



**Committee:** CABINET

**Date:** TUESDAY, 27 JULY 2010

**Venue:** MORECAMBE 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 22 June 2010 (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. Review of Winter Maintenance (Pages 1 - 9)**

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

Report of the Head of Environmental Services

**7. Lancaster Market**

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

Oral update by Councillor Barry from the discussions in the Lancaster Market Cabinet Liaison Group.

8. **Williamson Park Progress Report** (Pages 10 - 17)  
**(Cabinet Member with Special Responsibility Councillor Ashworth)**  
Report of the Corporate Director (Regeneration)
9. **Annual Treasury Management Report 2009/10** (Pages 18 - 30)  
**(Cabinet Member with Special Responsibility Councillor Langhorn)**  
Report of the Head of Financial Services
10. **Provisional Revenue and Capital Outturn 2009/10** (Pages 31 - 67)  
**(Councillor with Special Responsibility Councillor Langhorn)**  
Report of the Head of Financial Services
11. **Budget and Policy Framework** (Pages 68 - 77)  
**(Cabinet Member with Special Responsibility Councillor Langhorn)**  
Joint report of the Corporate Director (Finance and Performance) and Head of Financial Services
12. **Budget Community Engagement** (Pages 78 - 87)  
**(Cabinet Member with Special Responsibility Councillor Langhorn)**  
Report of the Corporate Director (Regeneration)
13. **Review of Cabinet Appointments to Outside Bodies, Partnerships and Boards**  
(Pages 88 - 91)  
Report of the Chief Executive
14. **Planning Policy Cabinet Liaison Group** (Pages 92 - 97)  
**(Cabinet Member with Special Responsibility Councillor Bryning)**  
Report of the Chief Executive
15. **Exclusion of the Press and Public**

Included in the following report is an appendix which is exempt from publication. Members are reminded that, if they wish to refer to the exempt appendix, they will need to consider the exclusion of press and public from the meetings. Should that be the case, Members are asked whether they need to declare any further declarations of interest regarding the exempt appendix and Cabinet is recommended to pass the following recommendation in relation to the 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 appendix to 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.

**16. Shared Service - Integrated Support Team Manager (Pages 98 - 105)**

Report of the Corporate Director (Regeneration)

**ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Stuart Langhorn (Chairman), June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, Jane Fletcher, David Kerr and 3 vacancies (2 Conservative and 1 Free Independent)

**(iii) Queries regarding this Agenda**

Please contact Debbie Chambers, Democratic Services, telephone 01524 582057 or email [dchambers@lancaster.gov.uk](mailto:dchambers@lancaster.gov.uk).

**(iv) Changes to Membership, substitutions or apologies**

Please contact Members' Secretary, telephone 582170, or alternatively email [memberservices@lancaster.gov.uk](mailto:memberservices@lancaster.gov.uk).

MARK CULLINAN  
CHIEF EXECUTIVE  
TOWN HALL,  
LANCASTER LA1 1 PJ

Published on 15 July 2010.

**CABINET**

**REVIEW OF WINTER MAINTENANCE  
27 July 2010**

**Report of Head of Environmental Services**

<b>PURPOSE OF REPORT</b>				
To give Cabinet the necessary information to provide a response to inform Lancashire County Council's review of winter service provisions				
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>	
<b>Date Included in Forward Plan</b>		July 2010		
<b>This report is public</b>				

**RECOMMENDATIONS**

- (1) **To use the information provided within the report to provide a response to each of the six winter maintenance issues raised by the County Council.**

**1.0 Introduction**

1.1 As the highways authority Lancashire County Council have the statutory responsibility for winter maintenance of adopted highways and pavements across the entire county. Lancaster City Council are only responsible for winter maintenance of open space that belongs to the City Council. Lancaster City Council's policy to date has been to maintain this split of responsibility.

1.2 Because of the unpredictable nature of winter maintenance prioritisation of resources has to take place. In practice this means that the County Council ensures gritting routes are prioritised to keep the majority of the road network open to the majority of the population. During periods of snow and ice the County Council's available resources are directed to these. This means that the roads that are determined to be priority are gritted and are kept open. However, in achieving this footways remain ungritted as do many non priority roads.

- 1.3 The last winter was extraordinarily severe. During the winter the County Council directed a huge amount of resource to ensuring that the priority road network remained open.
- 1.4 Whilst the County Council and City Council generally appreciate the reasons for the split of responsibility for winter maintenance understandably the majority of residents and businesses do not. Many complained to both County and City Councils that although they were pleased the priority roads remained open they couldn't actually get to them because footways or non priority roads were covered in snow and ice. This in turn had an impact on City Council services that could then not be delivered (eg waste collection) which in turn added to the frustration of residents and businesses.
- 1.5 Following the severe winter, Council (3<sup>rd</sup> March 2010, min 101) resolved the following-
- (1) That this council congratulates the hard working staff that undertook gritting operations over the Christmas New Year period. Council notes that for many residents especially the elderly and those with mobility difficulties the conditions on footpaths and pavements were very difficult indeed and led to severe inconvenience, injury and isolation.
- (2) That, bearing in mind these difficulties experienced by thousands of our residents and taxpayers and bearing in mind that resource constraints do not allow for every path to be gritted by council staff, Lancaster City Council requests that the Lancashire County Council take the following actions to reduce these severe problems in the future:
- Provide a comprehensive network of grit bins throughout the district and ensure they are filled before the start of the winter gritting period.
  - Put in place arrangements to deal with telephone and e-mail requests to fill the bins on a regular basis during the winter gritting period so that no bin is left empty for more than 24 hours
  - Prepare advice on how best to use the gritting supplies and how to keep paths and pavements clear.
  - Obtain written advice from the LGA or Department of Transport on liabilities in the case of accidents and injuries sustained on areas gritted by members of the public.
  - Consider keeping at least one access road and pavements clear in areas of steep streets.
- 1.6 County are currently in the process of reviewing winter maintenance arrangements. The reality remains that in the event of another severe winter there are simply not enough resources available to any Council to ensure that every road and every footpath is kept clear of snow and ice. Therefore, one of the things the review is focussing on is how could available resources be used more effectively if County and Districts worked together more closely.
- 1.7 Lancaster City Council has a corporate priority of 'Partnership Working and Community Leadership' within this we have an objective of working with our partners to bring about improvements and efficiencies in the way the services are delivered

locally. The Council also has a corporate priority objective ‘to tackle the challenges of Climate Change.’

1.8 The City Council has been working closely with the County Council on a shared service programme. One of the things that is being addressed through this programme is how the District and County can better work together to deliver ‘public realm’ services (eg highways maintenance issues, verge maintenance, tree work). It should be noted that regardless of any arrangements that are put in place to improve the effectiveness of service delivery the statutory responsibility for highways and their maintenance lies with the County Council as highways authority.

1.9 As part of both the ‘public realm’ discussions and in response to the City Council’s request to the County Council as set out above we are being consulted with regard to a number of winter maintenance matters. The response to these will be used to inform the County Council’s ongoing review of winter maintenance.

**2.0 Proposal Details**

2.1 County have raised a number of issues that they would welcome a response to. These are-

	<b>Issue</b>	<b>Officer Comment</b>
1	Districts are invited to identify their ‘top ten’ requests for additional routes for consideration for inclusion in 2010/11.	<p>The ‘top ten’ list was required ahead of this meeting as the routing work is urgent. Officers prepared a list which was then sent out for consultation to members of Overview and Scrutiny and Cabinet. The list has now been submitted.</p> <p>The County Council intend to carry out a full route optimisation in time for the 2011/12 season. There may well be an opportunity to contribute to this.</p>
2	Districts are invited to identify their priority secondary routes.	<p>The routes submitted for inclusion as priority routes are what officers already consider to be the priority secondary routes.</p> <p>Generally the secondary route network is comprehensive. However, the issue last year was the time taken by County to order gritting of the secondary routes. Understandably this due to concerns about possible shortages of grit which if used on the secondary route network could have then caused the priority roads to close.</p> <p>If it became apparent that particular secondary routes were causing problems we could request that County Council has in place a process to allow their area based officers discretion to be able to divert resources to grit the route.</p>

	Issue	Officer Comment
3	Districts invited to identify land that they may have to store a rock salt / grit mixture for use on footways / grit bins which will be supplied by the County.	<p>The rock salt / grit mixture is suitable for use on footways / grit bins. Space at White Lund Depot could be allocated for a supply of this.</p> <p>At this stage we do not know what quantity of the mixture County would supply to the District.</p>
4	Districts invited to identify if they are willing to apply the material when / where required.	<p>This would represent a significant change in policy and could lead to further confusion as to which Council is responsible.</p> <p>In operational terms it would only be possible to do this within existing resources by redirecting away from current services.</p> <p>For example, if the City Council decided to do this we could allocate up to a total of six staff and three vehicles to this.</p> <p>The two Quick Response Vehicles and four staff would be allocated to the work as well as a cleansing / grounds maintenance vehicle and two staff. This would mean that during periods resources were allocated to this work the normal one working day response to incidents of fly tipping would be suspended as would an element of scheduled cleansing / grounds maintenance work.</p> <p>A protocol would need to be agreed for where the gritting takes place. Clearly the City Council would want to ensure it had the major say in where the resources were directed and also have discretion to direct gritting into areas for which we had direct responsibility as long (as this was in the public interest). The City Council would also be responsible for deciding when these arrangements would begin and end.</p> <p>Members should bear in mind that resources here are finite. Therefore, expectations would need to be carefully managed. Realistically the use of the teams and grit would be focussed on-</p> <ul style="list-style-type: none"> <li>• Lancaster, Morecambe, Carnforth</li> </ul>

	Issue	Officer Comment
		<p>centres.</p> <ul style="list-style-type: none"> <li>• Replenishing empty grit bins –<b>when reported</b>. Even doing this in a reactive way it is envisioned that prioritisation would need to take place.</li> <li>• Responding to community requests for a supply of grit which the community would then spread themselves.</li> <li>• Reacting to problem footways- <b>based on reports and local knowledge</b>.</li> <li>• The most well used sections of the cycletrack / footway.</li> <li>• Areas of land that belong to the City Council where gritting would be in the public interest.</li> </ul>
5	<p>Districts invited to indicate whether they are able to offer mutual aid to clear / treat snow /ice when services are unable to carry out District functions due to weather conditions.</p>	<p>This would represent a significant change in policy and could cause further confusion on which council is responsible.</p> <p>In operational terms it is possible. In the event that functions delivered by services (eg waste collection, cleansing) could not delivered staff could be redirected to winter maintenance activities.</p> <p>As above a protocol would need to be agreed.</p> <p>As above expectations would need to be carefully managed. Experience from last winter showed that the majority of staff decided to take annual leave on the days that their normal services couldn't be delivered. So in reality numbers may be limited.</p> <p>In the case of snow clearance clarification would be needed as to liability if a member of public sustained an injury on an area that had been cleared of snow but not gritted. The LGA have been petitioned to seek clarification from central government on the liability arising from individuals and businesses taking action to clear / treat snow and ice on the highway outside their premises.</p> <p>The community payback team which is funded by the Council could also be redirected to provide mutual aid.</p>



	Issue	Officer Comment
6	Districts invited to indicate if they would become involved in handling customer calls.	<p>Experience from last year showed that many residents didn't know who to contact about winter maintenance issues. Many contacted the District Council in any case.</p> <p>An effective County / District communication plan is essential.</p> <p>The strategy needs to clearly define roles and responsibilities and set out what types of communications should take place and when.</p> <p>Particularly important in terms of communication are-</p> <p>1) Communication prior to the winter-</p> <ul style="list-style-type: none"> <li>• What County / District Councils will and won't do.</li> <li>• How can residents help themselves? (eg clearing snow from outside their property, parking in a way that allows gritters access, looking after neighbours, advice on how to use grit in bins)</li> <li>• Information on what gets gritted and when.</li> <li>• Who to contact for specific issues.</li> <li>• Information as the resources that go into winter maintenance.</li> </ul> <p>2) Communication during the event-</p> <ul style="list-style-type: none"> <li>• Consistent messages from County and Districts.</li> <li>• Timely information from County and Districts.</li> <li>• Ensuring that information /requests for service from residents are shared in a timely way and acted on as appropriate.</li> <li>• Regular updates.</li> </ul> <p>County and District communication officers are best placed to agree a way forward that fits the needs of both Councils and ties in with agreed operational policies.</p> <p>The City Council may wish to request compensation from the County Council for this work.</p>

**3.0 Details of Consultation**

3.1 Winter maintenance is a topic on the work programme of the Overview and Scrutiny Committee. At their meeting on 15<sup>th</sup> July the committee invited all Council Members to consider a similar report to this. The aim of the meeting was to recommend a response to the issues to Cabinet. The recommendations from the meeting are included in Appendix A. The recommendations made by Overview and Scrutiny Committee are consistent with the officer comments in this report.

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

4.1 Option 1- to develop a response to each of six issues raised by the County Council above. This option will allow Cabinet the opportunity to inform the County Council's winter maintenance review.

4.2 Option 2- to decide not to provide a response to the issues raised by the County Council above. This will mean that Cabinet chooses not to inform County Council's winter maintenance review.

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

5.1 Option 1. Winter maintenance has a huge impact on people who live, work in and visit the District. Resources are finite, however, responding to this review gives the City and County Council the opportunity to use them more efficiently and effectively.

**6.0 Conclusion**

6.1 The report provides a basis for a response to the County Council.

**RELATIONSHIP TO POLICY FRAMEWORK**

Corporate Priority- Partnership working and community leadership

Objective 5- to continue to work with our partners to deliver targets in the Sustainable Community Strategy and to bring about other improvements and efficiencies in the way services are delivered locally.

Corporate Priority- Climate Change

Objective 3- to tackle the challenges of Climate Change.

**CONCLUSION OF IMPACT ASSESSMENT  
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

These issues have taken into account in preparing the report.

**FINANCIAL IMPLICATIONS-**

There are no direct financial implications at this stage. However, issues 4, 5 and 6 may result in a resource redirection from the City Council. As detailed in the report, resources in these areas are finite and, as there are no proposals from County to provide any additional funding to Districts, would need to be carefully managed within existing budgets.

Any further financial implications arising from this report will be built into the subsequent Cabinet report for final approval.

**SECTION 151 OFFICER'S COMMENTS-**

Whilst this review may ultimately allow better value for money being gained in future winter maintenance arrangements, it is expected that priorities will need to be reconsidered in light of forthcoming reductions in public spending and this may result in changes to future levels of Council resources potentially affected by this review. Members are advised to consider their response in view of these uncertainties, although at this stage no final decisions are required and therefore there would be further opportunity to reconsider the Council's position if need be.

**LEGAL IMPLICATIONS**

Legal 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**

[Click here and type list of background papers]

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**APPENDIX A**

Recommendations from Overview and Scrutiny Committee 14<sup>th</sup> July 2010-

Recommendation 1

That it be recommended to Cabinet to request that the City Council has the opportunity to contribute at an early stage to the 2011/12 route optimisation process.

Recommendation 2

That it be recommended to Cabinet to request that County's area based officers be given discretion to divert resources to primary secondary routes if necessary.

Recommendation 3

That Cabinet be advised that the Overview and Scrutiny Committee agree in principle that space could be allocated at the White Lund depot for the rock salt/grit mixture supplied by county.

Recommendation 4

That Cabinet be advised that the Overview and Scrutiny broadly support this proposal but recognise that this is the responsibility of the county council and that the involvement of the city council needs to be clearly defined with the city council deciding when this involvement starts and concludes.

Recommendation 5

That Cabinet be advised that the Overview and scrutiny Committee broadly support this proposal

Recommendation 6

That Cabinet be advised that the Overview and Scrutiny Committee would support the city council's involvement in handling customer calls but would expect to be compensated if this involves additional work and resource requirements.

<b>CABINET</b>
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## Williamson Park Progress Report 27 July 2010

### Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To update Members on the transfer process of Williamson Park to the City Council including an update regarding financial performance and to request members to consider establishing a Parks Cabinet Liaison Group.			
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b> <b>Referral from Cabinet Member</b>
<b>Date Included in Forward Plan</b>		N/A	
<b>This report is public</b>			

#### RECOMMENDATIONS OF COUNCILLOR ASHWORTH

- (1) That Members note progress on the transfer of Williamson Park to City Council
- (2) That Members note that further work is being carried out with regard to both Williamson Park and the management of all parks across the district aimed at identifying and delivering efficiency savings.
- (3) That Members consider establishing a Parks cabinet liaison group

#### 1.0 Introduction

- 1.1 The purpose of this is to highlight the issues that have been addressed during the ongoing transfer process for Williamson Park back to the City Council and informs Members of last financial year's performance.

#### 2.0 Report

- 2.1 The Park is currently being managed by officers from within the Council. Staff at the park are currently employed on Williamson Park Company terms and conditions.

**Transfer of Williamson Park to City Council**

- 2.2 Progress with the transfer continues and officers from various services within the Council are part of the project team. Support and advice from Scott and Wilkinson (Williamson Park Company accountants) is also being provided to ensure the transfer is handled appropriately from both parties perspective.
- 2.3 As previously reported to Cabinet (22<sup>nd</sup> June 2010) officers are working towards an August / September timetable for the company to formally cease trading and transfer responsibilities for all aspects of management to the City Council. On the 8 July the City Council wrote to the Board Members of Williamson Park Limited seeking their agreement via three resolutions to the dissolving of the company (see Appendix A)
- 2.4 Upon transfer, Williamson park staff will remain on their existing terms and conditions until such time as a proposed review of parks management is complete and a clearer picture is provided as to how further efficiencies may be introduced. (see sections 2.11 – 2.16)

**Financial Performance 2009/10**

- 2.5 The forecast outturn for 2009/10 was expected to result in a breakeven position, however the final position as set out in company's draft accounts show that a surplus of £48.4K has been achieved. The main positive variances relate to :

	£'000
• Café Income	£15.9
• Staff Salary Savings	£11.9
• Butterfly House Ticket Sales	£2.5
• Event Ticket Sales	£4.3
• Car Parking Income Increased	£1.7
• Depreciation less than budget	£3.0
• Other Miscellaneous Items	<u>£9.1</u>
	<b>£48.4</b>

- 2.6 The table below provides the Council's own analysis of the budget and performance against individual headings up to the end of March (taken from the Park's Sage accounting system and rounded to the nearest £100):

## SUMMARY OUTTURN STATEMENT

	Budget £	Outturn £	Variance £
Employees	271,800	259,200	-12,600
Transport	5,400	3,000	-2,400
Premises	24,600	19,600	-5,000
Supplies & Services	144,500	140,800	-3,700
Horticulture	28,500	29,500	1,000
<b>Total Expenditure</b>	<b>474,800</b>	<b>452,100</b>	<b>22,700</b>
Ticket Sales	104,400	111,200	6,800
Retail Sales	142,800	158,700	15,900
Other Income *	73,900	73,900	0
<b>Total Income</b>	<b>321,100</b>	<b>343,800</b>	<b>-22,700</b>
<b>Net Surplus / (-) Deficit</b>	<b>-153,700</b>	<b>-108,300</b>	<b>45,400</b>
LCC Revenue Grant	171,700	171,700	0
<b>Cumulative Surplus / (-) Deficit After Grant</b>	<b>18,000</b>	<b>63,400</b>	<b>45,400</b>
Less Depreciation	-18,000	-15,000	3,000
<b>TOTAL SURPLUS / (-) DEFICIT</b>	<b>0</b>	<b>48,400</b>	<b>48,400</b>

\* Other income includes items such as car parking, weddings, lodge rents, The Dukes and other special events, donations, bequests, etc.

- 2.7 This turnaround in performance is as a direct result of the interventions of the City Council. This has also been aided by reducing certain operations e.g. the butterfly house closed for 3 months during the winter season and only urgent repairs and maintenance have been carried out in other areas of the park.

### Cabinet Liaison Group

- 2.8 Cabinet, at its meeting on 20<sup>th</sup> January 2009, resolved that:

*'Arrangements be made for member involvement in the future of the park (Williamson) for the first year of implementation'. (Min 134 (3) refers)*

- 2.9 Members now have an opportunity to consider establishing a Parks Cabinet Liaison Group to work with officers involved in the management of all of the parks across the district. The introduction of such a liaison group would provide members and officers with the opportunity to engage with local communities and friends groups.
- 2.10 If established Cabinet will need to determine the terms of reference for such a group in accordance with the council's constitution.

### Parks Management

- 2.11 Transfer of Williamson Park back to the City Council has already provided a number of efficiency opportunities that has helped deliver financial savings and improvements to the way that the park is managed. The City Council is responsible for the grounds maintenance and management of a number of other parks which in some cases also include management of concessionaires. At present each park has its own separate and individual circumstances in relation to how it is managed and officers are keen to explore options for improvement and efficiency.

- 2.12 Williamson Park is currently being transferred back to the City Council and has a team of staff who are multi skilled and undertake a range of duties including but not limited to: café operation, butterfly house, zoo, staging of weddings, and events as well as general maintenance work. Grounds maintenance is undertaken by a combination of both park staff and the City Council's Environmental Services team (mainly grass cutting). There is a friends group in existence and this group have previously accessed funding streams that were not open to the company. It is hoped that that this group will continue to work closely with the Council.
- 2.13 Happy Mount Park is managed by Community Engagement (Wellbeing) staff and grounds maintenance work is undertaken by Environmental Services. There are two concessionaires who operate within the park. The splash park and new adventure play area are managed by Community Engagement (Wellbeing).
- 2.14 Regent Park has a concessionaire who operates the café and the park is managed by Community Engagement (Wellbeing). Grounds maintenance is undertaken by Environmental Services.
- 2.15 The Council has responsibility for a number of other parks, recreation grounds and open space generally including the promenade and officers are keen to explore the potential of maximising efficiencies whilst offering a public service that continues to deliver on key corporate priorities (Partnership Working and Economic Regeneration – "Heritage and Cultural Tourism).
- 2.16 Officers intend to explore further, current levels of service provision and ensure that resources are allocated to areas of most need. This would include but not be limited to exploring how parks generally are managed and the level of resources available to ensure minimum acceptable standards of operation are delivered from a health and safety / customer service perspective. Any proposals for change will be the subject of further reports to Cabinet.

