

CABINET

6.00 P.M.

8TH FEBRUARY 2022

PRESENT:- Councillors Kevin Frea (Vice-Chair), Dave Brookes, Gina Dowding,
Tim Hamilton-Cox, Tricia Heath, Erica Lewis, Cary Matthews,
Sandra Thornberry and Anne Whitehead

Apologies for Absence:-

Councillor Caroline Jackson (Chair)

Also in attendance: Councillor Colin Hartley

Officers in attendance:-

Kieran Keane	Chief Executive
Mark Davies	Director for Communities and the Environment
Jason Syers	Director for Economic Growth and Regeneration
Luke Gorst	Head of Legal Services and Monitoring Officer
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
William Griffith	Head of Public Realm
Joanne Wilkinson	Head of Housing
Jennifer Curtis	Licensing Manager
Liz Bateson	Principal Democratic Support Officer

In the absence of the Leader, the Deputy Leader took the Chair

71 MINUTES

The minutes of the meeting held on Tuesday 18 January 2022 were approved as a correct record.

72 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chair advised that there were no items of urgent business.

73 DECLARATIONS OF INTEREST

No declarations were made at this point.

74 PUBLIC SPEAKING

Members were advised that there had been a request to speak at the meeting from a member of the public in accordance with Cabinet's agreed procedure, as set out in Cabinet Procedure Rule 19, with regard to Hackney Carriage Fare Review 2022 (Minute 75 refers).

Mr Kay addressed the meeting, outlined his concerns with regard to the proposals as set out in the referral report, suggested alternative proposals and responded to questions. The Chair thanked Mr Kay for participating in the meeting.

75 HACKNEY CARRIAGE FARE REVIEW 2022**(Cabinet Member with Special Responsibility Councillor Brookes)**

Cabinet received a report from the Director for Communities & the Environment to approve the recommendation from the Licensing Committee with regard to a new Hackney Carriage Fare Tariff. Councillor Hartley, the Chair of the Licensing Committee had been invited to the meeting to hear the discussions and participate in the meeting and with the agreement of the meeting, the Chair suspended standing orders (Rule 18) to enable Councillor Hartley to respond to any questions from Cabinet members.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

Officers have calculated average 1-, 5- and 10-mile journeys using a variety of uplift options, including increasing rolling charges. (A rolling charge is a charge that is applied for distance travelled, eg, for every 330yards 20p is applied to the fare) By increasing the rolling charges by a marginal amount (10p) over these distances creates a significant raise in fare costs between 20-30% for the travelling public, this option is therefore not proposed.

It is thought more appropriate to increase waiting times, by increasing this to 20p per 40 seconds or uncompleted part thereof. There is no suggestion that the maximum soiling charge (£75.00) need adjustment, as it is comparable with neighbouring authorities and would reflect the cost of a valet/time spent off the road through a soiling incident. The additional passenger and luggage costs should remain at 20p, respectfully.

Option 1: Maintain current table of fares approved in 2019.
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<p>Advantages:</p>

<p>Public are aware of expected fares when hiring a hackney carriage.</p>

<p>Disadvantages:</p>

<p>The current table of fares does not represent rising fuel and insurance costs.</p>

<p>Risks:</p>

<p>Drivers may decide to leave the trade, if they decide that the profit is marginal.</p>

Option 2: Apply retail price index (RPI) to current flag fall.

<p>Advantages:</p>

<p>This seems to be a general approach across County and Country, although not a common approach to all.</p>
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<p>Disadvantages:</p>

<p>Allows for a minimal increase.</p>

<p>Risks:</p>

<p>Drivers may decide to leave the trade, if they decide that the profit is marginal.</p>

Option 3: Apply uplift to flagfall across 3 tariffs. Suggested 50p and apply 10p uplift to waiting charges

Advantages:

Trade receives an uplift, proportionate to current climate

Disadvantages:

The increase is not supported by an agreed or common methodology that reflects the cost of owning and operating a hackney carriage in the district.

Risks:

Decrease in business for hackney carriages due to fare adjustments.

Option 4: Deregulate fare setting

Advantages:

Allows licensed trade to calculate their own fares, they may be best placed to calculate costs.

Disadvantages:

Licensing Authority has no control on charges passed to the public.
May create confusion as fares could vary across the trade.

Risks:

Lack of public confidence in use of Hackney Carriages due to unknown charges. Varying charges between proprietors creating confusion.

