



Committee: CABINET
Date: TUESDAY, 28 JULY 2009
Venue: LANCASTER TOWN HALL
Time: 10.00 A.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 23rd June, 2009 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

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

4. Declarations of Interest

To consider any such declarations.

5. Public Speaking

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

Reports from Overview and Scrutiny

None

Reports

6. Sale of Morecambe Town Hall Cottage, Marine Road East, Morecambe (Pages 1 - 4)

(Cabinet Member with Special Responsibility Councillor Thomas)

Report of Corporate Director (Regeneration)

7. Provisional Revenue and Capital Outturn 2008/09 (Pages 5 - 43)

(Cabinet Member with Special Responsibility Councillor Thomas)

Report of Head of Financial Services

8. Budget and Policy Framework Process 2010/11 (Pages 44 - 64)

(Councillors with Special Responsibility Councillors Langhorn and Thomas)

Joint Report of Corporate Director (Finance & Performance) & Head of Financial Services
(Appendix B to follow)

9. Annual Treasury Management Report 2008/09 (Pages 65 - 76)

(Cabinet Member with Special Responsibility Councillor Thomas)

Report of Head of Financial Services

10. Auction Mart Car Park, Thurnham Street, Lancaster (Pages 77 - 121)

(Cabinet Member with Special Responsibility Councillor Thomas)

Report of Corporate Director (Regeneration)

Included in this public report are 3 appendices exempt from publication. Members are reminded that if they wish to refer to the exempt appendices, they will need to consider exclusion of the press and public from the meeting.

11. Exclusion of the Press and Public

Members are asked whether they need to declare any further declarations of interest regarding the exempt report.

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

“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 they could involve the possible disclosure of exempt information as defined in paragraph 12 of Schedule 12A of that Act.”

Members are reminded that, whilst the following item has been marked as exempt, it is for the Council itself to decide whether or not to consider it in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and should balance the interests of individuals or the Council itself in having access to information. In considering their discretion Members should also be mindful of the advice of Council Officers.

12. Luneside East Regeneration Project (Pages 122 - 126)

(Cabinet Member with Special Responsibility Councillor Archer)

Report of Head of Planning Services.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Stuart Langhorn (Chairman), Evelyn Archer, June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, Jane Fletcher, David Kerr, Roger Mace and Malcolm Thomas

(ii) Queries regarding this Agenda

Please contact Debbie Chambers, Democratic Services, telephone 01524 582057 or email dchambers@lancaster.gov.uk.

(iii) Apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

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

Published on Thursday 16th July, 2009

Cabinet

**Sale of Morecambe Town Hall Cottage,
Marine Road East, Morecambe**

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To report on the implications of selling the above property by auction and to obtain approval to sell the property as detailed below.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	8th June 2009		
This report is public			

RECOMMENDATIONS TO COUNCILLOR THOMAS

- (1) That the Council's interest in Morecambe Town Hall Cottage be declared surplus to requirements.
- (2) That Morecambe Town Hall Cottage be sold at auction.
- (3) That the Head of Property Services be authorised to fix the auction reserve in conjunction with the Auctioneer, to agree to the payment of the auctioneers fees and to authorise the relevant officers to complete the sale.

1.0 Introduction

The property known as Morecambe Town Hall Cottage was formally occupied by the caretaker responsible for Morecambe Town Hall. However after the retirement of the last caretaker in October 2007 and a reorganisation of the municipal buildings premises management the property was no longer required and has been vacant since that time.

The property is beginning to show signs of deterioration, with dry rot recently identified in the end of one of the roof timbers. If this is left unattended it could spread to other roof timbers causing further problems and greater expense in the future.

2.0 Proposal Details

To enable the sale to take place during the 2009/10 financial year, it is considered that the best method of sale for this property is by auction. This has the advantage of being binding on the bidders at the auction, when a contract has to be entered into and a deposit paid.

Fisher Wrathall is to be selected as auctioneers, as they are holding a property auction on the 30th of September 2009. We have not previously used Fisher Wrathall but feel that a local agent would be more suited to deal with this type of property. The Council has auctioned for sale a number of premises during recent years with good results. The basis for their fees is 2% plus VAT or a minimum of £1400 plus VAT plus an advertising charge of £275 plus VAT and a registration fee of £275 plus VAT.

It is suggested that the level of the auction reserve be delegated to the Head of Property Services, in consultation with the auctioneer. This needs to be set at a realistic level, to ensure a sale takes place. Occasionally properties entered for auction sell prior to auction, i.e. where the auctioneer receives a realistic offer. He is acting as the Council's agent and may advise the Council to accept the offer and withdraw the lot from the auction or reject the offer and proceed to auction. There is also a risk that bids may not reach the reserve, and property may not sell. The reserve will be set nearer to the time of the auction, depending on the amount of interest experienced. Some flexibility may be needed at and immediately before the auction itself, so delegated authority is sought for the Head of Property Services in these circumstances.

3.0 Details of Consultation

Consultation took place with the Ward Councillors on the 22nd of June 2009 and they have requested that this matter is referred to Cabinet

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1 - To declare Morecambe Town Hall Cottage surplus to requirements and sell the property by auction. In addition to authorise the Head of Property Services to set the auction reserve in conjunction with the Auctioneer, to agree to the payment of his fees and to obtain the necessary authority required under the Constitution to enable the relevant officers to proceed with this sale by way of auction. This would be in accordance with the Council's approval to dispose of surplus properties.
- 4.2 Option 2 - Sell the property by alternative methods e.g. private treaty. As similar sales have fallen through in the past, this could not guarantee a disposal.
- 4.3 Option 3 - Not to sell the property. This would not be accordance with the Council's approval to dispose of premises which are no longer required for operational purposes and the City Council would be left with recurring management and repair liabilities and costs, including remedial works to eliminate the dry rot from the property.

5.0 Officer Preferred Option (and comments)

Option 1 is preferred for the reasons outlined above and that the property is declared surplus and approval is given for the disposal of the property by auction and to authorise the relevant officers to complete the sale.

RELATIONSHIP TO POLICY FRAMEWORK

There is no specific reference to this sale within the Council's Corporate Plan. The sale would be in line with the Disposal Strategy approved by Cabinet on 17th March 2009.

CONCLUSION OF IMPACT ASSESSMENT

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

This report raises no implications

FINANCIAL IMPLICATIONS

Should the property be sold then it would generate a capital receipt for the City Council, it is not possible to quantify the market value of such a receipt at this time. The current capital programme does not reflect any receipts for the sale of the above property, if and when a receipt is received it will be incorporated into the overall financing of the programme at the earliest opportunity. There is an associated revenue cost of holding the property. This was in the region of £4,000 during 2008/09 and covered electricity, gas, rates, one-off security measures (£2,900), legionella monitoring and servicing. The ongoing annual cost of retaining this property until such time it is disposed is unlikely to be more than £2,000. In addition the Council has received a quote of £1,500 plus VAT for initial works to resolve the dry rot problems, however this price may increase if further problems are exposed at the point the works are undertaken. It is unlikely at this stage that if Members opt for option 1 that the Council will undertake the dry rot works, unless the auctioneer advises that we would receive higher consideration if these works are carried out. In any case it is likely that other remedial works may be required to the exterior of the property in the interim, these and the potential dry rot works will have to be met from existing repair and maintenance budgets for municipal buildings.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no comments to add

LEGAL IMPLICATIONS

Legal Services have been consulted and as referred to in the body of the report, in event of option 1 being approved, because the contract for sale will be required to be signed away from Council offices, in accordance with Article 14 of the Constitution the Chief Executive will need to authorise two officers attending the auction to sign the contract of sale.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS None	Contact Officer: Ann Wood Telephone: 01524 582506 E-mail: awood@lancaster.gov.uk
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CABINET

**Provisional Revenue and Capital Outturn 2008/09
28 July 2009**

Report of Head of Financial Services

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2008/09 and the timetable for completion of the closure of accounts process. It also sets out information regarding the carry forward of underspent/overspent revenue budgets and capital slippage for Members' consideration, and seeks approval of various Prudential Indicators for last year for referral on to Council.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	July 2008		
This report is public.			

RECOMMENDATIONS:

1. That the provisional outturn, funding and variance analysis for 2008/09 be noted.
2. That Cabinet notes the transfers to provisions and reserves actioned by the Head of Financial Services as set out in section 2 of the report.
3. That Cabinet consider the carry forward of overspends on controllable budgets as set out at Appendix F.
4. That Cabinet considers the requests for carry forward of underspent revenue budgets as set out at Appendix G.
5. That Cabinet considers the requests for capital slippage as set out at Appendix J.
6. That the timetable for completion and reporting of the closure of accounts be noted, as set out in section 7 of the report.
7. That the Prudential Indicators as at 31 March 2009 as set out at Appendix K be approved for referral on to Council, as part of the Annual Treasury Management Report for 2008/09.

Background

All local authorities have a statutory duty to produce annual accounts in accordance with various regulations and professional practice. This report provides an update on the issues arising and seeks Cabinet approval for various matters. Please note that larger copies of the appendices are available on request.

Proposal Details

1 Provisional Revenue Outturn

- 1.1 The work required to close the 2008/09 accounts has now been completed and the Statement of Accounts were approved by Audit Committee on 30 June 2009; all Members were invited to attend the meeting. A summary of the revenue outturn position for the main accounts of the Authority is set out below.

	Revised Budget	Provisional Outturn	Variance (Favourable) / Adverse
	£000	£000	£000
Housing Revenue Account (HRA) Deficit – relates to Council Housing Services	367	223	(144)
General Fund Budget Requirement – includes all other Council services	23,496	23,287	(209)

1.2 Housing Revenue Account (HRA)

- 1.2.1 The Housing Revenue Account was underspent in last year by approximately £144K (2007/08 comparative: £367K underspend). A summary of the HRA provisional outturn is set out at **Appendix A** and outline variance analysis is attached at **Appendix B**. Points to note include the following:

- Income was slightly higher than budgeted, overall. Although service charge income was significantly higher, rental income was lower because of a one-off adjustment in respect of previous years and also investment income was much lower, due to a reassessment of the HRA's share of interest, in line with latest guidance.
- Provisions for Bad Debts have been increased, mainly due to non-recoverable rechargeable repairs, but also because of the need to make provision for court costs.
- Significant variances were experienced on repair and maintenance (overspent on responsive, underspent on planned works). Whilst the net position is not material, there are carry forward requests relating to delayed planned maintenance and therefore there may well be implications for the programme overall.
- Contributions into the Major Repairs Reserve were significantly lower than budgeted. This was in recognition of the pressure on the revenue outturn from the

points mentioned above, but also that further savings have been generated on the Capital Programme. There is still the need to address the longer term financial prospects associated with the 30-year business plan, however – this piece of work has been deferred for the last couple of years or so but it is now underway. Reducing the 2008/09 contribution into the MRR could prove to be a short-term gain giving rise to more financial pressure in future, depending on the results of the business plan review.

1.2.2 Overall therefore, whilst in simple terms the outturn position for the HRA appears favourable, this may prove to be as a result of delaying or deferring some cost pressures. Linked to this, the sections on carry forward requests and capital slippage later in this report includes a number of items relating to the Housing Revenue Account.

1.3 General Fund

1.3.1 After allowing for various year end adjustments, there has been a net underspending of £209K during 2008/09 and a summary statement is included at **Appendix C**; the underspending represents less than 1% of the Council's net budget requirement (2007/08 comparative: c£456K underspend, 2% of budget).

1.3.2 A summary of the variances analysed primarily by service is included at **Appendix D**. There are many areas of relatively minor underspending on service provision but the largest item relates to concessionary travel, which was £104K or 3.5% under budget.

1.3.3 In addition there are several areas of net overspending and some areas where income shortfalls have been experienced. By far the largest adverse variance relates to investment interest; this is explained in more detail in the separate section on Icelandic investments included later in this report. Furthermore the outturn position takes account of the review of provisions and reserves and more details are provided in the section below.

1.3.4 The appendix also highlights the variances that were reported in Quarter 4 Performance Review Team (PRT) meetings. Year on year, the match between Quarter 4 reporting and outturn is improving but it is felt that there is still further room for improvement. Major variances will be reviewed in more detail as part of the current year's Quarter 1 reporting and Portfolio Holders and Budget and Performance Panel are advised to focus on these accordingly, and their possible implications for current and future years. The aim is to test out and challenge spending variances, to draw out any savings, or service or financial improvements needed. Also it may well be that further improvements to future financial reporting, or the closure of accounts or budget processes, will follow as a result.

1.3.5 In light of the above work, it is too early to gauge to what extent any variances will continue into the current year, but this will be picked up (for both General Fund and HRA) as part of the Corporate Monitoring Process and the Performance Review Team meetings as mentioned. The timescales for this are covered in section 7 of this report.

2 **Provisions and Reserves**

2.1 In closing the accounts for last year the Council's reserves and provision balances have been reviewed; this is in accordance with the policy and schedule approved by

Council back in February. A full statement is attached at **Appendix E** and the main issues and transfers are highlighted specifically below:

- The provision for Equal Pay Claims has been reduced by £200K. This reflects that it is now possible to make some reasonable estimates of known liabilities as at 31 March, although there is still scope for liabilities to change and so the provision needs to be kept under further review.
- The Bad Debts provision has been increased by £50K, to keep it in line with previous years when compared with the age analysis of debts.
- The Capital Support Reserve has been increased by £800K. This is primarily to provide cover for estimated potential losses in connection with Icelandic investments (see below) or other liabilities arising in connection with existing schemes. In this regard, a report on the Luneside Regeneration scheme is included elsewhere on the agenda. The level of reserve will be reviewed again later in the year, linked to the mid-year reviews of the Medium Term Financial Strategy / Capital Investment Strategy.

In total the additional net transfers to provisions and reserves amount to around £650K and they have already been reflected in the General Fund summary position outlined earlier, hence at this stage Cabinet is asked only to note them. It is stressed, however, that the balances on such funds will be reviewed again during the budget exercise. If circumstances improve and some of these financial pressures are alleviated, then any surplus balances can be reallocated to help support Council Tax targets or other spending priorities, in line with the Financial Strategy. The reverse would also apply, however.

3 **Outturn Position regarding Icelandic Investments**

3.1 Members may recall that for setting the 2009/10 budget, the need to make any provision for potential losses on Icelandic investments was effectively deferred, through the application of Government Regulations. At that time there was no real information on which to make any reasonable estimates for recovery prospects. In terms of interest, the budget was based on the assumption that no interest would be receivable on the £6M invested, from early October onwards. (Interest accrued up to that date was budgeted for, however, and will be built into the claims against the banks.)

3.2 In terms of the outturn and producing the accounts, the position is different. Recent guidance has indicated that the following recovery rates for each bank should be assumed, to support the accounting statements:

Glitnir	100%
Landsbanki	95%
KSF	50%

3.3 In essence, these reflect that currently the Council is ranked as a preferential creditor of Glitnir and Landsbanki and also that the Administrator of KSF has so far estimated that minimum total returns should be in the region of 50%.

3.4 Furthermore, the accounting guidance requires that the accounts (i.e. outturn) be based on the following:

- The assumption that interest would be receivable at the original investment rates (of around 6%), until all monies recoverable have been received.
- Full provision for all estimated losses (of both principal and assumed interest at the original investment rates, taking account of future years).
- For authorities applying the Regulation to defer the impact of such estimated losses, the full net loss should be deferred, after allowing for interest to 31 March.

3.5 The above requirements have quite a complex impact on the accounts of the authority, and its budgets in future years. The table below summarises that impact:

Changes In Icelandic Investments position, compared to Budget:	2008/09 £'000	2009/10 £'000	2010/11- 2012/13 £'000	Total £'000
Increase in assumed interest receivable	(169)	(271)	(137)	(577)
Provision for estimated losses (incl. interest)	1,634			1,634
Deferment of losses, under Govt. Regulation	(1,201)			(1,201)
Net Impact - Variance from Budget (Favourable) / Adverse	264	(271)	(137)	(144)

3.6 In effect, of the total £1.6M potential loss, around £400K has been provided for in 2008/09 but £1.2M has been deferred, with no specific provision being made. That said, there is £800K available within the capital support Reserve as reported above. Furthermore, based on the assumed recovery rates, additional interest of £400K would be receivable over the next few years. If, in broad terms, recovery prospects remain unchanged, these amounts could be used to fund the total losses.

3.7 As mentioned earlier though, there may be other liabilities for the Council to address, in addition to Icelandic investments. There will be the need to keep the funding options for such matters flexible and under regular review. This is particularly so, given that the Government position regarding any flexibility on addressing any investment losses remains unclear, and prospects for recovery could change significantly.

4 Position on Carry Forward of Underspends and Overspends

4.1 As set out in the Financial Regulations the aims of the Carry Forward Scheme are to:

- provide some flexibility in delivering the Council's stated objectives
- remove the incentive to spend up budgets unnecessarily by year end, and
- promote good financial management.

4.2 Under the Scheme, the carry forward of overspends on controllable budgets is generally automatic. Requests for the carry forward of underspends is subject to Member approval, however. Whilst there is a need to protect the overall financial position of the Council, it is recognised that there is also the need to be fair to Service Managers in dealing with carry forwards and to ensure that the process does not act

as a disincentive to sound financial management (i.e. does not encourage managers simply to spend up, to avoid 'losing' budgets).

4.3 In view of the above, last year Cabinet adopted the following approach to achieve a reasonable balance:

- Carry forwards of overspends were considered in view of the circumstance and level, but Cabinet exercised its discretion in waiving the carry forward requirement where the aggregate overspending of any service was less than £5,000.
- Cabinet considered certain requests for carrying forward underspendings but only where there were clear existing commitments against the appropriate budget and it was demonstrated that there was no scope for meeting such commitments from current year's allocations.

4.4 On the basis that Cabinet chooses to follow a similar approach for this year, details of overspends on controllable budgets (or net overspends, where applicable) are set out at **Appendix F**. This also incorporates the comments received from Service Managers. It can be seen that some items relate to known pressures such as energy costs. For many, actions have already been identified and therefore no further recommendations are made. As background, the determination of whether a budget is 'controllable' is not wholly objective. E.g. with energy costs, there may be some scope to control usage but energy prices will not be fully controllable. This is why there is a need to consider each case on its merits.

4.5 With regard to the carry forward of underspends, Service Heads have submitted various proposals and these are attached at **Appendix G**. In total, they amount to £161K for General Fund and £52K for the Housing Revenue Account. If all requests were approved, it would have the following effect on revenue balances at the end of the current year. This makes no allowance for the impact of any decisions regarding overspends, however:

Fund	Estimated Balances as at 31 March 2010:			Basic Minimum Balances Level £'000
	Per Approved Budget £'000	Assuming all requests approved £'000	Variance (Surplus Balances) £'000	
Housing Revenue Account	350	442	(92)	350
General Fund	1,000	1,048	(48)	1,000

4.6 In essence, as the total value of carry forwards is less than the extent of net underspending, Cabinet could support all requests and still stay within the approved budget framework. In considering each bid, however, Cabinet should be mindful of the overall financial position and the MTFs/HRA Business Plan, as well as the impact on service delivery and what the request would achieve. Some items are clearly tied in with existing contractual or statutory commitments; others are not. It is also highlighted that because of their high value, some bids would need to be referred on to Council for final approval. This would be done in September.

