



Committee: CABINET

Date: TUESDAY, 3 SEPTEMBER 2019

Venue: MORECAMBE 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, 6 August 2019 (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 Councillors of interests in respect of items on this Agenda.

Councillors 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, Councillors 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, Councillors 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. **Delivering our Ambitions Q1** (Pages 1 - 10)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Director of Corporate Services

7. **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 3 of Schedule 12A of that Act.”

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

8. **Lancaster Caton Road (Phase 3) Flood Risk Management Scheme** (Pages 11 - 24)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Director for Economic Growth and Regeneration

9. **Applications for Grant Funding from Lune Valley Community Land Trust and Halton Senior Co-Housing Group Ltd**

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Report of Director for Economic Growth and Regeneration

(Report to follow subject to the agreement of the Chair of Overview & Scrutiny for Cabinet to go into private session in accordance Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, Part 2, Regulation 5 (6) Procedures prior to private meetings)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Erica Lewis (Chair), Kevin Frea (Vice-Chair), Dave Brookes, Tim Hamilton-Cox, Janice Hanson, Caroline Jackson, Jean Parr, John Reynolds, Alistair Sinclair and Anne Whitehead

(ii) Queries regarding this Agenda

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

(iii) Apologies

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

KIERAN KEANE,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on Friday, 23 August 2019.

CABINET

**Delivering Our Ambitions:
Performance, Projects and Resources Q1 2019-20
3 September 2019**

Report of Director of Corporate Services

PURPOSE OF REPORT			
To provide members with an update on performance, projects and resources during the first quarter of 2019-20 (April-June 2019).			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
This report is public.			

RECOMMENDATIONS OF COUNCILLOR ANNE WHITEHEAD

- (1) That Cabinet consider the update on performance, projects and resources for quarter 1, 2019-20.

1.0 Introduction

- 1.1 This report and appendices represents the initial step in aligning performance, project and resource information into an integrated format, to provide members with a comprehensive view of progress against the council's agreed priorities.

2.0 Performance Scorecard

- 2.1 Appendix A contains an update on performance against key success measures.
- 2.2 As Cabinet and the council's priorities continue to develop, success measures will be updated accordingly to align with the priorities.

3.0 Project Update

- 3.1 Appendix B contains corporate project reporting information. Updates in this document primarily cover the Q1 time period. However, where projects are giving monthly updates, the most recent report (in this case from July) is included, to ensure that the information presented is as up-to-date as possible. Columns showing the reporting frequency for each project and the date on which the update was written are included, so the age of each update can easily be seen.

3.2 Each project can report one of the following statuses:

a. Red – Used when the project encounters significant issues and requires corrective action to meet its business objectives.

b. Amber – Used when the project encounters problems which have a negative effect on project performance. Typically these can be resolved at project lead level.

c. Green – Used when the project is on track against the plan and progressing well.

d. Not Started – Where the project is identified and planned for as a corporate project, but is yet to complete the 'Start-up' stage

e. On Hold – Used when for reasons outside of the control of the project lead, the project is stalled pending action elsewhere. For example, when the project is dependent on an external decision or the outcome of another project

f. Complete – When the project is complete and is going through the project closure process. Once project closure is signed off it will be removed from the list of corporate projects reported on.

g. No data available – Used when the project lead has not been able to supply an update

3.3 When a project reports a status other than 'Green', brief notes will be added to the Comments and Issues section of the report to explain further.

4.0 Financial Monitoring

4.1 Appendices C and D provide information on the overall revenue financial position of the Council, highlighting any significant issues and variations in the first quarter of the financial year. In an attempt to aid understanding Members should note that where projected variances values are presented with brackets () this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.

4.2 As at the end of Quarter 1 June 2019 (Q1) we are currently projecting a year end overspend against budget of (£165K). It should be noted that this projected overspend includes the full removal of the General Fund corporate staff turnover target of (£518K), shown against Corporate Services (Central Expenses) which all services are expected to contribute towards. Therefore, any further net turnover savings achievable in the remaining quarters will help reduce the overall net position. Also, (£156K) approved staff savings have been removed which is shown against Communities and the Environment (Business Support) in the service analysis. This is an area which is subject to change over the next few due to ongoing restructuring. This is currently work in progress and projections will be included in monitoring, as soon as they are available.

- 4.3 Financial Services is currently refreshing how it presents all of the Council's Corporate Financial Monitoring information. The aim of the review is to simplify the information presented, thereby increasing transparency allowing Members a greater understanding of the key financial risk areas faced by the Council and in turn aid informed decision making. This work is ongoing and we will consult with Members through the Financial Resilience Advisory Group across a number of areas over the next few months.

5.0 Summary Position

- 5.1 **Service Analysis:** a summary of the Q1 revenue position for the main service accounts of the Authority is set out in table 1 below. **Appendix C: Quarter 1 Financial Monitoring – Service Analysis** covers this information in more detail.

Table 1 Quarter 1 Financial Monitoring – Service Analysis

	Original Budget 2019/20 £'000	Q1 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Communities and Environment	4,105	(3,391)	3,885	+220
Economic Growth and Regeneration	4,683	1,687	4,693	(10)
Corporate Services	5,940	895	6,433	(493)
Central Services	1,080	611	996	+84
Other Items	129	(1,438)	95	+34
TOTAL	15,937	(1,636)	16,102	(165)

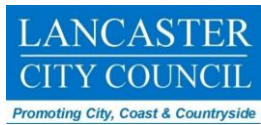
- 5.2 **Subjective Analysis:** a summary of the Q1 revenue position analysed across the Councils subjective headings is set out in table 2 below. **Appendix D: Quarter 1 Financial Monitoring – Subjective Analysis** covers this information in more detail.

