

## CABINET

10.00 A.M.

23RD APRIL 2013

**PRESENT:-** Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Jon Barry, Abbott Bryning, Tim Hamilton-Cox, Karen Leytham, Ron Sands and David Smith

Officers in attendance:-

Mark Cullinan	Chief Executive
Nadine Muschamp	Head of Resources and Section 151 Officer
Andrew Dobson	Head of Regeneration and Planning Service
Suzanne Lodge	Head of Health and Housing
Anne Marie Harrison	Assistant Head (Partnerships)
Liz Bateson	Principal Democratic Support Officer

### 136 MINUTES

The minutes of the meeting held on Tuesday 12 March 2013 were approved as a correct record.

### 137 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

### 138 DECLARATIONS OF INTEREST

No declarations were made at this point.

### 139 PUBLIC SPEAKING

Members were advised that there had been no requests to speak at the meeting in accordance with Cabinet's agreed procedure.

### 140 APPOINTMENTS TO OUTSIDE BODIES - LANCASTER BUSINESS IMPROVEMENT DISTRICT (BID) MANAGEMENT GROUP

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

Cabinet received a report from the Head of Governance with regard to the appointment of the appropriate Cabinet Member to the Lancaster Business Improvement District (BID) Management Group.

No options were presented as this was a referral from full Council which had considered a report on 27 February 2013 to decide the basis of appointment to the Lancaster BID Management Group. Cabinet was requested, in line with the wishes of Council, to appoint the portfolio holder for Economic Regeneration to this outside body.

Councillor Barry proposed, seconded by Councillor Bryning:-

“(1) That the recommendation, as set out in the report, be approved.”

Councillors then voted:-

***Resolved unanimously:***

(1) That Councillor Janice Hanson, as the Portfolio Holder for Economic Regeneration, be appointed to the Lancaster BID Management Group.

**Officer responsible for effecting the decision:**

Head of Governance

**Reasons for making the decision:**

The decision was consistent with the resolution made at full Council on the 27 February 2013 that the appointment to the Lancaster Business Improvement District (BID) be on the basis of the appropriate Cabinet Member (Council Minute 133 refers).

**141 CORPORATE PLAN 2013 - 2014**

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

Cabinet received a report from the Head of Governance which sought agreement of the draft Corporate Plan 2013/14 and referral to full Council for formal approval in May 2013.

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

Option 1 – Recommend to full Council the draft Corporate Plan as presented or recommend with minor amendments. Assuming no significant impact on resources and forward planning arrangements minor amendments could be managed without interruption to the strategic planning cycle and the Corporate Plan could be submitted for consideration by full Council in May.

Option 2 - Corporate Plan not recommended to Council at this stage. This option was likely to lead to delays in publication of the Corporate Plan leading to uncertainty regarding the Council’s intentions and possible interruptions to delivery of some services or activities.

The Officer preferred Option was Option 1 as this would underpin Council activities as well as business and resource planning from an early point in the municipal year. In addition, local residents, communities and partners would be clear about the Council priorities and actions and the outcomes it wished to achieve for the coming three year period.

The strategic planning arrangements created an opportunity each year to consider the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the Council faced. These were reflected in the draft Corporate Plan for 2013 – 2014 taking into account recommendations by Cabinet, consultation and engagement with residents and visitors and draft budget information

and options that had been set out in various Budget and Policy Framework updates since October 2012.

Councillor Bryning proposed, seconded by Councillor Hanson:-

- “(1) That the recommendations, as set out in the report, be approved with the following two revisions:
- ❑ Insertion of ‘and generation’ after efficiencies on page 11
  - ❑ Deletion of the word ‘online’ in the bullet points under success measures on page 16”

Councillors then voted:-

**Resolved:**

***(6 Members (Councillors Blamire, Bryning, Hanson, Leytham, Sands and Smith) voted in favour, and 2 Members (Councillors Barry and Hamilton-Cox) abstained.)***

- (1) That the draft Corporate Plan 2013 – 2014 be recommended to full Council with the following two revisions:
- ❑ Insertion of ‘and generation’ after efficiencies on page 11
  - ❑ Deletion of the word ‘online’ in the bullet points under success measures on page 16.
- (2) That it be noted that Cabinet acknowledges that the financial situation as set out in the Medium Term Financial Strategy will require a full review of the Corporate Plan for 2014/15 and beyond.