The officer preferred option is Option 3: Apply uplift to flag fall across 3 tariffs, suggested 50p and apply 10p uplift to waiting charges. Applying the tariff increase as proposed in option 3, would seem appropriate so as to help ensure that hackney carriage proprietors receive a reasonable increase in fare income. The increase reflects necessary and proportionate adjustments, given that there has been no increases in fares since 2019 and the increase was marginal, based on the annual RPI.

Any concerns from members of the public or licensed trade would be addressed through the consultation process by placing a notice in the local press proposing the revised tariff. An amended table of fares that reflects Option 3 was attached at Appendix 2 to the report.

Councillor Brookes proposed, seconded by Councillor Hamilton-Cox:-

“(1) That Cabinet notes the proposal to apply uplift to flag fall across 3 tariffs by 50p and apply 10p uplift to waiting charges but does not approve advertisement of the updated table of fares at this time.

(2) That Cabinet asks officers to carry out an immediate informal consultation exercise with hackney carriage drivers to gather feedback on options for increasing fares, taking into account the need to increase the rate earned per mile, and the policy position on RPI.

(3) That Cabinet refers the matter back to Licensing Committee for reconsideration following the consultation exercise, including consideration of any proposals arising from hackney carriage drivers.

(4) That Cabinet asks that a further report on the Hackney Carriage Fare Review be brought back to April 12th Cabinet for decision.”

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet notes the proposal to apply uplift to flag fall across 3 tariffs by 50p and apply 10p uplift to waiting charges but does not approve advertisement of the updated table of fares at this time.
- (2) That Cabinet asks officers to carry out an immediate informal consultation exercise with hackney carriage drivers to gather feedback on options for increasing fares, taking into account the need to increase the rate earned per mile, and the policy position on RPI.
- (3) That Cabinet refers the matter back to Licensing Committee for reconsideration following the consultation exercise, including consideration of any proposals arising from hackney carriage drivers.
- (4) That Cabinet asks that a further report on the Hackney Carriage Fare Review be brought back to April 12th Cabinet for decision.

Officer responsible for effecting the decision:

Director for Communities & the Environment

Reasons for making the decision:

The pandemic has brought about many challenges for the licensed trade, with many choosing not to renew licenses and seek alternative employment. The licensing service are working with internal and external partners to support the trade and encourage new applicants into the profession through funding. It is therefore important the fares represent the living wage locally. In addition, any uplift would need to be balanced in terms of public expectation, anything too great would face criticism and potentially result in less work for the hackney carriage trade. The decision enables officers to undertake an immediate consultation exercise to ensure the fare review is fair and sustainable.

76 CAR PARKING FEES & CHARGES

(Cabinet Member with Special Responsibility Councillor Dowding)

Cabinet received a report from the Director for Communities & the Environment that set out options arising from the review of the Council’s wider parking policies. The options were modelled so they could be presented to Council as part of the wider budget proposals.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

Option 1: Retention of current complex tariff structure with 50p per tariff band incremental increase

Advantages: A larger increase in pricing could assist in achieving the structural deficit.

Disadvantages: The Council retains a complex tariff structure which doesn't work towards addressing Council ambitions as outlined within this report.

The tariff structure would become further complicated and unclear for users with potential regeneration development such as Eden and Canal Quarter as outlined within the report.

Reputational risk with business community and users feeling this is not an attractive alternative.

Risks: None.

Option 2: The terms of the proposed parking fees & charges amendments is endorsed.

Advantages: Creates additional revenue to meet budget aspirations and provides a shift towards climate change modes of transport aspirations.

Disadvantages: None.

Risks: The signage and software changes exceed budget estimates.

Revenue budget expectations are not met due to a combination of macroeconomic or externalised factors.

Option 3: Support retention of current complex tariff structure with 10p per tariff band incremental increase

Advantages: No advantages identified.

Disadvantages: The Council retains a complex tariff structure which doesn't work towards addressing Council ambitions or structural deficit.

The tariff structure would become further complicated and unclear for users with potential regeneration development such as Eden and Canal Quarter as outlined within the report.

Risks: None.

Option 4: The terms of the proposed parking fees & charges amendments are not agreed.

Advantages: No advantages identified.

Disadvantages: A financial budget gap may become apparent which may result in a

reduction of council services.

Risks: None.

The Officer Preferred Option is option 2.