Table 2 Quarter 1 Financial Monitoring – Subjective Analysis

	Original Budget 2019/20 £'000	Q1 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Employees	26,541	5,468	26,455	+86
Premises Related Exp	10,575	3,647	10,668	(93)
Transport Related Exp	1,455	193	1,457	(2)
Supplies and Services	14,041	4,857	14,603	(562)
Transfer Payments	28,027	4,581	28,027	0
Support Services	369	6	369	0
Capital Charges	2,804	0	2,804	0
Capital Financing Costs	4,791	0	4,791	0
Appropriations	2,776	1	2,742	+34
Income	(73,297)	(20,389)	(73,669)	+372
Capital Financing Inc	(2,145)	0	(2,145)	0
TOTAL	15,937	(1,636)	16,102	(165)

- 5.3 It should be noted that the above analysis focuses on net expenditure. The funding of this expenditure arises predominantly from two sources, council tax and business rates. Although it is early in the year to get a definitive view of year end collection performance, it is anticipated, at this stage, that business rates income will exceed budget so long as the Heysham Nuclear Power station reactors do not close down. This would effectively reduce the reported overspend. A report in this respect will be included in the half year financial report.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>Performance, project and resource monitoring provides a link between the Council Plan and operational achievement, by providing regular updates on the impact of operational initiatives against strategic aims.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):</p> <p>The content of this report has no impact in itself.</p>	
<p>LEGAL IMPLICATIONS</p> <p>No legal implications directly arising from this report.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>No financial implications directly arising from this report.</p>	
<p>OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:</p> <p>No other implications directly arising from this report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments.</p>	
<p>DEPUTY MONITORING OFFICER'S COMMENTS</p> <p>The Deputy Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS</p> <p>N/A</p>	<p>Contact Officer: Dan Bates Director for Corporate Services Telephone: 01524 582011 E-mail: dbates@lancaster.gov.uk Ref: N/A</p>



Lancaster City Council

Delivering Our Ambitions: Quarter 1 Performance Scorecard

Quarter 4/End of Year - Overall Performance

15
Target Achieved

3
Within 10% of target

2
Outside Target

3
Baseline

Performance Information		Year 2018/19										High Neutral Low	Year 2019/20		Trend
		Quarter 1		Quarter 2		Quarter 3		Quarter 4		End of Year 2018/19			Quarter 1		
Reference Code	Indicator	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target	Actual	
A Thriving and Prosperous Economy															
A1.1	Percentage of minor planning applications determined within 8 weeks or agreed time (Speed of Decision)	70%	98.61%	70%	98%	70%	94.67%	70%	98.48%	70%	98.87%	High is Good	70%	100%	
Green: All Minor Applications received in the Quarter were determined either within the Government's timescales (73% of Minors received were determined within 8 weeks) or within a mutually-agreed period of time.															
A1.2	Percentage of other planning applications determined within 8 weeks or agreed time (Speed of Decision)	70%	97.52%	70%	100%	70%	94.25%	70%	98.77%	70%	98.39%	High is Good	70%	99.44%	
Green: Over 99% of all Other Applications were determined either within the Government's timescales (over 84% were determined within 8 weeks) or within a mutually-agreed period of time. This equates to 178 out of 179 Other Applications being determined "within time".															
A1.3	Percentage of major planning applications determined within 13 weeks or agreed time (Speed of Decision)	60%	100%	60%	100%	60%	100%	60%	100%	60%	100%	High is Good	60%	100%	
Green: All Major Applications received in the Quarter were determined either within the Government's timescales (almost 69% of Majors received were determined within 13 weeks) or within a mutually-agreed period of time.															
A1.4	Number of empty properties brought back into use	15	12	15	20	15	13	15	15	60	60	High is Good	15	15	
Green: 15 empty homes were brought back into use with Council involvement in the first quarter. So of the 218 properties being monitored, 7% were brought back into use.															
Clean, Green and Safe Neighbourhoods															
A2.1	Number of fly tipping reports actioned within 5 days	125	389	125	315	125	207	125	192	500	1,103	High is Good	125	249	
Green: during Q4 a total of 436 reports were received; 192 of these (44.03%) were closed within five days															
A2.2	Percentage of household waste recycled (Quarter Behind)	45%	30.07%	45%	38.30%	45%	39%	45%	33.2%	N/A - End of year figures will be reported next quarter		High is Good	45%	34.30%	
Red: The council's control of household waste recycling is limited by Lancashire County Council's status as the waste disposal authority. A change of policy to recycle some waste types currently not recycled would result in an increased figure.															
A2.3	Kilogrammes of residual waste per household (Quarter Behind)	87.17	75.9	87.17	88.3	87.17	81	87.17	80	N/A - End of year figures will be reported next quarter		Low is Good	87.17	97.56	
Red: As above, some types of waste that could be recycled are currently disposed of as residual waste.															
A2.5	Diesel Consumption - Council Vehicle Fleet (Litres)	121,728	119,639.5	121,728	117,762	121,728	117,001	121,728	113,490	486,912	467,892.5	Low is Good	121,728	117,004.0	
Green: Ongoing quarterly reduction in fuel consumption															
A2.6	Cost/M2 spent on energy across corporate buildings (Quarter Behind)	Baseline	£4.71	Baseline	£3.65	Baseline	£3.35	Baseline	£5.62	Baseline	£17.33	Low is Good	Baseline	£4.37	
This is against £4.71 for the same period last year. A reduction in cost/m2 is expected alongside the reduction in consumption shown below.															

