



Committee: CABINET

Date: TUESDAY, 5 NOVEMBER 2013

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, 8 October 2013 (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 receive declarations by Members of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 10 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Members are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Future of the Assembly Rooms (Pages 1 - 30)**

(Cabinet Member with Special Responsibility Councillor Barry)

Report of Chief Officer (Environment)

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that whilst the following report is public it contains an exempt appendix and it will be necessary to exclude members of the press and public should Members need to refer to the information in the exempt appendix.

7. **Chatsworth Gardens - Outcome of Developer Competition and Consideration of the Private Sector Led Proposal (Pages 31 - 79)**

(Cabinet Member with Special Responsibility Councillor Hanson)

Report of Chief Officer (Regeneration & Planning) - (Appendix 2 to follow)

8. **Parking Strategy (Pages 80 - 135)**

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Chief Officer (Environment)

9. **Delivering New Council Housing in the District (Pages 136 - 146)**

(Cabinet Member with Special Responsibility Councillor Leytham)

Report of Chief Officer (Health & Housing)

10. **Service Review- Management of Parks / Open Space / Public Realm (Pages 147 - 149)**

(Cabinet Member with Special Responsibility Councillor Smith)

Report of Chief Officer (Environment)

11. **Outline Proposals For Service Review: Salt Ayre Sports Centre/Leisure Services (Pages 150 - 154)**

(Cabinet Member with Special Responsibility Councillor Sands)

Report of Chief Officer (Health & Housing)

12. **Outline Proposals for Service Review: Regeneration & Planning Service (Pages 155 - 159)**

(Cabinet Member with Special Responsibility Councillor Hanson)

Report of Chief Officer (Regeneration & Planning)

13. **Corporate Plan 2013-14 - Half-yearly monitoring (Pages 160 - 168)**

(Cabinet Member with Special Responsibility Councillor Blamire)

Report of Chief Executive

14. **Exclusion of the Press and Public**

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item(s) in private. It should be noted that the report for item 15 is public with an exempt appendix and it will only be necessary to exclude members of the press and public should Members need to refer to the information in the exempt appendix.

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

“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(s) of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

Members are reminded that, whilst the following item(s) have been marked as exempt, it is for Cabinet itself to decide whether or not to consider each of them 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 also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

15. **Corporate Performance Monitoring 2013/14 (Pages 169 - 219)**

(Cabinet Member with Special Responsibility Councillor Blamire)

Report of Chief Officers (Governance) & (Resources)

16. **The Storey (Creative Industries Centre) (Pages 220 - 247)**

(Cabinet Member with Special Responsibility Councillor Hanson)

Report of Chief Officers (Resources) & (Regeneration & Planning)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email

ebateson@lancaster.gov.uk.

(iii) Apologies

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

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

Published on Thursday, 24 October, 2013.

CABINET

FUTURE OF ASSEMBLY ROOMS 5 November 2013

Report of Chief Officer (Environment)

PURPOSE OF REPORT			
To seek Cabinet's approval to develop a business case for the future use of the Assembly rooms			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		7 Oct 2013	
This report is public			

OFFICER RECOMMENDATION

- (1) That Cabinet approves the development of a business case for an alternative trading use for the Assembly Rooms based on the findings of Appendix A.

1.0 Introduction

- 1.1 Work has been taking place to establish whether the current use of the ground floor of Assembly Rooms as an indoor market is sustainable. Footfall is not increasing, turnover of new traders is high, there are several vacant stalls and income generated by the Council is minimal. (Note the upper floor is currently leased to Ludus).
- 1.2 The market sells a range of eclectic items that have a very niche audience.
- 1.3 The building itself is a historical listed building and is located in between the Castle and the City Centre, albeit on the outer side of the ring road.
- 1.4 In its current usage it is hard to attract visitors even more so spending visitors.
- 1.5 Because of its location between the city centre and the Castle and because of the historical nature of the building it does seem that there are other opportunities for trading from the building that could be explored.
- 1.6 To assist in this regard specialist consultants were commissioned to undertake independent consultation, provide advice and research best practice.
- 1.7 The results of the work are outlined in appendix A.

2.0 Proposal Details

- 2.1 As can be seen from Appendix A, it is clear that there are actually significant opportunities offered from using the Assembly Rooms in a different way.
- 2.2 Clearly this would have an impact on existing traders within the Assembly Rooms. The Council charges minimal rents for stalls and currently there are a number of vacant stalls. Traders are issued with Licences which mean the Council can serve notice on traders at any point.
- 2.3 At this stage the proposal is to seek an in principle decision from Cabinet for a possible alternative trading use for the Assembly Rooms as a tea room / food emporium. This would then provide the mandate for officers to develop a sustainable business case which would then be brought back to Cabinet for further consideration.

3.0 Details of Consultation

- 3.1 In undertaking the work in Appendix A consultation was undertaken with a number of stakeholders including existing traders relevant Councillors and Officers. Existing traders have been made aware of the proposals.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1- to approve the principle of the proposal which will allow a detailed business case to be developed
- 4.2 Option 2- to not approve the principle of the proposal. This will mean that for the time being the Assembly Rooms would continue to operate as at present,, which based on the amount of vacant stalls, lack of spending customers and the minimal rent charged by the Council is unsustainable for the long term.

5.0 Officer Preferred Option (and comments)

- 5.1 The officer preferred option is option 1

6.0 Conclusion

- 6.1 The report seeks agreement to the development of a sustainable trading use for the Assembly Rooms

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>Economic Growth – Develop the Festival, Charter and Assembly Room markets to help support their sustainability and viability</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>The development of a business case will include relevant impact assessments</p>
<p>LEGAL IMPLICATIONS</p> <p>Legal have been consulted and have no comments to add at this stage</p>

FINANCIAL IMPLICATIONS

There are no financial implications directly arising from this report.

For information, the latest draft estimates include the following amounts in relation to the Assembly Rooms :-

	2013/14	2014/15	2015/16
	Revised	Estimate	Estimate
	£	£	£
Expenditure – Premises Costs	16,100	16,700	16,700
Income – Rent Income	(20,000)	(20,000)	(20,000)
NET INCOME	(3,900)	(3,300)	(3,300)

* The above figures exclude amounts for capital charges and internal recharges

The preferred option will potentially result in a change of usage for the Assembly Rooms so therefore any recommendations arising will be reported to Cabinet and budgets updated as appropriate.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

NA

Information Services:

NA

Property:

Structural work to the value of £160,000 is scheduled to take place in this financial year following the Council's condition survey of its building.

Property matters for the whole building, not just the ground floor, will be factored into the development and appraisal of the business case.

Open Spaces:

NA

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

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Ref:



Assembly Room Consumer Research & Future Options

Sep 2013

Commissioned by
Lancaster City Council



Background & Brief



Assembly Rooms – Current Situation

The Assembly Rooms market is an indoor market selling an eclectic mix of goods including vintage and retro clothing, jewellery and accessories, costume hire, comic books and tv/film memorabilia, war gaming and hobby supplies. There is also a cafe selling homemade food. In recent years the market has experienced considerable losses to footfall, and subsequent losses to the number and quality of traders. Most recently, modest decorative improvements have been made to the interior of the building, and the building re-launched, attracting new traders with some success. Nonetheless, dwindling footfall now threatens the longevity of these traders, representing a potential future risk to the long-term viability of the Assembly Rooms as a market trading hall.

Assembly Rooms - Future

It has been agreed that a step change is needed for the Assembly Rooms to improve operational viability and support Lancaster’s wider historic destination offer by becoming a quality attraction. To fulfil this step change Lancaster City Council seeks to determine:

1. How the Assembly Rooms should be positioned as a market facility to successfully attract greater footfall, and what the nature of these consumer markets entail.
2. How the Assembly Rooms can work to support a wider destination offer for the city of Lancaster

Account must be taken of existing and potential future consumer markets, and, existing and future traders and their needs.

Research Brief

Research is required to help identify potential use and to determine an appropriate means for supporting a strategy and implementation plan for The Assembly Rooms. To help with this Cairn Consultancy was commissioned by Lancaster City Council to:

1. Review the nature of the existing Assembly Rooms market offer, and its existing consumer markets
2. Review existing consumer and retail trends in-line with existing destination information and research, and make recommendations for how The Assembly Rooms could be positioned going forward to maximise footfall, and fit with the emerging wider destination offer.

Cairn Approach



Stage 1. Review Existing Offer & Explore Future Options

- Review existing data and information
- Workshop with Markets team to review current offer and identify options & opportunities
- Agree shortlist of options to test with consumers

Stage 2. Consumer Research

A small sample of in-depth qualitative research was conducted with existing Assembly Rooms traders, shoppers and other general shoppers in the vicinity of The Assembly Rooms. A 2-phase survey approach was taken.

- Phase 1 surveys (copy at Appendix 1) with existing traders, Assembly Room shoppers and city shoppers within the vicinity to identify usage, frequency, motivation, issue & ideas for improvement
- Analyse surveys to narrow options and to develop a honed proposition
- Phase 2 surveys (copy at Appendix 2) - conduct more defined survey with 'target' shoppers to test idea and proposition
- Analyse research findings to draw out conclusions and recommendations

Stage 3. Developing the Best Option

- Lancaster Branding
- Target Markets
- Relevant Retail Trends
- Best Practice
- Critical Success Factors

Stage 4. Next Steps

Review Existing Offer & Explore Future Options

Review with Markets Team – Existing Offer



A workshop with the Lancaster Council markets team including three local councillors was facilitated to obtain insight and ideas using their local knowledge & experience. The main findings are outlined in the next two pages.

OBJECTIVES

The following objectives were agreed for the Assembly Rooms going forward:

- To become a key heritage attraction with a quality offer – niche & quirky
- To enhance Lancaster’s heritage offer that supports the wider destination
- Revenue generation

Ideally to be used as a social place where people meet and mix.

PAST & PRESENT USES

The Assembly Rooms have been used as a social space for Alms House residents, possibly including dancing and social activities. It was also thought to have once been a customs house. 4 years ago Ludus dance studio moved in upstairs (10 year contract signed in 2008). A market was established downstairs and was convenient for some traders who moved over when the food market closed down.

EXISTING OFFER - STRENGTHS & WEAKNESSES

Opinions re the existing offer were obtained from the markets team during the workshop and also from the traders during their one to one interviews.

Strengths	Weaknesses
Something different Georgian heritage, historic building City centre, near other historic buildings Big open space Rear enclosed garden and court yard (currently unused and unloved) Ludus upstairs Area at front of building Niche	What is it?? Confused offer. Not welcoming, uninviting Inconsistent and irregular trading by some tenants No clear customer profile or target market Front onto busy road, divides customer flow Poor footfall, not well advertised Vacancies & turnover of traders – makes it difficult to advertise Interior: poor layout, tatty, toilets grim, musty, poor kitchen facilities Lack of heating in winter. No wifi



Review with Markets Team – Future Options

Remain the Same – Not an Option

The option for the Assembly Rooms to remain unchanged as a market trading hall was discussed at the workshop and it was agreed that this was not a feasible option as many attempts to increase footfall and tenants revenue had been tried in the past without success.

Potential Options

The following ideas were suggested as future uses:

- Made In Lancashire – food & crafts market
- Arts & Crafts gallery
- Tearoom/local art/ shop
- Artisan Food
- Heritage/Georgian /Vintage tearoom
- Vintage Food
- Vintage Clothing
- Collectables market
- Heritage trail
- Art – display wall?
- Living Georgian museum
- Events – talks & demos

Three options (tabulated on right) were prioritised, based on the perceived economic impact and likelihood of achieving the objective of becoming a key quality attraction that fits in with the wider historic city offer. Two other options were added to the list for market testing purposes: a collectables market and a living Georgian Museum.

Best Prospect Options	Likelihood of achieving objectives	Economic Impact	Threats/Risks
Heritage Georgian / Vintage tearoom	8	8	Many other tea rooms – must be a different offer
Made In Lancashire – Food & Crafts	8	7	Supermarkets and other food outlets already exist
Art & Crafts	6	7	Art – potential security risk A 5 day week is not attractive to makers and artists who also need studio time and creative time to develop stock
All			Significant finance required to make attractive Existing traders need to be re-housed - other LCC buildings? Covenant?? (to be investigated) Grade II Listed building Conservation area surrounded by other heritage buildings Accessibility issues (toilets, back room, court yard)

Options for Consumer Testing

1. A quality Georgian tearoom
2. A food market focussing on local producers and high quality goods ‘Made in Lancashire’
3. An arts and crafts gallery with a strong focus on local makers / artists ‘Made in Lancashire’
4. A collectables market
5. Living Georgian Museum

Consumer Research Findings

Consumer Research Objective & Methodology

Objective

- To provide a reasonably comprehensive review of what people think and know about the Assembly Room at present, and how they might like to see it used in the future

Methodology

- Interviewed people in Lancaster, traders, a mix of locals (shoppers and workers) and visitors who were in and around the town centre within striking distance of the Assembly Rooms. Within this we aimed for a good span of ages and SEC. By chance we also talked to 2 ex-stall holders. Phase 1 and 2 surveys are at Appendix 1 and 2.

Sample

- 82 in-depth interviews were conducted, and the results certainly cover the range of views held by people, and identify with confidence the strong opinions of all kinds.
 - The project was conducted out of term time. We spoke to 8 students in our sample, mainly studying at Universities outside Lancaster.
-

The current view - Main findings

- The Assembly Rooms is a building that is known to many residents, but few visitors.
- Some but not all residents know it by name
- Visitors hardly every know its name, and most didn't know the building.
- Some can be confused between the Assembly Rooms and the Storey – because of proximity, and the historic nature of the buildings / their period
- It was striking that many locals had been inside, but mostly a long time ago, rarely recently
- But they may only have been in once, before deciding it held nothing to keep them going back
- Amongst those who know the Assembly Rooms, it is thought of with warmth ... people like the building, and want to see it used to good effect
- It needs to be better signed from the street, and on the building so that people know what it is, and to encourage people to cross the road

“that nice building on the same side as Waterstones”

“the place that had Ludus upstairs”

“I’m glad it’s got a plan, at the moment it’s just sad”

Phase 1 interview Results

- What would they like to happen to the building?

- They would like it to be used, and to house something that would appeal to them

Options Tested with Consumers

- Research started by testing 5 potential routes identified in the review phase:
 1. A quality Georgian tea room
 2. A food market, focussing on local producers & high quality goods 'made in Lancashire' style
 3. An arts & craft s gallery with a strong focus on local makers / artists also 'Made in Lancashire'
 4. A collectibles market
 5. A living Georgian museum

Most Interest

- The winning option was the tea room, by some distance – 29 out of 81 interviews supported this idea
- The food market also had support “*we don't have a food hall here in Lancaster*” – 21 chose this option

Lower Interest

- There was some support for a collectibles / antiques market (chosen by 17), and an arts and craft gallery (chosen by 14)
 - The living Georgian museum was a damp squib, only 1 person chose this option
 - Existing traders favoured the route that was relevant to their own business, so there was no consensus amongst them as to a future usage or purpose
-

Honing a proposition for Phase 2 interviews

....and beginning to think of it as essentially a ‘food emporium’:

1. At its heart is a quality tea room set in the large front room of the beautiful Georgian building, making the most of its historic setting and taking the story of Lancaster and its history into a new location
2. It will sell good quality, homemade food from local producers, to eat in & take away (patisserie, bakery, deli, etc)
3. And possibly small range of local quality gifts – crockery, pots, jewellery, etc. (especially at key times of year)

Phase 2 Interview Results

- Food Emporium Proposition:

- This idea was well received:

“it should be an historic / retro theme to fit with the building, make the most of it”

“people would go there to meet friends ... tourists, ... anyone who wants to enjoy eating & drinking in nice surroundings”

“There’s not anywhere like that around here, you have to go to the Midland”

“It’s important for Lancaster to be able to celebrate its history”

“It should be charming”

- Most people liked the ‘tea room’ idea, they can imagine going there on more than one occasion, and enjoying being in the historic Assembly Rooms
 - They also like the idea that the history of the building will be there for them to see – perhaps in panels around the walls, etc. This would make the most of the building and set it apart from competition
 - Whilst this is a tea room in a historic building, they are very keen not to have a Georgian ‘theme’ – no mop-caps, long dresses, etc. – that could make it tacky
 - It should bring people into the city, being a destination in its own right
-

Phase 2 Interview Results

- Quality will be key to success

- Creating its own unique niche – it needs to be good quality, similar to M&S, Booths etc
- But prices need to be “reasonable” – people don’t expect a place like this to be cheap, but neither should it be overly expensive (or people may still go, but very infrequently)
- By doing this it will add to the range of tea shops locally rather than compete with them, and differentiate itself on quality, style and ambience in comparison to the plethora of more everyday local cafes, and the younger, funkier Atkinson's hall
- They like the idea of being able to buy from a selection of fresh, local food, all home made & good quality
- And some (not all) liked the idea of having a selection of reasonable quality / not too expensive gifts that you can browse whilst there



Developing the Best Option: Food Emporium Idea

**Lancaster Branding, Consumer
Markets, Trends & Best Practice**

Lancaster Branding & Markets



Lancaster City Branding Components

The Food Emporium idea fits well with Lancaster's branding and Lancaster visitor markets, outlined here.

Essence

- Historic Setting
- Maritime Proximity
- Modern Vibrancy



Personality

- An authentic vibrant city



Visitor Markets

MOSAIC* profiles for Lancaster's visitor markets is given below – these will be increasingly important with new developments in the city and will help to visualise the markets that the Assembly Rooms should appeal to. Profiles for other markets such as residents and shoppers was not available.

Positioning: The historic city destination in Lancashire

Competition: Chester, Harrogate (not premiership like York & Bath)

Appeal: Heritage; atmosphere & charm, shopping, culture, bars, restaurants, accommodation range

Target markets: Adult couples/ groups, 40+ ABC1, Top 4 MOSAIC Groups:

	A: Alpha Territory	B: Professional Rewards	E: Active Retirement	D: Small Town Diversity
Characteristics	Age 50-65 Most Wealthy Professional, well educated SE, detached homes	Age 51-70 Successful careers Financial Comfort Suburban/semi-rural	Age 65+ (14/15) Comfortable lifestyle Active grandparents Keen walkers & naturalists	Age 60+ (13/15) Grandparents Low income no mortgage Traditional
Names	Piers & Imogen	Graham & Carolyn	Aubrey & Iris	Dennis & Sheila
Visual Description				
Key Messages	<ul style="list-style-type: none"> ➤ Quality outdoors experience ➤ Family bonding ➤ Healthy & relaxation 	<ul style="list-style-type: none"> ➤ Quality food & drink ➤ Cultural & events ➤ Healthy & relaxation ➤ D Pass Added Value 	<ul style="list-style-type: none"> ➤ Historical interests ➤ Naturalists ➤ Healthy & active 	<ul style="list-style-type: none"> ➤ Out & About ➤ Healthy & relaxation ➤ Authentic ➤ Family, friends
Marketing Channels & Activity	Financial press & magazines Internet, blogs, financial sites	Vouchers via local clubs Websites: incl cultural E-events listings	Silver surfers – time to spend browsing & picking up deals	Value driven - internet for deals, Direct marketing
	E-marketing; Social media & PR; Website – info and booking			

*MOSAIC profiles are based on consumer data from 26million households in the UK.

Developing the Best Option: Food Emporium Idea

Lancaster Branding, Consumer
Markets, **Trends** & Best Practice

Retail Trends



General Retail Trends Relevant to Assembly Rooms

- **Provenance**, desire for local stuff
- **Increase in leisure experiences**, rather than just retail
- **Convenience channels** - online shopping & supermarkets sell everything
- **Bargain shopping**
- **More charity shops** - retail space vacancies
- **Digital goods**, phones, PCs, gaming

The following retail trends support the idea of a food emporium and provide valuable indicators re growth in quality tea, home cooking, and homeware and children's gifts.

Growth in Quality Tea

Consumer thirst for tea is hot and getting hotter—with 50% growth in retail sales of premium teas expected by 2016. At the World Tea Expo 2012, six key tea trends were identified: quality tea, growth in tea retail, cold brew green tea, green tea popularity, Matcha lattes (green tea latte) and tea-enhancing wares.

How The UK Will Shop: 2013*

- UK retail is set to grow by 1.8% in 2013 to £300.7bn – the highest rate of growth since the recession began
- Larger growth in food retail (2.9%) compared to non-food retail (0.8%) but growth in food & grocery sector is largely attributed to price inflation, meaning that in reality, we will be spending more to buy pretty much the same amount.
- Shoppers aged 50+ will represent more than one-third of the UK population by 2016, so older shoppers will increasingly become an important demographic to retailers, particularly online.
- Scratch cooking, home baking and television cookery programmes will yet again be a driving force in homewares, with more shoppers picking up the trend, along with associated products.
- Volumes in toys and games will remain high with parents not willing to cut back on spending for children.

Re-booting Britain's High Street**

Some people appear to place greater value in the social benefits of the high street – 34 % say that one of their top high street activities is eating out. In order to combat the problems of the declining high street, a growing number of towns and local trading areas (including Lancaster) are organising into business improvement districts (BIDs).

* Verdict Research ** Marketing Week 30th May

Developing the Best Option: Food Emporium Idea

Lancaster Branding, Consumer
Markets, Trends & **Best Practice**

Best Practice

- Davenport's Tea Room, Northwich Cheshire

Davenport Tea Rooms in Northwich, Cheshire was named the best place in the UK to enjoy afternoon tea, after winning the prestigious Tea Guild's Top Tea Place Award 2013. Praise was given for:

- its scones, made from a closely guarded 1930's recipe
- charming décor - Alice in Wonderland themed - Lewis Carroll was born 2 miles away
- extensive range of loose leaf tea
- welcoming staff



Established in 1985, The UK Tea Council's Tea Guild Awards are considered the Oscars of the tea industry. To seek out the finest tea experience in the UK, a team of expert tea inspectors undertake clandestine afternoon tea assignments in tea rooms and hotels across Britain.

Best Practice

- Betty's Tea Rooms

Founded in 1936 by Frederick Belmont, travelled on the maiden voyage of the Queen Mary and was so enthralled by the splendour of the ship that he commissioned the Queen Mary's craftsmen to turn a dilapidated furniture store into an elegant café in St Helen's Square, York.

As you sit in Betty's surrounded by huge curved windows, elegant wood panelling and ornate mirrors, you can almost imagine yourself aboard a luxury liner.

The first floor art deco Belmont Room was inspired by one of the cruise liner's state rooms. Musical evenings and events are hosted there.

6 stores now in UK. Portfolio: café, retail, online, Fat Rascal merchandise, room hire.



Best Practice - Cranston's

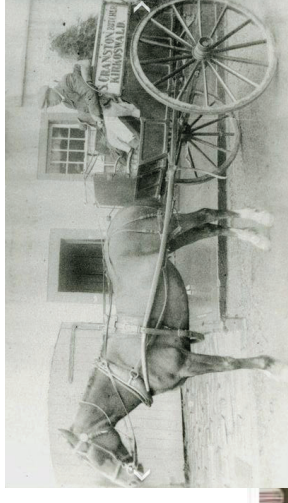
Cranstons Quality butchers was established in the Eden Valley village of Kirkoswald, Cumbria in 1914 by Stanley Cranston.