**Officer responsible for effecting the decision:**

Head of Governance

**Reasons for making the decision:**

The Corporate Plan was a central part of the Council’s Budget and Policy Framework stating the key priorities, outcomes and actions that the Council hoped to achieve for the district. The decision enables the Council to consider its Corporate Plan in good time to provide a clear framework for officers to work within.

**142 MORECAMBE AREA ACTION PLAN - IMPROVING MORECAMBE'S MAIN STREETS**

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

Cabinet received a report from the Head of Regeneration & Planning with regard to proposed improvements to streets and spaces in Morecambe’s established centre as per the draft area action plan and to report on the now deliverable first phase of works.

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

<b>Option 1</b>	<b>Note the area-wide proposal and, approve the design proposal for a first improvement project “connecting Victoria Street” and that the scope of expenditure includes for related elements of improvement to streets and spaces across the wider area, as per Appendices 1 and 2.</b>
<b>Advantages</b>	<p>The area-wide outline proposal is carefully considered to elaborate and detail on that identified in the Draft MAAP (November 2012) and the first improvement project is an early opportunity to deliver an important element of the Draft Morecambe Area Action Plan. Further, it is a good example of partnership working the respective local authorities – the city and county councils and the Town Council. The proposal both supports and will facilitate the work of the Town Team and gives the team much opportunity to inform detailed design work and dovetail its work to fit to help achieve Town Team objectives.</p> <p>The scope of works should transform a key area that is very tired in appearance and has not seen any significant investment since Euston Road was pedestrianised in the early 1970s. It will significantly improve the setting for trading and conditions for pedestrian movement and safety.</p> <p>Officers consider the proposal to be optimal in technical and regeneration terms and should achieve best value and fit to the requirements attached by external funding organisations. Other considerations include:</p> <ul style="list-style-type: none"> <li>▪ Highway authority functional requirements</li> <li>▪ Aesthetic and amenity considerations</li> <li>▪ Other use considerations e.g. potentials for street markets</li> <li>▪ Eligibility of works for TH12 funding (basic standard highway works are ineligible)</li> </ul> <p>How highway maintenance expenditures by the county council can best dovetail</p>
<b>Disadvantages</b>	None
<b>Risks</b>	The intervention proposed will improve the setting for trading and will help mitigate the risks identified for option 2.

<b>Option 2</b>	<b>Do not proceed as per option 1</b>
<b>Advantages</b>	None
<b>Disadvantages</b>	Not consistent with the Draft MAAP. Fails to take advantage of available external funding to deliver well planned regenerative improvements. Prejudices the council’s ability to deliver related elements of the Draft MAAP and dismantles officers’ preparations

	for this. Fails to time works to best help facilitate and benefit the Town Team's initiatives on Victoria Street and can only impair what this initiative can achieve.
<b>Risks</b>	Failure to position the established centre better risks adverse consequences to trading and the health and vitality of the centre. This gives continuing risk that Morecambe's established centre (as now likely for many others across the country) spirals downwards. In turn this gives consequential risks of reducing business rate incomes and that in the fullness of time the public sector will have to deal with the escalating multiple problems of a failing town centre.

Option 1 was the officer preferred option as option 2 did not assist Morecambe's regeneration and failed to utilise available external funding.

Councillor Hanson proposed, seconded by Councillor Leytham:-

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

Councillors then voted:-

***Resolved unanimously:***

- (1) That the first improvement project to Morecambe's main streets, specifically a section of Victoria Street and immediate connections (option 1) be approved, and that the capital programme be updated accordingly.

**Officers responsible for effecting the decision:**

Head of Regeneration & Planning  
Head of Resources

**Reasons for making the decision:**

The decision was consistent with the Council's Priorities and Outcomes, as identified in the Corporate Plan 2012-15, particularly Economic Growth in helping to sustain the attraction of commercial centres and so support trading and jobs. The decision enables progress towards the delivery of much needed improvements to public realm within Morecambe's established centre in ways and to time frames that minimised financing implications for the city council, took maximum advantage of external funding available and thereby offered best value expenditure for both the city and county councils.