5 Capital Outturn

- 5.1 In last year as in previous years, there have been some significant underspendings on the Capital Programme before the effects of slippage are taken into account. **Appendix H** includes a provisional capital expenditure and financing statement for the year, which is summarised in the table below. In considering the position Members should bear in mind the processes in place to ensure that schemes progress only when funding is available.

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000	£'000	£'000	%
Council Housing	3,585	3,034	(551)	15
General Fund	11,578	10,517	(1,061)	9
Total Programme	15,163	13,551	(1,612)	11

- 5.2 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix J**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual approval of slippage can be a formality. If Members have any questions on particular requests and/or are minded to refuse any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.
- 5.3 Information on recent years' slippage is also included below for comparison. This shows that whilst 2008/09 slippage is still significant, it has reduced from the abnormally high levels experienced in 2007/08. Any key issues will be analysed in more detail by the Officer Working Group.

	2008/09 £'000	2007/08 £'000	2006/07 £'000	2005/06 £'000
Council Housing	478	480	157	1,118
General Fund	<u>1,952</u>	<u>4,235</u>	<u>2,554</u>	<u>2,513</u>
Total Slippage Requested	<u>2,430</u>	<u>4,715</u>	<u>2,711</u>	<u>3,701</u>

- 5.4 As well as slippage, it is clear from the outturn that a relatively small number of schemes have overspent in 2008/09 due to spending early, i.e. in advance of their 2009/10 Programme allocation. To compensate, their budgets will be reduced accordingly in the current year and these adjustments are also included at **Appendix J**. It should be noted that for one such adjustment (West End Public Realm Works), the circumstances are different in that the completed scheme has overspent but has no further specific budget allocation for 2009/10, so a compensating adjustment has been assumed against the overall Housing Programme (funded by Grant) instead.
- 5.5 The table below pulls together the position after allowing for slippage, external funding adjustments and any early spending on 2009/10 schemes. The impact on resources for both the HRA and General Fund is favourable, resulting in additional

resources being available. Again, any implications for current or future years will be picked up as part of the mid-year review for the Capital Investment Strategy. This review will also include a report on the overall performance against delivering the programme, as considering by the Officer Working Group.

Capital Programme	Revised Estimate	Forecast Expenditure (including slippage)	Overspend Or (Underspend) - Rounded	Impact on Council Resources (Fav) / Adv
	£'000	£'000	£'000	£'000
Council Housing	3,585	3,512	(73)	(73)
General Fund	11,578	12,469	891	(43)

6 Prudential Indicators

- 6.1 Following the introduction of the Prudential Code for Capital Finance under the Local Government Act 2003, certain year end indicators must be produced for approval by Council. These are set out in **Appendix K** and their basic definitions are as follows:

Affordability: Actual ratio of financing costs to net revenue stream
This is basically total interest payments during the year, expressed as a percentage of the budget requirement.

Prudence: Actual Capital Expenditure
As set out in previous section – the spend incurred during the year excluding capital creditors brought forward.

Actual Capital Financing Requirement
Essentially this is the cumulative value of assets / capital expenditure that has not already been financed from cash resources such as capital receipts, revenue, etc. or covered by monies put aside for debt repayment.

Actual External Debt
In broad terms this is mainly debt outstanding that has been used to support previous years' capital expenditure but some other fairly minor long term liabilities are included.

- 6.2 The Indicators reflect the basis on which the budget was prepared; the final accounts have also been prepared on the same basis. The Prudential Indicators will be referred onto Council as part of the wider Treasury Management Annual report.

7 Timetable for Completion of Accounts and Associated Matters

- 7.1 The timetable for completion and consideration of any issues arising as a result of the outturn is as follows, for Cabinet's information:

Monday 21 July	Commencement of audit of Accounts
Friday 24 July	4 week public inspection period of Accounts ends

Monday 27 July	'Public access to Auditor' day
Tuesday 28 July	Cabinet: consideration of this report
July – August	Quarter 1 Performance Review – to include consideration on services' final outturn as compared with last year's provisional Quarter 4 reporting, where appropriate,
08 September:	Budget and Performance Panel: Quarter 1 report and any further detailed outturn consideration as required
16 September:	Council: referral of any issues as may be required, including carry forward requests and annual Treasury Management report.
23 September	Audit Committee: outcome of audit of accounts
October / November	Cabinet: MTFs / Capital Investment Strategy Update, & reporting of any further matters arising

7.2 It can be seen from the above that various aspects of the outturn will be reported through to Cabinet, Council and Budget and Performance Panel:

- Cabinet will receive high level information in connection with the impact of the outturn on financial monitoring for this year and on future years' projections within the Financial Strategy. It will also provide a basis for Cabinet Members to consider any related specific performance issues if required, through PRTs as appropriate.
- Certain matters such as the Treasury Management Annual Report and Budget Carry Forward requests above £10,000 require Council approval.
- Budget and Performance Panel will consider Cabinet reports and recommendations, and request more detailed information regarding individual service financial performance as appropriate, to hold the Executive (Members and Officers) to account.

8 OPTIONS AND OPTIONS ANALYSIS

The City Council has a legal requirement to ensure that its expenditure is fully funded and to produce a Statement of Accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Head of Financial Services, however. Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

The report requests Cabinet to consider a number of revenue budget carry forward matters and capital slippage. The framework for considering these is set out in the report but basically Cabinet may:

- Approve any number of the items / requests, in full or part.
- Refuse any number of the requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
- Request further information regarding them, if appropriate. Cabinet is asked to bear in mind any work required against the value of the individual bids.

9 OFFICER PREFERRED OPTION AND JUSTIFICATION

The recommendations of this report are as currently set out.

10 CONCLUSION

2008/09 has been a difficult financial year for the Council. In particular, the downturn in the global economy has affected the Council both in terms of its investments and investment interest generated from cash flows. On a more local level income receipts from some Council activities have also fallen, but savings have been generated in other areas. The Council's reported financial position has improved overall, with balances slightly higher than expected – but this should be considered in context of deferring the majority of currently estimated losses in connection with Icelandic investments, and other potential liabilities facing the Council.

In due course the scrutiny of the financial outturn, in context of ongoing service delivery, will inform the review of the Council's 2009/10 corporate financial monitoring processes and its strategic financial planning.

RELATIONSHIP TO POLICY FRAMEWORK The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.	
CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly identifiable, due to the high level nature of this report.	
FINANCIAL IMPLICATIONS As set out in the report.	
DEPUTY SECTION 151 OFFICER'S COMMENTS This report forms part of the section 151 officer responsibilities; clearly the outturn is also subject to external audit.	
LEGAL IMPLICATIONS Legal Services have been consulted and have no comments to add.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS Financial Regulations, MTFS, LGA 2003	Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: nmuschamp@lancaster.gov.uk

APPENDIX A

Housing Revenue Account (HRA) Outturn 2008/09

For Consideration at Cabinet 28 July 2009

	2008/09 Original Budget £'000	2008/09 Revised Budget £'000	2008/09 Actual £'000	Variations: (Favourable) / Adverse £'000
INCOME				
Dwelling Rents	(11,078,000)	(11,075,000)	(11,001,000)	74,000
Non-Dwelling Rents	(185,000)	(185,000)	(186,000)	(1,000)
Charges for Services & Facilities	(1,614,000)	(1,672,000)	(1,868,000)	(196,000)
Contributions towards Expenditure	(8,000)	(8,000)	(8,000)	0
Other Sums Directed by the Secretary of State as Income	(165,000)	(165,000)	(165,000)	0
Total Income	(13,050,000)	(13,105,000)	(13,228,000)	(123,000)
EXPENDITURE				
Repairs & Maintenance	3,438,000	3,826,000	3,801,000	(25,000)
Supervision & Management	3,058,000	3,382,000	3,222,000	(160,000)
Rents, Rates, Taxes & Other Charges	119,000	112,000	97,000	(15,000)
Negative Housing Revenue Account Subsidy Payable	1,341,000	1,344,000	1,361,000	17,000
Increase in Provision for Bad and Doubtful Debts	97,000	93,000	265,000	172,000
Depreciation & Impairment of Fixed Assets	2,289,000	2,310,000	2,315,000	5,000
Debt Management Costs	1,000	1,000	1,000	0
Total Expenditure	10,343,000	11,068,000	11,062,000	(6,000)
Net Cost of HRA Services	(2,707,000)	(2,037,000)	(2,166,000)	(129,000)
Gain or Loss on Sale of HRA Fixed Assets	0	0	(3,000)	(3,000)
Interest Payable & Similar Charges	846,000	846,000	838,000	(8,000)
Premiums & Discounts on Debt Rescheduling	159,000	159,000	0	(159,000)
Interest & Investment Income	(257,000)	(255,000)	(182,000)	73,000
Pensions Interest Costs & Expected Return on Assets	68,000	68,000	257,000	189,000
(Surplus) or Deficit for the year on HRA Services	(1,891,000)	(1,219,000)	(1,256,000)	(37,000)
Adjustments to reverse out Notional Charges included above	(68,000)	(68,000)	(103,000)	(35,000)
Transfer to/from Major Repairs Reserve	(1,000)	215,000	(38,000)	(253,000)
Transfer to/from Earmarked Reserves	180,000	(170,000)	30,000	200,000
Capital Expenditure funded by the Housing Revenue Account	1,780,000	1,609,000	1,590,000	(19,000)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	0	367,000	223,000	(144,000)
HRA Balances brought forward at 01 April 2008	(350,000)	(717,000)	(717,000)	0
HRA Balances as at 31 March 2009	(350,000)	(350,000)	(494,000)	(144,000)

NOTE: the above statement has been updated to reflect changes in accounting practice. This has resulted in some large apparent variances (e.g. on premia & discounts), but these are notional and due to presentation only.

Housing Revenue Account Variance Analysis 2008/09
For Consideration by Cabinet 28 July 2009

Area of Expenditure / Income	Detail	(Favourable)/ Adverse £	QTR 4 PRT £	Reason	C/Fwd Request	"C" = Controllable Budget
Repair and Maintenance	Insurance Repairs	(26,800)	282,000	Recovery of income regarding small claims for incidents in previous years (issue from Qtr 4 PRT now resolved).		
Repair and Maintenance	Estate Support Services	(26,500)	(30,000)	Programme for photo electric cells deferred to 09/10, £20K subject to carry forward request.	Y	C
Repair and Maintenance	Responsive Maintenance	172,400	345,000	Cost of repairs due to increased number of voids and the condition on termination of tenancy. Cost of replacing individual boiler breakdown, outside of capital programme.		
Repair and Maintenance	Planned Maintenance	(162,600)		£138K real underspend, the remainder is due to delays in programme of works on planned maintenance projects and therefore £25K will be subject to carry forward request.	Y	C
Supervision and Management	Council Housing Management and Admin	(46,700)	(57,000)	Includes, £20K vacancy savings due to maternity leave, £7K saving on Service training, £20K saving on electricity which is included in the rental agreement for Cable St and not charged separately and a small underspend on advertising and marketing of £3.3K which is subject to carry forward request.	Y	C
Negative HRA Subsidy Payable	Payments to Central Government	17,000		Prior year adjustment - final rental constraint allowance being lower than original estimate.		
Provision for Bad and Doubtful Debts	Provision for Bad Debts	171,700		Increase in provisions for rechargeable repairs and other debts, plus new provision for court costs.		
Transfers to/from MRR	Net Decrease in transfer to MRR	(253,100)		Transfer to MRR not actioned in 2008/09, in context of revenue and capital outturn, and business plan review.		
Total Variances - Expenditure		(154,600)	540,000			
Rents Dwellings	Rent Income on Dwellings	74,400	74,000	Prior year adjustment relating to overstated rental income from voids.		C
Charges for Services and Facilities	Miscellaneous Charges	(24,500)		Under estimation of budget. Budget set with best available information at the time as service charges are finalised after budget process.		C
Charges for Services and Facilities	Leasehold Flats	(27,900)		This amount relates to prior year adjustments to reflects reconciliation of Leaseholder Holding Accounts.		C
Charges for Services and Facilities	Telecare	(26,600)		Increased take up of service, budgeted for 20 installations, but actual in excess of 70.		C
Supervision and Management	Council Housing Management and Admin	(14,900)		Receipt from unexpected sale of land.		C
Investment Interest	Bank / Investment Interest	72,500		Reduced interest received on reserves etc, following reassessment.		
Total Variances - Income		53,000	74,000			
Other Minor Variances	Other Minor Variances	(42,400)	4,000	Net amount of various minor (under) / overspends		
Total Variances - Other Minor		(42,400)	4,000			
NET TOTAL		(144,000)	618,000			

APPENDIX C

GENERAL FUND REVENUE SUMMARY

For Consideration by Cabinet 28 July 2009

	Original Budget £	Revised Budget £	Actuals £	Variance £	True Variance £
Chief Executive					
Democratic Services	2,102,500	2,117,200	3,489,280	1,372,080	(52,795)
Legal and Human Resources	(22,400)	(10,000)	(27,180)	(17,180)	(24,769)
Management Team	26,400	(13,300)	(19,890)	(6,590)	(8,270)
Sub Total	2,106,500	2,093,900	3,442,210	1,348,310	(85,833)
Community Services					
City Council (Direct) Services	6,612,800	6,186,500	6,244,366	57,866	(182,302)
General Fund Housing	190,100	190,100	190,100	0	(10)
Health and Strategic Housing	3,986,800	3,319,500	4,205,847	886,347	(208,426)
Sub Total	10,789,700	9,696,100	10,640,313	944,213	(390,738)
Finance and Performance					
Corporate Strategy	124,700	109,000	87,307	(21,693)	(41,960)
Financial Services	1,701,000	1,905,300	4,483,557	2,578,257	(40,666)
Information and Customer Services	311,600	326,500	299,325	(27,175)	(99,759)
Revenue Services	2,084,500	1,980,100	3,451,067	1,470,967	41,443
Sub Total	4,221,800	4,320,900	8,321,256	4,000,356	(140,943)
Regeneration					
Cultural Services	4,184,000	4,352,200	5,017,332	665,132	19,587
Economic Development and Tourism	1,985,400	2,000,400	1,508,959	(491,441)	(136,673)
Planning Services	2,418,100	2,769,900	2,569,545	(200,355)	(83,106)
Property Services	610,800	1,499,400	3,908,637	2,409,237	(206,607)
Sub Total	9,198,300	10,621,900	13,004,473	2,382,573	(406,799)
Corporate Accounts					
	(3,105,300)	(3,521,800)	(12,405,957)	(8,884,157)	815,608
Sub Total	(3,105,300)	(3,521,800)	(12,405,957)	(8,884,157)	815,608
Total Budget Requirement	23,211,000	23,211,000	23,002,295	(208,705)	(208,705)
Parish Precepts	284,700	284,700	284,652	(48)	
Total Net Expenditure	23,495,700	23,495,700	23,286,948	(208,752)	

Note the underspend of approx £209,000 will be transferred to Unallocated balances to balance off the Fund accounts. The first variance column includes notional variances relating to numerous capital and pensions charges that have to be included within the relevant service areas, but they are then reversed out (within the Corporate Accounts section) and so do not impact on the 'bottom-line' outturn position. The true variance column excludes these items and therefore shows the real outturn position - the full analysis of this is shown at Appendix D.

2008/09 General Fund Variance Analysis

SERVICE AREA : DETAIL OF VARIANCE	£	£	PRT QTR4 Projection	C/Fwd Request £
	Adverse / (Favourable)			
CHIEF EXECUTIVE				
Democratic Services				
City Council Elections : By-Election budgeted for but not required	(5,207)			
Democratic Representation : Member Travel / O&S expenses / catering / print & stationery	(5,507)		(5,000)	
Electoral Registration : Office Equipment / Postage / Advertising / Printing	(22,297)		(24,000)	
Youth Games : Reduced party numbers and savings on travel costs	(10,049)		(10,000)	
Other Miscellaneous Variances	<u>(9,735)</u>	(52,795)	(5,300)	800
Legal & Human Resources				
Hackney Carriage : Income mainly	(6,618)		(5,000)	5,000
Human Resources Mgt & Admin : Employee savings / Medical Fees	(11,039)			
Legal Mgt & Admin : Books & Periodicals / Legal & Court Costs / Reduced fee income	14,036		10,000	
Licensing Act : Additional Income	(17,062)		(17,500)	
Searches Administration : Reduced Search Fee income	8,008		10,000	
Other Miscellaneous Variances	<u>(12,094)</u>	(24,769)		
Management Team				
Modernising Local Government	(6,590)			
Management & Administration	<u>(1,680)</u>	(8,270)		
COMMUNITY SERVICES				
CC(D)S				
Grounds Maintenance Rechargeable Works	(21,964)			
Nurseries (Net): Fee income / Gas	(12,786)			
Open Spaces : Transfer from Commuted Sums Reserve	(17,709)			
Small Parks and Open Spaces : Grounds Maintenance	26,063			
Public Conveniences : R&M / Electricity / Water / Fee Income	(24,457)			
Recycling : Paper	7,673		19,000	
Street Cleansing : Water Services / Equip & Tools / Fuel / Plant Hire	(49,756)			
Three Stream Waste : Vehicle R&M / Fuel / Operating Leases / Recyclable Materials	(38,333)		(24,000)	38,000
Trade Refuse : Trade Refuse Collections / Materials for resale / transport / employees	(59,596)		(5,000)	
Other Miscellaneous Variances	<u>8,563</u>	(182,302)		
Health & Strategic Housing				
Cemeteries : Reduced Income mainly	40,091			
Env Health Mgt & Admin : Employee savings from maternity leave	(26,644)			
Environmental Protection : R&M / Radiation Analysts Services	(12,883)		(7,200)	
Health & Safety Enforcement : Car Lease / Corporate Safety	(6,580)			
Homelessness : Additional Govt Grant / B&B Services savings	(20,516)		(17,900)	
Housing Strategy & Renewal Team : Employees mainly	(11,677)			
Pest Control : Reduced income	7,025		6,200	
Strategic Hsg Mgt & Admin : Contracted Services / Admin Charges	(38,543)		(41,700)	
Poulton NM : Severance Payments	(45,279)			
West End Neighbourhood Management : Severance Payments / Income	(90,999)		(63,800)	
Other Miscellaneous Variances	<u>(2,421)</u>	(208,426)		3,800
FINANCE AND PERFORMANCE				
Corporate Strategy				
Admin Support : DV Co-ordinator Post vacant	(15,711)			
Communications Mgt & Admin : Shortfall in income	5,017			
Corporate Strategy Mgt & Admin : Mainly relates to delayed Statutory Place Survey	(24,344)			17,300
Other Miscellaneous Variances	<u>(6,922)</u>	(41,960)		
Financial Services				
Contribution to Bad Debt Provision	50,000			
Contribution from Equal Pay Provision	(200,000)			
Pensions Inc Act : Neighbourhood Management Pension Costs (Offset in Health & Strategic H	33,394			
Financial Services Mgt & Admin (Software savings and c/fwds)	(55,603)			37,100
Investment Interest	(44,060)		42,000	
Investment Interest (Net Impact of impairment relating to Icelandic investments)	263,958			
PWLB Borrowing Costs	(42,923)		(37,000)	
Audit Fees : Reallocated to relevant Service area	(51,945)		(20,000)	
Other Miscellaneous Variances	<u>6,513</u>	(40,666)		
Information and Customer Services				
Information Services Mgt & Admin : Telephony savings / Printing & Copying Equip Savings	(89,285)		(82,200)	3,900
Customer Services Mgt & Admin : Employee savings	(9,401)			
Other Miscellaneous Variances	<u>(1,073)</u>	(99,759)		