"The business has changed a little since the days of my great uncle and his horse and cart but Cranstons key values remain unchanged."

Philip Cranston:

- Skilled Master Butchers & Award Winning Products
- Supporting Local Farmers & Local Produce
- Providing Old Fashioned Standards of Customer Service

Food hall, shops, café, online.



Best Practice

- Honeywells Farm Shop at Barton Grange

Barton Grange, Lancashire

'Best' awards:

- Destination Garden Centre of the Year 2013"
- disabled facilities
- Catering
- Farm Shop
- Garden Care department
- Christmas Displays.

Café, restaurant, retail, online.



"...is more than shopping, it's an occasion, a treat and one even better when enjoyed with friends "

Food Emporium - Critical Success Factors

- Quality offer, delivery & customer service
- Create a rich customer experience
- Tell a story (connection to the city) – name & branding important
- Pricing
- Volume – product range & other channels (online)
- Community involvement



Next Steps

1. Develop the heritage story
 2. Political mandate
 3. Write & implement communications plan
 4. Communicate with existing tenants
 5. Set up an Assembly Rooms Steering Group
 6. Heritage Statement - feasibility
 7. Feasibility & development plan - scope out changes & capital expenditure required to make fit for purpose
 8. Delivery Options Analysis
 9. Funding & Investment
 10. Site made fit for Purpose
 11. Prepare brief & options for existing tenants & support options
 12. Write tender brief incl critical success factors
 13. Develop a tender list of suitable businesses
 14. Select & contract with SLAs
 15. Launch site
-

Appendix 1. Consumer Survey - Phase 1

Lancaster City Council is undertaking a review of how the Assembly Rooms are used, and what its future might be.

Have you ever been into the building? YES

NO IF NO, SKIP FORWARD TO QUESTION 11

When were you there most recently?

And on average how often do you go?

What is the main reason why you go there?

Do you mostly go alone or with other people?

What do you like best about the Assembly Rooms as they are at present?

And what do you like least?

What would have to change to encourage you to go more often?

What would you most like to see improved? Anything else?

If what's in the building disappeared tomorrow, what would you do instead / where would you go? Why?

If the building were to change its function all together, what would you most like to see in it? What could it become?

Here are 5 options for what the building could become GIVE CARD 1 TO YOUR RESPONDENT:

- A quality Georgian tearoom
- A food market focussing on local producers and high quality goods 'Made in Lancashire'
- An arts and crafts gallery with a strong focus on local makers / artists 'Made in Lancashire'
- A collectables market
- Living Georgian Museum

Which is your favourite option? And why? How does it compare to any ideas suggested at Question 11?

Who do you think would go and why?

Would you go there? On what occasions? And how often?

Which option do you think would attract most people to go to it? Why?

Which option do you think fits best with the history & heritage of Lancaster? Why?

Is there anything else you would like to say about the future of the Assembly Rooms?

Do you live locally or are you a visitor to the area? LOCAL

VISITOR

THANK AND CLOSE

Appendix 2. Consumer Survey - Phase 2

Lancaster City Council is undertaking a review of how the Assembly Rooms are used, and what its future might be.

Have you ever been into the building? YES

NO IF NO, SKIP FORWARD TO QUESTION 6

On average how often do you go?

What is the main reason why you go/went there?

What would encourage you to go more often? What would you most like to see improved or changed?

If the building were to change its function all together, what could it become? What would you most like to see in an unused historic building in Lancaster?

Here are 5 options for what the building could become GIVE CARD 1 TO YOUR RESPONDENT:

A quality Georgian tearoom

A food market focussing on local producers and high quality goods 'Made in Lancashire'

An arts and crafts gallery with a strong focus on local makers / artists 'Made in Lancashire'

A collectables market

Living Georgian Museum

Which is your favourite option? And why?

Another idea is for the Assembly Rooms to become a Georgian 'Emporium.' This would include:

- i) A quality Georgian Tea-Room
- ii) Homemade food from local producers to eat in and take away (patisserie, bakery and deli items)
- iii) A small range of local quality gifts such as crockery, pots and jewellery
- iv) A Georgian look and feel, that is in-keeping with other Lancaster historic attractions, and helps tell the story of Lancaster.

What do you think about this idea generally? 1 Really Dislike/ 2 Dislike / 3 Like / 4 Really Like Why?

What do you think about the emporium including a quality Georgian Tea-Room? 1 Really Dislike/ 2 Dislike / 3 Like / 4 Really Like Why?

What do you think about the emporium including homemade food such as patisserie, bakery and deli items, made from local producers, to eat-in and take away ?

1 Really Dislike / 2 Dislike / 3 Like / 4 Really Like Why?

What do you think about the emporium including a small range of local quality gifts such as crockery, pots and jewellery? 1 Really Dislike/ 2 Dislike / 3 Like / 4 Really Like Why?

What do you think about the emporium being presented with a Georgian look and feel, that is in-keeping with other Lancaster historic attractions, and helps to tell the story of Lancaster.

1 Really Dislike / 2 Dislike / 3 Like / 4 Really Like Why?

Who do you think would go and why? Would you go there? On what occasions? And how often?

What level of quality should the offer in the emporium be?

- 1 Everyday - Normal quality with every day prices (Asda/Tesco)
- 2 Good- Good quality, slightly more expensive (Sainsburys)
- 2 High - High quality but expensive (M&S Fine Foods/Waitrose/Booths)
- 3 Outstanding - Outstanding quality but very expensive (Selfridges)

Based on the answers you have provided, how much do you agree that the emporium would: 1- Strongly Disagree / 2- Disagree / 3- Neither Agree or Disagree / 4- Agree / 5 - Strongly Agree

i) Be a niche and quirky heritage attraction with a good offer? 1 2 3 4 5

ii) Enhance Lancaster's heritage and offer as a destination? 1 3 4 5

iii) Generate revenue? Loss / Break Even / Profit

Is there anything else you would like to say about the future of the Assembly Rooms?

Do you live locally or are you a visitor to the area? LOCAL VISITOR

THANK AND CLOSE

CABINET**Chatsworth Gardens - Outcome of Developer Competition and Consideration of the Private Sector Led Proposal****5 November 2013****Report of the Chief Officer (Regeneration and Planning)**

PURPOSE OF REPORT			
To consider the outcome of the recent developer competition for Chatsworth Gardens, the PlaceFirst proposal and the draft heads of terms for a detailed agreement. The options for the way forward are compared, including the previously agreed council-led scheme to deliver refurbished homes for sale.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forthcoming Key decision notice			7 October 2013
This report is public, with the exception of Appendix 3, which is exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON:

- 1) Cabinet approve the preferred Option 2, to secure an agreement with PlaceFirst for refurbishment of council owned properties on Chatsworth Gardens to deliver new homes for market rent.
- 2) The Clusters of Empty Homes Funding is reallocated from the previously approved "council-led" scheme to Phase 1 of preferred Option 2.
- 3) On the basis of the draft heads of terms outlined in this report, and in conjunction with PlaceFirst, officers draw up final contract documentation, consisting of an overarching development agreement, building licence and grant agreement, for delivery of Phase 1.
- 4) Subject to HCA lifting its charge on the properties, authority to sign off the development agreement and building licence be delegated to the Chief Officer (Governance), and authority to sign off the grant agreement be delegated to the Chief Officer (Resources).
- 5) That Cabinet consider whether it is satisfied that disposal of the council's interests in the property will help the authority secure the promotion or improvement of the economic, social or environmental well-being of its area, and, if it is so satisfied, approve the disposal of the Phase 1 property for nil consideration, noting that, subject to the outcome of the current independent property valuation exercise

confirming that the undervalue is less than £2m, the terms of the General Disposal Consent will apply.

- 6) **Members agree in principle to the delivery of Phase 2, allowing officers to work with PlaceFirst on detailed proposals to be informed by the experience of Phase 1 delivery. Detailed proposals will be presented to Cabinet for Phase 2 seeking authority to proceed.**
- 7) **Officers develop and submit a bid to the Department of Energy & Climate Change “Green Deal Communities – Local Authority Fund” for energy efficient measures to i) supplement the energy efficiency proposals specified in the preferred Option 2 and ii) improve and roll out energy efficiency measures to properties in the West End area. Authority to sign off the bid and accept any funding awarded be delegated to the Chief Officer (Resources).**
- 8) **The Chief Officer (Resources) be authorised to update the General Fund Capital Programme and General Fund Revenue Budget as appropriate, subject to there being no additional call on the council’s resources.**

1.0 Introduction

1.1 At April 2013 Cabinet were informed of interest in the Chatsworth Gardens regeneration properties/site from private developer PlaceFirst Ltd., and considered the developer’s outline proposal for refurbishment through a managed private market rent tenure model. and resolved to (minute reference:144):

- 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.
- 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.

1.2 The renewed private interest emerged after the Cabinet decision at December 2012 Cabinet (minute reference 82) to a city council led contingency proposal for Chatsworth Gardens which itself responded to the withdrawal of the original preferred developer partner, Places for People, and the collapse of their demolition and new build redevelopment scheme. Cabinet had resolved for the council to deliver a substantial refurbishment project, accepting the contingent risks associated with construction, project management and, importantly, end sales. It also allowed the council to use the £1.9M Government Clusters of Empty Homes Funding (CEHF) previously secured for the area which needs to be committed by end of March 2014 and spent by September 2014.

1.3 Without detailed information on the PlaceFirst proposal there was no guarantee their scheme would ultimately be deliverable in the Chatsworth Gardens context. As retaining the ability to spend CEHF resources was important Members also resolved at April 2013 Cabinet that (minute reference: 144).

- 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.

- 1.4 This report considers the outcome of the recent developer competition and the current options for the regeneration of the Chatsworth Gardens site.

2.0 Background

Site Context and Ownership

- 2.1 It is useful for Members to be reminded of the site context. The Chatsworth Gardens project objectives are outlined in the Relationship to Policy Framework section of this report. The Chatsworth Gardens site consists of 2 property blocks split by Chatsworth Road:

- Western Block: 4 terraces on Albert Road, Chatsworth Road, Regent Road and Westminster Road.
- Eastern Block: 4 terraces on Albert Road, Balmoral Road, Chatsworth Road and Regent Road.

- 2.2 The council owns (and currently maintains) 47 properties on the site (Appendix 1) bought with HCA grant. Approximately £7M has been spent to date – around £5M on site acquisitions and £2M on properties acquired elsewhere in the Masterplan area and other associated costs including management and maintenance. Outside of the Chatsworth Gardens area the council also owns a number of “non-project properties”¹ (NPPs) across the West End, also bought with HCA grant. The NPPs are earmarked for sale to provide funding for the main Chatsworth Gardens project and ongoing significant revenue costs associated with holding these properties.

- 2.3 Acquisition of 2 flats on Albert Road is currently underway and will utilise equal amounts of HCA and CEHF moneys. This reduces the CEHF from just over £1.9M to £1.878M.

Developer Competition and Outcome

- 2.4 In early June officers issued an invitation to tender, detailed prospectus, scoring criteria and supporting information to the HCA’s Developer Procurement Panel and Place First with a deadline for submissions of 5 July. PlaceFirst was the only company to respond with a formal submission. This confirmed officer advice as reported to April Cabinet, that a traditional large scale private housing development on a difficult site in an area of low demand/high risk and where major grant funding (over and above that currently secured) is required was not feasible.

- 2.5 Following officer review and scoring of PlaceFirst’s initial proposal and, taking into account clarifications received via structured interview, PlaceFirst were invited to work with the council on a sole basis to further develop a proposal for Members’ consideration.

3.0 PlaceFirst’s Proposal

- 3.1 A summary document outlining PlaceFirst’s proposal is attached in Appendix 2. The core features and principles of the proposal are as follows:

¹ Non-Project Properties were acquired in 2004 when the Masterplan was in an embryonic stage and the HCA and LCC wanted to make early progress with strategic acquisitions. 25 properties were acquired for £2.2M all located in what became the high intervention Masterplan areas that would be brought forward under various projects e.g. Clarendon Road Remodelling, Adactus Live/Work Units, Chatsworth Gardens, Marlborough Road, Bold Street, the ceased Central Park project and the Co-Op Building.

Refurbishment Approach and Tenure Model

3.2 The proposal is for a comprehensive refurbishment approach across the 2 property blocks described in paragraph 2.1. However, the development programme envisages 2 distinct development phases, which is important to the overall financing structure described later in the report:

- Phase 1: PlaceFirst will begin with refurbishment of the Western Block of 4 terraces - where the council has almost complete ownership along Westminster and Albert Road - with 46 units of accommodation due for completion by April 2015.
- Phase 2: Following completion PlaceFirst intends to move on to the Eastern Block of 4 terraces, delivering around 46 units of accommodation by August 2016.

3.3 The council owned properties will be refurbished into a range of energy efficient typologies including townhouses, duplex apartments, and hybrid apartment/maisonettes. The detail for Phase 1 shows the delivery of:

- 3 x 1 bed homes
- 20 x 2 bed homes
- 13 x 3 bed homes
- 10 x 4 bed homes

The proposal works without the need to acquire any further properties. However, in order to create a cohesive and attractive product a scheme for front and rear facelifts for the properties not acquired is included in the scheme costs.

3.4 Phase 2 is similar in approach and intended to deliver a similar order of units. But, as will be clarified below, more detailed work needs to be undertaken and many other factors taken into consideration before the extent of intervention in Phase 2 can be confirmed and implementation agreed between the parties.

3.5 The proposal is based on private market rental tenure. The market for this product has arisen in response to the difficulties faced by potential home buyers in meeting large deposit requirements of the mortgage market. The success of the proposal depends on PlaceFirst partnering with a housing manager partner to act as landlord to the tenanted properties. In its current schemes/portfolio this role is undertaken on a commercial basis with local (i.e. active in the North West) Registered Providers. Although Placefirst are in discussions with a Registered Provider partner for this proposal, one has not yet been formally appointed/secured.

3.6 Planning permission is required and PlaceFirst are due to submit a planning application for Phase 1, with outline permission for Phase 2, in November.

Financial Model and Funding

3.7 PlaceFirst's financial model for Phase 1 (based on detailed drawings) and anticipated outturn/delivery for Phase 2 (based on more generic assumptions) is attached in Appendix 3 (exempt from publication). It uses the discounted cash flow approach to development appraisal which is suited to consideration of property development outcomes based on a projected rental income stream, and is a standard industry model.

3.8 The delivery of Phase 2 is linked to the successful completion and financial stability achieved following completion of Phase 1. PlaceFirst's financing strategy involves transfer of the council's properties at nil value (refer to paragraph 6.9) and meeting the refurbishment costs of Phase 1 from the following sources:

- The developer's and their investor's own money – the 'equity' on which they expect to secure a reasonable market profit for the risk in undertaking the project.
- Debt finance (secured in-principle) from the HCA's Build to Rent (BTR) scheme – effectively a major loan which would be difficult to otherwise obtain from commercial sources in the current financial climate.
- The council applying its remaining £1.9M secured CEHF resources as grant aid to the developer to deliver Phase 1.

3.9 On completion of Phase 1, ownership of the refurbished properties will be transferred to the developer at nil value and retained by them in perpetuity. Assuming reasonable tenancy levels are secured, Phase 1 will have a substantial asset value based on the potential future income generated from rents over a long term period. This value should allow the company to secure a 'refinancing strategy' with a third party lender, turning the income stream into a capital sum. This can be thought of as being similar in terms to a home owner remortgaging to secure better terms. The refinanced capital sum (representing a proportion of the asset value as the refinance capital loan/value ratio will be less than the full value itself), is then apportioned, in order of priority, for:

- I. Meeting the loan financing/repayment obligations to the HCA BTR scheme.
- II. Return to the council a proportion of the CEHF grant aid applied to Phase 1.
- III. Return of PlaceFirst's equity with required profit.

The intention is then to recycle the Phase 1 capital return into a similar exercise for Phase 2, that is, initial refurbishment (using developer equity, HCA second tranche loan and council grant), completion/letting and refinancing to secure the desired capital return. On completion of Phase 2 the developer profit across the whole scheme is 'redeemed' by the developer.

3.10 PlaceFirst's target development appraisal also shows a projected surplus at the end of Phase 2 - attributable to the input of CEHF 'recycled' grant. This will be available for further housing/regeneration investment. However, until actual performance against the predicted cost variables, asset value and refinancing negotiations are realised at Phase 1 end, the extent of Phase 2 (and any final residual surplus), is uncertain. Following their initial return on Phase 1 the partner investors must also decide whether the outturn has been successful enough to warrant the further equity contribution required for Phase 2.

3.11 All development appraisals depend on the accuracy of the underlying assumptions. The complexity of the model and the market conditions means no analysis of cost/value/return outcome (made at a single point in time), is an exact science - multiple variables impact in many ways. The analysis should be regarded as a reasoned view of the likelihood of achieving the desired outcome at a certain order of cost. However, the sensitivity in key variables is important to understand as these variances will impact on the developer's ability to achieve the desired Phase 1 targets, and by extension, what can be achieved in Phase 2.

3.12 Appendix 3, and the summary under Financial Implications (exempt from publication) reviews:

- I. The extent to which the developer has employed reasonable and prudent benchmarks, value assessments, profit/return assumptions particularly around:
 - Refurbishment costs / tendering benchmarks
 - Rental pricing strategy and allowance for letting / voids /bad debts
 - Appropriateness of developer profit requirement and applied appraisal discount

rate

- Apportionment of risk/reward at refinancing if return is less/more than anticipated (and the impact on Phase 2 and final completion)

II. The company's underlying financial strength and ability to deliver their proposal

- 3.13 The protection of the council's interests and mitigation of the risks associated with the above issues are to be managed through a suite of detailed contractual agreements. The proposed structure of which is described below.

Proposed Legal Framework

- 3.14 As the phasing of the scheme is critical it has been proposed that the legal structure should be based on the following principles:

- I A contractual agreement for delivery and completion of Phase 1 (with a commitment to undertake further detailed work under an 'in principle' agreement to deliver Phase 2).
- II On Phase 1 completion, and following a reasonable period for letting, undertake a joint review/assessment of the viability of proceeding with Phase 2.
- III Following the review, and if acceptable to all parties, the relevant authority to enter into a further agreement for delivery and completion of Phase 2 is sought.

- 3.15 The contractual framework for each separate Phase will involve the following :

- *Development Agreement*

Providing the Overarching Agreement to establish arrangements between the developer and council for carrying out the development scheme and the ongoing management of the development area. The draft Heads of Terms forming the basis, structure and shape of the Agreement are attached in Appendix 4.

- *Building Licence*

A supplemental document to be entered into in accordance with the terms of the Overarching Agreement. Properties will not be transferred in title to the developer until refurbishment is complete. In order for both the council's and developer's interests to be protected the Building Licence sets out the parties obligations and responsibilities over the site, providing rights of entry and authority to carry out works in accordance with an approved scheme and providing a basis for certification of completion and transfer.

- *Grant Agreement*

The council intends to use £1.9M CEHF funds in Phase 1 of the project. The investment will be in the form of a grant and the conditions of the award will be enshrined within a document with conditions to protect the council's interests in its eligible use. A mechanism will need to be defined by which the anticipated amount of grant funding is returned at the point of refinancing at the end of Phase 1, recycled into Phase 2, with a the final anticipated return due against grant (which can be recycled into further housing/regeneration work). This will be achieved by inclusion of an overage clause.

- 3.16 The council has experience of delivering complex development agreements with third party developers and, in general, the provisions and clauses are standard industry formulations. The fitness of the heads of terms and legal framework are further discussed in Legal Implications section.

4.0 Details of Consultation

- 4.1 Extensive consultation established the project objectives and principles. However, since the collapse of the original Places for People scheme due the recession there has been too much uncertainty on the way forward to make detailed consultation meaningful. Following a decision at this Cabinet meeting it is intended to undertake further community engagement and consultation on the practical details of project delivery with local residents and property owners.

5.0 Options and Options Analysis (including risk assessment)

- 5.1 A 'do nothing' option is not included within this report. Disposal of all properties with sales receipts covering disposal fees was discounted due to Members' consistent support for finding a positive solution to Chatsworth Gardens. The option of 'pulling out' of the project presents considerable risk in every way other than financial. It declines to use approximately £1.9M CEHF funding currently secured and may also damage future council HCA resource bids and partnership working. This option is therefore not considered in this report. The viable options are detailed in the table overleaf.

6.0 Officer Preferred Option (and comments)

- 6.1 **Option 1** is the 'council-led' scheme previously agreed by Members following December 2012 Cabinet (minute reference 82) and officers have continued work on this as a contingency (see para 1.3 of this report). The proposal is detailed in a previous report, listed as a Background Paper
- 6.2 As noted in previous reports the basis of the intervention strategy in Option 1, and the ultimate underlying risk, lies in securing sales for the houses remodeled. As refurbishments are completed in particular terraces, ongoing sales are required to generate further income to continue with further phases of intervention otherwise the project will stall. The mortgage market is still difficult for first-time buyers, although the introduction of a local mortgage assistance scheme and the recent launched new phase of the Government's Help to Buy policy may partially improve 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 very real risks this presents to delivering a project with this tenure model.
- 6.3 Given the general risks attached to Option 1 the Place First proposal as described in **Option 2** merits serious consideration. The introduction of a market rent model allows a much more flexible and potentially more extensive approach to be taken. According to the council's own market intelligence and discussion with local agents, refurbished maisonette/apartment property is difficult to sell on the open market – the council's scheme did not therefore consider these house types. However, renting this type of property is less of an issue for prospective tenants who are generally more concerned with overall design/quality, management/landlord relations and security of tenure.