Performance Information		Quarter 1		Quarter 2		Quarter 3		Quarter 4		End of Year 2018/19		High	Low	Quarter 1		Trend
Reference Code	Indicator	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Neutral		Target	Actual	

A2.7	Amount of energy usage in council buildings (Gas/KWH) (Quarter Behind)	Baseline	2,204,958	Baseline	1,250,679	Baseline	682,533	Baseline	1,764,381	Baseline	5,902,551	Low is Good		Baseline	2,401,663	
A2.8	Amount of energy usage in council buildings (Electricity/KWH) (Quarter Behind)	Baseline	695,231	Baseline	527,235	Baseline	566,849	Baseline	616,911	Baseline	2,406,226	Low is Good		Baseline	645,832	

A2.4	Total number of subscriptions to the Garden Waste Scheme	30,000	22,042	24,000	22,594	24,000	23,265	24,000	17,132	24,000	17,132	High is Good	24,000	21,879	
Amber: The final figure for 2018/19. Subscriptions closed at the end of November 2018. Subscriptions will open for 2019/20 late January 2019.															

Healthy and Happy Communities

A3.1	Number of people statutorily homeless	25	14	25	10	25	12	25	5	100	41	Low is Good	25	4	
Green															

A3.2	Number of Disabled Facilities Grants completed	50	122	50	83	50	78	50	104	200	387	High is Good	50	97	
Green: The average no of grants completed per month in 2017/18 was 19. The average no of grants completed per month at the end of Q3 2018/19 is 32.															

A3.3	Number of properties improved	25	18	25	24	25	38	25	42	100	122	High is Good	50	133	
Green: This figure includes 34 category 1 hazards resolved.															


A3.4	Percentage of premises scoring 4 or higher on the food hygiene rating scheme	90%	88.36%	90%	87.80%	90%	90.70%	90.00%	91.00%	90.00%	91.00%	High is Good	90%	90.00%	
Green:															

A3.5	Percentage of high risk food hygiene inspections completed	100%	85%	100%	86%	100%	75%	100%	93.3%	100%	93.30%	High is Good	100%	83%	
Amber: From the 2 not completed in the quarter, 1 was a butchers shop where the inspection was delayed to provide an opportunity for a joint inspection with another Food officer, and the second was a compliant business with a good history and was only in the high risk category due to the increase risk waiting based on vulnerable residents. Neither businesses are considered to be of concern despite the higher risk rating.															

A3.6	Total number of admissions to Salt Ayre Leisure Centre	130,000	210,621	180,000	220,521	230,000	193,561	197,740	224,089	737,740	848,792	High is Good	185,000	209,041	
Green															

A3.7	Time taken to re-let council houses (Days)	38	30.80	38	27.92	38	25.68	38	23.07	38	23.07	Low is Good	38	19.15	
Green: Due to the reduction of void times our 'void loss' has also reduced significantly, currently 0.94% of the current rent debit raised – equivalent to just £34,855 rent lost compared to £41,729 at the same point in 2018/19.															

Performance Information		Quarter 1		Quarter 2		Quarter 3		Quarter 4		End of Year 2018/19		High	Low	Quarter 1		Trend
Reference Code	Indicator	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Neutral		Target	Actual	
A Smart and Forward - Thinking Council																
A4.1	Number of followers on Lancaster City Council's Twitter Page (Cumulative Indicator)	9000	10,923	9000	11,295	9,000	11,858	9,000	12,286	9,000	12,286	High is Good		9000	12,376	
Green: Growth has continued, but at a slower rate than previously.																
A4.2	Average number of days of sickness absence per full time employee	1.75	1.73	1.75	1.78	1.75	2.2	1.8	1.9	7.0	7.6	Low is Good		1.75	1.74	
Green																
A4.3	Occupancy rates for all commercial properties (including estate shops)	100%	95.60%	100%	95.30%	100%	96.60%	100%	95.60%	100%	95.60%	High is Good		100%	95.80%	
Amber: The total level of occupancy has gone down by 0.1% due to a couple of small retail units being vacant balanced out by another unit at The Storey being let during this quarter. 95.8% represents a good level of occupancy in the current climate in a landlord's portfolio.																
A4.4	Average time taken to process new Housing Benefit and Council Tax claims (Days)	23	28.3	23	48	23	40	23	32.76	23	32.76	Low is Good		23	14.30	
Green: Revised measurement this time around concentrating on Housing Benefit processing. Performance is ahead of target																

 <i>Promoting City, Coast & Countryside</i>	Corporate Projects Update – Q1 2019 and monthly updates for July	Key															
	* Reporting Frequency: M = Monthly, Q = Quarterly, S = Semi-annually, A = Annually	<table border="1"> <tr> <td>R</td> <td>Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken</td> <td>C</td> <td>Complete</td> </tr> <tr> <td>A</td> <td>Amber – The project is at risk of failing to meet its agreed plan, costs or benefits unless action is taken</td> <td>N</td> <td>Not Started</td> </tr> <tr> <td>G</td> <td>Green – The project is on track to meet its agreed plan, costs or benefits</td> <td>H</td> <td>On hold</td> </tr> <tr> <td>X</td> <td>No data available</td> <td></td> <td></td> </tr> </table>	R	Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken	C	Complete	A	Amber – The project is at risk of failing to meet its agreed plan, costs or benefits unless action is taken	N	Not Started	G	Green – The project is on track to meet its agreed plan, costs or benefits	H	On hold	X	No data available	
R	Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken	C	Complete														
A	Amber – The project is at risk of failing to meet its agreed plan, costs or benefits unless action is taken	N	Not Started														
G	Green – The project is on track to meet its agreed plan, costs or benefits	H	On hold														
X	No data available																