APPENDIX D

SERVICE AREA : DETAIL OF VARIANCE

	£	£	PRT QTR4 Projection	C/Fwd Request £
	Adverse / (Favourable)			
Revenue Services				
Admin Support : Mainly employee savings	(6,504)			
Benefits Admin : Reallocation of audit fees (contra in Financial Services)	18,244			
Council Tax Admin : Reduced legal costs recovered	14,167		(7,000)	
Council Tax Benefit Grant	(28,822)			
Standard Rent Allowances	92,824			
LHA - DWP Funding	(35,993)		(36,000)	35,000
Other Miscellaneous Variances	<u>(12,473)</u>	41,443	(5,500)	
REGENERATION				
Cultural Services				
Carnforth Swimming Pool : Employees / Water Services / Income	(13,969)			
Heysham Swimming Pool : Employees / Energy Charges	35,910		24,800	
Hornby Swimming Pool : Employees / Energy Charges / Income	(7,704)			
Cultural Services Mgt & Admin : Employees / Car Leasing / Leisure Software / Income	12,530			
The Dome : Employees / Premises / Income	(6,192)		(5,300)	900
Groundwork Trust : Saving as budget no longer required	(22,600)			
Heysham Mossgate : 2007/08 carry forward still not applied	(10,000)			10,000
Happy Mount Park : Electricity / Income	(12,077)			
Leisure Development : Transport Lease & Hire / Employees	(19,523)			
Salt Ayre Sports Centre : R&M / Employees / Electricity / Gas / Income	97,408		53,700	
Platform : Employees / Gas / Electricity	(13,051)			
Other Miscellaneous Variances	<u>(21,145)</u>	19,587		1,600
Economic Development & Tourism				
Business Development : Scheme underspend	(6,289)		(6,300)	4,300
Derelict Land : Grant income from previous years	(95,869)			
Econ Dev Mgt & Admin : Staff time allocated to externally funded schemes / Postage savings	(40,073)			
Other Miscellaneous Variances	<u>5,558</u>	(136,673)	5,000	
Planning Services				
Christmas Decorations : Reduced costs due to use of LED technologies	(5,394)		(5,400)	
Coast Protection Team : Additional capital salary income mainly	(31,763)		(11,700)	
Building Control : Reduced use of consultants and microfilming	(16,094)			
Development Control : Additional fee income	(9,552)		(12,200)	
Land Drainage : reduced R&M costs	(18,754)		(21,500)	
Planning Mgt & Admin : Recharge of employee time to Luneside East no longer eligible	19,697			
TERN Project : Reduced R&M costs	(13,425)		(11,900)	
Other Miscellaneous Variances	<u>(7,821)</u>	(83,106)	(25,700)	3,200
Property Services				
Concessionary Travel : Reduced scheme costs	(104,464)		Unknown at time	
Lancaster Bus Station : Additional service charge income	(16,276)			
Kellet Road : Net rent saving	(9,054)		(10,000)	
Lancaster Market : Reduced income from market stalls / service charges	25,080		30,700	
Morecambe Market : Additional R&M costs / employee costs	20,544			
Off-Street Car Parks : Additional income / reduced electricity costs & maintenance costs	(46,912)		(28,300)	
Parking Team : Reduced staff costs & additional staff cost recovery	(17,725)			
Property Services Mgt & Admin : Reduced employee costs and reduced contractor costs	(23,099)		(12,700)	
St.Leonards House : Reduced R&M costs	(16,999)		(1,200)	
Storey Institute : Additional hire income	(14,329)		(16,000)	
Other Miscellaneous Variances	<u>(3,373)</u>	(206,607)	(21,300)	
CORPORATE ACCOUNTS				
Corporate Accounts				
Repayment of Debt (MRP / AVC's)	36,207			
Contribution to Capital Support Reserve	800,000			
Government Grant : Council Tax Leaflet	(10,753)			
Other Miscellaneous Variances	<u>(9,846)</u>	815,608		
Miscellaneous Items				
		(10)		
TOTAL NET UNDERSPEND		(208,705)	(402,200)	160,900
Total Provisional Carry Forward Requests			160,900	
TOTAL NET UNDERSPEND, ASSUMING ALL CARRY FORWARD REQUESTS APPROVED		(47,805)		

PROVISIONS AND RESERVES STATEMENT : For Consideration by Cabinet 28 July 2009

PROVISIONS

	31/03/08	Transfers In/Out (-)		Expenditure	Income	31/03/09
	£	£	£	£	£	£
B&D Debts-General Fund	439,393	150,000	-228,951			360,442
Provision for Stock Write Off	26,729		-2,021			24,708
Derelict Land Clawback	56,932					56,932
Equal Pay Provision	300,000	-200,000				100,000
Insurance Excess	246,345	100,000	-442,029		384,434	288,750
Vehicle Provision	94,998					94,998
Williamson Park	0	100,000				100,000
TOTAL	1,164,398	150,000	-673,001	-673,001	384,434	1,025,831

RESERVES

	31/03/08	Contributions to Reserve		Contributions from Reserve		31/03/09	Contributions to Reserve		Contributions from Reserve		31/03/10	Contributions to Reserve		Contributions from Reserve		31/03/11	Contributions to Reserve		Contributions from Reserve		31/03/12
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Access to Services	151,017	59,500	-71,100	139,417		139,417					139,417					139,417					139,417
Allotment Improvements	5,660	3,200	-2,972	5,888	3,200		3,200				9,088					12,288					15,488
Building Regulation Account	12,405		-12,400	5							5					5					5
Business Continuity	100,000		-49,600	50,400							50,400					50,400					50,400
Business Development Scheme	32,160		-31,700	460							460					460					460
Capital Support	1,231,690	800,000	-800,716	1,230,974							761,984					761,984					761,984
City Lab	0	68,597	-25,000	43,597	48,200						66,797					98,297					133,197
Community Cohesion	0	26,000		26,000							16,000					16,000					16,000
Concessionary Travel	224,080		-224,080	0							0					0					0
Customer First	50,000			50,000							50,000					50,000					50,000
Every Child Matters	0	47,700	-20,000	27,700							22,700					2,700					2,700
Emergency Planning	47,134		-47,134	0							0					0					0
Graves Maintenance	22,201			22,201							22,201					22,201					22,201
HMO Registration Fees	20,785			20,785							20,785					20,785					20,785
Homelessness Support	50,000	25,000	-75,000	0							0					0					0
Homeworking/Hotdesking	0	45,000	-45,000	0							0					0					0
Insurance	100,000		-100,000	0							0					0					0
Job Evaluation (use subject to Fairpay outcome)	718,325		-64,828	653,497							640,497					640,497					640,497
Kellett Road	9,500		-9,500	0							0					0					0
Marsh Capital	47,677			47,677							47,677					47,677					47,677
Modernising Local Govt.	21,465		-21,465	0							0					0					0
Open Spaces Committed Sums	276,121	59,000	-72,309	262,812							202,712					142,612					84,812
Other Committed Sums	118,200	491,682	-75,200	534,682							491,682					491,682					491,682
Planning Delivery Grant	261,929	80,218	-167,301	174,847							115,047					98,047					98,047
Priv.Hsg-Rental Deposit Guarantee	2,000			2,000							2,000					2,000					2,000
Project Implementation	224,000		-27,100	196,900							39,800					39,800					39,800
Renewals (all services)	320,142	256,953	-306,454	268,641	129,000						274,541					304,541					364,241
Restructuring	0	943,100		943,100							943,100					943,100					943,100
Risk Management	35,583	5,400		40,983	10,000						50,983					60,983					70,983
Smartcard Replacement Reserve	32,000		-32,000	0							0					0					0
Smokefree Legislation	6,898		-6,898	0							0					0					0
TOTAL	4,120,972	2,911,350	-2,289,757	4,742,565	190,400						3,967,875					3,945,475					3,995,475
General Fund Unallocated Reserve	2,888,366		-1,488,296	1,400,071							1,208,771					1,208,771					1,208,771

2008/09 Overspendings on Controllable Budgets For Consideration by Cabinet 28 July 2009

APPENDIX F

SERVICE	DETAILS			Budget	Actual	Variance	Explanation / Action
Cultural Services	Salt Ayre Mgt & Admin	Electricity	113,800	134,645	20,845	Some additional costs after contract ran out and increase in unit price not reported at Revised Budget time. Plans are underway to reduce consumption - no other specific action recommended. Budget to be reviewed as part of normal annual process.	
Cultural Services	Salt Ayre Mgt & Admin	Income	0	10,702	10,702	£8,200 relating to 2007/08 error (reported in PRT); the remainder is unallocated transactions. Service now have comprehensive monitoring in place for 2009/10, no further action recommended.	
Cultural Services	Hornby Swimming Pool	Salaries - Basic	46,400	61,758	15,358	Part covered by addition income re private hire and lessons. All pools staffing to be looked at in 2009/10.	
Cultural Services	Heysham Swimming Pool	Salaries - Basic	83,300	92,604	9,304	Part offset by additional income. All pools staffing to be looked at in 2009/10.	
Cultural Services	Heysham Swimming Pool	Misc. Energy Charges	22,200	44,506	22,306	Unexpectedly high energy account (re Dec 2008) for £22,500, which included reversal of an incorrect credit (£14,500) previously given by energy supplier. Came to light too late for revised budgets.	
CC(D)S	Grounds Maintenance	Equipment and Tools	93,400	104,158	10,758	The maintenance of mowing equipment increased by £10k year on year - can be addressed through savings in other CC(D)S areas. No further action recommended.	
Legal Services	Legal Services Mgt & Admin	Books & Periodicals	31,200	36,784	5,584	Whilst cutbacks have been made, this is the cost of maintaining the library to required standards - budget to be reviewed in 2009/10.	
Revenue Services	Benefits Mgmt & Administration	Postages	10,000	15,018	5,018	Extra weight of envelopes sent out at year end incurring additional costs - offset by other savings on this account. Budget to be reviewed during 2009/10, therefore no further action recommended.	
Council Housing (HRA)	Responsive Maintenance	R & M - Buildings	2,387,300	2,574,286	186,986	Works done on all void Properties due to the condition on termination of tenancy and the increased number of voids has resulted in £150,000 additional costs. £87,000 cost of replacing individual boilers due to breakdown outside of Capital replacement programme. Review of Business Plan etc. underway.	

All 2008/09 variances will be reviewed as part of the review of the charging policy at all Community Pools - as agreed as part of the last budget process.

APPENDIX G**2008/09 REQUESTS FOR CARRY FORWARD****For consideration by Cabinet on 28 July 2009****General Fund**

Number	Service	Budget	Carry Forward Request	
			£	
1	City Contract (Direct) Services	Three Stream Waste Collection	38,000	FC
2	Corporate Strategy	Statutory Place Survey	17,300	FC
3	Cultural Services	The Dome : Repair & Maintenance	900	
4	Cultural Services	Heysham Mossgate	10,000	FC
5	Cultural Services	Salt Ayre Sports Centre : Advertising	1,600	
6	Democratic Services	Civic Receptions and Mayoral Functions	800	
7	Economic Development & Tourism	Business Development Grants	4,300	
8	Financial Services	Software : ICON Managed System	37,100	FC
9	Health & Strategic Housing	Dog Warden Service : Signage	3,800	
10	Information & Customer Services	Equipment Maintenance : Authentication Tokens	3,900	
11	Legal & Human Resources	Hackney Carriage Licensing : Taxi Ranks	5,000	
12	Planning Services	Office Equipment	3,200	
13	Revenue Services	LHA Funding : Proprint package and software	35,000	FC
			<u>160,900</u>	

Housing Revenue Account

14	Council Housing	Central Control : Audit Costs	3,200	
15	Council Housing	Electrical Inspections	25,000	FC
16	Council Housing	Management & Admin : Marketing	3,300	
17	Council Housing	Electricity : Photo Electric Cells	20,000	FC
			<u>51,500</u>	

"FC" denotes Full Council approval also required, if the requests are approved in full by Cabinet.

Further details relating to each request are attached.....

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	City Council (Direct) Services
BUDGET HEADING	Three Stream Waste Collection
AMOUNT	£38,000

1

What is the request to be spent on?

We are currently trying to get through as many flats and caravan parks as we can now, mainly putting communal facilities in which usually involves 1100 for residual and 240 for recycle. However most caravan (or park homes) are requesting individual bins and boxes. Based on the surveys and information we have completed so far we require the following

181 x 1100 eurobins; 1,680 x 240 eurobins; 4,131 boxes

A total of £76,400 – this request would go part way towards it.

Why the spend didn't/couldn't occur last year.

The budget was committed to developing other parts of the scheme. No data existed on the number of residential caravan sites and flat/apartment blocks. Each park or block has to be looked at individually and consultation with residents and Management Companies is essential at each site, this in itself is a lengthy time consuming process. Some of the work was started last year, but came to a halt when the specific budget ran out.

The reasons why we are committed to still doing this work.

We have made a commitment through the Cost sharing agreement to reach 100% coverage in providing three stream waste collection services throughout the district.

Why we can't use this year's budget allocation.

This year's budget is adequate to allow us to continue to promote, replace lost/stolen or additional containers to properties on the existing scheme but will not allow us to continue with our commitment to include these properties that are outside the existing scheme.

What the implications for service delivery will be if the carry forward is not approved.

There will be inconsistencies throughout the district in collection frequencies and methods.

When the spend needs to be incurred.

2009-2010

Financial Services Comments

There is no specific budget underspending relating to this request although as a Service, CC(D)S had a net controllable underspend of £160,000 of which £38,000 relates to Three Stream Waste generally. As the request is in excess of £10,000 then full Council approval would be required. The amount requested is lower than the full amount required but will allow the commencement of a phased implementation programme and the remaining amount would need to be considered as a growth item within the 2010/2011 budget process.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Corporate Strategy
BUDGET HEADING	Statutory Place Survey
AMOUNT	£17,300

2

What is the request to be spent on?
Payment for cost of 'Place Survey'.
Why the spend didn't/couldn't occur last year.
2008/09 - £20k allocated to carry out the national (statutory) Place Survey. Spend to year end £2726.92. Mori have still to invoice for final cost of survey (as a result of delays in signing off the survey by central government).
The reasons why we are committed to still doing this work.
Contractual obligation – Statutory requirement
Why we can't use this year's budget allocation.
There is no budget allocation – Statutory Place Survey takes place every two years.
What the implications for service delivery will be if the carry forward is not approved.
A contracted piece of research work requires final payment.
When the spend needs to be incurred.
Not yet known but likely to be first half of year.
Financial Services Comments
There was an underspend of £17,300 against the budget of £20,000 for the Statutory Place Survey. The survey work was carried out in 2008/09 but then the results had to be passed to Central Govt to be analysed and approved before MORI were able to issue an invoice for the work – though an amount should have been accrued in the 2008/09 accounts. There is no budget allocation in 2009/10. As the request is in excess of £10,000 then full Council approval will be required.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Cultural Services
BUDGET HEADING	Dome – R & M of Buildings
AMOUNT	£900

3

What is the request to be spent on?
Replacement of main access doors to The Dome / Waterfront bar which have severe weather damage and if not repaired will be a security issue to the building.
Why the spend didn't/couldn't occur last year.
With the announcement the Dome was to close on 01 June 2009 it was deemed not necessary as the building was to be moth balled.
The reasons why we are committed to still doing this work.
The doors will continue to deteriorate and are an increasing security risk.
Why we can't use this year's budget allocation.
Dome budgets cut back for 2009/10 to operate a nine month operating year.
What the implications for service delivery will be if the carry forward is not approved.
Security risk to the building.
When the spend needs to be incurred.
As soon as possible.
Financial Services Comments
There was a £4,200 underspent on repair and maintenance with an overall underspend on the Dome of £6,900. Monitoring against the Dome's operating budget for the current year will be reported on in Qtr 1 PRT.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Cultural Services
BUDGET HEADING	Heysham Mossgate
AMOUNT	£10,000

4

What is the request to be spent on?
To meet any clawback of external funding in relation to professional fees for the Heysham Mossgate Project.
Why the spend didn't/couldn't occur last year.
Discussions are still ongoing with the PCT.
The reasons why we are committed to still doing this work.
This is to cover external funding put in place for the project, which will need repaying if it does not go ahead. As discussions are still ongoing with regards to the future of this project, no request for reimbursement has been made by LCDL. The Council may still be liable for the reimbursement of this money back to LCDL once a decision has been made.
Why we can't use this year's budget allocation.
There is no budget allocation in 2009/2010.
What the implications for service delivery will be if the carry forward is not approved.
£10,000 revenue implication from somewhere else within the budgets of the Service, when spend occurs.
When the spend needs to be incurred.
No decisions made on the project timescales yet.
Financial Services Comments
Balance of £10,000 on this account would be carried forward to cover any potential repayment of Grant Funding from Lancashire County Developer Ltd, though this could have been accrued within the 2008/09 accounts. This will be the third time this budget has been requested to be carried forward. As the request is for £10,000 then full Council approval would be required.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Cultural
BUDGET HEADING	Misc Advertising
AMOUNT	£1,600

5

What is the request to be spent on?
Advertising signage ordered and received in March 2009, but charged to 09/10.
Why the spend didn't/couldn't occur last year.
The year end creditor was missed and therefore this has been accounted for/paid in 2009/10 in error.
The reasons why we are committed to still doing this work.
Work completed in 2008/09.
Why we can't use this year's budget allocation.
This year's budget has been earmarked toward the £119,000 savings approved on Salt Ayre operations.
What the implications for service delivery will be if the carry forward is not approved.
£119,000 savings would have a shortfall – other compensating savings would need to be identified (though the amount involved is small).
When the spend needs to be incurred.
Already spent in 2009/10.
Financial Services Comments
Misc Advertising within this Cost Centre was £1,400 underspent at outturn which is slightly less than the requested £1,600. As noted above the whole of this budget for 2009/10 has been earmarked towards the £119K savings target in place – though this needs to be cross referenced with the communications & marketing savings target also (to avoid any double counting).