	Option 1: Implement previously approved city council led scheme for refurbishment of council owned properties on Chatsworth Gardens to deliver homes for sale	Option 2: Secure an agreement with PlaceFirst for refurbishment of council owned properties on Chatsworth Gardens to deliver homes for market rent (Preferred Option)
A D V A N T A G E S	<p>Provides a positive and quality solution to the desired Chatsworth Gardens regeneration objectives / outcomes. Utilises existing Clusters of Empty Homes Funding (CEHF). Brings empty homes back into use. Clearly sets out council's commitment to local residents and owners in the area. Demonstrates delivery to HCA boosting chances for future funding.</p>	<p>Provides all advantages of Option 1 with a number of additional benefits: Funding model and tenure allows greater capital investment/value to be generated out of almost double the individual housing unit outcome. Current appraisal, even with high level of sensitivity applied, appears to give a greater certainty on the extent of intervention. At the current assessment all the council's empty properties on Chatsworth Gardens are refurbished (in 2 phases) and a surplus is generated on the initial public grant investment which can be recycled back into the project or further housing/regeneration investment. In terms of architectural approach the scheme provides a greater impact – moves the project more towards 'exemplar' features originally envisaged in West End Masterplan. Developer has specialism in, and seeks to deliver, higher environmental standards. Developer has commitment to, and a commercial interest in good long term management of the development and improving the wider area and context for their investment. Place First see themselves as a potential council partner on future projects/developments. "Open book" accounting allows council to accurately assess reasonableness of the developer's costs, returns etc. Transfers construction and delivery risk to private sector. Moves from sales risk to a relatively less risky rental model. More control over and greater amount of private sector investment to enable draw down of all CEHF.</p>
D I S A D V A N T A G E S	<p>Ideally requires co-operation from owner occupiers & landlords to implement facelift element and deliver a cohesive scheme Uncertainty of delivery outcome for Regent Road and extent of progress is subject to the achievement of projected sales values Misses out on potential to transfer development risk away from the council. Tenure model of sales to owner occupiers is high risk in current market and location, even with the new Government Help to Buy scheme. Ongoing increasing management costs of properties as scheme progresses, particularly council tax liabilities as majority empty for more than 2 years</p>	<p>Ideally requires co-operation from owner occupiers and landlords to implement facelift element and deliver a cohesive scheme. Phasing of scheme and dependence on market conditions before Phase 2 can be committed means the council is still liable for management costs associated with those empty properties, although there is a similar burden for Option 1 (refer to Financial Implications). Under adverse market conditions and performance Phase 2 may be less extensive and/or lower surplus return on public grant and may even prove unviable. However, similar market risks are attached to Option 1 in terms of potential extent of intervention</p>

	Option 1: Implement previously approved city council led scheme for refurbishment of council owned properties on Chatsworth Gardens to deliver homes for sale	Option 2: Secure an agreement with PlaceFirst for refurbishment of council owned properties on Chatsworth Gardens to deliver homes for market rent (Preferred Option)
R I S K S	<p>Involves the council taking on the delivery risks on a capital housing development project.</p> <p>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 CEHF grant.</p> <p>Build costs and sales date/value can adversely impact project (although a reasonable contingency is built in).</p> <p>Failure to achieve sales rates/values adversely effects ability to achieve full extent of project and could lead to an underachievement of CEHF outputs and issues with the funder.</p>	<p>Uncertainty of delivery until development agreement is finalised and impact on deadlines for meeting CEHF obligations. Similarly, the Developer not completing Phase 1 for reasons beyond their control. Reversion to the council-led scheme as a contingency is not practical after January 2014. However, the risk of not achieving agreement or completion is considered low.</p> <p>Securing tenants still represents a challenge and the developer has not formally secured a Registered Provider as a managing partner at the time of writing.</p> <p>The proposal is based on untested private tenure/management models and the developer is a relatively young and rapidly expanding company, i.e. currently undertaking two other similar schemes, one due to complete November 2014.</p> <p>Failure to complete and/or achieve projected outturn from Phase 1 adversely effects ability to achieve Phase 2 and could lead to an underachievement of CEHF outputs and issues with the funder.</p>

- 6.4 The costs of creating an individual refurbished house in Option 1 are high due to the necessity for heavy intervention in the fabric of the large former guesthouses and HMOs. There is still a need for expensive intervention in Option 2, but the costs of creating 2 or 3 individual dwelling units out of one property are not especially different from creating a single unit. PlaceFirst can therefore create more outturn value for the cost of refurbishment. The development appraisal for Option 2 shows that all the council owned properties are addressed with a projected surplus, part of which will be available to be recycled back into the project or further housing/regeneration schemes. By contrast, there is uncertainty in the extent to which the council-led scheme would generate enough capital / resource to enable a comprehensive approach to be undertaken. Option 1 does not, for example, provide a solution to all of the largest and most difficult Regent Road properties.
- 6.5 There are market risks within Option 2, and the sensitivity in the appraisal figures (refer to Financial Implications) reveal how the movement in key variables could impact on the extent of / ability to deliver Phase 2 and the level of outturn surplus the council could expect to receive. However, Option 1 is also significantly subject to market factors - perhaps more so given the rental market is generally accepted to be more stable in terms of demand than the sales market. There is current debate by industry commentators that the Government's proposals to underwrite first time buyer deposits through Help to Buy could lead to increased volatility in house prices in the short / medium term. The proposed break following delivery of Phase 1 in Option 2 will also allow both parties to take stock. Within pragmatic cost/outturn sensitivities applied to the appraisal figures an extensive intervention in Phase 2 is still possible and probably has more certainty of outcome than Option 1.
- 6.6 The transfer of development risk, additional physical outcomes, and security of private investment are the clearest benefits of Option 2 over Option 1. In terms of potential regeneration impact/outcome the PlaceFirst scheme fundamentals bear comparison with the council-led scheme, and in most areas represent a significant improvement. The particular risks/mitigation attached to the PlaceFirst proposal centre on:
- *Critical path to agreeing the detailed legal framework with PlaceFirst:* The £1.9M CEHF needs to be committed by end of March 2014 and spent by September 2014. However, if contracts cannot be exchanged by the end of March the ability to use CEHF (and deliver the project) will be lost unless an extension to the CEHF commitment deadline is agreed with the Government. In addition, should PlaceFirst and the council fail to agree detailed terms after January 2014 the council will lose the comfort of being able to deliver Option1 as a contingency project, again unless an extension to the CEHF commitment deadline is agreed. This is because it is not practical to complete and commit CEHF resources by the end of March 2014 if tendering on the council-led project starts after January 2014. However, officers consider the risk of being unable to sign an agreement with PlaceFirst by the end of March 2014 to be low. PlaceFirst's team has been working closely with officers for a number of months, and both joint-working arrangements and detailed contract negotiations have been proceeding well. There are no anticipated issues to agreeing the detailed contracts in good time – officers advise that the documents' content will be of a standard form to be completed under the heads of terms (Appendix 4) which are considered acceptable. In order for the council to contract with PlaceFirst the Homes and communities Agency (HCA) must also agree to lift their charge on the properties imposed on the basis of their previous grant funding sunk into the project for acquisitions. This is also considered to be a low risk (refer to Legal Implications)
 - *Housing Manager Partner:* The introduction of privately rented stock, if marketed and managed correctly, is compatible with the overall regeneration objectives for Chatsworth Gardens (see Relationship to Policy Framework) and is consistent with

trends in the housing market. However, Members will be alive to the need to secure tenants, ensure robust management protocols and enforceable legal agreements to prevent reversion of properties to uncontrolled market rent in a regeneration area. At the time of writing PlaceFirst have not formally secured a named partner Registered Provider for this particular project. While it is still possible to develop strong agreements on the managing agent protocols / underwriting of occupancy/voids it is better for a named partner to be involved at the earliest opportunity to ensure the controls enshrined in the agreement are practical for the particular context.

- *Capacity / Track Record:* PlaceFirst is a young company and has been trading since November 2009 operating in a relatively immature market for delivering large scale, comprehensively managed private rent tenure. PlaceFirst has current working agreements with other public authorities, and are on-site delivering a number of similar projects. But the financial model is untested in the sense that no similar project by the developer has reached a level of rental maturity or confirmed sustainability in financial terms. While the financial/project structure could be considered innovative, it is only novel in the context of a UK institutional finance market wholly dominated by “building for sale”. Officers consider the quality of PlaceFirst’s development proposals to be high and, due to the developer’s associated specialism in energy efficiency/sustainable development solutions, there are interesting features / opportunities which the council would struggle to match within the resources available in its own Option 1 scheme.

- 6.7 It is considered the council’s interests can be protected through detailed legal agreements and the above issues resolved to secure CEHF commitment in good time. The model has real regeneration potential and brings many advantages in terms of the transfer of the majority of the Chatsworth Gardens development risk to the private sector. The developer has sound financial structure, a long term approach to investment/return; a high degree of competency and talent in design/delivery; a relatively simple investment model; and enthusiasm for Morecambe/West End as a place. Their detailed proposition is a compelling one, presenting a situation where the council is able to meet its regeneration objectives without needing either to take on project/sales risk or bring additional public investment over that currently secured via CEHF.
- 6.8 **Option 2 is therefore the preferred option:** Officers work towards securing an agreement with PlaceFirst for refurbishment of council owned properties on Chatsworth Gardens to deliver new homes for market rent. The agreement will be structured on the basis outlined in paragraph 3.14 above.
- 6.9 Members should note that it is proposed to transfer the properties to PlaceFirst at nil value, therefore the disposal means approving an ‘undervalue’. This is because the council’s requirements remove the value which could hypothetically be achieved from selling the former multi-occupied HMO property on the open market with no restrictions on future use. Disposals for a consideration that is less than the best that can reasonably be obtained normally require the specific consent of the Secretary of State (SoS) However, the Secretary of State has given a general consent which applies where the difference between the unrestricted value of the interests to be disposed of and the consideration accepted (“the undervalue”) is £2M or less, and the authority considers that the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. The outcome of the independent valuation exercise is pending and will be known prior to Cabinet, thereby determining the scale of undervalue. However, it is anticipated that the valuations over the projected phases of the PlaceFirst proposal will show that the undervalue is less than £2M. Furthermore given the projected surplus (for recycling back into the project or other housing/regeneration work), it could be considered

the council has potential to recoup the undervalue to some extent in due course, although there are no guarantees.

Supplementary Funding Opportunity

- 6.10 In July the Department of Energy & Climate Change (DECC) launched a “Green Deal Communities – Local Authority Fund”, a capital based fund for delivery of energy efficient measures. Funding is also only available to support work where the occupant or owner makes a financial contribution to the costs of installing the measures, either through Green Deal Finance or by meeting these costs upfront. Key fund parameters are:
- principal funding is for projects only, with a minimum threshold of £1m (and flexible cap up to £3m);
 - projects must deliver significant retrofits across whole streets/areas;
 - bids must set out how energy bill payers will be engaged with and encouraged to sign up to Green Deal Plans;
 - bids must include evidence that Energy Company Obligation (ECO) funding will be available to support the bid. ECO funding is required to be provided by the ‘big six’ suppliers – British Gas, EDF, E.ON, Npower, Scottish Power and SSE – to assist ‘hard to treat’ houses and vulnerable households access and implement energy efficiency measures.
 - funding is only to support work where a contribution to measures is made either through using Green Deal finance or by self-funding measures;
 - bids must demonstrate that strong partnerships have been established to support delivery, including local community partners;
 - bids should address potential local barriers, e.g. how have planning issues been addressed to support the bid and avoid delays;
 - bids must demonstrate strong value for money;
 - bids build in monitoring (including data collection) from the outset and commit to working with DECC’s overall Green Deal evaluation and sharing learning including case studies and open homes;
 - comply with all state aid rule:
- 6.11 Bids are invited from local authorities by 31 December 2013 and must be from a minimum of £1m up to £3m. The full criteria are provided in Appendix 5 for Members’ consideration.
- 6.12 Given the funding/eligibility criteria, officers think there is potential to secure additional substantial funding for improvements in the energy efficiency measures proposed in the preferred Option 2. In addition, there is potential to roll out the energy efficiency agenda and practical approaches using Chatsworth Gardens as an ‘exemplar’ of local housing types to owners across the West End. As previously mentioned, PlaceFirst’s work in energy efficiency/sustainable development solutions, and the transfer of properties into their private ownership makes an ideal opportunity to add value to the Chatsworth Gardens project and assist in contributing towards the council’s sustainability agenda.
- 6.13 Members are asked to allow officers to investigate and develop a bid to “Green Deal Communities – Local Authority Fund” for energy efficient measures to i) supplement the energy proposals for the Preferred Option 2 and ii) improve properties in the immediate West End area. The bid is currently anticipated to be of the order of £1.5M to £2.0M.
- 6.14 It must be stressed that progression and implementation of the preferred Option 2 is **not dependent on securing this DECC funding**. Any award received will enable wholly additional improvements to the Chatsworth Gardens specification and practical

incentives/approaches for private owners in the West End to implement energy efficiency measures.

7.0 Conclusion

7.1 Officers have conducted a developer competition to test all current private investment interest in the Chatsworth Gardens development opportunity. PlaceFirst have provided a proposal which, if supported by the council's exercise of its powers under the Local Government Act 1972 general disposal consent, will help the council to secure the promotion or improvement of the economic, social or environmental well being of its area by the refurbishment of council owned properties on Chatsworth Gardens to deliver new homes for market rent.

7.2 Members are advised to allow officers to secure an agreement with PlaceFirst based on their proposal which both reduces the council's risk burden and secures a better and more certain outcome against its regeneration objectives.

Appendices:

Appendix 1 - Council Ownership on Chatsworth Gardens

Appendix 2 - Place First Proposal Summary Plans / Document

Appendix 3 – Review of PlaceFirst Financial Model/Appraisal (exempt from publication)

Appendix 4 - Heads of Terms

Appendix 5 - Green Deal Communities – Local Authority Fund Application Pack

RELATIONSHIP TO POLICY FRAMEWORK

In January 2011 council resolved that housing regeneration be included as a theme in its corporate priorities. This was reaffirmed in the 2012-2015 Corporate Plan.

The Chatsworth Gardens Project is a key element of the West End Masterplan and was ranked as a high priority by Cabinet as part of review and refresh exercise carried out on the Masterplan in 2009. The council has been working with the Homes and Communities Agency (HCA), formerly known (prior to December 2008) as English Partnerships, to deliver the Chatsworth Gardens Housing Exemplar scheme. The objectives of the proposal are as follows:

- Attract families and long-term residents to live and work in and near the town
- Create a more balanced community
- Reverse the negative perception of Morecambe's West End as a place to live
- Reduce the number of HMOs (Houses in Multiple Occupation)
- Kick-starting public/private investment in the area;
- Creating confidence in the market – to show that family housing is possible and have a catalytic effect (along with the other interventions)
- Deliver quality housing stock
- Address crime and social conditions in the area
- Act as a demonstration to the market in terms of the standard and quality of housing that should be delivered in the Masterplan area

As 40% of the districts homelessness derives from failed private sector tenancies in the West End, these schemes will help reduce homelessness, enable housing supply imbalances to be corrected 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 a significant element of providing for the District's housing needs.

CONCLUSION OF IMPACT ASSESSMENT

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

The West End Masterplan has carefully considered issues of sustainability and is based on sustainable principles. Any proposal received will need to be designed and built in accordance with specifications/standards which ensure high quality urban design, including safer by design and life time homes standards as well as high environmental standards.

LEGAL IMPLICATIONS

Legal Services have been consulted and their comments inserted within the body of the report where appropriate.

The legal implications of progressing with **Option 1** are fully discussed in the report/recommendations of 4th December 2012 Cabinet (Minute 82).

The legal implications of progressing with **Option 2** are as follows:

General Disposal considerations

The agreement between the developer and the council is effectively a disposal of land. Legal Services officers confirm that the terms of the developer competition have been conducted within, and the disposal will be taken forward under, the terms of the council's disposal procedures.

The proposal in Option 2 is to dispose of the council's holdings at nil value.

Section 123 of the Local Government Act 1972 provides that authorities may not, without the consent of the Secretary of State sell land for "a consideration less than the best that can reasonably be obtained".

However, the General Disposal Consent issued by the Secretary of State in 2003 provides that the Secretary of State's consent is not required for the disposal of an interest of land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area, where the difference between the unrestricted value of the interests to be disposed and the consideration accepted ("the undervalue") is £2M or less. The council is currently revaluing the relevant properties to confirm the amount of the undervalue, but the current assumption is that the undervalue is unlikely to be more than £2M, and this will be confirmed at the meeting. Accordingly, the council could dispose of the land without the specific consent of the Secretary of State, provided that members are satisfied that the disposal will help to secure the promotion or improvement of the economic, social or environmental well-being of the area.

Legal Framework

The basis of the legal framework is to ensure the council retains control over this major scheme and ensure that maximum consideration in terms of well-being benefits is received. The agreement will be required to incorporate provisions for monitoring the performance of the developer and the ability to grant disposals initially across Phase 1.

As the phasing of the scheme is critical it has been proposed that the legal structure should be based on the following principles:

- A contractual agreement for delivery and completion of Phase 1 (with a commitment to undertake further detailed work under an 'in principle' agreement to deliver Phase 2).
- On Phase 1 completion, and following a reasonable period for letting, undertake a joint review/assessment of the viability of proceeding with Phase 2.
- Following the review, and if acceptable to all parties, the relevant authority to enter into a further agreement for delivery and completion of Phase 2 is sought.

The contractual framework for each separate Phase will involve the following :

- *Development Agreement*
Providing the Overarching Agreement to establish arrangements between the developer and council for carrying out the development scheme and the ongoing management of the development area. The Agreement will cover: initial conditions / events to be achieved prior to start on site; individual organisational and mutual obligations; timing considerations and the rights of parties/investors. The final agreement will be a complex contractual document with all necessary detail. The draft Heads of Terms forming the basis, structure and shape of the Agreement are attached in Appendix 4.
- *Building Licence*
A supplemental document to be entered into in accordance with the terms of the Overarching Agreement. Properties will not be transferred in title to the developer until refurbishment is complete. In order for both the council's and developer's interests to be protected the Building Licence sets out the parties obligations and responsibilities over the site, providing rights of entry and authority to carry out works in accordance with an approved scheme and providing a basis for certification of completion and transfer.
- *Grant Agreement*
The council intends to use £1.9M CEHF funds in Phase 1 of the project. The investment will be in the form of a grant and the conditions of the award will be enshrined within a document with conditions to protect the council's interests in its eligible use. A mechanism is defined by which the anticipated amount of grant funding is returned at the point of refinancing at the end of Phase 1, recycled into Phase 2, with a the final anticipated return due against grant (which can be recycled into further housing/regeneration work). An overage clause and formula represents the mechanism to apportion any reward surplus / risk deficit against anticipated figures at the defined particular Phase completion, valuation and refinancing events.

Statutory Approvals / Partner Funding Agreements

Planning approval is required for the implementation of Phase 1 and Phase 2. While a risk to timing of implementation there are no major issues anticipated or which have been highlighted in detailed discussions with the city council's planning officers. Similarly the relevant statutory interventions (e.g in the highway and to utilities), are not expected to cause major delays. Resolution of all statutory approvals will be made conditional on starting on-site in the Development agreement.

The council was in default of the current HCA funding agreement for Chatsworth Gardens

dated 21/12/2005 when its original private developer partner Places for People withdrew. Schedule 2, Part 1 of the agreement states that the council will provide the Agency with its detailed written proposals for the future management development and disposal of the council site. In February 2011 a high level meeting with the HCA indicated that they will support the council's preferred approach if they consider it to be a viable and positive regeneration solution, but at that time had no funding to support the council achieving this. In February 2012 the HCA encouraged the council to apply for the Cluster of Empty Homes Funding opportunity as a solution to Chatsworth Gardens.

In order for the council to contract with PlaceFirst the Homes and Communities Agency (HCA) must agree to lift the charge on the properties imposed on the basis of their previous grant funding sunk into the project for acquisitions. To lift the charge on the properties the HCA need to agree to the disposal and this requires both a local and a national approval. The 'local' approval is handled by the North West HCA office and could be achieved in November with approval by the HCA Project Executive in London the following month. This presents an overall scheme risk to implementation (and the potential for sign off to the development agreement and by extension the commitment of CEHF funding). However, officers anticipate this risk to be low as:

- The HCA have been kept informed of the council's efforts to secure a contingency solution. Officers followed the HCA's advice in presenting the opportunity to the open market before agreeing to work with PlaceFirst on the basis of their submission.
- The HCA has a separate interest in the project via its Build to Rent scheme. PlaceFirst have secured finance partly on the basis of delivery on Chatsworth Gardens. The HCA is fully aware of the merits of the scheme and have approved funding after undertaking their own due diligence on the company. In order for this finance to be released to PlaceFirst the HCA will need to place a new charge on the properties, reinforcing the need/desirability of lifting the current charge.
- The HCA has an interest in progressing CEHF spend as administrators to the DCLG for the scheme and are fully committed to the objectives.

There is a great deal of support for the proposal from various sections within the HCA so it is expected that HCA will agree to the lifting of the charge.

The acceptance of the Clusters of Empty Homes Funding (CEHF) offer is under a separate agreement to the 2005 funding agreement. The CEHF needs to be committed by end of March 2014 and spent by September 2014. However, if contracts cannot be exchanged by the end of March the ability to use CEHF (and deliver the project) will be lost unless an extension to the CEHF commitment deadline is agreed with the Government. In addition, should PlaceFirst and the council fail to agree detailed terms after January 2014 the council will lose the comfort of being able to deliver Option1 as a contingency project, again unless an extension to the CEHF commitment deadline is agreed. This is because it is not practical to complete and commit CEHF resources by the end of March 2014 if tendering on the council-led project starts after January 2014. However, officers consider the risk of being unable to sign an agreement with PlaceFirst by the end of March 2014 to be low. PlaceFirst's team has been working closely with officers for a number of months, and both joint-working arrangements and detailed contract negotiations have been proceeding well. There are no anticipated issues to agreeing the detailed contracts in good time – officers advise that the documents' content will be of a standard form to be completed under the heads of terms (Appendix 4) which are considered acceptable.

The CEHF resources will be applied to eligible works on empty properties and public realm as required by the terms of the fund. The spend will monitored and secured by provisions in

the Grant Agreement between PlaceFirst and the council.

Supplementary Funding Opportunity

The report notes an intention for officers to develop and submit a bid for DECC funding under the Green Deal Communities – Local Authority Fund. Should a funding offer be made on the basis of this bid the delivery of any proposals will involve a formal grant agreement to be made between the city council and the funder/accountable body. The outline terms and conditions of the funding stream have been reviewed by legal services and the terms appear standard for Government sponsored external funding streams. Any particular conflict in final grant award terms with council policies/procedures raised in development of the more detailed proposals or under any offer will be considered and reported to Cabinet as necessary.

FINANCIAL IMPLICATIONS

The Financial Implications of progressing with **Option 1** are fully discussed in the report/recommendations of 4th December 2012 Cabinet (Minute 82).

In terms of the Financial Implications of progressing with the Developer's proposal as outlined in **Option 2**, these should be read in conjunction with the legal implications and the figures and assumptions which are detailed in Appendix 3. It should be noted that development appraisals depend on the accuracy of the underlying variables and as well as experience on current ongoing schemes elsewhere, the Developer has employed reasonable and prudent cost benchmarks and market value assessment informed by the views of a leading construction consultant, published statistics on private rent, bespoke market research and local agents, etc. Officers within Financial Services (Resources) and Regeneration & Planning have also reviewed the assumptions contained within the financial model upon which the Developer has based its proposal for Phase 1 and are comfortable with the competency of the underlying data.

In comparison with Option 1, although Option 2 is the more expensive of the two to refurbish, it is important to note that the Developer's scheme is based on current prices, whereas the council's is based on prices over a year old, it includes the large 'difficult to deal with' properties on Regent Road, which the council's scheme is unable to afford in the short to medium term and is based on a much higher environmental specification. In addition, it removes the council from the burden of contingent risks in respect of construction, refurbishment, VAT partial exemption liabilities, project management and future property rental management or end sales and will further assist in reducing ongoing revenue management costs associated with holding Chatsworth Gardens, e.g. significant council tax liabilities for Phase 1 initially and ultimately Phase 2, subject to a viable business plan for implementation of this next phase.