**143 PERFORMANCE REWARD GRANT**

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

Cabinet received a report from the Head of Health & Housing to seek approval of members for the allocation of the remaining Performance Reward Grant (PRG) funding previously allocated towards the Warm Homes Scheme.

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

	<b>Option 1:</b> The council directs the remaining PRG funding to the HIA to continue delivery of the Affordable Warmth Improvement Programme	<b>Option 2:</b> Allocate the funds to address other priorities within the capital programme
Advantages	<ul style="list-style-type: none"> <li>• Provides tangible benefits for vulnerable people</li> <li>• Contributes to the achievement of one of the Council's Corporate Priorities</li> <li>• Funds could be delivered as part of a capital programme through the HIA utilising their existing technical staff</li> <li>• The HIA have many years of experience delivering similar home improvement type grants utilising our directly employed handypersons and local approved contractors to carry improvements for vulnerable residents</li> </ul>	<ul style="list-style-type: none"> <li>• Enables the funds to be used to support other capital programme needs</li> <li>• Releases funding to assist the council in addressing current financial challenges</li> <li>• PRG funding could enable a re-appraisal of prospective capital projects given that some previous decisions may have been made before the PRG funding was available</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• Some officer time required to administer funds and monitor progress</li> <li>• Fund will be unavailable to support other initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• The council will have lost an opportunity to reduce mortality and help vulnerable groups increase their resilience to periods of cold weather</li> <li>• Council will have reduced capacity to achieve Health and Wellbeing success measures</li> </ul>
Risks	<ul style="list-style-type: none"> <li>• Project outcomes not delivered - low risk but could occur due to failure to reach relevant client groups. However, current management arrangements take account of this risk</li> <li>• Current levels of demand would suggest available funding will be insufficient</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent on the alternative use of the funds</li> <li>• The PRG funding has been provided to support a range of partnership initiatives. Partners in the district have been engaged in the process of identifying priorities and will have expectations for the use of the funds</li> <li>• The PRG funding has enabled the HIA to deliver increased services and, without additional funding, a number of vulnerable people already identified would remain without assistance.</li> </ul>

The officer preferred option was Option 1 as this delivered the original objectives of the funding and supported Health and Wellbeing Outcomes and Success Measures in the Council's Corporate Plan.

Through the Affordable Warmth Improvement Programme, the HIA had been able to deliver valuable assistance to a range of vulnerable clients which would not otherwise have been available. The award of further PRG funding would enable the HIA to continue to build on the work completed over 2012/13 enabling us to protect more vulnerable residents over the 13/14 Winter period.

Councillor Blamire proposed, seconded by Councillor Leytham:

“(1) That the recommendation, as set out in the report, be approved.”

Councillors then voted:-

***Resolved unanimously:***

- (1) That the Affordable Warmth Improvement Programme receive the outstanding £48,260.50 of Performance Reward Grant funding identified in the Cabinet report of the 9<sup>th</sup> October 2012 for use during the 2013-14 financial year.

**Officers responsible for effecting the decision:**

Head of Health & Housing

**Reasons for making the decision:**

Health and Wellbeing was one of the Council's key priorities with the Corporate Plan 2012-15. Two of the Plan's outcomes were “enhanced quality of life of local residents through access to good quality housing” and “health and wellbeing improved and mortality rates reduced for vulnerable people in the district” with a success measure of the “number of vulnerable individuals benefiting from Warm Homes initiatives”. The provision of an Affordable Warmth Improvement Programme would allow Lancaster City Council to achieve these outcomes and deliver the success measure.

**144 CHATSWORTH GARDENS – POTENTIAL FOR PRIVATE SECTOR LED DELIVERY**

**(Cabinet Members with Special Responsibility Councillors Hanson & Leytham)**

Cabinet received a report from the Head of Regeneration & Planning which sought approval to conduct a new preferred developer procurement route to test viable private sector led refurbishment solutions for the Chatsworth Gardens project following recent developer interest.