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	DEMOCRATIC SERVICES
BUDGET HEADING	CIVIC RECEPTIONS AND MAYORAL FUNCTIONS
AMOUNT	£800

6

What is the request to be spent on?
Cost of Civic Heads Day for Mayor of 2008/09, which took place on 28 April 2009.
Why the spend didn't/couldn't occur last year.
Mayor requested that the event was arranged at the end of his civic year, so fell into 2009/10 financial year.
The reasons why we are committed to still doing this work.
Expenditure incurred in April.
Why we can't use this year's budget allocation.
Would reduce available budget for the Mayor of 2009/10 .
What the implications for service delivery will be if the carry forward is not approved.
The Civic Programme for the 2009/10 Mayor will have to be reduced during a year when there could be additional calls on expenditure to ensure that the centenary of Lancaster Town Hall is appropriately celebrated.
When the spend needs to be incurred.
Event taken place on 28 th April 2009.
Financial Services Comments
There is a total spend of £12,700 against a Civic budget of £14,800 in 2008/09, leaving an underspend of £2,100.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Economic Development & Tourism
BUDGET HEADING	Business Development Grants
AMOUNT	£4,300

7

What is the request to be spent on?

The carry forward request relates to an underspend on the Business Development Grants budget in 2008/09. If approved, the funding would be added to the 2009/10 Business Development Grants budget of £20,000 for payments of grant offers under the City Council's Rent Grant Scheme for businesses and funded by the Lancaster District Local Strategic Partnership (Second Homes funding).

Why the spend didn't/couldn't occur last year.

The original budget of £21,800 was boosted during the year by £6,000 Lancashire Local Area Agreement funding to support start up and early stage businesses at a time when it was expected that additional funding would be needed to meet the high level of demand. Subsequently, take up, although high, fell a little short of expectations, resulting in the underspend of £4,289 against the total budget of £27,800.

The reasons why we are committed to still doing this work.

As noted above, the 2008/09 Business Development Grants budget was boosted by an additional £6,000 of Local Area Agreement funding to support start up and early stage businesses. Carrying the budget underspend forward would ensure that the whole of the LAA funding provides additional support for such activity rather than potentially being seen as having simply displaced part of the City Council funding for the Scheme in 2008/09. Furthermore, the Scheme forms part of the City Council response to the economic downturn and the additional resources will maximise the number of businesses that can be supported.

Why we can't use this year's budget allocation.

It is expected that the current year's budget allocation of £20,000 will be fully utilised against commitments/payments of Rent Grant to businesses and that this may not be sufficient to meet demand. A total of £23,511 was offered as Rent Grants in 2008/09. Bearing in mind the Scheme was only introduced in July 2008, it is likely that demand for support in 2009/10 will at least total a similar amount. The additional funding would help meet this potential additional demand.

What the implications for service delivery will be if the carry forward is not approved.

Reliance on the allocated budget of £20,000 alone could result in the Scheme being closed to new applications before the end of the year, resulting in businesses seeking assistance being turned away. Approval of the carry forward would enable more businesses to be supported, resulting in the creation of additional jobs.

When the spend needs to be incurred.

The spend would be incurred during 2009/10 against payments of Rent Grant.

Financial Services Comments

There is an underspend of £4,300 relating to Rent Grants to businesses, against a budget of £27,800. Underspends have also occurred in previous years as follows:
 2006/07 - £16,600 additional unbudgeted income (C/F agreed as part of 06/07 closedown)
 2007/08 - £31,700 underspend transferred to the reserve (reserve closed 08/09)

Failure to carry forward this underspend will not result in clawback of any money.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Financial Services
BUDGET HEADING	ICON Managed Service
AMOUNT	£37,100

8

What is the request to be spent on?

The ICON cash receipting system is to be moved to a hosted environment, which will increase data security when compared to the current receipting system and will also ensure compliance with the terms and conditions of the Payment Card Industry Data Security Standard (PCIDSS).

Why the spend didn't/couldn't occur last year.

The implementation of this system was delayed by contract negotiations with the supplier and is taking place between April and July 2009.

The reasons why we are committed to still doing this work.

A legally binding contract has already been agreed and signed with regard to the acquisition of this system.

Why we can't use this year's budget allocation.

The budget allocation for 2009/10 relates only to the annual running costs but the budget for 2008/09 relates to the initial licence fee and original implementation costs.

What the implications for service delivery will be if the carry forward is not approved.

No alternative sources of funding have been identified at this stage. The City Council needs to act within the current PCIDSS compliance regulations or any breach could result in substantial fines, so given this and the contractual position regarding the service, there is no viable option to terminate.

When the spend needs to be incurred.

April to June 2009.

Financial Services Comments

There is an underspend of £37,100, against a budget of £37,500. As the request is in excess of £10,000 then full Council approval would be required.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Health & Strategic Housing
BUDGET HEADING	Dog Warden Service
AMOUNT	£3,800

9

What is the request to be spent on?
Introduction and implementation of Dog Control Orders (DCOs) under the Clean Neighbourhoods & Environment Act. To be spent on signage, a legal requirement of the legislation.
Why the spend didn't/couldn't occur last year.
A growth bid of £12,000 was submitted for 2008/09, however it was granted over 2 years, £6,000 for 2008/09 and £6,000 for 2009/10. Approximately £10,000 of the growth bid was intended for signage, therefore it could not be purchased last year before this year's allocation was available.
The reasons why we are committed to still doing this work.
It is essential to introduce Dog Control Orders in order to deal with the persistent problems of fouling and stray dogs in the district. Introduction of DCOs is an important part of this service's Business Plan and Service Plan
Why we can't use this year's budget allocation.
The £10,000 required for signage needs to be sourced from both last year's and this year's budget allocations.
What the implications for service delivery will be if the carry forward is not approved.
Signage is a legal requirement of the legislation. The £10,000 allocated for signage is estimated to cover 'gateway' signage, provided on major entry routes to the district, plus more specific signs where essential. Without the funding for this we would be unable to proceed with the DCOs.
When the spend needs to be incurred.
During this financial year
Financial Services Comments
£3,800 requested is the total underspend on the Dog Warden Service. There is no budget available in 2009/10 to fund all signage needs.

2008/09 REQUESTS FOR CARRY FORWARD

SERVICE	Information & Customer Services
BUDGET HEADING	Equipment Mtce - Fixed
AMOUNT	£3,900

10

What is the request to be spent on?
This spend relates to a need to extend security options for home and mobile workers by providing authentication tokens.
Why the spend didn't/couldn't occur last year.
We were still assessing the various technical options to fully understand their limitations and implications.
The reasons why we are committed to still doing this work.
The authentication tokens will provide a secure and manageable method of accessing the Council's network and met national security standards. Overtime the Council will save money on licenses for equivalent software.
Why we can't use this year's budget allocation.
There is no budget allocation for these items in 2009/10 as the need for changing the Council's security has emerged as part of the recent Gov Connect project.
What the implications for service delivery will be if the carry forward is not approved.
The older software solution can be used in the interim as a short term solution but over time a different robust mechanism will need to be procured.
When the spend needs to be incurred.
September 2009.
Financial Services Comments
There was an underspend of £3,900 in 2008/09 on the Equipment Maintenance budget of £24,000. This budget was not specifically earmarked for spending on authentication tokens, however there is no budget available in 2009/10 and in time savings will be made as referred to above.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Legal and HR
BUDGET HEADING	Hackney Carriage Licensing
AMOUNT	£5,000

11

What is the request to be spent on?
The cost of providing additional taxi ranks in the district.
Why the spend didn't/couldn't occur last year.
A review of taxi ranks has been underway with the Police, the County Council and the trade for some time. There is no specific budgetary provision as this is a one off item.
The reasons why we are committed to still doing this work.
Additional ranks are needed to improve the service to the public, and to assist with enforcement issues, particularly late at night. A number of complaints have been received that there are insufficient ranks and that current ranks are not in the most appropriate locations. The consultation process with the police and highway authority has been ongoing for a considerable time, as it is not easy to agree on suitable locations.
Why we can't use this year's budget allocation.
There is no budget allocation for this item, as it is a one-off. In order to proceed it would be necessary to raise the additional income from fees in a future year. It should be noted that taxi licensing income is subject to specific statutory rules. The income arises mainly from the licence fees charged by the Council. The legislation requires that the fees are set at a level that meets the Council's costs of administering and enforcing the licensing regime. It is not lawful to make a profit (although clearly given the uncertainty of how many licence applications will be received, it is extremely difficult to budget for and achieve a "break even" situation). It could be argued that having made a surplus in 2008/09, the Council should adjust its fees downwards to project for a similar deficit in 2009/10, but this has not been done. However, any criticism or challenge that the Council has made a profit on taxi licensing could be countered if the surplus were carried forward for expenditure on a taxi licensing issue.
What the implications for service delivery will be if the carry forward is not approved.
Complaints and enforcement problems will continue unless funding can be found.
When the spend needs to be incurred.
As soon as possible.
Financial Services Comments
There was an overall underspend in 2008/09 of £6,200, of which £4,976 related to additional Hackney Carriage/Private Hire fee income. Whilst the additional income was not specifically earmarked for taxi ranks in 2008/09 it does ensure the bulk of the surplus is reinvested in the Hackney Carriage function.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Planning
BUDGET HEADING	Office Equipment
AMOUNT	£3,200

12

What is the request to be spent on?
Maintenance of software agreement for Eureka time management system that was a legacy from Engineering as a Service. Current agreement runs until March 2013.
Why the spend didn't/couldn't occur last year.
Invoice was in dispute as we wished to terminate license.
The reasons why we are committed to still doing this work.
Advice from legal services that terms of licence are legal.
Why we can't use this year's budget allocation.
We will have this year's bill to pay which together with other CAD and GIS software licence commitments will exceed our current budget.
What the implications for service delivery will be if the carry forward is not approved.
The use of CAD and GIS is essential to the operation of the Engineering Team within Planning Services. The current years budget will be exceeded.
When the spend needs to be incurred.
ASAP
Financial Services Comments
There is an underspend of £3,200, against a budget of £10,800. This item could have been accrued within the 2008/09 accounts, but the invoice was under dispute and a favourable outcome was expected.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	REVENUES
BUDGET HEADING	Local Housing Allowance (LHA) Funding
AMOUNT	£35,000

13

What is the request to be spent on?
Purchase of Proprint package and Server to replace Formscape as management tool and assistance re impact of recession on collection rates, etc.
Why the spend didn't/couldn't occur last year.
Impact of LHA spread over a number of years.
The reasons why we are committed to still doing this work.
Legal obligation.
Why we can't use this year's budget allocation.
Insufficient funds available.
What the implications for service delivery will be if the carry forward is not approved.
We will not be able to produce suitable documentation, bills, notifications to our customers.
When the spend needs to be incurred.
As soon as possible
Financial Services Comments
There was a total spend of £53,000 in 2008/09 against a net DWP/LHA grant of £89,000, leaving an underspent balance of £36,000. There is no budget allocation in 2009/10. As the request is in excess of £10,000 then full Council approval will be required. The request relates to capital spend and as such the carry forward funding, if approved, will need to be transferred to capital as direct revenue financing. In addition, the supporting documentation will be required to update the capital programme.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Council Housing
BUDGET HEADING	Central Control
AMOUNT	£3,200

14

What is the request to be spent on?

£3,200 - Initial audit costs for accreditation by the Telecare Services Association including customer satisfaction survey.

Why the spend didn't/couldn't occur last year.

Telecare Services Association (TSA) initial audit for accreditation and renewal of the call centre did not take place within the last financial year due to the introduction of a new standard by TSA and changes in staffing/ management.

The reasons why we are committed to still doing this work.

TSA accreditation must be attained this financial year in order to continue to operate and be awarded contracts by Lancashire Social Services for the provision of the Telecare and Carers Support Services.

Why we can't use this year's budget allocation.

There is no allocation within this year's budget for the initial audit costs.

What the implications for service delivery will be if the carry forward is not approved.

The Emergency Call Centre will lose contracts with Lancashire County Council resulting in a loss in income making the call centre less viable.

When the spend needs to be incurred.

Pre December 2009

Financial Services Comments

The underspend in 2008/09 was £8,200. The carry forward request can be accommodated within this.

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	Council Housing
BUDGET HEADING	Electrical Inspections
AMOUNT	£25,000

15

What is the request to be spent on?
The inspection of electrical installations with Council Housing Properties.
Why the spend didn't/couldn't occur last year.
Late start on contract.
The reasons why we are committed to still doing this work.
Work commenced in 2008/09 and needs to be completed.
Why we can't use this year's budget allocation.
Other priorities in the 2009/10 programme would be affected.
What the implications for service delivery will be if the carry forward is not approved.
Changes would need to be made to the 2009/10 programme which would result in some electrical installations not being inspected which could result in a faulty installation not being identified.
When the spend needs to be incurred.
Works are ongoing.
Financial Services Comments
<p>This request can be accommodated from within the 2008/09 underspend of £58,400.</p> <p>As the request is in excess of £10,000 then full Council approval will be required</p>

2008/09 REQUEST FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING SERVICES
BUDGET HEADING	COUNCIL HOUSING MGT AND AD/MARKETING
AMOUNT	£3,300

16

What is the request to be spent on?
The marketing of a choice based lettings scheme which will require extensive publicity.
Why the spend didn't/couldn't occur last year.
Implementation delayed due to low stock level. Government has now imposed a specific target regardless of stock numbers meaning a scheme has to be introduced.
The reasons why we are committed to still doing this work.
To meet the Government target that all Local Authorities should be operating a choice based lettings scheme by 2010. This is incorporated into the Service's Business Plan.
Why we can't use this year's budget allocation.
This year's budget will not cover the cost of advertising required to launch the new scheme.
What the implications for service delivery will be if the carry forward is not approved.
The scheme will not have the same impact if we do not have the necessary means to advertise properties to encourage tenants to bid for properties which could ultimately lead to increased void loss and will impact on our key performance indicator for this area of work.
When the spend needs to be incurred.
2009/10
Financial Services Comments
The carry forward can be funded from the under spend on this budget in 2008/09 of £3,400.

2008/09 REQUESTS FOR CARRY FORWARD

SERVICE	COUNCIL HOUSING
BUDGET HEADING	ELECTRICITY
AMOUNT	£20,000

17

What is the request to be spent on?
Change over from time clocks to photo electric cells in order to reduce energy costs.
Why the spend didn't/couldn't occur last year.
Other projects delayed the commencement of this project.
The reasons why we are committed to still doing this work.
Efficiency works that will reduce energy consumption for the lighting of communal areas.
Why we can't use this year's budget allocation.
Improvement works funding allocated to other projects.
What the implications for service delivery will be if the carry forward is not approved.
Inefficient use of fuel reflected in tenant service charges.
When the spend needs to be incurred.
By March 2010.
Financial Services Comments
<p>The Electricity Budget was under spent by £26,500 in 2008/09; this includes £24,700 previously carried forward from 2007/08 for photo electric cells. The amount requested for carry forward can be accommodated. This was identified as a potential area for carry forward within the PRT process.</p> <p>As the request is in excess of £10,000 then full Council approval will be required.</p>

Lancaster City Council - Capital Expenditure 2008/09
For Consideration by Cabinet 28 July 2009

	Revised Estimate	Expenditure in 2008/09	Expenditure to be financed in 2008/09	SCHEME SPECIFIC FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)			
	£	£	£	£	£	£	£	£	£	
PLANNING										
Middleton Wood Phase 1	4,000	4,100	4,100	2,100		2,000		4,100	0	
St George's Quay Heritage Lighting	18,000	17,595	17,595			17,595		17,595	0	
Christmas Lights Renewals	35,000	35,146	35,146		35,146			35,146	0	
Sub-Total	57,000	56,841	56,841	2,100	35,146	19,595	0	56,841	0	
INFORMATION SERVICES										
IT Infrastructure	77,000	91,513	91,513			15,000		15,000	76,513	
Computer Room Air Con & Fire Detection	2,000	1,641	1,641					0	1,641	
Finance Ledger Replacement	17,000	13,832	13,832					0	13,832	
Application System Renewal	30,000	19,905	19,905					0	19,905	
Protect Replacement IT System	10,000	10,286	10,286					0	10,286	
Desktop Equipment	116,000	115,006	115,006		51,000			51,000	64,006	
Revenues EDMS & Workflow	17,000	14,000	14,000					0	14,000	
Sub-Total	269,000	266,183	266,183	0	51,000	15,000	0	66,000	200,183	
PROPERTY SERVICES										
Energy Efficiency Schemes	20,000	17,623	17,623			5,000		5,000	12,623	
Customer Service Centres (Accommodation)	29,000	13,103	13,103					0	13,103	
Ashton Hall Organ Restoration	0	1,403	1,403	1,403				1,403	0	
Municipal Buildings Works	412,000	183,032	183,032					0	183,032	
St Leonards House Electrics	112,000	6,981	6,981					0	6,981	
Fire Safety Works	60,000	0	0					0	0	
Sub-Total	633,000	222,142	222,142	1,403	0	5,000	0	6,403	215,739	
CORPORATE STRATEGY										
Building Safer Communities	2,000	1,396	1,396	1,396				1,396	0	
Sub-Total	2,000	1,396	1,396	1,396	0	0	0	1,396	0	
TOTAL - GENERAL FUND	11,578,000	10,516,890	10,516,890	6,105,836	441,162	119,217	0	6,666,215	3,850,675	

	Revised Estimate	Expenditure in 2008/09	Expenditure to be financed in 2008/09	SCHEME SPECIFIC FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)			
	£	£	£	£	£	£	£	£	£	
GENERAL FUND	11,578,000	10,516,890	10,516,890	6,105,835	441,162	119,217	0	6,666,215	3,850,675	
COUNCIL HOUSING	3,585,269	3,033,670	3,033,670	16,721	139,451	1,451,000	1,380,356	2,987,528	46,142	
TOTAL CAPITAL EXPENDITURE & FINANCING	15,163,269	13,550,560	13,550,560	6,122,556	580,613	1,570,217	1,380,356	9,653,743	3,896,817	

2008/09 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
Amounts to be financed by General Capital Resources			46,142	3,850,675	3,896,817
Financed by:					
Supported Borrowing			0	0	0
TOTAL SUPPORTED BORROWING			0	0	0
Unsupported Borrowing			0	1,803,968	1,803,968
Usable Capital Receipts			46,142	2,046,707	2,092,849
Total Financing from General Capital Resources			46,142	3,850,675	3,896,817

CAPITAL SLIPPAGE & OTHER PROGRAMME ADJUSTMENTS INTO 2009/10 For Consideration by Cabinet 28 July 2009