### **3.0 Details of Consultation**

- 3.1 Staff at the park have been consulted with regularly and informed of progress through team meetings and updates from managers within the Council, including Human Resources. Trade Unions have also been involved and kept up to date.
- 3.2 Discussions have also taken place with officers from Environmental Services to help ensure the integration of Williamson Park is achieved efficiently and such further discussions will help influence the improvement agenda as referred to in section 2.15 of this report.

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

- 7.1 This report sets out two options.

#### **Option 1**

Members note the contents of the report and approve the general future direction being suggested including the establishment of a Williamson Park Cabinet Liaison Group.

#### **Option 2**

Members do not approve recommendations of this report .



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

8.1 Option one as this will enable an effective transfer to take place; offers the opportunity to offer further improvement and strengthens member and community involvement in helping to shape the future of the Park.

**9.0 Conclusion**

9.1 Williamson Park whilst operating as a company was deemed to be not offering value for money from both a customer and council perspective. More recently the operational and financial position of the Park has improved significantly and as last years outturn demonstrates it is now operating more efficiently particularly from a financial perspective.

9.2 This report has set out the financial improvements and offers the opportunity for officers to further improve the management of parks generally upon transfer by exploring additional efficiencies and reporting more detail to members prior to implementation.

**RELATIONSHIP TO POLICY FRAMEWORK**

A well managed Williamson Park supports and contributes to the delivery of Corporate Plan priorities including Economic Regeneration, Climate Change and Partnership working.

**CONCLUSION OF IMPACT ASSESSMENT  
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

A well managed Williamson Park will have positive impacts in respect of sustainability and social cohesion.

**FINANCIAL IMPLICATIONS**

The Council created a new provision totalling £100K during 2008/09 to cover anticipated accumulated losses for Williamson Park Ltd. As the company is wholly controlled by the City Council, provision must be made for any potential losses arising. The Company's draft financial position for the period ending 31st March 2010 reported a net liability of £38.6K, a reduction of £61.3K compared to the £99.9K reported for the previous accounting period ending 31st March 2009. It is expected that there will be some costs associated with the transfer, however these have not yet been fully quantified. This includes expenditure items such as final audit fees, potential VAT implications arising from transfer, potential contract re-negotiation costs with creditors, company dissolution fee, etc. It is not expected that these will be significant however, and should be contained within either existing 2010/11 Park budgets and/or use of provision.

Recommendations 2 and 3 provide potential for further operational and financial efficiencies regarding the future management of Williamson Park once fully integrated with the Council's systems as well as for other parks/open spaces currently managed by the Council.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comment.

**LEGAL IMPLICATIONS**

None directly from this report. All contractual liabilities and employment matters are to be addressed during the takeover by the Council.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

**Contact Officer:** Simon Kirby  
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**Ref:** W P July 10

**APPENDIX A**

To: Directors of Williamson Park Board

**Democratic Services**

**Gillian Noall**  
**Head of Democratic Services**

Town Hall  
Dalton Square  
LANCASTER LA1 1PJ

DX63531 Lancaster

8<sup>th</sup> July 2010

Dear

**DISSOLUTION OF WILLIAMSON PARK LIMITED**

In order for Williamson Park Limited to be dissolved and for the operation of the Park to return to the City Council's full responsibility, the attached resolutions need to be approved by Directors of Williamson Park Board.

I would, therefore, be grateful if you could sign one copy of the attached form and return it to me in the enclosed stamped addressed envelope.

Yours sincerely,

**Encs.**

To: Directors,  
Williamson Park Board.

## **DISSOLUTION OF WILLIAMSON PARK LIMITED**

In order that Williamson Park Limited be dissolved and the operation of the Park return to City Council responsibility, I hereby approve the following resolutions:

**1. By Ordinary Resolution**

That the lease from Lancaster City Council dated 27<sup>th</sup> January 1993 be surrendered early at a date to be agreed between the parties. At the same date, all trading and other operations be terminated and transferred to Lancaster City Council or such organisation nominated by them.

**2. By Special Resolution**

That following the surrender of the lease dated 27<sup>th</sup> January 1993 from Lancaster City Council and the transfer of all operations, the company be dissolved and an application made to the Registrar of Companies for the Company name to be struck off the register.

**3. By Ordinary Resolution**

That following discharge of the Company's liabilities and the costs of bringing its affairs to an end, the Directors be authorised to distribute any remaining assets. In accordance with clause 9 of the Articles of Association, Lancaster City Council be determined as the institution to receive such remaining assets.

I,

<b>CABINET</b>
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**Annual Treasury Management Report 2009/10  
27 July 2010**

**Report of Head of Financial Services**

<b>PURPOSE OF REPORT</b>				
This report sets out the performance of the Council in respect of Treasury Management for 2009/10 and gives details of the activities undertaken during the year.				
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>	<b>Referral from Statutory Officer</b>
				<b>X</b>
This report is public.				

**RECOMMENDATIONS OF COUNCILLOR LANGHORN:**

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

**1 Introduction**

1.1 The Council's Treasury Management Strategy for 2009/10 was approved by Council on 4th March 2009. 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 ensure that the investment of surplus cash is managed in line the guidance issued by both CIPFA and Government, as well as in line with the Council's appetite for risk. For 2009/10 the appetite for risk was understandably low following the collapse of the Icelandic banks and resulting volatility in the wider economy.

1.3 Treasury management is a technical area. Training has been provided in the past to Members and this continues to be an important part of the updated CIPFA code of practice (November 2009) covering strategies from 2010/11 onwards. To assist with the understanding of this report, a 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 2009/10**

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

- At the start of the year, the Council had £6M of investments at risk, tied up with the collapse of the Icelandic banking sector. CIPFA issued a further bulletin to inform closure of the 2009/10 final accounts giving the latest position in terms of expected recovery. Based on this and the Council's own responsibility for setting aside prudent provision, a further impairment of £1,249K has been put through the accounts, on top of that calculated in 2008/09. This increase in impairment is due to the challenge by Glitnir over the preferential creditor status of local authority deposits. Whilst CIPFA has stated that its current expectation (based on legal advice obtained by local authorities and on other advice) is that this will be resolved in favour of local authorities, given the uncertainties and potential impact, the impairment adjustment is based on a 50/50 chance of being classified as a preferential creditor of both Landsbanki and Glitnir. A further reserve has also been set aside of £1,363K, this being the difference between the worst case scenario and the cumulative net impairment put through the accounts in 2009/10.
- In addition, Government granted the Council a capitalisation order allowing £2.1M of the impairment to be treated as capital rather than revenue. This has been utilised in full to defer the impact on revenue/council tax.
- No new long term debt has been taken on in the year. 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.
- No long term loans have been repaid in the year. A small amount of temporary borrowing was taken out at the start of the year to support day to day cash flow; all of these were repaid by the end of quarter 1.
- The Council has stayed within its Prudential limits for investments and has not breached any of the criteria set out in the approved strategy. Funds have been kept either on instant access or within short fixed term deposits at the Debt Management Office (part of Her Majesty's Treasury).
- Outturn on investment interest was £108K, which was £22K above budget (after removing notional interest on Icelandic deposits). This is due to increased cash balances compared to prior years, albeit at much lower yields. Last year had a far smaller capital programme than in prior periods and in addition there has been a recovery in the cash position since the repayment of £5.6M of PWLB loans in the final quarter of 2008/09.

### 3 Icelandic Investments

There is still significant uncertainty over the position on the Council's Icelandic investments. This is mainly due to the challenge by Glitnir over the status of the Council's creditor status. This is significant because creditor status has a large impact on the rate of return; e.g. 29% recovery instead of 100%, in the case of Glitnir. On a £3M investment, in simple cash terms (not taking into account the effect of timing of repayments) this equates to a difference of £2.13M between the best and worst cases. Although Landsbanki have currently classified local authorities as preferential creditors, it is expected that should Glitnir's challenge be successful, status for Landsbanki would be changed accordingly.

CIPFA has recently issued accounting that gives details of possible range in relation to the rates of return and their timings. These have been used as the basis for the year end entries in the 2008/9 accounts and are summarised below:

#### KSF (Kaupthing, Singer & Friedlander)

The administrators issued the latest creditors report in April 2010. This report noted that the current estimated total distributions to unsecured creditors should be in the range of 65p to 78p in the pound with the total dividends paid to date coming to 35% of the claim.

The Council has therefore made the assumption that the total return will be 71% with the remaining 36% being spread between July 2010 and January 2013.

#### Glitnir

Under the best case scenario, if local authority deposits retain priority status, 100% of claims are expected to be repaid. No payment is expected to be received prior to the court cases required to make the decision on creditor status and any appeal in respect of priority status being heard. It is therefore estimated that the earliest date by which payment could be made is the end of June 2011.

Under the worst case scenario where local authority deposits with Glitnir do not enjoy preferential status, the expected recovery rate is 29% with the remaining amounts assumed to be recovered evenly between October 2011 and October 2015.

In calculating the impairment the Council has assumed a 50:50 chance of being classified as a preferential creditor and so has assumed a 65% recovery.

#### Landsbanki

Under the best case scenario where local authority deposits maintain priority status, the expected recovery is 95% with annual instalments until October 2018. Under the worst case scenario, the recovery rate is 38%, again, with annual instalments until October 2018.

In calculating the impairment the Council has assumed a 50:50 chance of being classified as a preferential creditor and so has assumed a 67% recovery.

#### General comments

The claims with Glitnir and Landsbanki were converted to Icelandic Krona (ISK) on 22 April 2009. The exchange rate at this date was 190.62 ISK per £. Repayments by the banks will be based on the value of the deposit in ISK so the sterling value received by authorities will depend on the prevailing exchange rate which may be

lower than the equivalent value on 22 April 2009 (the rate as at 31/3/2010 was 194.7 ISK per £).

However this is offset because most of the banks' assets are in currencies other than ISK so the amount of ISK that the banks will recover from their creditors will also vary with exchange rate movements. As reported by CIPFA, an analysis of movements to date indicates that the two risks are reasonably equally balanced, and any net increase or decrease in the amount of repayments received by authorities is not expected to be material, although it is possible this could change in the future. As such, exchange rate risk has been ignored when calculating the likely returns.

Using this information, the Council has "impaired" its Icelandic assets by a further £1.249M on top of the £1.632M recognised (but deferred) in 2008/09. Accounting guidance allows the netting off of notional interest that the investments are 'earning' whilst still on the Council's balance sheet and taking this into account, the net impairment charged to the accounts in 2009/10 was £2,189K. DCLG allocated a £2.1M capitalisation order to the Council, all of which has been used. This means that this revenue charge can be treated as capital and so spread over 20 years, lessening the acute impact on council tax.

In addition, given the impact of the preferential creditor decision, a further amount has been set aside in a reserve, equal to the difference between the 50/50 estimate and worst case scenario, this being a further £1,363K.

#### 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 would indicate that borrowing is being used to fund expenditure other than capital. For 2009/10 the figures were as follows:

	<b>£000</b>
Opening CFR	45,857
Closing CFR	46,376
<b>Average CFR</b>	<b>46,117</b>
Weighted average borrowings	39,501
Weighted average investments	18,231
<b>Net borrowings</b>	<b>21,270</b>



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

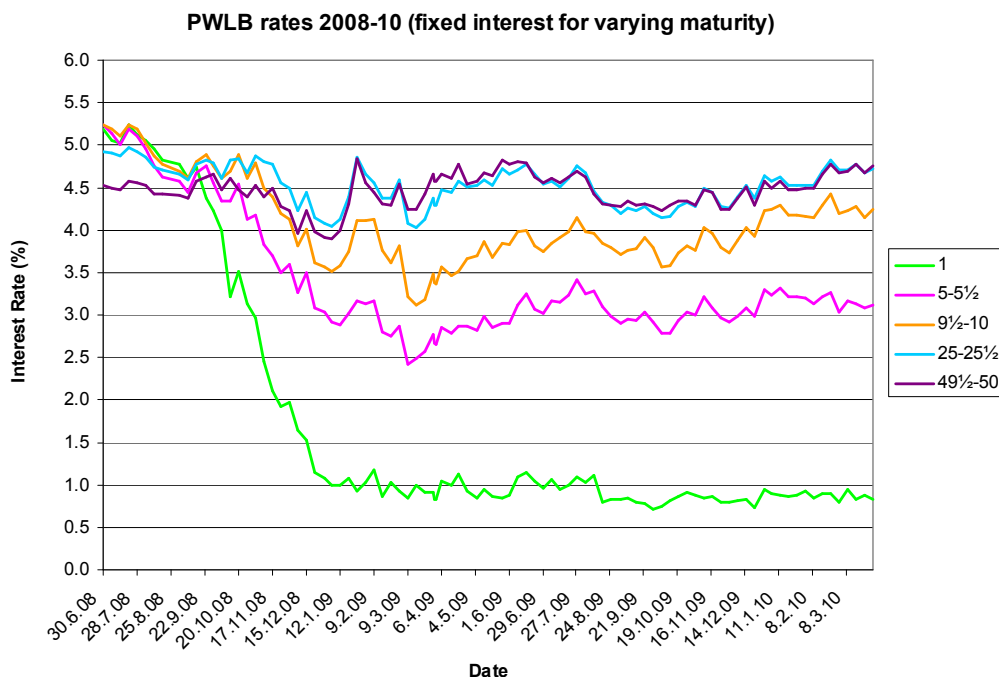
In addition, other indicators are set to control the absolute amount of debt (the Authorised limit) and expected gross debt but allowing for day to day cash management (Operational Boundary).

	Actual Debt 31/3/2010	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223	-	290
PWLB Debt	39,215	-	57,710
Total	39,438	56,000	58,000

It can be seen that the Council was £18,562K below the Authorised Limit and also £16,562K below the Operation Boundary. The debt boundaries appear high in relation to the level of debt actually incurred, but these were originally set to provide flexibility for some potentially large liabilities within the capital programme arising in connection with matters such as the planned sale of land at South Lancaster and the claims against the Council in relation to Luneside East land acquisitions. These have not resulted in a direct impact on capital expenditure or income in 2009/10, but the flexibility has been rolled forward into the debt limits set within the 2010/11 strategy.

#### 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 2009/10 the spread in rates which started in 2008/09 has remained, with a much lower rate for short term loans than those for longer periods. Long term loans of 25 years or more have remained at around 4.5% whereas short term rates for loans of 1 year have remained at around 1%; this latter is a historically low rate reflecting the wider state of the economy.



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 existing debt. However, early repayment of PWLB debt may be subject to additional charges (known as premiums), if the loans to be repaid are at higher rates than the prevailing rates of interest at the point of repayment. In essence the premiums compensate the PWLB for lost interest. As the rates for new loans were below the rates of the Council's existing loans, no further repayments could be made without incurring significant penalties during 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.

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.

	<b>Prudential Indicator</b>	<b>Actual 31/3/09</b>	<b>Actual 31/9/09</b>	<b>Actual 31/3/10</b>
Under 12 months	0-35 %	18%	0%	0%
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%	82%	100%	100%

#### 4.4 Interest Payable on Longer Term Borrowing

The average rate of interest payable on PWLB debt in 2009/10 was 5.68% (2008/09 5.56%) with the increase being due to repayment of some of the cheaper loans in 2008-09. However, the cost of long term borrowing was exactly on budget.

	<b>£'000</b>
2009/10 Estimate	2,227
2009/10 Actual	2,227 (of which £799K was charged to the HRA)
Variance	0

As investment rates are not expected to improve markedly over the next 12 months Officers will continue to look for opportunities to repay debt rather than invest surplus cash given that this will reduce the counterparty risk for the Council and investment returns are currently well below the interest charges on the debt.

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.

	<b>Prudential Indicator</b>	<b>Actual</b>
	<b>%</b>	<b>%</b>
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 2009/10 some short term borrowing was required to support the Council's cash position at the start of the year. This need was influenced by the decision to repay PWLB loans in the final quarter of 2008/09 and to cover £3M of Icelandic bank deposits that were due back in January 2009. These two events meant there was less cash than normal at the start of 2009/10. The total cost in year was £1.5K in interest paid.

## 6 Investment Activities

### 6.1 Performance against Prudential Indicators

In 2009/10 all investments were placed in accordance with the approved Investment Strategy; there have been no breaches of the investment criteria.

The Council has made no investments and held no investments with a maturity of longer than 365 days from the end of 2009/10; the investment strategy prohibited such long term investments. All deposits have been made either to instant access call accounts and money market funds or have been placed as term deposits with the Debt Management Office (DMO), part of Her Majesty's Treasury.

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	£108K (£32K of which was credited to the HRA)
Revised budget	£86K
Variance	£20K favourable

In addition, there was notional interest earned on Icelandic investments of £261K. This interest is derived from accounting standards and does not reflect interest actually payable to the Council on these investments. However, in line with proper accounting practice, whilst the Council has such investments on the balance sheet, interest must be credited into the General Fund revenue account. This then nets off in part the impairment of the assets. Given its nature, it is not included with the actual interest earned of £108K when reviewing performance for the year.

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

<b>Indicator (mean value)</b>	<b>2008/09</b>	<b>2009/10</b>
Base Rate	3.61%	0.50%
3 Month LIBID	4.59%	0.83%
Lancaster CC investments*	3.91%	0.59%
Lancaster CC investment	5.82%	0.86%

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

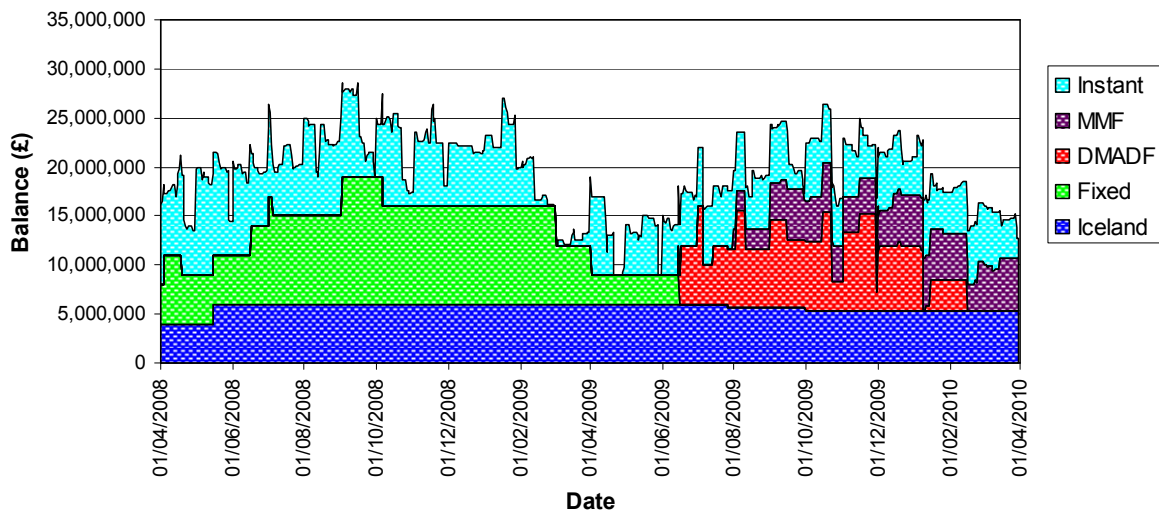
Overall, the investment returns (adjusted for Iceland) were within the range limited by the base rate and LIBID (London Inter-bank Bid) rate. In comparison to the prior year, there is a marked drop in the returns, which reflects the consolidation of the downturn which started in 2008/09. It is anticipated that returns will improve over the year but as can be seen from the table below, these predictions are cautious and do not represent a quick return to the high rates of investment interest being earned during 2007/08.

Date	3 month LIBID projection (%)
01/06/2010	0.50
01/09/2010	0.60
01/12/2010	0.80
01/03/2011	1.20
01/06/2011	1.40

Source: Butler's investment monitor, 21 June 2010

Following the Icelandic banking crisis, the approach to investments has changed markedly. The Investment Strategy for 2009/10 approved in March 2009 formalised a much more cautious approach to managing surplus cash. This restricted the term of deposits to 1 year, reduced the counterparty limits and removed the option to make non EU deposits. In practice, deposits were placed on instant access in either call accounts or Money Market Funds (MMFs), or were placed on term deposit in the DMO account. The pattern of these investments over 2009/10 and the prior year can be seen in more detail below (the reduction in Iceland balances represents the repayments made by KSF).

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 2009/10.

**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 and the approved investment strategy, as discussed above.

The risk management framework within treasury management has been recently updated within the new codes of practice from CIPFA and the new investment guidance due from the DCLG. Since 2007/08 the environment 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 to generate a pool of counterparties, together with consideration of non credit rating information to refine investment decisions. This strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. Strategies for 2010/11 onwards comply with updated code of practice and investment guidance.

**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 2009/10 Outturn report. These will be incorporated into the referral report to Council and cover the other side of investment and debt management referred to briefly in section 4.1 above, this being capital expenditure.

**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**

As for 2008/09, the main issue for 2009/10 treasury management performance relates to Icelandic investments. Given the amounts involved and the level of uncertainty, the outcome of the Glitnir challenge to the Council's creditor status will have a material impact on the authority's financial position. However, steps have been taken to set aside sufficient amounts to cover the worst case scenario.

Due to the impact of Iceland on the Council's risk appetite associated with investing surplus cash and the wider economic malaise, all other Treasury management activity has occurred within a very narrow band of low risk products and counterparties with a resultant drop in investment returns compared to prior years. The Council's appetite for risk will need to be reviewed regularly in future, to ensure it remains appropriate to future situations and circumstances.

**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 2009/10, 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.
- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.

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*.



