

CABINET

Budget and Policy Framework Update 2016 to 2020 01 December 2015

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
This report provides an update on the Council's financial position to help inform development of Cabinet's corporate planning and budget proposals.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision		02 November 2015	
This report is public.			

OFFICER RECOMMENDATIONS:

1. That Cabinet notes the draft budgetary position for current and future years as set out in the report, accepting that this is an interim update.
2. That the update be referred on to December Council for information.
3. That for the next Cabinet meeting in January, Cabinet determines its draft corporate planning and associated budget proposals to balance the General Fund budget to 2020, drawing on information from this report, the budget options currently being collated by Officers, and Government's announcements regarding the Spending Review and the Settlement.
4. That Cabinet indicates whether it wishes any additional facilitation to be arranged in support of the above.
5. That the proposals referred to in 3) above be published at the earliest opportunity, to allow feedback and due consultation.
6. That Cabinet notes the working principle regarding surplus balances outlined at section 3.3.3, drawing on existing approved financial strategy.

1 INTRODUCTION

- 1.1 This report provides an update on the Council's budgetary position in view of its financial strategy. Given that at the time of writing, neither the Government's Spending Review nor the Local Government Settlement had been announced, and other budgetary work is not yet scheduled for completion, the report is an interim update only primarily for information. It does make recommendations on the work required to feed into the next formal Cabinet meeting, however.

2 STRATEGIC CONTEXT

2.1 THE COUNCIL'S POLICY FRAMEWORK

2.1.1 For its 2015/16 Corporate Plan, the City Council retained its priorities as:

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

2.1.2 These are underpinned by an Ensuring Council ethos.

2.1.3 In Cabinet approving this year's budget timetable, provision was made for it to determine its initial views on draft priorities with some external facilitation, drawing on the outcomes of the public satisfaction survey as attached at **Appendix A**. Cabinet's views will be informed by the various budget options being developed by Officers at the request of Cabinet. The expectation is that whatever priorities go forward, the range and nature of the supporting activities being undertaken will reduce significantly.

2.1.4 During December, therefore, Cabinet is recommended to use all the information available to it, in order to determine its initial corporate planning and budget proposals for January Cabinet, and in time for these to be presented to the open Budget and Performance meeting to be held on 26 January. This is in line with the timetable approved by Cabinet back in September. Depending on what options are put forward there may well be additional consultation needed and if so, this will have to be addressed also.

2.1.5 Other public bodies are going through similar exercises. In particular, the County Council has very recently produced its budget options and these really do underline the scale of reductions and change that local government is undergoing. The County's proposals (and those of other public authorities) will have major implications for the district, with significant knock on implications for the City Council and its own delivery of services.

2.1.6 As well as considering the budgetary proposals for specific functions, to inform future corporate strategy Cabinet is requested to consider what sort of direction it wishes the Council to pursue or explore. For example, does it wish to develop its culture and risk approach to:

- *explore the potential for becoming more commercial through trading?* This would involve assessing the external market potential and internal capability and capacity requirements for trading in services, typically through the setting up of a company.
- *become leaner and more agile in terms of its decision-making and operational processes?* This would involve reviewing the democratic decision-making arrangements, delegations for Members and Officers, and supporting processes for how staff go about their business, with a view to streamlining and speeding things up.
- *push forward with digital leadership and transformation?* This would involve developing the Council's capacity and capability to redesign how it does its

business, to better meet the changing needs and wants of its communities, using technology.

- 2.1.7 All of the above would need resourcing in some form, and would require leadership and commitment to change. They would also require the Council to accept and embrace a greater risk appetite, as well as the potential opportunities that should flow. Crucially, this means accepting that not everything will go right, lessons will be learned ahead of 'moving on'. This still supports good governance and accountability. Realistically though, the Council cannot be risk averse (or risk unaware) if it wants to be innovative and transformational. They do not go hand in hand – but there is a choice over what sort of direction, culture and approach the Council wishes to adopt.
- 2.1.8 The following budget update should be considered in context of all the above points.

3 GENERAL FUND REVENUE BUDGET: SUMMARY

3.1 CURRENT YEAR POSITION

- 3.1.1 In support of the existing Corporate Plan, at Council on 26 February Members approved the current year's budget at £17.052M, excluding parish precepts but after allowing for £1M use of Balances, giving rise to a council tax requirement of £7.9M. Since then, various changes have become apparent through monitoring and more significantly, numerous savings measures have been taken in preparation for future years' challenges. This proactive approach is an important element of the Council's financial strategy.
- 3.1.2 To draw the changes together, an in-depth update of the current year budget has now been completed, the results of which are included at **Appendices B and C**. Net spending of £16.444M is now forecast, giving a projected net underspending of £608K prior to the review of reserves and Balances. The position is explored further in section 3.4 of this report. That said, there is still time for the revised budget position to change further over the coming weeks.

3.2 FUTURE YEARS' FORECASTS

- 3.2.1 The first full draft of future years' budgets has also been produced, in accordance with Financial Regulations and the budget strategy approved in September. Members should note that the revenue projections now cover four years, rather than the previous three year horizon.
- 3.2.2 The forecasts are summarised at **Appendix B** and in simple terms the outlook is as follows:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Original Net Spending Limit Less Forecast Use of Balances	18,218 --	18,590 --	n/a New Forecast	n/a New Forecast
Net Revenue Budget [Approved Mar 2015]	18,218	18,590		
Current Net Forecast	17,035	17,209	18,659	18,790
Reduction in forecast Net Spending	(1,183)	(1,381)	n/a	n/a

3.2.3 A number of key points are highlighted:

- Provisional increases in respect of pay, price and other economic conditions have been provided for, but these are being updated to reflect the Bank of England's November Inflation report. They are therefore still subject to change.
- Whilst operational savings have been built in, the draft position does not include any specific savings options and proposals, nor does it allow for any new growth options (or the continuation of previous fixed term ones).
- New Homes Bonus income estimates have been updated, reaching a maximum of £2.5M in 2019/20. For eligible properties, the bonus is paid for six years and as the scheme started in 2011/12, from 2017/18 the early years' allocations are starting to drop out. It is not known whether, or to what extent, the NHB scheme will remain as a permanent funding feature or if it does, how its continuation might impact on other future Government funding streams. This a significant risk, therefore.
- Capital financing costs have been updated to reflect the latest draft capital programme, set out later in this report. In line with recent guidance, there has also been a review of the asset lives over which financing costs may be spread. This has extended that spread, meaning that estimated financing costs have reduced by £275K in 2016/17 with similar reductions thereafter. The financing period now extends up to 60 years for property related schemes, and this is still considered prudent given the relevant assets' nature and expected life.
- There is no use of Balances built into the projections.

3.2.4 The budget review work done to date provides a good base on which to plan and prioritise.

3.3 PROVISIONS, RESERVES AND BALANCES

3.3.1 Although provisionally the projections allow for increased contributions into the Bad Debts provision and they allow for the normal in-year application of funds, there has been no wider review of reserves and provisions as yet.

- 3.3.2 In terms of Balances, if the current year's forecast underspending proved accurate, this would mean that the budgeted £1M use of Balances would reduce by £608K, falling to £392K in 2015/16. This would result in Balances reaching £4.233M by 31 March 2016. If advice on the minimum level (currently set at £1M) remains unchanged, then £3.233M of Balances would be available to help achieve a sustainable budget over the coming years.
- 3.3.3 These matters will be explored further in the coming weeks, at which time the s151 Officer will give her formal advice on this issue. Drawing on the Council's existing Medium Term Financial Strategy (MTFS), in broad terms the working principle is that surplus Balances would be used to help manage the risks, lead-in times and up-front investment costs associated with implementing savings measures. Cabinet is requested to note this.

3.4 VARIANCE ANALYSIS: WHY HAVE BUDGET PROJECTIONS CHANGED?

- 3.4.1 To draw informed conclusions about the robustness or otherwise of the Council's budgeting, it is necessary to understand more on the nature and reasoning behind the variances, and to understand the comparators.
- 3.4.2 Both Cabinet and Budget and Performance Panel have considered these aspects in recent weeks. In terms of net spending, the analysis is attached at **Appendix B**. A summary of the estimated budget movements is provided below:

	2016/17 £'000	2017/18 £'000
Reduction in Forecast Net Spending	(1,183)	(1,381)
% Change (compared to original net forecasts)	6.5%	7.4%
% Change (compared to original gross forecasts)	1.2%	1.4%

- 3.4.3 It is pleasing to note that underspendings continue to arise from proactive efficiency savings measures, as well as other budgetary changes. As stated earlier making savings during the year is an important and accepted element of the Council's approved financial strategy.
- 3.4.4 As in previous years, staff turnover continues to deliver large savings but they will be offset in next year by increased National Insurance contributions. As reported to earlier meetings, levels of assumed turnover have been increased, drawing on recent trends.
- 3.4.5 Income generation and capital financing changes account for the bulk of other savings and underspendings.
- 3.4.6 Numerous cost pressures have been confirmed since Quarter 2 monitoring, however. These range from the Queen's visit, to Elections and Commercial Property income. Together with some capital financing aspects, they account for the change in the forecast underspending in the current year (down from £842K to £608K).
- 3.4.7 Overall, the Council's monitoring and budgeting arrangements do give scope for continuing improvement – they will never be perfect - but on the whole, performance is considered to be reasonably good. The most notable changes in budgeting

approach relate to being less cautious about staff turnover and income forecasts – meaning an increase in the Council’s financial risk appetite. It is assumed that Members are comfortable with this.

4 LOCAL TAXATION

4.1 Council Tax Rates and Targets

4.1.1 Alongside the Settlement, Government is expected to confirm its proposals regarding council tax referendum thresholds and the future of the council tax freeze compensation scheme. This is another area in which there has been much speculation, but no firm announcements.

4.1.2 Simply mirroring last year, a local referendum threshold of just below 2% (1.99%) is still assumed, in line with existing MTFs targets. A 1% change in council tax is likely to amount to around £80K.

4.1.3 Once Government has made the relevant announcements, the various scenarios will be presented to Cabinet in order that informed recommendations can be made regarding future council tax rates and targets.

4.2 Localised Council Tax Support (LCTS)

4.2.1 Following on from Council’s decision to retain existing support levels, the expected financial impact from the scheme has continued to be monitored. In next year effectively a projected cost of £9.5M has been allowed for. In future years, the impact is simply expected to rise broadly in line with council tax rates, i.e. a little under 2%. There are risks around the knock on impact of other potential welfare reforms but there is also the chance that more generally caseload and total awards will continue to fall, in line with recent trends.

4.3 Council Tax Collection

4.3.1 Council tax income (i.e. the amount collectable) continues to rise in year. The increase is the net result of all the various changes that occur in the tax base, be they in relation to new homes being built, empty properties coming back into use, changes in LCTS awarded from that budgeted, and the myriad of other banding, discount and exemption changes that occur on a daily basis. Furthermore, actual collection is holding up reasonably well.

4.3.2 These points result in the current estimated surplus of approaching £500K on the council tax Collection Fund, based on Quarter 2 monitoring, to be shared with other major precepting authorities. About £60K would be due to the City Council and this is reflected in the 2016/17 draft budget. Figures will be finalised in January in line with statutory requirements.

4.3.3 Looking ahead for next year onwards, the council tax base projections have been provisionally updated as follows:

- in 2016/17, the estimated base has increased from 39,100 to 39,700, equating to £125,000 additional income;
- in 2017/18, the base has increased from 39,700 to 40,300, equating to £127,000 additional income;

- this trend has been factored in up to 2019/20 also.

4.3.4 It is impossible to forecast the tax base with absolute certainty and so risks will always exist. Nonetheless, the exposure is considered manageable and all indications are that housing needs will continue to grow. The tax base forecasts do not yet make any specific assumptions regarding future land allocation policy, however.

4.3.5 On the downside, a bigger population increases the demands and pressures on many council services (such as refuse collection, tax collection, planning and environmental health services, from the City Council's perspective). As far as possible these are considered in drafting the budget but this is not an exact science and as ever, the pressures will need to be kept under review. This will be particularly so, once land allocations have been determined.