Slippage Requests	Amount Requested	Source of Funding:		
		LCC Funded	Grant/ Contribs.	Total
	£	£	£	£
General Fund Housing				
District Wide Home Repair Assistance	1,000		1,000	1,000
YMCA Places of Change	746,000		746,000	746,000
Bold Street Renovation Scheme	3,000		3,000	3,000
Clarendon Road Car Park	1,000		1,000	1,000
Clarendon/West End Road Rear Yard Wall	30,000		30,000	30,000
Marlborough Road Demolition	17,000		17,000	17,000
Adactus Top-Up Grants (Incl. West End Flats)	34,000		34,000	34,000
Primrose Street Group Repairs/Renovation	25,000		25,000	25,000
Euston Road Group Repairs	10,000		10,000	10,000
Sub-total	867,000	-	867,000	867,000
Engineering Services				
Wave Reflection Wall Study	20,000		20,000	20,000
Strategic Monitoring Bay Wide	85,000		85,000	85,000
Mill Head Warton (Flood Defences)	158,000		158,000	158,000
Sub-total	263,000	-	263,000	263,000
Planning & Building Control				
Luneside East - Land acquisition and fees	14,000	14,000		14,000
EDZ Cycling Network - City Centre	4,000	4,000		4,000
Morecambe Townscape Heritage Initiative	292,000		292,000	292,000
Sub-total	310,000	18,000	292,000	310,000
City Contract Services				
Fairfield Allotments Extension	23,000		23,000	23,000
Marketgate Toilet Refurbishment	45,000	45,000		45,000
Sub-total	68,000	45,000	23,000	68,000
Economic Development & Tourism				
Port of Heysham Site 4 - Access Imp	3,000	3,000		3,000
Storey CIC	15,000		15,000	15,000
Lancaster Hub TIC Refurbishment	4,000	4,000		4,000
Sub-total	22,000	7,000	15,000	22,000
Property Services				
Customer Service Centres (Accommodation)	16,000	16,000	-	16,000
Fire Safety Works	60,000	60,000		60,000
Municipal Buildings Works	229,000	229,000		229,000
Energy Efficiency Schemes	2,000	2,000		2,000
St Leonards House Electrics	105,000	105,000		105,000
Sub-total	412,000	412,000	-	412,000
Information Services				
Application System Renewal	10,000	10,000		10,000
Sub-total	10,000	10,000	-	10,000
GENERAL FUND TOTAL	1,952,000	492,000	1,460,000	1,952,000
Council Housing				
Bathroom / Kitchen Improvements	17,000	17,000		17,000
Rewiring	65,000	65,000		65,000
Renewal of Heaters	60,000	60,000		60,000
External Refurbishment	190,000	190,000		190,000
Environmental Works / Crime Prevention Works	21,000	21,000		21,000
Re-Roofing	3,000	3,000		3,000
Energy Efficiency Works	80,000	80,000		80,000
IT Replacement	42,000	42,000		42,000
COUNCIL HOUSING TOTAL	478,000	478,000	-	478,000
Other Programme Changes				
Reductions to 2009/10 Programme, to provide for unbudgeted spend in 2008/09:				
Application System Renewal-re SASC Bookings	(5)	(5)		(5)
IT Infrastructure	(15)	(15)		(15)
Luneside East Compensation Claims	(38)	(38)		(38)
General Fund Housing Programme (re Public Realm Works)	(125)		(125)	(125)
Total	(183)	(58)	(125)	(183)

**Prudential Indicators for Year Ended 31 March 2009
For Consideration by Cabinet 28 July 2009**

AFFORDABILITY**2008/09**

PI 2: Actual ratio of financing cost to net revenue stream	Non - HRA	10.3%
	HRA	9.1%
	Overall	9.9%

PRUDENCE**2008/09
£000**

PI 7: Actual capital expenditure	Non - HRA	10,517
	HRA	3,034
	Total	13,551

PI 9: Actual Capital Financing Requirement	Non - HRA	30,554
	HRA	15,303
	Total	45,857

PI 12: Actual external debt		47,938
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CABINET

**Budget and Policy Framework Process 2010/11
28 July 2009**

Joint Report of Corporate Director (Finance & Performance) & Head of Financial Services

PURPOSE OF REPORT			
To agree a process for reviewing the Council's Budget and Policy Framework.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers			√
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS OF CLLRS STUART LANGHORN & MALCOLM THOMAS:

- 1 That the process outlined in the report and timetabled in *Appendix A* for reviewing the Corporate Plan, Budget/Medium Term Financial Strategy, and preparing the 2010/11 Budget be approved.
- 2 That Cabinet note the procedures as set out in Section 3 already in place for reviewing and updating the other Policy Framework documents.
- 3 Cabinet are asked to consider the progress reports from individual Cabinet members included as Appendix B and to determine service activities and other initiatives that should be developed to bring forward to Cabinet savings/efficiency options
- 4 That Cabinet note that officers will be undertaking an exercise to analyse the current year's budget against service activity and corporate priorities over the summer for each cabinet member to further assist them in bringing forward options for savings/efficiencies
- 5 That Cabinet considers if it wishes to undertake a public engagement exercise in respect of its budget proposals to deliver the council's corporate priorities.

REPORT

1 Introduction

- 1.1 The Council's Constitution requires the Cabinet to bring forward each year recommendations for updating the Budget and Policy Framework documents. This report proposes a draft process and timetable for reviewing the existing plans and strategies included in (and supporting) the Budget and Policy Framework and also for prioritising existing objectives and bringing forward new Council initiatives.
- 1.2 The report deals with the review of the Budget and Policy Framework documents in three parts, namely :-
- the Corporate Plan ,
 - the other plans and strategies in the Policy Framework,
 - the Budget and Medium Term Financial Strategy (MTFS).

2 Corporate Plan

- 2.1 The three year Corporate Plan brings together the Council's plans and strategies with a particular focus on the medium term objectives and related priorities to be delivered either by Council services or in partnership with other organisations, in particular the Lancaster District Local Strategic Partnership (LDLSP).
- 2.2 The process for updating the Corporate Plan has varied over the years depending on the currency of the information used to inform the content of the Plan. Cabinet will recall that no public consultation exercise took place last year due to the recent adoption of the LDLSP's Sustainable Community Strategy but the Council proposed priorities for inclusion in the 2009/12 three year Corporate Plan, along with the Cabinet's budget proposals, were the subject of a special Budget and Performance Panel meeting in January 2009.
- 2.3 The Council's current Corporate Plan is very closely aligned to the LDLSP's Sustainable Community Strategy and the Lancashire Local Area Agreement priorities and it is not proposed to undertake a full public consultation on the priorities included in the Plan. However there is a need to undertake a review of the more recent information received in the 2009 Place Survey called "Assessing Lancaster's Performance". The findings of this survey are included on the Council's website and will also be the subject of a presentation to members and the LDLSP by the researchers Ipsos/Mori on a date yet to be agreed. Cabinet will need to be mindful of the outcomes from this research to ensure that the priorities included in the current Corporate Plan still reflect the needs and views of the community.
- 2.4 It will also be necessary to monitor the appropriateness of the Corporate Plan in respect of the on-going work being undertaken within the LDLSP Thematic Groups. Not all the Thematic Group action plans to deliver the Sustainable Community Strategy's priorities have been completed as yet and as they are finalised, the Council's contribution to delivering these will need to be fully understood and considered within the resources available to deliver them.
- 2.5 When the Corporate Plan was agreed in April 2009, not all the information in respect of target outcomes and key performance indicators was available and it was agreed that the Plan would be updated as and when this information became available. It is likely therefore that this process will continue throughout the proposed timetable for refreshing this year's Plan.

- 2.6 The draft timetable therefore, for approving the 2010/11 Corporate Plan, has been prepared on the basis to reflect the issues outlined above and is set out in **Appendix A**. The timetable however must remain flexible to ensure the Council can react to, and reflect on, any changing circumstances accordingly.

3 Other Policy Framework Documents

- 3.1 In addition to the Corporate Plan, the Policy Framework consists of a number of other documents. The latest position regarding these is as follows:

(a) LDLSP Sustainable Community Strategy (SCS)

This 3 year SCS was approved by full Council in November 2008 after a long public consultation exercise. The LDLSP therefore have no immediate plans to refresh the strategy but may review the document later in the year following the presentation from Ipsos/Mori.

(b) Community Safety Partnership

The revised Community Safety Plan that covers the period 2009/2012 is currently being drafted to ensure alignment of targets with the Lancashire Local Area Agreement. The final document is due to be considered by Council in September 2009.

(c) Housing Strategy

The current Housing Strategy runs until 2009 and it is proposed that the future strategy will align to the new Local Development Framework documents and the Sustainable Community Strategy. The Council is currently working on the Housing Land Allocations document and this will be complemented with an updated policy on improvement and upgrade of existing housing stock. Cabinet approved an updated Homelessness Strategy at its meeting on 8 July 2008.

(d) Local Development Framework Documents

Council approved the Local Development Framework core strategy last July. Since then work has continued on preparing the supplementary documents that support the core strategy and that will form the Local Development Scheme, namely the Development Management Policies, Land Allocations, and any Area Action Plans. These documents will be brought to Cabinet for approval once completed.

(e) Economic Vision (Regeneration Strategy)

Cabinet, at its meeting on 7 October 2008, agreed a regeneration programme for the district. The priorities from this have been included within the 2009-12 Corporate Plan. The Council now needs to concentrate on the delivery of the actions in the regeneration programme.

- 3.2 As there are already plans in place, or already undertaken, for reviewing all the strategies in the Policy Framework for 2010/11, Cabinet is asked to note the procedures already agreed.

4 Budget Framework

- 4.1 The crux of the Budget Framework is the Medium Term Financial Strategy (MTFS). It is currently the practice to monitor this strategy on a 6 monthly basis and it is proposed to continue with this practice. This has been included in the timetable attached at **Appendix A**. Similar arrangements are included for updating the Capital Investment Strategy, which drives future capital spending and financing plans.
- 4.2 Underpinning the MTFS is the detail of the 3-year Revenue Budget and 5-year Capital Programme. Again the key milestones for preparing these budgets are included in **Appendix A** and a more detailed, specific budget preparation schedule will be brought to a later Cabinet meeting.
- 4.3 Cabinet will again provide the forum for identifying and achieving the efficiency targets and savings included in the MTFS. Work in respect of the Revenue Budget has already begun. Cabinet at its last meeting agreed a strategy for developing options for identifying savings/efficiencies and, as a first step, Cabinet members were asked to complete a checklist in respect of their individual portfolios and to report back on progress to this meeting. An update on those checklists is included as **Appendix B**. Cabinet are asked to consider these and agree any service activities or other initiatives that should be further developed with a view to identifying savings/efficiency options to a future meeting of Cabinet. Cabinet will need to ensure that there are sufficient savings identified to enable any growth identified as a priority.
- 4.4 In addition, officers have begun the process of analysing the current year's budget over corporate plan priorities and service activities. It is hoped to complete this exercise over the summer and report back to Cabinet's next meeting. Furthermore, an updated Strategic Risk Register is being prepared and will be circulated to cabinet to assist in developing budget proposals.

5 Consultation

- 5.1 The Council now operates a 3 year Corporate Plan that is closely aligned to the LDLSP's Sustainable Community Strategy. The SCS is also a 3 year plan which was the subject of a detailed public consultation exercise. It is not therefore proposed to undertake a further, full public consultation exercise this year in respect of refreshing the current Corporate Plan priorities. The timetable at **Appendix A** does include however provision for the usual Budget & Performance Panel public meeting in January 2010 at which the Leader of the Council will present Cabinet's budget proposals to deliver the priority outcomes included in the Corporate Plan.
- 5.2 However, it is clear that the Council needs to improve the exchange of information with the public and major stakeholders as identified in the Place Survey data referred to in paragraph 2.3 above. As a consequence, Cabinet may wish to undertake a community engagement exercise in respect of its preferred budget proposals to deliver its corporate priorities. This is now accepted practice in a number of local authorities and identified as best practice for demonstrating value for money and improved use of resources. An example of the exercise undertaken by Chorley Council is attached as **Appendix C**. On the assumption that Cabinet may wish to undertake such an exercise, the draft timetable at **Appendix A** has been prepared on this basis.

6 Options Analysis

- 6.1 The following options are available to the Cabinet.
- i. approve the proposals and timetable set out in the report for reviewing and revising the Council's Budget and Policy Framework and for bringing forward options for savings/efficiencies.
 - ii. approve an amended version of the proposals
- 6.2 The preferred option is option i. as it sets out a structured approach for Cabinet to review the existing Budget and Policy Framework, identify savings/efficiency options, and for it to bring forward its budget and policy framework proposals for 2010/11 and beyond within the statutory timescales.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The plans and strategies outlined in the report together make up the Council's Budget and Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</p> <p>The annual review of the budget and policy framework ensures that the Council's plans and strategies are kept up to date and compliant with the above criteria for assessing their impact on local communities.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Deputy s151 Officer has been consulted and has no further comments to add.</p>	
<p>LEGAL IMPLICATIONS</p> <p>Legal Services have been consulted and have no comments to add.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS</p> <p>None.</p>	<p>Contact Officer: Roger Muckle Telephone: 01524 582022 E-mail: rmuckle@lancaster.gov.uk</p>

Draft Budget and Policy Framework Timetable

2010/11

	Project Work	O&S / B&PP	Cabinet	Council
2009				
July				
15	<p>Process for identifying Savings and Efficiency options begins for Directors/Service Heads/Cabinet members.</p> <p>Cost analysis of service activities and corporate priorities underway</p> <p>Place Survey Presentation by Ipsos/Moray to be arranged</p>	B&PP receive Quarter 4 PRT and 2008/9 Annual Report		
27			First Quarter PRTs Begin (27 July – 7 Aug 2009)	
28			<p>Approve Budget & Policy Framework Process and Timetable</p> <p>Consider 2008/9 budget outturn</p> <p>Consider revenue budget checklists from individual cabinet members</p> <p>Receive any recommendations from B&PP</p>	
Sept				
1	<p>Cost analysis of service activities and corporate priorities completed</p> <p>Commence any work following Cabinet meeting</p>		<p>Budget preparation report</p> <p>Receive individual cabinet member information on options for savings/efficiencies</p> <p>Receive 1st Quarter Corporate PRT report</p> <p>Consider detail from Place Survey data</p>	
8		B&PP Receive 1 st Quarter Corporate PRT Report		

APPENDIX A

	Project Work	O&S / B&PP	Cabinet	Council
16				To receive any Budget or Policy Framework updates
Oct				
6	Continue developing any budget recommendations from Cabinet		Review and update Medium Term Fin. Strategy (MTFS) and Capital Investment Strategy To receive any recommendations from Sept's B&PP To receive any Budget or Policy Framework updates	
20			2nd Quarter PRTs Begin (20 – 30 Oct 2009)	
30	6 month EDPAs completed			
Nov				
10	Continue developing any budget recommendations from Cabinet		Receive Quarter 2 Corporate PRT report To receive any Budget or Policy Framework updates	
18				To receive any Budget or Policy Framework updates Approve updated MTFS & Capital Investment Strategy
24		B&PP receive 2 nd Quarter Corporate PRT Report		
27	Service Training Plans completed			

	Project Work	O&S / B&PP	Cabinet	Council
Dec				
8	Continue developing any budget recommendations from Cabinet		To receive draft Revenue Budget for 2010/13 Capital Programme update Consider proposals for savings/efficiencies Receive Provisional Local Govt Finance Settlement	
9	Begin consultation on Cabinet budget proposals with :- <ul style="list-style-type: none"> - LSP Board/Mgt Group - Citizens Panel - Parishes - Economic Stakeholders - Website - Overview & Scrutiny - Service Heads - Trade Unions - Road Shows Consultation ends Jan 18th 2010 (6 weeks)			
16				To receive any Budget or Policy Framework updates
2010				
Jan				
19	Begin further consultation as determined by Cabinet		Receive Consultation feedback and update draft 2009/10 Corporate Plan Recommend proposals for Council Housing Rents. Agree Revenue Budget and Capital Programme proposals for further limited consultation Review Corporate Plan information	
25			3rd Quarter PRTs Begin (25 Jan – 5 Feb)	

	Project Work	O&S / B&PP	Cabinet	Council
26		Leader presents budget proposals to B&PP, other members, and LSP		
Feb				
3				To receive any Budget and Policy framework updates To agree Revenue Budget and Capital Programme totals. Agree Council Housing Rents for 2009/10
16	Continue developing any budget recommendations from Cabinet		To Receive 3rd quarter Corporate PRT report To consider Revenue Budget/ Capital Programme feedback from Council and consultation exercise. To agree final detail of budget proposals to present to Council	
23		B&PP Receive 3rd quarter Corporate PRT report		
Mar				
3				Agree 3yr Revenue Budget and 5yr Capital Programme Approve Prudential Code Limits Approve Treasury Mgt Strategy Approve Council Tax
4	Service Business Plans updated			
16			Review MTFS	
April				
14				Approve full version of Corporate Plan Approve revised MTFS
26			4th Quarter PRTs Begin (26 April – 7 May)	

Protecting your services

Draft budget 2009/10



Continuing to provide quality services and things that matter to you

Our Vision

The Council's ambition is for Chorley to be recognised as the most attractive, caring and vibrant place in the North West to live, to work, to invest and to visit.



Welcome to Chorley Council's draft budget for 2009/10



Councillor Peter Goldsworthy
Leader, Chorley Borough Council



Councillor Alan Cullens
Executive Member for Resources

This document has been produced to help you understand more about your Council, your services and how we're proposing to pay for them.

The emphasis this year is on keeping your Council Tax low, which we hope will help people across the borough during the credit crunch.

The information is provided to give you the chance to think about how the Council is proposing to spend and save money – and have your say before the plans are agreed and put into place.

Please read it carefully, the final budget will not only impact on the way we deliver your services next year, but also on your Council Tax bill.

These proposals have been put together specifically to give you the chance to discuss them and we want to hear your views. It's the only way we can ensure we're focusing on the things that are important to you, your family and your neighbourhood.

All your views will be considered before the final budget is agreed. Please let us have any comments by February 6, 2009.

Councillor Peter Goldsworthy
Leader Of Chorley Council

Continuing to provide quality services and things that matter to you

The Council continued the highest score possible for providing 'value for money'

We have saved £2m through our award winning efficiencies

In the last two years we have put more resources into important services - This year we want to keep your tax low instead

Although Chorley Council collects all your Council Tax - it keeps about £3 a week for local services

Chorley's proposed increase in Council Tax will be below inflation

If you agree or disagree with any of these proposals, let us know!

The Council continued the highest score possible for providing 'value for money'



Understanding the budget process

Draft budget plans – which relate directly to Chorley Council’s share of the overall Council Tax bill for the borough – are put together each year by the group of councillors in charge of the Council, known as the ‘administration’.

In Chorley, the Conservative Party currently has the most members and has formed the ‘administration’. They are able to make decisions and control the Council’s activity because they have the most councillors and therefore the most votes.

The ‘administration’ makes decisions about the Council and its services through a committee called the Executive Cabinet, which is chaired by the Leader of the Council and made up of leading councillors within the party. Each Executive Member has a specific area of the Council known as a ‘portfolio’ to oversee.

The draft budget outlines what the ‘administration’ would like to do in the following year and how

those activities should be paid for on behalf of local people, who have elected the councillors to represent them.

The proposals are then published to allow local people to have their say. All feedback is considered by the ‘administration’ in setting their final budget for the year ahead.

Those proposals are then considered at a meeting of the Council, where every elected councillor can vote on whether to accept it or not. It is common practice for the second largest party, known as the ‘opposition’, to put forward alternative proposals about where money should be spent and how it should be raised.