**Investment Interest Earned to 31 March 2010  
For Consideration by Cabinet 27 July 2010**

Name	No	Start	End	Rate %	Days up to 30/9/09	Principal £	Cumulative Interest £
<b>Fixed term investments</b>							
<b>Deposited 2007/08</b>							
Landsbanki Islands	004	31-Mar-08	08-Oct-08	6.25	0	1,000,000	0
Glitnir	FI02/023	31-Mar-08	08-Oct-08	5.76	0	3,000,000	0
<b>Deposited 2008/09</b>							
Kaupthing, Singer & Friedlander	06/07-I29	16-May-08	08-Oct-08	6.00	0	1,385,000	0
Anglo Irish Bank Corporation	004	17-Jun-08	17-Jun-09	6.56	78	3,000,000	41,517
Irish Permanent Plc	005	02-Jul-08	02-Apr-09	6.31	2	3,000,000	519
Sub total							42,035

Other accounts	opening	Min	Max	closing	Indicative rate	Cumulative Interest
Call: Abbey National	1,860,000	0	4,000,000	0	0.75%	22,295
Call: Yorkshire bank	2,000,000	2,000,000	2,000,000	2,000,000	0.75%	14,961
Call: RBS	0	0	4,000,000	0	0.70%	5,314
DMADF (HMT)	0	0	10,000,000	0	0.25%	11,904
Government Liquidity MMF	0	0	2,000,000	1,600,000	0.27%	2,920
Liquidity First MMF.	0	0	4,000,000	3,700,000	0.47%	8,482
Sub-total						65,876

<b>TOTAL INTEREST</b>						<b>107,911</b>
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For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list. Those highlighted in purple are Icelandic banks, those in yellow are Irish banks. The deposits from Irish banks have been received and £615K had been received from KSF as at the end of 2009/10 with a further 5% dividend announced and accrued for in the financial statements.

Interest of £261K has been credited to the final accounts in relation to Icelandic investments. This is in line with guidance issued from CIPFA and is only notional in that it has been netted off the impairment recognised on the defaulted investments.

**CABINET**

**Provisional Revenue and Capital Outturn 2009/10  
27 July 2010**

**Report of Head of Financial Services**

<b>PURPOSE OF REPORT</b>				
This report provides summary information regarding the provisional outturn for 2009/10 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.				
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
<b>Date Included in Forward Plan</b>		July 2010		
<b>This report is public.</b>				

**RECOMMENDATIONS OF COUNCILLOR LANGHORN:**

1. That the provisional outturn for 2009/10 be noted.
2. That Cabinet notes the transfers to provisions and reserves actioned by the Head of Financial Services as set out in section 3 of the report.
3. That Cabinet approves the recommendations regarding carry forward of overspendings as set out at Appendix F, and that:
  - Cabinet portfolio holders ensure that the necessary budget savings are achieved during the current year, with monitoring through Performance Review Team (PRT) meetings;
  - Budget and Performance Panel be requested to include a review of the Housing Revenue Account responsive repairs overspending within their work programme for 2010/11.
4. That Cabinet approves the requests for carry forward of underspent General Fund revenue budgets as set out at Appendix G, with referral on to Council where appropriate.
5. That the Council Housing requests for carry forwards be deferred, pending consideration of the capital financing position and any implications arising.

6. That in order to strengthen current and future years' budget forecasting, Cabinet portfolio holders review all outturn variances, through Quarter 1 PRT meetings where possible, and that the outcome of this be included in the Corporate Financial Monitoring and Medium Term Financial Strategy mid-year update reports for Cabinet's later consideration.
7. That Cabinet approves the requests for capital slippage as set out at Appendix J.
8. That the timetable for completion and reporting of the closure of accounts be noted, as set out in section 8 of the report.
9. That the Prudential Indicators as at 31 March 2010 as set out at Appendix K be approved for referral on to Council, as part of the Annual Treasury Management Report for 2009/10.

## 1 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.

## 2 PROVISIONAL REVENUE OUTTURN

- 2.1 The work required to close the 2009/10 accounts has now been completed and the Statement of Accounts were approved by Audit Committee on 30 June 2010. Information on the key points arising has already been circulated to various Members and it is freely available on the Council's website. 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	144	(29)	(173)
General Fund Budget Requirement – includes all other Council services	24,514	24,269	(245)

### 2.2 Housing Revenue Account (HRA)

- 2.2.1 The Housing Revenue Account was underspent in last year by approximately £173K (2008/09 comparative: £144K 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:

- An increase in the number of void properties and the repairs needed to bring them up to the required standard has led to additional costs, as have unrecovered or

unrecoverable insurance and rechargeable repairs. That said, more in-depth work is being undertaken to determine and address the reasons behind the scale of the overspending; the total overspend on responsive repairs amounts to £355K, i.e. 18% over budget. The outturn on responsive repairs will be raised specifically with Budget and Performance Panel for consideration as part of their Work Plan.

- Slippage on the capital programme resulted in a lower revenue financing contribution, although this results in further pressure in the current year.
- Provisions for Bad Debts have been increased, mainly due to an increase in the level of write-off following a joint review of unrecoverable debt with Legal Services.
- Savings were achieved on planned maintenance partly due to contract savings, but also because of delays in the procurement arrangements for scheduled electrical works.
- Additional grant income was received in respect of Choice Based Lettings.

2.2.2 Overall therefore, whilst in simple terms the outturn position for the HRA appears favourable, this is only as a result of delaying or deferring some cost pressures. Without these delays, the HRA would have been overspent by just over £300K. Linked to this, the sections on carry forward requests and capital slippage later in this report includes a number of items relating to this Account.

## 2.3 General Fund

2.3.1 After allowing for various year end adjustments, there has been a net underspending of £245K during 2009/10 and a summary statement is included at **Appendix C**; the underspending represents less than 1% of the Council's net budget requirement (*2008/09 comparative: c£209K underspend, 1% of budget*). This position is after providing for £1.3M of additional net contributions to reserves though, more details of which are included in section 3 below. Before these net contributions, the underspending was around £1.5M or 6% of the budget (*2008/09 comparative: £859K underspend, 4% of budget*).

2.3.2 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 £346K under budget. This was the largest variance for the previous year too, but there are still many unresolved issues regarding concessionary travel, not least future responsibilities, and at present unfortunately there is little more that can be done to strengthen future forecasting in this area.

2.3.3 On the other hand, there are also a few areas of net overspending and some areas where income shortfalls have been experienced.

2.3.4 The appendix also highlights the variances that were reported in Quarter 4 Performance Review Team (PRT) meetings, and provides a summary to date of the main factors behind the outturn position. So far, these can be analysed broadly as follows; a similar approach will be adopted for HRA:

<b>Factors influencing Outturn</b>	<b>Value £'000</b>
One-off windfalls and unforeseeable savings	(609)
Demand led variances	(267)
Efficiency savings	(383)
Service changes and reductions (including delays)	(158)
Budget setting issues / errors	(230)
Year end adjustments	1,494
Other variances (including where reasons are being clarified)	(92)
<b>Net Total</b>	<b>(245)</b>

2.3.5 It should be appreciated that the above analysis is not perfect; there are many budget variances that are influenced by a variety of factors and where this is so, a view has been taken on what is most relevant. Nonetheless, the above starts to give a useful picture on which to focus further work. This is with the aim of strengthening budgeting and forecasting, as well as identifying ongoing savings or actions to avoid future overspending. It clearly fits well with the planned work to define further standards of statutory and non-statutory service provision and will be used accordingly. It also helps more generally to reinforce consideration of the linkages between performance and spending/income generation.

2.3.6 Appendix D also shows that at least £100K of the General Fund underspends / savings will continue into current and future years. Major variances will be reviewed in more detail as part of the current year's Quarter 1 reporting where possible and Portfolio Holders are advised to focus on these accordingly. The aim is to draw out any savings, service performance or financial improvements needed; any changes arising will be incorporated into the corporate monitoring reports for the period. In turn this would improve financial and service planning for the future – and assist in balancing the budget.

### 3 PROVISIONS AND RESERVES

3.1 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:

- A new Impairment reserve of £1.363M has been established to cover further potential losses associated with the Icelandic investments; most of the revised budget provision of £945K has gone some way to help finance this, but section 4 below provides more details on this issue.
- New reserves have also been created where the Council received grants towards certain schemes or initiatives/activities that the Council had committed to as at 31 March, but the monies had not been used as at that date. These include the revenue element of Performance Reward Grant (received under the Local Area Agreement), Vacant Shops Funding and Connecting Communities. Whilst they increase the total contributions to reserves, they have no net impact on the outturn overall.

- In view of the increasing financial pressures on Local Government, a contribution of £800K has been made into the Revenue Support reserve to provide funding to facilitate future cost reduction programmes; these may include efficiency savings or service reductions. In light of this, use of the reserve will require the approval of Cabinet (or through the individual Cabinet Member for any non-key decisions, although this unlikely given its purpose). The reserve will be reviewed through quarterly monitoring and during budget and outturn and will be managed by Financial Services. It is highlighted that the restructuring reserve is expected to be fully utilised by the end of 2010//11. Its original balance of £943K will have enabled annual savings of well over £600K to be generated for future years.

In total the additional net transfers to provisions and reserves (excluding those relating to the various grant streams) amount to around £1.3M 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.

**4 OUTTURN POSITION REGARDING ICELANDIC INVESTMENTS**

- 4.1 In revising the 2009/10 budget, £945K was provided to cover potential losses arising in connection with Icelandic investments and approval to capitalise up to a further £2.1M was gained from Government. These measures were taken in response to the decision by Glitnir’s Winding Up Board (WUB) to treat all local authority claims as non-priority, whereas Landsbanki WUB treated such claims as having priority. The ranking of claims has a significant bearing on expected recoveries.
- 4.2 In terms of these two investments, little has changed. Whilst legal advice remains that priority status should be gained for both Landsbanki and Glitnir, ultimately this will be determined through the Icelandic courts and indications are that it may well be up to a year before this is completed. This makes it more difficult to reach an informed view of the most likely outcome.
- 4.3 With regard to Kaupthing Singer & Friedlander (KSF) the position is clearer. Recovery prospects have improved of late and £717K (i.e. 35%) of the £2.048M claim, which includes interest, had been repaid to the end of March.
- 4.4 Taking account of the above information and relevant accounting guidance, provisions have been made on the basis that there is an even chance of the Glitnir and Landsbanki claims being classified as priority or non-priority. This equates to the following assumed recoveries:

Bank	2009/10 Revised Budget	2009/10 Outturn
Glitnir	30%	65%
Landsbanki	88%	67%
KSF	68%	71%

- 4.5 In line with the above, provisions of £2.189M have been set aside to cover potential losses. Of this amount, in very simple terms it may be viewed that around £1.96M relates to the original £6M invested, with the remaining £229K relating to interest adjustments. The capitalisation direction of £2.1M has been applied, with the balance of £89K being met from the revenue budget provision.
- 4.6 Given the uncertainties though, a further £1.363M has been set aside in a reserve, as referred to earlier. As only £856K was still available within the revised budget to help

fund this, this has resulted in a variance of £507K at outturn. That said, the changes mean that the Council has set aside sufficient funding to cover all potential currently estimated losses, should the outcome of the Icelandic litigation prove unfavourable.

- 4.7 If the outcome is favourable, however, the Council would have between £0.6M to £1.4M of reserves available for other purposes, as well as avoiding all or part of the £105K budgeted annual charge arising from using the capitalisation direction.

## 5 CARRY FORWARD OF UNDERSPENDS AND OVERSPENDS

- 5.1 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.

- 5.2 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). That said, budgets exist for specific plans and purposes and the carry forward scheme is also designed to support this.

- 5.3 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.

- 5.4 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. That is why there is a need to consider each case on its merits.

- 5.5 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 £109K for General Fund and £110K 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 2011:			Basic Minimum Balances Level
	Per Approved Budget £'000	Assuming all requests approved £'000	Variance (Surplus) / Shortfall £'000	
				£'000
Housing Revenue Account	350	49	301	350
General Fund	1,070	1,206	(136)	1,000

5.6 It should be noted that with regard to the HRA, there is also the need to provide revenue financing for the bulk of capital slippage, including any net overspendings, as covered in section 6 below. As a result, an adjustment of £364K has been made in the above table, but this would push HRA balances well below their minimum level in the current year, and effectively it would prevent Cabinet from approving any of the HRA carry forward requests. An alternative solution would be to consider whether the Major Repairs Reserve could be used to finance capital slippage, but the implications of this need further consideration.

5.7 With regard to General Fund, 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, 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. 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. Arrangements to remove this need have not yet been considered by Audit Committee.

## 6 CAPITAL OUTTURN

6.1 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	3,848	3,508	(340)	9
General Fund	11,990	9,465	(2,525)	21
Total Programme	15,838	12,973	(2,865)	18

6.2 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.

- 6.3 Information on recent years' slippage is also included below for comparison. This shows that whilst 2009/10 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 Corporate Programmes Working Group.

	2009/10	2008/09	2007/08	2006/07	2005/06
	£'000	£'000	£'000	£'000	£'000
Council Housing	384	478	480	157	1,118
General Fund	<u>2,303</u>	<u>1,952</u>	<u>4,235</u>	<u>2,554</u>	<u>2,513</u>
Total Slippage Requested	<u>2,687</u>	<u>2,430</u>	<u>4,715</u>	<u>2,711</u>	<u>3,701</u>

- 6.4 As well as slippage, the General Fund housing programme has incurred expenditure in 2009/10 in advance of external funding being received. To compensate, the relevant budgets will be reduced accordingly in the current year and these adjustments are also included at **Appendix J**.

- 6.5 The table below pulls together the position after allowing for slippage, external funding adjustments and any early spending on 2010/11 schemes. The impact on resources for the HRA is adverse, and will require additional financing in 2010/11, whilst for the General Fund the position is slightly favourable. Again, any implications for current or future years will be picked up as part of the mid-year review for the Medium Term Financial 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	3,848	3,892	44	44
General Fund	11,990	11,768	(222)	(5)

## 7 PRUDENTIAL INDICATORS

- 7.1 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.

7.2 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.

**8 TIMETABLE FOR COMPLETION OF ACCOUNTS AND ASSOCIATED MATTERS**

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

Monday 19 July	Commencement of audit of Accounts
Tuesday 27 July	4 weeks public inspection period of Accounts ends
Monday 28 July	Public access to Auditor commences
Tuesday 27 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,
07 September	Budget and Performance Panel: Quarter 1 report and any further detailed outturn consideration as required
15 September	Council: referral of any issues as may be required, including carry forward requests and annual Treasury Management report.
22 September	Audit Committee: outcome of audit of accounts
August / November	Cabinet: MTFs updates (including the Capital Investment Strategy), & reporting of any further matters arising

8.2 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.

## 9 DETAILS OF CONSULTATION

As shown in section 8 above, the public inspection period for the accounts ends on the same date as the Cabinet meeting; information on the public's rights have been made available as part of this process. With regard to the Member recommendations in respect of the specific items relating to the Housing Revenue Account, consultation is underway with the portfolio holder.

## 10 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. With regard to reserves contributions, there will be opportunities for these to be amended during the current financial year, as part of the usual arrangements.

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.

## 11 OFFICER PREFERRED OPTION AND JUSTIFICATION

Officer recommendations regarding any carry forward of overspendings are set out in Appendix F, as referred to earlier. Where there are alternative options for other

aspects of the outturn, in view of the comments made above there are no specific officer preferred options put forward.

**12 CONCLUSION**

The Council continues to maintain financial stability in a time of increasing financial pressure; whilst there are uncertainties surrounding the recovery prospects for Icelandic investments, the Council has ensured that all potential losses are now fully covered.

Although the reported financial outturn position is positive with balances higher than expected, the level of underspending is again high and it is imperative that the Council gains a full understanding of why this is, and takes any action as necessary, to ensure that future budget projections are as robust as they can be to avoid any unnecessary impact on future service delivery. Future budget setting will prove challenging enough.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b>                  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.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</b>                  None directly identifiable, due to the high level nature of this report.</p>	
<p><b>FINANCIAL IMPLICATIONS</b>                  As set out in the report.</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b>                  This report forms part of the section 151 officer responsibilities; clearly the outturn is also subject to external audit.</p>	
<p><b>LEGAL IMPLICATIONS</b>                  Legal Services have been consulted and have no comments to add.</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b>                  The Monitoring Officer has been consulted and has no comments to add.</p>	
<p><b>BACKGROUND PAPERS</b>                  Financial Regulations, MTFs, LGA 2003</p>	<p>Contact Officer: Nadine Muschamp                  Telephone: 01524 582117                  E-mail: nmuschamp@lancaster.gov.uk</p>

## APPENDIX A

**Housing Revenue Account Outturn - 2009/10**  
**For Consideration by Cabinet 27 July 2010**

	2009/10 BUDGET	2009/10 REVISED	2009/10 ACTUAL	VARIANCE ADVERSE / (FAVOURABLE)
	£'000	£'000	£'000	£'000
<b>INCOME</b>				
Rental Income - Council Housing (Gross)	(11,663,800)	(11,412,900)	(11,416,100)	(3,200)
Rental Income - Other (Gross)	(189,000)	(187,800)	(183,900)	3,900
Charges for Services & Facilities	(1,711,700)	(1,826,100)	(1,874,900)	(48,800)
Grant Income	(7,700)	(7,700)	(7,700)	0
Contributions from General Fund	(165,200)	(165,200)	(167,900)	(2,700)
<b>Total Income</b>	<b>(13,737,400)</b>	<b>(13,599,700)</b>	<b>(13,650,500)</b>	<b>(50,800)</b>
<b>EXPENDITURE</b>				
Repairs & Maintenance	3,845,900	3,990,300	4,236,600	246,300
Supervision & Management	3,357,700	3,242,400	3,012,600	(229,800)
Rents, Rates, Taxes & Other Charges	112,100	95,000	92,600	(2,400)
Negative Housing Revenue Account Subsidy Payable	1,184,600	932,700	946,900	14,200
Increase in Provision for Bad and Doubtful Debts	126,800	189,100	209,600	20,500
Depreciation & Impairment of Fixed Assets	2,334,200	2,366,200	14,268,900	11,902,700
Debt Management Costs	1,100	1,100	1,100	0
<b>Total Expenditure</b>	<b>10,962,400</b>	<b>10,816,800</b>	<b>22,768,300</b>	<b>11,951,500</b>
<b>NET COST OF HRA SERVICES</b>	<b>(2,775,000)</b>	<b>(2,782,900)</b>	<b>9,117,800</b>	<b>11,900,700</b>
(Gain) or Loss on Sale of HRA Fixed Assets	0	0	(65,600)	(65,600)
Interest Payable & Similar Charges	846,300	798,800	798,800	0
Amortisation of Premiums & Discounts	158,600	158,600	0	(158,600)
Interest & Investment Income	(104,000)	(27,900)	(33,100)	(5,200)
Pensions Interest Costs & Expected Return on Pensions Assets	68,000	68,000	481,900	413,900
<b>(SURPLUS) OR DEFICIT FOR THE YEAR</b>	<b>(1,806,100)</b>	<b>(1,785,400)</b>	<b>10,299,800</b>	<b>12,085,200</b>
Adjustments to reverse out Notional Charges included above	0	(65,400)	(11,740,600)	(11,675,200)
Net charges made for retirement benefits	(68,000)	(68,000)	(295,300)	(227,300)
Transfer to/(from) Major Repairs Reserve	(29,900)	295,200	143,900	(151,300)
Transfer to/(from) Earmarked Reserves	233,000	260,700	409,100	148,400
Capital Expenditure funded by the Housing Revenue Account	1,671,000	1,506,800	1,153,700	(353,100)
<b>TOTAL (SURPLUS) / DEFICIT FOR THE YEAR</b>	<b>0</b>	<b>143,900</b>	<b>(29,400)</b>	<b>(173,300)</b>
Housing Revenue Account Balance brought forward	(350,000)	(493,900)	(493,900)	0
<b>Housing Revenue Account Balance carried forward</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(523,300)</b>	<b>(173,300)</b>

**NOTE: the above statement has been updated to reflect changes in accounting practice. This has resulted in several large apparent variances, but these are due to presentation only.**

## 2009/10 HRA Fund Variance Analysis

### For Consideration by Cabinet 27th July 2010

SERVICE AREA : DETAIL OF VARIANCE	£	£	PRT QTR4 Projection £	C/Fwd Request £	Ongoing (Savings)/ Expenditure £
COUNCIL HOUSING	Adverse or (Favourable)				
Salary savings	(36,300)		(23,500)		
Other Miscellaneous Variances	(7,500)		20,600		
		(43,800)			
<b>Telecare</b>					
More connections than anticipated with savings also achieved by purchasing the service as and when needed.	(25,300)		(23,600)		
<b>Bank/Investment Interest</b>					
Interest higher than expected	(6,000)				
<b>Grounds Maintenance (non-contract)</b>					
Fewer than anticipated projects identified, therefore lower spend	(19,500)		(19,500)		
<b>Planned Maintenance</b>					
Savings on contract and delayed works on planned electrical works	(72,500)		(66,900)	25,500	
<b>Responsive Maintenance</b>					
An increase in the number of void properties and the repairs needed to bring them up to the required standard has led to additional costs amounting to £210,000. Other variances relate to insurance recharges of £36,000 and unrecoverable rechargeable repairs of £42,600	354,500		92,200		??
<b>Insurance Repairs</b>					
Major Insurance Claims not claimed	40,100		95,000		??
<b>Estates Support Services</b>					
Work to upgrade communal lighting to photo electric cells not completed	(16,500)		(15,500)		
<b>Anti Social Behaviour</b>					
Publishing of New strategy delayed	(6,000)		(6,100)	6,000	
<b>Council Housing Management &amp; Admin</b>					
Publishing of Choice Based letting Documents postponed until 2010/11	(7,800)		(7,800)	7,700	
Consultancy for HRA Finance review	(10,000)			10,000	
Grant Income - Choice Based Lettings	(64,000)		(11,400)	60,500	
<b>Sheltered Schemes</b>					
Urgent fire precaution works undertaken	18,000		10,100		
<b>Beck View</b>					
Electricity- Late submission of 2008/09 invoices paid in 2009/10	5,000				
<b>Central Control</b>					
Additional staff training for the new Control Centre software	6,800				
<b>Contractual Grounds Maintenance</b>					
Reduction of hourly rate charged by environmental services	(7,800)				
<b>Housing Subsidy</b>					
Change to interest rate on 2008/09 final subsidy claim, submitted Sept 2009	14,200		14,200		??
<b>Provision - Bad Debts</b>					
Higher than expected write off, following consultation with Legal Services, of all debts agreed as not collectable or uneconomical to pursue	20,500				
<b>Appropriation from HRA to CFR</b>					
Less direct revenue financing required due to underspend on capital programme in year	(353,100)				
		(129,400)			
<b>UNDERSPEND ON HRA BEFORE CARRY FORWARD AND SLIPPAGE REQUESTS</b>			(173,200)	57,800	109,700
Total Provisional Carry Forward Requests					109,700
Total Revenue Financing required to meet Capital Slippage (excluding £19,000 which is to be met from earmarked reserves)					364,600
<b>TOTAL NET OVERSPEND ON HRA , ASSUMING ALL CARRY FORWARD AND SLIPPAGE REQUESTS ARE APPROVED</b>			301,100		