A Thriving and Prosperous Economy

Ref. No.	Project Name	*	Date of update	Status
CE03	Williamson Park Adventure Playground	Q	8/7/19	G
CE04	Williamson Park - Event and Conference Venue	Q	8/7/19	N
CE07	LATCo = Commercial Waste		N/A	N
EGR09	Economic Growth Plan (No update report)	M	N/A	G
EGR13	Heysham Gateway - Site Improvement Works (No link available)	Q	24/6/19	G
EGR19	Eden Project North		4/7/19	G
EGR24	Property Investment Strategy	M	13/8/19	G
EGR26	Future High Street Funding	M	26/7/19	G
EGR28	Heritage Action Project (New project)	Q	N/A	N

Clean, Green and Safe Neighbourhoods

Ref. No.	Project Name	*	Date of update	Status
EGR01	Canal Quarter phase 1	M	31/7/19	G
CE02	District wide car parking strategy	S	8/7/19	G
EGR10	Place Narrative			C
CE11	Climate Change / Zero Carbon Plus	Q	30/6/19	G
EGR14	Solar Farms (EHR14 and EGR18 have now been combined)	M	31/7/19	G
EGR21	Museums Service Transfer			C
EGR23	VIC Review (Move to City Museum)	Q	5/7/19	G

Healthy and Happy Communities

Ref. No.	Project Name	*	Date of update	Status
CE01	Council Housing New Build	S	14/6/19	A
CE05	LATCo = Salt Ayre Leisure Centre (Link to Q1 report, prior to project being put on hold)	M	6/8/19	H
EGR05	Bailrigg Garden Village Masterplanning	Q	26/6/19	G
CE06	LATCo = Housing Company	S	N/A	N
EGR27	Lune Flood Protection, Caton Road (No link available)	M	31/7/19	G

A Smart and Forward-Thinking Council

Ref. No.	Project Name	*	Date of update	Status
CS01	Grading / Pay Review	Q	28/6/19	A
CS02	Our Values	Q	24/6/19	G
CS12	High Capacity Fibre Cable Network Provision	Q	28/6/19	A
CS14	Agile project	Q	20/6/19	G
CS17	Digital Strategy - completion, adoption and implementation	M	5/8/19	G
CS18	Risk Management Strategy / Overhaul and Implementation	Q	26/6/19	A
CS29	Procure to Pay (P2P)	M	25/7/19	G
CS31	Social Value, including procurement strategy	Q	24/6/19	G
CS33	Zero Based Budgeting	Q	24/6/19	G
CS37	Employee Engagement (New project)	Q	N/A	N

Comments and Issues (further details available by clicking the hyperlinks above)

CE01 – Two schemes have been developed into the planning phase. ‘Carnforth A’ has the option for further public consultation and ‘Carnforth B’ is uneconomic to pursue against planning advice. The project awaits the opening of further consultation and new cabinet approval of objectives.

CS01 – Contract took longer than expected to be signed. Return of updated job descriptions proving to be challenging with 63.1% returned to date. There is a risk that project will slip unless the job descriptions are returned soon. At the outset, staff were promised that this project would be completed in 2019.

CE04 – This project is not yet underway but is due to have started prior to the end of Q2.

CE05 – This project is behind its original plan date, but a transfer date for April 2020 remains possible. The project is currently on hold and awaiting a steer due 5th September 2019.

CE06 – This project is not yet due to commence.

CE07 – This project is not yet due to commence.

EGR10 – This project is due to close during Q2.

CS18 – The risk management strategy is not yet started. Meeting to be arranged in next few weeks to agree actions and timescales.

EGR21 – This project is due to close during Q2.

EGR28 – This is a new corporate project. Timescales are yet to be defined.

CS37 – This is a new project which is due to commence during Q2.