Councillor Dowding proposed, seconded by Councillor Brookes:-

“That the recommendations, as set out in the report, be approved,”

During the debate concern was raised at the possible impact the proposals might have on arts and culture in Lancaster and whether some re-modelling could be undertaken to address this within the context of the draft budget.

By way of an amendment, that was accepted as a friendly amendment by the proposer and seconder, Councillor Thornberry proposed and Councillor Lewis seconded :-

“that the following wording be inserted at the end of recommendation (2) : *with further modelling to look at an extra tariff to support art and culture organisations and that further tariff to be agreed in consultation with the Leader and Cabinet Members with responsibility for Planning & Place Making and Arts, Culture, Leisure & Wellbeing.*

Councillors then voted:-

Resolved unanimously:

- (1) That as the option most consistent with Council’s priorities, Option 2 be included in Cabinet’s budget proposals.
- (2) That Subject to Council approval these tariffs are adopted from April 1, 2022 with further modelling to look at an extra tariff to support art and culture organisations and that further tariff to be agreed in consultation with the Leader and Cabinet Members with responsibility for Planning & Place Making and Arts, Culture, Leisure & Wellbeing.

Officer responsible for effecting the decision:

Director for Communities & the Environment

Reasons for making the decision:

Effectively managed car parking makes a significant strategic contribution to a number of agreed Council outcomes including:

Strategy- Climate Emergency. Outcomes- net zero by 2030, transition to an accessible and low carbon transport system.

Strategy- Community Engagement, Power and Resilience. Outcomes- innovative public services, providing value for money.

The request that officers undertake further modelling of the Lancaster tariff will ensure that concerns surrounding any adverse impact on the entertainment industries is

addressed.

77 BUDGET & POLICY FRAMEWORK UPDATE 2022/23

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer that provided information on the Council's latest General Fund Revenue budget proposals for 2022/23, the resulting Council Tax requirement and the Section 151 Officer's statement on the adequacy of reserves. The report addressed the actions required to complete the budget setting process for 2022/23, and for updating the Council's associated financial strategy and sought Cabinet's approval and recommendations to Full Council.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

Revenue Budget

Council may adjust its revenue budget proposals, so long as the overall budget for 2022/23 balances and fits with the proposed Council Tax level.

Other Budget Framework Matters (Reserves and Provisions)

Given known commitments, risks and Council Tax restrictions there is little flexibility in financial terms, but Council could consider different budget strategies to be appraised for future years, or alternative arrangements for approving the use of various reserves, or different virement and/or carry forward limits. Overall, however, previous arrangements have worked reasonably well, and so no other fundamental changes are proposed.

Section 151 Officer's Comments and Advice

Council is required to note this formally in the minutes of the meeting, hence it is reflected in the recommendations.

Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision making.

Revenue Budget 2022/23 and Reserves Position

To agree the recommendations as presented as the proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

(1) That Cabinet recommends the following for approval to Budget Council:

- The 2022/23 General Fund Net Revenue Budget and resulting Council Tax

Requirement excluding parish precepts (Appendix A to the report) and supporting budget proposals (Appendix B to the report).

- The Section 151 Officer's statement on the adequacy of reserves and advice that the minimum level of balances remains at £3.5M, subject to annual review.
 - the resulting position on reserves (Appendix C to the report).
 - the updated position on budget transfers (Appendix D to the report)
- (2) That the Finance Portfolio Holder be given delegated authority to finalise the General Fund Revenue budget 2022/23 as updated for Cabinet's final budget proposals, and outcomes of the Final Local Government Settlement for referral on to Council.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

The budget framework in general sets out a financial plan for achieving the Council's corporate priorities which incorporate the above cross cutting themes. The decision enables Cabinet to make recommendations back to Full Council in order to complete the budget setting process for 2022/23.

78 CAPITAL PROGRAMME & CAPITAL STRATEGY 2022-23 TO 2025-26 - (INCLUDING INVESTING IN THE FUTURE)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer to present Cabinet's final budget proposals in order that the Council can approve a General Fund Capital Programme for 2022/23 to 2024/25 and a Capital Strategy 2022/23 as required by regulation. The proposed Capital Programme and supporting Strategy, entitled 'Investing in the Future' (contained at Appendix B to the report), set out the relevant context and a proposed framework to support the Council's approach to capital investment over the medium term.

The programme and strategy aligned capital investment to the Council's four overall priorities and proposed a consistent 'lifecycle' for the development and delivery of capital investment activities, including the transparent, accountable democratic decision process. The strategy also set out the proposed approach to risk management as well as the monitoring and evaluation of capital projects.