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

	<b>Option 1: Do Nothing - continue with previously approved council led £1.9M</b>	<b>Option 2: Undertake a new preferred developer tender to test new private investment</b>	<b>Option 3: As Option 2 but officers continue with preparatory/enabling work on</b>
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	<b>Clusters of Empty Homes supported scheme.</b>	<b>interest and secure heads of terms for a development agreement.</b>	<b>the approved council led scheme as a contingency (PREFERRED OPTION)</b>
<b>A D V A N T A G E S</b>	<p>Provides a positive solution to Chatsworth Gardens regeneration objectives.</p> <p>Utilises existing regeneration funding and poses no further budget costs on the council.</p> <p>Brings empty homes back into use.</p> <p>Clearly sets out council's commitment to local residents and owners in the area.</p> <p>Demonstrates delivery to HCA boosting chances for future funding.</p>	<p>Potential to provide all advantages of Option 1 in addition to the following advantages.</p> <p>Formal process/test of new private interest and investment/management models.</p> <p>A viable proposal transfers construction delivery risk to private sector.</p> <p>Takes away sales risk on refurbishment.</p> <p>More control over private sector investment in the area to draw down Clusters of Empty Homes funding.</p> <p>Mitigation of council financial risk.</p>	<p>Retains the potential advantages of Option 2 and provides a 'hedge' against the risk of an unviable/unachievable private led refurbishment scheme.</p> <p>Mitigates adverse community reaction to delay or failure to secure private developer agreement.</p> <p>Introduction of appropriate deadlines for negotiating the development agreement should give time for implementation of the approved council led scheme as contingency (if necessary) and meet Cluster of Empty Homes Funding spend deadlines.</p>
<b>D I S A D V A N T A G E S</b>	<p>Ideally requires co-operation from owner occupiers &amp; landlords to avoid costly legal action.</p> <p>Uncertainty of delivery remains for the Regent Road terrace in the Eastern block.</p> <p>Misses out on potential to test new private sector interest to transfer development risk away from the city council.</p>	<p>Further delays in progressing action.</p> <p>Any proposed solution will still require co-operation from owner occupiers and landlords</p> <p>Uncertainty of extent of intervention achievable and certainty of delivery until tender/conclusion of development agreement negotiations.</p> <p>Complexities of mixing eligible elements of Clusters of Empty Homes Funding to create a 'best scheme'.</p> <p>Potential for deal to be based on nationally untested private tenure/management models.</p> <p>Ongoing management costs of properties while resolving tender/negotiations.</p>	<p>Implementation issues/disadvantages are as Option 1/Option 2 depending on which route is eventually taken.</p> <p>In addition the following can be identified:</p> <p>Build costs and sales value may change over time with adverse consequences for the extent of a council led scheme if private sector led scheme is not agreed/implemented.</p> <p>To maintain a capability to quickly implement (if necessary) a contingency council led scheme some continuing spend is necessary.</p> <p>This requires mitigation of audit issues concerning technical definitions of capital/revenue, eligible spend of current public funding and whether works are 'abortive' if the private led scheme is contracted (see Financial Implications).</p>



<b>R I S K S</b>	<p>Involves the council taking the delivery risks on a capital housing development project. The council will face a sales risk on the direct refurbishment properties that needs to be mitigated by some form of mortgage assistance scheme.</p> <p>Limited control over private sector match required to access part of HCA funding. Build costs and sales date/value can adversely impact project (although a reasonable contingency is built in).</p>	<p>No guarantee that on detailed review /appraisal a private led scheme for comprehensive refurbishment is viable or achievable.</p> <p>No site disposal deal with private sector is made.</p> <p>Adverse community reaction to further delay and breakdown of any deal with no back up plan.</p> <p>Potential to miss spend deadline for Clusters of Empty Homes funding if a private scheme is not agreed.</p>	<p>Option 2 risks are mitigated through Option3 although the following should be noted if the contingency plan is required:</p> <p>Option 1 risks will come into play should the council led scheme be required and costs and sales impacts caused by delay will have to be allowed for. Meeting the final deadline for Clusters of Empty Homes Funding will also be more challenging</p>
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**Option 1** had previously been agreed by Members as a way forward. However, the ultimate risk in the Council led project was that of securing sales of remodeled houses. Sales were required to generate further income to continue further phases of intervention, otherwise the project would stall. The mortgage market was still difficult for homebuyers, showed no real signs of abating and the introduction of a mortgage assistance scheme might only partially mitigate this situation. Members should be under no illusion about the challenge of securing rolling house sales in the West End of Morecambe in the current economic climate and the risks to completing the project.

