might impact on the local community.

Our corporate *Ethos* makes it clear that in our stewardship role the council has a responsibility for *'ensuring the social, economic and environmental wellbeing of the local area'* and that in terms of social justice that *'the values of local government are founded on equality and meeting community needs'*.

Therefore we should consider how everything we do will impact on the communities that we serve. This should lead to more informed decision making, more customer focussed, cost effective, efficient services for local people.

When delivering services and employment, the council has a general equality duty to consider the need to:

- Eliminate unlawful discrimination, harassment, victimisation or other unlawful conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

### How do I carry out an equality impact assessment?

A simple form has been developed to assist services with carrying out equality impact assessments.

The form provides a consistent approach to equality impact assessment, however, it is more important that we consider how everything we do will impact on the local community and that action is taken to mitigate impact. The form provides a way of recording this.

The council's 'getting to know our communities' data will help services to assess potential impact on protected groups. This provides both local and national statistics and is available on the Elsie equality and diversity page (via HR).

All councils have to produce similar information, therefore it may be useful to do a web search rather than starting from scratch.

An example of a completed form is also available on the Elsie equality and diversity page (via HR).

### **When do I need to carry out equality impact assessment?**

Equality impact assessment should take place when considering doing something in a new way.

For example:

- A change in a current service or introduction of a new service
- The review of a current policy/strategy or the development of a new policy/strategy
- The start of a new project or when making a decision.

A decision making flow chart is available on the Elsie equality and diversity page (via HR).

An equality impact assessment form will need to be completed as an appendix to decision making committee reports eg Cabinet, Council.

Please note: the outcomes of your equality impact assessment should be used to inform your reports.

Please refer to the report writing guidelines on Elsie or contact democratic services for advice on this.

### **Who should carry out equality impact assessment?**

An equality impact assessment should be carried out by the officer leading on above examples.

### **Who can I contact for support and guidance?**

Equality impact assessment support is available from the HR and Organisational Development Team.

**Equality impact assessment form**

An equality impact assessment should take place when considering doing something in a new way.

Please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to [‘report clearance’](#) (please refer to report writing guidance).

Please keep your answers brief and to the point. Consideration needs to be reasonable and proportionate.

Please also remember that this will be a public document – do not use jargon or abbreviations.

**Section 1: Details**

<b>Service</b>	Regeneration and Planning
<b>Title and brief description (if required)</b>	Empty Homes Strategy
<b>New or existing</b>	New
<b>Author/officer lead</b>	David Lawson
<b>Date</b>	14 <sup>th</sup> February 2017

**Does this affect staff, customers or other members of the public?**

**Yes** Please complete the rest of the equality form.  
**No** Please return the equality form as above.

**Section 2: Summary**

**What is the purpose, aims and objectives?**  
 To review and update the Council’s Empty Homes Strategy

**Who is intended to benefit and how?**  
 Individuals who own empty homes by helping them realise an asset, neighbours affected by the impact of empty properties by removing sources of vandalism and anti-social behaviour, the community generally by improving the supply of housing and the wider economy by improving confidence in an area.

**Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?		No
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

<b>If yes, please provide more detail of potential impact and evidence including:</b>	
<ul style="list-style-type: none"> <li>- A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results?</li> <li>- What does this tell you ie negative or positive affect?</li> </ul>	
Age  including older and younger people and children	
Disability	
Faith, religion or belief	
Gender  including marriage, pregnancy and maternity	
Gender reassignment	
Race	
Sexual orientation  Including Civic Partnership	

Rural communities	
People on low incomes	

**Section 4: Next steps**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?**

No

**How have you taken/will you take the potential impact and evidence into account?**

In the development of the policy as part of options development / appraisal.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Through on-going monitoring and reporting to key partners and stakeholders

Thank you for completing this equality impact assessment form, please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to ['report clearance'](#) (please refer to report writing guidance).



**CABINET**

**LANCASTER FLOOD MANAGEMENT SCHEME –  
RIVER LUNE PHASE 3**

**14<sup>th</sup> February 2017**

**Report of Chief Officer (Regeneration and Planning)**

<b>PURPOSE OF REPORT</b>			
To provide information on a proposed project to improve the River Lune flood defences and to agree that the City Council make a bid for ERDF funding in outline to attempt to assemble the funds required to progress a scheme.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	5 <sup>th</sup> January 2017		
<b>This report is public</b>			

**RECOMMENDATIONS OF COUNCILLOR JANICE HANSON**

- (1) That Officers be authorised to submit an outline bid for ERDF Funding by the target date of 17<sup>th</sup> February 2017, on the basis that:
  - there is no commitment to allocate capital or revenue funding to the scheme;
  - that any move into further project development would require costs/any other financial risk exposure to be underwritten by the Environment Agency and/or other stakeholders; and that
  - the Council would withdraw from project development at any early stage if it transpires that reasonably, there is no prospect of securing sufficient stakeholder buy-in and/or financing for the project.
- (2) That a progress report be presented back to Cabinet on the above, at the appropriate time.
- (3) That the Chairman of Overview and Scrutiny Committee be asked to waive Call-In on this occasion because a call in period would pass the deadline for submission of an outline bid for ERDF funding.

## 1.0 Introduction

- 1.1 The banks of the Lune provide a long established employment area which has been located on Caton Road for at least 100 years since the construction of the old Standfast Works (the paper mills and feed mill require proximity to a water source). The industrial estates sit on a strategic gateway into Lancaster City Centre and have excellent accessibility to the M6 and the Port of Heysham, increased further upon the completion of the new link road.
- 1.2 Members will be aware that the serious flooding in December 2015 as a result of Storm Desmond badly affected the business parks along Caton Road. Business was heavily disrupted and it has taken time for activity to return to normal following major insurance claims and repairs. While most businesses have largely remained in situ during the flood recovery period there have been some individual moves away from the area into other parts of the District. Businesses have reported serious difficulty in securing ongoing flood insurance and this is now a major consideration for their ongoing operational plans.
- 1.3 The Environment Agency (EA) has in response proposed an extension of earlier phases of flood defence works along the south bank of the River Lune. This scheme known as "Phase 3" works along the cycle/footpath from the M6 Bridge to Skerton Weir. The scheme would reduce the flood risk across the area from the current 1 in 20 event to a 1 in 100 event, providing effective protection for the industrial estates and the electricity sub-station currently at risk.
- 1.4 While Lancaster city centre was also flooded the emerging view from the EA is that this was predominantly an issue of:
  - Flooding from surface water run-off;
  - Overloading of the combined sewer capacity (including the underground Mill Race watercourse);
  - The impact of the Lune high tide.

The EA have identified a separation between the city centre flooding event and the inundation/overtopping from the Lune which affected the industrial estates. They are investigating separate mitigation measures for Lancaster city centre and its catchment – known as "Phase 4" - and believe that the Lune defence measures along Caton Road known as Phase 3 can proceed as a stand-alone initiative. Members will be provided with an update on city centre Phase 4 progress as information is received. It is understood that the County Council as Lead Local Flood Authority (LLFA) will be leading on that phase.

## 2.0 Proposed details

- 2.1 The initial scheme design and feasibility work has been undertaken by consultants working on behalf of the EA who have advised that the preferred option is to construct a dwarf flood defence wall with seepage cut off along left bank between motorway slip road and A6 Eastbound (Skerton Bridge). It has been assumed by EA that this option will protect the Riverside Park Industrial Estate, the Holiday Inn, Lansil Industrial Estate, Caton Road Retail Park and the A683 against a 1 in 100 (1%) chance of flooding each year. The City Council is the owner of the land upon which a scheme would be built.
- 2.2 The estimated project cost, including design development and contingencies, is around £11M. It had initially been thought EA would undertake all of the project work (from design, obtaining statutory consents, scheme approval through to supervision, construction and aftercare) However, the scheme has recently been scored as “low” in EA’s priority criteria which is mainly concerned with delivering flood protection to existing and planned residential areas. The EA cannot therefore provide further direct project management beyond the current stage.
- 2.3 In order to deliver this proposal with more priority the EA have asked if the City Council could take a leading role and begin by making an application for outline ERDF funding for a scheme. The LLFA (Lancashire County Council) is already dealing with Phase 4 and its resource stretched across the County so could not take on this phase of the project in the near future. Assistance and information will be provided from the EA’s local Lancashire team and design/development funding could be available if an appropriate case is made.
- 2.4 This is similar to the role the City Council has taken in the £9.9M Morecambe Wave Reflection Wall sea defences upgrade, of which the council has handled all aspects from design through to implementation. However the Phase 3 River Lune scheme has an added risk in the potential use of European funding which has strict rules and where the penalties for non-compliance can be severe, and the full financing arrangements for the scheme are currently unclear.
- 2.5 In their work to date the EA has not had any detailed funding discussions with other strategic bodies such as County Council and Lancashire Enterprise Partnership (LEP). The EA cannot by itself apply for ERDF funding in this instance and requires a willing partner to do so. If this Council were to agree to make an outline funding bid for an ERDF it would be on the basis that there is no commitment to allocate capital funding to the scheme, and that any move into further project development would require costs/any other financial risk exposure to be underwritten by the EA. Furthermore, the Council would withdraw from project development at any early stage if it transpires that reasonably, there is no prospect of securing sufficient stakeholder buy-in and/or financing for the project.

**3.0 Implications for the City Council**

- 3.1 It is clear that there is a great deal of further work is needed on designing and developing the project and there is not a firm funding package or route defined at the current time. As the EA cannot take on further core project development duties, the only body equipped to progress the project in all its aspects and with some priority is the City Council. In our role as lead for the recovery process following Storm Desmond, and as the local Economic Development Authority it is entirely appropriate that this council consider doing this.
  
- 3.2 From a purely technical point of view the Council has a track record in designing and delivering major flood defence schemes and the proposal has a relatively simple engineering concept at its heart. This is the preferred option to protect the Caton Road employment sites from the risk of future flooding from the Lune. Due to the lack of availability of comprehensive insurance a future flooding event has the potential to end much of the business activity and sterilise a large area of land with resulting impact on the local economy and extensive dereliction.

**4.0 Details of Consultation**

- 4.1 The overall idea of a flood defence scheme along the Lune has been raised with the businesses along Caton Road who are in full support of a scheme being developed and delivered.

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

- 5.1 The following options can be considered:

	<b>Option 1: Do nothing</b>	<b>Option 2: Agree to be submit outline bid for ERDF funding.</b>
Advantages	The City Council does not have to take on a major capital scheme.	Gives the best chance of a scheme to be delivered and begins to put down formal 'markers' for core funding from key sources.  Begins the process of embedding the project in strategic programmes and securing a financial package.
Disadvantages	Long term uncertainty over viability of Caton Road industrial estates.  No realistic proposition of a scheme being undertaken in short to medium term.	Whilst Outline ERDF application does not commit the council to accepting funding there is an expected timetable for a full application, with added workload (although informal discussions with LEP indicate that the timetable can be flexible).

<p>Risks</p>	<p>Divestment from industrial estates; leakage of employment and business from the sites potentially to outside Lancaster district.</p> <p>Reputational risks of being seen to not support the scheme</p>	<p>Reputational risk increases through raising delivery expectations by the council.</p> <p>Engaging in strategic fund raising processes without certainty of the scheme, costs and funding package, may raise stakeholder expectations that ultimately, cannot be met (as the scheme may prove undeliverable). Alternatively, it may raise expectations that the Council will 'step in' financially. It is sought to manage these risks by the conditions reflected in the recommendations.</p>
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**6.0 Officer Preferred Option (and comments)**

6.1 The preferred option is Option 2. This decision has to be about priorities, whilst managing the Council's financial risk exposure. Currently the EA and the County Council (LLFA) are concentrating on developing the Phase 4 project for the City Centre. Left to the LLFA and the EA's own priority scoring mechanisms a scheme to improve protection for this significant and important industrial area may not come forward for a number of years.

**7.0 Conclusion**

7.1 There remains an acute need to promote this scheme to help secure its delivery and the proposed course of action represents the next most appropriate route towards achieving a positive outcome, both meeting the council's regeneration objectives for the having wider social, economic and environmental impact.

**RELATIONSHIP TO POLICY FRAMEWORK**

**Economic Growth is a high level Corporate Priority for the City Council. The flooding risk for this important industrial areas undermines business and investment confidence. The emerging Local Plan cannot identify extensive new areas for employment development to replace such an area therefore the priority approach should be to increase the level of protection to restore business confidence.**

**CONCLUSION OF IMPACT ASSESSMENT**

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

Severe impact from flooding on health and safety of employees and customers to commercial premises. Wider community impact where electricity supply threatened due to flooding. Evidenced as severe from Storm Desmond events.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and comments inserted within the body of the report where appropriate. However, specifically in relation to the Options would make the following further observations:

Design/Construction Contract - EA Framework/Agreement

The EA through their Next Generation Supplier Arrangements project has established a Water and Environment Management (WEM) Framework. Formalised in 2013, the Water and Environment Management Framework provides access to the best suppliers in Flood and Coastal Risk Management. The WEM Framework is a commercial agreement between the EA, consultants and contractors ('suppliers') with agreed terms for the award of individual contracts to deliver projects for Flood and Coastal Risk Management (FCRM). The framework is also available for use by Local Authorities and, in particular, Lead Local Flood Authorities (LLFAs), as well as other Risk Management Authorities in the Defra family.

If the Council progresses this scheme further it is intended to use this framework to procure a partner contractor which will comply with the Lancaster City Council contract procedures rules and importantly, is OJEU and European funding compliant.

Other matters

Planning approval will be required for the implementation of the scheme.

**FINANCIAL IMPLICATIONS**

There are no additional financial implications arising for the council at this stage in submitting an outline bid for ERDF funding for this scheme, i.e. the Council will not be contractually bound to undertake delivery of the scheme or act as accountable body for subsequent full funding bids.