No options were presented as Cabinet originally considered the strategy at its meeting of 7 December 2021 when it was agreed that further reference be made regarding the potential for investment to create social value through culture and heritage assets. The updated draft included at Appendix B to the report contained additional content in section 1.1 and Investment Streams 2 and 3 to reflect this. The strategy was considered by Budget & Performance Panel at its meeting of 14 December 2021 when the Panel noted the report and draft strategy without suggesting further amendments.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet recommends the following for approval to Budget Council 23 February 2022:
 - the updated Capital Programme covering financial years 2022/23 to 2025/26 • the Capital Strategy (Investing in the Future) 2022/23
- (2) That the Finance Portfolio Holder be given delegated authority to finalise the Capital Programme and associated Capital Strategy, as updated for Cabinet’s final budget proposals, and outcomes of the Final Local Government Settlement.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

Capital and Investment Strategies form part of the Budget Framework and their adoption is a function of Full Council.

79 TREASURY MANAGEMENT STRATEGY 2022-23

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer to present to Cabinet the draft Treasury Management Strategy and associated documents for 2022/23 and to provide an opportunity for final consideration and comment ahead of formal presentation to Council for approval, in accordance with the Council’s constitution.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

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

Furthermore, the Strategy must fit with other aspects of Cabinet’s budget proposals, such as deposit interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. There are no options available regarding other components of the overall framework.

The officer preferred option is to approve the framework as attached to the report, allowing for any amendments being made under delegated authority prior to referral to Council. This is based on the Council continuing to have a comparatively low risk

appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It is stressed that in terms of treasury activity, there is no risk free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work, pending any update during the course of next year.

If Cabinet or Budget Council changes its Capital Programme from that which is proposed in this report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy. Delegation to the Finance Portfolio Holder is therefore requested in order to ensure that Cabinet's final capital programme proposals are reflected in the Treasury Management Strategy.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

"That the recommendation, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That the Treasury Management Strategy 2022/23 along with Appendices A to C, as appended to the report, be recommended to Council for formal approval.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

Treasury Management forms part of the Council's budget framework. The Council is required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and for managing its investments and for giving priority to security and liquidity of those investments. The report satisfied these requirements and sought Cabinet's approval and recommendation to Full Council for formal adoption.

80 MEDIUM TERM FINANCIAL STRATEGY UPDATE 2022/23 - 2025/26

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Financial Officer that provided an update on the Council's general budgetary position for current and future years. Given that at the time of writing, the Final Local Government Settlement had not been laid before Parliament estimates might be subject to change.

The risks to the Council are contained throughout the report and as the report is for noting, no alternative proposals have been put forward.

There remain significant uncertainties in terms of Local Government funding over the next couple of years. These have been exacerbated by national circumstances such as

COVID19 and Brexit, but also by local issues around decommissioning plans for the Heysham power station. These have severely hampered the degree of confidence with which we can forecast with many key estimates and assumptions likely to change in the coming months. Despite the work to date to realise the Funding the Future Strategy the budget gap has remained.

It must be recognised that the overall size of the challenge the Council faces in addressing its underlying structural deficit is significant and the formulation of a balanced budget over the medium and longer term will require the delivery of considerable savings.

Continued focus on delivering the Funding the Future Strategy and the application of Outcomes Based Resourcing principles such as strategic prioritisation, service transformation and continuous improvement will play a significant part in achieving the level of savings required. The Council must recognise that it will face a number of key decisions over the next financial year which will affect the manner in which it delivers its services.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That the draft future years budget estimates as set out in the report be noted as the latest information available.
- (2) That the update be referred on to Council 23 February 2022 for information.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

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.

81 HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Matthews)

Cabinet received a report from the Director for Communities & the Environment that sought Cabinet’s decisions on Council housing rent setting proposals and HRA revenue and capital budget proposals for referral on to Budget Council in order to complete the HRA budget setting process for 2022/23.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

The options with regards to rent setting are set out under section 3, the maximum permitted increase being CPI+1%. By applying this increase, it allows for a budget that can deliver on the Council's ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and legislative requirements.

In relation to garage rents, the previous decision was to freeze rents for 2021/22. In order to protect current occupancy and income levels, and inline with sector benchmarking, a further 12-month freeze is recommended. Garage rents and occupancy will remain under review.

With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long as their financing is considered and addressed.