# GENERAL FUND REVENUE SUMMARY

For Consideration by Cabinet 27 July 2010

	Original Budget £	Revised Budget £	Actuals £	Variance £	True Variance £
<b>Chief Executive</b>					
Democratic Services	2,125,300	2,072,800	1,855,482	(217,318)	(52,955)
Legal and Human Resources	41,000	39,700	(411)	(40,111)	(38,859)
Management Team	0	0	0	0	1,886
<b>Sub Total</b>	<b>2,166,300</b>	<b>2,112,500</b>	<b>1,855,071</b>	<b>(257,429)</b>	<b>(89,928)</b>
<b>Community Services</b>					
Environmental Services	6,481,800	6,754,600	7,248,948	494,348	(438,934)
General Fund Housing	192,200	193,000	193,000	0	0
Health and Strategic Housing	2,512,400	2,409,300	2,155,878	(253,422)	(96,400)
<b>Sub Total</b>	<b>9,186,400</b>	<b>9,356,900</b>	<b>9,597,826</b>	<b>240,926</b>	<b>(535,334)</b>
<b>Finance and Performance</b>					
Financial Services	4,235,300	5,224,800	8,030,685	2,805,885	143,017
Information Services	290,300	146,400	194,917	48,517	(52,169)
<b>Sub Total</b>	<b>4,525,600</b>	<b>5,371,200</b>	<b>8,225,602</b>	<b>2,854,402</b>	<b>90,848</b>
<b>Regeneration</b>					
Community Engagement	5,567,300	5,420,500	5,266,730	(153,770)	(25,354)
Regeneration and Policy	3,520,800	3,666,300	2,436,341	(1,229,959)	(352,474)
Property Services	1,165,600	1,351,700	1,442,175	90,475	(545,045)
<b>Sub Total</b>	<b>10,253,700</b>	<b>10,438,500</b>	<b>9,145,246</b>	<b>(1,293,254)</b>	<b>(922,873)</b>
<b>Corporate Accounts</b>					
	(2,133,000)	(3,280,100)	(5,069,388)	(1,789,288)	1,212,644
<b>Sub Total</b>	<b>(2,133,000)</b>	<b>(3,280,100)</b>	<b>(5,069,388)</b>	<b>(1,789,288)</b>	<b>1,212,644</b>
<b>Total Budget Requirement</b>	<b>23,999,000</b>	<b>23,999,000</b>	<b>23,754,357</b>	<b>(244,643)</b>	<b>(244,643)</b>
<b>Parish Precepts</b>	514,600	514,600	514,633	33	
<b>Total Net Expenditure</b>	<b>24,513,600</b>	<b>24,513,600</b>	<b>24,268,990</b>	<b>(244,610)</b>	

Note the underspend of approx £245,000 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.

SUBJECTIVE ANALYSIS	2009/10 Estimate £	2009/10 Revised £	2009/10 Actuals £	Variance £	True Variance £
Direct Employee Expenses	21,999,400	21,722,900	20,252,819	-1,470,081	-447,575
Indirect Employee Expenses	712,500	1,717,900	1,652,455	-65,445	-65,445
<b>Employees</b>	<b>20,566,600</b>	<b>23,440,800</b>	<b>21,905,274</b>	<b>-1,535,526</b>	<b>-513,020</b>
Apportionment of Operational Buildings	177,000	188,800	790,278	601,478	601,478
Cleaning and Domestic Supplies	432,300	450,200	430,347	-19,853	-19,853
Energy Costs	848,800	941,500	869,308	-72,192	-72,192
Grounds Maintenance Costs	1,597,200	1,555,900	1,661,513	105,613	105,613
Premises Insurance	99,900	115,600	121,569	5,969	5,969
Rates	824,500	831,200	819,024	-12,176	-12,176
Rents	729,200	742,400	736,800	-5,600	-5,600
Repair and Maintenance of Buildings	1,271,800	1,263,400	1,262,847	-553	-553
Water Services	269,100	282,000	251,134	-30,866	-30,866
<b>Premises Related Expenditure</b>	<b>6,380,800</b>	<b>6,371,000</b>	<b>6,942,820</b>	<b>571,820</b>	<b>571,820</b>
Car Allowance	326,800	307,400	317,556	10,156	10,156
Contract Hire and Operating Leases	776,400	720,700	548,542	-172,158	-172,158
Direct Transport Costs	1,325,000	1,239,600	1,169,248	-70,352	-70,352
Public Transport	17,900	9,000	10,981	1,981	1,981
Transport Insurance	60,300	76,200	77,656	1,456	1,456
<b>Transport Related Expenditure</b>	<b>2,461,200</b>	<b>2,352,900</b>	<b>2,123,982</b>	<b>-228,918</b>	<b>-228,918</b>
Catering	80,700	95,400	95,887	487	487
Clothing Uniform and Laundry	79,200	77,900	66,039	-11,861	-11,861
Communications and Computing	1,031,100	1,053,700	1,026,380	-27,320	-27,320
Contribution to Provisions	95,700	110,100	170,199	60,099	60,099
Equipment, Furniture and Materials	1,376,100	1,402,900	1,372,673	-30,228	-30,228
General Expenses	551,500	536,600	507,917	-28,683	-28,683
Grants and Subscriptions	4,379,000	9,404,200	6,232,410	-3,171,790	-554,574
Miscellaneous Expenses	-212,500	366,200	506,554	140,354	140,354
Printing, Stationery and General Office Expenses	672,800	740,700	687,748	-52,952	-52,952
General Services	4,432,500	4,439,800	4,074,274	-365,526	-365,526
<b>Supplies and Services</b>	<b>17,715,700</b>	<b>18,227,500</b>	<b>14,740,081</b>	<b>-3,487,419</b>	<b>-870,204</b>
Recharges	19,755,300	18,771,200	16,973,935	-1,797,265	-1,797,265
<b>Support Services</b>	<b>17,579,400</b>	<b>18,771,200</b>	<b>16,973,935</b>	<b>-1,797,265</b>	<b>-1,797,265</b>
Depreciation	10,133,000	3,908,300	6,374,182	2,465,882	516,260
<b>Capital Charges</b>	<b>3,988,200</b>	<b>3,908,300</b>	<b>6,374,182</b>	<b>2,465,882</b>	<b>516,260</b>
Interest Payments	7,887,300	8,810,600	10,567,506	1,756,906	328,449
<b>Capital Financing Costs</b>	<b>7,887,400</b>	<b>8,810,600</b>	<b>10,567,506</b>	<b>1,756,906</b>	<b>328,449</b>
Housing Benefit	42,060,400	45,559,200	45,707,331	148,131	148,131
<b>Transfer Payments</b>	<b>48,405,900</b>	<b>45,559,200</b>	<b>45,707,331</b>	<b>148,131</b>	<b>148,131</b>
Appropriations	9,978,100	8,997,700	10,706,486	1,708,786	3,691,557
<b>Appropriations</b>	<b>9,549,200</b>	<b>8,997,700</b>	<b>10,706,486</b>	<b>1,708,786</b>	<b>3,691,557</b>
<b>TOTAL</b>	<b>133,768,300</b>	<b>136,439,200</b>	<b>136,041,598</b>	<b>-397,602</b>	<b>1,846,810</b>
Appropriations	-12,190,300	-11,984,400	-14,866,410	-2,882,010	-2,008,863
<b>Appropriations</b>	<b>-11,781,100</b>	<b>-11,984,400</b>	<b>-14,866,410</b>	<b>-2,882,010</b>	<b>-2,008,863</b>
Capital Related Income	-7,224,100	-5,227,400	-3,332,510	1,894,890	-87,880
<b>Capital Financing Income</b>	<b>-6,743,100</b>	<b>-5,227,400</b>	<b>-3,332,510</b>	<b>1,894,890</b>	<b>-87,880</b>
Customer Fees and Charges	-14,317,200	-13,718,700	-13,806,863	-88,163	-88,163
Government Grants	-43,327,300	-47,702,800	-47,889,154	-186,354	-186,354
Interest	-5,367,500	-5,396,600	-4,264,728	1,131,872	-2,918
Other Grants and Contributions	-3,204,200	-5,372,300	-5,507,505	-135,205	-135,205
Recharges	-24,138,700	-23,038,000	-22,620,072	417,928	417,928
<b>Income</b>	<b>-92,937,500</b>	<b>-95,228,400</b>	<b>-94,088,321</b>	<b>1,140,079</b>	<b>5,289</b>
<b>TOTAL</b>	<b>-109,769,300</b>	<b>-112,440,200</b>	<b>-112,287,241</b>	<b>152,959</b>	<b>-2,091,454</b>
<b>NET REVENUE EXPENDITURE</b>	<b>23,999,000</b>	<b>23,999,000</b>	<b>23,754,357</b>	<b>-244,643</b>	<b>-244,643</b>

Note the underspend of approx £245,000 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 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.



		VALUE				
FACTORS INFLUENCING OUTTURN		£	£			
1	One-off windfalls and unforeseeable savings	(609,259)				
2	Demand led variances	(266,829)				
3	Efficiency savings	(383,330)				
4	Service changes and reductions (inclng delays)	(157,510)				
5	Budget setting issues / errors	(230,152)				
6	Year end adjustments	1,494,854				
7	Other variances (including where reasons are being clarified)	(92,417)	(244,643)			
<b>DETAILED VARIANCE BY SERVICE AREA</b>		£	£	PRT QTR4 Projection £	C/Fwd Request £	Ongoing? £
		Adverse or (Favourable)				
<b>CHIEF EXECUTIVE</b>						
<b>Democratic Services</b>						
4	Electoral Registration : saving on electoral promotions whilst Elections Officer post vacant	(25,300)		(27,100)		
3	Democratic Representation : savings on catering, travel and overview & scrutiny costs	(8,900)				(2,000)
1	Youth Games : refund of grant from previous years	(5,235)		(5,200)	5,200	
4	Civic & Mayoral Expenses : Reduced number of mayoral functions within year	(6,000)		(6,300)		
4	Staffing Costs : Savings for Maternity Leave/external contributions	(8,787)		(9,000)		
7	Other Miscellaneous Variances	1,267	(52,955)	5,100		
<b>Legal &amp; Human Resources</b>						
4	Employee Savings : Maternity Leave / Turnover	(17,850)		(17,900)		
4	Corporate Training : Decision to delay Management Training	(7,814)		(9,000)		
3	Consultants costs	(8,802)				
2	Premises Licences : fewer applications	6,841		7,400		
2	Various Licensing Income	(5,804)				
2	Taxi Inspections : staff recharges	(5,926)				
3	Legal Books & Periodicals : review undertaken and savings achieved	(5,608)		(5,600)		(5,000)
2	Legal & Court Costs : Counsel fees in respect of Town Green application	5,824		9,400		
7	Other Miscellaneous Variances	280	(38,859)	6,000		
<b>Management Team</b>						
7	Other Miscellaneous Variances	1,886	1,886			
<b>COMMUNITY SERVICES</b>						
<b>Environmental Services</b>						
3	Management & Admin : employees savings	(12,370)		(10,000)		
2	Electricity (meter reading errors by supplier)	8,861		9,000		
3	Vehicles : leases, fuel and maintenance savings, net of renewals contributions	(106,911)		(49,000)		?
2	Bulky Waste Collection : Income (fewer collections than estimated)	11,769		10,000		10,000
2	Grounds Maintenance : employees and rechargeable works	(68,488)		(10,000)		(10,000)
3	Street Cleaning : employee savings	(14,103)		(15,200)		(12,000)
3	Public Conveniences : employee savings	(12,348)		(5,400)		
3	Three Stream Waste : employee savings	(51,856)		(45,600)		
3	Trade Refuse : employees, reduced tonnage and retained / additional income	(36,734)		(10,800)		(10,000)
2	Building Cleaning : Reduced level of Equal Pay Claims	(64,363)		(64,000)		
5	Highways additional surplus	(72,007)		(55,000)		?
7	Other Miscellaneous Variances	(20,384)	(438,934)			
<b>Health &amp; Strategic Housing</b>						
3	Private Rented Sector Activity : employee savings	(6,625)		(6,600)		
2	Private Rented Sector Activity: increased demand for HMO and Accredited properties	(6,914)				
3	Strategic Hsg Mgt & Admin : employee savings	(4,198)		(14,600)		
7	Env Protection : slippage in expenditure but reduced fees due to change in charging policy	(5,923)		6,800		9,000
1	Homelessness: employee savings and additional Government Grant	(29,101)		(8,000)	20,000	
3	Food Safety : employee savings	(4,415)				(4,600)
3	Health & Safety Enforcement : Purchase of Computer Software/equipment delayed	(4,527)				
2	Cemeteries : additional income net of additional grounds maintenance costs	(29,542)				(20,000)
2	Pest Control : income down due to adverse weather conditions reducing demand	8,189		7,700		
4	Pest Control : reduced sewer baiting income due to staff availability	9,203				
3	Environmental Health Mgt & Admin : employee savings	(15,091)		(14,600)		(21,000)
7	Other Miscellaneous Variances	(7,456)	(96,400)			
<b>FINANCE AND PERFORMANCE</b>						
<b>Financial Services</b>						
3	Revenues & Benefits : employee savings	(19,707)		(19,000)		
1	NNDR : unused element of new burden grant	(8,247)		(8,200)		
1	Council Tax : additional grant towards consultants costs	(9,600)				
2	NNDR & Council Tax : additional legal and bailiffs fees	13,019				
4	Council Tax : additional postage costs	9,134				
6	Risk Management Reserve : reduced contribution from Reserve	9,300				
1	Central Expenses : Pensions (expected redundancy not actioned)	(9,489)				
6	Central Expenses : additional contrib to Insurance Provision to cover estimated liabilities	59,000				
6	Project Implementation Reserve : Contrib from Reserve (Work delays and vacant posts)	67,233				
6	Renewals Reserve : Contrib from Reserve (Reduced IT Software funding)	21,093				
7	Other Miscellaneous Variances	11,281	143,017	(10,000)		
<b>Information and Customer Services</b>						
3	Printing & Copying Equipment - changes to technology produced additional savings	(14,872)		(4,800)		(10,000)
2	Equipment Maintenance : Project with Preston CC Delayed	(16,610)		(16,600)	16,600	
1	Telephone Maintenance : one off savings relating to previous years	(12,250)				(10,000)
7	Other Miscellaneous Variances	(8,437)	(52,169)			

	£	£	PRT QTR4 Projection £	C/Fwd Request £	Ongoing? £
<b>DETAILED VARIANCE BY SERVICE AREA</b>					
		Adverse or (Favourable)			
<b>REGENERATION</b>					
<b>Community Engagement</b>					
7 Programme Mgt & External Funds Team : employee savings	(14,524)				
7 Communications M&A : recovery of staff costs / Council Magazine income not achieved	10,974				
4 Customer Services M&A : employee savings	(6,738)		(6,800)		
4 Customer Insight	(6,610)			6,600	
4 Community Engagement M&A : employee savings and redundant staff leaving early	(19,909)		(15,800)		
4 Tourism Advertising & Publications : miscellaneous advertising	(5,408)				
2 Holiday activities programme : one off printing savings and additional admissions income	(5,049)				
4 Playschemes : reduced provision due to recruitment issues	(8,059)		(8,200)		
6 Community Cohesion : funded from Reserve and offset by reduced contribution	(21,000)				
7 Local Strategic Partnership : Grant expenditure included LSP Assistant but post not filled	11,038				
5 Tourism service M&A : increase in redundancy costs	12,439				
4 Happy Mount Park : delayed maintenance spend	(3,000)			3,000	
5 Happy Mount Park : changes to concessions income	5,460				?
7 Hornby Pool : employee savings	(6,481)				
7 Carnforth Pool : employee savings and reduced income re cancelled classes	(10,858)				
7 Heysham Pool : employee savings	(4,723)				
2 Dome : additional cost of ice rink and cancellation of shows	12,842				
7 Salt Ayre Sports Centre target savings not achieved	49,097		47,200		
7 Other Miscellaneous Variances	(14,845)	(25,354)	(15,900)		
<b>Regeneration &amp; Policy</b>					
3 Building Control : employee and redundancy payment savings	(46,330)				
2 Building regulations : additional income	(8,680)				
1 Middleton Wood Shell ICI : R&M and electricity savings	(6,601)				
4 Regeneration Team : employee savings	(17,274)				
4 LDF : consultancy and underspend on general services	(38,544)			11,400	
7 Planning M&A : consultancy, advertising and employee savings	(33,733)		(10,700)		
4 Cycle Tracks : R&M underspend	(4,554)				
5 Coast Protection : employee saving and additional capital salaries income	(37,468)				
1 Sea defence works : windfall income from wind farm	(9,260)		(9,300)		
1 Critical ordinary watercourses : R&M savings and additional legacy income	(17,133)		(10,300)		
2 Development Control : additional fee income	(122,554)		(117,800)		
5 Winning Back West End : recharge towards costs for Exemplar Project Properties	(51,950)			24,100	
7 Other Miscellaneous Variances	(7,661)	(401,741)			
<b>Property Services</b>					
7 Off Street Parking : utilities costs savings and reduced spend on cash collection	(24,302)		(8,100)		?
1 Charter Market : additional rental income	(5,217)				
2 Lancaster Market : utilities costs savings and reduced income from stalls rent/service charges	22,526		26,100		?
3 Office Support : employee savings and reduced spend on supplies and services	(9,933)				
2 Municipal Bldgs : energy certificates underspend/extra room hire and refreshments income	(37,113)		(52,800)		?
5 Lancaster Town Hall : utilities costs savings and building cleaning savings	(19,841)				?
5 Computer Annex : utilities due to reduced price being negotiated	(6,516)				?
5 Morecambe Town Hall : utilities due to reduced price being negotiated	(22,872)				?
5 Palatine Hall : utilities costs savings	(5,111)				?
1 Commercial properties : previous years rates rebate	(9,089)				
1 Commercial properties : anticipated rent reduction did not materialise	(19,000)		(19,000)		?
1 Derelict Land : windfall income re cable easement	(16,510)		(16,500)		
1 Commercial Land : dilapidation income higher than expected	(5,300)		(5,300)		
1 Miscellaneous Land : de: minimis capital receipts	(15,380)				
5 Ryelands House : correction of service charge	11,785		10,600		
5 St Leonards House : utilities costs savings	(19,346)		(20,600)		?
5 Lancaster Bus Station : back rent and income not budgeted for	(24,725)		(18,000)		(16,100)
2 Morecambe Market : additional stall rent income	(5,325)				
1 Concessionary Travel : based on estimated outturn and pooling arrangements	(345,823)		8,400		?
2 Property Services R&M : City Museum and LTH ceiling repairs	19,668				
7 Other Miscellaneous Variances	(7,622)	(545,045)			
<b>CORPORATE ACCOUNTS</b>					
<b>Corporate Accounts</b>					
1 Corporate Management : Government Grants (Council Tax)	(10,445)			5,300	
1 Corporate Management : net additional income from VAT reclaim	(58,409)		(37,000)		
1 Other Government Grants : New Burdens Grant	(17,172)			16,800	
6 Reconciling Items : Minimum Revenue Provision (Increase due to Asset Life Method)	13,000				
6 Restructuring Reserve : Contributions from Reserve (Reduction in number of Redundancies)	39,100				
6 Contribution to Revenue Support Reserve	800,000				
6 Net impact of Icelandic Investment impairment transactions	507,128				
7 Other Miscellaneous Variances	(11,290)	1,261,912	(8,600)		
<b>TOTAL NET UNDERSPEND</b>			(244,643)	(674,500)	109,000 (101,700)
<b>Total Provisional Carry Forward Requests</b>				109,000	
<b>TOTAL NET UNDERSPEND, ASSUMING ALL CARRY FORWARD REQUESTS APPROVED</b>					(135,643)

## PROVISIONS AND RESERVES STATEMENT : For Consideration by Cabinet 27 July 2010

### PROVISIONS

	31/03/09	Contributions to Provision	Contributions from Provision	31/03/10
	£	£	£	£
B&D Debts-General Fund	360,442	10,068		370,510
Provision for Stock Write Off	24,708	1,852		26,560
Derelict Land Clawback	56,932			56,932
Equal Pay Provision	100,000		-100,000	0
Insurance Excess	288,750	168,045	-183,378	273,417
Vehicle Provision	94,998		-94,998	0
Williamson Park	100,000			100,000
<b>TOTAL</b>	<b>1,025,830</b>	<b>179,965</b>	<b>-378,376</b>	<b>827,419</b>

### RESERVES

	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	Contributions to Reserve	Contributions from Reserve	31/03/13
	£	£	£	£	£	£	£	£	£	£	£	£	£
Access to Services	139,417		-139,417	0			0			0			0
Allotment Improvements	5,888	3,200	-3,783	5,305	3,200	-8,505	0	3,200	-3,200	0	3,200	-3,200	0
Building Regulation Account	5		-5	0			0			0	3,000		3,000
Business Continuity	50,400		-33,201	17,199			17,199			17,199			17,199
Business Development Scheme	460		-460	0			0			0			0
Capital Support	1,230,974		-723,974	507,000		-7,000	500,000			500,000			500,000
City Lab	43,597	34,414	-25,000	53,011	39,100		92,111	43,700		135,811	44,400		180,211
Community Cohesion	26,000		-12,000	14,000			14,000			14,000			14,000
Concessionary Travel	0	100,000		100,000	200,000		300,000	200,000		500,000	200,000		700,000
Connecting Communities	0	58,000		58,000			58,000			58,000			58,000
Customer First	50,000		-50,000	0			0			0			0
Every Child Matters	27,700		-7,700	20,000		-20,000	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
Housing Benefit Administration	0	48,000		48,000		-25,000	23,000			23,000			23,000
Impairment	0	1,363,493		1,363,493			1,363,493			1,363,493			1,363,493
Job Evaluation	653,497		-42,700	610,797		-271,200	339,597		-285,200	54,397		-49,000	5,397
Marsh Capital	47,677			47,677			47,677			47,677			47,677
Open Spaces Commuted Sums	262,812	10,500	-57,359	215,953		-61,100	154,853		-58,800	96,053		-40,200	55,853
Other Commuted Sums	534,682	659,649	-39,016	1,155,315			1,155,315			1,155,315			1,155,315
Performance Reward Grant	0	239,192		239,192			239,192			239,192			239,192
Revenue Support	0	800,000		800,000			800,000			800,000			800,000
Planning Delivery Grant	174,847	20,835	-106,000	89,682		-84,135	5,547		-5,547	0			0
Priv.Hsg-Rental Deposit Guarantee	2,000			2,000			2,000			2,000			2,000
Project Implementation	196,900		-108,267	88,633			88,633			88,633			88,633
Renewals (all services)	268,641	134,812	-144,698	258,755	119,000	-196,000	181,755	119,000	-104,000	196,755	119,000	-104,000	211,755
Restructuring	943,100	720,000	-989,300	673,800		-470,890	202,910			202,910			202,910
Risk Management	40,983	10,000	-35,000	15,983	10,000		25,983	10,000		35,983	10,000		45,983
Vacant Shops Fund	0	52,631		52,631			52,631			52,631			52,631
<b>TOTAL</b>	<b>4,742,566</b>	<b>4,254,726</b>	<b>-2,517,879</b>	<b>6,479,413</b>	<b>371,300</b>	<b>-1,143,830</b>	<b>5,706,883</b>	<b>375,900</b>	<b>-456,747</b>	<b>5,626,036</b>	<b>379,600</b>	<b>-196,400</b>	<b>5,809,236</b>
General Fund Unallocated Reserve	1,400,071	244,643	-400,000	1,244,714	70,000		1,314,714			1,314,714			1,314,714

NOTE : Future years contributions to and from reserves have been updated following outturn and taking account of other recent Member decisions.