QUARTER 1 FINANCIAL MONITORING - SERVICE ANALYSIS 2019/20

		Original Budget 2019/20 £'000	Q1 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Communities and Environment					
	Corporate Safety	65	13	65	0
Business Support	Service Support	319	174	475	(156)
	White Lund Depot	(14)	(29)	(14)	0
	Vehicle Maintenance	(37)	47	(28)	(9)
	Customer Services	587	155	517	+70
Customer Involvement & Leisure	Leisure	228	6	296	(68)
	Salt Ayre	249	176	337	(88)
	Environmental Health	1,127	211	1,114	+13
Environmental Health	Emergency Planning	61	14	61	0
	Licensing	(86)	(6)	(92)	+6
	Safety	81	(76)	57	+24
	GF Housing	(26)	(2)	(26)	0
Housing Services	HRA Repairs & Maintenance	4,420	1,110	4,420	0
	HRA Expenditure	14,869	718	14,850	+19
	HRA Income	(20,500)	(3,724)	(20,640)	+140
	Strategic Housing	619	(1,311)	497	+122
	CCTV	32	4	32	0
Public Realm	Cemetries	191	98	189	+2
	Grounds Maintenance	(262)	(91)	(291)	+29
	Household Waste Collection	2,004	(218)	1,987	+17
	Markets	(141)	(45)	(139)	(2)
	Parking	(1,973)	(124)	(2,040)	+67
	Parks	1,155	317	1,141	+14
	Public Conveniences	163	78	163	0
	Street Cleaning	1,232	199	1,225	+7
	Trade Waste	(486)	(1,108)	(496)	+10
	Williamson Park	228	23	225	+3
			4,105	(3,391)	3,885
Economic Growth and Regeneration					
Planning & Development	Building Control	112	21	173	(61)
	Conservation & Environment	70	(2)	70	0
	Development Control	(431)	(66)	(437)	+6
	Local Plan	561	257	545	+16
Economic Development	Economic Development	683	152	683	0
	Regeneration	751	682	754	(3)
	Marketing & Comms	253	62	253	0
	Grants	216	46	216	0
	The Platform	80	(23)	87	(7)
	Tourism & Events	490	116	498	(8)
	Museums	553	173	555	(2)
Property, Investment and Regeneration	Highways	71	15	71	0
	Sea Defence & Land Drainage	398	65	396	+2
	Property	920	203	867	+53
	Building Cleaning	(44)	(14)	(38)	(6)
		4,683	1,687	4,693	(10)
Corporate Services					
Corporate Accounts	Central Expenses	1,069	(530)	1,587	(518)
Democratic	Democratic	1,051	232	1,051	0
Finance	Finance	1,136	1,212	1,108	+28
HR	HR	511	161	490	+21
ICT	ICT	1,257	579	1,231	+26
Internal Audit	Internal Audit	179	31	172	+7
Legal	Legal	380	85	437	(57)
Revenues & Benefits	Revenues & Benefits	357	(875)	357	0
		5,940	895	6,433	(493)
Central Services					
Chief Executive	Executive Team	810	235	726	+84
	Grants to other bodies	270	376	270	0
		1,080	611	996	+84
Other Items					
Other Items	New Homes Bonus	(1,672)	(1,391)	(1,672)	0
	Revenue Funding of Capital	864	0	864	0
	Minimum Revenue Provision	1,535	0	1,535	0
	Interest Payable	1,100	0	1,100	0
	Interest Receivable	(187)	(48)	(187)	0
	Notional Charges	0	0	0	0
	Contributions to Reserves	(1,484)	1	(1,518)	+34
	Contributions from Reserves	(27)	0	(27)	0
		129	(1,438)	95	+34
GRAND TOTAL		15,937	(1,636)	16,102	(165)

Notes:

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative () for adverse and positive + for favourable

QUARTER 1 FINANCIAL MONITORING - SUBJECTIVE ANALYSIS 2019/20

		Original Budget 2019/20 £'000	Q1 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Employees	Direct Employee Expenses	25,411	5,321	25,246	+165
	Indirect Employee Expenses	1,130	147	1,209	(79)
Premises Related Exp	Cleaning and Domestic Supplies	505	61	505	0
	Energy Costs	839	98	839	0
	Fixtures and Fittings	1	0	1	0
	Grounds Maintenance Costs	2,185	756	2,194	(9)
	Operational Bldgs Allocation	211	62	211	0
	Premises Insurance	338	759	338	0
	Rates	1,277	1,270	1,286	(9)
	Rents	98	53	98	0
	Repair and Maintenance	4,744	523	4,819	(75)
	Water Services	377	65	377	0
Transport Related Exp	Car Allowances	58	8	59	(1)
	Contract Hire Operating Leases	56	15	56	0
	Direct Transport Costs	1,203	163	1,203	0
	Public Transport	18	7	19	(1)
	Transport Insurance	120	0	120	0
Supplies and Services	Catering	55	12	55	0
	Clothing Uniform and Laundry	94	21	95	(1)
	Communications and Computing	1,464	953	1,448	+16
	Contribution to Provisions	384	0	384	0
	Equip Furniture and Materials	1,991	477	2,009	(18)
	Expenses	568	156	584	(16)
	General Office Supplies	407	111	407	0
	Grants and Subscriptions	1,560	1,020	1,583	(23)
Miscellaneous Expenses	1,313	475	1,375	(62)	
Services	6,205	1,632	6,663	(458)	
Transfer Payments	Housing Benefit	28,027	4,581	28,027	0
Support Services	Recharges Exp	369	6	369	0
Capital Charges	Amortisation of Def Chgs	0	0	0	0
	Depreciation	2,804	0	2,804	0
Capital Financing Costs	Interest Payments	4,791	0	4,791	0
Appropriations	Appropriations	2,776	1	2,742	+34
Income	Customer Fees and Charges	(31,792)	(8,558)	(32,036)	+244
	Government Grants	(30,897)	(9,067)	(31,041)	+144
	Interest	(356)	(50)	(356)	0
	Other Grants and Contributions	(1,639)	(745)	(1,670)	+31
	Recharges Inc	(8,613)	(1,969)	(8,566)	(47)
Capital Financing Inc	Capital Related Income	(2,145)	0	(2,145)	0
GRAND TOTAL		15,937	(1,636)	16,102	(165)

Notes:

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative () for adverse and positive + for favourable

CABINET

Lancaster Caton Road (Phase 3) Flood Risk Management Scheme

3 September 2019

Report of the Director Economic Development and Regeneration

PURPOSE OF REPORT			
To update Members on the progression of the River Lune flood defence scheme. The report reviews the scheme as it enters the preliminary site preparation and construction phase. Commentary is provided on the current estimated forecast outturn construction cost and project risks. Options and recommendations on the need for additional council funding to offset specific scheme scope and specification risks are considered.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	5 August 2019		
This report is partially exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.			