The options available in respect of the minimum level of HRA balances are to retain the level at £500K in line with the advice of the Section 151 Officer, or adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting and it could have implications for the Council's financial standing, as assessed by its external auditor.

With regards to the additional budget proposals as set out in section 8 of the report, Cabinet should consider the costs and benefits of the proposals and whether they are affordable, in particular, over the medium to longer term.

The options available in respect of the Capital Programme are:

- i) To approve the programme in full, with the financing as set out;
- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

Any risks attached to the above would depend on measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known, and Officers may require more time in order to do this.

Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme; and the additional budget proposals as set out

Advantages: Increased rental income allows the Council to deliver towards its climate ambitions and provide an ambitious housing service which places people and place at the heart of its offer.

Disadvantages: Increased rent levels for tenants.

Risks: The HRA budget set out in this report is sustainable in the long term. The risk associated with Option 1 relates to any future Mainway project (as referred to in section 9, above) and any borrowing or use of reserves in relation to this.

Option 2: Set housing and garage rent levels as detailed in this report and approve the provisions, reserves and balances position (and their use) as set out, and the revenue budgets and capital programme, but allowing for Cabinet's recommendations regarding specific additional budget proposals.

Advantages: Increased rental income allows the council to deliver towards its ambitions. Non-approval of additional budget proposals would lead to greater HRA surpluses over the life of the 30-year business plan.

Disadvantages: Non-approval of additional budget proposals would cause a scaling back of ambitions.

Risks: Inability to maximise service provision and deliver on Council, and housing related ambitions.

Option 3: To propose alternatives to those outlined in Section 11 above.

Advantages: Unknown

Disadvantages: Would require further options analysis

Risks: Impact on housing service and council housing tenants unknown.

The Officer Preferred Option is Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme; and all additional budget proposals as set out.

Councillor Matthews proposed, seconded by Councillor Heath:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That the Housing Revenue Account Revised Budget for 2022/23, as set out at Appendix A to the report, together with the resulting Capital Programme as set out at Appendix C to the report, be referred on to Council for approval.
- (2) That the minimum level of HRA unallocated balances be retained at £500,000 from 01 April 2022, and that the full Statement on Reserves and Balances as set out at Appendix F to the report, be endorsed and referred on to Budget Council for approval.
- (3) That council housing rents be set in accordance with statutory requirements as follows:
 - for general properties let as at 01 April 2022, average rent be set at £78.24 for 2022/23;

- for sheltered and supported housing properties let as at 01 April 2022, average rent be set at £73.49 for 2022/23;
 - for any relevant property becoming vacant the following policy be reaffirmed: that they be re-let at the higher 'formula rent'.
- (4) That garage rents be frozen for a 12-month period (rather than increased by CPI, as per the rent setting policy established by Cabinet in January 2017) in order to protect income levels currently achieved, and in line with benchmarking across the sector.
 - (5) That a delegated decision to approve the tender of 6 programmes of work (over £200k and key decisions over £250k) during 2022/23 can be made by the Chief Executive (as per 7.4 in the report) and in line with procurement rules.
 - (6) That the additional budget proposals as set out at Appendix E to the report be included in Cabinet's budget proposals for referral on to Council, noting that any approvals be met from unallocated balances.
 - (7) That subject to the above, the resulting Housing Revenue Account budget for 2022/23 onwards, as set out at Appendix A to the report, together with the resulting Capital Programme as set out at Appendix C to the report, be referred on to Budget Council for approval.
 - (8) That the redirection of funds within the 2021/22 HRA Capital Programme, as described in 7.3 in the report be approved.

Officers responsible for effecting the decision:

Director for Communities & the Environment

Reasons for making the decision:

The Council is required under statutory provisions to maintain a separate ring-fenced account for all transactions relating to the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock. The decision ensures there are sufficient resources to maintain and manage the Council's Housing Revenue Account (HRA) assets.

82

BAILRIGG GARDEN VILLAGE - VISION MASTERPLAN

(Cabinet Member with Special Responsibility Councillor Dowding)

Cabinet received a report from the Director for Economic Growth & Regeneration to determine whether the Vision Masterplan for the Bailrigg Garden Village prepared for the council in 2021 by JTP consultants and informed by extensive community engagement and close working with stakeholders would be the basis for the council's planning of the garden village and specifically work to prepare the Lancaster South Area Action Plan.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

Option 1: To endorse the Vision Masterplan as the basis for the council's planning

of the Bailrigg Garden Village and specifically in work to prepare the Lancaster South Area Action Plan.