4.4 **Business Rates Income**

4.4.1 This continues to pose the biggest headache, in financial planning and budgeting terms.

4.4.2 Government is currently consulting on reforms to the rating appeals process, but more fundamental and significant changes are expected to be consulted on at some point – though this may be into the summer of next year.

4.4.3 The Council's hugely disproportionate exposure to rating appeals continues to be at the centre of forecasting uncertainties, but issues like the 2017 revaluation and the planned 100% retention of business rates by 2020 are now added to the mix. Specific difficulties with regard to major infrastructure hereditaments such as power stations and communications networks have gained much higher profile of late – it is known that Government is aware of them - but as yet there are no firm proposals on what the solution might be. Sadly there is no simple, easy fix. The position continues to be monitored, ahead of any relevant action being taken through appropriate lobbying and consultation.

4.4.4 Whilst all this uncertainty continues, the Council's current position is this:

- Along with two other authorities and as reported in September, the City Council is not in a position to consider taking part in proposals for a Lancashire business rates pool. That said, Government has not been able to confirm whether there will be any new pools created for next year as in time, other Government plans will effectively undermine the existence of the current pooling arrangements.
- In current and future years, the Council is effectively budgeting at safety net levels for retained business rates income. This is because of the potential impact of outstanding appeals. During January, the Council will have to formalise its estimates and assumptions in line with statutory requirements. In-year monitoring has demonstrated how susceptible to change the income forecasts are, but unfortunately there is nothing to indicate that the position will stabilise any time soon. For this reason, budgeting at safety net is highly likely to continue and so if any improvement in retained income is secured at some point, this would result in a bonus. Developments such as the M6 link road should present good opportunities for business rate growth, but this could still be wiped out by the outcome of appeals and other changes.

4.4.5 All the above points will be tested further over the course of the next month or so.

5 GOVERNMENT FUNDING PROSPECTS

5.1 By the time of the Cabinet meeting Government will have announced the outcome of its Spending Review, due on 25 November. This should provide some useful headline messages on what Local Government's funding prospects are over the next few years, but it will not provide information at individual authority level.

5.2 That level of detail will be gained through the Local Government Settlement, but at the time of writing this report it was not yet known when it is due to be announced.

5.3 A briefing note will be produced for all Members once the Settlement has been received and its impact assessed. In any event, it will be reported formally into January's Cabinet meeting.

5.4 The content of the Spending Review will have direct bearing on both the impact and timing of the Settlement. As a recap:

- In the absence of any indicative projections from Government, the MTFS approved back in March simply assumed a 5% year on year cash reduction (up to 2018/19) in the Settlement Funding Assessment (SFA) from Government. The SFA is typically the combined total of Business Rates baseline income and Revenue Support Grant (RSG).
- More recently, in September, further modelling was undertaken drawing on the Government's summer budget and other announcements, as well as updating the Council's own net spending forecasts. This indicated a range of potential outcomes, giving a budget deficit of between £2.7M to £4.6M by 2020.
- The indications at that time were that the bulk of funding reductions would be implemented before 2019/20, meaning that the pressures would not really increase from thereon in.

5.5 More recently, Government has made clear the intention that by 2020, local Government should be wholly funded by local taxation, in that it may retain 100% of business rates but would lose RSG and potentially other related grants, whilst gaining other responsibilities – the overriding point being that such changes should be 'revenue neutral'. Even more recently, it has been reported that the Department for Communities and Local Government (DCLG) has agreed to budget reductions of 8% per year for the next 4 years and there is obvious speculation about whether this is what local authorities should expect to face over the coming years.

5.6 To summarise, Government funding uncertainties have continued to grow.

6 BALANCING THE GENERAL FUND BUDGET TO 2020

6.1 Given that the Settlement announcement is imminent, at this stage there is little benefit to be gained from spending much time on modelling different funding scenarios; real information is needed at this stage in the process.

- 6.2 Nonetheless, some very limited high level work has been done to update the budget deficit scenarios, in order to not lose sight of how uncertain and challenging the position is.
- 6.3 To keep things simple, the Government funding scenarios outlined back in September have been retained. The following table shows the indicative range of savings that would be needed to balance the budget to 2020, allowing for the updated net spending forecasts outlined earlier.
- 6.4 Taking account of the projected reductions in net spending and the increases in council tax yield, in broad terms the outlook is around £1.5M better by 2020, when compared with September's expectations. There is still a significant need to make further savings, however.

Year	Indicative General Fund Budget Deficits or Saving Requirements (Cumulative, Rounded)			
	Original MTFS Projections	Updated MTFS Projections	Better Case	Worse Case
2016/17	£1.5M	£0.5M	£0.4M	£0.9M
2017/18	£2M	£0.8M	£0.6M	£1.5M
2018/19	N/A	£2.1M	£1.7M	£3.3M
2019/20	N/A	£1.7M	£1.2M	£3.1M

- 6.5 The bottom line 2019/20 budget deficit range is emboldened, as tackling it is the main aim of this budget strategy. It is no longer about balancing just one year or taking a short term view. That said, the 2018/9 projections currently show the worst position, although this could readily change.
- 6.6 In line with that central budget aim, Officers have been working towards identifying £4M of budget options by the end of November, for Cabinet's consideration.
- 6.7 At the time of writing this report, good progress was being made on this but the exercise was still underway. More savings ideas were expected but also, the need for up-front investment was also expected to grow. Furthermore, the timing of options will need more work and this is necessary in order to feed into the review of Reserves and Balances. Nonetheless, in early December it will be possible to circulate a set of budget options for Cabinet's initial consideration and prioritisation. A further update will be provided at the Cabinet meeting.
- 6.8 Cabinet is recommended to consider the budget proposals and all other relevant information becoming available over the coming weeks, so that by the time of the January Cabinet meeting, it will be in a position to set out its corporate planning and budget proposals for consultation and referral on to Council, for initial feedback.
- 6.9 Clearly Management Team will provide whatever support is required, but Cabinet is also requested to indicate whether it wishes to arrange any additional facilitation.

6.10 Finally, Cabinet is encouraged to publish its draft proposals as soon as practical, in support of due consultation and to allow as much time as possible for feedback. This should also help with managing and addressing the expectations of communities and other stakeholders.

7 GENERAL FUND CAPITAL PROGRAMME

7.1 Alongside updating revenue expectations, the capital programme has been updated for known changes to date. To keep revenue and capital planning horizons the same, the programme still covers the period to 2019/20.

7.2 Gross capital investment of £18.892M is currently forecast over the period, resulting in an increase in the Capital Financing Requirement (or underlying need to borrow) of £15.1M. This is now £2.057M higher, predominantly as a result of slippage being brought forward from last year.

7.3 Other changes have been made to reflect known pressures such as ICT system upgrades and provisionally the corporate property programme has been increased to reflect recent additional essential works in Lancaster Town Hall and other cost pressures (given that the condition survey that informed the programme is now 3 to 4 years old). Over the coming weeks, ways of offsetting these costs will be explored.

7.4 Additionally, arrangements are in hand to review the Council's planned property disposal schedule and this too will be fed into the budget process.

7.5 Equally important is the consideration of any up-front investment needs attached to budget savings options.

7.6 A full capital programme summary is included at **Appendix D**, and the movements to date are summarised below.

	Gross Programme	Change in Underlying Borrowing Need: CFR
	£000	£000
Original Approved Programme (2015/16 to 2019/20)	29,786	+13,049
Key Changes:		
Approved Slippage (<i>Cabinet July 2015, minute 28</i>)	+2,526	+1,511
Quarter 2 Monitoring: Officer Delegated Changes	+1,120	--
Wave Reflection Wall Changes / Re-profiling	-106	-106
Vehicle, Plant and Equipment Renewals	-678	-678
ICT Upgrades	+404	+404
Corporate Property Works: Increased Costs	+851	+851
Additions / Increases in Other Council Funded Schemes	+78	+63
Other Net Changes in Externally Funded Schemes	-36	+12
Total Changes	4,159	+2,057
Resulting Draft Capital Programme (to 2019/20)	33,945	+15,106

7.7 As stated each year, all of the Council's capital investment plans need to be affordable, sustainable and prudent, and capital investment is intrinsically linked to the revenue budget. As such, the draft programme will continue to be updated during January and February as Cabinet's budget proposals develop; all in all there is scope for considerable change. This particularly so given the potential for upfront capital investment requirements attached to any invest to save or similar budget proposals. The current update may be regarded simply as a snapshot, therefore.

8 COUNCIL HOUSING (HOUSING REVENUE ACCOUNT- HRA)

8.1 As reflected in the MTF5, Cabinet's current rent policy for council housing is based on:

- an average rent of £71.31 for 2015/16, representing a 2% increase on the previous year; and
- target average rent increases of 3% year on year thereafter.

8.2 The aim of the policy was to strike a balance between keeping rents affordable, managing financial risks, and increasing and improving council housing provision. For information a 1% change in rent equates to approaching £140K.

8.3 In recent months, however, Government has made various announcements and issued draft legislation that, if enacted, would undermine the Council's current rent policy. Although clarity is still needed on various Government proposals, the main working assumption for the future is that:

- for most properties, rents will have to reduce 1% year on year, except where properties become vacant and their rents have not yet reached convergence with other social housing providers (i.e. they are below what is referred to as 'formula rent'). In these circumstances, then the rents to be charged for new tenancies can increase up to the formula rent level, less the 1% year on year reduction.

8.4 The policy details and operational implications for other potential changes, such as charging higher rents for those tenants on high incomes and selling off high value properties, are by no means clear. At this stage therefore, the implications are unknown.

8.5 Government's emerging policy for social housing rent has massive implications for the viability of Council Housing's 30-year business plan. Initial estimates indicated a shortfall of around £90M over the period, as was reported back in September.

8.6 In response to this challenging environment, an annual savings target of £500K was set for the HRA. Whilst various business functions are being reviewed, it is crucial that the 30-year business plan review is completed to inform the future capital programme and other planned/reactive maintenance provisions. Linked to this, the outcome of the recent high level review of the Repair and Maintenance Service needs to be finalised and reported through, together with any resulting action plan. Similarly, a decision will need to be reached on whether any new build plans go ahead, or whether they are formally put on hold for the time being.

8.7 Arrangements are in hand to ensure these points are addressed for reflecting in the January report to Cabinet. At that meeting, full HRA budget proposals for 2016/17

and beyond (as far as the latter can be developed) will be presented for Cabinet's consideration.

- 8.8 Once Government policy is clarified, there may well be a need to stand back and appraise future prospects for the viability of local authority housing provision, and how best they can be managed. If so, in all likelihood this would be a matter for consideration during 2016/17, assuming that Government policy and the legislative framework is settled by then.

9 DETAILS OF CONSULTATION

- 9.1 The outcome of high level public consultation is set out at **Appendix A** for Members' information and consideration.
- 9.2 Consultation on General Fund matters will be undertaken primarily with relevant stakeholders through the Budget and Performance Panel meeting in January, prior to Budget Council in early March. More specific consultation may be required depending on the budget savings options being considered. Consultation on council housing matters will be undertaken through the District Wide Tenants' Forum. This is in line with the Council's consultation strategy.

10 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 10.1 Given that this report is primarily for information, no specific options are put forward.

11 CONCLUSION

- 11.1 Budget work is progressing pretty much as planned but as more Government announcements are made, the scope for change and uncertainty increases. The only certainty is that of austerity but at the time of writing this report, the scale of that austerity was not yet known.
- 11.2 Whatever the position, ahead of its next formal meeting Cabinet needs to make the most of the time available to it, by progressing its prioritisation and consideration of budget and planning options. This is so that it can be in a position to present its budget proposals to Budget and Performance Panel towards the end of January. This is essential to allow due consultation and to help manage community expectations. Inevitably deadlines are tight but this is unavoidable given the timing of the Government funding announcements and the statutory deadline (11 March) for setting the budget.
- 11.3 Focus must be on setting a four-year plan. For General Fund in particular, this is the only way in which reasonable planning can be achieved for the Council's reserves and Balances. Various savings proposals will have up-front costs, risks and lead-in times attached – Balances are a key tool with which these can be managed.