Councillors usually have a lengthy discussion about the budget, before it is put to the vote. Once a budget is agreed, the Council issues Council Tax bills to residents.

Low council tax rises, high quality services

Chorley Council is recognised among the very best in the country when it comes to providing high quality, value for money services. At the same time, Council Tax increases have been well below inflation during recent years, with average rises of about 2.00 per cent or around 10p a week, over the last two years.

One way we have been able to keep Council Tax low and provide quality services is through our award-winning ‘efficiency’ work. Efficiencies come when the Council works out a better way of doing things, which costs less time or money but

delivers the same high level of service. Chorley has had lots of success – saving around £2m since 2006 by:

- Looking at the way we buy services and goods from suppliers to make sure we get the very best deal

**We have saved £2m through
our award winning efficiencies**



- Looking at the way we actually provide services to see if a specialist private company or other local authority could do it better and cheaper than we can ourselves
- Working in partnership with others to share costs
- Looking at the number of staff we have and restructuring where necessary
- Reducing our assets and selling those we don't need

These areas of work have resulted in massive savings for the authority and massive improvements for local people. Good examples are our partnerships in the leisure sector, where by working with organisations such as Community Leisure Services (CLS) and Glendale Golf we've passed the responsibility for the cost to another provider and encouraged millions of pounds of improvements for local people.

They're not easy decisions to make - especially where cuts in staff are involved - but we're committed to making hard decisions to ensure we provide the very best services at the very best cost possible. The Audit Commission agrees that the Council uses its resources wisely and provides value for money for its residents.

However it is not just about saving money – it's about making a difference by focusing on the things that matter most to you. You told us what was important to you through consultation in two important documents:

- The Chorley Sustainable Community Strategy, put together in consultation with local people and organisations and outlining the priorities for the future of the borough
- The Council's Corporate Strategy, which mirrors the same high level objectives to reflect what you have said is important to you

You can find a copy of both on our website www.chorley.gov.uk

The Council's high level objectives, known as our corporate priorities are:

- People
- Place
- Prosperity
- Performance

Put simply, these priorities help focus our work on the areas that really matter – you and your family, where you live, your quality of life and opportunities and how we perform as a Council for you.

Last year the Council invested over £250,000 into services and enjoyed success in many areas including:

- Being officially rated as an 'excellent' Council by independent government inspectors from the Audit Commission.
- Improving services across the board, with about a third of services among the top 25 per cent in the country.
- Being named as a national 'Beacon' for transforming services in line with customers needs.
- Introducing a new way of working in your neighbourhood to make sure we focus on the things that matter to local people.
- Winning a national award for working with traders on Chorley Markets on a major investment and marketing campaign to boost trade.
- Gaining North West in Bloom awards for the third year running, a Green Flag for Yarrow Valley Country Park and a prestigious Charter Mark for customer services.
- Helping to reduce crime by 26 per cent by funding Police and Community Support Officers and holding targeted action days and weeks in hotspots.
- Investing in 'clean up teams' and tackling anti-social crime like fly-tipping and litter. Our streets were named the 'Cleanest in Lancashire'.
- Providing more for youngsters to do with more get up and go activities and an increase in our sports coaching programme.

**Although Chorley Council
collects all your Council Tax
- it keeps about £3 a week
for local services**



Where the money comes from - and where it goes

It's a popular misconception that Chorley Council receives all the money from the Council Tax it collects.

The truth is that Chorley is required by the Government to collect it all, but keeps only a small proportion of the final amount - usually about 12p in every £1.

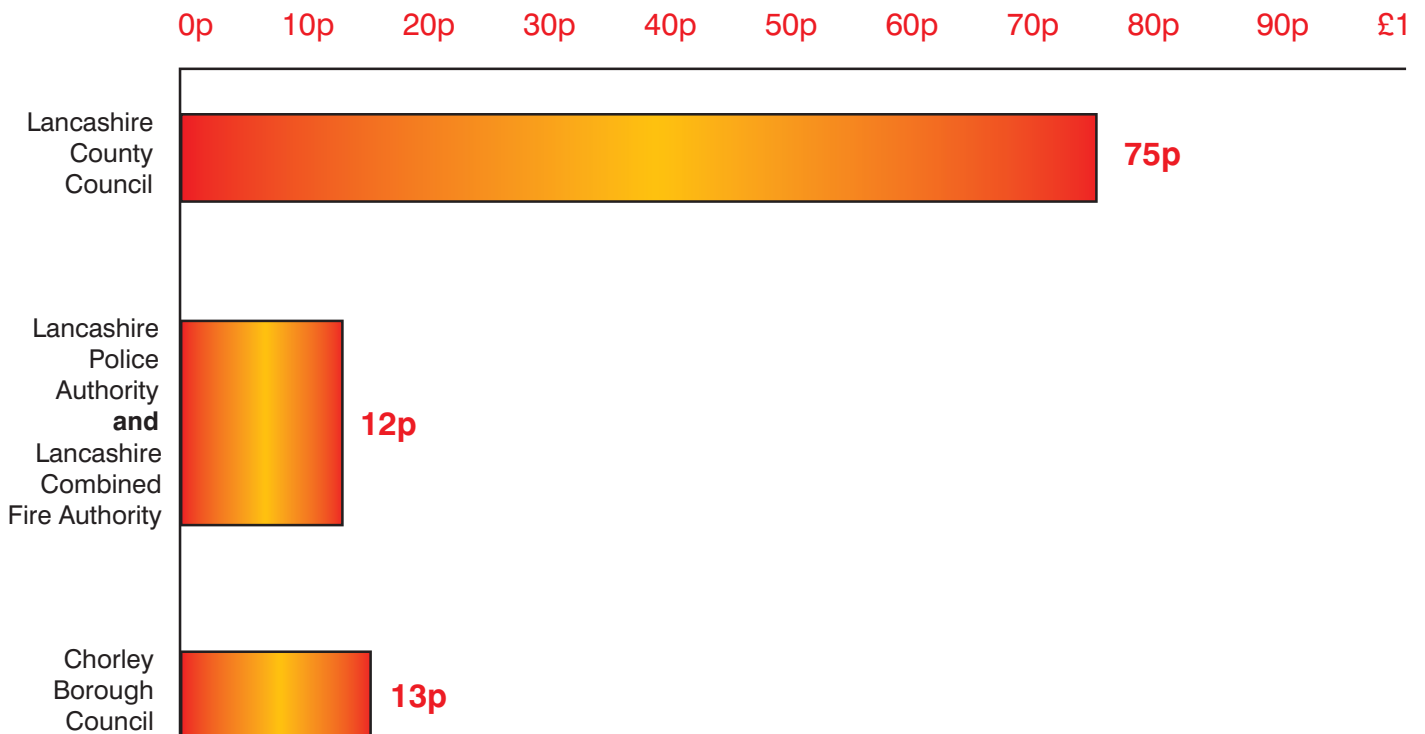
The majority of your Council Tax is passed on to Lancashire County Council - about 75p in every £1. The remainder – about 13p - is shared by the

Police, Fire service and parish councils near you.

Our share of the money equates to about £3 a week for most residents - or about £12 a month. For that we provide a wealth of community based services and facilities as well as carrying out functions for the wider good of the area.

We spend less than £1 a week per house emptying bins and providing recycling services.

How your Council Tax is divided:



Chorley's increase in Council Tax will be below inflation



Looking ahead to 2009/10

This year, the proposed rise in Council Tax is again, less than inflation.

That means that the cost of the running the Council and paying suppliers for goods and services will rise by more than the amount we collect from residents.

In addition, the Council is suffering from increases in fuel and heating costs as well as low interest rates on investments, which usually support our spending.

This means we need to make savings – which we're determined to do without cutting front line services – and there are details of how we hope to achieve that.

- 1 The Council has carried out a line-by-line review of all existing budgets to see where savings can be stripped out without affecting services. This included re-considering where every penny is spent, whether that amount could be reduced and if we could change the way we work to do the same thing for less money.

This exercise alone has enabled us to make savings of more than £254,000 without affecting front line services. In total we've saved well over £1m to keep your tax low.

- 2 The organisation also looked carefully at how much is spent on each activity and whether it should continue. Options to stop or reduce activities were considered, using the Council's priorities and customer information to shape decisions on the future of services.

This exercise included a list of things the Council could stop doing, the impact that would have on customers and services and how much money would be saved if agreed.

- 3 The Council has also looked at the level of money coming into the organisation, such as income from our car parks, pest control and licensing, from rent and from chargeable services such as those offered in our cemeteries.

Normally, the Council will put forward areas for investment as part of the draft budget. In the past these have included areas like providing more children's activities, improving facilities or opening hours at places like Astley Hall or investing in improvements to your neighbourhood.

This year, due to the financial climate, the Council has opted to maintain high level services rather than invest any extra money from you, because we know you're feeling the pinch too.

But that doesn't mean we'll be standing still - we'll be maintaining high quality services and continuing to provide things like:

- Free swimming for over 60s and under 16s
- Spending money on more affordable housing
- Improving waste and recycling with new containers
- Completing the £2m Astley Park project with the Heritage Lottery Fund
- Working better in your neighbourhood
- Protecting local businesses and local people from the effects of the recession

It's over to you...

Please let us know what you think of these proposals.

- Is the Council right not to raise the Council Tax more to invest in extra or improved services?
 - Are you happy with the approach outlined in this document?
 - Is there something we should be doing that we have missed?
 - Is there anything we should stop doing?

You can let us know if you agree, disagree or have any suggestions you would like to see included by:

Writing to:

**Budget Consultation, Chorley Council, Civic Offices
Union Street, Chorley, PR7 2EL**

Email to:

contact@chorley.gov.uk

The closing date for feedback is February 6, 2009. You can find out more about the Council and its services by logging onto www.chorley.gov.uk

This information can be made available to you in larger print or on audio tape, or translated into your own language. Please telephone 01257 515325 to access this service.

આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

کیجئے: 01257 515823

Agenda Item:

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CABINET

Annual Treasury Management Report 2008/09 28 July 2009

Report of Head of Financial Services

PURPOSE OF REPORT					
This report sets out the performance of the Council in respect of Treasury Management for 2008/09 and gives details of the activities undertaken during the year.					
Key Decision		Non-Key Decision		Referral from Statutory Officer	X
This report is public.					

RECOMMENDATIONS OF OFFICER

That the report be noted and referred on to Council for information.

1 Introduction

1.1 The Council's Treasury Management Strategy for 2008/09 was approved by Council on 27 February 2008. This report sets out the related performance of the treasury function by providing details of:

- a) long term and short term borrowing (i.e. debt that the Council owes)
- b) investment activities
- c) relevant borrowing limits and prudential indicators.

It is a requirement of the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management in Local Authorities that such a report be made to the Cabinet within six months of the end of the financial year, and that it also be reported to Council for information.

1.2 The aim of the Treasury Management Policy and associated activity is to secure the most favourable overall position for the Council, i.e. by maximising the investment interest earned on surplus cash balances and minimising debt charges payable, whilst maintaining an acceptable and measured level of risk, e.g. on security of investments, etc. Clearly this has been (and continues to be) under much scrutiny, both locally and nationally, as part of the various reviews that have been undertaken in light of the Icelandic banking collapse.

- 1.3 One of the difficulties recognised in such reviews is that treasury management is a technical area. Training has been provided in the past, and undoubtedly it is expected to feature strongly in any new guidance or regulations issued. For now though, the usual glossary of terms commonly used in Treasury Management is attached at **Appendix A**. In addition, the Councillor's Guide to Local Government Finance also has a section on treasury and cash management, and this is available through the Member Information section on the Intranet.

2 **Summary: Headline Messages for 2008/09**

- 2.1 The key points arising from this report are as follows:

- The Council has £6M of investments at risk, tied up with the collapse of the Icelandic banking sector. CIPFA has published information indicating recovery prospects of 100% from Glitnir (£3M invested), 95% from Landsbanki (£1M invested) and at least 50% from KSF (£2M invested). Before adjusting for interest and the timing of payments, these rates would lead to a return of £4.95M from the £6M invested. Definitive statements from the Administrators are still awaited, however. Prospects could alter significantly – but in any event they are likely to fluctuate.
- The Council has not breached any Treasury Management Prudential Indicators relating to debt in the year. Borrowings were in line with the Council's Capital Financing Requirement (CFR), they have not been above either the Operational or Authorised limits and the maturity profile/variable rate exposure on borrowings has also stayed within the approved limits.
- The Council has stayed within its Prudential limits for long term investments although it did have one breach of counterparty limits back in December. No losses were incurred as a result of this and new controls have been put in place to limit the risk of re-occurrence.
- The Council repaid PWLB loans in the year of £5.6M, saving £42K in year with recurring annual savings estimated at £251K. £8.5M of temporary borrowing was required at the end of the year, costing £5K in interest.
- Investment outturn was £803K, which was £200K below budget. This is mainly due to the impact of Icelandic investments in line with recent accounting guidance, but it was also due to the reduction of interest rates seen in last third of 2008/09. The Council's average rate of return is comparable with the base rate etc. over the year.

3 **Icelandic Investments**

During the year the Council had £6M invested in Icelandic banks. These assets are currently frozen, whilst Administrators calculate the returns to creditors. CIPFA has recently issued accounting guidance, which gives details of possible rates of return. These have been used as the basis for the year end entries in the 2008/9 accounts. In summary:

Bank	Return	Timing of payment
KSF (£2M)	At least 50% of principal and interest accrued up to 7/10/08.	10% expected July 2009, further payments spread evenly up to October 2012.
Glitnir (£3M)	100% of principal and interest up to 14/11/08 for priority creditors.	All payable March 2010
Landsbanki (£1M)	Between 95% of principal and interest payable up to 14/11/08 for priority creditors.	Payable in instalments up to December 2012.

Using these figures, the Council has “impaired” its Icelandic assets by £1.6M. This, however, takes into account the interest accrued on these investments, as well as the timing of repayments. On a simple cash basis, using the figures published by CIPFA, the Council should expect to get back at least £4.95M of the £6M invested. Definitive statements from the Administrators are still awaited, however.

4 **Borrowing**

4.1 **Longer Term Borrowing and Funding of Capital.**

Long term borrowing is an important part of the Council’s capital financing. Under the Prudential Code a key indicator is the Capital Financing Requirement (CFR). This figure is calculated from the Council’s balance sheet and represents, in broad terms, the gap between the value of fixed assets and that of capital reserves. In essence, this gap may be viewed as the cumulative amount of capital investment that may need to be funded through external borrowing (i.e. the amount of capital investment that hasn’t been funded from other sources). Borrowing should not then exceed the CFR on a long term basis, as this could indicate that borrowing is being used to fund expenditure other than capital. For 2008/09 the figures were as follows:

	£000
Opening CFR	45,595
Closing CFR	45,857
Average CFR	45,726
Weighted average borrowings	44,752
Weighted average investments	20,565
Net borrowings	24,187

From this it is clear that net borrowings are well below the Council’s CFR, and average gross borrowings are in line with it. This supports the reported position, i.e. that long term borrowing has not been used to fund revenue activities.

In addition, other indicators are set to control the absolute amount of debt (the Authorised limit) and expected gross debt but allowing for day to day cash management (Operational Boundary). Even though the Council needed to take on additional borrowing to cover the £3M of Icelandic investments not returned by

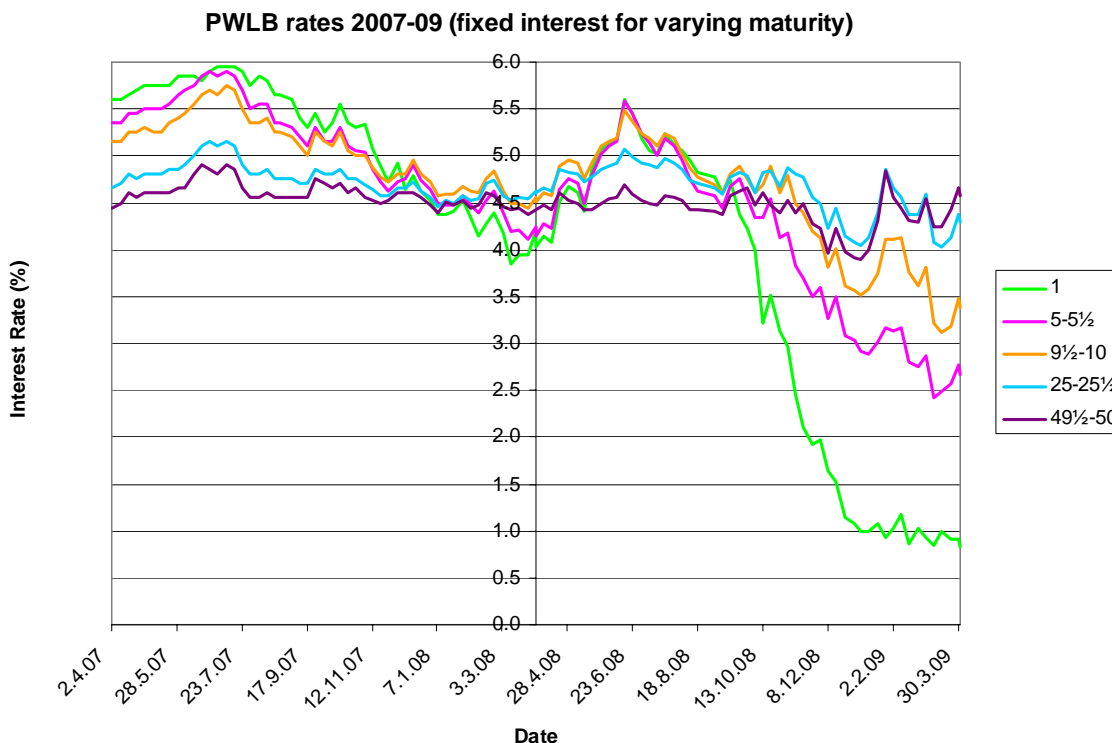
Glitnir, the Council has operated well within the set boundaries. Below is the year end position:

	Actual Debt 31/3/2009	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223	-	310
PWLB Debt	39,215	-	56,290
Temporary borrowings	8,500		
Total	47,938	49,100	56,600

It can be seen that the Council was £8.66M below the Authorised Limit and also £1.16M below the Operation Boundary. The year end was also the point at which the Authority was most indebted during 2008/09, due to the scheduled reduction of local tax income receipts in February and March. (Instalments are due over the period from April to January, and so income tails off in the last two months of the year).

4.2 PWLB Interest Rate Movements

All of the Council's long term borrowings are held with the Public Works Loan Board (PWLB). During the course of 2008/09 there has been a significant change in the interest rates over the different lengths of loan offered by the PWLB. Long term loans have remained at around 4.5%, with some volatility in the final third of 2008/09. Short term loans have changed markedly, however, with rates for loans of 1 year falling from 6% at their peak in 2007/08, to 1% at the end of 2008/09.