The City Council is being asked to take the lead on this occasion by the EA, rather than the LLFA (i.e. County) as the LLFA are working up another flood defence scheme also benefitting the Lancaster District as outlined in this report and who have advised that they cannot manage both. Similarly, EA have advised that due to their role in assessing ERDF flooding funds nationally, this then precludes them for bidding for ERDF funds on a project by project basis / directly delivering themselves.

At this stage, it has not been possible for City Council officers to undertake a full financial or operational appraisal of the scheme due to the short timescales involved, i.e. from the point of being asked to take the lead for the outline bid by the EA and ERDF's submission deadline. It is re-iterated therefore, that due to the uncertainty and risk associated with the total funding package required, a detailed report would need to be brought back to members outlining the full financial, procurement, legal and operational implications, prior to progressing this scheme any further.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources: From existing staff resource.**

**Information Services: None**

**Property: The land upon which flood defences could be constructed is in City Council**

ownership.

**Open Spaces: The Millennium Cycleway would be impacted during construction.**

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

**Contact Officer:**

Contact Officer: Paul Rogers / David Lawson

Telephone: 01524 582334 / 01524 582331

E-mail: progers@lancaster.gov.uk

dlawson@lancaster.gov.uk

Ref:

**Storm Desmond – Caton Road Industrial estate Impacts**







**Equality impact assessment form**

An equality impact assessment should take place when considering doing something in a new way.

Please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to [‘report clearance’](#) (please refer to report writing guidance).

Please keep your answers brief and to the point. Consideration needs to be reasonable and proportionate.

Please also remember that this will be a public document – do not use jargon or abbreviations.

**Section 1: Details**

<b>Service</b>	Regeneration and Planning
<b>Title and brief description (if required)</b>	Urgent item. Council Lead on Lune Flood Defence works
<b>New or existing</b>	New
<b>Author/officer lead</b>	Andrew Dobson
<b>Date</b>	30 <sup>th</sup> January 2017

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary**

**What is the purpose, aims and objectives?**

To take the lead on assembling funds and developing a project to improve flood defences alongside the River Lune

**Who is intended to benefit and how?**

Primarily the local business community by protecting the industrial estates in the area. Note separate works by Electricity North West will insure supply from the substation thus impacting more directly on the wider local population.

**Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?		No
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

<b>If yes, please provide more detail of potential impact and evidence including:</b>	
<ul style="list-style-type: none"> <li>- A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results?</li> <li>- What does this tell you ie negative or positive affect?</li> </ul>	
Age  including older and younger people and children	
Disability	
Faith, religion or belief	
Gender  including marriage, pregnancy and maternity	
Gender reassignment	
Race	
Sexual orientation  Including Civic Partnership	

Rural communities	
People on low incomes	

**Section 4: Next steps**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this? No**

**How have you taken/will you take the potential impact and evidence into account?**

During project preparation stage

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Project assessment during delivery and afterwards

Thank you for completing this equality impact assessment form, please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to ['report clearance'](#) (please refer to report writing guidance).

**CABINET**

**Budget and Policy Framework Update 2017 to 2021 –  
General Fund Revenue Budget and Capital Programme  
14 February 2017**

**Report of Chief Officer (Resources)**

<b>PURPOSE OF REPORT</b>			
To inform Cabinet of the latest budget and council tax position so it can make recommendations back to Council in order to complete the budget setting process.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Officer</b>
<b>Date of notice of forthcoming key decision</b>	16 January 2017		
<b>This report is public.</b>			

**OFFICER RECOMMENDATIONS:**

- (1) That the interim nature of this report be noted, with a further update being presented once full information becomes available.

**1 INTRODUCTION**

- 1.1 Cabinet’s initial proposals regarding the Budget and Policy Framework were considered at Budget and Performance Panel on 24 January and were due to be considered at Council on 01 February.
- 1.2 At the time of writing this report, the Council meeting had not yet been held. Furthermore, other key deadlines had not yet passed and important notifications had not yet been received.
- 1.3 This report therefore simply highlights the information that Cabinet will be requested to consider at its February meeting, and the actions and decisions that will be sought from Cabinet. A further update report will be published on or before 10 February (the same timescales as last year).
- 1.4 In terms of corporate planning, in light of Cabinet’s two-phased budget approach and the forthcoming strategic review of the Council’s services and priorities, unless Cabinet (and subsequently, Council) indicates otherwise, it is not now intended to undertake an annual refresh of the Corporate Plan. Instead, performance information against current corporate planning will be fed into that strategic review, with the ultimate outcome informing new Corporate Plan proposals from 2018/19 onwards.

**2 GENERAL FUND REVENUE BUDGET SUMMARY AND FINANCIAL STRATEGY**

- 2.1 Various updates and presentational changes are expected to be made to the base budget figures and savings and growth proposals, to reflect latest best estimates, timing considerations, and any late grant notifications.
- 2.2 These will be pulled together so that Cabinet can finalise its full budget proposals and make recommendations to Budget Council.
- 2.3 The Medium Term Financial Strategy (MTFS) will also need to be updated to reflect Cabinet's budget proposals and other key information. As was the case last year, delegated authority will be sought for the Finance Portfolio Holder to agree any updates in order that the full MTFS can be presented to Budget Council. There are no substantive changes expected to the Strategy, other than to reflect the strategic planning and budget work to be undertaken next year.

**3 FINAL LOCAL GOVERNMENT SETTLEMENT**

- 3.1 It is not yet known when the final Settlement for 2017/18 will be announced. Any changes will be reported for inclusion in Cabinet's final budget proposals.

**4 COUNCIL TAX**

- 4.1 As part of the Settlement, it is expected that Government will confirm referendum thresholds for 2017/18 and expectations for future years. Assuming that no changes are made and Council reached a decision on this matter at its February meeting, then no further council tax decisions will be required from Cabinet.

**5 BUSINESS RATES**

- 5.1 As previously reported, legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund must be made each year for council tax (15 January) and business rates (31 January).
- 5.2 In respect of council tax, the review of the Collection Fund's financial position has now been completed. In line with previous monitoring expectations, the Fund is broadly in balance and therefore there is no surplus or deficit to be declared.
- 5.3 For business rates, the calculation of any surplus or deficit remains very complicated and subject to huge year on year fluctuations, predominantly because of the impact of rating appeals. Information will be reported in due course, together with the latest headline expectations on business rate income for next year, allowing for the April 2017 Revaluation exercise.

**6 PROVISIONS, RESERVES AND BALANCES**

- 6.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the level of reserves and balances it should hold. The supporting review is underway, although it also needs to draw on the resolutions of the February Council meeting. Once completed, the results of the review will be reported into Cabinet.

**7 GENERAL FUND CAPITAL INVESTMENT**

- 7.1 There are some further changes expected in terms of expected slippage on schemes between the current year and next year, and confirmation of the Council's disabled Facilities Grants (DFG) funding is being sought from the County Council. Once these points have been addressed and Cabinet's final budget proposals are known, the updated Capital Programme will be presented, with a summary of all movements over the course of the year and associated headline figures.

**8 DETAILS OF CONSULTATION**

- 8.1 As referred to earlier, Cabinet is requested to consider any feedback arising from Budget and Performance Panel and Council. Details of this and any relevant Officer advice will be collated and presented in due course.

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

- 9.1 At this meeting Cabinet will be requested to finalise its revenue budget and capital programme proposals for referral on to Budget Council, using the latest information available. The following sections outline key requirements.

**Revenue Budget**

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2017/18 balances and fits with the council tax level approved by Council. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' net spending.

**Capital Programme**

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2016/17 and 2017/18 must balance. Whilst there is no legal requirement to have a programme balanced over the period to 20/21, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

In deciding its final proposals, Cabinet is asked to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities are affordable, prudent and sustainable, and*
- *that local strategic planning, asset management planning and proper options appraisal are supported.*

**10 OFFICER PREFERRED OPTION AND COMMENTS**

- 10.1 None given the nature of this report.

**RELATIONSHIP TO POLICY FRAMEWORK**

As covered in the report. The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

**LEGAL IMPLICATIONS**

There are no legal implications, given the nature of this report.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

None directly arising, given the nature of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has produced this report and her formal advice will be included in the further update report to follow.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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CABINET

**Treasury Management Strategy 2017/18  
14 February 2017**

**Report of Chief Officer (Resources)**

<b>PURPOSE OF REPORT</b>			
This report sets out the 2017/18 treasury management framework for Cabinet’s approval and referral on to Council.			
<b>Key Decision</b>	√	<b>Non-Key Decision</b>	<b>Referral</b>
<b>Date of notice of forthcoming Key Decision</b>	16 January 2017		
This report is public.			

**OFFICER RECOMMENDATIONS:**

- 1) That the Finance Portfolio Holder be given delegated authority to agree the Treasury Management Framework, as updated for Cabinet’s final budget proposals, for referral on to Council.

**1 INTRODUCTION**

- 1.1 The Code of Practice on Treasury Management (“the Code”) requires that a strategy outlining the expected Treasury activity for the forthcoming 3 years be adopted, but that it be reviewed at least annually. It needs to reflect treasury policy and cover various forecasts and activities, in order to integrate the Council’s spending and income plans with decisions about investing and borrowing.
- 1.2 To give context, and for information, the Quarter 3 monitoring report for the current year is included as part of the Corporate Financial Monitoring report elsewhere on this agenda.

**2 TREASURY MANAGEMENT FRAMEWORK**

- 2.1 The proposed Strategy for 2017/18 to 2020/21 is set out at **Appendix A** for Cabinet’s consideration. The document contains the necessary details to comply with both the Code and Government investment guidance. Responsibilities for treasury management are set out at **Appendix B** and the policy statement is presented at **Appendix C**.
- 2.2 Key elements and assumptions feeding into the proposals are outlined below. These take account of Cabinet’s existing budget proposals as far as possible at this stage, but

there has been no time available to update the framework following the February Council meeting. Should there be any changes to the budget, then the treasury framework would need to be updated accordingly before being referred on to Budget Council. For these reasons, delegated arrangements are being sought for finalising the framework.

### **2.3 Borrowing Aspects of the Strategy**

2.3.1 Based on the draft budget, for now the physical borrowing position of the Council is projected to remain fairly constant over the next three years, allowing for scheduled repayments. It is also projected that the HRA capital programme will not require any additional borrowing.

### **2.4 Investment Aspects of the Strategy**

2.4.1 Overall, the strategy put forward follows on from 2016/17 in that it is based on the Council having a comparatively low risk appetite with focus on high quality deposits. The 2017/18 strategy continues to use the same investment criteria as approved by Members in 2016/17.

2.4.2 The proposed Investment Strategy continues to provide for investing with other local authorities given that these, in effect, are as secure as investing with the Government but they offer greater returns and from an Officer perspective, it makes sense to keep the benefits of such temporary cash investing/borrowing wholly within the local authority family.

## **3 CONSULTATION**

3.1 Officers have liaised with Capita Asset Services, the Council's Treasury Advisors, in developing the proposed framework. The framework is to be considered by Budget and Performance Panel at its meeting on 21 February.

## **4 OPTIONS AND OPTIONS ANALYSIS**

4.1 Cabinet may put forward alternative proposals or amendments to the proposed Strategy in Appendix A, but these would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such no further options analysis is available at this time.

4.2 Furthermore, the Strategy must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators.

## **5 OFFICER PREFERRED OPTION AND JUSTIFICATION**

5.1 To approve the framework as attached, allowing for any amendments being made under delegated authority prior to referral to Council. This is based on the Council continuing to have a low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve

returns, whilst still effectively mitigating risk. It is stressed that in terms of treasury activity, there is no risk free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work over the coming year.

**RELATIONSHIP TO POLICY FRAMEWORK**

The proposed Treasury Management framework forms part of the Council's budget and policy framework, and fits into the Medium Term Financial Strategy.

**CONCLUSION OF IMPACT ASSESSMENT**

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

No direct implications arising.

**FINANCIAL IMPLICATIONS**

The Strategy is in support of achieving the borrowing cost and investment interest estimates included in the budget.

**OTHER RESOURCE IMPLICATIONS**

None directly arising.

**SECTION 151 OFFICER'S COMMENTS**

This report is in the name of the s151 Officer (as Chief Officer (Resources)). Her comments and advice are reflected in the report.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have no further comments.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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## Treasury Management Strategy 2017/18 to 2020/21

For Consideration by Cabinet 14 February 2017

### 1 INTRODUCTION

#### 1.1 Background

The Council is required to operate a balanced budget, which means broadly that income to be raised during the year will meet expenditure to be incurred, after allowing for any changes in reserves and balances. Part of the treasury management operation is to ensure that the associated cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

#### 1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

**Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid-year treasury management report** – This will update Members with the progress of the treasury position, amending prudential indicators as necessary, and whether any policies require revision.

**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

In addition, Members will receive high level update reports for Quarters 1 and 3.

The above reports are required to be adequately considered and scrutinised before being presented to Council. This is undertaken by Cabinet and the Budget and Performance Panel.

### **1.3 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 covers two main areas:

#### **Capital Issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

#### **Treasury Management Issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Government MRP Guidance, the CIPFA Treasury Management Code and Government Investment Guidance.

### **1.4 Training**

The CIPFA Code requires the Chief Officer (Resources) to ensure that Members with responsibility for treasury management receive adequate associated training. This especially applies to Members responsible for scrutiny. A training session will be arranged during 2017 accordingly with further training provided as required. The training needs of treasury management Officers are periodically reviewed.

### **1.5 Treasury Management Consultants**

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## 2 CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2020/21

The Council's capital expenditure plans are the key driver of treasury management activity. The plans are reflected in various prudential indicators, as determined under regulation, to assist Members in their overview of such capital expenditure planning.