RELATIONSHIP TO POLICY FRAMEWORK

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.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer (as Chief Officer (Resources)) has produced this report as part of her responsibilities.

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None. Background information has previously been published as part of earlier committee reports, as appropriate.

Contact Officer: Nadine Muschamp
Telephone: 01524 582117
E-mail: nmuschamp@lancaster.gov.uk

Lancaster
Residents Survey 2015
Research Report

LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

Report prepared by Adam Pearson
Infusion Research
On behalf of Lancaster Council
adam@infusion.org.uk
01282 661614
www.infusion.org.uk
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1 Executive Summary

1.1 Overview of approach

The approach to understand residents' views on Council priorities and their local community comprised of two distinct methods. A robust piece of street interview research captured a **random sample of 600 Lancaster City Council residents**, the findings of which provide a representative view of the population. A supplementary open-access consultation was made available online, using various communication channels, to gather the views and opinions of other interested residents.

The key findings in 1.2 to 1.4 are based on the robust research findings, with any noticeable differences in the response to the online consultation summarised in 1.5.

1.2 Local priorities and Council spending

- Welfare benefits and community support, job prospects and affordable decent housing are most important to residents and the areas where they don't want to see spending reduced reflects this
- Job prospects are most important to residents aged 16 to 44
- Arts funding and museums are universally considered least important and hence the services residents are most willing to see reductions in spending to
- Over half of residents who use the services would pay more for venue hire and to use Salt Ayre Sports Centre
- Parking is the service residents are least willing to pay more for

1.3 The local community

- Around a third of residents might consider taking a more active role in their community but two thirds would not
- The main reason given for not doing so was a lack of time, followed by lack of interest
- Over half of residents aged 65 or over indicated that health reasons prevent them from taking a more active role
- People are most likely to take part in litter picks than any other voluntary activity
- Around three in five residents understand what the role of their local councillor is, but this varies depending on age with younger people less likely to understand than older people

- More residents disagree than agree that their local councillor encourages people to get involved in their local community

1.4 Contacting the Council

- Traditional contact methods, in person or over the telephone, dominate residents' first choice for getting in touch with the Council
- However, online channels become more prominent in second and third choice selections
- Indeed, one in four residents who prefer traditional methods are also willing or able to use online methods of contact as a second or third choice

1.5 Notable findings in the online consultation

- Respondents to the online consultation indicated that waste and recycling was most important to them, whereas it was ranked 8th in the research sample
- Online respondents were most likely to prefer email as a method for contacting the council
- People contributing to the open-access consultation were more willing to play a more active role in their local area, but less likely to be interested in the voluntary activities suggested by the council
- Respondents were more likely to understand the role of their local councillor compared to people interviewed on the street, but they shared a similar level of agreement (or lack of) that councillors encourage people to get involved in their local community

2 Background and Methodology

2.1 Background

Lancaster City Council is facing a bleak financial future and needs to make annual savings of approximately £2 million over the next couple of years and in every year that follows. This is effectively 11% of its Net Revenue Budget of £17 million. The council has saved over £5 million per year, over the last five years (since 2010/11).

To make further savings, it will need to reduce or stop providing even more of the things it does and increase income opportunities, where possible. This means that the council has some very difficult decisions to make.

To help inform these decisions about where limited resources should be targeted, Lancaster City Council commissioned a piece of research and consultation to gather residents' views on Council priorities, the local community and how they prefer to contact the Council.

Specifically, the objective of the research was to understand:

- What is most important and least important to people in their local area
- Services residents think should and should not see reductions in spending
- Services that residents would be willing to pay more for
- Willingness of people to take a more active role in their community
- Specific volunteering activities which interest local people
- Understanding and awareness of the role of local councillors
- Preferred methods when contacting the Council
- Any comments or suggestions about the Council and how it could save money or increase income

2.2 Methodology – Street Research

Two methodological approaches were adopted to meet the objectives outlined above whilst ensuring a balance was achieved between engaging residents of Lancaster and nearby areas and conducting a robust piece of research.

Robust research was undertaken in the form of structured street interviews with residents of Lancaster City Council. The interviews lasted approximately 5 minutes and were undertaken in Lancaster, Carnforth and Morecambe in accordance with the Market Research Society Code of Conduct.

The street interviews were conducted on a range of days, including both weekdays and weekends, to gather a varied spread of resident views and maximise opportunities

to participate in the research. Moreover, on initial approach a screening question was used to ensure the sample comprises of local residents only.

600 interviews were conducted with residents of Lancaster City Council between 9 July and 15 August 2015. 300 were undertaken in Lancaster and 150 in each of Morecambe and Carnforth.

How well the sample represents the population is gauged by two statistics – the confidence interval and confidence level. This is a standard way of reporting representativeness in research. **The research has a confidence level of plus or minus 3.99% at the 95% confidence level** based on a Lancaster City Council population of 138,375 (2011 Census). This means that if the survey was conducted 100 times, the data would be within 3.99 percentage points above or below the percentage reported in 95 of 100 cases.

Figure 2.1: Confidence intervals at 95% confidence level

Sample size	Confidence interval
1000	+/- 3.1
750	+/- 3.6
600	+/- 4.0
500	+/- 4.4
250	+/- 6.2
100	+/- 9.8

**Confidence interval percentage to one decimal place*

However, when sub-samples are analysed such as specific demographic groups this confidence interval will be higher as it is based on a smaller sample size. This has been considered when presenting the findings within this report.

When analysing literal responses (comments made by respondents in their own words, rather than responses which selected from options provided by the researchers), comments were manually grouped into key categories to enable some quantitative analysis, supported by example comments. Any exploration of comments within this report is not necessarily representative of the views of the wider sample.

The data has been weighted by gender, age, disability and ethnicity to ensure the results presented are representative of the Lancaster City Council population. Weighting the data means that the views of over-represented groups do not skew the

findings, while the views of under-represented groups are not under-reported in the analysis. Throughout this report percentages used are based on the weighted data.

2.3 Methodology – Open Access Consultation

An open-access online survey was hosted on the Lancaster City Council website between Monday 6 July and Monday 17 August 2015.

This was actively promoted in the following ways:

- Press releases (page 5 of the Visitor on 8 July 2015 and page 8 of the Lancaster Guardian on 9 July 2015)
- Website presence as the main news story
- Via the Council's Facebook and Twitter social media accounts
- Posters in council buildings and libraries
- Promotion on customer service and library screens
- An article in a CVS bulletin
- Councillors were also made aware of the consultation via the press release

183 responses were received to the online consultation.

As already referred to, these findings have been kept separate from the street interview research sample. The online survey should be considered a consultation whereby anybody interested in having their say could take part. This introduces an element of self-selection bias and often online responses and comments tend to be more vociferous than those expressed through a random research sample approach.

3 Street Research Findings

This section presents the main findings from the street interview research undertaken.

3.1 Who responded?

As outlined in section 2.2, data from the 600 street interviews undertaken has been weighted to ensure the results are representative of the Lancaster City Council population.

Gender, age, disability and ethnicity fields were weighted. Population data used to calculate the weighted results has been taken from the 2011 Census to reflect the actual Lancaster local authority area working-age (16 or over) population breakdowns.

Encouragingly, a good response was achieved from the younger age groups who are usually more difficult to reach using other methods such as postal surveys.

Figure 3.1: Gender, age, disability and ethnicity weighting (base – 600)

	Unweighted		Weighted	
	Count	%	Count	%
Gender				
Male	284	48%	286	48%
Female	313	52%	315	52%
Age				
16 to 24	69	12%	121	20%
25 to 34	69	12%	80	13%
35 to 44	90	15%	89	15%
45 to 54	138	23%	94	16%
55 to 64	120	20%	86	14%
65 or over	111	19%	130	22%
Limiting long-term illness or disability				
Yes, limited a lot	47	8%	55	9%
Yes, limited a little	87	15%	61	10%
No	452	77%	486	81%
Ethnicity				
White	581	97%	575	96%
BME/ Other	17	3%	26	4%

Whilst the respondents' ward area has not been weighted due to the small sample sizes, figure 3.2 overleaf demonstrates the spread of responses achieved from residents across the Borough.

A proportion of residents interviewed were not willing to provide a full postcode, although they did confirm that they lived within the Borough.

Due to the small sub-samples when broken down to this level no analysis will be undertaken by ward area as the findings would not be reliable.

Figure 3.2: Response by ward (base – 600)

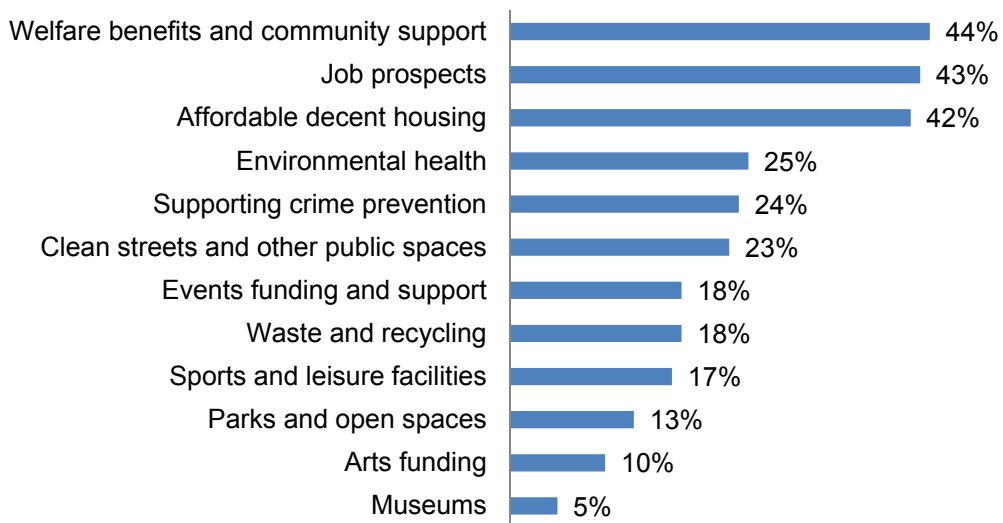
	Count	%
Bare	23	4%
Bolton Le Sands & Slyne with Hest	28	5%
Bulk	23	4%
Carnforth & Millhead	60	10%
Castle	27	5%
Ellel	13	2%
Halton with Aughton	6	1%
Harbour	38	6%
Heysham Central	6	1%
Heysham North	11	2%
Heysham South	32	5%
John O'Gaunt	21	4%
Kellet	9	2%
Lower Lune Valley	10	2%
Marsh	19	3%
Overton	3	1%
Poulton	37	6%
Scotforth East	14	2%
Scotforth West	29	5%
Silverdale	13	2%
Skerton East	29	5%
Skerton West	33	6%
Torrisholme	13	2%
University and Scotforth Rural	3	1%
Upper Lune Valley	5	1%
Warton	13	2%
Westgate	14	2%
Carnforth - no exact postcode	23	4%
Lancaster - no exact postcode	29	5%
Morecambe - no exact postcode	16	3%

3.2 Council Priorities

Q1 – Thinking generally, which of the following do you think are most and least important in your local area?

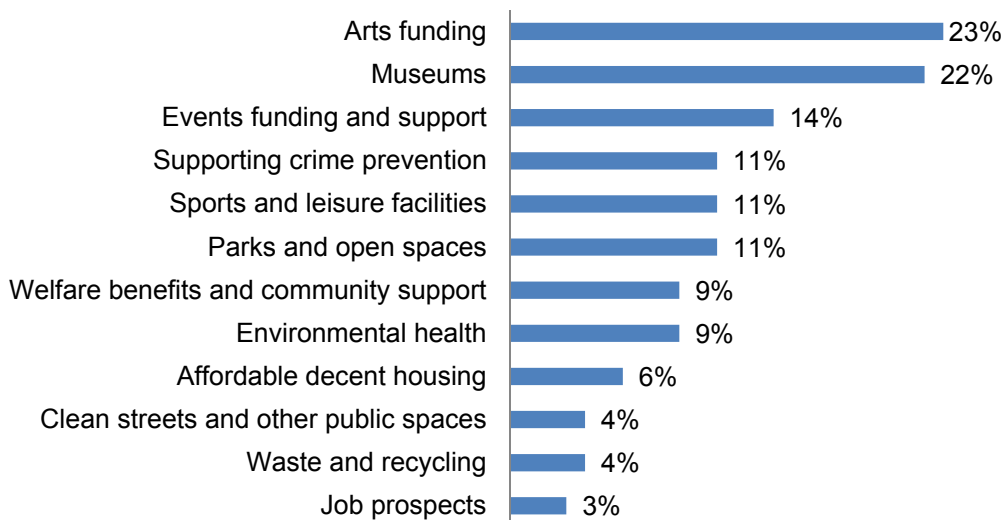
Welfare benefits and community support appear most important to residents of Lancaster City Council, closely followed by job prospects and affordable decent housing.