**CONTROLLABLE OVERSPENDS GREATER THAN £5,000**  
**For Consideration by Cabinet 27 July 2010**

SERVICE	DETAILS		BUDGET	ACTUAL	OVERSPEND	EXPLANATION / ACTION
Community Engagement	Salt Ayre Sports Centre	Savings Target	£ -119,000	£ -96,300	£ 22,700	Against the original savings target of £119K there was an overall shortfall of £47K of which £22.7K was deemed controllable. <b>It is recommended that the £22.7K be carried forward into 2010/11.</b>
Community Engagement	Communications	Income Generation	£ -14,800	£ -6,930	£ 7,870	The income budget for Communications has not been met in 2009/10. The budget was originally established to offset an increase in staffing, on the basis that future staffing levels would be amended should it be that ongoing income targets could not be met. Since then, however, annual savings of £61K have been budgeted for marketing & communications and subject to this being achieved, no further action is recommended.
Community Engagement	The Dome	Net Cost	£ 78,600	£ 91,442	£ 12,842	There was an additional £8K cost as a result of the ice rink, in addition to lost revenue from cancelled shows. No further action is recommended as the venue is now closed.
Environmental Services	Grounds Maintenance	Overtime	£ 14,000	£ 21,917	£ 7,917	Increased overtime due to staff vacancies - offset by savings on salary budget. No further action recommended.
Environmental Services	Three Stream Waste	Contracted Services	£ 31,700	£ 42,678	£ 10,978	Additional contract staff employed - offset by savings on vacant posts and savings on overtime. No further action recommended.
Democratic Services	Elections	City Council Elections	£ 5,900	£ 11,032	£ 5,132	Additional printing costs relating to the Morecambe Parish elections, together with printing for additional by-election. Elections overall £2K overspent and Democratic Services £50K underspent. No further action recommended.
Regeneration & Policy	Planning Mgt & Admin	Car Allowances	£ 28,000	£ 33,119	£ 5,119	Morecambe based staff now at Lancaster claiming travel exps for projects in Morecambe in addition to more planning application resulting in more mileage. Overall planning application fee income was up by £122K. No further action recommended.
Financial Services	Council Tax	Postages	£ 4,700	£ 13,834	£ 9,134	Additional cost of re-billing for 2009-10, but mostly offset by savings of £8K elsewhere on the section. No further action recommended.
Property Services	Municipal Buildings	Repair and Maintenance	£ 592,800	£ 612,507	£ 19,707	Emergency works as a result of ceiling collapses in Lancaster Town Hall and the City Museum resulted in additional costs being incurred in the last quarter of the year, at a time when it was not possible to reschedule sufficient works as they were already committed. The cost of the emergency works was in excess of £26K and savings have been achieved wherever possible to bring the net overspend down to less than £20K. Overall Property Services was underspent by £545K. No further action recommended as the works were as a result of emergencies and reductions in costs were made wherever possible.
Council Housing (HRA)	Responsive Maintenance	Repair and Maintenance	£ 2,048,100	£ 2,408,252	£ 360,152	Works done on all void properties due to the condition on termination of tenancy and the increased number of voids has resulted in additional costs. In addition, unrecoverable insurance and rechargeable repair costs have also added to the overspend. This account was also overspent by £187K in 2008/09 and whilst the impact on the HRA in the current year may be offset by savings on financing the capital programme it demonstrates a clear need for more accurate monitoring and control of the budget. It is <b>not</b> recommended that the overspend be carried forward as this would have a detrimental affect on the need to maintain properties and ensure they are fit for re-letting. However, it is recommended that improved monitoring and reporting arrangements are put in place and that this account be specifically highlighted within the quarterly PRT reports. Budget and Performance Panel will be requested to consider whether they wish to include this specifically in their work programme.
Council Housing (HRA)	Insurance Repairs	Net Cost	£ 0	£ 40,100	£ 40,100	Cost charged to insurance repairs should all be fully recoverable from the insurers, however during 2009/10 delays in charging costs and making complete claims to the insurers has resulted in unrecoverable costs of £40K being incurred. It can be seen from the above items that unrecoverable costs relating to insurance claims are not being recorded consistently. Work has already started on improving the internal recording and monitoring systems to ensure the problem does not recur. No further action recommended.

## 2009/10 REQUESTS FOR CARRY FORWARD

For consideration by Cabinet on 27 July 2010

### General Fund

Number	Service	Budget	Carry Forward Request £	
1	Health and Strategic Housing	Homelessness	20,000	FC
2	Democratic Services	Youth Games	5,200	
3	Financial Services	New Burdens Grant (Council Tax Billing)	5,300	
4	Community Engagement	Customer Insight	6,600	
5	Community Engagement	Happy Mount Park	3,000	
6	Regeneration and Policy	Winning Back the West End	24,100	FC
7	Regeneration and Policy	Local Development Framework	28,200	FC
8	Information Services	Equipment Maintenance	16,600	FC
			<b>109,000</b>	

### Housing Revenue Account

9	Council Housing	Anti Social Behaviour	6,000	
10	Council Housing	Mgt & Admin - printing & stationery	7,700	
11	Council Housing	Additional grant income re Choice Based Lettings	60,500	FC
12	Council Housing	Consultancy	10,000	
13	Council Housing	Planned Maintenance - Electrical Inspections	25,500	FC
			<b>109,700</b>	

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

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

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>HEALTH AND STRATEGIC HOUSING</b>
<b>BUDGET HEADING</b>	<b>HOMELESSNESS</b>
<b>AMOUNT</b>	<b>£20,000</b>

1
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### **The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

The CLG only gave notification in mid March that they had awarded the council extra Homelessness Grant funding due to our outstanding performance during the 09/10 year. The funding (£20,000) was received by the council at the end of March 2010, making it impossible to spend within 09/10.

We remain heavily committed to the homelessness prevention initiatives and use this funding as an "invest to save" pot. The funding is used to prevent individuals or families from being evicted from private rented tenancies or to secure a private rented tenancy through a bond or deposit. This funding would prevent up to 40 households becoming homeless.

Although not a ring fenced grant, CLG have stated there is an expectation that it should be spent on homeless prevention initiatives.

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

Without this funding, the council will be able to assist less households and it is likely that more households would be accepted as statutorily homeless. This involves more work for the homeless officers and could incur an increase in the Bed and Breakfast budget.

Performance against targets would probably suffer as prevention has been key to the achievements of targets over the last few years.

### **Financial Services Comments**

The carry forward request can be funded from the balance remaining on the Homelessness Account in 2009/10 amounting to £29,100. As the request is in excess of £10,000 then full Council approval will be required.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>DEMOCRATIC SERVICES</b>
<b>BUDGET HEADING</b>	<b>Youth Games - Income</b>
<b>AMOUNT</b>	<b>£5,200</b>

2
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### **The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

In October 2008 it was agreed to request the return of any outstanding funds held for grant purposes from the Lancaster, Morecambe & District Sports Council following the termination of the SLA with the Council in relation to future International Youth Games events.

The Sports Council was wound up shortly afterwards and it has taken some time to obtain details of their accounts and the money owing.

Finally in March 2010 the former Sports Council bank account was closed and all monies remaining transferred to the City Council.

Whilst some of the £5,234.65 received can be traced back to unused grant from the City Council this also includes funds received by the Sports Council from other sources which need to be identified and the money returned.

Since the money was received towards the end of the last financial year and there was insufficient time to complete the analysis due to other priorities, a carry forward into 2010/11 of the full amount is requested so that this can be done and monies owed elsewhere paid to their rightful owner.

The sum identified as being unused Council grant will then fall into balances.

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

The Council must return any sums identified as belonging to other organisations or individuals and if the carry forward is not approved, the budget will not be available to do this.

### **Financial Services Comments**

The Council received an additional income amount of £5,234.65 in 2009/10 and it is requested that this amount be carried forward to 2010/11 in order to identify how the amount is split out between funders and repaid to the relevant organisations.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>FINANCIAL SERVICES</b>
<b>BUDGET HEADING</b>	<b>New Burdens Grant (Council Tax Billing)</b>
<b>AMOUNT</b>	<b>£5,300</b>

3
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

This is an additional grant received to cover recurring and additional costs associated with Council Tax billing. The grant was received in March 2010 and was going to be used to fund new software to produce the council tax bills for 2012/13. This project was due to start in March but was unfortunately delayed until April.

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

The project is budgeted to cost £25,000 and additional funding would need to be identified, in addition the additional grant received in 2009/10 would need to be repaid back to government thus incurring an extra cost of £5,200 in 2010/11.

**Financial Services Comments**

The carry forward can be funded from the total £10,400 additional grant income received in 2009/10.



## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>Community Engagement – Customer Services</b>
<b>BUDGET HEADING</b>	<b>Customer Insight</b>
<b>AMOUNT</b>	<b>£6,600</b>

4

### The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.

The spend did not occur in 2009/10 due to lack of resource in Customer Services due to longstanding vacancies. These have now been filled.

This work is needed because:

- We have not proactively asked our citizens their views on our customer service since 2008. As customer service is often the area of the council customers deal with most this can play a key role in their perception of the council overall.
- The information provided is needed to inform a number of important decisions around the following - service levels, demonstration of value for money, identification of where savings can be made, opening hours.
- We know that migration to cheaper channels e.g. internet, phone will help us achieve savings however we need to know why and how citizens are happy to use them.
- In addition this research will contribute to how we shape and develop our existing partnership working with Lancashire County Council and other public sector partners.

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

The implications for service delivery if the carry forward is not approved are:

- We will not be able to make informed decisions around how we deliver customer service.
- We may waste time and money adopting delivery channel solutions that are not acceptable to our customers.
- We risk not being able to make savings where acceptable to customers.
- We will lack the customer insight to work effectively with our public sector partners.

### Financial Services Comments

There was an underspend of £6,600 in 2009/10 on the Services - Customer Insight budget of £7,500.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>Community Engagement- Wellbeing</b>
<b>BUDGET HEADING</b>	<b>Happy Mount Park</b>
<b>AMOUNT</b>	<b>£3,000</b>

5
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

We would normally have the contract maintenance carried out in March for the plant room for upcoming season of the splashpark. This year additional repairs were required prior to this work being commissioned which resulted in the work running into 2010.

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

The next seasons budget will not be available at a time when the commissioning / contract maintenance is required.

**Financial Services Comments**

Happy Mount Park had a net overspend of £5,400 at outturn which was mainly due to delays in completing re-negotiated rent agreements, plus overspends on electricity and equipment maintenance.

However, included in the net overspend was one specific underspend of £3,000 relating to contract maintenance which had not taken place due to timing issues. As a result there will be two charges totalling £6,000 during 2010/11 against a budget of £3,000, which would result in an overspend should the carry forward request not be approved.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	Regeneration and Policy
<b>BUDGET HEADING</b>	Winning Back West End
<b>AMOUNT</b>	£24,100

6
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

HCA grant funding held for ongoing project costs while project is in a state of re-appraisal following selected developer retracting their bid for the site.

LCC are contracted and bound by the funding agreement to develop and appraise an alternative option which is ongoing. In the meantime the properties continue to incur management costs.

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

If the costs can not be met with HCA funds the council will have to meet the costs.

**Financial Services Comments**

The carry forward request can be funded from the balance remaining on the Property Account in 2009/10 amounting to £52,000. As the request is in excess of £10,000 then full Council approval will be required.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>REGENERATION &amp; POLICY</b>
<b>BUDGET HEADING</b>	<b>LOCAL DEVELOPMENT FRAMEWORK</b>
<b>AMOUNT</b>	<b>£28,200</b>

7
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### The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.

The General Fund Revenue Budget for 2009/10 was updated to take account of both Income and Expenditure following the receipt of The New Burdens (Habitats Regulations Assessments and Climate Change Planning Policy Statement) Payment from the CLG. The Grant is intended to compensate local planning authorities for additional work that must be undertaken because of the presence of designated European Sites\* within their boundaries.

Via a Cabinet Member Decision the Council resolved to include the New Burdens Payment within the Local Development Framework budget as the grant is being deployed to pay Hyder, an Environmental Consultancy, to undertake Sustainability Appraisal (SA); Strategic Environmental Assessment (SEA), and Habitats Regulation Assessment (HRA) all designed to ensure that objective consideration is given to protecting European Sites from potential impacts of development proposed in forthcoming Local Development Documents.

\* Lancaster District has four "European Sites":

- Morecambe Bay SAC/SPA/Ramsar;
- Morecambe Bay Pavements SAC;
- Bowland Fells SPA;
- Leighton Moss SPA and Ramsar.

Two payments have been made to Hyder in 2009/10 and it was thought that further payments would have been made but progress on preparing Local Development Documents has been slower than previously anticipated because of competing activities, particularly the need to accommodate the Strategic Housing function within the Planning and Housing Policy Team. The request is that the New Burdens grant is carried forward to 2010/11 to finance further work to be undertaken by Hyder.

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

If the Local Development Framework documents are not advanced, the Council will be vulnerable to planning permissions being granted on appeal for inappropriate sites, as the development industry recovers.

Housing and Planning Delivery Grant has been used to fund this type of LDF work in the past.

### Financial Services Comments

The 2009/10 budget was updated via a Cabinet Member Decision for the first instalment of a grant allocation of £16,800 for planning for climate change. Of this allocation there is currently an underspend of £11,400 which is committed. In addition, the second grant allocation of £16,800 was received in March 2010, however this is not currently committed. It should be noted that the planning for climate change grant is not a ringfenced grant.

The request is for both amounts totalling £28,200 to be carried forward into 2010/11.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	Information Services
<b>BUDGET HEADING</b>	Equipment Maintenance
<b>AMOUNT</b>	£16,600

8

**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

This spend was due to take place in relation to the joint project between Lancaster and Preston City Councils in order to provide disaster recovery and backup facilities remotely for each other. The project was delayed while Preston obtained additional funding for an enhanced link between the two sites.

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

If this does not go ahead then the future ongoing annual savings of £10,000 already identified against Disaster Recovery will not be realised. As well as extending the current disaster recovery contract we will also have to purchase additional disk space because this project also provides for an amount of near line archiving.

**Financial Services Comments**

There was an underspend of £16,600 in 2009/10 on the Equipment Maintenance budget of £26,000 and it is requested that this underspend is carried forward to 2010/11 and utilised to fund the disaster recovery project in conjunction with Preston City Council. As the request is in excess of £10,000 then full Council approval will be required.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>COUNCIL HOUSING</b>
<b>BUDGET HEADING</b>	<b>ANTI SOCIAL BEHAVIOUR</b>
<b>AMOUNT</b>	<b>£6,000</b>

9
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

Republishing of ASB Policy & Strategy was scheduled for 2009/2010, but was delayed because of the possible introduction of minimum standards for tackling ASB across the Community Safety Partnership.

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

Landlords are required to publish their ASB policies and procedures (Section 218A, housing Act 1996). Without the carry forward, we would be unable to fund the publication of revised policies and tenants would not be aware of current standards and procedures.

**Financial Services Comments**

The carry forward can be funded from the £6,000 under spend on this budget in 2009/10.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	Council Housing
<b>BUDGET HEADING</b>	Mgt & Admin – Printing & Stationery
<b>AMOUNT</b>	£7,700

10
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

In 2009/10, the Council has agreed to implement Choice Based Lettings. This will be introduced later in 2010/2011, and will require the printing of a significant amount of new stationery, application forms and literature to publicise the scheme.

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

Failure to properly publicise the scheme would result in a low take up and a failure to ensure that the new scheme is accessed by those families in the greatest housing need.

**Financial Services Comments**

The carry forward can be funded from the under spend on this budget in 2009/10 of £7,800.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>COUNCIL HOUSING</b>
<b>BUDGET HEADING</b>	<b>Mgt &amp; Admin – Grant Income</b>
<b>AMOUNT</b>	<b>£60,500</b>

11
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

Grant received from CLG in respect of Choice Based lettings project 2010/11. The majority of the spend will relate to purchase of specialised software required for CBL implementation.

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

Unable to deliver Choice Based Lettings which is a government target and council priority.

**Financial Services Comments**

A grant allocation of £60,500 was received in 2009/10 for the implementation of Choice Based Letting. The carry forward request can be funded from the total net underspend on this account of £64,000. As the request is in excess of £10,000 then full Council approval will be required.



## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>COUNCIL HOUSING</b>
<b>BUDGET HEADING</b>	<b>Consultancy</b>
<b>AMOUNT</b>	<b>£10,000</b>

12
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**The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.**

The Government have proposed to Review the Council Housing Finance system to make it fairer for both the tenant and taxpayer. There were delays in the publications of the proposals and the long awaited, consultation document 'Council Housing: a real future - prospectus' was finally published on 24<sup>th</sup> March 2010, for which the consultation period ends on the 6<sup>th</sup> July 2010. The work has to be carried out to enable us to respond to the Governments proposals.

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

Unable to fulfil the requirements of the Housing Revenue Account financial review which is a government priority.

**Financial Services Comments**

The underspend in 2009/10 was £10,000. The carry forward request can be accommodated within this.