RECOMMENDATIONS OF COUNCILLOR TIM HAMILTON-COX

- (1) Cabinet agrees a further contribution of £489K towards the critical priority implementation and scope risks identified in the report (with growth of £10K per annum revenue costs).
- (2) Officers continue to explore and secure all potential additional public and private sector funding contributions to reduce the call on council funding.
- (3) The Section 151 Officer to update the General Fund Revenue Budget and Capital Programme to reflect the decisions taken.

1.0 Introduction

- 1.1 Members considered a report on the Lancaster Caton Road Flood Defence Scheme at the Cabinet meeting of 15 January 2019. The following key resolutions were agreed in order to progress the project design development

and proceed towards construction (minute ref: 79).

- That Cabinet agree a contribution of up to £847K towards the capital costs of the scheme, and growth of £17K per annum revenue costs of this capital investment should the scheme proceed to contract;
- That in order to ensure major construction work can proceed over the spring/summer period and avoid the need for contractual stand-still to account for nesting birds, a sum of £92K of the council's approved capital funding is used to undertake tree felling, site-clearance and other preparatory works in anticipation of the main contract being agreed.
- That on receipt of a formal letter the council accepts an offer of up to £3.85M ERDF funds for the scheme, formal acceptance of the offer being delegated to the Section 151 Officer.
- That Officers move to formally secure the anticipated business contributions via contract deed;
- That Officers complete the design/target cost package and a contract is agreed for Stage 2 capital works with VBA Joint Venture Limited (subject to securing the funding to meet scheme costs)

1.2 The preferred build option is a flood defence wall between Skerton Bridge (downstream) and Junction 34 of the M6 motorway (upstream). The defences will consist of 2.7km of wall on the left bank and 0.12km on the right bank (60m of walls and 60m of embankment) on the River Lune adjacent to Caton Road and Aldrens Lane and Halton Road. It assumes a reinforced concrete defence located predominantly on the boundary between the private business / third party land on the industrial estates and the council's land.

2.0 Scheme Progress

Design Development and Planning

- 2.1 Members will recall the scheme aims to address the unacceptably high level of flood risk immediately upstream of Lancaster city centre between Halton Weir and Skerton Bridge. The most vulnerable parts of this area have a 1 in 5 (20%) chance of flooding from the River Lune in any given year.
- 2.2 Designer/contractor VBA Joint Venture Limited was appointed, through the EA's OJEU compliant Water and Environmental Management Framework, to undertake the initial Stage 1 design and survey work. The design has been continually refined to secure more cost certainty in order to develop the Stage 2 construction contract details.
- 2.3 Without intervention the Standard of Protection will decline further due to climate change. The Environment Agency and Lancaster City Council agree that doing nothing in this location is not considered viable as it leaves an

unacceptably high level of flood risk leading to the likelihood of businesses closing or moving away.

- 2.4 The full details of the approved scheme are available through the council's planning portal (refer to link in Background Papers). It has taken a major effort on the part of the council's officers and contractor team to progress this major infrastructure project to this stage in a relatively short period of time.

Funding

- 2.5 As noted in previous reports the scheme was not fully fundable with Environment Agency Flood Defence Grant in Aid (FDGiA) as the grant is designed to protect mainly residential rather than business properties. As the scheme developed and funding calculator information was refined the funding formula gave an FDGiA allocation of £3.285M (inclusive of current approved design fees). The Outline Business Case has since been approved by the EA's National Project Assurance Service, an offer letter received and signed by the council.
- 2.6 A further £2M (inclusive of current approved design fees) had been previously approved by the North West Regional Flood and Coastal Committee (RFCC) finance sub-group at its meeting on 4 April 2017. For the purposes of EA budgeting both FDGiA and RFCC funds are both considered to be EA funds.
- 2.7 Under the current 2014 - 2020 European funding programme a full application for £3.85M (from Priority 5 Promoting climate change adaptation) was submitted. The funding bid has been approved and an offer letter accepted by the city council which was conditional on match-funding approval being secured by 31st July 2019. The deadline of 31st July was a "final" date for the council to commit to a total approved cost/funding package or risk losing access to the ERDF resources.
- 2.8 The council has also made a significant cash contribution and officers have also secured private sector contributions from several major employers (refer to Appendix 1).

Scheme Costs

- 2.9 The council has committed to a scheme costing approximately £10.25M (inclusive of all design development fees incurred to date) that has been developed to both reflect the approved funding package currently approved/contracted, and meet the critical deadlines imposed by the ERDF offer.
- 2.10 Over the past 6 months detailed design development phase, investigation of site conditions and assessment of the risks, the preferred option design cost increased to approximately £11M. This was primarily due to the need for additional construction work being required to the depth of wall foundation and dealing with issues around planning, third party services and temporary cycleway provision. In order to deliver a scheme to meet the funding package available, some compromises have been made in the overall balance of risk

management and scope of the preferred scheme to enable it to proceed.

- The risk management sum has been reduced to £497K. This allowance is a minimum in terms of the identified implementation risk associated with the presence of several underground and high level services and other local physical and environmental considerations which there has been insufficient time to investigate in detail. While there is a chance that scheme risks will not materialise, officers believe there is a medium to high risk of the scheme eventually being over budget at its outturn given this current level of risk contingency.
- Design options have had to be taken to postpone the implementation of discrete parts of the scheme which, while having no impact on the overall integrity of the scheme in terms of levels of improved flood protection for the majority of the Caton Road Estates, leaves discrete areas at the current level of flood risk until additional funding and/or savings in scheme costs materialise.