Figure 3.3: Most important to residents (base – 600)



Conversely, arts funding and museums are considered least important.

Figure 3.4: Least important to residents (base – 600)



There are some differences in local priorities when the results are analysed by demographics, despite the overall top three remaining unchanged throughout.

Job prospects appear particularly important to those residents aged 25 to 34. Indeed, job prospects are most important for all age groups between 16 and 44.

Half of residents aged 65 or over consider affordable decent housing to be an important issue in their local area.

Figure 3.5: Top three priorities by age and gender

	1st	2nd	3rd
Gender			
Male	Job prospects (49%)	Welfare benefits and community support (48%)	Affordable decent housing (43%)
Female	Affordable decent housing (41%)	Welfare benefits and community support (40%)	Job prospects (38%)
Age			
16 to 24	Job prospects (44%)	Affordable decent housing (36%)	Welfare benefits and community support (35%)
25 to 34	Job prospects (60%)	Affordable decent housing (48%)	Welfare benefits and community support (48%)
35 to 44	Job prospects (47%)	Welfare benefits and community support (44%)	Affordable decent housing (42%)
45 to 54	Welfare benefits and community support (53%)	Job prospects (44%)	Affordable decent housing (40%)
55 to 64	Affordable decent housing (37%)	Welfare benefits and community support (37%)	Job prospects (34%)
65 or over	Affordable decent housing (50%)	Welfare benefits and community support (47%)	Job prospects (35%)

Q2 – Please choose three services where you think reductions in spending should be made and three services where reductions in spending should not be made.

Where residents think spending on services should be reduced and where it should be protected very much reflect the priorities they value above. Around a quarter of residents indicated that spending should be reduced on museums and arts funding.

Figure 3.6: Where to reduce spending (base – 600)

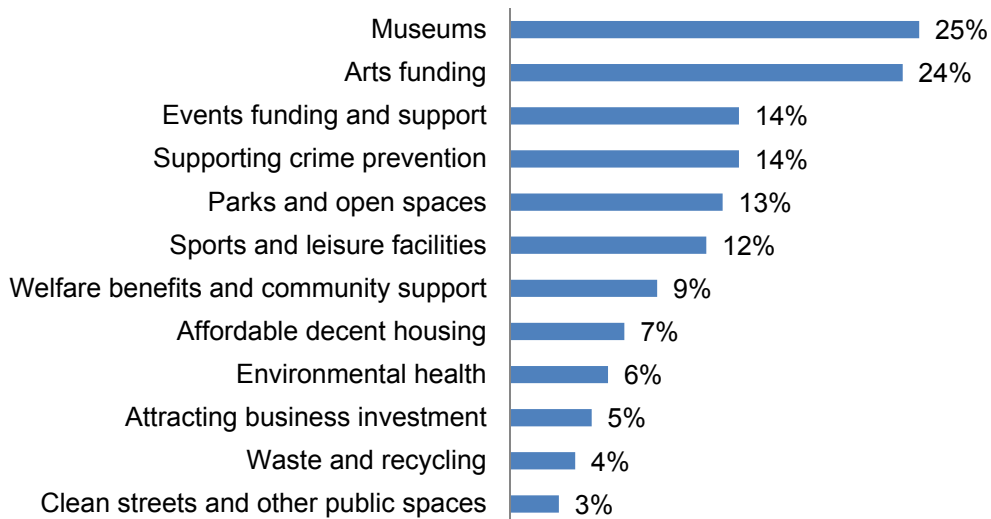
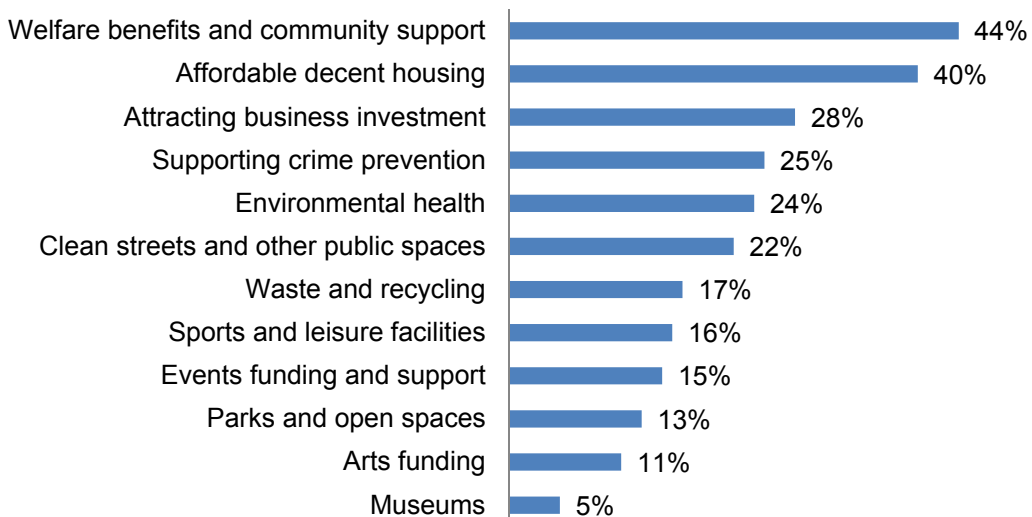


Figure 3.7: Where not to reduce spending (base – 600)



When analysed by gender and age, museums and arts funding are unanimously the top two services where residents indicated spending should be reduced.

However, there is some variation in the third selection. Males would rather see reductions to parks and open spaces, a view shared by the 16 to 24 and 65 or over age groups. Whereas females and residents aged 45 to 54 suggest spending should be reduced in events funding and support. The third highest selection for the 35 to 44 age group was reductions in spending on supporting crime prevention.

Figure 3.8: Top three reductions in spending by age and gender

	1st	2nd	3rd
Gender			
Male	Museums (26%)	Arts funding (24%)	Parks and open spaces (18%)
Female	Arts funding (24%)	Museums (23%)	Events funding and support (14%)
Age			
16 to 24	Museums (23%)	Arts funding (18%)	Parks and open spaces (15%)
25 to 34	Arts funding (36%)	Museums (31%)	Events funding and support (23%)
35 to 44	Arts funding (33%)	Museums (30%)	Supporting crime prevention (20%)
45 to 54	Museums (29%)	Arts funding (24%)	Events funding and support (16%)
55 to 64	Arts funding (21%)	Museums (19%)	-
65 or over	Arts funding (20%)	Museums (19%)	Parks and open spaces (18%)

Q3 – If you use or would use any of the following services, would you be willing to pay a fee or pay more than you currently do?

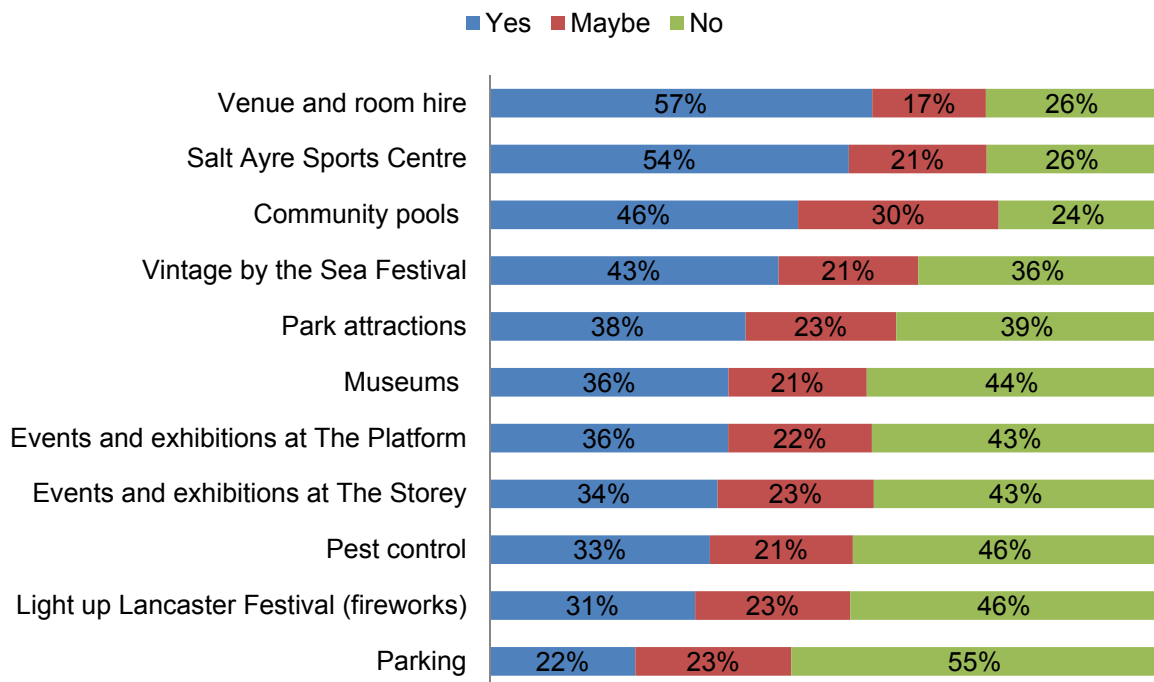
Following on from questions on local area priorities and spending reductions, residents were asked if they would be willing to pay a fee or pay more than they currently do for a range of different services.

The following chart is based on those residents who do or would use the different services offered by Lancaster City Council.

57% of residents indicated that they would be willing to pay a fee, or more than they currently do, for venue and room hire.

Parking is the service residents are least willing to pay more for.

Figure 3.9: Willingness to pay a fee, or more, for services (base – 449 to 541)

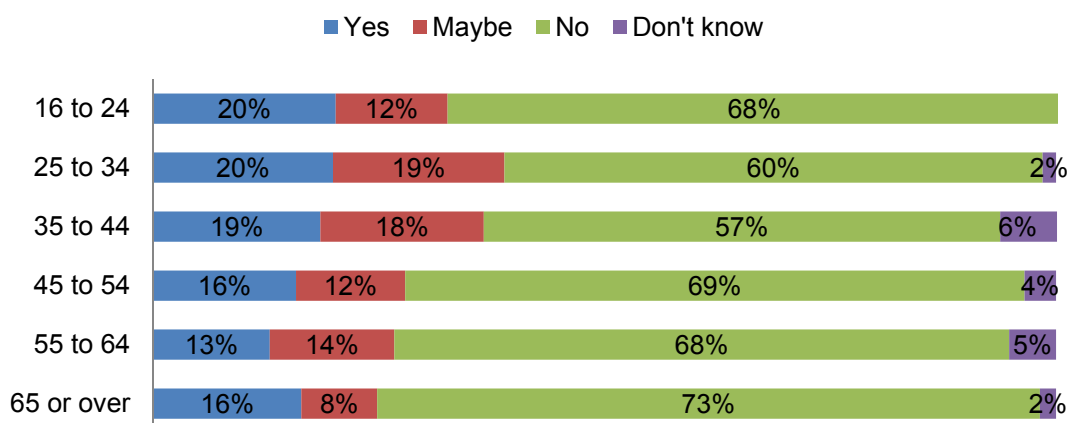


3.3 The Local Community

Q4 – In light of the financial savings that need to be made, the council may need local people to help support some services in future. Would you be willing to consider taking a more active role in your community?

Residents were asked if they would be willing to take a more active role in their community. Overall, 17% of residents would take a more active role and a further 14% might do. However, two thirds would not. It appears that younger residents are more likely to get involved, particularly the 25 to 34 age group.