Advantages: This will help give certainty as to the council's ambitions for growth in South Lancaster with the community and stakeholders and with the county council with whom the city council is collaborating closely to realise these growth ambitions. The option will provide robust directions for and very significantly inform the statutory planning work required going forward to prepare the Lancaster South Area Action Plan.

Disadvantages: None.

Risks: None.

Option 2: Not to endorse the Vision Masterplan as the basis for further planning work

Advantages: No advantages are identified.

Disadvantages: This option would mean that the Vision Masterplan is either set aside, reviewed or work on such start afresh. This will make for many significant uncertainties. It will not inform, support or assist the statutory planning work necessary going forward to prepare the Lancaster South Area Action Plan, will undermine the credibility of the council in its ambitions for sustainable growth in South Lancaster and further will render largely void many months of work and so make costs incurred abortive.

Risks: This option means delay and risks further costs to the council if further work on the Vision masterplan is sought or the work is to be re-done. The uncertainties attendant with this option will undermine the council's growth ambitions for South Lancaster and make for uncertainties with how the council is to progress in preparing the Lancaster South Area Action Plan. Further, it may risk the collaborative work by the two councils to secure major government investments into South Lancaster and for the city via the Housing Infrastructure Fund.

The officer preferred option is Option1 for the reasons in the analysis above.

Councillor Dowding proposed, seconded by Councillor Heath:-

"That the recommendations, as set out in the report, be approved."

By way of an amendment Councillor Lewis proposed, seconded by Councillor Whitehead:

"That Cabinet requests that the Director for Economic Regeneration & Planning write to all landowners who are intended to be caught within the roof tax, highlighting Lancaster City Council's desire to partner with them to meet the strategic priorities of the council, while respecting the financial imperatives landowners may be operating within."

This was not accepted as a friendly amendment and Cabinet then voted on the amendment.

3 Members (Councillors Lewis, Thornberry & Whitehead) voted for the amendment and

6 Members against (Councillors Brookes, Dowding, Frea, Hamilton-Cox, Heath & Matthews) whereupon the Chair declared the amendment to be lost.

Councillors then voted on the original proposal:

Resolved unanimously:

- (1) That the Vision Masterplan be endorsed as the basis for the council's planning of the Bailrigg Garden Village and specifically in work to prepare the Lancaster South Area Action Plan.
- (2) That Cabinet acknowledge that the Vision Masterplan is a material consideration in the determination of planning proposals.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The Vision Masterplan anticipates a very high standard of urban design and development attaining to the latest thinking meeting best practice standards. Certain aspects will be substantively worked through at plan authorisation and construction stages.

The decision is consistent with all key elements of the councils Policy Framework including for

- A Sustainable District
- An Inclusive and Prosperous Local Economy
- Healthy and Happy Communities
- A Cooperative, Kind and Responsible Council

Further it is in full alignment with the Local Plan and local plan policy including policy for the Broad Area for Growth in South Lancaster.

83 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Hamilton-Cox and seconded by Councillor Matthews:-

"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 of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act."

Members then voted as follows:-

Resolved unanimously:

- (1) 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 of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

84 MAINWAY PROJECT REPORT

(Cabinet Member with Special Responsibility Councillor Matthews)

Cabinet received a report from the Director for Communities & the Environment which sought approval for the next steps for the future of Mainway.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

In respect of the recommendations:

Option 1: Acquire the redundant parts of the former Skerton High School site; undertake combined site master planning; commence a pilot scheme

Advantages:

Integrating the redundant parts of the school site into the Mainway proposals, increases housing numbers; improves housing mix; delivers community amenity; provides playing fields for wider community and sports group use; improves access to and from Mainway for pedestrian / cycle and vehicles – linking the riverside to Ryelands and beyond. Enhanced placemaking and creates a real opportunity to reverse the cycle of decline and make Skerton East a place to live with one of aspiration.

Acquiring the site establishes the control needed to deliver this transformational opportunity rather than allowing the site to go to a third party who may not deliver anything on the site that meet the core priorities of the Council.

Undertaking a co-ordinated masterplan and early phase detailed design for planning approval, will ensure how core design principles will flow through the combined site; provide improved permeability, connectivity, construction materials, etc that underpins how the new development would function and enrich the lives of residents and the wider community. The early establishment of the design team and development partner for phase 1 is key to meet timeline expectations.