The Developer intends to form a specific Special Purpose Vehicle company (SPV) for this proposal to meet funder's requirements and provide transparency. This will also enable the council to monitor scheme costs, cashflow and ongoing viability, etc. The refurbishment will be delivered through a fixed price design and build contract through which costs will be controlled. The main risk therefore arises through the future management of the property portfolio and its ongoing viability, which will be shaped in the main by levels of rent that can be achieved and overall levels of voids. It should be noted that at this stage although the Developer is in discussions with a Registered Provider partner for Phase 1, one has not yet been formally appointed.

Prior to entering into further contractual commitment with the Developer for Phase 2, it would

be necessary for both parties to review the relative success or failure of Phase 1 to meet the forecast costs, net rental income and ability to 're-finance' based on future rental values to inform the viability of the next phase of the project. This is not too dissimilar to what would be required under Option 1, the main difference being that Option 2 in all likelihood has more certainty of achieving a comprehensive approach compared with Option 1.

It is re-iterated that the principal financial risk arising under both options continues to be the ability of the council to secure Clusters of Empty Homes spend, which needs to be committed by end of March 2014 and spent by end of September 2014 and although not without its risks, it is felt that Option 2 provides the most realistic solution in meeting these deadlines.

The final position regarding total number of properties and actual CEHF to be included under Option 2 will be reflected in the legal agreements should any further property sales be actioned prior to commencement of the proposal, therefore based of the Heads of Terms outlined in this report, it is proposed that final associated legal documentation, i.e. the overarching Development Agreement, Building Licence and Grant Agreement continue to be drawn up by Officers in conjunction with the Developer and that subject to HCA lifting its charge on the properties, authority to sign off and enter into a formal contract be delegated to the Chief Officer (Governance) and Chief Officer (Resources).

In disposing of the council's property holding at nil value, it needs to be determined whether or not there is an 'undervalue', therefore the council is currently in the process of having its properties independently valued prior to commencement of the scheme. Although the Capital Programme does not currently include a budgeted capital receipt for this scheme and so there will be no bottom line impact upon transfer, regardless of whether or not the Developer led scheme is approved, it is likely that the current carrying value (based on original acquisition costs) on the council's balance sheet (£2.7M for Phase 1 properties) will need to be reduced in line with the expected revaluation. Further impairment / write off would be required at the end of Phase 1 upon transfer to the Developer.

Supplementary Funding Opportunity

As outlined in the report the proposal to develop and submit a capital bid to the Department of Energy & Climate Change "Green Deal Communities – Local Authority Fund" is for energy efficient measures to i) supplement the energy efficiency proposals specified in the preferred Option 2 and ii) improve and roll out energy efficiency measures to properties in the West End area. Any funding award is wholly additional to the progression of the preferred Option 2. It is anticipated that much of the implementation arising from any funding award will be undertaken by PlaceFirst as the council's delivery partner and involve officer resources, principally from Regeneration and Planning, Partnership and Accountancy sections.

It is recommended that authority to sign off the bid and accept any funding awarded be delegated to the Chief Officer (Resources).

The General Fund Capital Programme and Revenue Budget will need to be updated as appropriate to reflect the financial implications of those recommendations approved (in part or whole), subject to there being a nil impact on the council's resources.

The progression of this scheme will impact to some degree on the council tax yield and New Homes Bonus funding, although it is impossible to forecast this at present because of the many variables and uncertainties. The impact is not considered a material consideration however, and it would be picked up as future monitoring develops.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

The human resources required to deliver Option 1 are fully discussed in the report/ 4th December 2012 Cabinet (Minute 82) report - these are principally from Regeneration and Planning, although other services support is required, including Financial, Property and Legal. Progressing with the Place First proposal in Option 2 will require input from Legal, Financial and Property Services officers' time in negotiating and drafting the detailed terms of the underlying legal documentation. Ongoing input will be required over the lifetime of the project managing properties prior to implementation of Phase 2, principally from Regeneration and Planning although other services support will be required including Financial, Property and Legal.

Information Services:

No Information Service implications.

Property:

The major implications for the involvement of Property Services are discussed in the body of the report and Legal Implications section. The developer competition involves the disposal and future development/management of refurbished residential and some commercial property to the terms of the council's Corporate Property and Disposal Strategies. The progression of the project requires input from the council's property services staff in conjunction with Regeneration & Planning staff leading the project.

Open Spaces:

No Open Space implications.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Cabinet Report 4th December 2012, minute ref: no.82:

[Agenda for Cabinet on Tuesday, 4th December 2012, 10.00 a.m.](#)

Cabinet Report 23rd April 2013, minute ref: no.144:

[Agenda for Cabinet on Tuesday, 23rd April 2013, 10.00 a.m.](#)

Winning Back Morecambe's West End Masterplan - available on Lancaster City Council Website:

<http://www.lancaster.gov.uk/planning/regeneration/morecambe-s-west-end/>

Contact Officer: Paul Rogers / Tom Brown

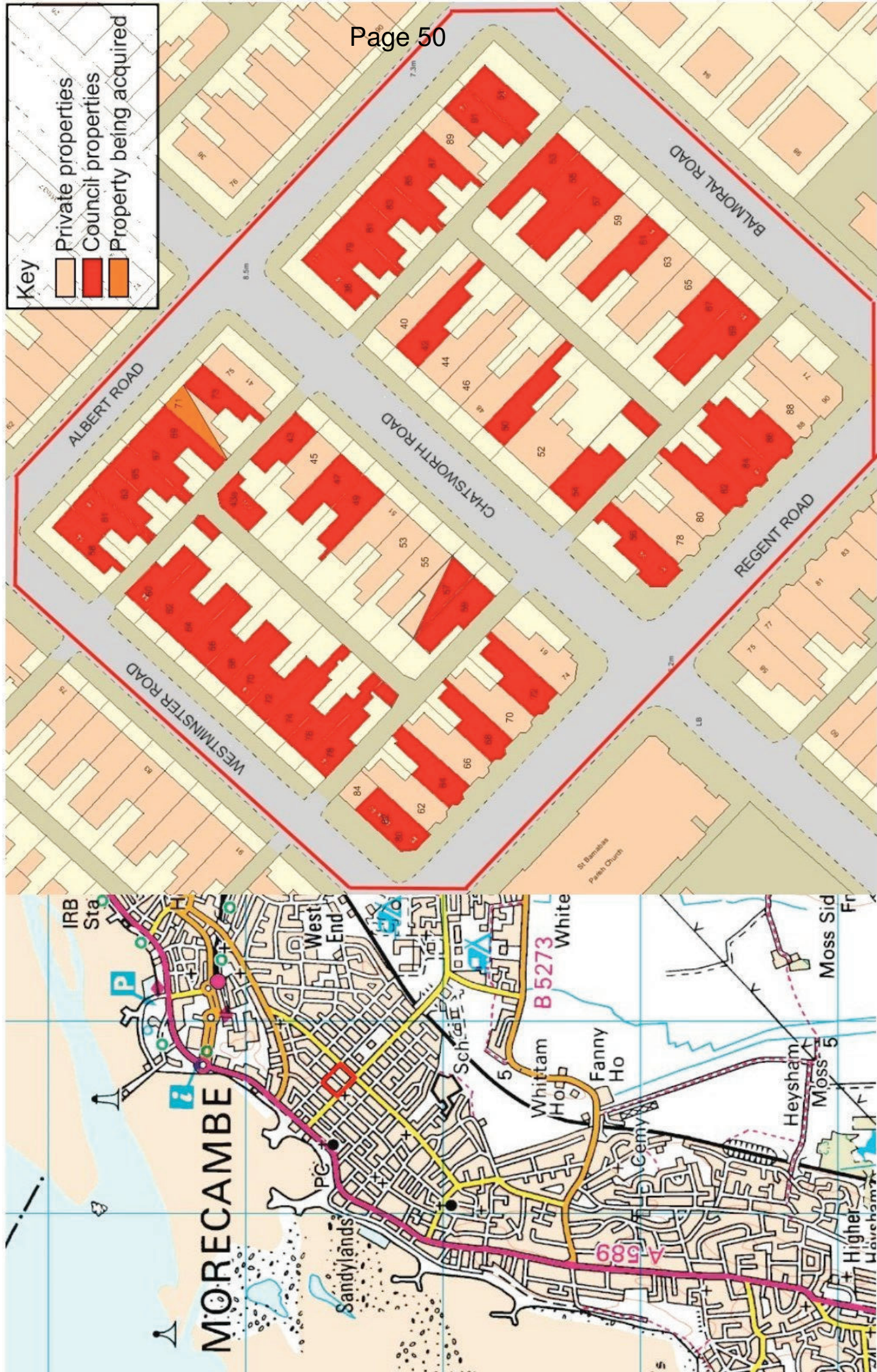
Telephone: 01524 582326 / 01524 582334

E-mail: progers@lancaster.gov.uk

tbrown@lancaster.gov.uk

Ref:

Appendix 1 - Chatsworth Gardens Location Plan and Plan Showing Council Owned Properties



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

Document is Restricted

HEADS OF TERMS

**REDEVELOPMENT AND TRANSFER OF PROPERTIES AT CHATSWORTH GARDENS,
MORECAMBE**

1 PARTIES

- 1.1 **PLACE FIRST LIMITED** incorporated and registered in England and Wales with company number 07071980 whose registered office is at Unit 5 & 6 The Stables Parrwoods Lane, Didsbury, Manchester, M20 5PG ('the Developer')
- 1.2 **LANCASTER CITY COUNCIL** of Town Hall Dalton Square Lancaster LA1 1PJ ('the Council')

2 PRELIMINARY

- 2.1 These heads of agreement are made between the parties whose names are set out in part 1 above.
- 2.2 This is not a legally enforceable agreement and is intended only to set out the points on which the parties will seek to conclude a legally binding agreement.
- 2.3 No party makes any warranty, undertaking or similar commitment in relation to any matter of fact or opinion set out in this document and no party shall make any claim based on any such warranty or undertaking.
- 2.4 These heads of agreement are subject to contract and formal ratification by the Council and Developer's respective formal procedures.
- 2.5 The conclusion of the agreement will be subject to satisfactory responses to enquiries and searches by the respective parties' legal representatives.
- 2.6 The conclusion of the agreement will be in accordance with a contract prepared and agreed between the respective parties legal representatives, and shall be subject to such other or amended terms they consider appropriate to a transaction this nature

3 THE OVERVIEW

- 3.1 The Council is the owner of certain properties at Chatsworth Gardens Morecambe ('the Properties') which have been acquired by the Council through grant funding from the Homes and Communities Agency ('the HCA').
- 3.2 The Council wishes to redevelop the Properties and other properties in the vicinity of the Properties and had invited tenders for the required works.
- 3.3 The Developer submitted a tender to the Council which was acceptable to the Council.
- 3.4 The tender submitted by the Developer included an initial specification and proposal for the redevelopment works for the Properties.

4 THE PROPOSED ARRANGEMENT

- 4.1 The intention of the parties is that the redevelopment is carried out in two distinct phases.

- 4.2 Phase 1 ('Phase 1') would be the redevelopment ('the Phase 1 Works') of 46 residential units at land bound by Westminster Road, Albert Road, Chatsworth Road and Regent Road.
- 4.3 Phase 2 ('Phase 2') would be the redevelopment ('the Phase 2 Works') of 46 residential units at land bound by Chatsworth Road, Albert Road, Balmoral Road and Regent Road.
- 4.4 The Developer would intend to fund the redevelopment over the two phases.
- 4.5 The Developer confirms that it has funding available to it for the Phase 1 Works, provided that the Council is able to provide the Developer with a grant of £1.9M ('the Grant').
- 4.6 The Developers funding for the Phase 1 Works will be from the HCA and its own investment.
- 4.7 On completion of the Phase 1 Works the Properties contained in Phase 1 will be transferred to the Developer for nil consideration.
- 4.8 The Phase 2 Works will be funded from the proposed re-finance or sale of Phase 1 following completion of the Phase 1 Works together with further funding from the HCA, the reinvestment of the Grant and the Developers equity.
- 4.9 Following the completion of the Phase 2 Works the properties contained in Phase 2 will be transferred to the Developer for nil consideration.
- 4.10 Following the completion of each of the Phase 1 Works and the Phase 2 Works the Properties will be managed by a professional landlord group that will be appointed by the Developer.
- 4.11 The arrangements between the parties will be regulated by a series of agreements. These will be;
- 4.11.1 A Development Agreement;
- 4.11.2 Building Licence Agreements; and
- 4.11.3 A Grant Agreement
- 4.12 For the purpose of the agreement to carry out the redevelopment works at the Properties the Developer will create specific wholly owned special purpose vehicles ('SPV'). There will be a specific SPV for each of Phase 1 and Phase 2. Each SPV will be a party to the agreements set out in paragraph 4.11.

5 THE DEVELOPMENT AGREEMENT

- 5.1 The development agreement ('the DA') will be the principal agreement that regulates the arrangements between the parties for the redevelopment of the Properties. Reference to the Developer in this section is to be treated as being a reference to the relevant SPV.
- 5.2 The DA will be a conditional agreement.
- 5.3 There will need to be satisfied a number of conditions precedent before the works of redevelopment can take place. The satisfaction of the first series of conditions precedent will lead to the granting of a building licence agreement ('BLA') to the Developer with respect to the Phase 1 Works.

5.4 There will be further conditions precedent which would need to be satisfied before a further BLA can be granted to the Developer for the Phase 2 Works..

5.5 Phase 1 Conditions Precedent

The conditions precedent for the commencement of the Phase 1 Works are as follows;

5.5.1 The Developer is to provide evidence of funding for the redevelopment works (with the exception of the grant funding);

5.5.2 Provision of grant funding by the Council;

5.5.3 The Developer obtaining funding (and being able to comply with any conditions necessary for that funding) satisfactory in all respects to the Developer to allow it to proceed with the Phase 1 Works;

5.5.4 Agreement as to the plan for the Phase 1 Works;

5.5.5 The provision of good title by the Council for the Properties in Phase 1;

5.5.6 Vacant possession being available;

5.5.7 The Developer obtaining where applicable planning permission satisfactory to the Developer for the Phase 1 Works;

5.5.8 The Developer obtaining where appropriate traffic orders, stopping up orders or footpath closure orders relating to the Phase 1 Works;

5.5.9 The Developer obtaining all relevant agreements for service media diversion, disconnection or similar;

5.5.10 The Developer obtaining estimates for the cost of any remediation works satisfactory to it to allow it to proceed with the Phase 1 Works;

5.5.11 Agreement being reached between parties as to the method for dealing with other properties in Phase 1 not owned by the Council;

5.5.12 Agreement being reached between parties as to public realm treatment outside curtilage of Properties;

5.5.13 Both parties to agree a strategy for community consultation;

5.5.14 Agreement being reached between parties as to timescales for completion of the works;

5.5.15 The Council obtaining the consent of the HCA of entering into the agreement for redevelopment of the phases with the Developer on such terms that are acceptable to both the Council and the Developer.

5.6 Phase 2 Conditions Precedent

The conditions precedent for commencement of the Phase 2 Works are as follows;

5.6.1 The completion of the Phase 1 Works;

5.6.2 Satisfaction of conditions precedent in identical form to those contained in paragraph 5.5

5.6.3 Successful refinancing or sale of Phase 1 properties.

- 5.7 The DA will include provisions to deal with the determination of each of the conditions precedent.
- 5.8 The DA will provide a mechanism to deal with the parties obligations regarding the satisfaction of the conditions precedent including the provision of mutual assistance as appropriate.
- 5.9 The DA will include provisions as to the time periods in which the conditions precedent are to be satisfied. Failure to satisfy the conditions precedent by the agreed time periods will lead to the determination of the DA by either party.
- 5.10 Satisfaction of the conditions precedent will lead to the granting of a BLA in a prescribed form subject to alterations as may be required and agreed between the parties.
- 5.11 Pending the satisfaction of the conditions precedent the Developer will be allowed access to the Properties for the purpose of surveying and assessment for the provision of the redevelopment works.
- 5.12 The DA will include provisions to deal with termination as a consequence of default by either of the parties.
- 5.13 The DA will include a dispute resolution mechanism.
- 5.14 VAT will be addressed
- 5.15 The DA will include provisions to address Freedom of Information obligations, Diversity, Confidentiality and publicity, Human Rights, Ombudsman Investigations, Bribery and other similar statutory requirements.
- 5.16 The DA will deal with the future use of the Properties following the completion of each of the Phase 1 Works and Phase 2 Works. These will include the provision for the management and disposal of the Properties.
- 5.17 The DA will deal with financial arrangements between the parties in particular the provision of the Grant by the Council for the Phase 1 Works and Phase 2 Works. These provisions will include;
 - 5.17.1 any required inter-creditor agreements with senior lenders;
 - 5.17.2 distribution of an agreed margin to the Developer following the completion of the Phase 1 Works;
 - 5.17.3 the prospective re-finance of the Phase 1 Properties following the transfer of the Phase 1 Properties;
 - 5.17.4 the treatment of the proceeds of any completed re-finance

6 THE BUILDING LICENCE AGREEMENT

- 6.1 The BLA will be the formal agreement which will be entered into between the Council and the Developer following the satisfaction of the conditions precedent for Phase 1 and thereafter Phase 2. There will be a separate BLA for each phase.
- 6.2 The BLA will be in a standard form which will allow for certain modification depending on circumstances set out in the DA.
- 6.3 The BLA will be a conditional agreement. The condition precedent is the completion of the redevelopment works in accordance with the agreed development plan within

the agreed time period. Satisfaction of the condition precedent will lead to the transfer of the relevant Properties to the Developer for nil consideration

- 6.4 The BLA will grant a licence to the Developer to enter onto the relevant Properties in order to carry out the redevelopment works.
- 6.5 The Developer will be required;
 - 6.5.1 To complete the redevelopment works in accordance with the agreed development plan within the agreed time periods subject to agreed events of delay;
 - 6.5.2 To carry out the redevelopment works in accordance with all relevant statutory requirements;
 - 6.5.3 To insure or procure that the Properties the subject of the BLA are insured for third party liability;
 - 6.5.4 To indemnify the Council as landowner against any injury, loss, or claim arising from Developers occupation and use of relevant Properties;
 - 6.5.5 Not to obstruct or deposit mud and debris on any highways adjoining the Properties;
 - 6.5.6 Not to discharge solid matter from the site into any drains watercourses or sewers on the Properties or in the adjoining streets;
 - 6.5.7 Not to deposit soil, debris, waste or other matter onto the adjoining land of the Council;
 - 6.5.8 Not to sever, obstruct, or damage any sewers, drains, pipes, wires, cables, conduits and the like belonging to Statutory Undertakers and service supply companies that exist in the Properties for the benefit of adjoining land without making proper provision for alternative supply, and to be responsible for the costs involved;
 - 6.5.9 Not to cause nuisance or annoyance to adjoining owners or occupiers;
 - 6.5.10 To be responsible for any rates or other outgoings on the Properties and indemnify the Council accordingly.
- 6.6 The BLA will contain alienation provisions to restrict assignment during its existence. The Developer will however be allowed to grant security to third parties providing finance to the Developer.
- 6.7 The BLA will contain mortgagee protection provisions for third parties who have provided finance to the Developer.
- 6.8 The BLA will contain provisions to deal with default and its consequences including termination. Any termination provisions are to include repayment to the Developer of the fair and reasonable value of works carried out to the date of termination subject to the reasonable costs of the Council.
- 6.9 The BLA will contain provisions to deal with the evidence of the Councils title to the Properties and the matters which they will be ultimately sold subject to.
- 6.10 The provisions to be contained in the transfer of the relevant Properties to the Developer will be set out in an agreed form.
- 6.11 The Council will be allowed access to inspect the works on reasonable notice to assess the redevelopment works.

6.12 The BLA will contain provisions to deal with the completion of the redevelopment works and the final sign off by the Council that the relevant conditions have been satisfied leading to the transfer of the relevant Properties.

6.13 The BLA will contain relevant provision to deal with health and safety, the Construction Design and Management (CDM) Regulations, VAT and dispute resolution.

7 THE GRANT AGREEMENT

7.1 The Council will grant the Developer £1,900,000 which will be used to subsidise eligible works within Phase 1.

7.2 The definition of eligible works is to be agreed and will be fully described in the Grant Agreement.

7.3 The Grant will be paid in stages in such manner and at such times as are to be agreed.

7.4 In principal the Council will allow a partial drawdown of the Grant subject to the initial payments being matched by the Developers contribution of funding from its own resources prior to the use of any senior funding obtained by the Developer.

7.5 The Grant shall contain provisions relating to;

7.5.1 The use of the Grant funds;

7.5.2 Any events which could lead to repayment of the whole or part of the grant, eg sales in certain circumstances; the Council acknowledge that re-financing of the Properties will not trigger repayment.

7.5.3 Provisions for consent by the Council for dealings with the Properties, to include permitted dealings without consent and dealings which require consent which consents are not to be unreasonably withheld or delayed.

7.5.4 Any conditions precedent before drawdown can commence eg the satisfaction of the conditions precedent for the commencement of the Phase 1 Works with the exception of the condition precedent relating to the Grant.

7.5.5 The means that the Grant is protected, eg a legal charge over the Properties once transferred to the Developer

7.5.6 Obligations regarding inter-creditor arrangements

7.5.7 Provisions regarding re-payment and future reinvestment

7.6 The Grant shall contain provisions relating to the use of the funding for the redevelopment of Phase 2 and beyond

8 INITIAL PROPOSED TIMESCALES

8.1 Exchange contracts Mid November 2013

8.2 Developer to submit planning application October 2013

8.3 Licence to access properties for initial survey work – November 2013

8.4 Estimated satisfaction of conditions precedent for phase 1 - December 2013

- 8.5 Longstop for contract to become unconditional – March 2014
- 8.6 Within one month of the unconditional date, the Developer will commence enabling works and complete the same within 4 months
- 8.7 Within 5 months of completing the enabling works the Developer will commence the main works and will complete the same within a minimum of 12 months
- 8.8 The Target date for completion of the main works is January 2015
- 8.9 The contractual long stop date for completion of main works June 2015
- 8.10 Long stop date for commencement on site for Phase 2 is 12 months after Practical Completion of Phase 1
- 8.11 Occupation of the premises to begin July 2015

Signed by the parties as confirmation of the above but without any present intention to create legal relations between them in relation to the matters set out above

.....
Signed Date

For and on behalf of.....

.....
Signed Date

For and on behalf of.....



GREEN DEAL COMMUNITIES – LOCAL AUTHORITY FUND Application Pack

Green Deal Communities Local Authority Fund - Summary

Aim:

To maximise the delivery of Green Deal Plans across whole communities/streets including to hard to reach sectors.

Outline:

DECC is inviting local authorities (LAs), working with their local partners, to apply for funds of between £1m and £3m to help drive Green Deal energy efficiency improvements in their area. LAs are asked to come forward with ambitious and innovative proposals to deliver Green Deal Plans to as many properties as possible in target streets/areas. DECC funding can also be used to support those who choose to self-finance measures. Proposals which seek to reach areas which have not benefited under previous schemes are particularly welcome.