Figure 3.10: Willingness to take a more active role in the community, by age (base – 599)



Q5 – If not, what is it that would prevent you from doing so?

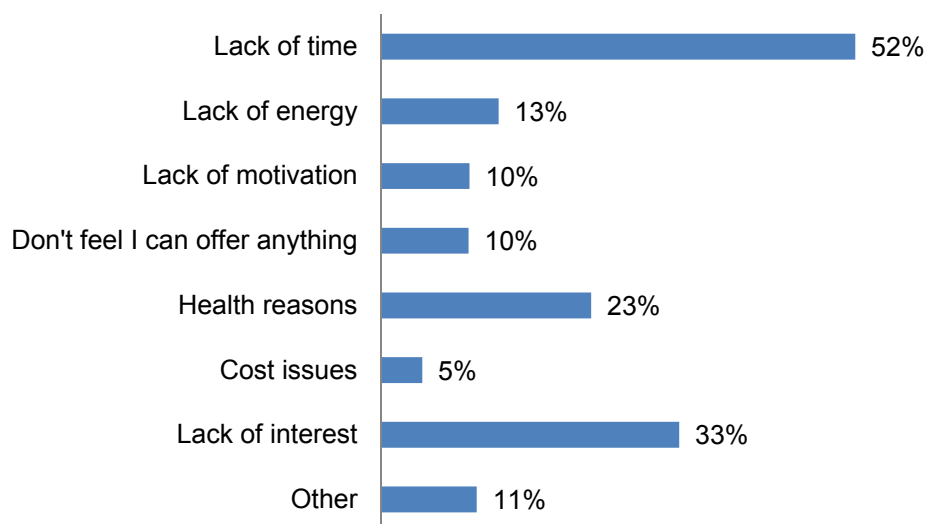
Those who are not willing to take a more active role were asked what is preventing them from doing so.

The main reason given is a lack of time, followed by lack of interest and health reasons. Lack of time was a particular barrier for those aged 25 to 34 (64%) and 35 to 44 (60%).

54% of residents aged 65 or over cited health reasons as stopping them from taking a more active role in the community.

Other reasons given for not being able to take a more active role in the community include residents who already volunteer, a view that local people should be paid to help, childcare and issues with transport.

Figure 3.11: What is preventing residents from taking a more active role in their community (base – 441)

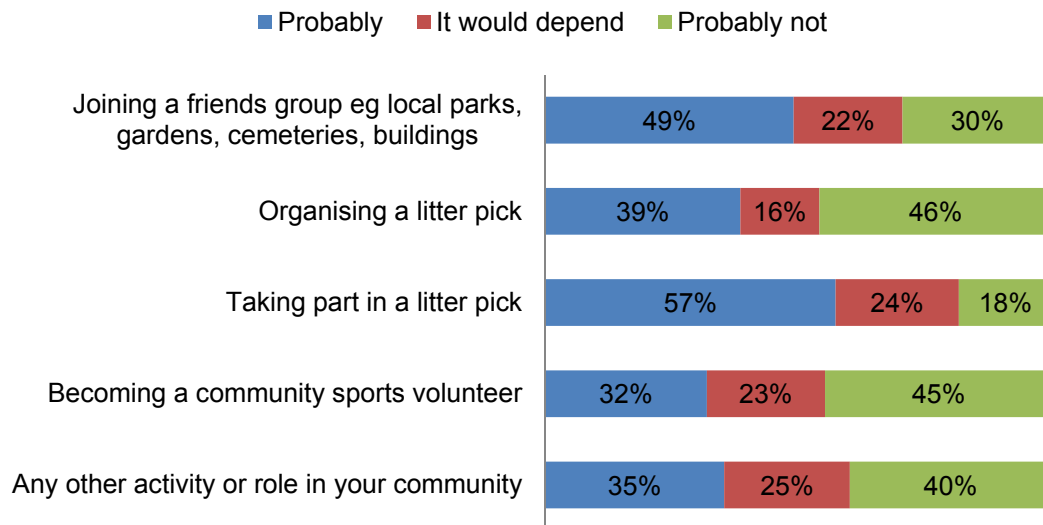


Q6 – If you would be willing to take a more active role, which, if any, of the following activities might you be interested in?

Of those residents who indicated they are or maybe willing to take a more active role in the community were then asked which, if any, of a range of voluntary activities they would be interested in.

57% are probably interested in taking part in a litter pick with a further 24% suggesting it would depend. Interest in organising a litter pick is considerably lower.

Figure 3.12: Voluntary activities residents would be interested in (base – 162)

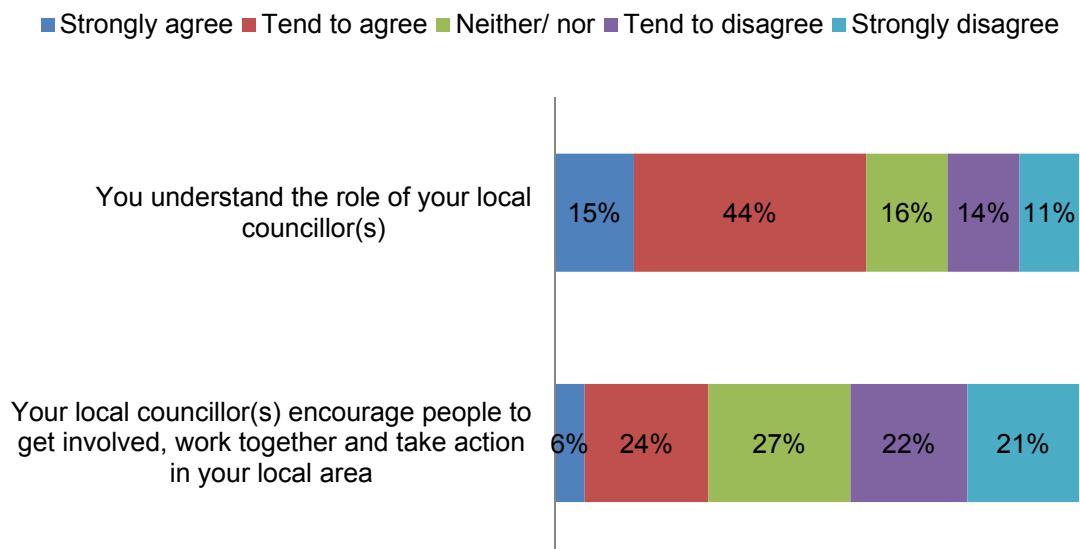


Q8 – To what extent do you agree or disagree with the following statements about your local councillor(s)?

59% of residents strongly or tend to agree that they understand the role of their local councillor. 25% tend to or strongly disagree. Understanding is highest amongst residents aged 65 or over (72%) and lowest for those aged 16 to 24 (48%).

43% of residents strongly or tend to disagree that their local councillor encourages people to get involved, work together and take action in their local area.

Figure 3.13: Agreement with local councillor statements (base – 598)



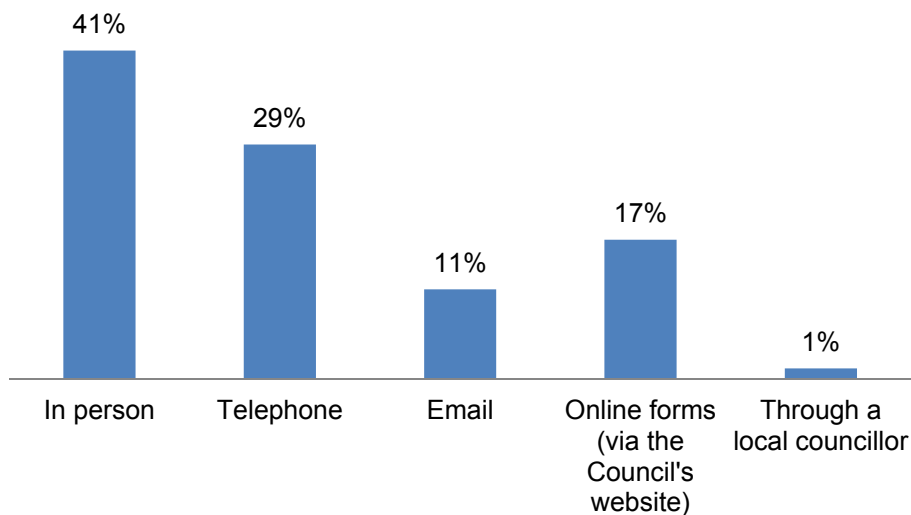
3.4 Contacting the Council

Q9 – Which of the following ways do you/ would you prefer to use to contact the council?

Residents were asked what methods they do or prefer to use to contact the Council and were given the option to provide to first, second and third choice.

Looking at residents' first choice contact method, traditional methods are more popular than online channels.

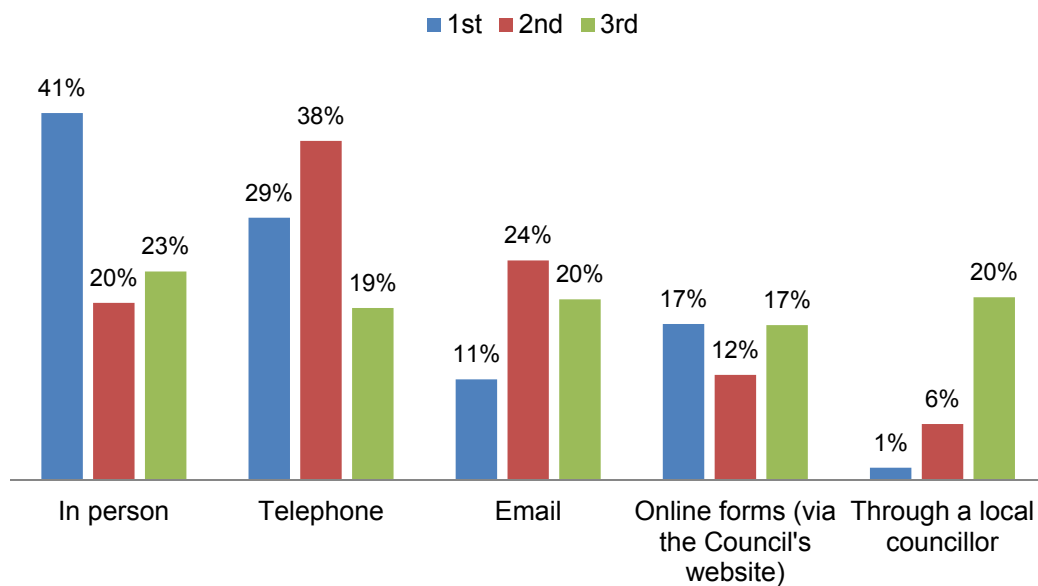
Figure 3.14: First choice method for contacting the Council (base – 599)



Of the 420 residents who identified a traditional method (in person or telephone) as their first choice, 107 selected either email or online forms as their second choice. This suggests that one in four residents who prefer traditional methods of contact are also willing or able to use online methods of contact.

Figure 3.15 overleaf highlights the first, second and third choice contact methods for Lancaster residents. Whilst email is not a popular first choice, residents are more likely to consider it a second or third choice option.

Figure 3.15: First, second and third choice methods for contacting the Council (base – 598, 547 and 417 respectively)



Q10 – Do you have any other comments or suggestions that you would like to make about Lancaster City Council, e.g. ways we could make savings or increase income?

Finally, residents were given the opportunity to make any comments about the Council or suggest ways in which savings could be made or income increased. A variety of comments were made as captured in the below word cloud (the larger the theme, the more it was mentioned).



A number of comments suggested that volunteers or job seekers could help the Council and do more in the community. For example:

- “More council volunteers and public volunteers at events rather than paying for security”
- “Have residents being responsible for cleaning their own areas”
- “Claimants should play a more active role in the council and duties the council puts forward to them”
- “Invest more on utilising the unemployed”

Several comments from residents indicated that reducing parking charges would be welcomed and would also help to stimulate business in the town centres. Comments included:

- “Reduce parking costs to encourage more people into town”
- “Parking should be free for 2 hours in Morecambe”
- “Reduced parking charges at certain times of the day”
- “Reduced parking costs or offers like ‘first hour free’”

Some people indicated that they were prepared to see a small increase in their Council Tax to protect services, although this wasn’t a view shared by all residents.