Accelerating an early phase, provides clarity and assurity as to the proposed strategy of retaining the core buildings on Mainway. It communicates the vision of the Council to the community after some perceived delays in progressing the scheme. It sets the stall out as to how the regeneration of the area will come forward and delivers on site examples of the wider masterplan vision. The strategy of retaining the core buildings, is important from a viability and zero carbon objective for Mainway.

Disadvantages:

The cost of delivering a combined Mainway & school site programme is significant and prohibitive to the resources and capacities of the Council based on the current Treasury parameters that dictate borrowing capacity. Dependent on the review and adoption of potential different Treasury strategies, funding 100% of the Mainway development could restrict wider Council priorities.

The school site will have holding costs to be allowed for until developed through.

The masterplan will take into account that a S77 approval may not be granted, but in that instance whilst a portion of that work would be wasted expense, every effort will be to minimise that element.

There is no disadvantage in accelerating an early phase of the Mainway work. The worst scenario that that exercise might realise, is that the existing blocks are not suitable for long term retention and need to be demolished. This is highly unlikely – but the earlier this is known the better and the delivery strategy can then switch to looking a new build options.

Risks:

Whilst detailed due diligence has been undertaken on the title and the physical nature of the site, such as voids in the ground, asbestos, covenants etc. it is believed all identified risks have been assessed and mitigated, all development comes with some risk, and this should be noted.

A delay in pursuing the school purchase may lead to Lancashire County Council deciding on a different course of action and even a sale to a third party.

The school transfer will be subject to Secretary of State approval – which is not guaranteed.

The proposals laid out are based on the premise that the Mainway blocks can be completely stripped back to their concrete structure, reconfigured and then refurbished – assessed from the independent advice thus far received. The rationale of accelerating a limited initial phase is to ensure this strategy is robust. Should it prove not to be, then a demolition and new build plan will need to be pursued. Results from the initial phase will be reported back to Cabinet, as soon as the concrete structures have been completely exposed and assessed.

All social housing has the opportunity for tenants with 'rights' to exercise their 'Right-to-Buy', as the pilot blocks (and any subsequent blocks) are modernised there is a risk of such applications being received. However, there is protection of around 15 years for this where the Council would be able to recoup money spent through the 'cost-floor' plan.

A delay in procuring and appointing a design team and development partner for phase 1 will lead to a further delay in the submission and approval of planning consent; start on site and the key understanding of the refurbishment strategy. The Mainway blocks continue to deteriorate and represent sub-standard living for most residents. Community expectation of action by the Council will again be questioned.

Option 2: Do Not Acquire the School site; do not pursue a combined masterplan; do not undertake a pilot phase.

Advantages:

Not pursuing the acquisition will mean no further cost implications for the Council.

Disadvantages:

Leaving the site as a redundant site, should Lancashire County Council not do anything

with it, will impact on the ambitious and huge place making investment being proposed for Mainway, threatening the wider regeneration opportunity.

Should the County Council decide to dispose of the site on the open market, the City Council is then open to the risk of who buys it, what they might seek to deliver on it and how that may well significantly reduce the social, environmental and community benefits, that having control over the site would provide. An independent development turning its back on Mainway would not deliver the wider opportunity that an inclusive, co-ordinated development would.

A redesign of Mainway alone, can only reflect the area in question and cannot anticipate what may or may not happen on the adjacent school site by a third party. Mainway would have to continue to rely on an inferior access and could be isolated from wider regeneration.

Delaying an initial phase, increases overall risk; decreases confidence by the community and would lead to residents spending longer in substandard housing than they need to.

Risks:

Not having control of the redundant elements of the school site directly undermines the significant investment in Mainway.

Creating a single Mainway masterplan cannot utilise and draw in the wider Skerton community. It would remain an isolated estate which, would not make the most of the capital employed and continue to result in similar problems already experienced with this type of estate.

Not pursuing a pilot scheme increases risk and cost of the overall scheme. It delays establishing a clear strategy for how we best bring forward this key regeneration project. Further delay in pursuing the scheme increases the risk of Right to Buy being exercised which will push the overall future costs of a project up.

The advantages / disadvantages / risks of acquiring the redundant elements of the school site, seeking to pursue a masterplan of the entire site, and accelerating an early phase are outlined above. It should be noted that other combinations than those outlined above could be explored although the advantages, disadvantages, and risks would remain the same.