The scheme details are discussed in Appendix 1 (exempt from publication).

- 2.11 EA expects its funded capital projects to achieve 10% efficiencies on the overall cost and these are normally reinvested to secure a better scheme, but this is not guaranteed. The council is continuing to explore funding contributions from county council and private third party interests. In the absence of any immediate contracted conditions the only option to cover the scheme risks and scope issues is for the council to make a further contribution. However, the amount of contribution can vary depending on Members' consideration of the issues and priorities addressed in Appendix 1.

3.0 Details of Consultation

- 3.1 The idea of a flood defence scheme along the Lune has been raised with the businesses along Caton Road who are in support of a scheme being developed and delivered. Several business events and community/stakeholder consultation events have been undertaken and the scheme has been positively received.
- 3.2 In strategic terms the scheme has been identified by Lancashire Enterprise Partnership as the highest priority Flood Risk Management Scheme. The scheme has also been identified within the Environment Agency's 6 year investment programme for funding, by the NW RFCC as a priority for funding for Sustainable Economic Growth as well as identified within the statutory North West Flood Risk Management Plan measures.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 The following options can be considered:

	Option 1: Continue to progress the current affordable scheme.	Option 2: Council agrees an additional contribution to ensure delivery of all the High/Medium/Low priority implementation and scope risks.	Option 3: Council agrees a contribution to cover only the High and Medium priority implementation and scope risks. (Preferred Option)
Advantages	<p>No further immediate funding required.</p> <p>Scheme proceeds with the potential to provide majority of benefits provided by the “preferred scheme” scope.</p> <p>High incentive for “in scheme” cost mitigation and the securing of additional public/private funding.</p>	<p>Allows all priorities to be addressed to a sound risk profile which should allow all identified implementation and scope matters to be addressed.</p> <p>Low risk of unplanned expenditure at a future date.</p>	<p>Potential to deliver against most critical implementation risks.</p> <p>Retains a high incentive for “in scheme” cost mitigation and the securing of additional public/private funding to secure all scheme benefits.</p> <p>Lower risk of unplanned expenditure.</p>
Disadvantages	<p>High likelihood the current risk allowance is too low to cover all identified implementation risks.</p> <p>Discrete areas remain at the current level of flood protection.</p> <p>No guarantee further cost mitigation or funding sources will materialise “in scheme”.</p>	<p>Additional cost to the General Fund revenue budget.</p> <p>Low incentive for “in scheme” cost mitigation and the securing of additional public/private funding.</p>	<p>Additional cost to the General Fund depending on priorities chosen (though lower than Option 2).</p> <p>Residual implementation / scope risks, and potentially reputational risks.</p> <p>No guarantee further cost mitigation or funding sources will materialise “in scheme”.</p>
Risks	<p>Reputational risks of being unable to cover scope risks.</p> <p>Construction cost increases due to identified risks materialising leading to unplanned expenditure.</p>	<p>Implementation and scope risks are minimised.</p>	<p>Potential for certain implementation/reputational risks to remain depending on outcome of scheme.</p> <p>Construction risks minimised through fully supported (in term of funding) risk register</p>

5.0 Officer Preferred Option (and comments)

5.1 As officers have identified a risk of future unplanned expenditure **Option 1** is not preferred.

- 5.2 If Members wish to proceed the critical question is the affordability and scale of the council's contribution. The preferred option is **Option 3: Members agree a contribution to cover High/Medium priority implementation and scope risks.**
- 5.3 Option 3 will result in an additional cost of £17K per annum to the council's budget profile but allows officers to bring more certainty in deliverability and ensures further cost mitigation and saving measures can be explored with confidence.
- 5.4 As previously reported, a financial "return" against the council's total project investment and other benefit are indirect and difficult to assess with certainty. Towards the eastern end of the industrial estates there are significant areas of vacant land. Towards the west of the Caton Road estates are old, low value and redundant property that have received no investment for many years. It is reasonable to assume that, following flood defence implementation, there will be increased confidence to invest in new commercial property and, over time, the Rateable Value (RV) of the area should increase. Available industrial land in the district is constrained and there are few options for new commercial industrial development close to Lancaster.
- 5.5 Officers have estimated that within a decade commercial RV in the area will increase by £1.6M with an additional rate take of around £800K per annum attributable to new development. Under the current business rates retention scheme 40% of the increase would accrue to the council's budget.

6.0 Conclusion

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

RELATIONSHIP TO POLICY FRAMEWORK

The impact on the Council's Corporate Priorities are as follows:

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

Clean Green & Safe Neighbourhoods: Walking and cycle paths, will be improved, and the riverbanks will be planted and managed to encourage greater habitat and biodiversity, increasing its amenity value for locals and visitors. The scheme will also deliver water quality including bathing water improvements as there will be reduced likelihood of potentially polluted flood waters from the location running off the industrial areas and into the River Lune and Morecambe Bay.

Healthy & Happy Communities: A range of leisure and recreational benefits should accrue from the implementation.

A Smart & Forward Thinking Council: In terms of climate change, the scheme works will be climate change resilient, applying the agreed national climate change allowances to the raised defences to ensure that the scheme is 'future proofed'. There is potential to use the infrastructure to secure an early benefit under the council's approach to implementing a project under the Government's Local Full Fibre Network funding stream.