Proposals will be judged on:

- the number and total value of Green Deal Plans that will be delivered;
- their sustainability in the long term (i.e. beyond the DECC funding);
- their credibility e.g. LAs will need to demonstrate that they have secured ECO funding to complement Green Deal Plans under their Green Deal Communities bid, and to have specifically identified the streets/areas targeted;
- their creativity in offering local incentives to drive demand for Green Deal Plans;
- consistency with state aid and procurement rules.

The full criteria are set out in section 3.5.

What DECC might fund:

Within the parameters at para 2.19, LAs will have flexibility in how to deliver Green Deal plans with this capital funding. We would expect the following to be included:

- proposals to deliver 'hard to treat' measures to private households with a strong blend of Green Deal finance/ECO subsidy;
- a comprehensive offer to as many households as possible: some households in a street or area may fund measures by blending Green Deal finance and ECO, some may choose to self-fund measures (either partly or in their entirety), while others may be eligible for 100% ECO subsidy;
- creative approaches e.g. local incentives, working with local community partners;
- open homes to launch activity in an area; and
- proposals that deliver long term public value e.g. publically available plans/templates for how to retrofit local home types, or how to drive demand in hard to reach sectors.

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GREEN DEAL COMMUNITIES

Introduction

1 The Department of Energy and Climate Change is pleased to announce ‘Green Deal Communities’ a £20m capital funding programme designed to support Local Authorities (LAs), in conjunction with their community partners, to deliver the Green Deal to their residents. In addition £1m of linked programme funding is available to support the development of the Green Deal installer supply chain, particularly to support SME/micro installer organisations and facilitate their entry into the market.

2 Proposals are invited from LAs, or consortia of authorities, for bids of a minimum of £1m up to £3m to enable ambitious, large scale, whole street/area, or whole sector based Green Deal projects. DECC funding would be provided to support the installation of measures paid for using Green Deal Plans and ECO finance, or the occupants own finance. **Improvements funded entirely through ECO, without a contribution from the occupant or owner, cannot be supported by DECC funding.**

3 Applications may be submitted from September up to 31 December 2013 or when the £20m¹ of funding is exhausted, whichever is the sooner. Bids should be submitted electronically (using the proforma at annex A) to: greendealcommunities@decc.gsi.gov.uk
Details on the bidding process are set out in section 3.

4 All the funding for projects would be allocated by 31 March 2014 through grants to the lead LA under s31 of the Local Government Act 2003. However, delivery of projects may take place over the next year with completion ideally by December 2014.

5 Once bids have been approved a Memorandum of Understanding (MoU) between DECC and the LA or consortia of LAs would be agreed. Full payment of the grant funding (subject to s31 of the Local Government Act 2003) will be made on receipt by DECC of the signed MoU.

6 Following the successful allocation of funding, DECC would be very keen to work with successful LAs on communication plans relating to their Green Deal Communities’ programme to assist in maximising its impact both regionally and nationally.

Enquiries

7 Any enquiries should be addressed in the first instance to:
greendealcommunities@decc.gsi.gov.uk

8 We plan to run a webinar session for enquiries on 12 September. Further details will be made available shortly.

¹ DECC reserves the right to increase the funds available.

SECTION 2 – Detailed Guidance Notes

Aim and objectives of Green Deal Communities

2.1 The primary aim of the programme is to:

- enable LAs (and their local partners) to maximise the delivery of Green Deal plans across whole streets/areas including to hard to reach property sectors².

2.2 The key objectives of the programme are to:

- maximise delivery of Green Deal plans and create future demand for the Green Deal;
- create a strong link to deliver joint Green Deal and ECO activity;
- build a market for high impact, hard to treat measures, such as solid wall insulation; and
- drive a street/area/sector based approach enabled by Green Deal/ECO.

Supply chain programme funding element

- to support training initiatives which assist SME's and micro-businesses, bringing them into the Green Deal and providing them with an opportunity to maximise the benefits.

Eligibility

2.3 Green Deal Communities is open to LAs, or consortia of LAs, working with local community partners such as voluntary organisations and community energy groups³. For funding purposes a lead LA will be required.

2.4 Funding is being offered through LAs as, working with local partners, they are well placed to ensure that any proposals link with and enhance key local priorities such as regeneration, economic development and health. Proposals will also need to demonstrate how they support and enhance the LA's plans for area based delivery of energy efficiency measures as set out in their 2013 Home Energy Conservation Act report.

2.5 Where a household takes out Green Deal Finance or self-funds the installation of measures they will also be eligible for the cashback scheme, subject to the normal rules (e.g. that cashback is limited to 50% of the amount the household contributes).

The DECC funding

2.6 To demonstrate the ambition that is being sought under the Green Deal Communities programme bids from LAs must be from a minimum of £1m up to £3m, although we are open to discussion of potentially larger bids. It is envisaged that similar levels of ECO funding would be required to ensure that bids are credible and deliverable.

²Hard to treat sectors could include, for example, the private rented and non-domestic property sectors.

³For further information on developing local Green Deal schemes and partnerships see

www.planlocal.org.uk/pages/energy-efficiency-and-the-green-deal

2.7 **The primary funding for Green Deal Communities is capital funding** and must therefore be used in line with section 11 of the Local Government Act 2003, for example for the creation of an asset or the modification or improvement of an existing asset. However, given the scale of the projects envisaged it is recognised that there will be set up and on-going costs to administer projects and enable the funding to be capitalised. Therefore bids may include up to 10% of the total funding sought for this purpose.

2.8 The DECC capital funding is exclusively to support work that utilises the Green Deal framework i.e. work that uses authorised Green Deal Assessors, Providers and Installers. Funding is also only open available to support work where the occupant or owner makes a financial contribution to the costs of installing the measures, either through Green Deal Finance or by meeting these costs upfront. It is envisaged that the occupant or owner would make a financial contribution equivalent to the amount of the plan that could be paid for under the Green Deal golden rule. This contribution could be met either through a Green Deal Plan (i.e. by taking out Green Deal finance and paying the contribution in instalments via the electricity bill) or, where the householder chooses to pay their contribution upfront, an Energy Plan.

2.9 While DECC Green Deal Communities funding can be used in conjunction with ECO where a household is making a contribution it cannot be used to support the delivery of measures to households where there is no financial contribution to the installation of measures by the householder.

2.10 It is expected that projects will include streets or areas where there are also fuel poor households who are eligible for the Home Heating Cost Reduction Obligation. While such households would not be eligible for direct DECC funding there are likely to be wider benefits envisaged by projects e.g. more cost-effective offers from the economies of scale that can be realised from area based delivery. Such benefits might make individual households more attractive for ECO support, or from support of related LA action in the target area.

2.11 LAs may, in some instances, wish to make local finance available to occupants to support packages in place of Green Deal finance. Green Deal Communities funding would not be available to support projects which drew exclusively upon LA funding, as in line with the aims and objectives of the programme, proposals will be judged based upon the overall volume of Green Deal Plans they can deliver.

2.12 Also, in line with the objectives, DECC capital funding can only be used to support household packages that include the installation of major measures in ‘hard to treat’ properties or sectors, although other measures might also be included as part of a package. DECC is therefore seeking ambitious projects which can deliver ‘hard to treat’ insulation measures at scale linking directly with ECO subsidy.

2.13 Bids will need to identify target streets/areas/sectors, including the potential number of properties, and set out any potential planning issues and how these have been or will be addressed.

2.14 Under the Home Energy Conservation Act 1995 (HECA) English LAs were required to report to the Secretary of State by 31 March 2013 on the energy conservation measures that LAs considered practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in their area. As part of this requirement LAs were asked to set out the measures proposed that take advantage of financial assistance and other benefits offered from central Government initiatives to result in significant energy efficiency improvements (this would include Green Deal and ECO) and how these might be delivered on an area based/street by street roll out.

2.15 The Green Deal Communities programme is therefore expected to support existing LA plans and help develop new ones. Bids are therefore expected to set out how any funding would develop and enhance plans in a LA's 2013 HECA report.

Supply chain programme funding

2.16 Feedback from engagement with SMEs and micro businesses suggests there may be barriers to investing in training at this time. Although such businesses may find it difficult to fund training they could potentially be major benefactors in the Green Deal. Engagement with this sector has confirmed that for many SMEs the potential costs of meeting the new Green Deal standards may be a barrier which LA initiatives could help overcome.

2.17 As part of LA's Green Deal Communities bid, DECC are therefore keen to receive **programme** funded proposals of between £100k and £200k that provide support for:

- SME and micro installer organisations through the Quality Management Systems part of the Green Deal installer certification process;
- getting SMEs and micro businesses through certification;
- installers to make appropriate links to develop their delivery network.

2.18 Bids for support for SMEs and micro businesses are preferred which demonstrate a connection with the measures that the LA capital bids are focussing on. This will ensure they are targeted at installer organisations who might install particular measures to meet the local need. As noted below, state aid rules must be fully considered and complied with when planning sector specific funding.

Parameters for Green Deal Communities capital bids

2.19 To allow LAs as much flexibility as possible to develop innovative and creative capital proposals within the objectives of the Green Deal Communities programme (see para 2.2), DECC is setting broad parameters for bids. These are that:

- principal funding is for **capital projects** only, with a minimum threshold of £1m (and flexible cap up to £3m);

- projects must deliver significant retrofits across whole streets/areas;
- bids convincingly set out how energy bill payers will be engaged with and encouraged to sign up to Green Deal Plans⁴;
- bids must include evidence that ECO funding will be available to support the bid;
- funding is only to support work where a contribution to measures is made either through using Green Deal finance or by self-funding measures;
- bids must demonstrate that strong partnerships have been established to support delivery, including local community partners;
- bids should address potential local barriers, e.g. how have planning issues been addressed to support the bid and avoid delays;
- bids must demonstrate strong value for money;
- bids have a strong legacy component – enabling the Green Deal to be delivered across the LA area after the DECC funding project is complete;
- bids build in monitoring (including data collection) from the outset and commit to working with DECC’s overall Green Deal evaluation and sharing learning including case studies and open homes;
- comply with all state aid rules (including state aid de minimis thresholds) and procurement requirements.

All projects must use the Green Deal framework i.e. authorised Green Deal Assessors, Providers and Installers.

What Green Deal Communities capital funding might cover

2.20 Green Deal Communities capital funds may only be disseminated to individuals (occupants or owners) and in respect of Green Deal Plans (or the equivalent of Energy Plans under the cashback scheme). Within these and the other parameters set out above, LAs are free to develop innovative, local approaches to deliver projects. As an example funding might be used to:

- subsidise a gap in funding solid wall insulation after the Golden Rule and ECO funding have been taken into account;
- refund the cost of successful Green Deal assessments that lead to Green Deal measures being installed;
- incentivise energy efficient ‘open homes’ – maximum one or two per street/area to launch the project and promote activity;
- incentivise Green Deal packages – e.g. prizes/rewards, a link to local council tax, payment holiday for first year etc;

⁴ While applications will be judged principally on the number and value of Green Deal plans delivered, projects may also support self-financiers where that enables a coherent offer.

- offer to small businesses in a street (e.g. household above a shop) although it is recognised that this will depend on the availability of finance to support non-domestic premises

2.21 Residential buildings installing Green Deal measures would also be eligible for the existing Green Deal Cashback scheme, subject to the rules of that scheme.

2.22 Activities that cannot be supported include:

- Green Deal assessments that do not lead to measures being installed;
- projects that cannot demonstrate how they will deliver Green Deal Plans or contribute to future demand for energy efficiency improvements through the Green Deal - DECC funding cannot be used to subsidise energy efficiency measures in households that do not make a financial contribution to the measures;
- projects with a significant focus on minor measures such as 'lofts and cavities'; and
- projects or initiatives that would constitute state aid.

SECTION 3 – Assessing bids & assessment criteria

The bidding process

3.1 To support the development of creative bids Green Deal Communities is subject to an open-ended bidding process. Bids can be submitted to DECC for consideration up to 31 December 2013⁵ or until the funding is exhausted, whichever is sooner. To ensure transparency in the process DECC will publish an ongoing list of successful bids and amounts of funding awarded on its web pages at:

<https://www.gov.uk/government/news/green-deal-communities> as they are awarded.

3.2 A standing panel in DECC will endeavour to consider bids and either approve them, or provide written comments for consideration and proposed next steps by email to the bidder within 10 working days of the day of receipt of the bid. Depending on the circumstances it may be preferable to organise telephone conferences to discuss bids but either way DECC will endeavour to provide initial feedback within 10 working days of receiving the bid.

3.3 This bidding process will allow the opportunity for feedback on bids and the opportunity to develop bids before any funding is awarded. If both DECC and the relevant LA are content with the bid a Memorandum of Understanding would be agreed (as with the DECC Pioneer Places programme) between both parties. Once this is signed then all the funding for the project will be awarded to the LA as one single grant payment. The project could then be delivered over a period of time according to the bid. Ideally the work should be completed by the end of December 2014.

Assessing bids & criteria

3.4 Proposals for funding will be judged by the DECC standing panel against the criteria below rating the bid as follows:

- A – fully meets the criteria.
- B – could meet the criteria with some clarification/amendment.
- C – does not meet the criteria.

to be successful bids will need to achieve the A rating.

Criteria and evidence that should be included in bids

(i) Delivering the Green Deal

3.5 To demonstrate this, bids will need to set out:

- the target streets/areas that have been identified;

⁵It is expected that bids will take a minimum of 6-8 weeks to prepare and that those completing bids may want to take advantage of the webinar on 12 September before submitting bids.

- the number of households that are being targeted;
- how many Green Deal Plans are to be taken up, including best estimates of low and high take up figures;
- a best estimate of how much Green Deal finance might be required;
- whether there is a working knowledge of the housing stock and measures required – if not, is there a plan to address this and in what timescale;
- whether a Green Deal assessor organisation or source of assessors has been identified to deliver the proposals;
- whether a Green Deal provider/s has been identified to deliver the proposals; whether a source of ECO subsidy has been identified to support the proposals.

(ii) *Innovative approaches with strong local partnerships in place*

3.6 To demonstrate this, bids will need to set out:

- a description of the delivery approaches being offered;
- details of any proposed local incentives to help drive demand;
- details of how the project will be able to make a comprehensive offer to as many occupants in the target street/areas as possible;
- how planning colleagues have been involved in developing the bid to address any potential planning issues affecting the proposals;
- if open homes are part of the bid - how many, how they will be utilised and how they will be selected;
- which local groups/partners have been involved in developing the bid;
- which local groups/partners will be involved in delivering the bid and how;
- how the proposals support existing and developing Green Deal supply chains;
- how the proposals build on existing plans/work, particularly in relation the LA's 2013 HECA report.

(iii) *Value for money*

3.7 To demonstrate this, bids will need to set out:

- how the funding supports the LA's aims for Green Deal and an outline of future plans, in particular how this funding will lay the basis for future delivery without DECC support;
- how much is being bid for under the Green Deal programme and a breakdown of how it is to be utilised;
- the level and sources of match/additional funding expected to be leveraged;
- the level of ECO funding that might be expected to support each building;
- how they demonstrate additionality i.e. how they will build on and complement existing actions. Funding cannot be used to replace funding for an existing project, including any projects to deliver statutory obligations, although they might be used to extend the geographical coverage, scope or scale of an existing project;
- how the DECC funding will enable creative delivery approaches;

- the key milestones in the delivery of the proposal and identify the key risks to delivery and how these will be addressed.

(iv) *Providing learning*

3.8 Successful projects will be expected to:

- provide progress reports and data on the funding and measures installed at individual properties (this will be covered in more detail in the Memorandum of Understanding with successful bidders);
- commit to sharing learning from the project, including delivering completed case studies showing before, during and after progress of work to promote a whole street approach; and
- commit to providing DECC with a self-evaluation at the end of the project.

Further information

State Aid

3.9 Bidders will need to satisfy themselves and include a statement in the bid how their proposals will comply with State Aid rules, both in terms of direct receipt of funds and intended use/expenditure of those funds⁶.

VAT

3.10 Eligible Expenditure consists of payments by the grant recipient during the Funding Period for the purposes of the Project. Eligible Expenditure is net of VAT recoverable by the grant recipient from HM Revenue & Customs, and gross of irrecoverable VAT. This means that all grants are outside the scope of VAT.

DECC Green Deal team

25 July 2013

⁶ Further guidance on State Aid can be found at <http://www.bis.gov.uk/policies/europe/state-aid>

ANNEX A

DECC Green Deal Communities Local Authority Fund

APPLICATION FORM

Please note: completed bids should be submitted at the latest by 5pm on 31 December 2013 by email to greendealcommunities@decc.gsi.gov.uk

SECTION 1 – OVERVIEW OF PROPOSAL

1.1 Applicant Details	
<i>Lead Local Authority</i>	
Name of Local Authority	
Name of contact within the Local Authority	
Address	
Telephone number of contact	
Email address of contact	
Alternative contact name	
Telephone number of contact	
Email address of contact	
<i>Other participating Local Authorities (add rows as needed)</i>	
Name of Local Authority	
Name of contact within the Local Authority	
Address	
Telephone number of contact	
Email address of contact	

1.2 Summary of the proposal

Briefly give an overview of the proposal, how it will be delivered and by when (max 300 words)

1.3 Stakeholder Engagement

Describe how your proposal has been developed and will be delivered with local partners, including local community organisations (max 200 words)

SECTION 2 – MEETING THE CRITERIA**2.1 Delivering the Green Deal (see para 3.5 of guidance notes)**

Which streets and/or areas are to be targeted (please provide details, including postcodes)?	
How many buildings (households and/or businesses) are being targeted in total?	
Please provide a range of how many Green Deal Plans are expected to be entered into.	
Please give a best estimate of the range of the total amount of Green Deal finance that might be required	
Is there a good knowledge of the housing stock in the target streets, if not how will this be addressed in assessing the potential measures required?	
Has a source of Green Deal assessors been identified?	
Is there one or more Green Deal Provider/s in place to deliver? If not, how will this be addressed to deliver the proposal?	
Is an ECO provider in place to deliver? If not, how is ECO funding to be	

provided to support the proposal?	
Please describe how the proposal will facilitate ongoing Green Deal work once this funding programme has ended.	

2.2 Innovation & partnerships (see para 3.6 of guidance notes)

Please set out a description of how the proposal will be delivered including details:

- of any local incentives to be offered;
- of how comprehensive is the offer in the target street/area;
- of the delivery options proposed;
- on the use of show homes, where appropriate;
- how local supply chain will be supported and developed;
- of any planning issues and how these have been addressed.

Maximum 1000 words.

2.3 Value for money (see para 3.7 of guidance notes)

How much funding from DECC is being bid for? <i>Eligible expenditure is net of VAT recoverable by the grant recipient from HM Revenue & Customs, and gross of irrecoverable VAT.</i>	
How will this be spent? (please provide a detailed breakdown) e.g: Measures £x Incentives £x Show homes £x Set-up/Admin costs for project (max 10%) etc	
Please provide a breakdown of match/alternative/ECO funding that the proposals will attract?	

How much ECO funding will be available to support each household as a %?	
How do the proposals deliver additionality?	

Please provide a table of the key milestones to deliver the proposals and a brief risk register with mitigation actions.

2.4 Provide learning

Please provide a brief description of how learning from the project would be collected and shared (max 200 words).

2.5 Installer Training

If bidding for the separate installer training funding briefly give an overview of the proposal and how it will support the development of the installer supply chain (max 200 words)

Further information

- (i) Please explain how the proposals support and enhance the LA's plans for area based delivery of energy efficiency measures as set out in their 2013 Home Energy Conservation Act report.
- (ii) Please provide a statement of how the proposals have been considered against state aid requirements.



**Parking Strategy
5 November 2013**

Report of Chief Officer (Environment)

PURPOSE OF REPORT			
The purpose of the report is to consider an updated draft Parking Strategy and Action Plan			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		7 October 2013	
This report is public			

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

- (1) That Cabinet approves the publication of the draft Parking Strategy and Action Plan for consultation with stakeholders and interest groups.
- (2) That Cabinet considers any substantive changes arising from the formal consultation at a future meeting.

1.0 Introduction

- 1.1 Cabinet approved the first Parking Strategy for the district in 2008.
- 1.2 There are a number of potential developments in the district that will significantly impact on parking. Furthermore, nationally the need to have a strategic approach to parking provision has been highlighted. It is now appropriate to fully update the strategy in light of these developments.

2.0 Proposal Details

- 2.1 The Parking Strategy provides a strategic approach to parking management and provides the Council with guidance on how parking should be managed to improve the service provided to customers while meeting the needs of sustainability and amenity.

The district is approaching a period of great challenges and changes and the strategy recognises these opportunities and provides guidance on how the Council’s important parking assets should be managed. This is a key part of

supporting the wider aims and objectives and the need for guidance along with flexibility to support these changing times is very important.

- 2.2 The strategy’s policy context is structured around the following policies and documents:

National Planning Policy Framework
 Lancaster Local Development Framework
 Lancaster City Council Corporate Plan and Priorities 2013-14
 Lancashire County Council Local Transport Plan 2011-2021
 Medium Term Corporate Property Strategy 2011-14
 Lancaster Canal Corridor North Development Brief
 Morecambe Area Action Plan

- 2.3 The Parking action plan sets out aims, objectives and actions to be achieved over timescales of short-term (up to 2 years), medium term (2-5 years) and long-term (5-10 years). The Parking action plan also confirms the aims, objectives and actions can only be fully achieved if the City and County Councils work together to achieve success. (The County Council have been involved in the development of the draft strategy).

3.0 Details of Consultation

- 3.1 Internal consultation has been undertaken to gather information and this has been included in the updated strategy and will be subject to further discussions. Formal consultation will be undertaken with stakeholders and interest groups following Cabinet’s approval of the Draft Strategy.

Besides inviting comments from all via the Council website, the following list of consultees is suggested:-

City Councillors (including Overview and Scrutiny Committee)
 Lancashire County Council
 Lancashire Constabulary
 Chambers of Commerce and of Trade
 One Voice-disability services
 Federation of Small Businesses
 Morecambe Town Council
 Carnforth Town Council
 Duchy of Lancaster
 Taxi proprietors
 Port of Heysham

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To approve the draft Parking Strategy for consultation. (Allowing for any amendments Cabinet may wish to make)	Option 2: To not approve the draft Parking Strategy
--	---	--

<p>Advantages</p>	<p>This will allow the Council to carry out formal consultation on the updated draft parking strategy.</p> <p>Any substantive changes to the strategy can be reported back to Cabinet before the strategy is formally approved</p> <p>This allows the Council to develop its strategic approach to managing parking to face future challenges and changes</p>	
<p>Disadvantages</p>		<p>This would not allow the Council to review its strategic approach to managing parking to face the challenges and changes</p>
<p>Risks</p>	<p>Resources are required from both City and County Councils to achieve the aims and objectives of the strategy</p>	<p>The Council would not have any updated strategy to guide its future strategic approach to managing parking</p> <p>The Council would not have a documented strategy to face the future challenges and changes on parking</p>

5.0 Officer Preferred Option (and comments)

5.1 The officer preferred option is to approve the draft Parking Strategy and to carry out formal consultation. The preferred option allows the Council to develop its strategic approach to parking management to support its wider aims and objectives and to be prepared for the challenges and changes it is likely to face in the coming years.