### 2.1 Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below provides that summary, showing how the plans are being financed by capital or revenue resources. Any shortfall of resources results in an underlying borrowing or financing need.

Capital expenditure	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
General Fund	7.52	14.50	13.18	6.00	2.72	3.29
Housing Revenue Account (HRA)	4.88	4.31	4.08	4.16	4.11	4.16
<b>Total</b>	<b>12.4</b>	<b>18.81</b>	<b>17.26</b>	<b>10.16</b>	<b>6.83</b>	<b>7.45</b>
<b>Financed by:</b>						
Capital receipts	-0.86	-1.51	-1.13	-0.26	-0.27	-0.27
Capital grants	-1.90	-5.03	-5.59	-2.79	-1.49	-1.49
Capital reserves	-5.11	-5.12	-4.30	-4.34	-4.01	-3.93
Revenue	-0.11	-0.23	-0.18	0.00	0.00	0.00
<b>Net financing need for the year</b>	<b>4.42</b>	<b>6.92</b>	<b>6.06</b>	<b>2.77</b>	<b>1.06</b>	<b>1.76</b>

### 2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total amount of capital expenditure (including that from prior years) that has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need to borrow. Any capital expenditure above, which is not wholly financed in-year, will increase the CFR.

The CFR does not increase indefinitely. This is because the Minimum Revenue Provision (MRP), which is a statutory annual charge to revenue, broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £127K of leases within the CFR.

Council is asked to approve the following CFR projections:

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
<b>Capital Financing Requirement</b>						
General Fund	50.89	56.60	61.13	61.89	60.85	60.35
HRA	27.00	25.96	24.92	23.88	22.84	21.79
<b>Total CFR</b>	<b>77.89</b>	<b>82.56</b>	<b>86.05</b>	<b>85.77</b>	<b>83.69</b>	<b>82.14</b>
<b>Movement in CFR</b>	<b>1.78</b>	<b>4.67</b>	<b>3.49</b>	<b>-0.28</b>	<b>-2.08</b>	<b>1.55</b>

<b>Movement in CFR represented by</b>						
Net financing need for the year (above)	4.42	6.92	6.06	2.77	1.06	1.76
Less MRP/VRP and other financing movements	-2.64	-2.25	-2.57	-3.05	-3.14	-3.31
<b>Movement in CFR</b>	<b>1.78</b>	<b>4.67</b>	<b>3.49</b>	<b>-0.28</b>	<b>-2.08</b>	<b>-1.55</b>

### 2.3 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to 'pay off' an element of the accumulated General Fund CFR each year through a revenue charge (the minimum revenue provision - MRP), and it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Government Regulations require Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision being made. In approving this Strategy, Council approves the following MRP Statement:

For capital expenditure incurred after 01 April 2008, MRP will be based on:

- Asset life method – MRP will be based on the estimated life of each asset created as a result of the related capital expenditure, in accordance with the Regulations (this option must also be applied for any expenditure capitalised under a Capitalisation Direction).

This option provides for a reduction in the borrowing need over the approximate life of the asset concerned.

In line with Government guidance, the MRP in respect of capital expenditure incurred before 01 April 2008, will be charged over a period of 60 years.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual finance leases are applied as MRP.

## 2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments, unless resources are supplemented each year from new sources (e.g. asset sales). The following table provides estimates of the year end balances for each resource and anticipated day to day cash flow balances. .

Year End Resources	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Fund balances / reserves	23.23	22.09	22.87	22.85	22.51	22.24
Capital receipts	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	14.54	5.16	5.16	5.16	5.16	5.16
<b>Total core funds</b>	<b>37.77</b>	<b>27.25</b>	<b>28.03</b>	<b>28.01</b>	<b>27.67</b>	<b>27.40</b>
Working capital*	11.57	11.57	5.57	8.57	11.57	11.57
Under borrowing	-11.47	-17.27	-21.84	-22.60	-21.56	-21.06
<b>Expected investments</b>	<b>37.87</b>	<b>21.55</b>	<b>11.76</b>	<b>13.98</b>	<b>17.68</b>	<b>17.91</b>

\*Working capital balances shown are estimated year end; these may be higher mid-year

## 2.5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

## 2.6 Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	15.8%	14.5%	16.2%	18.9%	19.3%	18.9%
HRA	21.9%	21.6%	21.6%	21.5%	21.5%	18.9%

The estimates of financing costs include current commitments and the proposals in this budget report.

## 2.7 Incremental Impact of Capital Investment Decisions on Band D Council Tax

This indicator identifies the revenue costs associated with proposed changes to the five year capital programme recommended in the budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates.



Council Tax	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
<b>Band D Impact</b>	-£0.07	£0.07	£0.56	£1.88	£1.75

## 2.8 Estimates of the Incremental Impact of Capital Investment Decisions on Housing Rent Levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the budget compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
<b>Weekly housing rent levels</b>	-£0.00	-£0.01	-£0.01	-£0.03	£0.09

## 3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### 3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2016 and forward projections are summarised below. The table shows the actual external debt from treasury management operations, against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing.

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
<b>External Debt</b>						
Debt at 1 April	67.33	66.29	65.25	64.21	63.17	62.12
Expected change in Debt	-1.04	-1.04	-1.04	-1.04	-1.04	-1.04
Other long-term liabilities (OLTL)	0.24	0.13	0.04	0.00	0.00	0.00
Expected change in OLTL	-0.11	-0.09	--0.04	0.00	0.00	0.00
<b>Actual gross debt at 31 March</b>	<b>66.42</b>	<b>65.29</b>	<b>64.21</b>	<b>63.17</b>	<b>62.13</b>	<b>61.08</b>
<b>The Capital Financing Requirement</b>	<b>77.89</b>	<b>82.56</b>	<b>86.05</b>	<b>85.77</b>	<b>83.69</b>	<b>82.14</b>
<b>Under Borrowing</b>	<b>-11.47</b>	<b>-17.27</b>	<b>-21.84</b>	<b>-22.60</b>	<b>-21.56</b>	<b>-21.06</b>

There are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current year and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Officer (Resources) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

### 3.2 Treasury Indicators: Limits to Borrowing Activity

#### The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Debt*	82.52	86.05	85.76	83.69	82.14
Other long term liabilities	0.04	0.00	0.00	0.00	0.00
<b>Total</b>	<b>82.56</b>	<b>86.05</b>	<b>85.76</b>	<b>83.69</b>	<b>82.14</b>

- *The term debt in this instance is CFR minus the effect of leases*

#### The Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. Council is asked to approve the following authorised limit:

Authorised Limit	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Debt	98.00	101.00	101.00	99.00	97.00
Other long term liabilities	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>99.00</b>	<b>102.00</b>	<b>102.00</b>	<b>100.00</b>	<b>98.00</b>

### 3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view (*January 2017*).

	Mar-17	Mar-18	Mar-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.75%
5yr PWLB rate	1.60%	1.70%	1.80%	2.00%
10yr PWLB rate	2.30%	2.30%	2.50%	2.70%
25yr PWLB rate	2.90%	3.00%	3.20%	3.40%
50yr PWLB rate	2.70%	2.80%	3.00%	3.20%

*The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.*

*Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.*

*The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.*

#### **Investment and borrowing rates**

- *Investment returns are likely to remain low during 2017/18 and beyond;*
- *Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4<sup>th</sup> August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in*

*the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;*

- *There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.*

### **3.4 Borrowing Strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's provisions, reserves, balances and working capital has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Officer (Resources), under delegated powers will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding would be drawn if interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to Cabinet at the next available opportunity.

### **Treasury Management Limits on Activity**

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set at a level which is too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	2016/17	2017/18	2018/19	2019/20	2020/2021
<b>Interest rate exposures</b>					
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	30%	30%	30%	30%	30%

<b>Maturity structure of fixed interest rate borrowing 2017/18</b>	<b>£m</b>	
Under 12 months	1.04	1.6%
12 months and within 24 months	1.04	1.6%
24 months and within 5 years	3.12	4.79%
5 years and within 10 years	5.21	7.98%
10 years and within 15 years	5.21	7.98%
15 years and within 25 years	10.41	15.96%
25 years and within 50 years	39.22	60.10%

### 3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, allowing for authorised increases, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

### 3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- \* the generation of cash savings and / or discounted cash flow savings;
- \* helping to fulfil the treasury strategy;

- \* enhance the balance of the portfolio (amend the maturity profile and / or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

Any rescheduling will be reported to Cabinet at the earliest meeting following any action.

## **4 ANNUAL INVESTMENT STRATEGY**

### **4.1 Investment Policy**

The Council's investment policy has regard to the Government Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties that also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Annex A2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices, applying the creditworthiness policy set out below.

### **4.2 Creditworthiness Policy**

This Council will apply the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;

- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

*(Enhanced Money Market Funds = EMMFs)*

- **Yellow (Y)** up to but less than 1 year
- **Dark pink (Pi1)** liquid - for EMMFs with a credit score of 1.25
- **Light pink (Pi2)** liquid - for EMMFs with a credit score of 1.5
- **Purple (P)** up to but less than 1 year
- **Blue (B)** up to but less than 1 year (only applies to nationalised or part- nationalised UK Banks)
- **Orange (O)** up to but less than 1 year
- **Red (R)** 6 months
- **Green (G)** 100 days
- **No colour (N/C)** not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7

	Colour (and long term rating where applicable)	Money Limit	Time Limit
Banks /UK Govt. backed instruments*	yellow	£12m	≤1 year
Banks	purple	£6m	≤1 year
Banks	orange	£6m	≤1 year
Banks – part nationalised	blue	£12m	≤1 year
Banks	red	£6m	≤6 mths
Banks	green	£3m	≤100 days
Banks	No colour	Not to be used	
Limit 3 category – Council's banker (for non-specified investments)	n/a	£500K	1 day
DMADF	AAA	unlimited	≤6 months
Local authorities**	n/a	£12m	≤1 year
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£6m	liquid
Enhanced money market funds with a credit score of 1.25	Dark pink / AAA	£6m	liquid
Enhanced money market funds with a credit score of 1.5	Light pink / AAA	£6m	liquid

\* the yellow colour category is for UK Government debt, or its equivalent, collateralised deposits where the collateral is UK Government debt –see Annex A2.

\*\* Under UK Statute the loans to any Council have priority and first call over the revenues of the authority, which under-writes any concerns over the ability of a local authority to repay its debt. As the UK Government also acts as a lender of last resort, the ranking of UK local authorities is usually considered equivalent to that of the UK Government. As the UK Government has a long term rating of AA+, this is usually applied to local authorities and as such all local authorities have equal rating.

The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria (built in) that the Council use will be a Short Term rating of F1 and a Long Term rating of A- (Fitch, or equivalents). There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given



to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Council will also use to some limited extent market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

### 4.3 Country Limits

The Council has determined that it will only use approved counterparties from other countries with a minimum sovereign credit rating of AAA (**Fitch**) or equivalent from each of the credit rating agencies. This list will be added to, or deducted from, by Officers should ratings change in accordance with this policy.

### 4.5 Other Investment Matters

**In-house Funds:** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Investment Returns Expectations:** Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.75%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and/or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and/or at a quicker pace.

### 4.6 Investment Treasury Indicator and Limit

This determines the total principal funds that can be invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce

the need for early sale of any investment, and are based on the availability of funds after each year-end. Council is asked to approve the treasury indicator and limit: -

<b>Maximum principal sums invested &gt; 364 days</b>					
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Principal sums invested > 364 days	Nil	Nil	Nil	Nil	Nil

**4.7 End of Year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## 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 currently analyse credit worthiness under four headings (but see changes referred to in the strategy):
  - **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** – 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*.

## ANNEX A2

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of counterparty limit - *Specified	Max % of counterparty limit – **Non - Specified	Max. maturity period
<b>DMADF – UK Government</b>	N/A	<b>100%</b>	<b>N/A</b>	<b>6 months</b>
UK Government gilts	UK sovereign rating	100%	<b>N/A</b>	1 year
UK Government Treasury bills	UK sovereign rating	100%	<b>N/A</b>	1 year
Bonds issued by multilateral development banks	AAA	100%	<b>N/A</b>	6 months
Money market funds	AAA	100%	<b>N/A</b>	Liquid
Enhanced money market funds with a credit score of 1.25	AAA	100%	<b>N/A</b>	Liquid
Enhanced money market funds with a credit score of 1.5	AAA	100%	<b>N/A</b>	Liquid
Local authorities	N/A	100%	<b>N/A</b>	1 year
Term deposits with banks and building societies	Yellow	100%	10%	Up to 1 year
	Purple	100%	10%	Up to 1 year
	Blue	100%	10%	Up to 1 year
	Orange	100%	10%	Up to 1 year
	Red	100%	10%	Up to 6 Months
	Green	100%	10%	Up to 100 days
	No Colour	0%	0%	Not for use
CDs or corporate bonds with banks and building societies	Yellow	100%	10%	Up to 1 year
	Purple	100%	10%	Up to 1 year
	Blue	100%	10%	Up to 1 year
	Orange	100%	10%	Up to 1 year
	Red	100%	10%	Up to 6 Months
	Green	100%	10%	Up to 100 days
	No Colour	0%	0%	Not for use

**\*SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the quality criteria as applicable.

**\*\*NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of 10% \*\* will be held in aggregate in non-specified investments.

## Definitions of Specified and Non Specified Investments

See the detailed Investment Strategy included in **Appendix A**, for the limits to be applied.

1. Specified Investments are defined as follows.

### SPECIFIED INVESTMENTS

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible. These include investments with:

- (i) The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- (ii) Supranational bonds of less than one year's duration.
- (iii) A local authority, parish council or community council.
- (iv) An investment scheme that has been awarded a high credit rating by a credit rating agency.
- (v) A body with high credit quality (such as a bank or building society).