Repayment of PWLB debt is an attractive option in the current climate; this is because investment returns are far lower than the interest payable on exiting debt. However, early repayment of PWLB debt may subject to additional charges (known as premiums), and these must be taken account of accordingly. Allowing for these

factors, the Authority repaid £5.6M of PWLB loans in January 2009. Any further opportunities for repaying debt early will be monitored through 2009/10.

4.3 Debt Maturity (or Repayment) Profile

The Council is exposed to "liquidity" risks if high value loans mature (i.e. become due for repayment) at the same time, making a large demand on cash. One Prudential Indicator which is used to manage this risk is the maturity structure of borrowing. This indicator introduces limits to help reduce the Council's exposure to large fixed rate sums falling due for repayment (and potentially re-financing) all at once. The table below shows these profiles at the beginning, middle and end of the year against the indicator.

The movement in profile is due to the repayment of £5.6M of PWLB debt in January 2009. This was done to save interest costs but this cash had to be replaced by temporary loans, at least for a time. These temporary loans will be repaid as fixed term investments mature, with the net position being an overall reduction in both debt and investment balances. This position is preferable, given current concerns over counterparty risk and that prevailing investment returns are well below the interest rates payable on the Council's loan portfolio.

None of the Council's current longer term borrowing is due for scheduled repayment in the next ten years although, as discussed above, further early repayments could be made, depending on circumstances.

	Prudential Indicator	Actual 31/3/08	Actual 31/9/08	Actual 31/3/09
Under 12 months	0-35 %	0%	0%	18%
12 – 24 Months	0 - 5%	0%	0%	0%
24 – 5 years	0 – 10%	0%	0%	0%
5 – 10 years	0 – 20%	0%	0%	0%
10 years above	60 – 100%	100%	100%	82%

4.4 Interest Payable on Longer Term Borrowing

The average rate of interest payable on PWLB debt in 2008/09 was 5.56%, which was identical to 2007/08. However, the cost of long term borrowing showed a favourable variance against the revised budget:

	£'000
2008/09 Estimate	2,478
2008/09 Actual	2,436 (of which £837K was charged to the HRA)
Variance	42 (favourable)

The variance is due to the repayment of loans in January, saving 4.5% on £5.6M of loans for 2 months, with an ongoing annual saving currently estimated at £251K per annum.

As investment rates are not expected to improve markedly over the next 12 months (projected rate for 12 month fixed term deposit in March 2010 = 1.6%, source: Butler's), Officers will continue to look for opportunities to repay debt rather than invest surplus cash.

All the interest payable was in relation to fixed interest loans. Prudential Indicators also provide exposure limits that identify the maximum limit for variable / fixed interest rate exposure, based upon the debt position. The table below shows that the outturn position was within the limits set by Members at the beginning of the year. The Council currently only has fixed interest rate maturity debt, although again this could change in future if market conditions warrant or facilitate it.

	Prudential Indicator	Actual
	%	%
Fixed Rate	100	100
Variable Rate	30	0

As yet there is no information available for last year with which to compare performance with other local authorities.

5 Shorter Term Borrowing (to support cash flow)

During 2008/09 some short term borrowing was required to support the Council's cash position toward the end of the year. As mentioned earlier, this need was influenced by the decision to repay PWLB loans early, and to cover £3M of Icelandic bank deposits that were due back in January. The interest cost of the loans (£5K) was more than offset by the savings on PWLB loans.

6 Investment Activities

6.1 Performance against Prudential Indicators

In 2008/009 all investments were placed in accordance with the approved Investment Strategy. There was one breach, however, when the Abbey National tried to return an investment to the Council's old Barclays current account. When Barclays returned this directly to the Abbey National, the counterparty limit as set down in the approved Investment Strategy for 0809 was breached by £900K for 6 days. This was the only breach during the year; no loss resulted from it and additional control procedures were put in place to mitigate the risk of this happening again. This incident was reported in the Qtr 3 treasury monitoring report.

From the start of 2008/09, the Council had only 1 investment due to mature 365 days or more from any point in the year. This was the £1M investment with Landsbanki, which was taken out in May 2007 for a 2 year period. Although this was well within the approved Performance Indicator limit of £6M, clearly ultimately the bank involved defaulted. For the last half of 2008/09, the Council shortened its investment periods significantly, in light of current economic conditions.

A full list of fixed investments is enclosed at **Appendix B**.

6.2 Performance against budget and external benchmarks.

Interest earned in the year can be summarised as follows:

Interest earned	£803K (£203K of which was credited to the HRA)
Revised budget	£1,003K.
Variance	£200K adverse

This figure is lower than that reported for the end of Quarter 4, as in effect all Icelandic bank interest has been stripped out. This is in line with the accounting guidance as mentioned earlier.

In terms of performance against external benchmarks, our investment returns can be summarised as follows:

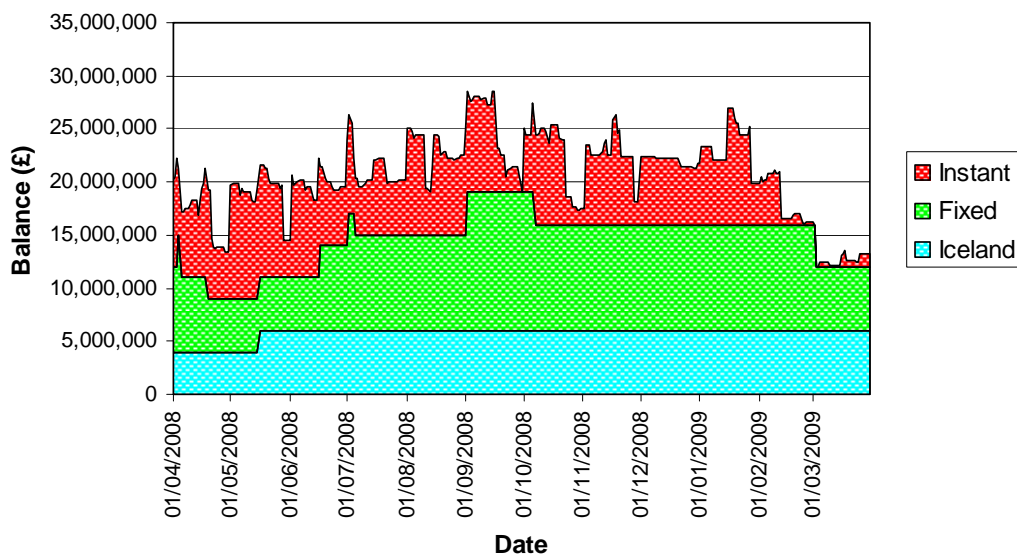
Base Rate	3.61%
3 Month LIBID	4.59%
Lancaster CC investments*	3.91%
Lancaster CC investment 0708	5.82%

*This rate includes £6M frozen in Icelandic banks, but assumes they are not generating any interest.

Overall, the investment returns were within the range limited by the base rate and LIBID (London Inter-bank Bid) rate. In comparison to the prior year, there is a marked drop in the returns, which reflects the changes in the global economic conditions. It is anticipated that the returns for 2009/10 will be lower still, as the full impact of investment rate reductions is felt.

Following the Icelandic banking crisis, the approach to investing changed markedly. As can be seen from the chart below, no new fixed term investments were placed after 08 October 2008 and Officers chose to repay £5.6M of debt towards the end of the year, rather than invest cash. This reduced counterparty risk and saved interest charges. The Investment Strategy for 2009/10 approved in February formalised a much more conservative approach to managing surplus cash.

Investment values over the period (fixed vs instant access)



Similar to the borrowing comparators, there is currently no information available regarding other Local Authorities' investment performance during 2008/09.

7 Other Risk Management Issues

Many of the risks in relation to treasury management are managed through the setting and monitoring performance against the relevant Prudential Indicators, as discussed above. There is also liquidity risk associated with accessing cash when it

is needed, on a day to day basis, but for a local authority this is not judged as significant.

At a higher level though, the main focus and perception of risk within treasury management has changed over the year. The position has changed from a relatively stable economy with investment returns that were higher than the cost of much of the Council's debt, to one where investment returns have slumped and the credit worthiness of counterparties is paramount. The Authority's Investment Strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and length of deposit, together with supporting advice. This strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator.

From the various national reviews undertaken so far, it is clear that there will be many changes to the treasury management framework in future, for all concerned – Officers, Members, Auditors, Consultants, and bodies such as CIPFA.

8 Other Prudential Indicators

As required under the Prudential Code, certain other year end Prudential Indicators must be calculated and these are included elsewhere on the agenda, as part of the 2008/09 Outturn report. These will be incorporated into the referral report to Council.

9 Details of Consultation

Officers have consulted regularly throughout the year with Butlers, the Council's Treasury Management consultants.

10 Options and Options Analysis (including risk assessment)

There are no options available to Members as such; reporting of activities to both Cabinet and Council is required under Treasury Management Code of Practice and reflected in the Council's Strategy.

11 Officer Preferred Option and Comments

Not applicable.

12 Conclusion

It is clear, given the Icelandic position, that the overall aim of treasury management policy, i.e. "to secure the most favourable overall position for the Council", has not been achieved in 2008/09. Work will continue to secure the best returns possible from Icelandic investments, and to help ensure that the policy aims can be achieved once again, in 2009/10 and beyond. This includes meeting any new requirements as may be implemented over the coming months.

RELATIONSHIP TO POLICY FRAMEWORK

This report is in accordance with the Council's Treasury Management Policy Statement.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability, etc)
No direct implications.

FINANCIAL IMPLICATIONS

As set out in the report. These have also been incorporated into the outturn for 2008/09, as included elsewhere on the agenda.

DEPUTY SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Treasury Management Strategy and Policy documents 2008/09.

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Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They analyse credit worthiness under four headings:
 - Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
 - Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
 - Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
 - Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
Eg a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.
See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Butlers** – Butlers Treasury Services are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

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

APPENDIX B

INVESTMENT INTEREST EARNED TO 31 March 2009

Name	Start	End	Rate %	Days up to 31/3/09	Principal £	Interest £
Fixed term investments						
Deposited 2007/08						
Northern Rock (1 Yr Fwd Deal)	31-Mar-08	18-Apr-08	4.98	18	2,000,000	4,912
Landsbanki Islands	31-Mar-08	08-Oct-08	6.25	191	1,000,000	32,705
EBS B.S.	31-Mar-08	03-Apr-08	5.90	3	2,000,000	970
Glitnir	31-Mar-08	08-Oct-08	5.76	191	3,000,000	90,346
Deposited 2008/09						
Bradford & Bingley	04-Apr-08	04-Jul-08	6.05	91	2,000,000	30,167
EBS B.S.	04-Apr-08	06-Oct-08	6.02	185	3,000,000	91,537
Kaupthing, Singer & Friedlander	16-May-08	08-Oct-08	6.00	145	2,000,000	47,671
Anglo Irish Bank Corporation	17-Jun-08	17-Jun-09	6.56	288	3,000,000	155,283
Irish Permanent Plc	02-Jul-08	02-Apr-09	6.31	273	3,000,000	141,586
Scarborough BS	02-Sep-08	02-Mar-09	5.98	181	2,000,000	59,308
Kent Reliance	02-Sep-08	02-Mar-09	6.02	181	2,000,000	59,705
Sub total						714,191
Call accounts						
Abbey National						187,532
Allied Irish						65,618
Yorkshire bank						4,130
COOP PSR account						2,505
Subt total						259,786
TOTAL						973,977
BUDGET						1,003,000
Icelandic investment impairment in line with Local Authority Accounting Panel bulletin nos 78, 79 and 82.						261,939
ADJUSTED TOTAL (before transfers to HRA)						712,037

For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list as noted in the Quarter 2 report. Those in yellow (Anglo Irish & Irish Permanent) have also been removed from the counterparty list since the 2009/10 investment strategy came into force, but were still on the list for Quarter 4 in 2008/09. All non-Icelandic deposits have now been returned.

Call Account Information

Since 25 November, no monies have been held in the Allied Irish Call Account.
The maximum balance on the call accounts during the year was £11.3M (vs total approved limit of £12M).
The minimum balance during the year was 0.
The opening balance was £8.23M.
The closing balance was £1.3M.

Treatment of Icelandic bank interest

The gross revised budget of £1003K took into account Icelandic bank interest up to 8/10/08, i.e. the assumed date that the banks went into administration. Following guidance on the accounting treatment of interest relating to Icelandic banks, effectively none of this interest can be taken into the General Fund in 2008/09.

CABINET

**Auction Mart Car Park, Thurnham Street, Lancaster
28th July 2009**

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To update Members on the current position with the Auction Mart car park and seek direction on how to proceed with the site.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	22 nd June 2009		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR THOMAS

- (1) That Members consider the information outlined in this report and indicate how they wish to proceed with the site.

1.0 Introduction

- 1.1 The City Council owns the Auction Mart car park, Thurnham Street, Lancaster, which is located adjacent to Lancaster Canal at the southern end of the one way system as shown on the attached plan. The Auction Mart is a long stay pay and display car park which is unsurfaced and not formally marked out, with a nominal capacity for around 100 cars, but is generally based on 110 as a result of the lack of marked spaces.
- 1.2 Cabinet at its meeting on the 10th of October 2006 resolved that the Auction Mart car park be marketed as a development opportunity on the basis that the Council would enter into a development agreement with the proposed developer should a suitable proposal be submitted, this would allow the provision of a new car park as part of that scheme. The site was subsequently marketed by formal tender with a closing date of the 29th of August 2007, unfortunately no formal offers were received. However a few parties expressed an interest in the site and after discussions with officers they subsequently put outline proposals forward for three schemes which were detailed in a Cabinet report on the 22nd of April 2008 (a copy of that report is attached for information). In addition the Vision Board and the County Council considered the site as part of their long term and visionary improvements to the transport in Lancaster and jointly commissioned a report from transport consultants Faber Maunsell which

indicated a need for a southern interceptor car park which could require up to 750 – 800 spaces without causing increased queuing on the gyratory system.

- 1.3 Cabinet noted the expressions of interest and the parking requirement in the City Centre during the Centros scheme. They also recognised that preventing congestion in the City Centre is a significant priority and resolved that the car park is retained in its existing format and a further options report was requested once more information is available on the possible use of the site as an interceptor car park as suggested by the Vision Board.

2.0 Proposal Details

- 2.1 Consultation has taken place with the County Council Highways section on the provision of an interceptor car park which should ideally have around 750 – 800 car parking spaces. Unfortunately the County have informed us that their priority at the moment is the M6 Heysham link and the provision of an interceptor car park is not in their programme of work. However they have commented that they are relaxed about changing the access to the site to the northern end, closer to Aalborg Square.
- 2.2 Cabinet is reminded that should the Canal Corridor North scheme obtain planning permission a number of the city's long stay parking spaces would be lost during the development.
- 2.3 In the absence of a scheme being available from the Vision Board/County Council, to improve the parking facilities and protect the long stay provision it is suggested that the marketing brief used in 2007 be brought up to date requesting a development with the potential to see alternative parking provision on the Auction Mart Car Park, such as a modern decked facility which would maximise the provision of spaces. This would enable the facility to become a small southern interceptor car park for the City, along with a redevelopment proposal which would fit with the local development plan. It is suggested that a timescale of January 2011 is given for the completion of the development of the new car park.

3.0 Details of Consultation

- 3.1 Consultation has taken place with a number of interested parties including Property Services parking section and Lancashire county Council.

4.0 Options and Options Analysis (including risk assessment)

As a result of the County Council's comments the following options are proposed:

- 4.1 Option 1 – Remarket the Auction Mart car park on the same basis as the previous brief, i.e. as a development opportunity and new car park. The previous marketing of the site included using public consultation to determine the schemes submitted. Should Cabinet resolve that option 1 be implemented then Members are asked to consider whether public consultation will be required as part of the assessment of scheme or whether an assessment such as scoring the feasibility of the schemes is carried out by officers. Remarketing the site may bring forward new proposals and new options for the site.
- 4.2 Option 2 – Reconsider the previous bids and schemes and reopen negotiations with the parties involved to ascertain whether the site and the development opportunity is still of interest to them and try to secure a scheme which would produce a

development and maximise the number of car parking spaces on site. Previous interested parties have put a lot of work into their proposals including schematics and have shown interest in the site since. However this option may limit the Council's ability to achieve best value for the site, by excluding new developers who may be interested in the site at the current time.

- 4.3 Option 3 – Revisit an option put forward in the previous report which is for the Council to enter into discussions with North Lancashire Teaching Primary Care Trust (PCT) to identify a developer who could provide a health care facility which would meet the needs of both the PCT and the City Council. This would promote the use of partnership working to provide facilities for the community as well as maximising the number of car parking spaces for the City council in the future and possibly producing best value for both parties. The PCT have expressed concerns that whilst they are interested in a development in this location, an open bidding process by the Council allows developers to propose healthcare solutions that may not provide value for money for the PCT. The PCT have queried whether the Council can therefore work with them to overcome this situation.
- 4.4 Option 4 – The City Council to look at building a multi storey car park to provide a southern interceptor car park for the City. There are many disadvantages of this option including the large capital input required. An estimated build cost of £15,000 per car parking space has been obtained which would require capital input of around £11,250,000 on a 750 space car park, if no external funding was forthcoming then the City Council would have to borrow money to finance such a scheme. In addition it is uncertain whether planning permission could be obtained for a sizeable building which would be required to accommodate the 750 spaces. There would be increased revenue income with this scheme, however this would be greatly reduced due to the cost of borrowing to fund the project. Please refer to Financial Implications for more detail on the consequence of this option.
- 4.5 Option 5 – Not market the site for development and leave the car park as it is, but re-surface it to provide much needed improvements for customers. It should be noted however, that formal demarcation of the car park may cause a reduction in income as it is probable that there would be fewer spaces on the car park than are currently available with the informal parking layout that takes place.

5.0 Officer Preferred Option (and comments)

Option 1 is preferred for the reasons outlined above. Remarketing the site with an updated brief, this may bring forward new proposals and new options for the site including, maximising the number of car parking spaces on site, but will still allow previously interested parties to submit revised development proposals for the land. In addition Members are asked to consider whether public consultation will be required as part of the assessment of scheme.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Property Strategy indicates the need to Challenge and review the use, provision and performance of property and is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focused on the needs of the customer and the achievement of the Council's corporate objectives. The proposals also reflect the recently approved Disposal Strategy.

The provision of improved facilities at this car park is in line with the Parking Strategy aim of

providing Quality Parking Management. Although increasing long stay parking capacity is contrary to the strategy, improved facilities that also increased capacity at this location would allow the Council to review the future use of other car parks as part of the proposed review of long stay parking in the district.

CONCLUSION OF IMPACT ASSESSMENT

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

This report raises no implications but any development will need to reflect sustainability issues

FINANCIAL IMPLICATIONS

If the Council continues to hold the car park in the current condition there are no capital implications, the Council will continue to receive revenue income from the car park, which for the financial year 2008/09 was approximately £92K (approx. split £52K pay and display income and £40K parking permits). In the previous report the figure quoted was the 2007-8 out-turn of £127K The reduction is because pay and display income has reduced due to the completion of a large apartment development adjoining the car park and the introduction of a new 4 hour tariff on short stay car parks. Reduced permit sales have also had an effect although these figures are only estimated as income is not allocated to specific car parks.