The 2015-2021 North West river basin district flood risk management plan is the statutory plan produced under the Flood Risk Regulations 2009 which transposes Flood Directive in UK law. For the Lune Catchment, the Flood Risk Management Plan concludes that, "Economic growth and development in Lancaster (north and south) could present funding opportunities if complimentary options can be identified to reduce flood risk and allow development. The Environment Agency will continue to work with the Local Enterprise Partnership to identify locations and solutions (Environment Agency, 2016).

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 reiterate advice given on the last Cabinet report:

Construction Contract - EA WEM Procurement Framework/Agreement

The project contractor has been secured through Environment Agency Water and Environment Management framework to undertake the Stage 2 works. The original staged appointment was undertaken in line with the city council's contract procedures rules.

The EA through their Next Generation Supplier Arrangements project 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 an agreed suite of terms for the award of individual contracts to deliver projects for Flood and Coastal Risk Management (FCRM).

The framework is available for use by Local Authorities and lead Local Flood Authorities (LLFAs), as well as other Risk Management Authorities in the Defra family. This framework was extended in June 2017 for two years, under Contract Regulations 2015 frameworks can only be for a period of four years except in exceptional circumstances. The validity of the extension has been confirmed by MCHLCG officers but there is still a small possibility that the WEM framework could fail the most stringent ERDF audit procedure, and the council could be at risk of clawback.

The NEC 3 suite of contract management documents will be used throughout project

delivery with various tools to monitor and manage contractor delivery, performance and costs, including Change Tracker, Early Warning Notices, Compensation Events, Project Management Instructions and combined with monthly formal progress meetings will ensure robust project management throughout and reduce the chances of client/contractor litigation.

Public Grant Contributions

Grant contributions have all been secured via a contract in the form of offer letters/commitments which have been to be signed and returned. The council has robust procedures in place to manage the stringent legal requirements of public funds, particularly ERDF requirements.

Private Sector Contributions

The formal contractual mechanism by which the contributions can be legally secured / contracted and paid when required, has been developed in association with Legal Services team (using additional specialist input) who continue to be fully engaged in developing this mechanism.

The form of agreement takes the form of a legal deed with clauses drafted to give protection to the council's interests in the event of default by the contributor. Businesses are not expected to pay the contribution unless and until the flood risk management works have commenced (that is, a contract for the construction works has been signed). Further, while the deed provides that the contribution will be paid 'on demand', businesses can suggest their own staged payment timing to suit their own financial planning.

Other matters

Planning approval conditions need to be discharged and a range of other statutory approvals will be required for the scheme to be implemented.

In terms of State Aid the council is in receipt of a detailed opinion from the Environment Agency State Aid Unit that the flood defence works should be classed as General Infrastructure and, as no aspect of the infrastructure is deemed to offer a selective advantage, is outside the scope of State Aid regulations.

Access to Third Party land will be by agreement and any issues will be handled by the project team in association with the council's legal and property services

FINANCIAL IMPLICATIONS

Cost of a Council Contribution

Under the preferred Option 3, an increase in the council's capital financing requirement in order to fund the additional funding contribution of £489K would result in an annual cost of borrowing charge against the revenue budget of £10K for 50 years. If council agrees Option 2 then a higher annual charge will be incurred over the same period

The General Fund Revenue Budget will need to be updated accordingly in 2019/20 to reflect Members decisions

It has been estimated that, following flood defence implementation, there will be increased confidence to invest in new commercial property and, over time, the Rateable Value (RV) of

the area should increase. Available industrial land in the district is constrained and there are few options for new commercial industrial development close to Lancaster. The following scale has been used in previous funding applications:

	Multiplier
Low (limited income effects)	1.05 – 1.30
Medium (average linkages)	1.10 – 1.50
High (strong income effects)	1.15 – 1.70

As the estimate is “high” a reasonable assumption that within a decade RV will increase by $1.40 \times £4M = £5.6M$ an increase of £1.6M in RV with an eventual additional rate take of around £800K per annum. Under the current business rates retention scheme 40% of the increase would accrue to the council’s budget council’s budget.

OTHER RESOURCE IMPLICATIONS

Human Resources: From existing staff resource and consultants funded through the project.

Information Services: None

Property: Property staff have been involved in the project team. The land upon which flood defences could be constructed is predominantly in city council ownership. Some negotiations on access and infrastructure siting will be necessary but these are not anticipated to be onerous or staff time intensive.

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

SECTION 151 OFFICER’S COMMENTS

Members will need to be aware that should recommendation 1 be approved, the Councils total contribution to the project will rise from £0.847M to £1.336M, with an annual revenue impact of £27K for the next 50 years. In addition, as with all large projects there is risk of time and cost overruns, which may need to be met by the council at a future date.

Business Rates is a significant source of funding for the council and the assumptions provided within the Financial Implications section may well be subject to change with both the outcome of the Government’s Fair Funding Review and an adjustment to the council’s baseline expected within the next couple of years. It is expected that both will have an impact on the actual values retained by the council.

However, this is a significant scheme within the council’s Capital Programme and has been successful in leveraging over £9M of funding from both the Public and Private Sector and is a scheme that will significant benefits not only to those immediate businesses but in the wider area. Having consulted with colleagues and having regard to risk and reward I would support the Officers preferred option.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Lancaster Caton Road Flood Defence

Contact Officer:

Contact Officer: Paul Rogers
Telephone: 01524 582334

Scheme Planning Application and Decision Notice:

<https://planning.lancaster.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=PA9TF4IZLAV00>

E-mail: progers@lancaster.gov.uk
Ref:

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

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