For category (iv) this covers a money market fund AAA rated by Standard and Poor's, Moody's or Fitch rating agencies.

2. Non-specified Investments are defined as follows:

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments are set out below. Non specified investments not explicitly referred to below are excluded.

Ref	Non Specified Investment Category	Limit
(i)	An investment with a non-UK bank, for a term of less than 1 year and in a product which falls within one of the criteria stated with the table in Annex A2	Annex A2
(ii)	The Council's own banker if it fails to meet the credit criteria attached to other bandings.	Table in 4.2

**Background information on credit ratings**

Credit ratings are an important part of the Authority’s investment strategy. The information below summarises some of the key features of credit ratings and why they are important.

What is a Credit Rating?

A credit rating is:

- An independent assessment of an organisation;
- It gauges the likelihood of getting money back on the terms it was invested;
- It is a statement of opinion, not statement of fact;
- They help to measure the risk associated with investing with a counterparty;

Who Provides / Uses Credit Ratings?

There are three main ratings agencies, all of which are used in the Authority’s treasury strategy.

- Fitch
- Moody’s Investor Services
- Standard & Poor’s

The ratings supplied by these agencies are used by a broad range of institutions to help with investment decisions, these include:

- Local Authorities;
- Other non-financial institutional investors;
- Financial institutions;
- Regulators;
- Central Banks;

Rating Criteria

There are many different types of rating supplied by the agencies. The key ones used by the Authority are ratings to indicate the likelihood of getting money back on terms invested. These can be split into two main categories:

- ‘Short Term’ ratings for time horizons of 12 months or less. These may be considered as the most important for local authorities.
- ‘Long Term’ ratings for time horizons of over 12 months. These may be considered as less important in the current climate.

In addition, the agencies issue sovereign, individual and support ratings which will also feed into the investment strategy.

Rating Scales (Fitch, Moody’s and Standard & Poor’s)

The table below shows how some of the higher graded short and long term ratings compare across the agencies; the top line represents the highest grade possible. (There are other ratings that go much lower than those shown below, and ratings for other elements).

Short Term			Long Term		
Fitch	Moody’s	S&P	Fitch	Moody’s	S&P
F1+	P-1	A-1+	AAA	Aaa	AAA
F1	P-1	A-1	AA	Aa2	AA
F2	P-2	A-2	A	A2	A

## TREASURY MANAGEMENT FRAMEWORK DOCUMENTS AND RESPONSIBILITIES

For Consideration by Cabinet 14 February 2017

DOCUMENT	RESPONSIBILITY
<b>CODE of PRACTICE</b>	To be adopted by Council (as updated 2011).
<b>POLICY STATEMENT</b>	The Code of Practice recommends a specific form of words to be used, to set out the Council's objectives within the Policy Statement for its Treasury Management activities. It is the responsibility of Council to approve this document, and then note it each year thereafter if unchanged. This reflects the revised code November 2011.
<b>TREASURY MANAGEMENT STRATEGY</b>	The Strategy document breaks down the Policy Statement into detailed activities and sets out the objectives and expected market forecasts for the coming year. This also contains all the elements of an Investment Strategy as set out in the Government guidance; it is the responsibility of Council to approve this document, following referral from Cabinet.
<b>TREASURY MANAGEMENT INDICATORS</b>	These are included within the Strategy Statement as part of the framework within which treasury activities will be undertaken. It is the responsibility of Council to approve these limits.
<b>INVESTMENT STRATEGY</b>	The Investment Strategy is included within the Treasury Management Strategy. It states which types of investments the Council may use for the prudent management of its treasury balances during the financial year. Under existing guidance the Secretary of State recommends that the Strategy should be approved by Council.
<b>TREASURY MANAGEMENT PRACTICES</b>	<p>These are documents that set out the procedures that are in place for the Treasury Management function within the Council. The main principles were approved by Cabinet following initial adoption of the Code of Practice; they include:</p> <ul style="list-style-type: none"> <li>TMP 1: Risk management</li> <li>TMP 2: Performance measurement.</li> <li>TMP 3: Decision-making and analysis.</li> <li>TMP 4: Approved instruments, methods &amp; techniques.</li> <li>TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements.</li> <li>TMP 6: Reporting requirements &amp; management information requirements.</li> <li>TMP 7: Budgeting, accounting &amp; audit.</li> <li>TMP 8: Cash &amp; cash flow management.</li> <li>TMP 9: Money laundering.</li> <li>TMP 10: Staff training &amp; qualifications.</li> <li>TMP 11: Use of external service providers.</li> <li>TMP 12: Corporate governance.</li> </ul> <p>Any changes to the above principles will require Cabinet approval. It is the Chief Officer (Resources)' responsibility to maintain detailed working documents and to ensure their compliance with the main principles. Quarterly treasury management reports will continue to be reported through to Members.</p>



**LANCASTER CITY COUNCIL**  
**TREASURY MANAGEMENT POLICY STATEMENT**

**For consideration by Cabinet 14 February 2017**

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2011).

1. This organisation defines its treasury management activities as:  
  
“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
  
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

**CABINET**

**Fees and Charges Review – 2017/18  
14 February 2017**

**Joint Report of Chief Officer (Resources) and Chief Officer  
(Environmental Services)**

<b>PURPOSE OF REPORT</b>			
To consider the annual review of fees and charges for 2017/18.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	16 January 2017		
<b>This report is public.</b>			

**RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:**

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2017/18 (i.e. Phase 2 of the budget process), determines whether any other areas of income generation be explored for 2018/19 onwards.

**RECOMMENDATIONS OF COUNCILLOR LEYSHON:**

- (1) That Cabinet approves:

- Option 1A - that the most popular 1 and 2 hour parking tariffs are frozen on all car parks.
- Option 1B - that increases are approved for the tariffs outlined in Table A of the car parking report set out at Appendix C on all main car parks in Lancaster and Morecambe and increasing the Full Day charge at Williamson Park, Lancaster.
- Option 1C - that free Christmas parking is maintained on all main city and town centre car parks on the following dates:-

Sundays – 26 November, 3, 10 and 24 December 2017

Thursday evenings – 30 November, 7, 14 and 21 December 2017

*(Thursdays being subject to further discussion with Lancaster BID and any alternative proposal not leading to an overall greater loss of income).*

- Option 1D – that subject to the outcome of the 2017/18 Phase 1 savings

**proposals being approved, formal management of the Kingsway car park, Lancaster is introduced and parking charges are approved as outlined in Table B of the car parking report as set out in Appendix C and requests Officers to amend the Off Street Parking Places Order at the earliest opportunity to implement the changes.**

**1 GENERAL POLICY**

- 1.1 This report sets out the proposed fees and charges framework for 2017/18. The current policy was last considered by Cabinet at its meeting on 16 February 2016 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage, although it should be noted that a more focused approach on commercialisation is being encouraged generally. Once there is a better understanding of what this fully means for the Council, it is expected that there will be a need to update the policy to inform future income generation and charging from 2018/19 onwards.
- 1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2015/16 actuals, the 2016/17 revised budget and the 2017/18 current base budget. This shows that the total estimated base income to be generated from fees and charges (including rents) is now projected to be £13.7M next year. Of this total, around £5.4M is generally inflation-linked. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts, e.g. trade refuse. As such these income areas allow for little or no discretion in setting fee increases (aside from any consideration of market share etc). Furthermore, certain fees such as various licensing fees cannot by law be set by Cabinet.
- 1.3 From Appendix B, it can be seen that between 2015/16 and 2017/18 gross income from fees and charges is expected to increase from £10.8M to £13.7M, representing an increase of £2.9M or 27%. Whilst this does not take account any associated expenditure linked to service provision, it does highlight that the Council is making significant improvements in income generation, thereby helping to reduce service subsidisation and protect other service provision. The majority of the forecast increase in income over the period quoted can be attributed to Green Waste charging and Salt Ayre Leisure Centre, resulting in significantly reduced subsidy in providing those services.
- 1.4 In terms of fee increases, generally as part of the budget process all relevant fees and charges will increase by 2% for next year, in line with the annual inflationary review.
- 1.5 Where fees and charges are to change in line with policy and/or the budget, these will be amended through existing Officer delegations and therefore no Cabinet decision is required – and so no detail is provided within this report. It should be noted that in exercising their delegated authority, Officers may well consider groupings of charges for similar or related activities and within those groupings, they may vary individual fees (or concessions) above or below inflation, for example – but as long as in totality, it is reasonable to assume that the relevant income budget will be met and the variances do not go against any other aspect of policy, then no Cabinet decision is required.
- 1.6 On top of such general increases, Cabinet has already identified a number of new charges or other charging changes as part of its budget proposals, included elsewhere on the agenda. Those proposals now incorporate more outline information, in line with

the fees and charges policy.

- 1.7 Cabinet is requested to indicate whether there are any other specific areas for income generation that it wishes to consider as part of its budget development for 2018/19, on top of those already included.
- 1.8 From an Officer perspective, there is only one charging matter that requires Cabinet's consideration ahead of Budget Council, and this is set out below, together with other key points for information.

## 2 OTHER SPECIFIC CHARGING CONSIDERATIONS

### 2.1 Environmental Services: Car Parking

This is the only area in which a number of options are presented and therefore for clarity and to seek Cabinet's direction, full information is included in **Appendix C** to this report.

### 2.2 Environmental Services: Green Waste

As previously reported to Cabinet on 04 October 2016, the pricing structure for opting into the green waste collection scheme has been developed to maximise early uptake (during 2016/17) whilst retaining a balance between affordability for residents and meeting budgeted income targets for 2017/18 and 2018/19. Progress on actual performance and take-up of the service is being closely monitored and will be reported to Cabinet to inform future charging policy.

### 2.3 Health and Wellbeing: Salt Ayre

Fees and charges continue to be determined under delegated authority in line with the programme of redevelopments being implemented, with the aim of achieving budgeted income targets, taking into account advice from the developer partner. A report is planned to come back to Cabinet in April in respect of an income sharing arrangement between the Council and Alliance Leisure Services Limited.

### 2.4 Governance: Taxi and Other Miscellaneous Licensing Fees

- 2.5 The outcome of the latest review of taxi and other miscellaneous licensing fees is scheduled for consideration by the Licensing Regulatory Committee on 9 February, prior to Budget Council. These fees are, as a matter of law, not to be determined by Cabinet, although as far as possible the budgeting implications of the Committee's decision will be reflected within the draft budget for 2017 onwards. Fees for licences within the remit of the Licensing Act Committee are set by central government.

## 3 OPTIONS AND OPTIONS ANALYSIS

- 3.1 The attached policy remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet's budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy.
- 3.2 Options regarding car parking charges are covered in Appendix C.

**RELATIONSHIP TO POLICY FRAMEWORK**

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

**CONCLUSION OF IMPACT ASSESSMENT**

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

The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.

**LEGAL IMPLICATIONS**

Local authorities have a variety of powers to charge for specific statutory services.

The Local Government Act 2003 also provides a power to charge for discretionary services. Authorities are under a duty to secure that, taking one year with another the income from charges for these services do not exceed the cost of provision.

The power to charge for discretionary services is therefore on a cost recovery basis only and is not available if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Additionally, the Localism Act 2011 provides local authorities with the general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

**FINANCIAL IMPLICATIONS**

Detailed financial implications are set out in the relevant appendices, noting that the officer preferred options will meet the required inflationary increases already built into the 2017/18 draft budget. Any shortfall in meeting the proposed inflationary increases would, in effect, constitute budget growth.

**OTHER RESOURCE IMPLICATIONS**

None specifically arising from this report

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has contributed to this report, which is in her name in part (in her capacity as Chief Officer (Resources)).

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

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**Ref:**



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

# **FEES AND CHARGES POLICY**

**February 2017**

## 1 INTRODUCTION

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

## 2 GENERAL POLICY

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

### Council policies, strategies and priorities

- 2.3 Specific decisions and charging policies should support delivery of the council's Corporate Plan and other local strategies and service objectives. Charging decisions will take account of the council's corporate priorities and have regard for the potential impact on other service areas.



## Basis of Charging Decisions

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

## Subsidies and/or Concessions

- 2.6 Subsidies and concessions may be used to help achieve specific targets or objectives. Concessions should be awarded and reviewed in relation to each service. Where subsidies and concessions are applied, there should be a proportionate evaluation process in place to measure levels of success in meeting these objectives. Definitions and qualifying criteria for concessionary target groups should be consistent across the Council.
- 2.7 Any reference to the setting or review of fees and charges within this policy should be taken to include/cover any relevant subsidies or concessions also.

## Surplus Income

- 2.8 Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. Where a surplus, over budget, is generated in-year, its use shall be determined in accordance with the Council's Financial Regulations (in particular, the virement scheme as set out in the Medium Term Financial Strategy (MTFS)). This is on the provision that this is not prohibited by other statutory requirements or government guidance.
- 2.9 It is acknowledged, however, that the ability to use charges to deliver the corporate priorities of the Council requires a degree of freedom; corporate controls should avoid imposing unnecessary restrictions.
- 2.10 Any proposals for generating any additional income (over and above normal budgetary provisions) to be raised from charging in the expansion and development of a particular service will need to be considered as part of the annual budget process, and in line with the approved Medium Term Financial Strategy. Each proposal will therefore be considered on its own merits and in light of financial planning processes and other pressures.

## Efficient Administration

- 2.11 Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users, and meet any other requirements of the Council's Financial Regulations and supporting processes. The reasons behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

Regular Review

- 2.12 Charges, and decisions not to charge, will be reviewed annually in sufficient time for the impact of any revisions to be included in the budget setting process. This ensures that they fit within the approved budget framework, as determined by full Council.