## 2009/10 REQUESTS FOR CARRY FORWARD

<b>SERVICE</b>	<b>COUNCIL HOUSING</b>
<b>BUDGET HEADING</b>	<b>Planned Maintenance - Electrical Inspections</b>
<b>AMOUNT</b>	<b>£25,500</b>

13
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<b>The reasons why the spend didn't occur during 2009/10 and why we are still committed to doing this work in 2010/11.</b>
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Contract was not let until later in the financial year than was originally anticipated and thus it was not possible to complete works by 31 <sup>st</sup> March 2010.
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<b>What the implications for service delivery will be if the carry forward is not approved.</b>
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The contract sum is committed and without the carry forward, would mean that electrical inspections identified for 2010/11 will not be completed.
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<b>Financial Services Comments</b>
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The overall net underspend on Planned Maintenance in 2009/10 was £72,500. The carry forward request can be accommodated within this.
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As the request is in excess of £10,000 then full Council approval will be required.
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Lancaster City Council - Capital Expenditure 2009/10  
For Consideration by Cabinet 27th July 2010

APPENDIX H

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure to be financed in 2009/10	SCHEME FINANCING				TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
			GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	
<b>COUNCIL HOUSING</b>								
Environmental / Crime Prevention works	444,000	341,398.46				341,398.46	0.00	
External Refurbishment	1,300,000	1,144,450.84				1,144,450.84	0.00	
Energy Efficiency works	540,000	567,097.32	8,208.22	12,539.40	546,349.70	567,097.32	0.00	
Bathroom/Kitchen Improvements	497,000	437,322.57				395,093.25	42,229.32	
Rewiring	54,000	54,100.96				54,100.96	0.00	
Renewal of Heaters	45,000	37,833.11				37,833.11	0.00	
Re-roofing Works	520,000	487,230.85			472,117.56	15,113.29	0.00	
Adaptations	250,000	316,206.09				316,206.09	0.00	
Purchase of Non Sheltered Scheme Equipment	0	9,980.65				9,980.65	0.00	
IT Replacement	83,000	19,800.00			19,800.00	19,800.00	0.00	
Central Control Equipment	100,000	64,501.12		64,501.12		64,501.12	0.00	
Prospect Grove Office Conversion	15,000	28,438.77			28,438.77	28,438.77	0.00	
<b>TOTAL - HRA</b>	<b>3,848,000</b>	<b>3,508,361</b>	<b>8,208.22</b>	<b>77,040.52</b>	<b>1,076,686.68</b>	<b>2,304,196.00</b>	<b>42,229.32</b>	

GENERAL FUND	Revised Estimate	Expenditure to be financed in 2009/10	SCHEME FINANCING				TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
			GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	
<b>CITY CONTRACT (DIRECT) SERVICES</b>								
Communities Against Drugs	0	0.00	19,981.67				-19,981.67	
Vehicle Purchases	580,700	579,991.16	72,250.00			72,250.00	507,741.16	
Marketgate Toilet Refurbishment	45,000	44,878.22				0.00	44,878.22	
Fairfield Allotments	23,000	26,713.66	24,330.50			24,330.50	2,383.16	
	648,700	651,583.04	116,562.17	0.00	0.00	116,562.17	535,020.87	
<b>COMMUNITY ENGAGEMENT</b>								
Happy Mount Park Natural Adventure	121,000	90,153.00	83,153.00	5,000.00	2,000.00	90,153.00	0.00	
The Dome Demolition	20,000	0.00				0.00	0.00	
Energy Efficiency Schemes	29,000	26,833.68			17,000.00	17,000.00	9,833.68	
Port of Heysham Site 4 Access Improvements	5,000	0.00	-23.00			-23.00	23.00	
Storey Institute for Industries	55,700	11,000.00	11,000.00			11,000.00	0.00	
Lancaster Hub TIC Refurbishment	12,000	13,677.35			3,700.00	3,700.00	9,977.35	
<b>Sub-Total</b>	<b>242,700</b>	<b>141,664.03</b>	<b>94,130.00</b>	<b>5,000.00</b>	<b>22,700.00</b>	<b>121,830.00</b>	<b>19,834.03</b>	
<b>HEALTH &amp; STRATEGIC HOUSING</b>								
Disabled Facilities Grants	1,089,000	1,088,735.46	1,088,735.46			1,088,735.46	0.00	
YMCA Places of Change	1,496,000	713,197.80	713,197.80			713,197.80	0.00	
District Wide Home Assistance	49,000	48,503.73	7,952.62			7,952.62	40,551.11	
Bold Street Renovation Scheme	596,000	126,851.99	126,851.99			126,851.99	0.00	
Clarendon Road Car Park	1,000	1,192.04	1,192.04			1,192.04	0.00	
Clarendon/West End Rd Rear Yard Wall	25,000	24,026.54	24,026.54			24,026.54	0.00	
Marlborough Road Demolition	17,000	18,000.00	18,000.00			18,000.00	0.00	
Marlborough Road Redevelopment	95,000	0.00				0.00	0.00	
Westend Flats	34,000	125,608.93	125,608.93			125,608.93	0.00	
Poulton Public Realm	40,000	0.00				0.00	0.00	
Business Continuity Fall Back Facilities-SASC	25,000	20,200.51		20,200.51		20,200.51	0.00	
EP Exemplar Project	0	53,625.00				0.00	53,625.00	
Primrose Street Group Repairs/Renovation	25,000	19,593.20	19,593.20			19,593.20	0.00	
Euston Road Group Repairs	10,000	6,380.88	6,380.88			6,380.88	0.00	
Renovation Grants	0	4,979.24	4,979.24			4,979.24	0.00	
<b>Sub-Total</b>	<b>3,502,000</b>	<b>2,250,895.32</b>	<b>2,136,519</b>	<b>20,200.51</b>	<b>0.00</b>	<b>2,156,719.21</b>	<b>94,176.11</b>	
<b>INFORMATION SERVICES</b>								
I.T. Application Systems Renewal	34,000	27,448.00		27,448.00		27,448.00	0.00	
I.T Desktop Equipment	15,000	14,959.48		14,959.48		14,959.48	0.00	
<b>Sub-Total</b>	<b>49,000</b>	<b>42,407.48</b>	<b>0.00</b>	<b>42,407.48</b>	<b>0.00</b>	<b>42,407.48</b>	<b>0.00</b>	
<b>REGENERATION &amp; POLICY</b>								
Morecambe Scheme 6	0	0.00	-3,136.76			-3,136.76	3,136.76	
Cycling England	701,000	709,492.62	709,492.06		3,000.00	712,492.06	-2,999.44	
Luneside East-Land Acquisition	130,000	0.00	-1.00			-1.00	1.00	
Morecambe Townscape Heritage Initiative (THI)	292,000	-17,441.74	-15,940.15			-15,940.15	-1,501.59	
Strategic Monitoring (River & Sea Defences)	100,000	54,818.56	48,542.56			48,542.56	6,276.00	
Luneside East Compensation Claims	487,000	425,695.31	914.96	252,000.00		252,914.96	172,780.35	
Harbour Band Arena	0	-909.32				0.00	-909.32	
Mill Head Warton (Flood Defences)	453,000	350,695.53	345,546.53			345,546.53	5,149.00	
Wave Reflection Wall Refurbishment	22,000	3,624.00	2,810.00			2,810.00	814.00	
Artle Beck Improvements (Flood Defences)	55,000	17,390.00	16,138.00			16,138.00	1,252.00	
Lancaster Science Park	2,167,000	2,167,815.00	2,167,815.00			2,167,815.00	0.00	
Slyndale Culvert	47,000	21,034.00	19,658.00			19,658.00	1,376.00	
SSCF Promenade	0	0.00	-213.00			-213.00	213.00	
Public Realm Works	21,000	12,286.03	4,153.76			4,153.76	8,132.27	
Capital Grants to Vision Partners	0	9,287.00	9,287.00			9,287.00	0.00	
<b>Sub-Total</b>	<b>4,475,000</b>	<b>3,753,786.99</b>	<b>3,305,066.96</b>	<b>252,000.00</b>	<b>3,000.00</b>	<b>3,560,066.96</b>	<b>193,720.03</b>	
<b>PROPERTY SERVICES</b>								
Customer Service Centres	16,000	16,348.00				0.00	16,348.00	
Fire Safety Works	76,000	73,927.18				0.00	73,927.18	
Corporate and Municiple Building Works	122,000	0.00				0.00	0.00	
St Leonards House Electrics	105,000	95,862.68				0.00	95,862.68	
Festival Market Electrical Works	19,000	21,892.61				0.00	21,892.61	
67-71 Market Street Works	130,000	97,000.00				0.00	97,000.00	
Ashton Hall Ceiling Restoration	90,000	90,771.62				0.00	90,771.62	
Old Fire Station Renovation works	47,000	40,164.15				0.00	40,164.15	
Municiple Buildings Ceiling Works	71,000	48,020.00				0.00	48,020.00	
Cat 1 Remedial Electrical Works	14,000	16,028.90				0.00	16,028.90	
MTH Emergency Electrical Works	336,000	24,204.00				0.00	24,204.00	
<b>Sub-Total</b>	<b>1,026,000</b>	<b>524,219.14</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>524,219.14</b>	
<b>FINANCIAL SERVICES</b>								
Icelandic Bank Impairment	2,047,000	2,100,000.00				0.00	2,100,000.00	
<b>Sub-Total</b>	<b>2,047,000</b>	<b>2,100,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,100,000.00</b>	
<b>TOTAL - GENERAL FUND</b>	<b>11,990,400</b>	<b>9,464,556.00</b>	<b>5,652,277.83</b>	<b>319,607.99</b>	<b>25,700.00</b>	<b>5,997,585.82</b>	<b>3,466,970.18</b>	

**GENERAL FUND****HOUSING REVENUE ACCOUNT****TOTAL CAPITAL EXPENDITURE &  
FINANCING**

Revised Estimate	Expenditure to be financed in 2009/10	GRANT	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
£	£	£	£	£	£	£	£
11,990,400	9,464,556.00	5,652,277.83	319,607.99	25,700.00	0.00	5,997,585.82	3,466,970.18
3,848,000	3,508,360.74	8,208.22	77,040.52	1,076,686.68	2,304,196.00	3,466,131.42	42,229.32
<b>15,838,400</b>	<b>12,972,916.74</b>	<b>5,660,486.05</b>	<b>396,648.51</b>	<b>1,102,386.68</b>	<b>2,304,196.00</b>	<b>9,463,717.24</b>	<b>3,509,199.50</b>

<b>2009/10 CAPITAL EXPENDITURE FINANCING</b>	Housing Revenue Account	General Fund	Grand Total for all Funds
	£	£	£
<b>Amounts to be financed by General Capital Resources</b>	42,229.32	3,466,970.18	3,509,199.50
<b>Financed by:</b>			
<b>Unsupported Borrowing (Capitalisation Directive)</b>	0.00	2,100,000.00	2,100,000.00
<b>Usable Capital Receipts</b>	42,229.32	1,366,970.18	1,409,199.50
<b>Total Financing from General Capital Resources</b>	42,229.32	3,466,970.18	3,509,199.50

**CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2010/11**  
**For consideration by Cabinet 27th July 2010**

	Slippage Requested	Source of Funding:		
		LCC Funded	Grant / Contributions	Total
	£	£	£	£
<b>COMMUNITY ENGAGEMENT</b>				
Natural Adventure	31,000	0	31,000	31,000
The Dome Emergency Works & Demolition	20,000	20,000	0	20,000
Energy Efficiency Schemes	2,000	2,000	0	2,000
Storey Institute Centre for Industries	45,000	0	45,000	45,000
<b>SUB -TOTAL</b>	<b>98,000</b>	<b>22,000</b>	<b>76,000</b>	<b>98,000</b>
<b>HEALTH &amp; STRATEGIC HOUSING</b>				
YMCA Places of Change	783,000	0	783,000	783,000
Bold Street Renovation Scheme	359,000	0	359,000	359,000
Clarendon Rd/West End Rd Rear Yard Wall	1,000	0	1,000	1,000
Marlborough Road Adactus Project	89,000	0	89,000	89,000
Adactus Top-Up Grants	18,000	0	18,000	18,000
Edward Street/ Union Street Renovations	25,000	0	25,000	25,000
Primrose Street	5,000	0	5,000	5,000
Euston Road Group Repairs	4,000	0	4,000	4,000
<b>SUB -TOTAL</b>	<b>1,284,000</b>	<b>0</b>	<b>1,284,000</b>	<b>1,284,000</b>
<b>INFORMATION SERVICES</b>				
Application System Renewal	7,000	7,000	0	7,000
<b>SUB -TOTAL</b>	<b>7,000</b>	<b>7,000</b>	<b>0</b>	<b>7,000</b>
<b>REGENERATION &amp; POLICY</b>				
Cycling England	4,000	4,000	0	4,000
Luneside East - Land Acquisition	130,000	130,000	0	130,000
Strategic Monitoring Baywide	20,000	0	20,000	20,000
Luneside East Compensation	61,000	61,000	0	61,000
Mill Head Warton Flood Alleviation	102,000	0	102,000	102,000
Wave Reflection Wall	18,000	0	18,000	18,000
Artle Beck Improvements	41,000	0	41,000	41,000
Slyndale Culvert	23,000	0	23,000	23,000
SSCF Public Realm	13,000	13,000	0	13,000
<b>SUB -TOTAL</b>	<b>412,000</b>	<b>208,000</b>	<b>204,000</b>	<b>412,000</b>
<b>PROPERTY SERVICES</b>				
Fire Safety Works	2,000	2,000	0	2,000
Corporate and Municipal Building Works	116,000	116,000	0	116,000
St Leonards House Electrics	9,000	9,000	0	9,000
67-71 Market Street	33,000	33,000	0	33,000
Old Fire Station Renovation Works	7,000	7,000	0	7,000
Municipal Buildings Ceiling Works	23,000	23,000	0	23,000
Emergency Electrical Works	312,000	312,000	0	312,000
<b>SUB -TOTAL</b>	<b>502,000</b>	<b>502,000</b>	<b>0</b>	<b>502,000</b>
<b>GENERAL FUND TOTAL</b>	<b>2,303,000</b>	<b>739,000</b>	<b>1,564,000</b>	<b>2,303,000</b>
<b>Council Housing</b>				
Ridge Estate (P1) Bathroom/Kitchen Improvements	59,000	59,000	0	59,000
Kingsway (P2) External Refurbishment	181,000	181,000	0	181,000
Mainway Renewal of Heaters	6,000	6,000	0	6,000
Vale Estate Environmental / Crime Prevention Works	58,000	58,000	0	58,000
Ryelands Estate Environmental / Crime Prevention Works	49,000	49,000	0	49,000
Vale Estate Re-roofing	12,000	12,000	0	12,000
Central Control Equipment	19,000	19,000	0	19,000
<b>COUNCIL HOUSING TOTAL</b>	<b>384,000</b>	<b>384,000</b>	<b>0</b>	<b>384,000</b>
<b>Other programme changes</b>				
<b>Reductions to 2010/11 programme, to provide for unbudgeted spend in 2009/10</b>				
General fund housing programme (RHP funded)	110,000	0	110,000	110,000
<b>Total</b>	<b>110,000</b>	<b>0</b>	<b>110,000</b>	<b>110,000</b>

## APPENDIX K

## PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

### For consideration by Cabinet 27th July 2010

**AFFORDABILITY**

2009/10

<b>PI 2:</b> Actual ratio of financing cost to net revenue stream	Non - HRA	11.7%
	HRA	8.4%
	Overall	10.7%

**PRUDENCE**

<b>PI 7:</b> Actual capital expenditure	Non - HRA	9,465
	HRA	3,508
	Total	12,973

<b>PI 9:</b> Actual Capital Financing Requirement	Non - HRA	31,073
	HRA	15,303
	Total	46,376

<b>PI 12:</b> Actual external debt		39,215
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<b>CABINET</b>
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**Budget and Policy Framework Process 2011/12  
27 July 2010**

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

<b>PURPOSE OF REPORT</b>			
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	<input checked="" type="checkbox"/>
Date Included in Forward Plan	N/A		
This report is public			

**RECOMMENDATIONS OF CLLR LANGHORN :**

- 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 2011/12 Budget be approved.
- 2 That the arrangements in place for reviewing and updating the other Policy Framework documents referred to in section 3 of the report be noted.

**REPORT**

**1.0 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 in order to consider if they are still appropriate.
- 1.2 This 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).

## **2.0 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 last year a full public consultation exercise took place to inform the refresh of the Corporate Plan and also to guide the budget process. The Cabinet's subsequent draft corporate priorities and related budget proposals were then scrutinised by the Budget and Performance Panel at their meeting in January 2010.
- 2.3 The Council's current Corporate Plan is very closely aligned to the LDLSP's Sustainable Community Strategy (SCS) and the Lancashire Local Area Agreement priorities. It should be noted that this year, the LDLSP will undertake a refresh of the SCS and that this will almost certainly impact on the City Council's own review of the existing corporate plan priorities. The LDLSP review of the SCS will take into account the current economic climate and the changing landscape in terms of where strategic decision-making takes place. Emerging government legislation is impacting at both national, regional, sub regional and local levels and as such, the district's SCS will need to take this into account. The current economic climate will also have a significant impact on the district's future priority setting. At present, the timetable for the SCS refresh is not known but it is likely that the Community Engagement Framework, approved last year, will be used by the LDLSP for this purpose. As a consequence, it is proposed that the council works closely with the LDLSP to ensure that no duplication in consultation takes place. It is further proposed that the refresh of the SCS is used to review the corporate plan priorities that will be used to guide the 2011/12 budget process.
- 2.4 A provisional timetable therefore, for approving the 2011/12 Corporate Plan and related budget, 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 and in particular to the Government's Comprehensive Spending Review that is due to take place in October.

## **3.0 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)
- As reported above, the SCS will be subject to a refresh during this year with a view to approving a new SCS to be effective from 2011/12. The city council will through its representation on the LDLSP contribute fully to this process and use the outcome to inform its own review of its Corporate Plan priorities.
- (b) Community Safety Partnership Plan



The current Community Safety Plan agreed by the CSP covers the period up to 31<sup>st</sup> March 2011. The CSP reviews this plan annually based on a Strategic Assessment which sets out an analytical report on crime and disorder across the district. The Plan has been reviewed for the financial year 2010/2011 and agreed by the CSP. The Plan will be brought back to council for endorsement at the appropriate time in the budget process.

(c) Housing Strategy

The current Housing Strategy runs until 2009 and preparation has already begun on its refresh. The revised strategy will be incorporated within a wider Regeneration strategy and will take a localised perspective from the Mid Lancashire MAA's approach to housing. It will also address the housing implications related to any future new nuclear build proposals should the nomination at Heysham be agreed by Government. The draft revised strategy will be brought to members for consideration when ready. It is also possible that the outcome of the review of Housing Finance could have bearing on some aspects of future strategy.

(d) Local Development Framework Documents

Council approved the Local Development Framework core strategy in July 2008. 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, work is now progressing on the Land Allocations, and development management policies together with an Area Action Plan for Morecambe. Initial reports are expected to be made to cabinet covering these areas in the Autumn. With the abolition of Regional Spatial Strategies and responsibility for setting housing targets being vested in District and Unitary Authorities this work has become a priority.

(e) Economic Vision (Regeneration Strategy)

There is a need to prepare a new form of Regeneration Strategy. Such a strategy will have to match with the current economic climate and reductions in public spending, however. Officers have begun the preparation of a revised strategy which will for the first time incorporate the housing and other relevant strategies within it as an integral part. It is hoped to present the new draft strategy to Members in the Autumn for their consideration.

- 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 broadly it is proposed to continue with this practice, albeit that given the number of Government announcements being made regarding funding reductions and the timing of the next Comprehensive Spending Review, an interim update is scheduled for the August Cabinet meeting, with the full review to be reported in November. This has been included in the timetable attached at **Appendix A**. The reviews will also

cover the capital investment elements of the strategy, which drive 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 the appendix 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 and included on this agenda is the outturn report for 2009/10 that recommends work to be undertaken in respect of year end variances. However, the task facing Cabinet for 2011/12 onwards, in bringing forward a balanced budget that delivers its corporate priorities, is expected to be its hardest yet. The new coalition Government has already agreed significant cuts (£6.2BN) in public spending to start addressing the budget deficit. Some of this has fallen on the Dept of Communities and Local Government (£782M) but much more is expected. Government's aim of having no increase in council tax for next year has been well publicised and it is also likely that this will be the case for 2012/13 too, although it is unclear whether this will have other implications for the grant settlement. Information about limiting pay awards is also being proposed although Government has acknowledged that this is a matter for Local Government Employers and so the exact details are still to be finalised. It is anticipated that the position may become clearer to a degree in October when the Chancellor is due to publish an updated Comprehensive Spending Review, which will build on the framework proposals that were included in the emergency budget reported in June. More specifically, it is expected that in the coming months there will be consultation on the financial changes should the transfer of concessionary travel responsibilities to transport authorities go ahead; this could have major implications for the Council, potentially either way. Uncertainties also exist for the Housing Revenue Account; it is not yet known whether Government will continue with plans to reform the Housing Finance system.
- 4.4 Cabinet therefore will have to take a flexible approach and be responsive to directions as the Government bring forward further reductions to public spending. Last year, Cabinet agreed a strategy for developing options for identifying savings/efficiencies. This was easy to understand and offered a transparent approach to how savings and efficiencies were identified and considered, and consulted on. This approach will again require each Cabinet member working closely with officers to develop realistic proposals for Cabinet to consider, in bringing forward its proposals for balancing the budget and for subsequent consideration by Council.

## **5.0 Options Analysis**

- 5.1 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
- 5.2 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 2011/12 and beyond within the statutory timescales.