RELATIONSHIP TO POLICY FRAMEWORK

Existing Parking Strategy.

The strategy support the Priorities included in the Corporate Plan of Economic Growth, Health and Wellbeing, Green, clean and safe places and Community leadership.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None specifically arising from the report

LEGAL IMPLICATIONS

Legal have been consulted and have no comments to make

FINANCIAL IMPLICATIONS

There are no financial implications directly arising from this report.

The approved revenue budget for 2013/14 includes £2.347M income generated from parking fees and charges, and the Capital Programme makes provision for various improvements. The Strategy and Action Plan recommends a range of aims and objectives that will potentially affect parking policies and management. These may affect the overall number of charged spaces, charging policies and the off-street parking income currently generated which could potentially impact on the Council's Medium Term Financial Strategy and Corporate Fees and Charges Policy. Any financial implications attached to the adoption of the Strategy will be reported to Cabinet for consideration as appropriate.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

None specifically at this stage.

Information Services:

None specifically at this stage.

Property:

None specifically at this stage.

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Parking Strategy

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LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

**DRAFT PARKING
STRATEGY**

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ACTION PLAN

AP1 – AP12

A PARKING STRATEGY FOR LANCASTER CITY COUNCIL

1. INTRODUCTION

The City Council is aware that a comprehensive approach to parking management will improve the service provided directly to customers whilst also meeting the wider public needs of sustainability and amenity.

The first comprehensive review of parking was undertaken in 2003/04 and the outcome of the review was approved by Cabinet in March 2004. In the years that followed the Strategy has been reviewed, revised and updated, the latest version was agreed in October 2008 and is now ready for updating. This new strategy is intended as a guidance document which needs to be flexible and kept under review at all times.

Lancaster District contains the coastal towns of Morecambe and Heysham, the historic City of Lancaster, the railway town of Carnforth and an extensive rural area. Its population was estimated at 139,700 in 2012.

The District is approaching a period of great challenges and changes and this strategy recognises the opportunities for the Parking Service to assist in the achievement of the Council's key aims and objectives. The main challenges will arise from the following new initiatives:

- The Heysham – M6 Link Road
- The new park and ride facility at junction 34 of the M6;
- The potential development of Lancaster Castle as a major tourist attraction;
- The redevelopment of the Canal Corridor North site;
- The opportunity to upgrade Morecambe town centre through the Morecambe Area Action Plan (MAAP).

2. CROSS-DISTRICT POLICY CONTEXT

2.1. National Planning Policy Framework

The National Planning Policy Framework, published in 2012, sets out the Government's planning policies for England and how these are expected to be applied. It replaces a number of earlier guidance documents.

There specific sections in the new guidance which are relevant to this Strategy:

- *Ensuring the vitality of Town Centres;*
- *Supporting a prosperous rural economy;*
- *Promoting sustainable transport.*

The latter section of the guidance contains a specific reference to car parking in town centres:

“Local authorities should seek to improve the quality of parking in town centres so that it is convenient, safe and secure, including appropriate provision for motorcycles. They should set appropriate parking charges that do not undermine the vitality of town centres. Parking enforcement should be proportionate.”

2.2. Lancaster Local Development Framework

The Local Development Framework Core Strategy (2003-2021) was adopted in July 2006. The Strategy outlines a spatial vision of a sustainable District whose quality of life and standards of development will lead the North West, comprising a prosperous knowledge-based City, a regenerated Coast and a conserved Countryside. It also explains where new homes and jobs will be located, which areas will be regenerated and which areas will be conserved. It will be complemented by more detailed documents dealing with land allocations and development policies.

The Core Strategy includes specific policies relating to Transportation. Policy E2 includes the following objective:

“The Council will work with partners to promote the following transportation measure:

- *Integrating the provision and management of car parking and park and ride in Lancaster and Morecambe and managing parking (including disabled parking) in association with development;”*

The Council has prepared a number of Supplementary Planning Guidance Notes. Some Guidance strengthens policy issues in relation to specific areas – for example:

- SPG6 – Lancaster City Centre Strategy (2004)
- SPG11 – Morecambe Town Centre Strategy (2004)

Other Guidance relates to the redevelopment of land which contains car parking and seeks to preserve the provision – for example:

- SPG8 – Canal Corridor North Development Brief (2004)
- SPG9 – Canal Corridor South Development Brief (2004)
- SPG17 – Morecambe Central Promenade Development Brief (2005)

Some of these SPGs are being replaced by up to date Development Plan Documents. This strategy recognises the policies and constraints imposed by the Guidance.

2.3. Lancaster City Council Corporate Plan and Priorities 2013-2014

The Corporate Plan contains a revised vision for the Council which was approved by the Cabinet on 17 July 2013. It reads:

"A sustainable self-contained and varied group of communities, comprising:

- **Morecambe and Heysham** – a confident community with a regenerated living, working and leisure environment;
- **Lancaster** – a prosperous historic city with a thriving knowledge economy;
- **Carnforth** – a successful market town and service centre for North Lancashire and South Cumbria; and
- A conserved, enhanced and diversified **Coast and Countryside** with a network of vibrant rural communities; which will lead the north west in its quality of life and environmental and design standards and within which sustainable housing, economic and retail development to meet local needs will be supported."

The Plan includes four priority areas – Economic Growth; Health and Wellbeing; Green, Clean and Safe places; Community Leadership – and identifies actions to progress each of the areas.

2.4. Lancashire County Council Local Transport Plan 2011-2021

The Local Transport Plan includes as one of its priorities the need to "improve access into areas of economic growth and regeneration". and includes the following objectives:

- Introduce **Park and Ride sites** serving major employment areas or supporting city centre development, principally in Preston and Lancaster.
- Promote sustainable **travel options to important visitor destinations**.
- Work with district councils to **deliver adequate parking** to allow access to services and ensure that it is priced and managed to support strong retail economies within our towns and cities whilst ensuring that public transport is a viable alternative for many journeys.

The Local Transport Plan Implementation Plan for 2012/13 – 2014/2015 recognises that Lancaster District is one of Lancashire's key economic centres and Lancaster City Centre has been identified as having the capacity to generate substantial growth and new jobs in the professional and service sectors.

Under this Implementation Plan, Lancashire County Council will invest £47.38 million on highways and transport services in Lancaster, with £21.840 million of capital funding and £25.54 million of revenue support. This will be targeted at:

- reducing congestion and delay to strengthen Lancaster's economic competitiveness, improve connectivity to Heysham Port and tackle Morecambe's relative isolation
- supporting the District's achievements in encouraging a culture of cycling and walking
- supporting Carnforth's role as a local transport hub to accessing Lancaster's hinterland.

2.5. Heysham – M6 Link Road

This new road will complete the link between the Port of Heysham and the M6 motorway at Junction 34 and will run to the north of Lancaster and Morecambe. Funding has been approved and work is due to start in the autumn of 2013 with completion in 2015.

The new road is intended to;

- reduce traffic flows in Lancaster city centre
- reduce delays on journeys to the Port of Heysham;
- support the local economy;
- improve access to business areas north of River Lune;
- take through traffic out of residential and commercial areas;
- reduce road casualties and improve air quality;
- allow reallocation of highway space to walking, cycling, public transport and the public realm.

The scheme also includes the provision of a 550 space park and ride car park adjacent to junction 34. This is intended to serve both commuters and visitors to Lancaster. Details of the bus routes into the city centre have yet to be finalised. The site will require motorway direction signs at both junctions 33 and 34.

3. THE PARKING SERVICE

3.1. Management of the Parking Service

The Parking Service is managed by a team based in the Council's Environmental Service and is responsible for the management, operation and enforcement of the Council's public car parks in the District. This includes asset management, condition surveys, repairs and maintenance, improvements and ensuring the assets are fit for purpose. The team also administers residents parking schemes within the District and provides some other on-street services for Lancashire County Council.

In addition to working closely with Lancashire County Council and Lancashire Parking Services the team has a number of other key partners including St Nicholas Arcades, Parksafes and the current parking enforcement contractor and the Police through the *Partnership Plus* partnership arrangements.

The termination of the Lancashire Highways Partnership resulted in all highway service provision being centralised and the loss of both highway and parking staff and expertise to the County Council. Whilst this may still have an adverse effect on delivering some of the proposals contained in the strategy and the action plan the two Councils remain committed to working closely together to try to ensure a seamless provision of the overall service whilst also contributing to the wider management of parking and traffic in the District.

3.2. Parking Enforcement

The County Council is responsible through *Lancashire Parking Services* for the enforcement of on-street parking regulation orders. The City Council has contracted with *Lancashire Parking Services* for the enforcement of parking on the Council's off-street car parks. *Lancashire Parking Services* also undertake some of the back office administrative operations relating to the issue and progression of Penalty Charge Notices (PCNs). The parking team deals with formal representations in relation to PCNs and appeals submitted to the Traffic Penalty Tribunal. The team also reviews and maintains the Council's Off-Street Parking Places Order that underpins the formal enforcement arrangements.

Aim 1:

To have suitable and effective parking enforcement arrangements for the City Council's car parks

- To maintain proportionate parking enforcement compatible with the Council's Off-Street Parking Places Order

3.3. Parking Stock

Details of the current stock of off-street parking spaces is given in the table below:

Settlement	Charged			Free	City Council Permit	Total
	Council		Private			
	S/S	L/S				
Lancaster	799	444	924	1281	45	3493
Morecambe	440	1045	472	1237	30	3224
Carnforth	0	0	82	318	0	400
Heysham	0	176	0	24	0	200
Totals	1239	1665	1478	2860	75	7317

3.4. Future Levels of Parking Stock

It is likely that a number of the existing surface car parks will be identified for development over the next few years. These possibilities, which are likely to increase demand for parking facilities, are discussed in more detail in the sections on Lancaster and Morecambe.

Aim 2:

To maintain existing levels of short-stay parking to support shoppers, businesses, visitors and residents.

- Retain an appropriate stock of short stay car parking in central locations.
- Where practicable seek replacement short-stay public car parking space as part of the redevelopment of existing car parks.
- To only consider changes in short stay car parking space linked to redevelopment following full impact analysis and due consideration of overall parking and traffic management issues.
- Monitor the use of existing parking places to ensure the best use of space.

3.5. Off Street Tariff Structure

Parking charges are a useful mechanism for assisting with the control of demand for parking space. However, a careful balance needs to be found. If charges are too high then spaces will be underused but, conversely, if they are too low demand for spaces will increase to a level which makes them more difficult to find and increases congestion. Charges should also reflect the importance of shoppers' and local business needs and their high priority within the parking service.

The income from the parking service will also be adversely affected if the balance is not satisfactory. The revenue from parking is important for the Council as it assists with the continuing improvement of the service provided. It is essential that some revenue from parking charges income be reinvested in the parking stock to ensure an adequate maintenance regime and to fund necessary improvements.

Charges should, therefore, be set at a level which influences parking behaviour in support of the other objectives of the strategy and which maximises revenue to support the improvement of the service, encourages regeneration and the economic wellbeing of the District.

Aim: 3

To set charges to meet the Council's corporate objectives and budget commitments:

- Monitor car park occupancy at regular intervals in order to maximise utilisation whilst maintaining a reasonable level of availability;
- Use charges to deter long stay in short stay car parks;
- Ensure that the cost differential between on- and off-street charges is maintained in order to encourage the use of the off-street facilities and leave the on-street spaces for those prepared to pay a premium for the location;
- Ensure the views of the Town Councils, local Chambers of Commerce and Trade and the Federation of Small Businesses are taken into account when considering the Annual Review of Parking Charges.

All City Council car parks operate on a pay and display control system. Charges are reviewed annually in accordance with the Council's financial policies and demand management objectives.

Annual parking permits are available to residents and businesses and these can be used on a number of specific car parks. A limited number of space specific permits are also available for use by residents and businesses.

There are a number of privately operated car parks in Lancaster and in Morecambe. The City Council has sought to ensure that the charges at some of these car parks are comparable with those at the Council's own car parks.

Aim: 4

To ensure that privately operated car parks have comparable pricing structures

- Where possible, negotiate appropriate agreements with private car park operators

At present the tariff structure for the Council's car parks is uniform across the District. There are two main tariff structures for short and long stay car parks. Currently (2013) these are:

Short Stay

Lancaster		Morecambe	
Up to 1 hour	£1.30	Up to 1 hour	£1.30
Up to 2 hours	£2.20	Up to 2 hours	£2.20
Up to 3 hours	£2.70	Up to 3 hours	£2.70
Up to 4 hours	£3.40	Up to 4 hours	£3.40
Over 4 hours	£8.00	Over 4 hours	£8.00
Evening and overnight (6.00 p.m. to 8.00 a.m.)	£1.40		

Long Stay

Lancaster		Morecambe	
Up to 1 hour	£1.30	Up to 1 hour	£1.00 or £1.30
Up to 3 hours	£2.20	Up to 3 hours	£2.20
Up to 5 hours	£3.70	Over 3 hours	£3.20
Over 5 hours	£6.00		
Evening and overnight (6.00 p.m. to 8.00 a.m.)	£1.40		

Lower tariffs apply at the more remote car parks in Morecambe (Battery Breakwater, Coastal Road and Back Brighton Terrace) and in Heysham Village.

It has been suggested that the tariff structure should be reviewed and that the same structure should not apply across the district. Normally the parking tariff applied in a centre reflects the shopper and visitor experience available in that centre. Clearly the experiences in Lancaster and in Morecambe are different. Lancaster offers a wider shopping experience and different visitor attractions to Morecambe. The shopping experience in Morecambe is smaller but the seaside visitor attraction is large. A review of the current tariff structure may assist in the promotion of Morecambe as a visitor centre and help to achieve a greater visitor dwell time.

Clearly any review of the tariff structure will need to take in to account the overall financial situation and the need to maintain car park income.

Aim 5:

To ensure that the parking tariffs levied reasonably reflect the shopper and visitor experiences in the various centres, whilst ensuring that the parking account is not adversely affected by any changes:

- Undertake a review of the current tariff structure, with a view to achieving a greater visitor dwell time
- Consult widely on any changes proposed
- Ensure that the changes do not have an adverse effect on the parking account.

3.6. On Street Tariff Structure

On street pay an display parking spaces provide additional short-term parking around Lancaster city centre to complement the off street parking stock. On street parking charges should always be set a higher level to encourage the use of off street car parks and to discourage drivers from circulating around the city and increasing traffic congestion. The approach on charging is referred to as having 'differential charges'

Lancaster's Three Tier Forum considered a briefing note in 2012 following a number of years when the differential charges had not been maintained. This highlighted the need for the relevant Officers and Members to work closely together to ensure a coordinated approach is taken each year when determining the level of parking charges in the Lancaster District.

Aim 6:

County and City Officers and Members work closely together to achieve the synchronisation of the deliberations and recommendations for on-street and off-street parking charges

- To maintain differential charging between on-street and off-street parking

3.7. Parksafe

The Parksafe car park has 276 spaces and is a partnership between the operator and the City Council. The car park has operated completely crime free since opening in 2001. The car park offers guaranteed security parking provided the customer complies with all the correct parking procedures.

Parksafe has an agreement with the City Council that ensures the tariff structure for this car park is always higher than the Council's central car parks in view of the guaranteed security. The car park agreement provides for the further refurbishment of the car park and maintaining the guaranteed security parking facility.

Retaining control of these parking spaces in Lancaster has been strategically important in terms of managing the parking stock. The car park is in very close proximity to Lancaster Castle and can provide secure 24/7 parking to assist with the castle's potential future uses.

3.8. Medium Term Corporate Property Strategy 2011-14

The 2011-2014 Medium Term Corporate Property Strategy (MTCPS), sets out the strategic direction for the management of the Council's property portfolio during this three year period, reflecting all the other relevant government policies, council plans and strategies.

The aims and objectives of the MTCPS are to:

- highlight the progress made against the key performance targets and property improvements implemented over the last year
- set out the key asset management tasks and targets for the forthcoming year.

The way that the Council manages its land and property assets has a direct impact on both the quality of services that it delivers to the public and the quality of the environment. It is therefore important that efficient and effective use is made of these assets to support corporate and service objectives.

The strategy identifies a number of other objectives against which the Council's asset portfolio should be addressed including:-

- Fit for purpose and compliance with Statutory /Regulatory codes
- Value for Money
- Improved Corporate Management
- Sustainability
- To serve the Council's Corporate Priorities
- Enabling

Car parks are a significant part of the Council's diverse and widespread portfolio of land and property assets throughout the district. Car parks are also important from the wider management of both parking and traffic and are a valuable access and amenity facility for residents, businesses and visitors. It is crucially important that the management of car parks is both compatible with the MTCPS and this strategy to support the wider aims of the Council including Economic Growth, Health and Wellbeing, Green Clean and Safe places and Community Leadership.

Aim 7:

To provide, maintain, review, manage and develop car parks to support the Medium Term Corporate Property Strategy and the vision and priorities of the Council.

- Monitor the parking service to ensure that the Parking Strategy and the Medium Term Corporate Property Strategy are properly co-ordinated.

3.9. Key Issues for the Parking Service

The public expectation of the quality of car parks has increased in recent years and the customer now expects a well managed, clean, attractive and secure car park. For visitors the car park often provides the first impression of the destination and can colour their whole experience of the visit; frequently determining whether or not they return on second and subsequent occasions. The impression, therefore, is important in economic terms to the District.

There are a number of new initiatives that will need to be considered which will enhance the parking experience for residents and visitors:

- The introduction of a telephone payment option;
- The introduction of virtual parking permits;
- The provision of tourist information points

There is also some pressure for new environmentally friendly initiatives, e.g.:

- The provision of charging points for electric vehicles;
- Restricting the use, at a reduced tariff, of one car park to low emission vehicles.

Aim 8:

To provide a high quality parking service which is efficient, responsive to the user's needs, providing assets of the highest design and appearance and as secure and safe as possible, whilst identifying the impact on budgets:

- Where possible respond to enquiries within 7 working days
- Provide a freephone number for customer enquiries, linked to the Council's Customer Services Centre
- Consult with representative groups on proposed changes to parking schemes
- Ensure that all car parks are adequately surfaced
- Provide a high standard of lighting in car parks, whilst avoiding unnecessary light pollution
- Ensure that routes to car parks are clearly signed
- Consider the provision of variable message signing which provides car park space information to drivers and reduces unnecessary journeys on high volume traffic routes
- Provide regular car park patrols to enhance security and provide a service to customers
- Ensure that all car parks are regularly cleaned; that landscaped areas are well maintained and that any graffiti is promptly removed
- Ensure that pedestrian routes to and from and within car parks are attractive, well signed, secure and safe
- Consider the provision of tourist information boards at key car parks
- Implement a programme of re-marking to ensure a minimum space width of 2.4m, whilst recognising this may reduce the allocation of parking spaces
- Provide suitable management information on usage, parking trends and occupancy rates
- Investigate options for energy saving
- Investigate and consider the introduction of a telephone and / or electronic payment option at Pay and Display car parks
- Consider the introduction of virtual permits
- Consider the provision of electric vehicle charging points at suitable locations
- Consider the provision of a dedicated car park for low emission vehicles
- Ensure effective and efficient maintenance arrangements are in place for pay and display machines
- Ensure continuous improvement in parking stock

3.10. Parking for Specialist Groups

3.10.1. Residents

The Council recognises that residents expect that they will be able to park in the vicinity of their homes and has determined that the needs of residents have the highest priority within the previously agreed parking hierarchy.

Many residents will require access to long stay parking and an annual permit scheme is available for certain long stay car parks in Lancaster and Morecambe.

The City and County Councils have recognised that commuter parking in residential areas adjacent to the centres of Lancaster and Morecambe has a negative effect on the quality of life of residents living in those areas. The introduction of residents' parking schemes has assisted with the resolution of these problems although there is always the risk of the displaced vehicles parking in adjacent residential areas. The needs of residents' visitors and businesses' customers in the area should be considered. Additional schemes will be considered as the needs arises.

Details of the scheme and the types of permit available are published in the Council's guide on Residents' Parking Schemes which is available on the Council's website.

The demand for residents parking permits is increasing as more new high occupancy dwellings are constructed in the centres of both Lancaster and Morecambe. In line with Planning Policy many of these developments have little or no off-street parking provision. Amended Traffic Regulation Orders for Residents' Parking Schemes have been introduced to remove the eligibility for residents of buildings in areas with good accessibility that have been or will be granted planning permission on the basis of reduced off-street parking provision. A register of these excluded properties is maintained in the parking office.

The cost of administering the residents parking schemes is retained in a separate account for Lancashire County Council. The City Council is currently reviewing these costs and the arrangements for visitor parking as these are becoming disproportionate compared with the overall cost of administering the schemes. Simplified and more user friendly visitor parking arrangements are being investigated and will be introduced subject to appropriate consultation and provided a satisfactory level of control can be maintained

The transfer of staffing resources to the County Council, following the termination of the Lancashire Highways Partnership, has resulted in the City Council having less influence over the implementation of additional residents' parking schemes. The County Council is

also reviewing the priority given to traffic regulation orders for resident's parking schemes and the future approach on the identification, assessment, funding and implementation of additional schemes. Whilst the aims set out below are the Council's preference, it is recognised that these aspirations may not be met without the County Council actively making resources available.

Aim 9:

To maintain effective administrative arrangements to support the ongoing operation of residents' parking schemes:

- Review visitor parking arrangements and to reduce the cost of administering the residents parking zones
- Make provision for annual permits for residents to be available for use on certain car parks
- Monitor the demand for permits and review the schemes regularly.

3.10.2. Parking for the Disabled

Whilst the majority of this strategy relates to parking of the private car, consideration should be given to the needs of all users and types of transport.

Those with mobility impairments should be catered for by reserving an adequate number of appropriately dimensioned parking spaces for "Blue Badge" holders in the central areas.

The issues relating to parking for the disabled are covered in more detail in the Lancaster and Morecambe sections of this strategy.

Aim 10:

To seek to meet the needs of all users and types of transport.

- Set aside 6% of the total off street car parking space for "Blue Badge" holders in suitable car parks where a demand is proven;
- Improve public information on parking provision.

3.10.3. Coach and Lorry Parking

Coach Parking is essential to the District as a whole for tourism reasons.

The arrangements in Lancaster and Morecambe are discussed in the specialist sections of this strategy.

The construction of the Truckhaven lorry parking facility near to junction 35 of the M6 at Carnforth has removed the need for a local facility within the District.

3.10.4. Cycle and Motor Cycle Parking

The City Council has determined that availability and quality of cycle and motorcycle parking at key destinations is a major element in encouraging a modal shift from private car to more sustainable forms of transport.

Concern has been expressed about the need for the provision of additional secure cycle and motor cycle parking facilities. These should be in convenient, visible, well lit locations.

Aim 11:

To improve the availability and quality of parking at key destinations

- Provide convenient safe and secure cycle parking at new points convenient to town centres and at places of interest and amenity, in line with the Council's aspiration to achieve increased levels of cycling in the district;
- Increase secure cycle and motor cycle parking provision at suitable locations to meet increasing demand;
- Encourage, where possible, provision of sheltered cycle and motor cycle parking
- Ensure that where appropriate new developments have cycle parking integrated at the design stage through the planning process

3.10.5. Taxi Ranks

The City Council recognises that taxis are part of the public transport system and that the provision of suitable taxi ranks on the highway network is essential. Maintaining the provision of these facilities is also important when considering redevelopment proposals, major road works and parking and traffic management issues.