Policy Implementation

- 2.13 This policy encompasses decisions made as part of the annual fees and charges review process, where new charges are introduced or where existing charges are removed or amended.
- 2.14 It supports the Council’s Financial Regulations, which are part of the Constitution. Under the Regulations, Chief Officers and others designated by them are responsible for collecting budgeted income, and maximising such income in accordance with this policy and any other relevant supporting policies.
- 2.15 Furthermore, under the Scheme of Delegation to Officers, which is also included in the Constitution, such Officers have authority to set fees and charges in accordance with relevant legislation and any charging policy set by Cabinet (as long as they fit with the approved budget framework).

**3 DETERMINING SPECIFIC CHARGING POLICY (CASE BY CASE)**

- 3.1 Each fee or charge (or group of similar charges) should be linked to one of the categories in the following table and the appropriate charging policy adopted in establishing and reviewing charging rates for that particular service or activity. Where new charges are being introduced or changes in charging policy are proposed, the charging policy should be made clear as part of the decision-making process.
- 3.2 In all cases, in determining an appropriate charging policy proper consideration should be given to the wider equality implications that could affect accessibility of council services to any groups.

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.
Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.

Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The council wishes the service to be fully available, but sets a charges to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory	Charges are set in line with legal obligations.

3.3 In applying the appropriate charging policy, as well as equality considerations typically the issues that may need to be considered in setting the level of fee and charge for any particular service include those set out below:

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

**4 SUBSIDIES AND CONCESSIONS**

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

- There is a sound financial and policy justification for the council tax payers subsidising this service.
- The desire to encourage particular sections of the community to use specific services and they could not afford, or might otherwise be deterred by, full cost charges.
- Charging full cost discourages or prevents uptake, which may have a detrimental impact on the council's finances in the long run.
- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.
- The council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.

4.2 When considering using a subsidy, the following points should be taken into account:

- It must clearly and directly support a corporate priority, objective, or policy.
- There is evidence to suggest that the impact of the policy can be measured.
- The cost of the subsidy can be estimated and can be accommodated within the council's budget, making it affordable.
- The proposal is the most effective approach available to deliver the policy objective, and so can be judged to give value for money.

4.3 It is recognised that in some circumstances discounts may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

**5 NEW FEES AND CHARGES**

5.1 Proposals for new discretionary fees and charges must be considered within the annual budget process or, where necessary, submitted to Cabinet initially for approval as an in-year change. Should any proposed change fall outside of the budget and policy framework, it would also require referral to Council.

5.2 Proposals for new fees and charges should be analysed using the guidance in the appendix to this policy. This effectively provides a brief rationale and business case for the proposed charge.

5.3 The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and formally reviewed as part of the following budget process.

5.4 Where new statutory fees and charges are to be introduced, or when changes have been notified, ideally Cabinet and/or Council should be advised of any

significant budgetary or policy implications prior to their implementation by Officers, should timescales allow; this may be done through the budget process. Alternatively, any implications should be reported retrospectively through usual quarterly monitoring arrangements.

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

- 6.1 Chief Officers and designated staff must consider charging policies and current levels of charge each year as part of the budget and service planning process.
- 6.2 The general assumption (where the Council has control) is that the value of fees and charges will be maintained in real terms over time and increased annually in line with estimated inflation, as determined through the budget. Clearly this assumption changes, if the adopted charging policy for a particular activity determines otherwise.
- 6.3 Additionally, Cabinet may decide to set income targets for specific service areas as part of an effort to identify efficiencies and/or generate additional income.
- 6.4 Separate to the annual budgeting exercise, if there are any significant matters arising during the course of a year, such as in cost, market forces or service levels, which materially affect current charges and revenues, then relevant fees and charges should be reviewed. If it is reasonable for them to be adjusted in year, to keep within the budget framework, then the Chief Officer has delegated authority to do so, as long as any fee or charge under question was not explicitly approved by Members during the last budget process. Any such changes must be reported to Cabinet retrospectively as part of usual quarterly monitoring arrangements.
- 6.5 In all other cases (except for statutory fee change notifications covered in 5.4), any proposals to change fees, and/or any expected income budget shortfalls, must be reported initially for Cabinet's consideration. Referral to Council may also follow, depending on circumstances. Any proposal to amend significantly an existing fee or charge will require a full explanation and justification to be provided.

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

- 7.1 Fees and charges income should be collected and accounted for in accordance with the Council's Financial Regulations and any supporting instructions, procedures and guidance. Wherever it is reasonable to do so, charges should be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly, and appropriate collection and recovery procedures followed.

**8 PUBLICATION OF FEES AND CHARGES**

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

## GUIDANCE FOR NEW FEES AND CHARGES

### Charging Policy

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

### Comparative Information

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

### Financial

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

### Impact Assessment

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

### Impact on Other Areas

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

**Method of Collection**

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

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

**Alternatives**

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

**Consultation**

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



## Summary of General Fund Fees and Charges (including rents)

## APPENDIX B

For Consideration by Cabinet 14 February 2017

Service	Service Area	Cost Centre Area	Detail Code	2015/16 Actual £	2016/17 Revised £	2017/18 Estimate £	
<b>Environmental Services</b>	Public Realm	City Centre Markets & Traders	Administration Charges	0	-500	-500	
			General Fees & Charges	-8,672	-9,900	-10,100	
		Happy Mount Park	Market Tolls	-70,593	-72,200	-73,600	
			Rents - Market Stalls	-18,866	-16,100	-19,600	
			Service Charges Recovered	-532	-4,200	-2,600	
			Grounds Maintenance	General Fees & Charges	-165,790	-165,000	-166,500
			Bowling	-493	-200	-400	
			General Fees & Charges	0	0	-61,200	
			Rents - Concessions	-3,500	-3,500	-3,600	
			Rents - General	-24,526	-22,300	-22,700	
			Service Charges Recovered	-574	-500	-500	
			Tennis	-199	-200	-400	
		Morecambe Market	Advertising - Hoardings Etc	-307	-300	-300	
			Rents - Market Stalls	-279,145	-291,300	-297,200	
			Service Charges Recovered	-13,709	-14,000	-14,000	
			Storage	-7,661	-7,700	-7,700	
		Non-Resort Parks	Administration Charges	0	-1,500	-1,500	
			Bowling	-2,740	-2,400	-2,400	
			Receipts Non-Vatable	-13,438	-10,300	-12,600	
			Rents - Concessions	-8,723	-9,100	-9,300	
			Rents - General	-11,567	-5,300	-10,100	
			Service Charges Recovered	-1,731	-1,700	-1,700	
			General Fees & Charges	-66,390	-43,000	-45,900	
		Nurseries	Car Parking Contracts	-49,436	-125,000	-127,500	
			Car Parking Fees	-2,207,940	-2,235,200	-2,279,600	
		Off Street Car Parks	Car Parking Permits	-150,589	-151,400	-154,400	
			Fines	-118,871	-126,600	-126,600	
			Rents - General	-32,675	-33,500	-63,500	
			On-Street Parking Services	On-Street Parking Dispensations	-3,313	-3,500	-3,500
			Promenade Management	Rents - Concessions	-28,086	-28,700	-29,300
				Rents - General	-17,750	-15,200	-15,500
				Sales - Promenade Passes	-961	-1,000	-1,000
			Service Charges Recovered	-929	-1,500	-1,500	
			Public Conveniences	General Fees & Charges	-25,987	-26,000	-26,500
			Residents On-Street Parking	Car Parking Contracts	-82,778	-82,800	-82,800
		Resort Parks	Rents - Concessions	-1,389	-3,900	-4,000	
			Rents - General	-3,717	-3,100	-3,200	
			Service Charges Recovered	-61	-100	-100	
		Small Parks & Open Spaces	General Fees & Charges	-440	-400	-400	
			Street Cleaning	Fines	-993	-2,000	-2,000
		Williamson Park Butterfly House	General Fees & Charges	-29,944	-29,700	-30,300	
			Admission Fees	-75,614	-80,000	-90,700	
			Educational Usage	-11,175	-11,300	-11,700	
			Family Tickets	-25,531	-27,000	-27,500	
		Williamson Park Cafe	Sales - General	-258,615	-295,000	-300,900	
			Williamson Park Events	Special Events	-13,308	-9,000	-15,800
		Williamson Park Ice Cream Concession	Venue Hire	-40,949	-35,000	-43,600	
			Sales - General	-4,302	-3,100	-17,400	
		Williamson Park Lodges	Rents - General	-5,712	-1,400	0	
			Williamson Park Mngmt & Admin	Car Parking Fees	-31,964	-34,800	-36,500
		Williamson Park Reception & Retail	Sales - General	-350	-400	-400	
			Sale of Recycling Material	-1,030	-1,000	-1,000	
			Sales - General	-42,298	-47,100	-51,100	
			Sales - Publications & Data	-200	-200	-200	
			Vehicle Maintenance	General (CR) - Miscellaneous	-4,808	-5,000	-5,000
			Safety Service Support	White Lund Depot	Feed In Tariff Credits	-16,697	-17,000
		Rents - General		-13,835	-13,800	-13,800	
		Sales - Goods Resold		-2,255	-4,800	-4,900	
		Waste/Recycling	Bulky Waste Collection	Domestic Collections	-53,959	-59,500	-60,700
				Sales - Goods Resold	-14,582	-15,500	-15,800
				Sales - Scrap	-1,151	-1,200	-1,200
Three Stream Waste Collection	Clinical Waste		-7,251	-7,500	-7,500		
	Domestic Collections		-12,290	-4,000	-4,100		
	Fees - United Utilities		0	-4,200	-4,200		
	General Fees & Charges		-28,108	-47,800	-48,800		
	Green Waste Collection		0	-130,300	-870,400		
	Trade Refuse		Trade Refuse Collections	-1,219,821	-1,322,700	-1,378,000	
<b>Governance Services</b>	Democratic Services	Electoral Registration	Sales - Publications & Data	-1,919	-2,100	-2,100	
	Legal	Legal Services Mgt & Admin	General Fees & Charges	-42,066	-30,600	-31,200	
		Legal Fees-County Court	-8,560	-15,800	-16,100		
		Legal Fees-Magistrates Courts	-20,201	-2,700	-2,800		

Service	Service Area	Cost Centre Area	Detail Code	2015/16 Actual £	2016/17 Revised £	2017/18 Estimate £		
	Licensing	Searches Administration Gambling Act 2005	Search Fees	-241,950	-227,400	-210,900		
			Amusement Machines	-6,400	-5,000	-5,100		
			Licences - Betting Shops	-8,000	-8,000	-8,200		
			Licences - Bingo Establishments	-4,325	-3,000	-3,100		
			Licences - Lotteries	-3,000	-3,000	-3,100		
			Licences-Gaming Machines	-3,061	-2,600	-2,700		
		Hackney Carriage & Private Hire	Dual Drivers Badge	-11,039	-25,200	-46,200		
			H.C. Driver Licence	-3,793	-4,400	-8,400		
			H.C. Inspection Fees	-12,713	-12,700	-13,000		
			H.C. Taxi Plates	-2,254	-2,200	-2,200		
			H.C. Vehicle Licence	-22,945	-26,500	-27,000		
			P.H. Drivers Licence	-6,681	-6,600	-9,000		
			P.H. Inspection Fees	-24,751	-25,400	-25,900		
			P.H. Operators Licence	-6,609	-13,200	-7,000		
			P.H. Taxi Plates	-5,494	-5,100	-5,200		
			P.H. Vehicle Licence	-44,980	-42,100	-42,900		
		Licensing Act 2003	Licensing Act 2003 - Personal	-7,302	-7,300	-7,400		
			Licensing Act 2003 - Premises	-114,365	-118,600	-121,000		
			Temporary Event Notices	-6,154	-6,600	-6,700		
		Miscellaneous Licences	Licences - Motor Salvage Operators	-11	-5,500	-700		
			Licences - Second Hand Dealers	-1,311	-500	-500		
			Licences - Sex Shops	-515	-500	-500		
			Licences - Street Cafes	-5,362	-6,200	-6,300		
			Licences-Skin Piercing\Tattoos	-1,633	-1,800	-1,800		
<b>Health &amp; Housing Services</b>	Environmental Health	Cemeteries - General	Hire Of Chapels	-3,495	-3,800	-3,900		
			Interment Fees	-117,856	-132,400	-135,000		
			Memorial Fees	-29,489	-23,300	-23,800		
			Rents - General	-513	-500	-500		
			Rents - Grazing Rights	-330	-300	-300		
			Sale Of Grave Spaces	-64,626	-76,800	-78,400		
			Sale Of Memorial Plaques	-11,170	-25,400	-25,900		
			Dog Warden Service	Collections and Kennelling	-4,996	-6,000	-5,600	
				Fines	-1,290	-1,500	-1,500	
				Sales - General	-515	-600	-600	
			Environmental Protection	EPA Authorisation Fees	-16,338	-16,000	-16,000	
				Income - Works In Default	-8,205	-1,600	-2,100	
				Water Sampling Fees	-1,957	-3,000	-3,100	
			Food & Safety	Fines	-30	-100	-100	
				Training Course Fees	-792	-800	-800	
			Lancaster Port Health Authority	General Fees & Charges	-5,626	-5,200	-5,300	
				Pest Control	Insect Control Charges	-22,296	-44,000	-30,200
			Pest Control Contracts		-52,182	-65,000	-83,700	
			Rodent Control Charges		-26,723	-35,000	-33,200	
			Public Health Services	Burial Of The Dead	-7,454	-6,100	-6,200	
				Licences - Dog Breeding	-531	-600	-600	
				Licences - Pet Shops	-1,033	-1,700	-1,700	
				Licences-Animal Boarding	-3,562	-4,200	-4,300	
				Licences-Riding Estabs	-1,486	-1,100	-1,100	
				Vets Fees Recovered	-772	-1,000	-1,000	
			GF Housing	Mellishaw Park	Rent - Houses	-55,436	-56,500	-56,500
					Service Charges Recovered	-5,062	-7,400	-7,500
			Sport & Leisure	Salt Ayre Leisure Centre	Fees and Charges	-1,089,356	-1,243,900	-2,395,800
				Salt Ayre Mgt & Admin	Feed In Tariff Credits	-12,357	-9,000	-9,500
			Strategic Housing	Community Pools	Fees and Charges	-371,420	-321,500	0
					General (CR) - Miscellaneous	-35,955	-80,500	-125,000
				Home Improvements	Administration Charges	-73,349	-102,400	-96,000
Admin-Works In Default	-2,064	-1,000			-1,000			
Private Rented Sector Activity	APS Fees	-240		-300	-300			
	Fines	-1,800		-6,000	-4,000			
	HMO License Fees	-24,748		-26,400	-72,300			
		Immigration Inspection Fees	-382	-300	-300			
<b>Regeneration &amp; Planning</b>	Development Management	Building Regulations	Bldg Regs - Application Fees	-112,372	-90,000	-130,000		
		Development Control	Planning Application / Pre-App Fees	-787,309	-715,000	-740,000		
	Economic Development	Arnsdale and Silverdale AONB	Feed In Tariff Credits	0	-400	-300		
			Commission - Concerts/Discount Ticket	-1,134	-1,100	-1,100		
			Commission - National Express	-305	-200	-200		
		Lancaster V.I.C.	Sales - Publications & Data	-7,092	-6,600	-7,800		
			Sales - Souvenirs	-15,239	-15,500	-16,800		
		Morecambe V.I.C.	Commission - Accom Bookings	-44	-100	-100		
			Commission - Coach Travel Tickets	-602	-300	-300		
			Commission - Concerts/Discount Ticket	-215	-200	-200		
			Commission - National Express	-415	-400	-400		
			Commission - Sea Cat	-205	-100	-100		
			Sales - Publications & Data	-6,547	-6,800	-6,900		
	Sales - Souvenirs		-12,854	-13,000	-13,300			
	Platform	Travel Tickets	-8,160	-8,100	-6,200			
		Admission Fees	-90,904	-153,500	-156,600			