- “Small Council Tax increase”
- “The Council Tax could be increased within reason to keep things going”
- “Charge students Council Tax”

Generally, the range and mix of comments emphasise the challenge that the Council faces when looking at where to reduce spending. A few comments suggest that all services should be protected and there are various conflicting priorities emerging from the resident feedback, including focus on investment and business.

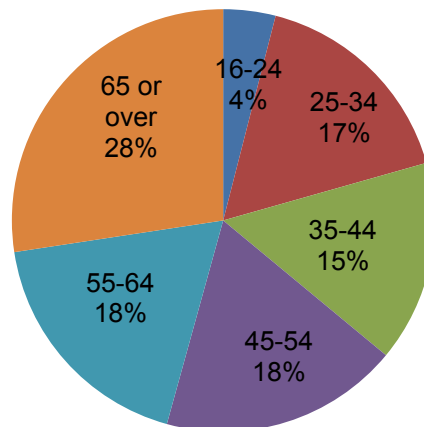
- “Don’t cut any services, arts services really important”
- “Don’t reduce any funding if possible”
- “No cuts to front line services”

4 Open Access Consultation

4.1 Who responded?

Of the 183 respondents to the online consultation, 55% were male, 40% were female and 5% did not indicate their gender. The age profile of consultation respondents is older than the research sample. Of those who indicated the age group they belong to, 28% were aged 65 or over. Just 4% were aged between 16 and 24.

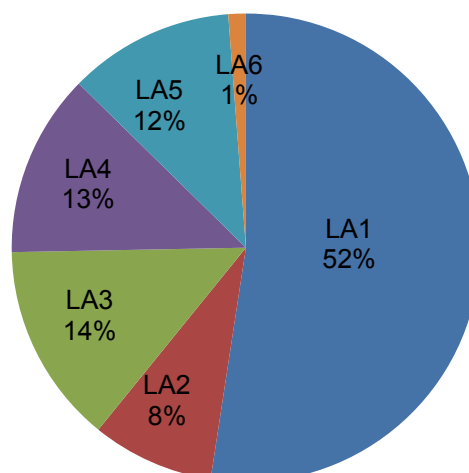
Figure 4.1: Age of online respondents (base – 175)



28% of the online respondents consider themselves to have a limiting long-term illness or disability, although only 6% indicated that it limits them a lot. Like the research sample and the overall Borough population, the majority of respondents were of White ethnicity.

166 home postcodes were provided from the 183 respondents, although a proportion of these were partial postcodes. Over half were from the LA1 area.

Figure 4.2: Postcode area of online respondents (base – 166)

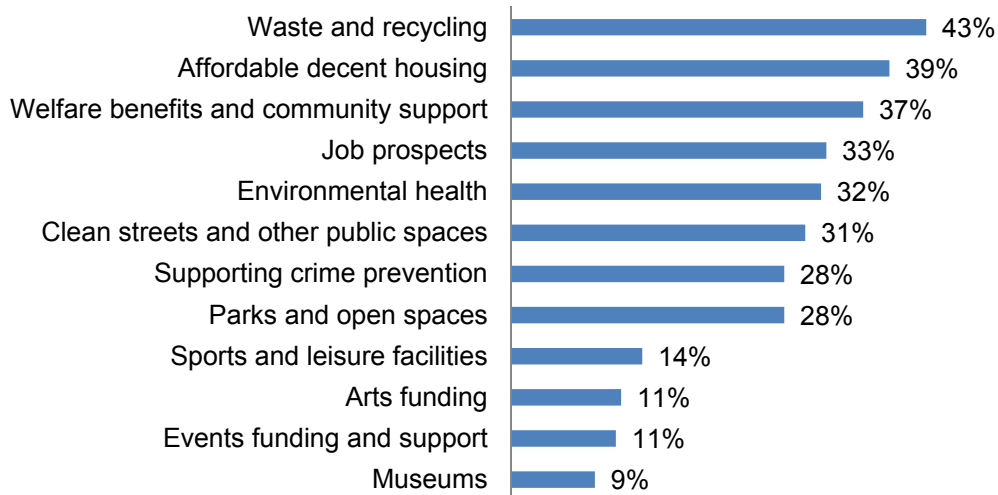


4.2 Council Priorities

Q1 – Thinking generally, which of the following do you think are most and least important in your local area?

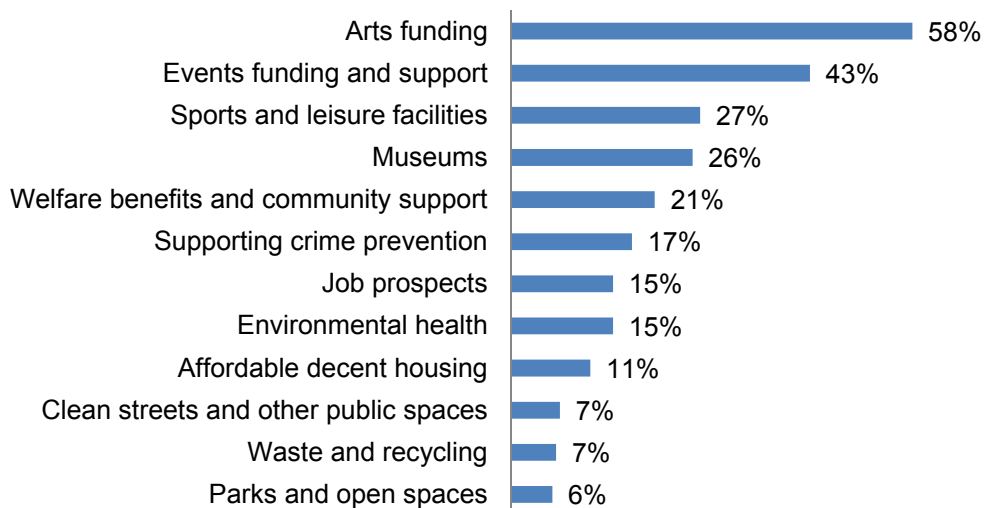
Respondents were asked to select a maximum of three things which are most and least important to them in their local area. Waste and recycling is the most important issue to people responding to the online consultation, followed by affordable decent housing and welfare benefits and community support. Comparatively, waste and recycling was considered the 8th most important thing to people in the research sample.

Figure 4.3: Most important to online respondents (base – 183)



Arts funding and events funding and support are considered least important.

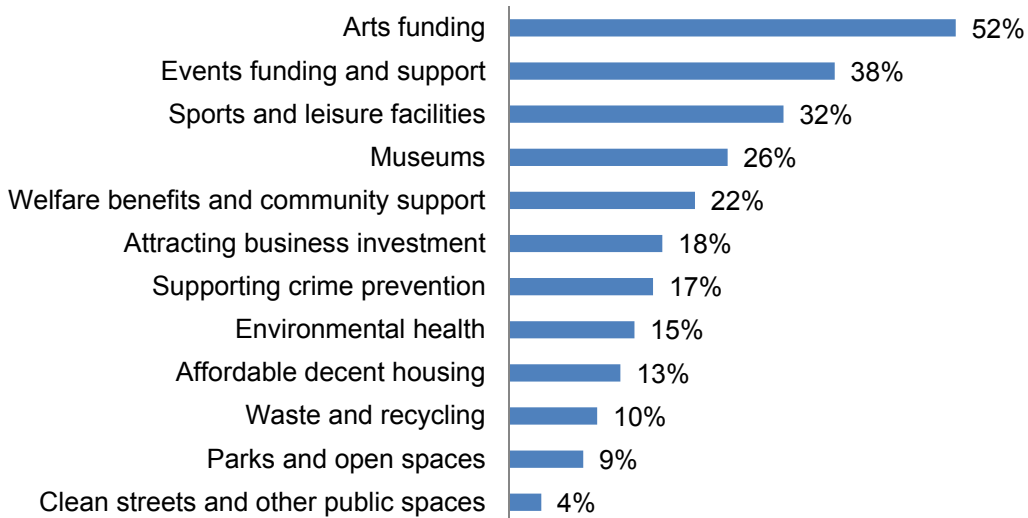
Figure 4.4: Least important to online respondents (base – 183)



Q2 – Please choose three services where you think reductions in spending should be made and three services where reductions in spending should not be made.

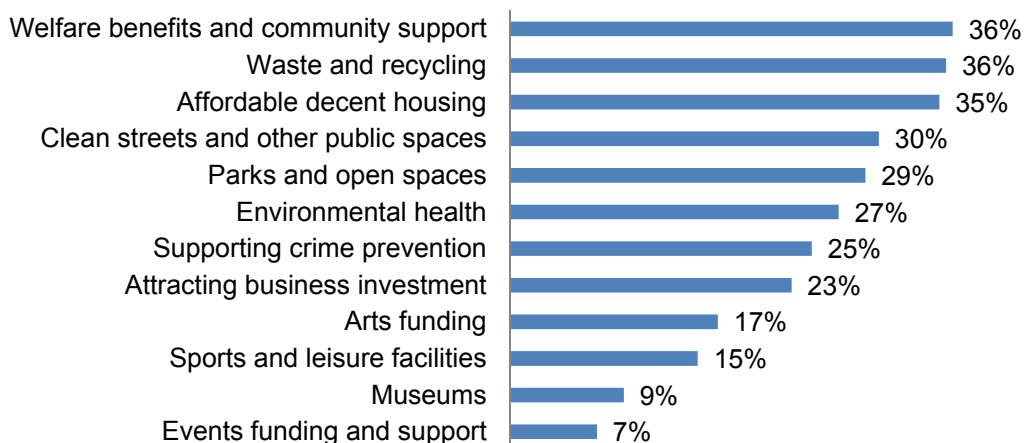
Aligning to what they find least important, over half of online respondents indicated that arts funding should be reduced. Moreover, 38% suggested events funding and support should be reduced and 32% identified sports and leisure facilities as an area where spending should be cut.

Figure 4.5: Services where spending should be reduced (base – 183)



Welfare benefits and community support, waste and recycling and affordable decent housing are the services which online respondents felt should not be reduced.

Figure 4.6: Services where spending should not be reduced (base – 183)

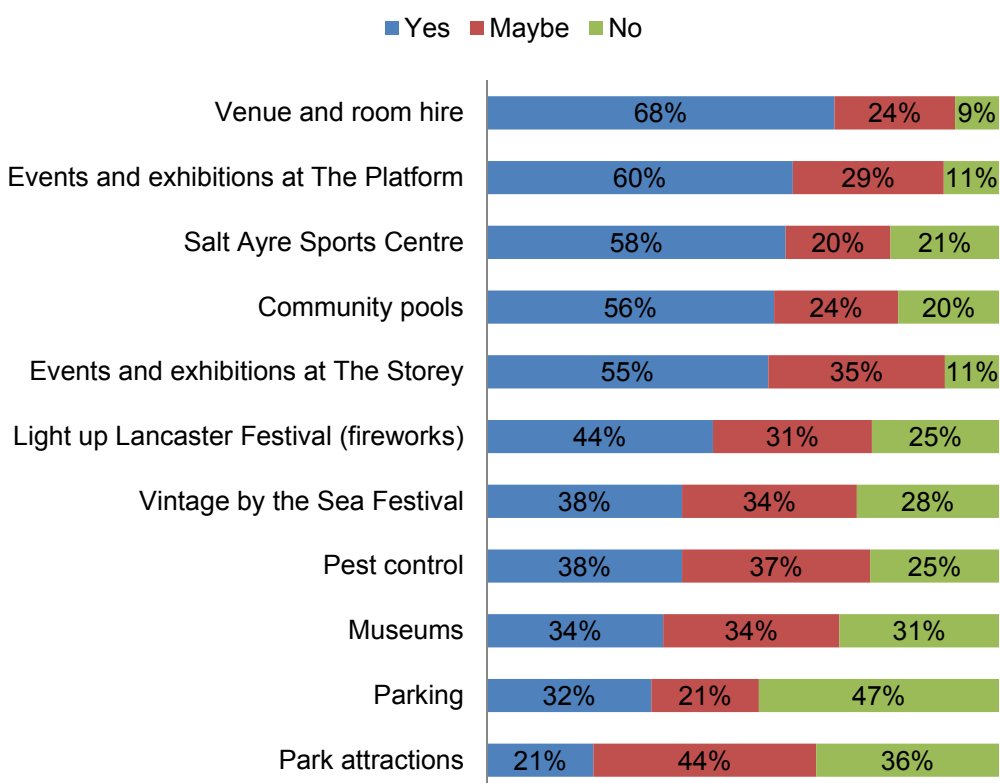


Q3 – If you use or would use any of the following services, would you be willing to pay a fee or pay more than you currently do?