Given these risks the appearance of a potentially deliverable proposal from a private developer and a new procurement process as described in Option 2 must be a serious consideration. This would enable officers to formally test proposed solutions and to flush out any competing bids which might better contribute to the achievement of the Council's objectives.

With support of the HCA, the procurement process would be undertaken to the terms of the council's Property Disposal Procedure under the General Disposal Consent allowing officers to consider a number of criteria other than price to secure the non-monetary regeneration (in effect 'well-being') objectives. The process would be an "informal" tender to explore the most advantageous proposal and proceed to secure appropriate heads of terms for a formal developer agreement (refer to Legal Implications).

However, taking this route brought with it a number of key risks:

- There was no guarantee a deal with a private developer could be made: the Chatsworth Gardens site/properties were hard/expensive to deal with and no detailed appraisal had been made by any interested parties at present.
- The Clusters of Empty Homes Funding needed to be committed by the end of March 2014 and spent by September 2014. Should a final negotiated agreement with a private developer not materialise it would be difficult, given the work involved to mobilise and secure statutory consents, to resurrect the council's approved scheme and secure CEHF spend by this deadline.

**Option 3 was therefore the preferred option** - officers continuing to undertake

preparatory work for the council's current approved scheme as a contingency against being unable to secure a development agreement.

The developer procurement would be open to all tenure models but it was likely the only viable private developer route to a comprehensive scheme would involve a model based on private market rent. The introduction of privately rented stock, if managed correctly, was compatible with the overall regeneration objectives for Chatsworth Gardens (see Relationship to Policy Framework) and was consistent with trends in the housing market. However, Members would be alive to the need for robust management protocols and enforceable legal agreements to prevent reversion of properties to uncontrolled market rent in a regeneration area.

The developer proposal assessment would explore these issues in detail and develop appropriate heads of terms to mitigate risks. The successful proposal and the broad terms of the expected deal would be presented to Cabinet for agreement prior to allowing officers to move towards a detailed development agreement. It would also be important for Members to agree deadlines for completion of any deal to secure the use of CEHF funds.

Members should note that integration and eligible use of the CEHF funding package to create a 'best scheme' would form part of the developer competition process.

The private developer proposal was in outline only and its potential unproven. However, officers thought there was real regeneration potential and advantages in the transfer of risk, which the recent interest in schemes for market rental return presented. A new developer competition would take time to complete and lead to further delays in bringing activity to site. From the point of view of the council's risk burden it was an opportunity that officers thought the council should explore.

There was no guarantee that a private scheme would ultimately be deliverable in the Chatsworth Gardens context and retaining the ability to spend CEHF resources was critical. It was therefore prudent to continue to work on and reserve the council's current approved scheme as a contingency.

Councillor Hanson proposed, seconded by Councillor Leytham:-

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

Councillors then voted:-

***Resolved unanimously:***

- (1) That Members note private sector developer interest in the Chatsworth Gardens properties/site and the receipt of an outline proposal for refurbishment on a managed private market rent tenure model.
- (2) That officers implement Option 3:
  - Conduct a new preferred developer competition to test all current private investment interest.
  - Agree Heads of Terms on a proposal which secures best consideration with respect to the policy objectives of the council and the Homes and

- Communities Agency.
- Officers continue with eligible preparatory and enabling works on the previously approved council led scheme as a contingency against being unable to secure a viable private developer proposal.
- The revenue budget be updated for the spend and external financing associated with the preparatory and enabling works.

(3) The outcome of the developer competition, the recommended scheme and the initial heads of terms proposed are reported to Cabinet for approval to proceed towards a binding development agreement.

**Officers responsible for effecting the decision:**

Head of Regeneration & Planning  
 Head of Resources

**Reasons for making the decision:**

The completion of housing schemes in the West End was identified as a Health and Wellbeing action within the Corporate Plan and the Chatsworth Gardens Project was a key element of the West End Masterplan. As 40% of the districts homelessness derives from failed private sector tenancies in the West End, these schemes will help reduce homelessness, correct housing supply imbalances and help stabilise a transient community. There is a relationship between bringing empty homes back into use and the allocation of proposed sites for housing in the Local Plan. Empty property reuse is significant element of providing for the District’s housing needs.