The officer preferred option is Option 1. This is the only option that gives the City Council control over the wider site and allows the Council the opportunity to then influence the significant social, environmental and economic gains possible. It has the choice at that point to deliver development proposals directly or with chosen partners, who can meet the wider Council priorities and ensure any subsequent development maximise the opportunity this site provides for the community of Skerton East. The terms of purchase are considered fair and realistic in today's market.

The report seeks approval for the following next steps for the future of Mainway:

1. Undertake the full combined Master-planning/Regeneration of Mainway and Skerton High school, in readiness for a planning application in the Autumn (Q3) 2022.
2. An initial accelerated first (pilot) phase of the Mainway Masterplan proposals, that will

deliver a definitive decision as to the viability of the wholesale reconfiguration and refurbishment of the existing buildings on Mainway. To commence in the Summer (Q2) of 2022.

3. To establish a detailed cost budget and delivery programme to allow a clear Treasury paper to be brought back to Cabinet for approval, during Q2 2022, setting out the financing recommendations.

4. To seek approval for the acquisition the redundant elements of the former Skerton High School, subject to S77 Secretary of State approval. Cabinet are asked to authorise the exchange of contracts for the purchase of the Skerton School site for future housing development (conditional on a S77 approval from the Secretary of State) as per the Heads of Terms set out in Appendix 1 or other such improved terms – delegated to Officers.

In order to progress the above stages Cabinet is requested to endorse the use of Housing Revenue Account reserves for the following purposes. Costs with regards to these can be found within the exempt appendices:

- Procure a design, project and development management team to work up a masterplan to application stage on a co-ordinated masterplan of the Skerton High School and Mainway sites including a full detailed consent for an early pilot stage.
- Leaseholder buy back from Derby House (inc. fees).
- Home loss and disturbance payments to residents in Derby & Lune Houses.
- Procure a development partner to deliver the redevelopment of Derby and Lune House.

Councillor Matthews proposed, seconded by Councillor Brookes:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That Officers be authorised to negotiate the final Heads of Terms for the purchase/transfer of the redundant area of the former Skerton High School that purchase/transfer as per the terms of purchase set out in exempt Appendix 1. That purchase being conditional on;
 - a) S77 approval by the Secretary of State
 - b) Satisfactory Legal title
 - c) Clarity/satisfaction on how the ongoing educational facility on the retained County Council land will operate and that all safeguarding measures have been addressed.
- (2) That, in line with the over-riding objective of regeneration for the Mainway District, Cabinet approves the commissioning and procurement of the detailed design and master-planning team to undertake the work required to submit a detailed planning application in late 2022. The detail of that work will build up from the indicative layout plans (exempt Appendix 3) currently worked up to date and a budget required to fulfil all the Local Planning Authority’s requirements is set out in exempt Appendix 3. Subsequent reports will be brought back to Cabinet to seek approval for a preferred option in order to implement the final scheme and proposed phasing.

- (3) That Cabinet approves the acceleration of a first phase of the Mainway Regeneration, including the procurement of a development design and build partner to reconfigure and completely refurbish two of the existing blocks (Derby & Lune) at an expected budget cost of £4m funded from Housing Revenue Account reserves. This cost plan and programme is set out in exempt Appendix 4.

Officer responsible for effecting the decision:

Director for Communities & the Environment

Reasons for making the decision:

The decision is consistent with the following Council Priorities:

- A Sustainable District –Climate Emergency: The design and master-planning will seek to ensure that the properties are resilient to a changing climate and are fit for a zero-carbon future
- An Inclusive and Prosperous Local Economy – through the creation of Jobs and training and opportunities for local companies. The reduction of blight key location, and provision of affordable, suitable housing which enables access to employment and reduces poverty, ensuring money is spent locally.
- Happy and Healthy Communities – proposals contribute to the well-being of tenants, tackle health inequalities and provide quality housing and green space.
- A Co-operative, Kind and Responsible Council – working in partnership and truly listening to tenant voices through consultation has supported the future designs of the estate.

The decision is consistent with the following policies/strategies:

- Local Plan – Delivers comprehensive place making regeneration to contribute towards the provision of housing to meet a locally identified need and opportunities to increase the choice and supply of social housing.
- Housing Strategy - The Regeneration of the estate will link directly to the Homes Strategy for Lancaster district 2020-2025

Chair

(The meeting ended at 8.06 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON FRIDAY 11 FEBRUARY 2022,

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
MONDAY 21 FEBRUARY 2022**