Service	Service Area	Cost Centre Area	Detail Code	2015/16 Actual £	2016/17 Revised £	2017/18 Estimate £
			Bar	-50,921	-47,300	-48,200
			Cafe	-1,793	-3,000	-3,100
			Private Hire	-31,403	-21,000	-32,900
			Venue Hire	-34,025	-31,300	-31,900
	Regeneration	Middleton Nature Reser & Pumping Stati	Rents - General	-1,375	-1,000	-1,000
			Rents - Grazing Rights	-200	-900	-900
			Rents - Wayleaves & Titles	-750	-500	-500
		West End Property Account	Rents - Commercial Properties	-16,000	-16,000	-16,000
<b>Resources</b>	Financial Services	Financial Services Mgmt & Admin	Administration Charges	-2,435	-2,300	-2,200
	Property Group	Commercial Land & Buildings	Hire Of Premises	-6,714	-4,100	-4,200
			Rents - General	-731,512	-768,900	-810,800
			Rents - Grazing Rights	-5,945	-3,500	-3,500
			Sales - Refreshments	-47	-100	-100
			Service Charges Recovered	-292,552	-281,400	-280,900
		Municipal Land & Buildings	Hire Of Premises	-29,701	-34,200	-34,900
			Rents - General	-4,421	-4,200	-3,800
			Sales - Refreshments	-2,330	-5,200	-5,300
		Property Services Mgmt & Admin	General Fees & Charges	-4,393	-2,000	-2,000
		Storey Institute	Hire Of Premises	-43,731	-50,000	-51,000
			Rents - General	-64,433	-69,900	-74,000
			Sales - General	0	-115,000	-229,500
			Service Charges Recovered	-76,968	-61,200	-63,800
	Revenues & Benefits	Customer Services Mgmt & Admin	Sales - Goods Resold	-990	-700	-700
		Council Tax & NNDR	Legal Costs Recovered	-318,287	-320,400	-326,800
			<b>TOTAL INCOME</b>	<b>-10,777,968</b>	<b>-11,506,600</b>	<b>-13,703,700</b>

## 1 Background

### Off-Street Car Parking Charges

The Council recognises the contribution effective management of off street car parking makes to the overall management of the public realm, including wider traffic management issues. Effective management is underpinned by a parking strategy which recognises the importance of an effective pricing policy. This in turn supports the wider delivery of the Council's aims and objectives as outlined in the Corporate Plan.

Last year Cabinet Members approved the following arrangements:

*That Cabinet approves to increase the Up to 1 hour charge by 10p across all car parks in Lancaster and Morecambe and the Up to 1 hour and Full Day charges by 10p at Williamson Park, Lancaster.*

*That Cabinet approves making the mobile phone cashless parking option permanent and includes the necessary growth item in the 2016/17 draft budget and subsequent years.*

*That Cabinet approves extending the facility for resident permit holders to use various off street car parks as indicated in the report.*

### Usage Position

#### Pay and Display Usage

Usage during 2015/16 was affected by the floods in December 2015 following which additional free parking was offered on all car parks on the two Saturdays leading up to Christmas. In recent years there has been a general trend of the overall usage of car parks reducing but usage has been encouraging, particularly in recent months, resulting in usage during the 2016 calendar year being 0.65% over 2014/15 levels. Usage in Lancaster increased by 0.25% and in Morecambe by 1.3%.

### Financial Position

The 2017/18 draft revenue budget outlined in the table below assumes that income from fees (pay and display and cashless parking) for day time and evenings will be similar to 2016/17 and in line with the original budget. This is due to the positive recovery of usage following the floods in late 2015. Inflationary increases of 2% have then been added to the base budgets in line with the Council's existing policy on fees and charges.

	<b>2016/17 Estimate</b>	<b>2016/17 Revised</b>	<b>2017/18 Estimate</b>	<b>Inflation Included</b>
Fees	2,360,200	2,360,200	2,407,100	46,900
Permits	146,400	151,400	154,400	3,000
<b>TOTAL</b>	<b>2,506,600</b>	<b>2,511,600</b>	<b>2,561,500</b>	<b>49,900</b>

**The annual review needs to consider options for covering additional inflationary increases of £49,900 across the above headings.**

### **Permit Sales**

Permit sales were last increased in 2014/15 by 5% but this led to a 5% reduction in sales. Although sales remained similar in 2015/16 they have improved in 2016/17 and to maintain this position there are no proposals to increase permit charges for 2017/18.

### **Update on Mobile Phone Parking**

Last year Cabinet approved making the mobile phone cashless parking option permanent and the necessary growth item was included in the 2016/17 budget and subsequent years. The service is now being provided through a framework contract negotiated by the County Council's parking enforcement contractor which has allowed a reduced service charge to be paid from September 2016 until the contract expires in September 2019.

This optional service continues to be extremely popular and 60,000 parking transactions have been purchased since it was introduced in June 2015.

The feasibility of converting St Nicholas Arcades to Pay on Foot (Pay on Exit) is also being considered, the outcome of which will be fed into the budget proposals for 2018/19.

### **Introduction of Park and Ride**

The M6 Link Road from Junction 34 to Morecambe and Heysham named the Bay Gateway opened at the end of October. The Park and Ride site providing 650 car parking spaces opened in early December and is managed by Lancashire County Council.

The site is open 24 hours, 7 days per week with Park and Ride operating Monday to Saturday with buses running every 30 minutes via George Street to Lancaster Bus Station. Bus services start at 6.50 am at the Park and Ride site and the last return service leaves Lancaster Bus Station at 6.35pm and a return ticket is £1.50. Initially parking is free of charge until pay and display and mobile phone parking is introduced in February 2017. All-day parking will then be £1.00 and weekly tickets for £6.00 will also be offered.

The Parking Strategy includes a number of aims to assist the development of the use of the new facility including monitoring the use of long stay car parks in Lancaster and considering reducing the number of long stay parking spaces. Usage of the facility will be monitored throughout the year and this will inform

the review of car parking charges for 2018/19. The Park and Ride site also allows the Council to evaluate its approach in the longer-term to long stay parking provision. It will also potentially provide alternative parking for the Canal Corridor Development if this goes ahead which would see a reduction in car park capacity during the construction phase.

## **Wider Review of Parking Strategy**

Key projects e.g. the Bay Gateway, Canal Corridor Development, Morecambe Area Action Plan (MAAP) will have a significant impact on the parking strategy for the District as will strategies such as the Transport Masterplan. Work is taking place to develop plans that will best manage the expected impacts of this and ensure that the Council strategy for off street car parking supports the wider plans for the District.

## **Kingsway Car Park**

This car park is situated on Kingsway opposite The Bus Depot residential development and the Kingsway Retail Park. It provides 19 parking spaces and is currently not managed in the same way as other public car parks. There have been some problems with businesses using the car park for the long-term parking of vehicles and this report includes proposals for introducing formal management and parking charges. Some improvements to the car park would also be provided. Introducing managed parking arrangements would allow customers to use the cycleway network for leisure purposes and customers could also walk into the city centre. A 4-hour maximum stay is recommended to avoid commuters using the car park and to allow the turnover of spaces.

This initiative will require an Amendment to the Off Street Parking Places Order to formalise the management arrangements, the approximate cost of which is £5,000 and can be managed from existing budgets.

## **Other Issues relating to Off-Street Car Parks**

Friars Passage Car Park at the rear of Palatine Hall is again managed by the City Council and is currently used for the Council's pool car parking. Proposals are also being developed for potential electric vehicle charging points for this car park and specific proposals will be reported to Cabinet in due course.

The City Council owns a car park at the rear of St George's Quay which is currently not managed as a public car park. The car park is used by residents and businesses from the area and commuter parking is also taking place. Some works have recently been carried out in conjunction with the County Council to improve the condition of this car park and officers are developing proposals for the formal management of the car park. Residents and businesses in the area will be consulted before any proposals are finalised and presented to Cabinet or the Portfolio holder.

Both these initiatives if approved will require a further Amendment to the Off-Street Parking Places Order to allow enforcement of the agreed parking

restrictions, again estimated to cost in the region of £5,000 and can be managed from existing budgets.

## **On-Street Parking**

### Pay and Display Charges

Maintaining synchronised parking charges in Lancaster for 1 and 2 hour tariffs for both on-street and off-street parking is an important part of managing the demand and usage of parking and also contributes to wider traffic management objectives.

It has previously been agreed with Lancashire County Council that both Council's would synchronise their charges so that higher charges are in place for on-street than in off-street car parks. This is to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces and adding to traffic congestion.

It is understood the County Council has no proposals to increase 1 and 2 hour charges for 2017/18 and there are no proposals in this report to increase the City Council's charges for these tariffs. This being the case the following charges will apply throughout 2017/18:-

<b>Parking Charge</b>	<b>On-Street</b>	<b>Car Parks</b>
Up to 1 hour	£1.50	£1.40
Up to 2 hours	£2.60	£2.40

## **2 Proposal Details**

### **2.1 Off Street Parking Charges (Generally)**

Parking charges are a useful mechanism for assisting in the control of demand for parking space and contributing to wider traffic management objectives. Similarly it is also important that parking charges reasonably reflect the shopper and visitor experiences in the various centres and achieve a greater visitor dwell time. The current parking strategy therefore supports the principal of differential charging between Lancaster and Morecambe and the options included in this report maintain these arrangements.

In terms of overall usage nearly 62% of all parking transactions are for the 1 and 2 hour tariffs. The 1 hour tariff was increased in 2016/17 and the 2 hour tariff was increased in 2014/15. Maintaining these tariffs at their current levels for as long as possible is important for city and town centre viability. Proposals for increased charges contained in this report therefore freeze the prices of these most popular tariffs.

Free car parking on Sundays leading up to Christmas has been in existence since 2001 to encourage residents and visitors to shop locally. It was extended in 2005 to include Thursday evenings in Lancaster when evening charges were

introduced and in 2008 to include all the main city and town centre in Lancaster and Morecambe. The Christmas Lights Switch On in Lancaster is the first Sunday of free parking and this is followed by Sundays and Thursday evenings until Christmas (the number of days varying each year according to the date of the Lancaster Lights Switch On and which day of the week Christmas Day falls on). These arrangements are only for the City Council's car parks as the County Council does not offer similar free parking arrangements for on-street pay and display parking.

Some initial discussions have been held with Lancaster BID over the dates for 2017 and it has been agreed the traditional Sunday free parking will continue but the Thursday evenings will potentially be reviewed as the early Thursday evening dates are less busy for late night shopping. Lancaster BID may submit some revised suggestions for alternative late shopping and free parking arrangements for the Council to consider.