**145 THE USE OF A COMMUNITY INFRASTRUCTURE LEVY (CIL) IN LANCASTER DISTRICT**

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

Cabinet received a report from the Head of Regeneration & Planning which presented the findings of the Economic Viability Assessment on the use of Community Infrastructure Levy (CIL) in Lancaster District and sought a decision on the recommendations of the Study and the next steps.

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

	<b>Option 1:</b> Undertake the steps necessary to introduce a CIL Charge on Development in the District	<b>Option 2:</b> Do not advance with the introduction of a CIL Levy for Lancaster District at present but retain the option to introduce a Levy in the future should economic conditions prove more favourable
Advantages	Introducing a CIL Charge would allow monies to be collected from limited residential and retail developments and be used to support the delivery of	Not introducing a CIL Charge provides clarity to landowners and developers that they do not need to factor in the cost of making a CIL contribution would when proposing development in

	infrastructure in the district.	the district. Thus, Lancaster district may well be seen as a good place to advance development proposals. If economic circumstances improve to the extent that more development could support a contribution then the Council can re-visit the prospect of introducing a Levy in the future.
Disadvantages	There are presently only limited parts of the district where the CIL Levy could be introduced without impacting on viability.	The district could miss out on the prospect of raising cash sums to contribute to funding infrastructure projects.
Risks	Introducing a CIL charge may create a complex charging schedule which achieves relatively little income but may disincentivise developers from investing in the district.	The CIL Regulations alter the ways in which Section 106 Contributions are managed, even in districts which have not introduced CIL; the Council needs to ensure that it works within the regulations so that potential contributions from Section 106 Agreements continue to be collected and effectively managed.

Option 2: was the officer preferred option. It was felt that the evidence of the CIL Viability Study directed that now was not an appropriate time to introduce a CIL Levy on development in the district. The Council could however retain the option to re-consider this decision should local economic circumstances become more favourable.

Councillor Hanson proposed, seconded by Councillor Leytham-

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

Councillors then voted:-

***Resolved unanimously:***

- (1) That, at this point in time a Community Infrastructure Levy (CIL) not be introduced in the Lancaster District.
- (2) That the Council continue to monitor the prospects for introducing a CIL and might seek to introduce a Levy at an appropriate time in the future when economic conditions were more amenable to supporting the charge.
- (2) That the schemes identified within the Infrastructure Delivery Plan (IDP) in Appendix 2 to the report, be recognised as schemes which should be given due consideration in the future if the Council did subsequently resolve to prepare a CIL charge for the District.

**Officer responsible for effecting the decision:**

Head of Regeneration & Planning

**Reasons for making the decision:**

The decision is consistent with Council priorities, in particular Health and Wellbeing the actions of which included planning for sufficient, good quality housing across the district and the delivery of social and affordable housing. It is well understood that the delivery of much needed new housing in the district has been running well below target since the economic down turn in 2008. The Council should be cautious not to add a further distinctive to the development of market housing through the introduction of a CIL Levy if this action would undermine development viability.

**146 DISCRETIONARY HOUSING PAYMENTS POLICY (HOUSING BENEFIT)****(Cabinet Member with Special Responsibility Councillor Bryning)**

Cabinet received a report from the Head of Resources which sought approval to update the existing Discretionary Housing Payment ("DHP") Policy to reflect welfare reform changes in place from 1 April 2013, including the abolition of Council Tax Benefit, size criteria in social sector housing (the "bedroom tax") and the future benefit cap. As context, the report also considered the feasibility of reclassifying council housing properties where additional rooms were currently not used as bedrooms, further to the recent motion considered by Council.

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

With regard to the feasibility work, no alternative options were put forward. To meet existing housing demand there was no scope to remodel or reclassify council properties similar to that undertaken by Knowsley Housing Trust. The Council's council housing stock was kept under review through asset management to ensure that it was managed appropriately and remained viable, and there was no justification for reclassification of the bedroom numbers within the council's housing stock at this time.