<b>RELATIONSHIP TO POLICY FRAMEWORK</b> The plans and strategies outlined in the report together make up the Council's Budget and Policy Framework.	
<b>CONCLUSION OF IMPACT ASSESSMENT</b> (including Diversity, Human Rights, Community Safety, Sustainability etc) 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.	
<b>FINANCIAL IMPLICATIONS</b> None directly arising from this report, at this time.	
<b>SECTION 151 OFFICER'S COMMENTS</b> The S151 Officer has been consulted and has no further comments to add.	
<b>LEGAL IMPLICATIONS</b> Legal Services have been consulted and have no comments to add.	
<b>MONITORING OFFICER'S COMMENTS</b> The Monitoring Officer has been consulted and has no further comments.	
<b>BACKGROUND PAPERS</b> None.	<b>Contact Officer:</b> Roger Muckle <b>Telephone:</b> 01524 582022 <b>E-mail:</b> <a href="mailto:rmuckle@lancaster.gov.uk">rmuckle@lancaster.gov.uk</a>

# Draft Budget and Policy Framework Timetable

## 2011/12

	Project Work	O&S / B&PP	Cabinet	Council
<b>2010</b>				
<b>July</b>				
14	<p>Process for identifying Savings and Efficiency options begins.</p> <p>3 working Groups established to review and report back to Cabinet on :-</p> <ul style="list-style-type: none"> <li>• Identify minimum level of statutory services</li> <li>• Review of non-statutory services</li> <li>• Review of service recharges</li> </ul>			
26	<p>First Quarter PRTs Begin</p> <p>( 26 July – 6 Aug )</p>			
27	<p>Begin preparing Budget Community Engagement Programme</p> <p>Cabinet members monitor :-</p> <ul style="list-style-type: none"> <li>• savings in respect of 2009/10 overspends carried forward</li> <li>• all outturn variances</li> </ul>		<p>Approve Budget &amp; Policy Framework Process and Timetable</p> <p>Consider 2009/10 budget outturn</p> <p>Consider 2011/12 Budget Community Engagement Report</p> <p>Annual 2009/10 Treasury Mgt Report</p>	
<b>Aug</b>				
31	<p>Independent Remuneration Panel Begin Review of Members Allowance Scheme</p>		<p>Report progress on Service Review Projects begun in July</p> <p>Consider programme for Budget Community Engagement</p> <p>Receive 1<sup>st</sup> Quarter Corporate PRT report</p> <p>Receive interim update on Medium Term Financial Strategy (MTFS) projections (including Capital Programme update, and any updates available on the Housing Finance review).</p>	

	Project Work	O&S / B&PP	Cabinet	Council
<b>Sept</b>				
7		B&PP Receive 1 <sup>st</sup> Quarter Corporate PRT Report Review 2009/10 overspends from HRA Responsive Repairs, and corporate outturn position generally.		
15				To receive any Budget or Policy Framework updates Consider requests for 2009/10 carry forwards Receive 2009/10 Annual Treasury Mgt Report
27	Commence Budget Community Engagement Programme			
<b>Oct</b>				
5	Continue developing any budget recommendations from/to Cabinet		To receive any recommendations from Sept's B&PP To receive any Budget or Policy Framework updates	
13				Special Council
19		Consider any budget & policy framework matters and make recommendations to Cabinet		
26	2nd Quarter PRTs Begin ( 26 – 5 Nov)			
<b>Nov</b>				
5	Budget Community Engagement closed Continue developing any budget recommendations from/to Cabinet			

	Project Work	O&S / B&PP	Cabinet	Council
9			<p>Receive update on Budget Community Engagement Programme</p> <p>To receive any recommendations from Oct's B&amp;PP</p> <p>Review and update MTFS (including Capital Investment Strategy), and incorporating any implications of Chancellor's Comprehensive Spending Review</p> <p>To receive any other Budget or Policy Framework updates</p>	
17				To receive any Budget or Policy Framework updates
<b>Dec</b>				
7	Continue developing any budget recommendations from/to Cabinet		<p>To receive draft Revenue Budget for 2011/14</p> <p>Capital Programme update</p> <p>Consider proposals for savings/efficiencies</p> <p>Receive Provisional Local Govt Finance Settlement / Housing Finance information (and any further updates of Housing Finance Review as appropriate).</p> <p>Receive 2<sup>nd</sup> Quarter Corporate PRT Report &amp; recommendations from B&amp;PP</p>	
15				<p>Approve updated MTFS (including Capital Investment Strategy).</p> <p>To receive any other Budget or Policy Framework updates</p>

	Project Work	O&S / B&PP	Cabinet	Council
<b>2011</b>				
<b>Jan</b>				
18	Begin further consultation as determined by Cabinet		Consider draft 2011/12 Corporate Plan Agree Housing Rents and recommend Housing Revenue Account (HRA) budget proposals for Council. Agree Revenue Budget and Capital Programme proposals for further limited consultation.	
24	3rd Quarter PRTs ( 17 – 28 Jan )			
25		Leader presents budget proposals to B&PP, other members, and LSP		
<b>Feb</b>				
2				To receive any Budget and Policy framework updates To agree Revenue Budget and Capital Programme totals..
15	Continue developing any budget recommendations from/to Cabinet		To Receive 3rd quarter Corporate PRT report To consider Revenue Budget/ Capital Programme feedback from Council and any further limited consultation exercise. To agree final detail of budget proposals to present to Council	
22		Receive 3rd quarter Corporate PRT report		

**APPENDIX A**

	<b>Project Work</b>	<b>O&amp;S / B&amp;PP</b>	<b>Cabinet</b>	<b>Council</b>
<b>Mar</b>				
2				Agree 3yr Revenue Budget and 5yr Capital Programme Approve Prudential Code Limits Approve Treasury Mgt Strategy Approve Council Tax
3	Service Business Plans updated			
15			Review MTFS & Capital Investment Strategy  Receive draft 2011/12 Corporate Plan	
29		Receive draft 2011/12 Corporate Plan		
<b>April</b>				
13				Approve full version of 2011/12 Corporate Plan Approve revised MTFS



<b>CABINET</b>
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## Budget Community Engagement 27 July 2010

### Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To seek Cabinet's views on the budget community engagement proposals to inform the 2011/12 budget process.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date Included in Forward Plan</b>		1 July 2010	
<b>This report is public</b>			

#### RECOMMENDATIONS OF COUNCILLOR STUART LANGHORN:

- (1) To build the budget community 2011/12 engagement plan into the budget and policy framework timetable
- (2) To deliver the budget community 2011/12 engagement plan as outlined in this report
- (3) To hold the community listening/have your say days at the end of September/early October 2010 in order to inform the priority setting process
- (4) To support a Total Place approach, as set out in the report, where possible

#### 1.0 Introduction

##### Background

- 1.1 Last year the council carried out a high profile and engaging external budget consultation which aimed to:
  - raise the profile and educate people about what the council does
  - engage citizens and stakeholders in the financial pressures facing the council
  - and from this gain insight into where those participants felt savings could be achieved to inform the budget process
- 1.2 This linked with the objectives of the Making Every Penny Count campaign.
- 1.3 It comprised three main elements:
  - 1) Town centre exhibitions
  - 2) Registered workshops
  - 3) Budget consultation booklet and questionnaire (online and printed copy)

## **Feedback**

### 1.4 Town Centre exhibitions

Feedback from local people and organisations was positive in terms of the opportunity to get involved and have their say. Officers and members had also found the exercises positive and useful.

1.5 The debrief officer/member group suggested that the council could carry out town centre engagement/have your say/community listening events on a regular basis.

### 1.6 Feedback from corporate priorities/budget consultation

The consultation debrief provided a range of issues and learning for consideration. A summary of issues is provided below.

- Timing – the run up to Christmas and the first week of New Year is not ideal as it is a busy time for residents, a holiday period and likely to be poor weather conditions. An earlier engagement process would ensure information is provided to support the decision making process
- Questionnaire needs to provide more detail or be simplified – what is important to residents or ranking of city council or community priorities
- Format of discussion groups needs to be changed

1.7 The debrief group also advised that consideration should be given to organising the budget consultation in partnership with other public sector agencies as resident queries and comments covered all partner services. A joint consultation would create a more co-ordinated approach, help to cut costs and reduce duplication and be of greater benefit to customers who don't necessarily know which organisation provides which service. This approach would need to focus on the district/place and partnership issues rather than the council.

## **2.0 Proposal Details**

### **2011/12 budget/community priorities engagement**

#### 2.1 Key considerations

- Given the latest government announcements (22 June) the pressure on council budgets is extreme – savings will need to be made.
- The new government has also placed a greater focus on spending decisions being more transparent for local people and implementation of the Sustainable Communities Act 2007, so citizens know how their money is being spent and can have a greater say on expenditure (For information, appendix A is a SOLACE paper on questions for senior managers to consider before consultations).
- Working in partnership is now a council priority and the budget communications plan, which would run in tandem with the engagement plan, encourages a joined up approach to public sector messages and engagement around budget decisions.
- More and more local people and organisations now seek their information and opportunities to engage through online mechanisms such as Facebook and Twitter.

2.2 This year's budget engagement plan would therefore be to:

- Seek views on council priorities/community priorities consultation at the end of September/early October
- Where appropriate, take a Total Place approach to budget consultation, working with key partners to plan
- Utilise appropriate online engagement channels
- Invite local people's/organisations' suggestions for more efficient working

## Key messages

2.3 These would mirror those of the communications budget communications plan, and support the need to make our spending decisions transparent for local people.

- The council's finances have been affected as part of the economic downturn. There is less money and we need to make savings, thereby reducing service provision
- The Government has said it will reduce public spending by 25% over the next four years. The council is planning in anticipation of this reduction and will be in a better position to provide efficient and effective services in the future by starting the process now
- This is not just something which affects the council – all public bodies face funding cuts and we therefore all have to make savings
- We can't keep doing all we are doing. We want your (stakeholder) input into the decisions we need to take
- We are committed to our priorities – reminding people what they are - and will continue to provide VFM across hundreds of services. We want to improve the services that we do continue to provide
- The city council only takes 13% of the overall Council Tax bill, which equates to £3.70 a week (example of what this equates to in real terms)
- Promoting our community leadership role – by supporting and working with others we can help our partners to find new ways of doing things
- We are working closely with partners and other local authorities to pursue joint working arrangements
- What can you do – engaging with our citizens and partners to share their ideas of where the council can save money and how they can play their part (eg downloading a brochure from the internet rather than picking up a paper copy)

## Plan and timetable

2.4 Community listening/have your say day

A community listening/have your say day would take place at the end of September/early October in Lancaster, Morecambe and Carnforth and be promoted as opportunities for people to speak to council officers and ward councillors face to face and ask questions or make comments. NB. Other public sector partners would be invited to be part of this event and if they are able to attend it would be promoted as a chance to have your say on public services in your area.

2.5 People would be encouraged to complete copies of the questionnaire at these events and share their views on what is important to them/their priorities.

- 2.6 Key officers from front line services would be required to man the stands and answer questions.
- 2.7 The days would also provide an opportunity to promote the services provided and showcase public sector achievements, linking to our value for money campaign (Making Every Penny Count).
- 2.8 This would also be an opportunity to promote other ways that people can get involved and have their say throughout the year e.g. joining the community consultation register, registering to be involved in online consultation, registering to be involved in local development planning online consultation, compliments, comments and complaints system, ward councillors, attending committee meetings etc.
- 2.9 Key employers would be approached about the council holding similar days with their staff (local residents) e.g. British Energy, Lancaster University, University of Cumbria.
- 2.10 Consultation document  
An information booklet and questionnaire would be created to provide context (set out in communications plan) and find out what is important to them and ask people to rank their priorities.
- 2.11 A decision would need to be made on whether the consultation events focus on Lancaster City Council services or all public services (Total Place approach). However each organisation would have a separate approach to the questions it asks and how it asks them.
- 2.12 The Place Survey and other customer insight related to the council priorities would be used to inform the list of community priorities.
- 2.13 Interactive public meetings  
Local people would be invited to attend public meetings in Lancaster, Morecambe and Carnforth where presentations would set the context followed by breakout discussion groups on ranking community priorities and feedback. Similar but separate sessions will be organised for local organisations.
- 2.14 If the consultation is to be focused on a Total Place approach other public sector partners would be invited to be part of this event and if they are able to attend they would be promoted as a chance to have your say on public services in your area.
- 2.15 Ideally we would encourage a wide range of people to come along and ask for their demographics to check representativeness.
- 2.16 Online engagement  
A Facebook page would be established to enable people to share their ideas and discuss ways in which the council could save money,
- 2.17 Suggestions scheme  
Similar to the internal scheme, this would encourage residents to share their ideas of where the council could potentially save money. It would be online, but with an option to send/drop off hard copy suggestions at a range of council venues that are accessible to the public (this could be run via the council magazine, subject to the timing).

2.18 Snapshot surveys  
Snapshot surveys would be completed prior to, during and following the budget consultation exercise to gauge the public mood and evaluate if key messages should be modified/changed.

2.19 Promotion and feedback  
The promotion for the engagement opportunities would use the wide range of communication channels identified in the budget communication plan to encourage local people/organisations to get involved.

2.20 It would be vital to clearly communicate the outcomes of engagement activities with local people/organisations using a range of communication channels.

### **3.0 Details of Consultation**

3.1 Feedback has been sought from the 2009/10 budget consultation feedback. Corporate Management Team has been consulted on the proposed approach.

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

#### **4.1 Option 1**

Provide all the opportunities for local people to have a say as highlighted in the report:

- Community listening/have your say days
- Consultation document
- Interactive budget meetings
- Online engagement
- Suggestions scheme
- Snapshot surveys

#### **4.2 Option 2**

Provide some of the opportunities for local people to have a say as highlighted in the report and outlined above in option 1.

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

5.1 Option 1 as this provides increased opportunities for local people to engage in the process, assisting the council in its decision making process

### **6.0 Conclusion**

6.1 That an engaging budget community consultation takes place to ensure that the council is capturing the feedback of its citizens and using this information to inform decisions and service delivery.

**RELATIONSHIP TO POLICY FRAMEWORK**

The budget/priorities engagement plan will help to inform future corporate priorities and budget decisions.

**CONCLUSION OF IMPACT ASSESSMENT**

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

The budget/priorities engagement plan does not have an adverse impact on the community as it provides a number of opportunities for people to get involved and have a say. Targeted engagement and promotion may be considered to encourage seldom heard groups to take part although this will depend on capacity and resources.

**FINANCIAL IMPLICATIONS**

Free/low cost venues would be used e.g. Marketgate, Lancaster Market Square, St Nicholas Arcade, Morecambe Arndale Centre and Carnforth Railway Station.

Other costs for the budget consultation would include staff time for planning and manning events, limited design and printing for promotion and any information documents. Small initiatives may be considered. Last year's event costs were approximately £1,000. It is not expected this year's would cost any more than this figure, possibly less. The cost would be met from within existing budgets (Corporate Consultation Budget).

**SECTION 151 OFFICER'S COMMENTS**

Report amendments have been made following the section 151 officer's comments.

**LEGAL IMPLICATIONS**

There are no legal implications directly arising from this report.

**MONITORING OFFICER'S COMMENTS**

Report amendments have been made following the monitoring officer's comments.

**BACKGROUND PAPERS**

SOLACE paper for senior managers

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# Whose stupid idea was that?

## Questions for senior managers to consider before consultations

There has been much talk of late concerning the need for consultation relating to the provision of public services and also to local tax rates. Various coalition announcements have led us to believe that the government is keen to consult public sector employees on savings that can be made and are keen for local authorities to consult users and taxpayers on savings and closure plans. Add to this Mr Pickles stated view that he wishes to abolish capping and replace it with local referendums and it may be the right time for authorities to examine their corporate consultation strategies and see if they are fit for purpose.

For many authorities consultation has often had an outsourced element, notably in opinion polling and in citizens' surveys. Whilst some of this will no doubt continue, budgets are going to be squeezed, and many council staff will have to use their own resources. It is for this reason that corporate management teams need to get a firm grip on their consultation strategies, to ensure that staff have a clear idea of what is to be achieved.

Consulting citizens on service levels sits about halfway along the continuum of involvement strategies. Put crudely, at one end councils make their own decisions first, and then tell citizens what the decisions were, and inform them of the services on offer and the means by which they can be accessed. At the other extreme councils support citizens and users in the total design of services and in their deployment acting not as a provider, nor in some cases as even a commissioner, but more as an enabler.

The majority of consultation processes sit between these extremes and it is these exercises that I want to focus on. This note does not go into detail on any of the technical issues of methodology. Questions as to whether one uses quantitative or qualitative techniques, issues as to the varying merits of citizens juries and user panels, and decisions about whether one uses telephone surveys, web based questionnaires, focus groups or face-to-face interviews are all important. However, there is a rich literature about the pros and cons of all of these questions. Instead I want to focus on some of the overall questions that one should ask of any consultation exercise, particularly in the politically complex environment of a UK local authority.

Drawing on my experiences in local government, these are the questions I think a corporate management team should ask themselves to ensure that they have a strategy in place. Many of the points are pretty obvious, but it is sometimes useful to check one's own thinking.

## INVOLVEMENT AND CONSULTATION

### Ten things to consider (and one Golden Rule)

1. *Who am I consulting? Everyone or a targeted group?*

This is such an obvious question that it appears not worth asking, but it is fundamental. It is from the answer to this question that much of the discussion about consultation techniques and methodologies derive.

2. *What am I consulting them about? What discretion do I have to respond?*

One of the real dangers for local government consultation exercises is to ask questions which lead to an impasse. If certain answers would lead the local council to wish to take an action that the government will not allow them to take, or that legal or financial pressures make impossible, then to have a process that generates such an example is foolish. Ensure that any outcomes from a process deliver answers that the council can deliver.

3. *Why are we consulting? To raise awareness, to seek an answer, to inform another decision?*

Some simple consultations are there to generate an answer that can then be acted upon. Others raise awareness of an issue and are really part of an ongoing public debate. Quite commonly a consultation of one group of citizens is used to inform a decision that also has other consultations and advice informing it. If the respondent has not been clearly told the purpose of the exercise, they may assume that they are taking part in a binding referendum, and then will be very upset if their views are not followed to the letter. It is very rare that one exercise can be all three of the above, so upfront clarity is vital.

4. *When should it be done? At what stage in a management or political process should consultation take place?*

Within a local authority most decisions belong to democratically elected councillors, or to officers who have had powers delegated to them. If consultations are to be utilised in a process their timing is crucial. There is no point consulting widely if most of the decision is already decided. Such action merely leads to cynicism both in the community and in the council

5. *Timescale. How long will it take? Do consultees know this?*

It is very important to know how long the whole process will take. It is equally vital that everyone being consulted knows this.

6. *Who owns the consultation? Official or politician, an individual or group?*

This might seem blindingly obvious, but consultations occasionally come up with answers that people within the authority do not want to hear. If that happens it is vital that someone politicians and managers in the council feel ownership of the process and are



committed to it. This avoids the “whose stupid idea was this exercise” inquest that can follow a botched process.

7. *Who fronts the work? Who, in the respondent's mind, is appropriate?*

This is slightly different to 6 above. Councils can be large and quite distant bodies. There may be advantages, in terms of getting honest and useful responses, to thinking about who is the most appropriate face of the council for any given exercise.

8. *What will you do with the answers? Are they of real use?*

Question design is very important, as is the overall structure of an exercise. Classically a citizens survey can lead you to a range of seemingly contradictory responses and some that you may simply not understand. At the end of a large amount of fieldwork you don't want to be in a position where someone says: “This is all really interesting, but I am not sure what to do with the data”. That is a painful place to be, I know, I have been there!

9. *Are there any benchmarks? Check for reality.*

It is highly unlikely that a local authority will be asking a question where something similar has not been asked at a council elsewhere. Even very local issues, the siting of an incinerator say, will have arisen in other communities. It is worth checking around to see what kind of responses others have had to similar questions. There will always be variations, but if your answers are wildly different to another authority that perhaps shares many aspects of your communities' profile, then it is worth checking if something basic has gone wrong.

10. *Is the issue properly communicated and fed back?*

Asking questions that can be understood is quite difficult for some parts of local authorities, but it is vital that everyone involved really understand the questions. It is equally vital, and only courteous, that everyone involved in the consultation is given a clear picture of: What was asked what answers came back; how the council responded as a result. If you do not tell people exactly what you did with their responses, they will not trust any future process.

All of the above represents a few things I have learned over several decades of working with, and for, local government. Over and above these, I think I have learned one golden rule, which I have found to be non-negotiable.

### **The Golden Rule**

There are three distinct phases to a consultation process. Phase One is to prepare the exercise properly and perhaps address some of the questions above. Phase Two is the fieldwork phase, where citizens, customers and/or staff views are sought. Phase Three is feeding back the results to

a management process, and to all respondents what you learned from the exercise, and what has happened as a consequence. All three are vital.

For a process to work well the golden rule of thumb is 40% - 20% - 40%. Spend 40% of your time and effort on Phase One, 20% on Phase Two and 40% on Phase Three.

All too often Phase One is rushed and Phase Three is only lip service. Telling people what happened as a result of an exercise is a crucial way of ensuring that the authority is not devoting time to a process that merely generates suspicion and cynicism.

As Councils need to make huge cost reductions, communicating what needs to happen is a key skill. I hope this brief note adds something to this process.

### **David Clark**

Director General, SOLACE

1 July 2010

#### *Acknowledgement*

*While I am more than happy for you to use this paper I would be grateful if you would acknowledge that it came from SOLACE.*

*I am in the debt of many colleagues for their contributions to this paper. I am particularly grateful to the staff and councillors of City Of York Council in the years 1995-2000 whose thinking formed the basis for much of the structure.*

**CABINET****Review of Cabinet Appointments to Outside Bodies,  
Partnerships and Boards****27 July 2010****Report of the Chief Executive**

PURPOSE OF REPORT			
To review Cabinet appointments to a Cabinet Liaison Group, Outside Bodies, Partnerships and Boards following the resignation of the Cabinet Member with special responsibility for Education and Skills.			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
		<b>Referral from Officer</b>	<b>X</b>
<b>Date Included in Forward Plan</b>	Not applicable.		
<b>This report is public.</b>			

**OFFICER RECOMMENDATION**

- (1) **That Cabinet considers the appointments to a Cabinet Liaison Group, Outside Bodies, Partnerships and Boards now vacant, following the resignation of the Cabinet Member with special responsibility for Education and Skills.**

**1.0 Introduction**

- 1.1 Members will be aware of the resignation from Cabinet of the Cabinet Member with responsibility for Education and Skills on 16<sup>th</sup> June 2010.
- 1.2 Cabinet is requested to consider appointing appropriate representative(s) to the positions now vacant.

**2.0 Proposal Details**

- 2.1 At its meeting, held on 1<sup>st</sup> June 2010, Cabinet was provided with a report that gave consideration to Cabinet Liaison Groups and Appointments to Outside Bodies, Partnerships and Boards. Councillor Woodruff was appointed to a number of Outside Bodies, Partnerships and Boards on a provisional basis, pending his acceptance of the Cabinet position. Since that meeting Councillor Woodruff has resigned as a Cabinet Member.
- 2.2 In view of the above Cabinet is asked to make appointments to the following.

### 2.3 Cabinet Liaison Groups

In accordance with Part 4 Section 4 of the City Council's Constitution Members are requested to consider membership of the Universities Cabinet Liaison Group, to which Councillor Woodruff was appointed on the basis of Portfolio responsibilities.

### 2.4 Outside Bodies, Partnerships and Boards

Cabinet is also asked to consider the appointments to outside bodies, partnerships and boards.

Members are reminded that Members nominated to outside bodies, partnerships and boards by Cabinet are representing the views of Cabinet in such positions, rather than any views they might hold as individuals.

Attached as an Appendix to the report is a list of all organisations to which Cabinet appointed Councillor Woodruff on the basis of Portfolio responsibilities.

Also set out in the Appendix is a list of appointments to the Lancaster District Local Strategic Partnership (LDLSP) and Lancaster and District Vision Board for consideration.

2.5 All appointments that require consideration as a result of the resignation of a Cabinet Member are set out in the Appendix to this report.

### 3.0 Options and Options Analysis (including risk assessment)

3.1 Option 1: To appoint an appropriate Cabinet Member to the Cabinet Liaison Group and also as the representative or substitute representative to each of the outside bodies, partnerships and boards.

3.2 Option 2: Cabinet could choose not to appoint to the outside bodies, partnerships and Boards. However, this would leave the Council without appropriate representation on those bodies.

3.3 Option 3: Another option that may be proposed by Cabinet.

### 4.0 Officer Preferred Option (and comments)

4.1 Option 1 is the officer preferred option to ensure that the Council continues to be appropriately represented on the relevant outside bodies, partnerships and boards. It is recommended that appointments be aligned to individual Cabinet Members' portfolios as closely as possible.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

The 2009-12 Corporate Plan notes 'Leading our Communities' as one of Lancaster City Council's core values. Representation on outside bodies forms part of this Community Leadership role.