Aim 12:

To work as required with Lancashire County Council, Licensing Services and all stakeholders on the provision and maintenance of taxi ranks in the district

- To ensure an adequate provision of suitable taxi ranks

3.10.6. Motor Home Parking

There is an increasing demand for parking for motor homes which are usually too high to enter car parks with height barriers and are often too wide and too long to be accommodated in a standard size parking bay.

Local Authorities often feel the need to provide height barriers at car parks in order to discourage illegal occupation of the land.

In Morecambe there are several car parks without height barriers and these can accommodate larger vehicles although these are not identified on the car park map nor are they sign posted.

Concerns have also been expressed about the increasing number of motor homes parking overnight on Marine Road. This needs to be monitored and if the practice continues to grow revised parking restrictions may be required.

Aim 13:

To consider the provision of parking for motor homes:

- Ensure that there is adequate parking provision – a distribution of larger parking bays;
- Improve direction signage to the appropriate car parks
- Monitor overnight parking on Marine Road and consider revised parking restrictions if the issue becomes untenable.

4. LANCASTER

4.1. Policy Context

4.1.1. Lancaster Canal Corridor North Development Brief (Supplementary Planning Guidance Note No. 8 – Lancaster District Local Plan)

This document, prepared in 2002, relates to the area between the city centre and the canal. The area forms the gateway to the commercial heart of the city and it contains a number of important listed buildings. The area is now being actively considered for redevelopment - see section 4.2.2.

There are a number of key objectives, including:

- All new buildings, car parks, footpaths and open spaces to be fully accessible to people with limited mobility and other disabilities;
- Retained and enhanced city centre shopper and visitor parking;
- In the longer term, the redevelopment of other previously used sites and long stay commuter car parks.

There is provision for a new direct access route to the replacement parking from the north in order to remove the current "rat running" traffic from unsuitable routes.

The guidance includes specific proposals for the St. Leonardgate car parks area. These are currently long stay car parks on different levels and of unsuitable quality. The guidance envisages the retention of a significant quantity of city centre shopper and visitor parking on the site and adopts a flexible approach to its design.

4.2. Key Issues

4.2.1. Park and Ride

The Heysham – M6 link includes the provision of a 550 space park and ride facility adjacent to junction 34. The bus route in to the city centre will be along Caton Road although the detailed route and stopping points within the city centre have yet to be finalised.

Ideally the tariff structure for the park and ride will make it attractive to both commuters and visitors who might otherwise use city centre car parks. The site will be attractive to commuters travelling from the north and the east but less so for those travelling from the south and from Morecambe. Therefore it will not be possible to significantly increase the long stay tariff on city centre car parks without disadvantaging commuters travelling from

the south and the west. A significant change in the long stay tariff will only be possible when a ring of park and ride sites has been established.

However, the number of long stay parking spaces in the city centre will need to be kept under review and if necessary reduced to assist the development of the use of the new park and ride facility.

The existing Auction Mart car park (estimated capacity 125 spaces) might prove to be a useful "interceptor" car park for commuters travelling from the south. The capacity could be increased by decking the car park and this might be funded by a commercial development of part of the site.

Aim 14:

To assist the development of the use of the new park and ride facility at M6 junction 34

- Monitor the use of city centre long stay car parks;
- Consider reducing the number of long stay spaces available whilst ensuring the commuters travelling from the south and west are not adversely affected;
- Continue to investigate the possible redevelopment of the Auction Mart car park as an "interceptor" commuter car park.

4.2.2. City Centre Redevelopment

The redevelopment opportunities described in the Canal Corridor North SPG are currently at the detailed design stage. The scheme under consideration would provide a significant opportunity to improve the city's shopping attraction which will increase visitor numbers and therefore the demand for parking places.

The scheme would directly affect a number of existing car parks:

- Long stay
 - Upper St. Leonardgate 115 spaces
 - Lodge Street 30 spaces
 - Edward Street 95 spaces
 - Short stay
 - Lower St. Leonardgate 66 spaces
- Total 306 spaces

The development, which it is hoped will open in 2017/18, would include a 700 space car park accessed directly from a new road link from the north of the site. At this stage no decisions have been made about the operation of the car park other than an agreement to align charges with the Council's other central car parks.

The development would also remove the current 6 space coach parking facility at Upper St. Leonardgate – see section 4.2.7.

Another consequence of the redevelopment of this area would be the loss of the currently preferred access route from the north to the Council's car parks south of Moor Lane. There will be a risk that this would result in a significant increase in traffic movements in the streets east of Dalton Square. Therefore, there will be a need to monitor these traffic movements and, if necessary, to review the ongoing suitability of some of these car parks.

A particular problem will arise during the construction period which is likely to last for around two years. A total of 306 car and 6 coach parking spaces will be lost.

Aim 15:

To manage the consequences of the Canal Corridor North Development

- Manage the loss of parking spaces during the construction period
- Identify alternative coach parking facilities
- Review and monitor the access routes to the short stay car parks south of Moor Lane

4.2.3. Tourism

Tourism is very important to the economy of the City. The closure of Lancaster Prison in March 2011 has enabled the Duchy of Lancaster to consider the development of an ambitious re-branding of Lancaster Castle as a major tourist attraction. The concept for the visitor attraction is "*a museum highlighting judicial and penal history in Britain throughout the last 1000 years*". A number of the prison buildings may be converted and historic structures such as Adrian's Tower, the Keep and the Witches Dungeon used to illustrate the castle as a place of incarceration. Consideration is also being given to the development of part of the site as a hotel of 50 – 75 rooms. Subject to the necessary permissions being obtained it is hoped that all the new attractions will be open by 2017.

The development of the castle is likely to significantly increase the number of visitors to the city centre. Many will use the new park and ride at junction 34 of the M6 but others will seek parking in the city centre. The location of the Parksafes car park close to the castle will be ideal for visitors to the castle and an arrangement for residents of the new hotel may also be possible.

However, it is hoped that visitors to the City will seek to enjoy both the castle and the upgraded city centre shopping experience – see section 4.2.5. The short stay car parks south of Moor Lane would be ideal for visitors seeking to stroll through the centre to the castle.

It is anticipated that the normal length of stay would be around four hours but it will be necessary to monitor this and to ensure that the car park tariff structure continues to meet the needs of day visitors.

There will be a need to ensure that there are adequate facilities for coaches to park and to drop off and pick up their passengers in the city centre – see also section 4.2.7.

Similarly some additional provision for parking for the disabled close to the castle might be required.

Aim 16:

To ensure that the parking service provides for the needs of visitors.

- Ensure that the tariff structure reflects the needs of the day visitors;
- Ensure that the car park vehicular and pedestrian signage guides visitors to the appropriate car parks and thence to the city centre and the castle;
- Review coach set down and pick up facilities in the city centre;

4.2.4. Filming in Lancaster District

The City Council works in partnership with the Lancashire Film Office to promote the District as a first class location for film and television. The Council will provide help and advice to film and television producers considering filming in the District. This will include identifying suitable locations, booking accommodation, parking and traffic management.

Aim: 17

To assist the development of the District as a location for film and television productions:

- Where possible support the parking needs of film and television production crews.

4.2.5. Public Realm

There are a number of initiatives in place which are designed to enhance the quality of the central pedestrian shopping area of the city:

4.2.5.1. Lancaster Square Routes

Lancaster Square Routes aims to rejuvenate the important historic city centre, strengthening its position as a quality destination both for visitors and residents of the District.

The first phase of improvements was completed during the winter of 2011/12. It included the repaving of the centre of Market Square and Frances Passage and also new LED lighting.

A second phase is due to commence early in 2014 and this involves the improvement of Horseshoe Corner, Penny Street and further works in Market Square.

4.2.5.2. Lancaster Pedestrian Zone

The pedestrian zone provides public realm and vehicle access to the much of the city centre. There is concern that permitted vehicle circulation and parking in the zone has risen and is now commonly at levels counter to the purposes of the pedestrian zone.

The introduction of an experimental traffic regulation order has been agreed which would be subject to the statutory consultation process. The aim of the order would be to introduce a phased approach to changing how traffic is managed within the zone, for the City Council to revise the local permit system and to agree improved enforcement arrangements with the County Council and the Police.

This approach would allow the impact of the experimental order on vehicular access and pedestrian amenity to be evaluated and further proposals to be brought forward that are achievable and fit for the present and future purposes of the zone.

4.2.5.3. Lancaster Business Improvement District (BID)

This new partnership between businesses, the local authorities and other organisations seeks to improve the local trading environment. A levy on local

businesses will support a number of new initiatives and will provide additional impetus to existing projects.

Aim 18:

To support the improvement of the public realm in the city centre:

- Introduce and maintain an effective permit administration system to meet the needs of the experimental traffic regulation order and any subsequent orders
- Contribute to the effective enforcement of the experimental parking and moving traffic contraventions
- Remove all vehicles, except those issued with permits, from the pedestrian zone;
- Strengthen the criteria for the issue of access permits to tradespersons;
- Review the provision of on street parking for the disabled in the streets peripheral to the city centre.
- Consider any parking initiatives arising from the Lancaster Bid.

4.2.6. Parking for the Disabled

4.2.6.1. Off Street

Government advice (*Traffic Advisory Leaflet 5/95 - "Parking for Disabled People" DfT*) on the provision of parking facilities for the disabled is that the following formulae should be used to assess the number of spaces at each location:

For shopping, recreation and leisure facilities:

For car parks with less than 200 spaces	Three bays or 6% of the total capacity whichever is the greater
For car parks with more than 200 spaces	Four bays + 4% of the total capacity

Research has shown that few, if any, Local Authorities meet those standards. The current "norm" appears to be around 4% of the total parking stock but this is seldom distributed evenly throughout the car parks. The tendency is to make greater provision at the most convenient car parks and less at the more remote, usually long stay, car parks. At small car parks with less than 25 spaces provision of one or two spaces would be reasonable.

An assessment of the existing car parks has indicated a need to increase the number of spaces for the disabled by around 20. These should be provided at appropriately located car parks where there are safe and suitable routes to the central area.

Disabled badge holders are currently entitled to park free of charge without a time restriction on all of the Council's car parks. There is an increasing trend for local authorities to review such arrangements. Options include:

- Charging disabled badge holders for all parking;
- Charging disabled badge holders for parking for periods in excess of three hours;
- Including disabled badge holders in any maximum stay regulations at short stay car parks.

Each of these options has some drawbacks and these will need to be considered if a review of the current policy is undertaken.

4.2.6.2. On Street

There are a number of parking bays for the disabled in the streets peripheral to the city centre. More will be provided within the Canal Corridor North redevelopment scheme.

However it will be necessary to review this provision in the light of the new access restrictions in the pedestrian zone.

Aim 19:

To make adequate provision for the disabled to park safely and conveniently:

- Increase the provision of special parking bays for the disabled in suitable car parks and ensure that access routes are safe and convenient;
- Review the off street charging policy;
- Review the on street provision of parking spaces for the disabled.

4.2.7. Coach Parking

The current coach parking facilities at Upper St. Leonardgate car park (6 spaces) will be lost with the Canal Corridor North redevelopment scheme. The predicted increase in visitor numbers will generate more coach borne visitors. However coach operators will only include Lancaster in their schedules if their vehicles can be conveniently and securely accommodated, with suitable facilities for their drivers. New coach parking facilities will need to be identified prior to the closure of the existing facility.

As many of the coach trips will be primarily to the castle, it has been suggested that coach parking might be possible as part of redevelopments on St. George's Quay.

Coach operators will also wish to be able to set down and pick up their passengers, many of whom will be elderly, at convenient points in the city centre – close to the shops and the tourist attractions.

Aim 20:

To make suitable provision for coaches:

- Identify a suitable location for coach parking with adequate facilities for drivers;
- Provide conveniently located coach set down and pick up points in the city centre.

4.2.8. Car Park Signage

When the new Canal Corridor North redevelopment is completed it will be necessary to review the direction signage into the city centre, taking into account the new park and ride facility at junction 34.

With revised car park locations and more tourists attracted to the castle it will also be appropriate to review the pedestrian route signage in the city centre. The major routes from the main car parks to the central shopping areas and the castle should be identified and it will also greatly assist visitors not familiar with the layout of the central area to sign the routes back to the main car parks.

Another improvement which would be of benefit to both local residents and visitors would be the provision on the main routes in to the city of automated space availability signs for the major car parks.

Aim 21:

To ensure that visitors can easily identify their route to a suitable car park and thence to their intended destination(s);

- Undertake a review of vehicular signage to the major car parks following the opening of the new park and ride and the Canal Corridor North redevelopment;
- Review the signage of pedestrian routes from and to the main car parks;
- Consider the feasibility of introduction of automated car park space availability signage on the major routes into the city centre.

5. MORECAMBE

5.1. Policy Context

5.1.1. Morecambe Area Action Plan

The Lancaster District Core Strategy (2008) identifies central Morecambe as the main regeneration area within the District. The Morecambe Area Action plan is a formal Development Plan Document which focuses on redevelopment.

The headline objective for the MAAP is to improve how the centre of Morecambe looks (APPEARANCE), how it feels (AMBIENCE) and how it works (ACTIVITY) and specifically to achieve:

- A Morecambe that makes the most of its natural and build heritage assets, that has a positive sense of place, a clear identity and is better positioned as a visitor destination;
- A central area that is a strong social hub, safer, more pleasant and more enjoyable to be in whether to live, work or play;
- A more viable, vital and economically productive centre with a service sector offering the goods and services that people need;
- A stronger housing market with better housing and a more cohesive, better balanced residential community;
- A more efficient transport network and infrastructure that better connects the area with its surroundings, makes for easy movement to, from and within the area and that encourages people to travel in the most sustainable ways.

The plan adopts a spatial approach to driving higher footfall and so to get the conditions for investment right. The essential elements of this spatial approach include:

- **Well considered, clear signage of vehicle routes to and from Morecambe** on all route approaches including via Lancaster and Carnforth and well located long and short stay parking options in central Morecambe;
- **Changes to highway and parking** arrangements to make traffic circulation more efficient and reduce excess traffic circulation and with parking located and managed in a way as to feed footfall into the town centre;
- **Much improved signage for pedestrians throughout central Morecambe** with quality information/interpretation points.

The Plan is structured to include:

- Four Spatial Policies
 - MAAP SP1. Key Pedestrian Routes and Spaces
 - MAAP SP2. Investment Exemptions
 - MAAP SP3. Morecambe Main Seafront and Promenade
 - MAAP SP4. Town Centre

The spatial approach seeks to develop a strong heart for the town conveniently served by bus and rail arrival points and car parking.

- Six Development Opportunity Sites
 - MAAP DO1. The Battery
 - MAAP DO2. Strategic Leisure – Seafront Headland, Central Promenade
 - MAAP DO3. The Arndale and area
 - MAAP DO4. West View
 - MAAP DO5. Festival Market and area
 - MAAP DO6. Former Frontierland site
- A series of thirteen Action Sets
 - AS1. Managing and maintaining streets and spaces
 - AS2. Improving the condition of buildings and encouraging beneficial occupancy
 - AS3. Improving key routes for pedestrians and cyclists
 - AS4. Further encourage business investment and development
 - AS5. Central seafront and main beach
 - AS6. Western seafront and beach
 - AS7. Seafront headland, central promenade
 - AS8. The town centre
 - AS9. Edge of centre retail park
 - AS10. Traffic route signage to and from central morecambe
 - AS11. Parking provision and management
 - AS12. Bus and coach services
 - AS13. Rail services
 - AS14 Plan delivery

Whilst only AS11 deals specifically with parking provision and management a number of other Action Sets refer to car parking. Key references are noted below:

- AS5 suggests the adjustment of Marine Road car park no.2 to create a high quality pedestrian route to the town centre and some changes to car park no. 1 to provide for a coach drop off point.

- AS8 has a number of proposals which affect the existing parking arrangements:
 - Transform the street space between Barclays and the Post Office as a public space of real quality with a shared surface treatment to make it much more pedestrian friendly and a fitting focus for the entrance to the Arndale from here. As part of this revised traffic arrangements at the junction of Market Street and Euston Road these to include some changes to turning and parking arrangements including for taxis;
 - Improve the pedestrian environment immediately around the library and make a good route for pedestrian across the Library car park to Market Street;
 - Pending any future redevelopment better sign and upgrade the much underused West View car park prospectively including investment in security and surveillance;
 - Improve arrangements for coach drop off and pick up.

Section 10 of the MAAP relates to Travel and Transport. A key element of the plan is a set of actions to re-cast how central Morecambe works in terms of transportation, arrival and parking. These are about making central Morecambe work much better particularly for pedestrians and help increase footfall. The plan recognises that good parking provision is essential to the vitality and viability of the town centre and that in Morecambe car parking availability readily meets demand at most times. Indeed a very many times total capacity is way in excess of demand.

Of particular concern is the fact that the current parking choices increase traffic movements with drivers circulating to locate their preferred choice of parking location. The plan is concerned that whilst parking is essential it is the predominant land use within central Morecambe.

AS11 includes a number of proposals relating to parking:

- That the City and County Councils should prepare a joint plan for changes to transportation and vehicle parking within the plan area; covering both on and off street parking;
- The joint plan to be consistent with the MAAP and be informed by the proposed MAAP Topic Paper 6 (Access, Transport and Parking) and to include the following aims:
 - The main routes into the town to afford a hierarchy of parking choices with longer stay provision the first choice available with shorter stay choices closer into the town centre where possible;
 - Traffic circulation is reduced;
 - Highway and parking signage is well considered and clear as to the choices of parking available;
 - Much vehicle parking is provided towards and at the edges of the town centre with less at the heart of the town itself;

- The location, pricing and management of on street parking to complement that provided off street and not attract people away from off street provision.

AS11 further suggest the following parameters for parking:

- Make parking facilities work as first stop information points, helping to direct footfall to the town centre and other areas/destinations of interest;
- Provide for legitimate needs for short duration parking close to key service providers including the Post Office, banks and building societies;
- Consider the needs of appropriate residential parking;
- Bring the provision of dedicated disabled bays within and around the town centre up to the national guideline standard;
- Provide for coach drop off and pick up within or very close to the town centre;
- Increase parking provision in certain locations either by increasing efficiencies in the use of the space or bringing other underused areas into use for parking;
- Target that change to net public parking provision within the plan area over the plan period to not make more than a 10% loss in spaces;
- Keep net consequential changes to city council parking incomes close to revenue neutral or better.

Certain car parks and areas of car parking will be decommissioned as part of the changes in land use. The potential sites for this are identified in the list of development opportunity sites.

5.2. Key Issues

5.2.1. Variable Demand for Parking

As highlighted in the Morecambe Area Action Plan there is a very large variation in the demand for parking in Morecambe. Usage of the car parks is both seasonal and weather related. Some car parks are designated long stay and some short stay. The usage of these car parks will need to be kept under review.

However, despite the wide choice of car parks and the fact that spaces are available most of the time there is a problem with traffic circulating around the narrow streets in the town centre searching for free parking places or driving to a favourite location. This is detrimental to the environment of the town centre and presents difficulties for pedestrians.

There are a significant number of on street parking places which contribute to the traffic problems and it would be prudent to review the use of these spaces; perhaps converting more in to parking bays for the residents in the town centre or additional provision for the disabled. It will be necessary to strike a balance between the needs of residents, shoppers, visitors and those who work in the town centre.

Aim 22:

To ensure that the parking requirements of all users are met.

- Regularly review the mix of long and short stay off street parking
- Undertake a review of on street parking in the town centre and consider the provision of additional permit parking for residents

5.2.2. Redevelopment

Despite the fact that on some occasions in the peak of the tourist season all car parking spaces are likely to be occupied, a number of the car parks are regularly underused and should be considered as potential redevelopment sites. The potential sites are identified in the Morecambe Area Action Plan and are likely to include those listed below. If all were to be redeveloped there would be a significant loss of parking stock:

Car Park	Total Spaces, incl. disabled	Disabled spaces
Council Operated		
Bus Station	18	4
Goods Yard	66	4
Marine Road 2	18	2
Pedder Street	72	3
Sub-total	174	13
Privately Operated		
Winter Gardens	425 (approx)	Not known
Total	599	

This level of loss of spaces will require careful management in order to ensure that the new developments replace the lost spaces and also provide for any additional parking demand generated by the developments themselves. There will also be potential difficulties during construction periods when the old parking will be lost and any potential replacement parking may not have been constructed.

Aim 23:

To maintain adequate provision of parking during and after any redevelopment of existing car parks.

- To ensure that the effects of any redevelopment of existing car parks are minimised;
- To ensure that when redevelopment occurs it follows that appropriate car parking arrangements are made.

5.2.3. Parking for the Disabled**5.2.3.1. Off Street**

An assessment of the existing car parks has indicated that in comparison with the recommended standards (see section 4.2.6.1) there are sufficient parking spaces for the disabled in Morecambe. However, it is always prudent to monitor the use of these spaces as the distribution, whilst compliance with the guidance, may not meet the actual demand.

The charging options described in section 4.2.6.1 apply equally to the car parks in Morecambe.

5.2.3.2. On Street

As previously mentioned there are some issues with general traffic searching for on street parking spaces in the town centre. To ease the volume of the circulating traffic consideration could be given to the conversion of some of the available parking spaces to parking for the disabled.

Aim 24:

To ensure that adequate provision is made for parking space for the disabled:

- Monitor the distribution of the off street provision and adjust if the demand so justifies;
- Review the provision of on street parking for the disabled in the town centre.

5.2.4. Coach Parking

There are three existing coach parking facilities in Morecambe:

- A dedicated coach park adjacent to the Morrisons Supermarket – caters for the day trip coaches
- Winter Gardens - caters for day trip coaches
- Back Brighton Car Park – a low cost facility which tends to cater for parking coaches bringing parties staying in one of the sea front hotels
- Battery Breakwater Car Park – caters for day trip coaches

The coach parking facilities appear to meet the current coach parking needs but the situation will require monitoring. However, there is a need to consider the provision of suitably located coach drop off and pick up points for both day trip coaches and those servicing the hotels

Aim 25:

To ensure that there is adequate provision for coach parking:

- Monitor the use of the existing facilities and consider additional provision if necessary;
- Review the provision of suitable drop off and pick up points.

5.2.5. Car Park Signage

There are concerns about the current directional signage to the public car parks. The signs need to direct motorists, particular the visitors who may be unfamiliar with the area, to the most convenient car park for their intended destination. The routes should avoid where possible unnecessary circulation within the central area. Ideally drivers should be directed to the most suitable car park.

The Morecambe Area Action Plan has identified a need for improved signage of the main pedestrian routes to and from the town centre and the key attractions.

Aim 26:

To improve directional signage to the main car parks:

- Undertake a review of directional signage to the main car parks and update when redevelopment takes place
- Review pedestrian route signage from the main car parks to and from the town centre and key attractions.