With regard to the proposed policy, the basic options were to approve it as set out at Appendix A to the report, or to require amendments.

The existing DHP policy was working well but there had been recent welfare reforms that had resulted in the need for a policy update. The proposed policy had now been adopted by Preston City Council and whilst (given the shared service) it was advantageous operationally for both Councils to have the same policy, there was no requirement to do so.

**Risk Considerations attached to the Proposed Policy**

In relation to DHP, it was anticipated that applications would exceed available resources but spend would be carefully managed to mitigate any risk to the Council, with issues flagged up to members at an early stage should the fund be likely to encounter financial strain.

Indicative applications for DHPs in 2013/14 could be in the region of £287K, made up as follows:

- Existing demand on the fund = £67K (assume constant)

- Size criteria in the Social Sector = £120K
- Benefit Cap = £100K

In the Lancaster area 834 residents were likely to be affected by the under occupancy rules (681 by 14% and 153 by 25%). The difference between the rent charged and the rent for benefit purposes following a % deduction totalled £11K per week and provided an annual shortfall to Registered Social Landlords of £572K – which represented the additional amount of rent now collectable from tenants.

Early indications suggested that approximately 58% of these cases involved families receiving additional income disregarded for Housing Benefit purposes. i.e. Disability Living Allowance or Child Benefit. In these cases, the customer might have the finances to cover the reduction in their housing benefit award.

For those individuals who had no additional finances (approx. 350) full support to pay their shortfall in rent could create a financial strain of approx. £240K on the DHP fund. For these purposes it was assumed that 50% of customers would apply for assistance (£120K).

The Benefit Cap was due to be introduced from July 2013. A recent DWP scan identified 41 customers who would be affected by this cap, which provided a shortfall in rent of £2.5K per week, and resulted in an annual impact in 2013/14 of approximately £100K.

The officer preferred option was to approve the policy as set out in the report. There had been legislative and procedural guidance changes since the DHP policy was last reviewed, which required considered amendment to the existing policy.

In the current circumstances it was not feasible to reclassify properties where additional rooms were currently not used as bedrooms.

Councillor Bryning proposed, seconded by Councillor Smith:--

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

Councillors then voted:-

***Resolved unanimously:***

- (1) That the revised Discretionary Housing Payment Policy in relation to housing benefit as set out at Appendix A in the report be approved, to take effect from 1 April 2013.
- (2) That it be noted that in context of the new size criteria rules, there was no case to reclassify or remodel council housing properties where additional rooms were currently not used as bedrooms.

**Officer responsible for effecting the decision:**

Head of Resources

**Reasons for making the decision:**

The Council recognised the need for proactive work and support to try and mitigate as much as possible the effect of welfare reform changes on vulnerable residents in the district. The decision was consistent with the Corporate Plan as the intention to protect the most vulnerable in our society runs through the plan.

**147 EXCEPTIONAL HARDSHIP FUND POLICY – COUNCIL TAX SUPPORT****(Cabinet Member with Special Responsibility Councillor Bryning)**

Cabinet received a report from the Head of Resources which sought approval to introduce an Exceptional Hardship Fund Policy (“EHF”), which sets out how the Council would operate an EHF in relation to Council Tax Support provided from 1 April 2013 and indicate the factors that would be considered in determining when an EHF award should be made.

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

The basic options were to approve the proposed policy as set out at Appendix A to the report, or to require amendments. Such amendments could either broaden or narrow the circumstances that the Council might consider as exceptional hardship.

The pathway for protecting our most vulnerable customers was previously through the Discretionary Housing Payment scheme but this route was no longer possible. In policy terms there was a need to address the void created by this change in legislation, even though for this financial year, the Council had decided to retain existing levels of council tax support and in doing so, the Council already offered some protection to those low income customers who might struggle to pay council tax.

The Officer preferred option was to approve the policy as set out in the report. The policy demonstrated that the Council recognised the importance of providing measures that might help protect the most vulnerable within the community. The proposed policy had now been adopted by Preston City Council and whilst it was advantageous operationally for both Councils to have the same policy, there was no requirement to do so.