Of those that use the range of services listed, generally speaking there is a good level of willingness to pay a fee or more than they currently do. Indeed, nearly seven in ten online respondents would pay more for venue and room hire.

Like the street research, people are least willing to pay more for parking.

Figure 4.7: Willingness to pay for services (base – 126 to 162)



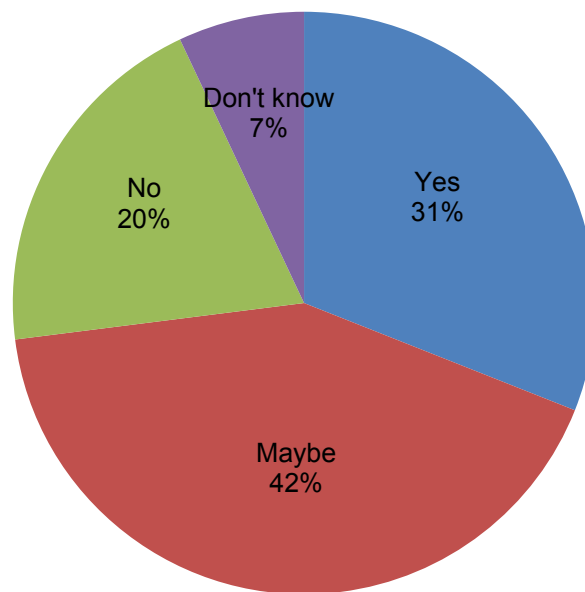
4.3 Local Community

Q4 – In light of the financial savings that need to be made, the council may need local people to help support some services in future. Would you be willing to consider taking a more active role in your community?

31% of online respondents indicated that they would be willing to take a more active role in their community. This is higher than the street research sample of 17%.

Moreover, 42% would ‘maybe’ consider taking a more active role.

Figure 4.8: Willingness to take a more active role in the community (base – 178)

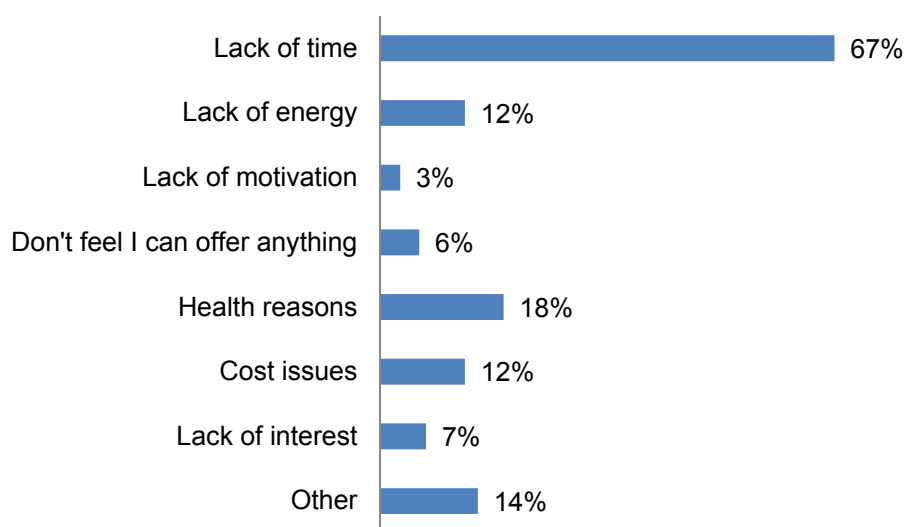


Q5 – If not, what is it that would prevent you from doing so?

Two thirds of those who are not willing to take a more active role indicated that this is due to a lack of time. Only 7% of online respondents suggest that lack of interest is a barrier, compared to 33% of the research sample.

'Other' reasons include already being active in the community and volunteering, a lack of transport/ accessibility and a sense that people should be paid to help.

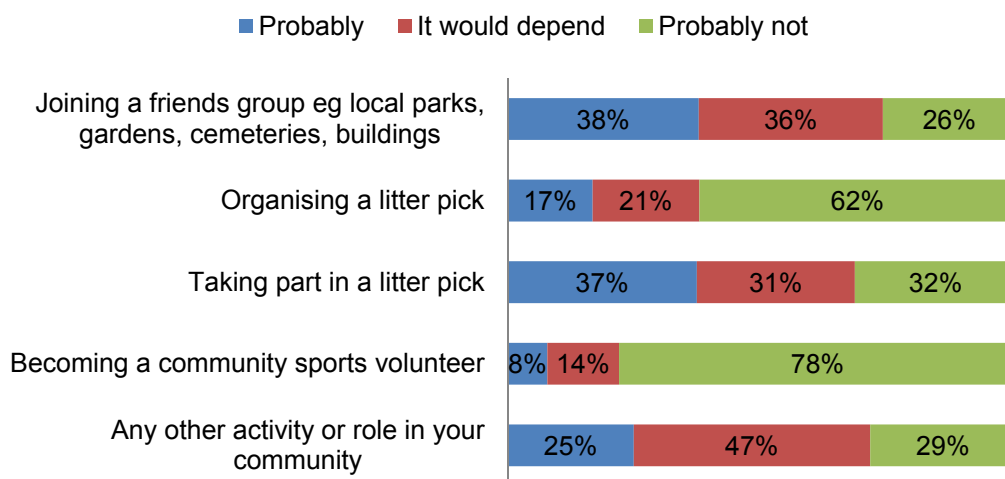
Figure 4.9: Reasons preventing people from taking a more active role (base – 105)



Q6 – If you would be willing to take a more active role, which, if any, of the following activities might you be interested in?

Of those willing to take a more active role, friends groups and litter picks appear to be the most appealing activities. Interest in organising a litter pick and becoming a community sports volunteer is low. Overall, willingness amongst the online respondents is lower than those interested from the street research.

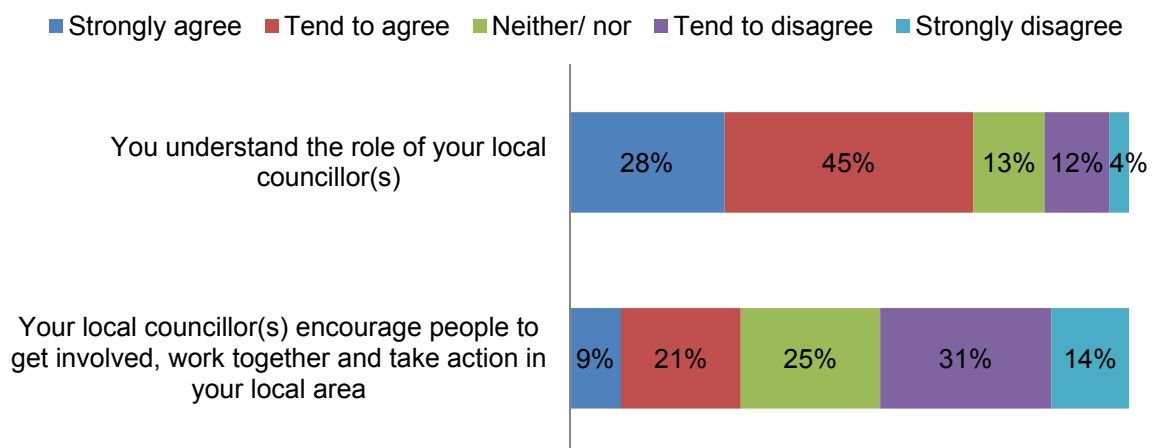
Figure 4.10: Voluntary activities people would be interested in (base – 128 to 149)



Q8 – To what extent do you agree or disagree with the following statements about your local councillor(s)?

73% of online respondents strongly or tend to agree that they understand the role of their local councillor. More respondents disagree (45%) than agree (30%) that their local councillor encourages people to get involved in their local area.

Figure 4.11: Agreement statements relating to local councillors (base – 173)

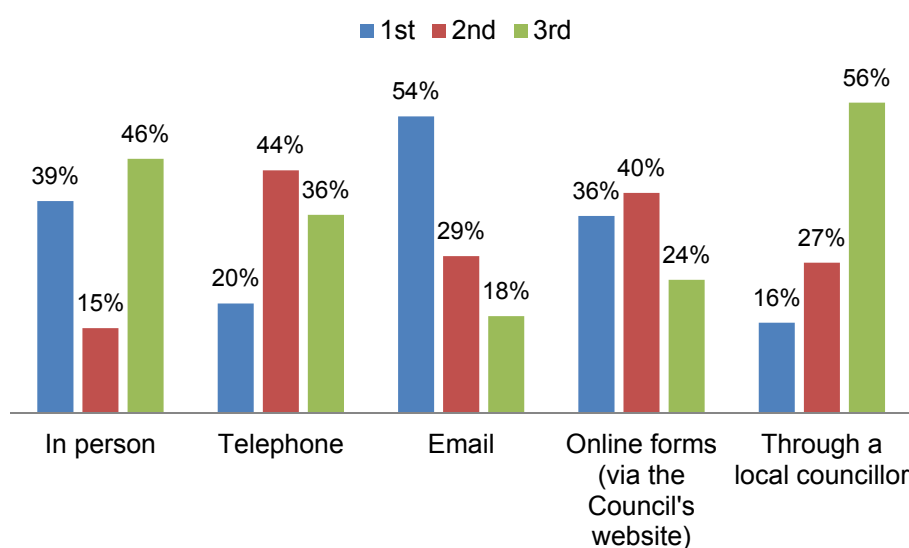


Q9 – Which of the following ways do you/ would you prefer to use to contact the council?

Online respondents were asked what their first, second and third choice communication methods are for contacting the Council.

The most popular contact method for online respondents is email as might be expected given the response method to the survey. Comparatively, just 11% of the research sample identified email as their first choice contact method.

Figure 4.12: Top 3 contact methods (base – 183)



Q10 – Do you have any other comments or suggestions that you would like to make about Lancaster City Council, e.g. ways we could make savings or increase income?

105 online respondents made a comment in the residents survey. Like the face-to-face research, the views expressed were wide ranging but a couple of significant themes emerged.