Pay and Display

**Option 1**

To introduce a range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council:-

**Option 1A**

That the most popular 1 and 2 hour tariffs are frozen for 2017/18

**Option 1B**

To increase the following charges on all main car parks in Lancaster and Morecambe and increasing the Full Day charge at Williamson Park:-

**TABLE A**

<b>Tariff</b>	<b>Current Charge</b>	<b>Proposed Charge</b>
<u>Main Short Stay Car Parks -</u>		
Up to 3 hours	<b>£2.80</b>	<b>£3.00</b>
Up to 4 hours	<b>£3.50</b>	<b>£3.60</b>
<u>Main Long Stay Car Parks -</u>		
Up to 3 hours	<b>£2.40</b>	<b>£2.50</b>
Up to 5 hours (Lancaster)	<b>£3.90</b>	<b>£4.20</b>
Up to 10 hours (Lancaster)	<b>£6.50</b>	<b>£7.00</b>



<u>Evening Charge</u> - Lancaster	<b>£1.40</b>	<b>£1.50</b>
<u>Williamson Park</u> -		
Full Day	<b>£1.60</b>	<b>£1.80</b>

**Option 1C**

That free parking over Christmas is provided on the following dates:-  
 Sundays - 26<sup>th</sup> November, 3<sup>rd</sup>, 10<sup>th</sup>, 17<sup>th</sup> and 24<sup>th</sup> December 2017  
 Thursday evenings – 30<sup>th</sup> November, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup> December 2017  
 (Thursdays subject to further discussion with Lancaster BID and any alternative proposals not leading to an overall greater loss of income)

**Option 1D**

To introduce formal management and the following parking charges at Kingsway Car Park, Lancaster that reflect the car park’s location in relation to Lancaster’s main car parks and the proposed use :-

**TABLE B**

<b>Charges to apply 8.00am to 6.00pm, 7 days per week (excluding Bank Holidays)</b>	<b>Proposed Charge</b>
Up to 1 hour	<b>£1.20</b>
Up to 2 hours	<b>£2.00</b>
Up to 3 hours	<b>£2.50</b>
Up to 4 hours (Maximum Stay 4 hours no return in 4 hours)	<b>£3.00</b>

It is estimated the car park will generate approximately £10,000 p.a. but this could be displacement from other car parks and this will be monitored through corporate monitoring arrangements.

**Option 2**

To investigate an alternative range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council

**3 Details of Consultation**

The local Chambers of Commerce and of Trade, the Federation of Small

Businesses, Lancaster BID, Friends of Williamson Park, Morecambe BID and Morecambe Town Council have been consulted over the off-street pay and display options included in the report and their comments will be made available at the meeting. Ward Members have been consulted over the proposals for the Kingsway Car Park.

**4 Options and Options Appraisal**

**4.1 Off Street Pay and Display Charges**

**Option 1**

To introduce a range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council:-

Advantages	Disadvantages	Risks
<p><u>Option 1A</u></p> <p>This option freezes the most popular parking tariffs of 1 and 2 hours that account for 71% of short stay transactions and nearly 62% of overall parking transactions</p> <p>The 1 and 2 hour parking tariffs often provide a guide or perception of the overall level of charging and maintaining these tariffs at their current levels for as long as possible is beneficial</p> <p>By not increasing the 1 hour tariff the differential charge is maintained in Lancaster with on-street parking charges as agreed with the County Council</p>	<p>The 2 hour tariff car park tariff could be increased without affecting the differential charge for the limited number of 2 hour on-street spaces</p>	<p>The only risk is the greater need to increase the 1 and 2 hour tariffs in future years</p>
<p><u>Option 1B</u></p> <p>This option limits the increases to stays of 3 hours and longer and avoids the most popular tariffs of 1 and 2 hours that affect a large proportion of customers as previously reported</p>	<p>Although this option avoids the most popular tariffs 33% of parking transactions would still be affected by the increased charges</p>	<p>Introducing increases that affect 33% of all transactions could have a negative impact on overall car park usage</p> <p>Increasing charges at Williamson Park could reduce</p>

<p>Again, by not increasing the 1 hour tariff the differential charge is maintained in Lancaster with on-street parking charges as agreed with the County Council.</p> <p>This option maintains the current cost of all-day long stay parking in Morecambe</p> <p>Increased charges at Williamson Park are broadly in line with the main proposals</p>		<p>the number of visitors to the Park / lead to displacement onto surrounding streets</p>
<p><u>Option 1C</u></p> <p>This option maintains the traditional free off street parking in the Council's car parks and supports local shops and businesses leading up to Christmas</p> <p>This option encourages residents and visitors to shop locally and to improve the viability of the city and town centres at Christmas</p>	<p>This does lead to the loss of income but this has been factored into previous year's budgets and the current draft budget for 2017/18 and subsequent years</p>	<p>The greater risk is associated with discontinuing this option and the impact this would have on city and town centre viability at Christmas</p>
<p><u>Option 1D</u></p> <p>This option introduces formal management of the car park and allows leisure users and shoppers to use the car park</p> <p>This option prevents the long-term parking of vehicles on the car park and commuter parking</p> <p>The 4 hour maximum stay allows for the turnover of spaces and gives leisure users and shoppers greater opportunity to use the car park</p>	<p>The formal arrangements remove the informal regular long-term parking arrangements that some users and residents have become used to</p>	<p>Formal management and parking charges could reduce usage of the car park</p> <p>The income generated from parking charges could be minimal</p>

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## Option 2

To investigate an alternative range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council.

Advantages	Disadvantages	Risks
This would potentially allow alternative options to be considered	Alternative proposals may not provide the same range of support for the ongoing management of car parks and the wider objectives of the Council	Alternative proposals may not be introduced for the start of 2017/18 and have operational and financial implications

## 5 Officer Preferred Option

The Officer Preferred Option is **Option 1** - To introduce the following range of sub-options (i.e. 1A to 1D) for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council (further summarised in budgetary terms in the table below):-

- That the most popular 1 and 2 hour tariffs are frozen for 2017/18
- To increase the tariffs outlined in **TABLE A** of this report on all main car parks in Lancaster and Morecambe and increasing the Full Day charge at Williamson Park
- That free parking over Christmas is provided on the following dates:-  
Sundays - 26<sup>th</sup> November, 3<sup>rd</sup>, 10<sup>th</sup>, 17<sup>th</sup> and 24<sup>th</sup> December 2017  
Thursday evenings – 30<sup>th</sup> November, 7<sup>th</sup>, 14<sup>th</sup> and 21<sup>st</sup> December 2017  
(Thursdays subject to further discussion with Lancaster BID and any alternative proposals not leading to an overall greater loss of income)
- To introduce formal management of the Kingsway Car Park in Lancaster and the parking charges outlined in **TABLE B** and Officers amend the Off Street Parking Places Order at the earliest opportunity to implement the changes

<b>Option 1</b>	<b>Additional Income £</b>
1A – 1 and 2 hour Tariffs Frozen	0
1B – Increase Tariffs as per Table A	49,900
1C – Sunday Free Parking (Christmas Period)	0
<b>Total</b>	<b>49,900</b>
1D – Formal Management of Kingsway Car Park (Subject to outcome of the 2017/18 Budget Process)	<p style="text-align: right;"><b>8,000</b> <b>(increasing to £10,200 from 2018/19)</b></p>

## Equality Impact Assessment

## Appendix D

**Section 1: Details**

<b>Service</b>	Corporate
<b>Title and brief description (if required)</b>	Fees and Charges Review – 2017/18
<b>New or existing</b>	Existing
<b>Author/officer lead</b>	Chief Officer (Resources) and Chief Officer (Environmental Services)
<b>Date</b>	14 February 2017

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary**

**What is the purpose, aims and objectives?**

To consider the annual review of fees and charges for 2017/18.

**Who is intended to benefit and how?**

The district as a whole, although various groups may be affected (positively or negatively) depending on specific fees and charges set.

**Section 3: Assessing impact**

**Is there any potential or evidence that this will or could:**

• Affect people from any protected group differently to others?	Yes	
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

**If yes, please provide more detail of potential impact and evidence including:**

- A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results?
- What does this tell you ie negative or positive affect?

Age	No evidence or expectation of any specific impact.
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including older and younger people and children	No evidence or expectation of any specific impact.
Disability	No evidence or expectation of any specific impact.
Faith, religion or belief	No evidence or expectation of any specific impact.
Gender  including marriage, pregnancy and maternity	No evidence or expectation of any specific impact.
Gender reassignment	No evidence or expectation of any specific impact.
Race	No evidence or expectation of any specific impact.
Sexual orientation  Including Civic Partnership	No evidence or expectation of any specific impact.
Rural communities	No evidence or expectation of any specific impact.
People on low incomes	Potentially any increase in fees and charges could impact on low income households. In all cases, in determining an appropriate charging policy proper consideration will be given to the wider equality implications that could affect accessibility of council services to any groups, including low incomes.

**Section 4: Next steps**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?**

Nothing specific identified, however monitoring of existing usage data (where available) would be further evaluated and taken into consideration during the annual review.

**How have you taken/will you take the potential impact and evidence into account?**

Through Member decision making.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Through corporate monitoring / service specific monitoring, as appropriate.



**CABINET**

**Corporate Financial Monitoring 2016/17 – Quarter 3  
14 February 2017  
Report of the Chief Officer (Resources)**

PURPOSE OF REPORT				
To provide an overview of the Council's financial position for Quarter 3 of the 2016/17 monitoring cycle, and the supporting actions underway.				
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 notes the report and the supporting actions set out.

**1. Overview**

1.1. The corporate financial monitoring report for Quarter 3 is attached at **Appendix A**. Members should note that monitoring for this quarter is now against the revised budget. The headline projections are as follows:

- A current General Fund net underspending of £34K, but expected to be in line with the budget by the year end.
- The Housing Revenue Account is currently in line with the revised budget, but an underspend of £17K is expected by the year end.

1.2. There are no other key issues to highlight as a result of the monitoring work undertaken to date.

1.3. In support of corporate financial monitoring, the latest Treasury Management update report is included at **Appendix B**. The Property update report is not included as it is currently being re-worked following changes requested by Budget and Performance Panel. It is envisaged that an updated version of the report will be available for Qtr 4, as part of wider performance reporting.

**2. Performance Monitoring**

In terms of performance monitoring, the Organisational Development Manager has been working with Management Team and officers across the Council to

produce a portfolio of key indicators and projects that will provide management information on the performance and delivery of core services and corporate priorities and outcomes. The work is nearing completion and the outcome will be reported in due course.

**RELATIONSHIP TO POLICY FRAMEWORK**

This report is in support of the delivery of the Council's overall policy framework, and more specifically its Corporate Plan.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

**LEGAL IMPLICATIONS**

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

**FINANCIAL IMPLICATIONS**

As set out in the attached.

**OTHER RESOURCE IMPLICATIONS**

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

References and any related implications are contained within the report and related appendices.

**SECTION 151 OFFICER'S COMMENTS**

This report is in the name of the s151 Officer, albeit in her capacity as Chief Officer (Resources).

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**E-mail:** [ac Clarke@lancaster.gov.uk](mailto:ac Clarke@lancaster.gov.uk)  
**Ref:**

## QUARTER 3 (October to December)

**INTRODUCTION**

This report provides the key variances to note at the end of quarter 3, in terms of the revenue and capital budgets and local taxation. Please note that monitoring is against the revised budget for the purposes of this update.

**REVENUE BUDGET**

**General Fund** – Current underspend of **£34K**, forecast to be in line with budget by year end. Main areas are:

- Employee savings currently -£23K
- Supplies & services currently +£4K
- Income currently -£15K

**Housing Revenue Account** – Currently in line with budget, but forecast to be an underspend of **£17K** by year end as a result of staff vacancy savings.

**CAPITAL PROGRAMME**

**General Fund** – Latest revised programme as reported to Cabinet on 06 December was £16.603M. Spend and commitments at the end of December totalled £7.946M leaving £8.656M still to spend. Further reviews of the programme will be undertaken before the final programme is presented to Budget Council on 01 March.

**Housing Revenue Account** – Latest revised programme as reported to Cabinet on 17 January was £4.314M. Spend and commitments at the end of December totalled £2.430M leaving £1.884M still to spend.

**LOCAL TAXATION**

**Council Tax** – Current deficit of £20K which is a reduction of £89K on the Qtr2 surplus of £69K. Main changes are:

- Reduced cost of Council Tax Support -£133K
- Reduced charge for Second/Empty Homes +£11K
- Other Movements in Tax Base +£211K

The formal calculations of the Council Tax surplus or deficit will be reported to Cabinet in February.

**Retained Business Rates** – The latest position on business rates will be formalised at the end of January, in line with the statutory deadline, and reported to Cabinet in February.

**Collection Performance**

	Full Year Target	Target / Actual To Date	
Council Tax	96.8%	84.9%	84.7%
Business Rates	98.8%	80.2%	80.0%

Both slightly behind target, but only marginally so no cause for concern at this point in the year.

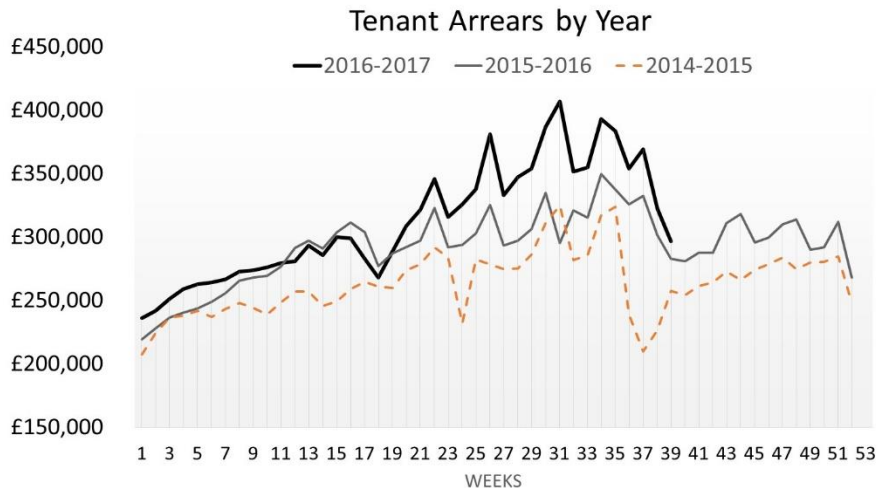
**INCOME COLLECTION**

**Sundry Debts** – At the end of December the level of debt was £2.805M which is a reduction of £576K from Qtr2 (£3.381M). The bad debt provision is due to be reassessed in January and the outcome will be reported to Cabinet in February.

SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	2016/17	Compared to
							QUARTER 3 TOTALS	2015/16 Quarter 3 Totals
	£	£	£	£	£	£	£	£
Enviromental Services	82,246	50,076	8,083	11,126	80,283	20,400	252,213	697,429
Regeneration & Planning	14,174	19,594	627	-	6,553	7,660	48,607	32,557
Resources	233,106	22,294	18,550	43,555	45,887	104,946	468,339	384,956
Health & Housing	36,054	18,941	170	18,527	5,136	900	79,727	59,214
Goverance	500	-	-	-	-	-	500	-
Hsg Benefits (Revenues)	39,672	53,899	55,540	169,695	340,057	1,296,720	1,955,584	1,899,019
<b>2016/17 Quarter 3 Totals</b>	<b>405,751</b>	<b>164,804</b>	<b>82,970</b>	<b>242,903</b>	<b>477,916</b>	<b>1,430,627</b>	<b>2,804,970</b>	<b>3,073,176</b>
<b>2016/17 Quarter 2 Totals</b>	<b>767,692</b>	<b>190,005</b>	<b>90,227</b>	<b>489,819</b>	<b>436,395</b>	<b>1,406,510</b>	<b>3,380,648</b>	

## INCOME COLLECTION

**Council Housing Rent Arrears** – At the end of December the level of arrears was £297K (2015/16 Qtr 3 £283K) which is a reduction of £40K from Qtr2 (£3.381M), and in line with previous years fluctuations. Given this, no specific actions are proposed at this time.



## CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

**Exceptions to Tender** – There were two exceptions to tender in quarter 3:

- Use of Hays Recruitment Agency as recommended supplier for recruitment to specific roles, for a period of 2 years. Exception granted due to the need to formalise the current arrangements, and also provide sufficient time to develop a specification and evaluation criteria for undertaking a full tendering process at the end of 2 years.
- Extension granted for current contracts with VCFS providers for a further year (2017/18), to allow sufficient time to undertake specific service specifications and procure services accordingly.

**Treasury Management Update**  
**Quarter Ended 31 December 2016**  
**Report of Chief Officer (Resources)**

## 2016/17 Treasury Management Update

Quarter Ended 31 December 2016

### 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (through the reporting of the Treasury Management Strategy, and annual and midyear reports). This report is in line with best practice in accordance with that Code, to help demonstrate transparency and promote accountability.

### 2. Economic update (provided by Capita Asset Services)

*Growth has been fairly robust at +0.6% qtr/qtr, +2.2% yr/yr in quarter 3 of 2016 to confound the pessimistic forecasts by the Bank of England in August and by other forecasters, which expected to see near zero growth during 2016 after the referendum. Prior to the referendum, the UK economy had been facing headwinds for exporters from the appreciation of sterling against the Euro plus weak growth in the EU, China and emerging markets, and the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, there was then a sharp recovery in confidence and business surveys and the fall in the value of sterling has had a positive effect in boosting manufacturing in the UK due to improved competitiveness in world markets.*

*The Bank of England meeting on 4<sup>th</sup> August addressed its forecast of a slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report cut the forecast for growth in 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. While the MPC was prepared to cut Bank Rate again by the end of 2016, Carney also warned that the Bank could not do all the heavy lifting and suggested that the Government would need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on November 23 and which he duly delivered.*

*The robust growth in quarter 3 of +0.6%, plus forward indicating business surveys also being very positive on growth, caused the MPC in November to pull back from another cut in Bank Rate. The November Inflation Report also included a forecast for inflation to rise to around 2.7% in 2018 and 2019, well above its 2% target, due to a sharp rise in the cost of imports as a result of the sharp fall in the value of sterling after the referendum. However, the MPC is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.*

*In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December 2015 and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. In December 2016, it extended its QE programme;*

monthly purchases at €80bn will continue to March 2017 and then continue at €60bn until December 2017. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 3 2016 (1.7% y/y) but forward surveys are, at last, positive about a modest upturn to growth while inflation has also started to increase significantly. There have been many comments from forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and economic growth.

### 3. Interest Rate Forecast

The council's treasury advisor, Capita Asset Services has provided the following forecast:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling after early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

### 4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 2 March 2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also, if and where appropriate, to seek out value available in periods up to 12 months with highly credit rated financial institutions, using the adopted creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Officers confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31 December 2016.

The average level of funds available for temporary investment purposes during the quarter was £54M, falling to £40M by 31 December. The level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

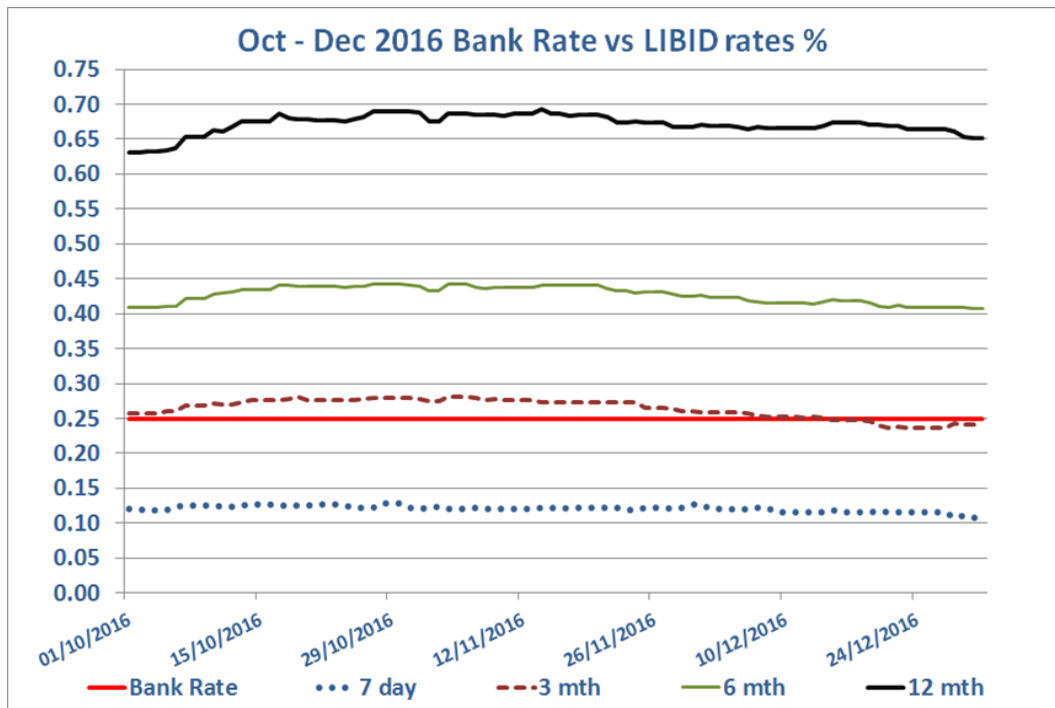
In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates at the end of the period is shown below. This is viewed as reasonable performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow meets its needs). During the current quarter liquidity has been a particular issue, due to the uncertainty over the timing of a repayment due to central Government in respect of the outcome of a substantial business rates refund.

Base Rate	0.25%
7 day LIBID	0.11%
Lancaster City Council investments	0.25%

Investment performance against budget for quarter ended 31 December 2016:

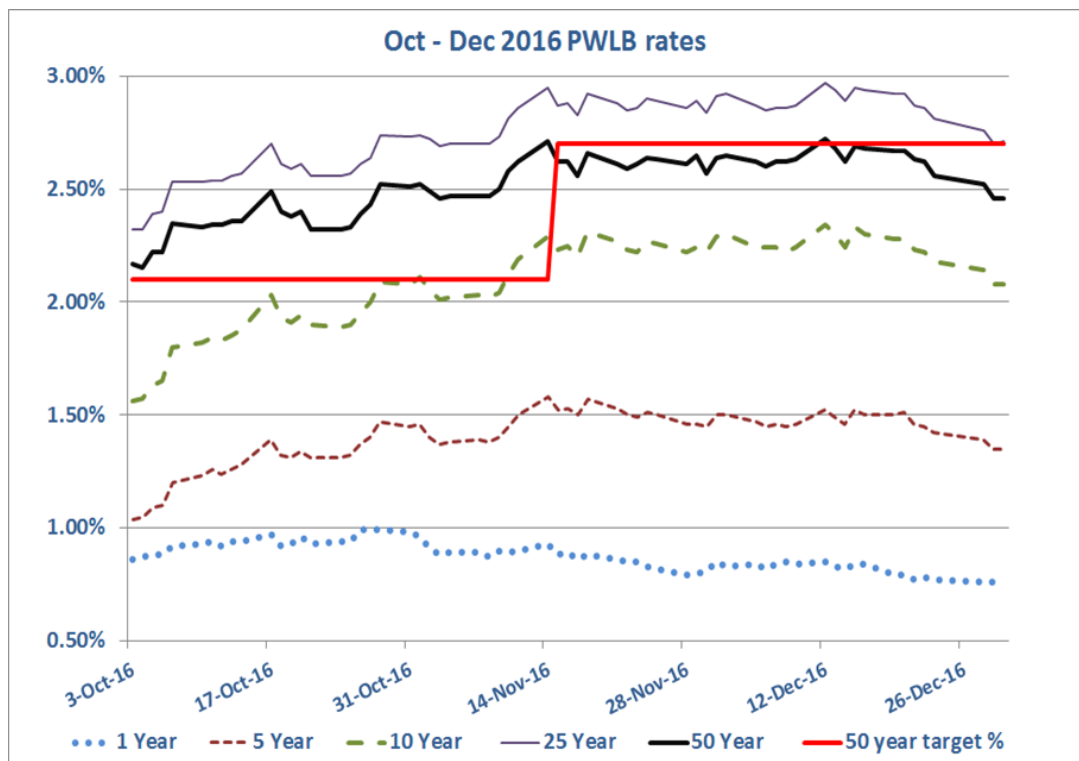
Other Investments	Term	Maturity Date	Opening £	Closing £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
<b>Call Accounts</b>							
Natwest (Cash Manager Plus)			70,444	294,879		0.01%	263
Santander			0	0		0.15%	281
Lancashire County Council			0	0		0.15%	2,327
<b>Notice Accounts</b>							
Svenska Handelsbanken (35 day)			6,000,000	6,000,000		0.10%	14,387
<b>Money Market Funds</b>							
Insight			6,000,000	4,185,000	0.23%		13,144
Blackrock Liquidity First			4,800,000	6,000,000	0.29%		17,558
Blackrock Sterling Govt Liquidity Fund			60,000	0	0.10%		1,552
Goldman Sachs			6,000,000	0	0.24%		6,954
LGIM			6,000,000	6,000,000	0.32%		18,976
Ignis			6,000,000	6,000,000	0.30%		19,507
<b>Fixed Term Deposits</b>							
Barclays	6 months	15/04/2016	0	0		0.69%	529
Barclays	3 months	01/07/2016	0	0		0.48%	1,197
Barclays	3 months	15/07/2016	0	0		0.48%	2,393
Lloyds	6 months	20/07/2016	0	0		0.75%	4,521
Lloyds	3 months	30/06/2016	0	0		0.57%	1,405
Cambridgeshire County Council	66 days	05/01/2017	0	12,000,000		0.27%	5,859
Birmingham City Council	6 months	29/04/2016	0	0		0.47%	4,326
Birmingham City Council	6 months	28/10/2016	12,000,000	0		0.48%	28,722
<b>Sub-total</b>			<b>46,930,444</b>	<b>40,479,879</b>			<b>143,901</b>
<b>Budgeted income</b>							<b>133,543</b>
							<b>10,358</b>





### 5. Borrowing Activities

As depicted in the graph below, there has been significant volatility in PWLB rates during Quarter 3 as rates rose from historically very low levels at the beginning of the quarter but then fell back somewhat towards the end of December. During the quarter ended 31 December 2016, the 50 year PWLB target (certainty) rate for new long term borrowing started at 2.10% and ended at 2.70%.



Due to the overall financial position there is no new underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), therefore no new borrowing was undertaken.

## **6. Debt Rescheduling**

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. Debt rescheduling opportunities have been limited in the current economic climate and at present it would not be financially prudent to repay any debt because of the high penalties associated with early repayment.

## **7. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council's approved Treasury and Prudential Indicators are included in the approved Treasury Management Strategy.

## **8. Risk management (Key Aspects)**

### **Investment Security:**

There is still significant inherent risk generally affecting counterparties (i.e. who investments are placed with). These are considered to be managed effectively through the creditworthiness framework currently applied.

### **Liquidity:**

The Council has had higher risk than might have been considered normal for a council of its size with cash balances having been extraordinarily high. On 30 December the significant reduction in balances linked to business rates which had been anticipated crystallised, levelling out this particular risk. Liquidity risks are further managed through cash flow monitoring and forecasting together with the periods chosen for investment. This arrangement helps to ensure that the Council will have sufficient cash available to meet its payment obligations.

### **Interest Risk:**

Investment Returns are low and have been reducing during the year. As has been previously reported the Council has risk exposure because all of its borrowings are long term at fixed rates whilst investments are inevitably shorter term to maintain liquidity. Investments are, therefore, more influenced by movements in the Bank Rate. Although little can be done to mitigate this risk, the Bank Rate is so low that there is little scope for the Council's net interest rate exposure (i.e. the difference between its borrowing and investment interest rates) to increase significantly.

### **Other:**

Counterparty investment capacity (the counterparties and their combined investment limits currently available to the Council) had been tight for much of the quarter. The expected reduction in cash balances at the end of December means that this risk has eased.

## 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.
- **Nonfarm Payroll Employment** - is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, or non-profit organization employees.
- **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*.

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