Councillor Bryning proposed, seconded by Councillor Hanson:-

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

Councillors then voted:-

***Resolved unanimously:***

- (1) That the new Exceptional Hardship Fund Policy as set out at Appendix A to the report be approved, to take effect from 1 April 2013.
- (2) That the Policy be operated within the financial cap as set out in the report and it be monitored on an ongoing basis, for reporting back to the Finance Portfolio Holder initially should total awards be in danger of exceeding the cap.

**Officer responsible for effecting the decision:**

Head of Resources

**Reasons for making the decision:**

The Adoption of an Exception Hardship Fund policy in relation to council tax support would ensure the Council's arrangements were fit for purpose for the current year and the policy would be reviewed in future to ensure that it remained so. The intention to protect the most vulnerable in our society ran through the Council's Corporate Plan.

**148 STOREY CREATIVE INDUSTRIES CENTRE: PROGRESS UPDATE**

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

Cabinet were advised that that a draft business plan was being drafted for consideration at the May Cabinet meeting.

**149 CORPORATE NON-HOUSING PROPERTY PORTFOLIO: YEAR ONE DELIVERY PLAN**

**(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)**

Cabinet received a report from the Head of Resources to consider a draft year one delivery plan which prioritised those properties in need of urgent works or in poor condition, drawing on short or expected longer term operational needs and the corporate property review that was now underway.

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

	<b>Option 1:</b> To approve the capital programme as set out in table one in the report, on the basis as outlined in the report (including monitoring and reporting arrangements).	<b>Option 2:</b> Consider taking forward an alternative 1 <sup>st</sup> Year plan and/or supporting arrangements.
Advantages	This option would halt deterioration for those buildings identified within the 1 <sup>st</sup> year delivery plan, and help prevent associated unplanned operational difficulties. Puts in place the foundations for establishing a much better planned maintenance approach and providing improved financial certainty moving forward.	No advantages identified; depends on rationale behind any alternatives put forward.
Disadvantages	The 5 year planned maintenance plan is a long term initiative and it may be a few years before the real financial benefits become apparent. Inevitably there will be some	Depends on any alternatives considered.



	disruption to services affected, although this will be planned, rather than reactive.	
Risks	<p>Not all category D works can be taken forward at the same time and failures could always occur in the interim, with associated risks attached. This risk exists at present, however, and by approving the plan, the Council can be seen to be taking action and managing the position.</p> <p>As works would be carried out alongside the joint property review with Lancashire County Council, there will still be residual risk that works are undertaken to a building subsequently identified for closure /sale, despite the monitoring and review arrangements in place. That said, improvement works could improve sale prospects / likely capital receipts.</p>	<p>May create further delays in progressing delivery plan, and associated risks attached - could leave the Council open to greater criticism or action should there be failure of any of the items where works have been identified. In addition could increase costs / inefficiencies over time.</p> <p>Ultimately, however, risks depend on the nature of any alternatives proposed.</p>

The officer preferred option was option 1. In line with the previous Cabinet report submitted in January 2013, this option would help ensure that the Council fulfilled all its obligations in respect of maintenance and other works to buildings so that they met the relevant health and safety standards and that the items falling into the greatest state of disrepair could be addressed.

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

“(1) That the recommendation, as set out in the report, be approved but that further reports be produced with regard to the Memorial Gardens, Lancaster and Mitre House, Lancaster with the decision in respect of Mitre House, deferred until the report has been considered.”

Councillors then voted:-

***Resolved unanimously:***

(1) That the schedule of capital works set out in Table 1 be approved for progression during the year on the basis as set out in the report but that further reports be produced with regard to the Memorial Gardens, Lancaster and Mitre House, Lancaster with the decision in respect of Mitre House, deferred until the report has been considered.

**Officer responsible for effecting the decision:**

Head of Resources

**Reasons for making the decision:**

The decision sought to ensure that the Council's property portfolio was fit for purpose in terms of supporting the Council's corporate plan and policy framework generally, recognising the financial pressures. The proposed building works would address any related statutory responsibilities.

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Chairman

(The meeting ended at 11.30 a.m.)

**Any queries regarding these Minutes, please contact  
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**MINUTES PUBLISHED ON 26 APRIL, 2013.**

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:  
TUESDAY 7 MAY, 2013.**