A number of respondents suggested that the amount of staff and councillors could be looked at or pay and terms and conditions reviewed. Comments included:

- “Too many managers, flexi time being abused”
- “Sack all the officers occupying nonsense jobs created by excessive regulation”
- “Reduce Chief Executive pay or share a Chief Executive”
- “Reduce councillors’ expenses”
- “You could save money by freezing the pay of all council employees earning over £25,000 a year”

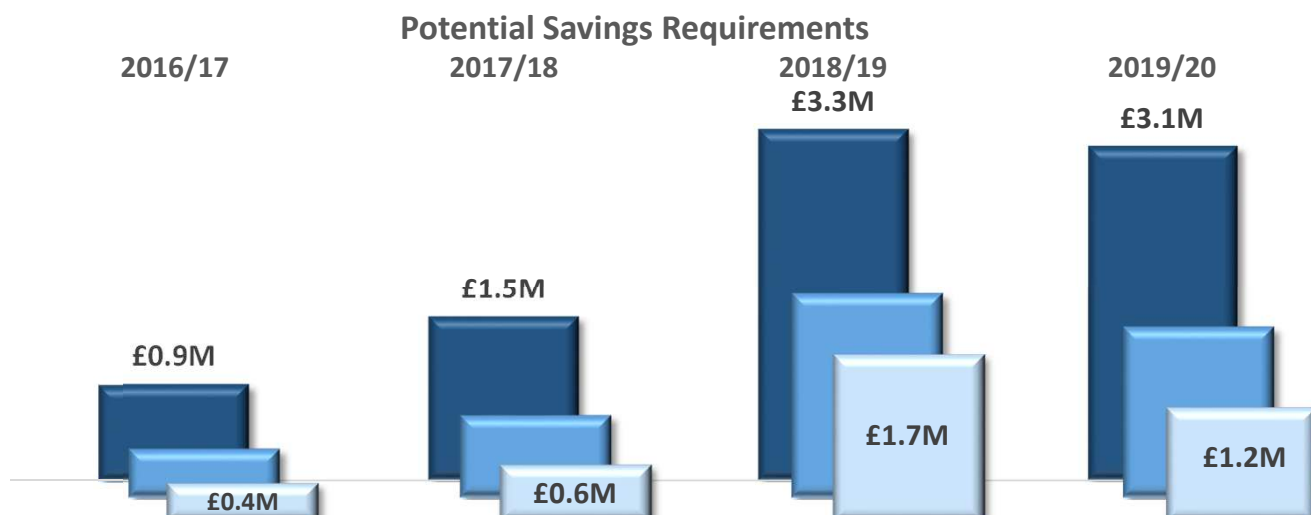
Some respondents feel more could be done by the Council when it comes to fining people for anti-social behaviour, particularly in relation to littering and dog fouling:

- “People who do not use the recycling bins should be fined”
- “Zero tolerance on litter and dog mess”
- “Increase penalties for people caught dropping litter, dog fouling”

GENERAL FUND REVENUE BUDGET 2015/16 TO 2019/20

For Consideration by Cabinet 01 December 2015

BUDGET PROJECTIONS		2015/16	2016/17	2017/18	2018/19	2019/20
		£000	£000	£000	£000	£000
	Original Revenue Budget & Projections	17,052	18,218	18,590	0	0
	<i>Allowing for budgeted use of Balances</i>	(1,000)	0	0	0	0
	Changes to Budget Projections - <i>Cabinet 01 December</i>	(608)	(1,183)	(1,381)	18,659	18,790
	Additional Contribution to / (from) Balances	608	0	0	0	0
	Projected Net Revenue Budget	17,052	17,035	17,209	18,659	18,790
	Estimated Collection Fund Surplus	(131)	(60)	0	0	0
	Target Council Tax Requirement <i>(To fit with a council tax increase of 1.99% per year)</i>	(7,853)	(8,259)	(8,550)	(8,850)	(9,159)
	Tax Base Projections	38,500	39,700	40,300	40,900	41,500
Settlement Funding Needed (to Balance Budget)	9,068	8,716	8,659	9,809	9,631	
Indicative Funding Shortfalls (i.e. Savings Requirements) based on:						
Updated MTFS (Sept 2015)		496	836	2,076	1,736	
Better Case		400	589	1,722	1,179	
Worse Case		898	1,533	3,307	3,146	



GENERAL FUND VARIANCE ANALYSIS

Appendix C

For Consideration by Cabinet 01 December 2015

	2015/16 Revised Compared to Original Budget		2016/17 Estimate Compared to Original Forecast	
	£	£	£	£
ORIGINAL BUDGET OR FORECAST	17,052,100		18,218,400	
EXPENDITURE	Adverse / (Favourable)			
Employee Savings				
Net turnover, incremental progression & restructures	(353,700)		(71,000)	
New Fraud Team - offset by savings on Revs & Bens Management Fee	0		60,600	
Additional overtime (Environmental Services)	13,900		(16,300)	
Impact of National Insurance changes	0		250,800	
Increase in turnover provision	<u>0</u>	(339,800)	<u>(200,600)</u>	23,500
Transport				
Vehicle leasing, hire & insurance	12,800		(5,300)	
Vehicle repair & maintenance	13,800		11,900	
Reduced fuel costs	(92,500)		(124,800)	
Pool Cars (linked to phasing out of Essential User Allowance)	17,100		21,500	
Reduced Car allowances & Essential User Allowance (phased savings)	<u>(10,600)</u>	(59,400)	<u>(49,400)</u>	(146,100)
Premises				
Energy (gas & electricity - Corporate Properties)	(63,600)		(96,000)	
Water charges (mainly Happy Mount Park & Cemeteries Surface Water)	(2,300)		(23,000)	
Business Rates increases	<u>29,800</u>	(36,100)	<u>3,200</u>	(115,800)
Supplies & Services				
Waste Collection savings on replacement bins & boxes	(34,000)		(35,400)	
Elections - additional cost due to increased staffing	45,000		0	
Member Allowances & training	(10,400)		(10,500)	
HR&OD - various minor savings	(7,200)		(13,800)	
Building Control consultancy - net of salary savings	20,100		(900)	
Saving re new christmas lights	0		(7,100)	
Cost of Queen's Visit	32,600		0	
Museum Partnership - reduced charge from County Council	(12,700)		(11,800)	
ICT consultancy budget reduced following restructure	(27,000)		(30,100)	
Reduced rental/usage charges for Multi Functional Devices (printers)	(5,000)		(10,000)	
Reduced Revenues & Benefits Management Fee (net of original saving target)	(31,500)		(113,900)	
Net reduction in Housing Benefit Subsidy	(47,500)		(27,500)	
Increased cost of funding HRA Central Control	<u>39,000</u>	(38,600)	<u>63,000</u>	(198,000)
INCOME				
Additional Government Grants - New Homes Bonus & Ctax New Burdens	(47,600)		(333,500)	
Williamson Park - net additional sales income	(14,400)		(26,600)	
Increased Waste Collection income	(10,000)		(10,200)	
Legal Services - additional court costs awarded	(14,400)		200	
Search Fees - increase in full searches	(16,800)		(16,000)	
Reduction in Taxi fee income - following move to 3 & 5 year licences	20,500		5,800	
Increase in Cemeteries income	(12,400)		(11,400)	
Salt Ayre Sports Centre - net additional income	(78,300)		(61,900)	
Hornby Pool reduced income	10,500		10,900	
Storey Institute - break-even target	0		(17,300)	
HMO Licenses - new HMO's identified	(12,600)		(2,200)	
Additional fee income from building regs, planning apps & pre app advice	(221,000)		(256,000)	
Coast protection - reduction in time charged to capital schemes	31,100		54,100	
Commercial property - net reduction in income	34,000		36,500	
Investment interest - reduced cash flow & increased allocation to HRA	<u>47,700</u>	(283,700)	<u>64,400</u>	(563,200)
CAPITAL FINANCING, RESERVES & PROVISIONS				
Revenue cost of capital financing (Minimum Revenue Provision)	(91,900)		(274,500)	
Direct revenue financing of capital programme reprofiling	(100,000)		100,000	
Increase in Election Reserve contribution	0		10,000	
Contribution to Apprenticeship Reserve no longer required	0		(16,700)	
Contribution to Bad Debt Provision increased	<u>250,000</u>	58,100	<u>100,000</u>	(81,200)
Other Net Service Variances		91,400		(102,600)
		<u>(608,100)</u>		<u>(1,183,400)</u>
LATEST BUDGET POSITION	16,444,000		17,035,000	

GENERAL FUND CAPITAL PROGRAMME
For Consideration by Cabinet 01 December 2015

Service / Scheme	2015/16			2016/17			2017/18			2018/19			2019/20			5 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Environmental Services	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Allotments	5,000		5,000			0			0			0			0	5,000	0	5,000
Vehicle Renewals	697,000		697,000	1,160,000		1,160,000	1,584,000		1,584,000	994,000		994,000	926,000		926,000	5,361,000	0	5,361,000
Vehicle Tracking System	24,000		24,000			0			0			0			0	24,000	0	24,000
Bins & Boxes Scheduled Buy-Outs	21,000		21,000	74,000		74,000	50,000		50,000			0			0	145,000	0	145,000
Car Parks Improvement Programme	92,000		92,000	72,000		72,000			0			0			0	164,000	0	164,000
Middleton Solar Farm Feasibility Study			0	30,000		30,000			0			0			0	30,000	0	30,000
Happy Mount Park - Pathway Replacements			0	43,000		43,000	23,000		23,000	23,000		23,000	23,000		23,000	112,000	0	112,000
Williamson Park Improvements & Enhancements	107,000	30,000	77,000			0			0			0			0	107,000	30,000	77,000
Health and Housing																		
Disabled Facilities Grants	600,000	600,000	0	1,168,000	1,168,000	0	783,000	783,000	0	783,000	783,000	0	783,000	783,000	0	4,117,000	4,117,000	0
Warmer Homes Scheme	6,000		6,000			0			0			0			0	6,000	0	6,000
Salt Ayre Sports Centre - Replacements & Refurbishments			0	30,000		30,000			0			0			0	30,000	0	30,000
Regeneration and Planning																		
Toucan Crossing - King Street	3,000		3,000			0			0			0			0	3,000	0	3,000
Dalton Square Christmas Lights (Renewal)	29,000		29,000			0			0			0			0	29,000	0	29,000
Sea & River Defence Works & Studies	1,396,000	1,393,000	3,000	3,255,000	3,255,000	0	2,125,000	2,125,000	0	2,125,000	2,125,000	0	1,082,000	1,082,000	0	9,983,000	9,980,000	3,000
Amenity Improvements (Morecambe Promenade)	22,000	3,000	19,000	9,000		9,000			0			0			0	31,000	3,000	28,000
Luneside East	50,000		50,000			0			0			0			0	50,000	0	50,000
Lancaster Square Routes	106,000	95,000	11,000	19,000		19,000			0			0			0	125,000	95,000	30,000
Morecambe TH12: A View for Eric	429,000	324,000	105,000	647,000	489,000	158,000			0			0			0	1,076,000	813,000	263,000
MAAP Improving Morecambe's Main Streets	132,000	5,000	127,000	263,000		263,000	1,000		1,000			0			0	396,000	5,000	391,000
MAAP Connecting Eric	158,000		158,000			0			0			0			0	158,000	0	158,000
Albion Mills Affordable Housing s106 scheme	40,000		40,000			0			0			0			0	40,000	0	40,000
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000		90,000			0			0			0			0	90,000	0	90,000
Middleton Nature Reserve s106 Scheme	17,000		17,000	4,000		4,000			0			0			0	21,000	0	21,000
Pedestrian/cycle links Sainsbury's Morecambe s106 scheme	59,000		59,000			0			0			0			0	59,000	0	59,000
Bold Street Housing Regeneration Site Works	24,000		24,000			0			0			0			0	24,000	0	24,000
Chatsworth Gardens	1,878,000		1,878,000			0			0			0			0	1,878,000	0	1,878,000
Lancaster District Empty Homes Partnership	100,000		100,000	100,000		100,000			0			0			0	200,000	0	200,000
AONB Vehicle Replacement	25,000		25,000			0			0			0			0	25,000	0	25,000
Resources																		
ICT Systems, Infrastructure & Equipment	376,000		376,000	352,000		352,000	510,000		510,000	310,000		310,000	100,000		100,000	1,648,000	0	1,648,000
Corporate Property Works	2,057,000	10,000	2,047,000	2,564,000		2,564,000	1,905,000		1,905,000	1,482,000		1,482,000			0	8,008,000	10,000	7,998,000
GENERAL FUND CAPITAL PROGRAMME	8,543,000	2,460,000	6,083,000	9,790,000	4,912,000	4,878,000	6,981,000	2,908,000	4,073,000	5,717,000	2,908,000	2,809,000	2,914,000	1,865,000	1,049,000	33,945,000	15,053,000	18,892,000
Financing :																		
Specific Grants and Contributions	2,460,000			4,912,000			2,908,000			2,908,000			1,865,000			15,053,000		
General Capital Grants	6,000			0			0			0			0			6,000		
Capital Receipts	641,000			370,000			370,000			0			0			1,381,000		
Direct Revenue Financing	234,000			204,000			50,000			0			0			488,000		
Earmarked Reserves	681,000			600,000			230,000			280,000			120,000			1,911,000		
	4,022,000			6,086,000			3,558,000			3,188,000			1,985,000			18,839,000		
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	4,521,000			3,704,000			3,423,000			2,529,000			929,000			15,106,000		
TOTAL FINANCING	8,543,000			9,790,000			6,981,000			5,717,000			2,914,000			33,945,000		
SHORTFALL / SURPLUS (-)	0			0			0			0			0			0		