**CONCLUSION OF IMPACT ASSESSMENT**

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

Lack of appropriate representation outside bodies and partnerships has the potential to affect the Council's ability to perform its community leadership role.

**FINANCIAL IMPLICATIONS**

There are no significant financial implications as a result of this report. Members appointed to outside bodies are entitled to travel expenses and these will be met from within existing budgets.

**SECTION 151 OFFICER'S COMMENTS**

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

**LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

Report to Cabinet and Cabinet minute of 1<sup>st</sup> June 2010.

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**Ref:**

## APPENDIX A

**CABINET LIAISON GROUP**

<b>Cabinet Liaison Group</b>	<b>Basis of appointment made at meeting on 1<sup>st</sup> June 2010</b>
Universities	The Cabinet Member with Responsibility for Education and Skills.

**APPOINTMENTS TO BE MADE BY CABINET**

<b>Organisation</b>
Arnsdale and Silverdale AONB Unit Executive Committee
Forest of Bowland AONB Advisory Committee
Lancashire Rural Affairs
Lancashire Rural Partnership
LGA Rural Commission
North West Rural Affairs Forum

**LANCASTER DISTRICT LOCAL STRATEGIC PARTNERSHIP**

<b>Organisation</b>	<b>Appointment made at meeting on 1<sup>st</sup> June 2010</b>
LDLSP Education, Skills and Opportunities Thematic Group	Councillor Woodruff (+ Councillor Bryning substitute)

**LANCASTER AND DISTRICT VISION BOARD**

<b>Organisation</b>	<b>Appointment made at meeting on 1<sup>st</sup> June 2010</b>
Lancaster and District Business and Knowledge Innovation Steering Group	Councillor Woodruff

<b>CABINET</b>
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**Planning Policy Cabinet Liaison Group  
27 July 2010**

**Report of Chief Executive**

<b>PURPOSE OF REPORT</b>			
To consider the chairmanship of the Planning Policy Cabinet Liaison Group.			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
		<b>Cabinet Member Referral</b>	<b>X</b>
<b>Date Included in Forward Plan</b>	N/A.		
<b>This report is public.</b>			

**Recommendation of Councillor Bryning:-**

- (1) **That Cabinet approves the appointment of Councillor Blamire, Cabinet Member with special responsibility for Safety and Chairman of the Planning and Highways Regulatory Committee, as Chairman of the Planning Policy Cabinet Liaison Group.**

**1.0 Introduction**

- 1.1 Cabinet Liaison Groups are established by Cabinet and exist to share information about a particular topic. They provide individual Cabinet Members with a wider information and advisory platform to inform their executive decision-making and policy effectiveness. The participants in any Cabinet Liaison Group are by invitation of the Chairman and can be made up of any or all of the following:

- Other members of Cabinet
- Other members of the Council not on Cabinet
- Others from outside the Council
- Council officers

- 1.2 At its meeting on 1 June 2010, Cabinet reviewed all its Cabinet Liaison Groups. The current terms of reference agreed by Cabinet for the Planning Policy Cabinet Liaison Group are attached as Appendix 1 for Members' information.

**2.0 Proposal**

- 2.1 The Cabinet Member for Economy's portfolio currently includes responsibility for Planning. As the relevant portfolio holder, Councillor Bryning would

normally chair the Planning Policy Cabinet Liaison Group, and invite the participants.

2.2 The Planning Policy Cabinet Liaison Group met for the first time this municipal year on 23 June 2010. Councillor Bryning proposed Councillor Blamire, Cabinet Member for Safety, as chairman of the Group. The proposition was seconded and clearly carried, "subject to the proper constitutional procedures being followed." As a result, this report has been drafted to refer the matter to Cabinet for decision.

2.3 As the body responsible for establishing Liaison Groups, Cabinet is therefore asked to consider the Cabinet Member for Economy's request to approve Councillor Blamire's appointment as chairman of the Planning Policy Cabinet Liaison Group. The Cabinet Member for Economy would attend all meetings as a Member of the Group.

### 3.0 **Options and Options analysis**

3.1 The options are:-

(a) For the Cabinet Member for Economy to chair the Planning Policy Cabinet Liaison Group, in line with his portfolio responsibility for Planning.

(b) To approve the appointment of the Cabinet Member for Safety as the Chairman of the Planning Policy Cabinet Liaison Group, subject to the Cabinet Member for Economy being present at all meetings.

(c) For the Leader to review the allocation of the portfolio responsibility for Planning.

(d) To discontinue the Planning Policy Cabinet Liaison Group.

3.2 Regarding Option (a), the Council's Constitution states that participation in Cabinet Liaison Groups will be by invitation of the chairman. It is naturally assumed that the chairman will be the relevant portfolio holder. Option 1 accords with the Constitution and provides clarity regarding individual Cabinet Member roles and responsibilities and decision-making.

3.3 Option (b) is in accordance with the wishes of the Cabinet Member with responsibility for Planning and has the consent of Councillor Blamire and other members of the Planning Policy Cabinet Liaison Group. Members should also consider the comments of the Monitoring Officer in relation to this option.

3.4 Option (c) would be a matter for the Leader. However, Members should also consider the comments of the Monitoring Officer in relation to this option.

3.5 Regarding Option (d), the Planning Policy Cabinet Liaison Group has been a useful platform for the Cabinet Member with responsibility in the past. Planning Policy is a complex and important area. Should Cabinet wish to discontinue the Cabinet Liaison Group, some other consultative mechanism would need to be developed to support and inform the relevant Cabinet Member in his/her decision-making role.



**4.0 Officer Preferred Option and Comments**

4.1 Option (a) is the officer preferred option. To fully utilise the Liaison Group mechanism, the most appropriate chairman for any Cabinet Liaison Group will always be the relevant portfolio holder. This also avoids the issues raised by the Monitoring Officer in relation to options (b) and (c).

**5.0 Conclusion**

5.1 Members are asked to consider the content of this report and the recommendations of the Cabinet Member regarding the chairmanship of the Planning Policy Cabinet Liaison Group.

**RELATIONSHIP TO POLICY FRAMEWORK**

Cabinet Liaison Groups assist the Cabinet in the discharge of executive functions.

**CONCLUSION OF IMPACT ASSESSMENT**

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

Cabinet Liaison Groups provide clear focus, transparency, accessibility and inclusiveness in the Council's Executive decision-making processes.

**FINANCIAL IMPLICATIONS**

There are no financial implications with regard to the recommendations.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 officer has been consulted and has no comments.

**LEGAL IMPLICATIONS**

Cabinet Liaison Groups are established in accordance with the City Council's Constitution.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer would advise that, given that the function of a Cabinet Liaison Group, as set out in the Constitution, is to provide information to the relevant Cabinet Member to support decision making within that Cabinet member's portfolio, it is not appropriate for a different Cabinet Member to chair the Liaison Group. That would to all intents and purposes defeat the object of having the Cabinet Liaison Group, and the Monitoring Officer could not therefore recommend the Cabinet to support option (b).

With regard to option (c), whilst the allocation of portfolios is a matter for the Leader, the Monitoring Officer would draw attention to government guidance that the Cabinet member with responsibility for the Development Plan should not normally be the chairman of the Planning Regulatory Committee.

**BACKGROUND PAPERS**

**Contact Officer:** Debbie Chambers

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**PLANNING POLICY CABINET LIAISON GROUP****Cabinet Member with Responsibility for Planning.****Terms of Reference:**

This Group is a non-decision making consultative forum to assist Cabinet Members in their decision-making responsibilities. The forum will provide the expertise to the appropriate Cabinet Members to allow them to either take individual decisions or to make recommendations into Cabinet.

1. To provide a forum to consider the implications of the transition from the adopted Lancaster District Local Plan to the new development plan system of Local Development Frameworks introduced under the 2004 Planning and Compulsory Purchase Act.
2. To prepare, review, carry out consultations, and consider representations in order to assist the appropriate Cabinet Member in bringing forward recommendations to Cabinet on the adoption of Supplementary Planning Guidance to the adopted Lancaster District Local Plan.
3. To prepare, review, carry out consultations, and consider representations in order to assist the appropriate Cabinet Member in bringing forward recommendations to Cabinet on the adoption of the Council's Local Development Scheme and Local Development Framework, including;
  - Development Plan Documents including the Core Development Framework and Development Control Policies;
  - Supplementary Planning Documents including Town Centre Strategies for Lancaster and Morecambe and guidance on issues such as design and sustainability;
  - The Council's Statement of Community Involvement and Strategic Environmental Assessment.
4. To provide appropriate assistance to rural communities with the preparation of Parish Plans and to assist the appropriate Cabinet Member in bringing forward recommendations regarding the inclusion of appropriate Parish Plans within the Local Development Framework.
5. To assist the appropriate Cabinet Member in monitoring progress on the implementation of the Local Development Framework by preparing an Annual Monitoring Report
6. To assist the appropriate Cabinet Member to ensure proper systems and processes are in place to maintain and keep under review the information base for planning policy including:
  - housing land availability,
  - housing need,
  - retail capacity,
  - town centre vitality and viability;
  - the need for employment land;
  - accessibility issues;
  - issues relevant to the Strategic Environmental Assessment

and to assist the appropriate Cabinet Member bring forward recommendations to cabinet on the commissioning of additional studies

where necessary.

7. To act as a forum for assisting the appropriate Cabinet Member to prepare appropriate responses to the Lancashire Structure Plan, the Lancashire Minerals and Waste Local Plan and the Lancashire Local Transport Plan and any successor documents.
8. To assist the appropriate Cabinet Member in the preparation of appropriate responses to Regional Planning Guidance for the North West and the Regional Spatial Strategy.
9. To assist the appropriate Cabinet member in monitoring the progress of Local Development Framework documents in neighbouring authorities and recommending consultation responses to cabinet where the interests of Lancaster District are affected.
10. In the event of future Local Government re-organisation, to assist the appropriate Cabinet member in managing and making recommendations to Cabinet on the planning policy implications of the transition to new Local Authority boundaries;
11. To assist the appropriate Cabinet Member in monitoring developments in national planning policy and recommending consultation responses to Cabinet where necessary.
12. To assist the appropriate Cabinet Member in reviewing existing Conservation Areas and the need for new designations, undertaking Conservation Area Appraisals and preparing proposals for the preservation and enhancement of historic areas.

**Cabinet Minute No 8, 3rd June 2008 Refers**

Frequency: As required.

**CABINET**

**Shared Service – Integrated Support Team Manager  
27 July 2010**

**Report of Corporate Director (Regeneration)**

PURPOSE OF REPORT				
i) To outline, and seek approval for, proposals for a shared service arrangement with Preston City Council for the management of the Integrated Support Team which currently delivers the Lancaster & Morecambe Worklessness Pilot Project and the Vulnerable Households Project. ii) To seek approval for delegated authorisation for extensions to projects delivered through the Integrated Support Team				
Key Decision	<b>X</b>	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	7 <sup>th</sup> June 2010			
This report is public except for the Appendix (Financial Implications) which is exempt from publication by virtue of paragraphs (2) and (3) of Schedule 12a of the Local Government Act 1972				

**RECOMMENDATIONS**

- (1) That the proposal for a shared service arrangement with Preston City Council for the management of the Integrated Support Team be approved
- (2) That the Corporate Director (Regeneration) be authorised to finalise any contractual matters to implement the arrangement subject to the prior approval of external project funders
- (3) That the Corporate Director (Regeneration) be authorised to approve extensions to the Supporting People contracts for the Vulnerable Households project and Targeted Intervention Project subject to 100% external funding being secured
- (4) That the Corporate Director (Regeneration) be authorised to approve extensions to the timescale of the Lancaster & Morecambe Worklessness Pilot Project subject to 100% external funding being secured
- (5) That, in the event that a project extension results in redundancy payment liabilities which are not eligible costs for external funding purposes, such payments, as detailed in the report, be met from an appropriate corporate

**reserve (eg Project Implementation, subject to funding being available) or otherwise from corporate staff turnover savings**

- (6) That the Head of Financial Services is authorised to update the General Fund Revenue Budget as appropriate across relevant financial years**

## **1.0 Introduction**

- 1.1 Following approval by Cabinet in March 2009 for a £198,171 funding bid to the Lancaster District Local Strategic Partnership (LDLSP), and a successful outcome to the bid, the Lancaster & Morecambe Worklessness Pilot Project was established for two years starting 1<sup>st</sup> April 2009. The project is delivered by the Integrated Support Team through two Outreach & Engagement Officers and its primary role is to provide information, advice and guidance to the hardest to reach client groups, and particularly those in receipt of out-of-work benefits, in eight Local Area Agreement targeted neighbourhoods in Lancaster and Morecambe, with a view to supporting them into employment, work placement and volunteering opportunities. The Team, through one further Project Officer, also delivers a Vulnerable Households/Family Intervention Project with funding under the Supporting People programme, an extension to which has recently been offered to December 2010 with the possibility of additional funding to July 2011.
- 1.2 Supporting People funding (£49,800) has also been secured for a one year Targeted Intervention Project, reported to Cabinet in January 2010, which would deliver intensive outreach support, through the recruitment of two temporary staff, to some of the most vulnerable or "high demand" single households across the District, especially those related to anti-social behaviour and problem tenancies. Recruitment to the project has yet to be undertaken.
- 1.3 The Team as a whole is managed by the Integrated Support Projects Team Manager and the original postholder has recently taken up a permanent position in Health & Strategic Housing. As a consequence, consideration needs to be given to how best to fill the vacancy created. Bearing in mind the limited timescale of committed funding and the relatively specialised nature of the work, it is felt that it would be difficult to recruit to this key role and to retain anyone in post for the duration of the projects. It is important that a stable arrangement is in place both to ensure successful delivery of the projects and to provide the Team with the management support needed over the life of the projects. It should also be noted that the Team Manager is wholly external funded, principally through LDLSP but with a contribution from the Supporting People programme as part of the Vulnerable Households project.
- 1.4 At its meeting on 1st September 2009, Cabinet agreed the framework for developing a Shared Service Programme and authorised officers to continue to research opportunities across the full range of council services. It is against this background that the following proposal has been developed.

## **2.0 Proposal Details**

- 2.1 Having considered the options (identified under 4.1 below), it is proposed to manage the Integrated Support Team under a shared service arrangement with Preston City Council. An agreement is already in place governing the management of the Revenues & Benefits Service and it is proposed that a new agreement be concluded with regard to the Integrated Support Projects Team Manager role.

- 2.2 Preston City Council currently delivers a range of employment support projects through Preston Employment Partnership. PEP aims to help people prepare for work, overcome their barriers to work and improve skills. They provide a range of services including career and job guidance, cv writing, filling in application forms and interview preparation, finding appropriate vacancies and confidence building. Whilst not providing an outreach service, their services are aimed at supporting people from deprived communities and vulnerable groups back into the labour market. Their experience in employer engagement could also prove to be a valuable complement to the delivery of projects through the Integrated Support Team, especially in helping to identify employment and placement opportunities for clients. However, it is worth emphasising that the fundamental rationale and delivery of the Worklessness Pilot Project and Vulnerable Households Project through outreach will be unaffected by the proposed change in management arrangement.
- 2.3 It is proposed that the manager role would be provided through PEP's Principal Employment Development Officer who is on a pay scale comparable to the previous postholder. The time commitment is anticipated to average two to three days per week although there will be variation within this as workload varies. Whilst this represents a reduction in time commitment against the previous full time role, it is felt that this should be sufficient to maintain the projects to ensure they meet targets and funder requirements, especially as the core team is already in place. As with the current role, it is anticipated that 100% funding will be provided through the external project funders (Lancaster District Local Strategic Partnership and Lancashire County Council) although the agreement of those funders to the new arrangements will be needed before they can be implemented. In the case of the Local Strategic Partnership, a report has been submitted to the LDLSP Management Group which is scheduled to meet on 20th July. It should be noted that the proposal does not have consequences for City Council staff costs as the current post is vacant and is wholly externally funded.
- 2.4 Whilst the proposed arrangement is temporary, being dependent on the timescales of the individual projects and the availability of external funding, it is also worth noting that the experience gained will prove valuable in exploring further opportunities for shared services. This will be particularly relevant in the context of the Mid-Lancashire Multi Area Agreement which is underpinned by increased collaborative service delivery among Mid-Lancashire partners and the exploration of the shared services agenda. Furthermore, the Mid-Lancashire MAA submission includes actions to: i) support the scaling up of the Preston Employment Partnership model across Mid-Lancashire to help mitigate the impact of the economic downturn on inactive residents and their pathways to employment; ii) (through a partnership with NHS Trusts) bring forward integrated service offers to workless residents with the potential to return to employment, so long as they receive timely and intensive support. Consequently, the proposed arrangement is consistent with the further development of shared services and would provide a platform for the potential MAA roll out of worklessness activity.
- 2.5 With regard to funding for the individual projects, each is dependent on relatively short term funding commitments. These commitments may be extended through contract extensions with additional funding (as in the case of the Vulnerable Households project) or through reprofiling expenditure against existing funding commitments (as in the case of the Worklessness Pilot Project). Such extensions may require a quick turn round which would preclude formal Cabinet approval in each case. Consequently, it is proposed that Cabinet approve a process under which such

extensions may be authorised by the Corporate Director (Regeneration) subject to any such extensions being at nil cost to the City Council.

**3.0 Details of Consultation**

3.1 No consultation has needed to be conducted regarding the proposals apart from approaches to the external funders to seek their approval. In the case of LDLSP this has included submitting a report to relevant Thematic Groups as well as the LDLSP Management Group.

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

4.1 The options for the shared service arrangement are summarised in the table below:

Option	Advantages	Disadvantages	Risks
1. Fill the vacancy by open recruitment	<p>Funder approval not required to fill existing post</p> <p>New manager in post following recruitment period</p>	<p>The limited timescale of committed funding for the projects would: i) make recruitment of a suitably qualified and experienced manager difficult; ii) increase the likelihood that the post would be vacated before projects are completed</p> <p>No reduction in the proportion of project costs for project management (unless offered on a part time basis)</p> <p>Potential recruitment costs</p>	<p>Risk that post not filled.</p> <p>Stability of management function at risk</p>
2. Enter a shared service arrangement with Preston City Council to provide the management role required	<p>Manager role filled on more flexible basis in terms of time commitments than would otherwise be possible leading to reduction in project costs for management function and possible extension of project timescale</p> <p>Opportunities for service improvements through the application of the combined experience of the two authorities</p> <p>Experience gained related to the potential to extend shared service arrangements in the context of the Mid-Lancashire MAA</p>	<p>Funder approval required for the new arrangement.</p> <p>Staff time required to develop shared service arrangement</p>	<p>Without funder approval the proposal could not be implemented, leading to the risk of further delay in provision of the management function</p> <p>Risk of competing demands on manager time between the two authorities (Service Level Agreement to be in place)</p>



4.2 The options for opportunities to extend projects are summarised in the table below:

Option	Advantages	Disadvantages	Risks
1. Do not seek extensions to the projects	None (except in limiting potential redundancy payments)	Projects providing valuable services to deprived individuals terminated at the end of existing contracts.  Opportunities for continuing 100% external funding not taken up.  Loss of staff experience and expertise in delivering outreach work	
2. Approve extension already offered to December 2010 for the Vulnerable Households project and actively seek extensions to existing projects which are 100% externally funded	Maintains and expands provision of valuable services to local residents, and especially deprived and vulnerable groups and individuals  Retains expertise of existing staff pending possible development of Mid-Lancashire MAA worklessness activity  Maintains integrity of the Integrated Support Team	Possible increase in redundancy payment liability as existing temporary posts extend beyond two years  Some manager time required in reprofiling projects and liaising with external funders	

## 5.0 Officer Preferred Option (and comments)

### 5.1 Shared service arrangement

Option 2 is the preferred option as the proposed shared service arrangement offers the best overall solution by providing a more flexible management arrangement, with an appropriately experienced manager.

### 5.2 Project extensions

Option 2 is the preferred option as it maintains service provision at no additional cost to the city council (excluding potential redundancy payments).

## 6.0 Conclusion

6.1 The proposed shared service arrangement is considered to be the best approach for the continued delivery of projects through the Integrated Support Team. It builds on the existing shared service relationship between Lancaster City Council and Preston City Council and provides the opportunity for the existing projects delivered by the Integrated Support Team to be extended. Funding opportunities for new projects are likely to diminish, making it increasingly important to secure extensions to existing projects where these arise.

**RELATIONSHIP TO POLICY FRAMEWORK**

In relation to shared services specifically, a Shared Services Programme was approved by Cabinet in the context of the council's savings and efficiency programme and targets included in the Medium Term Financial Strategy. It will also support the council's Corporate Plan priorities for working closely with other partner organisations.

Worklessness is identified in the Corporate Plan 2010-13 under Priority 1 Economic Regeneration – Supporting our Economy. This area of activity also has relevance to Priority 4 Partnership Working and Community Leadership and the Sustainable Community Strategy as the project features in the LDLSP Education, Skills & Opportunities Thematic Group action plan and the Team as a whole delivers services which are relevant to other LDLSP Thematic Groups including Economy and Health & Wellbeing.

**CONCLUSION OF IMPACT ASSESSMENT**

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

The proposed changes, through enabling an extension to the Worklessness Pilot Project, Vulnerable Households and, potentially, the Targeted Intervention Project, will have a positive impact on Health, Community Safety and Sustainability and a neutral impact on Rural Proofing and Equality.

**FINANCIAL IMPLICATIONS**

**The financial implications are supplied in an appendix, which is exempt from publication by virtue of paragraphs (2) and (3) of Schedule 12a of the Local Government Act 1972.**

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments.

**LEGAL IMPLICATIONS**

There is a precedent for a shared service arrangement with Preston City Council in respect of the provision of management services for Revenues and Benefits. As noted in the report, the new arrangement will be subject to a service level agreement between the Council and Preston City Council, the terms of which will be agreed by Legal Services.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

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**Ref:**

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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