No proper assessment of the financial implications of options 1, 2 & 3 can be made until more information is received from interested parties, should any of these options be chosen, however the income received for the car park is likely to alter.

If option 4 is chosen the effect on income is uncertain due to doubt on the actual number of spaces and the effect on other Council owned car parks. However based on 750 spaces, this should potentially produce an increase in the income to approximately £863K. It should be noted that under option 4 if external funding was not forthcoming to meet all or part of the construction costs it may be possible for the Council to use prudential borrowing to finance the scheme. However the cost of borrowing all the funding would have a revenue impact of approximately £500K in annual interest charges. This would leave approximately £360K per annum from the projected increase in revenue to repay the £11.25M loan. Using a simple payback period calculation, it may take over 30 years for the scheme to pay for itself and to start generating savings. The increased revenue would be reduced by the ongoing costs of running the car park so 30 years is a conservative estimate of the payback period. There is also uncertainty over key factors such as the level of car usage in 30 years time.

If Members decide to resurface the car park, this would have a capital implication of around £180,000 for which no funding is currently identified. Assuming the council would have to borrow to fund this, there would be an increase in annual revenue costs of £8K in relation to interest payable on the loan. Resurfacing the car park will also result in a loss of spaces due to the formal demarcation of the car park and a reduction in income to approximately £68,000

The above income figures are purely indicative based on the limited information available for the options and potential impact on parking provision generally within the City. This also assumes that the car park would remain long stay with a similar tariff for pay and display and permits.

SECTION 151 OFFICER'S COMMENTS

In terms of considering any potential capital investment, proposals that involve prudential borrowing (e.g. Option 4) would have to meet the requirements of the Prudential Code - affordability, sustainability, prudence - as well as meeting specific aspects of the Council's own Investment Strategy. With regard to prudential borrowing, given all the Council's existing commitments and potential funding needs (Iceland, Luneside, South Lancaster land sales, etc.) the Section 151 Officer advises that it would not be prudent to take on such a level of additional borrowing at this time. Circumstances are being kept under review as they may improve in the future - but they may not.

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Exempt

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CABINET

**Auction Mart Car Park, Thurnham Street, Lancaster
22nd April 2008**

Report of Head of Property Services

PURPOSE OF REPORT			
To inform Members of the proposals received to date for the Auction Mart car park and seek direction on how to proceed with the site.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	March 2008		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR ARCHER

- (1) That Members consider the proposals outlined in this report and indicate their preferred option(s) for the site in order that further negotiations can be undertaken with parties interested in this site.

1.0 Introduction

1.1 The City Council owns the Auction Mart car park, Thurnham Street, Lancaster, which is located adjacent to Lancaster Canal at the southern end of the one way system as shown on the attached plan. The Auction Mart is a long stay pay and display car park which is unsurfaced and not formally marked out with a nominal capacity for around 100 cars, but is generally based on 110 as a result of the lack of marked spaces.

1.2 Cabinet at its meeting on the 10th of October 2006 resolved that the Auction Mart car park be marketed as a development opportunity on the basis that the City Council would enter into a development agreement to provide the City Council with a new car park should a suitable proposal be submitted. The site was marketed last year by formal tender with a closing date of the 29th of August 2007, unfortunately no formal offers were received. However a few parties expressed an interest in the site and after discussions with officers they have subsequently put outline proposals forward which will be detailed in the report.

1.3 The initial marketing brief requested a development with the potential to see alternative parking provision on the Auction Mart Car Park, such as a modern decked facility providing up to 300 spaces, on the basis that the facility could become the southern

interceptor car park for the City, along with a redevelopment proposal which would fit with the local development plan.

2.0 Proposal Details

2.1 In total three developers have put forward proposals for a variety of different schemes in line with the original brief. In addition the Primary Care Trust have made a general proposal that is linked to one of the developer's submissions and the Vision Board, in conjunction with the County Council, considered the site as part of their long term and visionary improvements to the transport in Lancaster. Full details of these are set out below.

2.2 The schemes outlined are as follows:

- Option 1 – 91 space public car park and 25 space private car park along with 80 one and two bedroomed retirement apartments over 4 floors with 1st floor amenity space. Alternatively, they propose ground floor retail unit with 1st and 2nd floor office / leisure space with 131 public car parking spaces. Proposed access from the north western end of the site.
- Option 2 – Ground floor 1286m² food retail with 40 dedicated spaces and 225 public car parking spaces provided in a 3 floor multi storey car park above. Proposed access to the car park will be at the north western end of the site and access to the food supermarket at the southern end of the site. The developer has identified and been in discussions with an operator for the food supermarket. The developer has offered 3 separate financial options for the site including (a) the City Council disposing of the freehold in the site; (b) the City Council retains freehold but is responsible for the construction and related costs of the scheme, paying the developer one years income as a fee, but the City Council would gain the supermarket and the car park as an investment.; (c) The City Council grant the developer a long lease of the car park but continue to manage the car park, providing the developer with 55.5% of the income from the enlarged car park and the City Council continues to receive a proportion of the income equating to 44.5% of the car park income.
- Option 3 – 6327m² of health centre and related accommodation over 6 storeys in a V shaped building with a central pedestrian plaza, with 212 car parking spaces on 3 decks below the building with a yet undefined number of spaces required for the medical centre. The proposed access to the development will be from the north western end of the site.
- Option 4 – As an alternative version of option 3, the City Council could work with the North Lancashire Teaching Primary Care Trust to identify a developer who could provide a health facility and car park which would meet the needs of both the PCT and potential occupiers and the City Council.

2.3 Option 5 - The Vision Board and the County Council, as mentioned above, have jointly commissioned a report with transport consultants Faber Maunsell. The final report is due in April, but the initial feedback outlined in the attached letter sees the need for a southern interceptor car park which could require up to 750 – 800 spaces without causing increased queuing on the gyratory system.

2.4 Option 6 – Retain the car park in its existing format but re-surface it to provide necessary improvements for customers.

3.0 Details of Consultation

3.1 Consultation has taken place with a number of interested parties including the Vision Board, Property Services parking section and Planning Services on the concept and on individual schemes.

4.0 Options and Options Analysis (including risk assessment)

	Pros	Cons
Option 1	<p>Developer has good track record working with Local Authorities and on difficult sites. Improved car park access would be provided.</p> <p>The Council would retain its income stream from parking fees.</p>	<p>The retirement scheme provides less public car parking spaces than on the current car park, although the office leisure use would provide a marginal increase.</p> <p>The developer has not shown market demand for their scheme.</p> <p>No formal consultation on the scheme with Planning Services.</p>
Option 2	<p>The scheme would be developed to provide 225 public car park spaces.</p> <p>Improved car park access would be provided for the public car park</p> <p>Developer has identified an end user for the retail unit.</p> <p>Developer has a good track record.</p>	<p>No formal consultation on the scheme with Planning Services.</p> <p>A range of financial proposals have been made which involve either obtaining a capital receipt but losing all future income; the Council paying for the construction of the car park and losing a year's income, but retaining all future income; or retaining a percentage of future income equivalent to the current income.</p>
Option 3	<p>The scheme would produce in the region of 200 public car parking spaces with increased fee income for the Council.</p> <p>Developer has shown market demand for the use and has been in discussion with both the Primary Care Trust and possible occupiers.</p> <p>Developer highlights the good public transport and cycle links to the site to promote a healthier lifestyle.</p>	<p>The massing of the building may need to be addressed in planning terms and they are in discussions with Planning Officers about this matter.</p>
Option 4	<p>Details as per option 3 with the opportunity to include competition between developers to drive down costs</p>	<p>Details as per option 3 with potential for increased parking spaces from competition between developers</p> <p>Developer still to be identified so no consultation with Planning Services</p>

Option 5	Large interceptor multi storey car park proposed at the southern end of the City to take car out of the gyratory system. Potential for increased fee income to the Council from this site (see also "Cons" box adjoining)	A park & ride facility has also been identified as a possible solution to reducing the number of vehicles entering the City centre. If such a facility was to be provided, this interceptor car park proposal may be inappropriate. The timing of this scheme is crucial, either taking place pre 2010 or after 2012 so as not to cause too many spaces to be lost to visitors and shoppers when the Canal Corridor scheme take place. The financial cost of providing a multi storey car park is high and funding sources would need to be identified (e.g. prudential borrowing). The City Council would find it difficult to sell off other car parks to fund any building of a multi storey car park and still provide adequate car parking spaces to meet the demand that exists. This proposal is very much in its infancy compared to all other options put forward.
Option 6	Simplest option with income potential retained although potentially in reduced amounts.	It is likely that there would be less capacity when formal spaces are marked out and therefore income would reduce. A capital cost of approximately £175,000 would be required. Any development opportunity for the site is likely to be lost.

At this stage, assessment of the financial options put forward in the various options is not possible without entering into detailed discussions with the various parties involved. In particular the proposal from the Vision Board has no detail attached to it to understand the viability of the option.

In terms of option 4, if the City Council were to work with the Primary Care Trust to provide a medical centre, then a marketing exercise would be initiated to identify a suitable developer. This would create and enhance the working relationship between the City Council and external agencies such as the Health Authority and potentially provide a scheme which would be beneficial and produce best value for both parties.

5.0 Officer Preferred Option (and comments)

- 5.1 That Members consider the proposals outlined in this report and indicate their preferred option(s) for the site in order that further negotiations can be undertaken with parties interested in this site.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Property Strategy indicates the need to Challenge and review the use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focused on the needs of the customer and the achievement of the Council's corporate objectives.

CONCLUSION OF IMPACT ASSESSMENT

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

This report raises no implications

FINANCIAL IMPLICATIONS

If the Council continues to hold the car park in the current condition there are no capital implications, the Council will continue to receive revenue income from the car park, which for the financial year 2007/08 was approximately £126,700 (approx. split £60,000 pay and display income and £66,700 parking permits).

If Members decide to resurface the car park, this would have a capital implication of around £175,000 for which no funding is currently identified.

No proper assessment of the financial implications of any of the schemes can be made until more information is received from the interested parties, however the income received for the car park is likely to alter as follows depending upon each option:

Option 1	The income will potentially reduce to approximately £105,000 if the retirement scheme is undertaken or slightly increase to approximately £150,000 if the leisure / office scheme is built.
Options 2	a) Potential capital receipt but no annual income thereafter; b) Potential for income to increase to £259,000, however would need to be offset against initial construction costs, one years developer fee and ongoing maintenance; c) Status Quo regarding income, i.e. £126,700.
Options 3	There should be the potential for substantial increases in income to approximately £230,000 - £244,000 for this option.
Option 4	There should also be the potential for substantial increases in income, although there may be the opportunity for more car parking spaces to be produced as part of the competition process. It is therefore difficult to produce an indicative figure, but the increase in income should be similar to option 3 (£244,000).
Option 5	The effect on income is uncertain due to doubt on the actual number of spaces and the effect on other Council owned car parks. However based on 750 spaces, this should potentially produce an increase in income to approximately £862,500, however may need to be offset against construction costs subject to how being funded and ongoing maintenance, etc.
Option 6	This will result in a loss of spaces due to the formal demarcation of the car park and a reduction in income to approximately £92,000

The above income figures are purely indicative based on the limited information available for the schemes and potential impact on parking provision generally within the City. This also assumes that the car park would remain long stay with a similar tariff for pay and display and

permits.

In addition, under options 1, 3 & 4 private sector capital will be used to improve the car park, with option 5 it is uncertain how the scheme will be funded and options 2 & 6 will require the Council to invest its own capital. It should be further noted that under option 5 if external funding was not forthcoming from the Vision Board to meet all or part of the construction costs as the potential increase in income is fairly substantial it may be possible for the Council to use prudential borrowing to finance instead. This would require a whole life costing exercise to be undertaken in the first instance in order to demonstrate whether this would meet the Council's criteria to be treated as an 'invest to save scheme'.

Members are reminded that for some of the options and subject to whether the Council or third party would be responsible for the ongoing maintenance costs and/or construction costs that the indicative income figures provided above would need to be considered alongside and offset against these costs. Once Members have indicated their preferred option(s) a whole life costing exercise can be undertaken in conjunction with Financial Services in order for Members to be able to compare the full financial implications of each preferred proposal and be reported back to a later Cabinet meeting.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments to add.

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Exempt

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Document is Restricted

Catherine Potter
Lancaster Morecambe Vision
c/o Palatine Hall
Dalton Square
Lancaster
LA1 1PW

03 March 2008

Our Ref: 52552TALT

Dear Catherine

Subject: Lancaster Parking - Auction Mart Site

Following our discussion on Friday, please find below the reasoning behind the proposals for the Auction Mart site in Lancaster as a suitable site for the Southern Inceptor car park as part of the Lancaster-Morecambe Transport Strategy.

Lancaster has 2,663 publicly available parking spaces within the city centre, 50% of which are controlled by Lancaster City Council in 16 separate sites, ranging from 15 spaces to 130 spaces. The current system requires drivers to circulate the one-way system hunting for a space, generating unnecessary mileage, impacting on congestion and adding to the air quality problems. The proposals in the transport strategy promote the use of park and ride for longer distance trips supported by two interceptor car parks, one at the northern end of the central one-way system, loosely the proposed Centros Miller facility or equivalent, and one at the southern end, currently envisaged as the Auction mart site, currently in City Council ownership.

The interceptor car parks would replace the 16 sites, providing broadly an equivalent number of spaces, to cater for shorter distance traffic or those choosing not to use the park and ride. A pricing policy for parking would need to be developed, however, it is envisaged that parking would be more expensive the closer you get to the city core. The purpose of this is to encourage the use of the park and ride, and alleviating the congestion into the city, or to encourage use of alternative modes for shorter trips. The proposed park and ride site at Salt Aire would serve as the interceptor equivalent from the west, being closer to the city core than the other park and ride proposals.

It is assumed that all the remaining council-operated car park sites would be available for redevelopment with limited parking provision. A further option might be to reserve a couple of the smaller sites for Blue Badge holders, encouraging such parking off street, rather than on-street.

Whilst the exact number of parking spaces in each interceptor car park would need to be agreed, replacing like for like parking provision would require around 750-800 spaces at the southern end

of the city. However, with certain other elements of the strategy in place, it could be argued that fewer spaces should be provided to encourage use of alternative modes. This would still be more than the 200-250 envisaged under current proposals.

Access to the Auction Mart site would need to be improved to cater for additional movements generated by a larger multi-storey car park. There are two options currently available from the south, firstly via George Street, and secondly via Brock Street. A third option might include the redesign of the junction adjacent to the canal (South Road/Thurnham Street/King Street) to introduce a right turn. All these would require detailed analysis and design work to identify a solution that would be acceptable to the Highway Authority (Lancashire County Council).

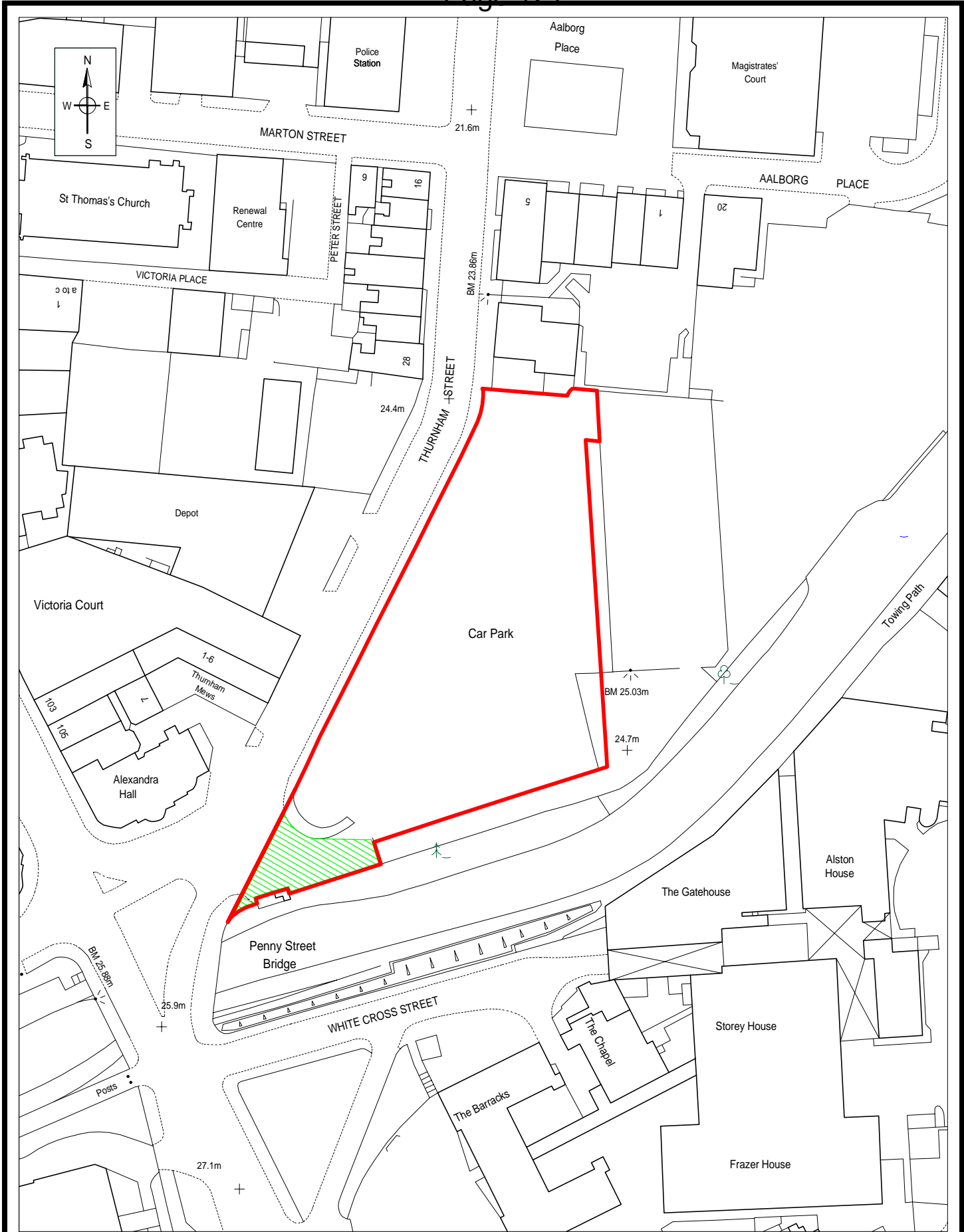
In summary, it would appear to be sensible to ensure that this site is not sold by the City Council until further discussions and analysis are undertaken to confirm whether this site is suitable for a southern interceptor car park, and indeed, whether interceptor car parks is the approach that is to be taken forward.

I hope this addresses your requirements. If you need any further information, please contact me.

Yours sincerely

Sarah

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Title: Auction Mart Car Park, Lancaster.

Scale : 1:1000

Date : 31/5/2007

LANCASTER
 CITY COUNCIL

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