6. CARNFORTH

Carnforth is an important local centre providing access to Morecambe Bay and the Arnside Area of Outstanding Natural Beauty.

The traffic and parking problems in Carnforth are long standing. There is a need to maintain the current parking facilities at the railway station as these serve both rail travellers and visitors to the town centre. The car park, which is privately operated, provides for both short and long stay parking.

There are also two supermarket car parks which are often used by shoppers visiting the town centre as well as the supermarkets. A two hour maximum stay applies at the supermarket car parks.

There are issues about the on street parking in the town centre; notably Market Street.

Aim 27:

To protect the existing parking facilities in the town centre:

- Maintain the parking facility at the railway station;
- Monitor parking in Market Street and, if necessary, work with the County Council to amend the parking restrictions;
- Consider additional parking provision if a suitable development opportunity arises.

7. HEYSHAM

Currently, there are no problems with parking in Heysham – there are facilities at the port and a large council operated car park in the village.

The completion of the Heysham – M6 link road may provide the catalyst for the expansion of the operations at the port and this may create new parking issues, both on and off street.

Aim 28:

To assist the expansion of the port at Heysham:

- Work with the port authorities to ensure that parking problems do not inhibit the commercial expansion of the port.

8. RURAL AREAS

At many of the District's popular tourist attractions in the rural areas, car parking demand can exceed supply. This can lead to environmentally damaging and obstructive on-road parking. In some locations additional parking facilities may be appropriate.

Aim 28:

To review parking provision at the more popular rural tourist attractions.

- Assess the environmental and road safety impact of existing parking demand.
- Where appropriate consider the provision of additional facilities.
- Investigate the potential improvements available for parking at Glasson Dock which is in private ownership of the Canal and River Trust.

9. PARKING STANDARDS ON NEW DEVELOPMENTS

The Council has set out its parking standards for new developments in appendix C of the Development Management DPD.

Aim 30:

To ensure compliance with the detailed standards set out in the DPD:

- Impose maximum standards for non-residential development, using the criteria for parking provision and operational parking set out in the DPD.
- Encourage developer contributions to ensure adequate accessibility to new developments by all modes with the emphasis on achieving the greatest degree of access by public transport, walking and cycling.

PARKING ACTION PLAN

The following actions are proposed to meet the aims of the strategy

Note: Many of the actions will require the City and County Councils to work together to achieve success. These are highlighted with a #.

Ref:	Aim	Objective	Action	Link	Timescale
1	Parking Enforcement Aim: To have suitable and effective parking enforcement arrangements for the City Council's car parks	<ul style="list-style-type: none"> To maintain proportionate parking enforcement compatible with the Council's Off-Street Parking Places Order 	Ensure a scheme of enforcement which reflects the objectives of the Off-Street Parking Places Order		Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years) Ongoing
2	Future Levels of Parking Stock Aim: To maintain existing levels of short-stay parking to support shoppers, businesses, visitors and residents	<ul style="list-style-type: none"> Retain an appropriate stock of short stay car parking in central locations. Where practicable seek replacement short-stay public car parking space as part of the redevelopment of existing car parks. Only consider changes in short stay car parking space linked to major redevelopment Monitor the use of existing parking places to ensure the best use of space. 	Investigate the availability of alternative sites Ensure the supply of shopper and visitor parking is maintain Work with developers to ensure equivalent compensatory parking provision is made where parking is lost to redevelopment Carry out full impact analysis and consider overall parking and transportation issues Carry out a strategic review of car parking including the provision of interceptor car parks Review the layout of all car parks to maximise the number of spaces Maintain a programme of environmental, security and physical enhancement of the car parks in order to improve the service	# #	Short Term Short Term Short Term As required As required Short Term Ongoing

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)
3	Off Street Tariff Structure <i>Aim: To set charges to meet the Council's corporate objectives and budget commitments</i>	<ul style="list-style-type: none"> Monitor car park occupancy at regular intervals in order to maximise utilisation whilst maintaining a reasonable level of availability Use charges to deter long stay in short stay car parks; Ensure that the cost differential between on- and off-street charges is maintained in order to encourage the use of the off-street facilities and leave the on-street spaces for those prepared to pay a premium for the location Ensure the views of the Town Councils, local Chambers of Commerce and Trade and the Federation of Small Businesses are taken into account when considering the Annual Review of Parking Charges Negotiate appropriate agreements with private car park operators 	<p>Undertake regular surveys of car park usage</p> <p>Monitor the usage of the short stay car parks and, if necessary, adjust the tariff structure to deter long stay parking.</p> <p>Work with the County Council to maintain an appropriate charge differential between the on and off street tariff structure</p>	#	Annually
4	Privately Operated Car Parks <i>Aim: To ensure that privately operated car parks have comparable pricing structures</i>		<p>Consult widely on the annual review of parking charges.</p> <p>Maintain a dialogue with the private operators</p>	#	Annually
					Ongoing

Ref:	Aim	Objective	Action	Link	Timescale
5	Differential Tariff Structure <i>Aim: To ensure that the parking tariffs levied reasonably reflect the shopper and visitor experiences in the various centres, whilst ensuring that the parking account is not adversely affected by any changes:</i>	<ul style="list-style-type: none"> Undertake a review of the current tariff structure, with a view to achieving a greater visitor dwell time Consult widely on any changes proposed Ensure that the changes do not have an adverse effect on the parking account 	<p>Initiate a rolling review of the tariff structure having due regard to length of stay data</p> <p>Maintain a consultation programme</p> <p>Continually monitor income and expenditure</p>		Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years) Short Term
6	On Street Tariff Structure <i>Aim: County and City Officers and Members work closely together to achieve the synchronisation of the deliberations and recommendations for on-street and off-street parking charges</i>	<ul style="list-style-type: none"> To maintain differential charging between on-street and off-street parking 	<p>Work with the County Council Officers to maintain and suitable differential between on and off street parking tariffs</p>	#	Ongoing
7	Medium Term Corporate Property Strategy 2011-2014 <i>Aim: To provide, maintain, review, manage and develop car parks to support the Medium Term Corporate Property Strategy and the vision and priorities of the Council.</i>	<ul style="list-style-type: none"> Monitor the parking service to ensure that the Parking Strategy and the Medium Term Corporate Property Strategy are properly co-ordinated. 	<p>Work to ensure the proper co-ordination of the strategies</p>		Ongoing

Ref:	Aim	Objective	Action	Link	Timescale
8	<p>Key Issues for the Parking Service</p> <p>Aim: <i>To provide a high quality parking service which is efficient, responsive to the user's needs, providing assets of the highest design and appearance and as secure and safe as possible, whilst identifying the impact on budgets:</i></p>	<ul style="list-style-type: none"> Where possible respond to enquiries within 7 working days Provide a freephone number for customer enquiries, linked to the Council's Customer Services Centre Consult with representative groups on proposed changes to parking schemes Ensure that all car parks are adequately surfaced Provide a high standard of lighting in car parks, whilst avoiding unnecessary light pollution Ensure that routes to car parks are clearly signed Consider the provision of variable message signing which provides car park space information to drivers and reduces unnecessary journeys on high volume traffic routes Provide regular car park patrols to enhance security and provide a service to customers Ensure that all car parks are regularly cleaned; that landscaped areas are well maintained and that any graffiti is promptly removed 	<p>Review on a regular basis and adjust as necessary</p> <p>Establish the facility and advertise widely, including on signage at car parks</p> <p>Formal and informal public consultation exercises</p> <p>Continue condition assessments and link to the rolling programme of improvements</p> <p>Implement a review of all existing lighting schemes</p> <p>Review all parking signs having regard to the sensitivity of town centre and conservation areas</p> <p>Work with the County Council to provide real time information for drivers</p> <p>Review the patrolling rotas and routes to ensure maximum coverage, particularly at peak times</p> <p>Review the maintenance regime and improve if necessary</p>		<p>Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)</p> <p>Short Term</p> <p>Short Term</p> <p>Ongoing</p> <p>Ongoing</p> <p>Short Term</p> <p>Medium Term</p> <p>Ongoing</p> <p>Short Term</p> <p>Short Term</p>

Ref:	Aim	Objective	Action	Link	Timescale
					Short Term (up to 2 years)

8	continued	<ul style="list-style-type: none"> Ensure that pedestrian routes to and from and within car parks are attractive, well signed, secure and safe Consider the provision of tourist information boards at key car parks Implement a programme of re-marking to ensure a minimum space width of 2.4m, whilst recognising this may reduce the allocation of parking spaces Provide suitable management information on usage, parking trends and occupancy rates Investigate options for energy saving Investigate and consider the introduction of a telephone and or / electronic payment options at Pay and Display car parks Consider the introduction of virtual permits Consider the provision of electric vehicle charging points at suitable locations Consider the provision of a dedicated car park for low emission vehicles Ensure effective and efficient maintenance arrangements are in place for pay and display machines 		#	<p>Undertake a review of all pedestrian routes and prioritise a programme of necessary improvements – see also Aim 14</p> <p>In conjunction with the Tourist Information Service consider suitable sites and seek funding</p> <p>Undertake a survey of existing bay markings and layouts</p> <p>Review present systems and investigate new technology and software</p> <p>Monitor energy consumption and consider options for reduction</p> <p>Investigate market options and consider options</p> <p>Consider as part of review of the permit system <i>See also Aim 9</i></p> <p>Investigate the options, costing and potential usage with a view to the provision of a test site</p> <p>Investigate the potential for such a facility</p> <p>Review existing arrangements and investigate remote monitoring and notification of pay and display machine faults</p>		<p>Medium Term (2-5 years) Long Term (5-10 years)</p> <p>Short Term</p> <p>Medium Term</p> <p>Long Term</p> <p>Medium Term</p> <p>Ongoing</p> <p>Short Term</p> <p>Short Term</p> <p>Medium Term</p> <p>Medium Term</p> <p>Medium Term</p>
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Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years)
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Lancaster City Council

Parking Strategy

					Medium Term (2-5 years) Long Term (5-10 years)
8	continued	<ul style="list-style-type: none"> Ensure continuous improvement in parking stock 	<ul style="list-style-type: none"> Undertake regular full condition assessment surveys in all car parks Interrogate accident and incident report statistics Implement reactive and planned maintenance and minor improvements 		Annually Annually Annually
9	Parking for Specialist Groups Residents <i>Aim: Make provision for annual permits for residents to be available for use on certain car parks</i>	<ul style="list-style-type: none"> Review visitor parking arrangements and to reduce the cost of administering the residents parking zones Make provision for annual permits for residents to be available for use on certain car parks Monitor the demand for permits and review the schemes regularly 	<ul style="list-style-type: none"> Review the existing processes and ensure an adequate and economic scheme of visitor parking permits for the future Maintain a scheme for permit use Monitor and review annually Review the suitability of car parks included in the scheme 		Short Term Ongoing Ongoing Ongoing
10	Parking for Specialist Groups The Disabled <i>Aim: To seek to meet the needs of all users and types of transport.</i>	<ul style="list-style-type: none"> Set aside 6% of the total off street car parking space for "Blue Badge" holders in suitable car parks where a demand is proven Improve public information on parking provision. 	<ul style="list-style-type: none"> In consultation with disabled groups, undertake surveys to assess demand and identify appropriate car parks Review layouts of car parks and re-mark if necessary 		Short Term Medium Term
11	Parking for Specialist Groups Cycle and Motor Cycle Parking <i>Aim: To improve the availability and quality of parking at key destinations</i>	<ul style="list-style-type: none"> Provide convenient safe and secure cycle parking at new points convenient to town centres and at places of interest and amenity, in line with the Council's aspiration to achieve increased levels of cycling in the district 	<ul style="list-style-type: none"> Review the existing arrangements and where possible improve public information on parking provision Review existing provision and increase provision of cycle parking facilities where necessary in town centres and at places of interest Liaise with specialist interest groups to ensure new provision is appropriate 		Medium Term Medium Term Ongoing Medium Term

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years)
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		Long Term (5-10 years)	
		#	Short Term
11	continued	<ul style="list-style-type: none"> Increase secure cycle and motor cycle parking provision at suitable locations to meet increasing demand 	Review the provision of secure cycle and motor cycle provision
		<ul style="list-style-type: none"> Encourage, where possible, provision of sheltered cycle and motor cycle parking 	Work with others to provide sheltered accommodation
		<ul style="list-style-type: none"> Ensure that where appropriate new developments have cycle parking integrated at the design stage through the planning process 	Liaise with Planning Officers to ensure adequate provision
12	Parking for Specialist Groups Taxi Ranks Aim: To work as required with Lancashire County Council, Licensing Services and all stakeholders on the provision and maintenance of taxi ranks in the district	<ul style="list-style-type: none"> To ensure an adequate provision of suitable taxi ranks 	Work with Lancashire County Council Licensing Services and other stakeholders to ensure adequate provision
13	Parking for Specialist Groups Motor Home Parking Aim: To consider the provision of parking for motor homes	<ul style="list-style-type: none"> Ensure that there is adequate parking provision – a distribution of larger parking bays 	Review access car park arrangements and consider the provision of larger bays at suitable sites
		<ul style="list-style-type: none"> Improve direction signage to the appropriate car parks 	If specific car parks are designated for mobile homes review direction signage appropriately
		<ul style="list-style-type: none"> Monitor overnight parking on Marine Road and consider revised parking restrictions if the issue becomes untenable 	Survey the extent of overnight parking on Marine Road and, of necessary, work with the County Council to review the Traffic Regulation Orders

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)
14	Lancaster Park and Ride Aim: To assist the development of the use of the new park and ride facility at M6 junction 34	<ul style="list-style-type: none"> Monitor the use of city centre long stay car parks Consider reducing the number of long stay spaces available whilst ensuring the commuters travelling from the south and west are not adversely affected Continue to investigate the possible redevelopment of the Auction Mart car park as an "interceptor" commuter car park 	<p>Regularly survey usage of the long stay car parks</p> <p>Review the extent of long stay parking provision in the context of the use of the park and ride facility at junction 34</p>		Annually Annually
15	Lancaster City Centre Redevelopment Aim: To manage the consequences of the Canal Corridor North Development	<ul style="list-style-type: none"> Manage the loss of parking spaces during the construction period Identify alternative coach parking facilities Review and monitor the access routes to the short stay car parks south of Moor Lane 	<p>Work with the developer and others to identify suitable sites for temporary car parks</p> <p>Identify a suitable replacement location for coach parking</p> <p>Consider the implications of the closure of the route from the north to the car parks south of Moor Lane</p> <p>Monitor traffic flows on other routes</p>	# # #	Medium Term Medium Term Medium Term Medium Term
16	Lancaster Tourism Aim: To ensure that the parking service provides for the needs of visitors	<ul style="list-style-type: none"> Ensure that the tariff structure reflects the needs of the day visitors Ensure that the car park vehicular and pedestrian signage guides visitors to the appropriate car parks and thence to the city centre and the castle Review coach set down and pick up facilities in the city centre 	<p>Monitor length of stay and, if appropriate, adjust the tariff structure to meet the needs of visitors</p> <p>Undertake a review of all pedestrian routes and prioritise a programme of necessary improvements – see also Aim 8</p> <p>Work with the County Council and Coach and Bus Operators to develop suitable set down and pick up points in the city centre</p>	#	Annually Short Term

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)
17	Lancaster Filming in Lancaster District Aim: <i>To assist the development of the District as a location for film and television productions</i>	<ul style="list-style-type: none"> Where possible support the parking needs of film and television production crews. 	<p>Work with the County Council to develop a detailed guide for film and television crews</p> <p>Make appropriate arrangements for the parking of film and television crew vehicles</p>	#	Short Term
18	Lancaster Public Realm Aim: <i>To support the improvement of the public realm in the city centre</i>	<ul style="list-style-type: none"> Introduce and maintain an effective permit administration system to meet the needs of the experimental traffic regulation order and any subsequent orders Contribute to the effective enforcement of the experimental parking and moving traffic contraventions Remove all vehicles, except those issued with permits, from the pedestrian zone Strengthen the criteria for the issue of access permits to tradespersons Review the provision of on street parking for the disabled in the streets peripheral to the city centre Consider any parking initiatives arising from the Lancaster BID Increase the provision of special parking bays for the disabled in suitable car parks and ensure that access routes are safe and convenient 	<p>Implement a robust permit management system</p> <p>Work with the County Council to ensure effective enforcement of the new orders</p> <p>Review and improve the access permit criteria and procedures in accordance with the updated Traffic Regulation Orders</p> <p>Develop new more stringent criteria for tradespersons permit</p> <p>Monitor parking by the disabled following the introduction of more stringent access controls and, if necessary, consider additional on street parking provision for the disabled</p> <p>Monitor the outcomes of the BID</p>	#	Short Term
19	Lancaster Parking for the Disabled Aim: <i>To make adequate provision for the disabled to park safely and conveniently</i>		<p>Review the provision of parking places for the disabled and increase the number to meet the recommended criteria</p>	#	Short Term

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)
19	continued	<ul style="list-style-type: none"> Review the off street charging policy Review the on street provision of parking spaces for the disabled Identify a suitable location for coach parking with adequate facilities for drivers Provide conveniently located coach set down and pick up points in the city centre. Undertake a review of vehicular signage to the major car parks following the opening of the new park and ride and the Canal Corridor North redevelopment Review the signage of pedestrian routes from and to the main car parks Consider the feasibility of introduction of automated car park space availability signage on the major routes into the city centre Regularly review the mix of long and short stay off street parking Undertake a review of on street parking in the town centre and consider the provision of additional permit parking for residents 	<p>Review the policy on charging for parking by the disabled</p> <p>Monitor on street parking places for the disabled and consider the provision of additional spaces, if necessary – see also Aim 16</p> <p>Identify a suitable replacement location for coach parking – see also Aim 13</p> <p>Work with the County Council and Coach and Bus Operators to develop suitable set down and pick up points in the city centre – see also Aim 14</p> <p>Work with the developer and the County Council to ensure that all car parks are adequately signed from the main access routes into the city centre</p> <p>Undertake a review of the pedestrian signage to and from car parks to the city centre and visitor attractions</p> <p>Work with the County Council to assess the feasibility of providing real time information for drivers</p> <p>Undertake regular assessments of the usage of the car parks including length of stay surveys</p> <p>In partnership with the County Council undertake a usage survey of on street parking the town centre to establish the demand for spaces for the disabled and, if necessary, increase provision</p>	#	Medium Term Short Term Medium Term Medium Term Medium Term Medium Term Ongoing Annually Short Term
20	Lancaster Coach Parking Aim: <i>To make suitable provision for coaches</i>				
21	Lancaster Car Park Signage Aim: <i>To ensure that visitors can easily identify their route to a suitable car park and thence to their intended destination(s)</i>				
22	Morecambe Variable Demand for Parking Aim: <i>To ensure that the parking requirements of all users are met</i>				

Ref:	Aim	Objective	Action	Link	Timescale Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)
23	Morecambe Redevelopment Aim: To maintain adequate provision of parking during and after any redevelopment of existing car parks	<ul style="list-style-type: none"> To ensure that the effects of any redevelopment of existing car parks are appropriately managed To ensure that parking needs are factored into redevelopment plans 	Monitor the potential effects of proposed developments and ensure appropriate arrangements are in place to maintain the parking stock to an appropriate level		Ongoing
24	Morecambe Parking for the Disabled Aim: To ensure that adequate provision is made for parking space for the disabled	<ul style="list-style-type: none"> Monitor the distribution of the off street provision and adjust if the demand so justifies Review the provision of on street parking for the disabled in the town centre 	Review the provision of parking places for the disabled and increase the number to meet the recommended criteria Monitor on street parking places for the disabled and consider the provision of additional spaces, if necessary	#	Short Term
25	Morecambe Coach Parking Aim: To ensure that there is adequate provision for coach parking	<ul style="list-style-type: none"> Monitor the use of the existing facilities and consider additional provision if necessary Review the provision of suitable drop off and pick up points 	Survey the usage of the existing coach parking and, if necessary, consider locations for additional facilities Work with the County Council and Coach and Bus Operators to develop suitable set down and pick up points	#	Medium Term
26	Morecambe Car Park Signage Aim: To improve directional signage to the main car parks	<ul style="list-style-type: none"> Undertake a review of directional signage to the main car parks and update when redevelopment takes place Review pedestrian route signage from the main car parks to and from the town centre and key attractions Maintain the parking facility at the railway station 	Work with developers and the County Council to ensure that all car parks are adequately signed from the main access routes into the town centre	#	Medium Term
27	Carnforth Aim: To protect the existing parking facilities in the town centre	<ul style="list-style-type: none"> Maintain the parking facility at the railway station 	Undertake a review of the pedestrian signage to and from car parks to the town centre and visitor attractions In conjunction with the station operators, work to protect and further improve the parking facilities at Carnforth Station.	#	Medium Term

Ref:	Aim	Objective	Action	Link	Timescale
27	Continued	<ul style="list-style-type: none"> Monitor parking in Market Street and, if necessary, work with the County Council to amend the parking restrictions Consider additional parking provision if a suitable development opportunity arises Work with the port authorities to ensure that parking problems do not inhibit the commercial expansion of the port Assess the environmental and road safety impact of existing parking demand Where appropriate consider the provision of additional facilities Investigate the potential improvements available for parking at Glasson Dock which is in private ownership of the Canal and River Trust Impose maximum standards for non-residential development, using the criteria for parking provision and operational parking set out in the DPD Encourage developer contributions to ensure adequate accessibility to new developments by all modes with the emphasis on achieving the greatest degree of access by public 	<p>Survey the usage of the parking spaces in Market Street and consider if any changes to the Traffic Regulation Orders are required</p> <p>Monitor planning applications and consider opportunities for additional car parking</p> <p>Monitor the parking situation as the port expands and consider any action required</p> <p>Survey parking at popular tourist attractions and prioritise actions required</p> <p>Prepare and implement improvements to parking at identified problem locations</p> <p>Continue discussions with the site owners and explore possibilities for the site</p> <p>Implement parking standards in accordance with the agreed criteria</p> <p>Encourage developer contributions by site specific negotiation</p>	#	<p>Short Term (up to 2 years) Medium Term (2-5 years) Long Term (5-10 years)</p> <p>Medium Term</p> <p>Ongoing</p> <p>Long Term</p> <p>Short Term</p> <p>Medium Term</p> <p>Medium Term</p> <p>Ongoing</p> <p>Ongoing</p>
28	Heysham <i>Aim: To assist the expansion of the port at Heysham</i>				Long Term
30	Rural Areas <i>Aim: To review parking provision at the more popular rural tourist attractions</i>			#	Short Term
29	Parking Standards on New Developments <i>Aim: To ensure compliance with the detailed standards set out in the DPD</i>				Medium Term

CABINET

**Delivering New Council Housing in the District
5 November 2013**

Report of Chief Officer (Health and Housing)

PURPOSE OF REPORT			
To set out the options for increasing the availability of council housing within the district and to seek approval to procure a preferred partner to deliver a new build housing programme, and to approve the establishment of an acquisition programme.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		7 October 2013	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR LEYTHAM

- (1) That a programme of new build council housing is established as set out in the report.
- (2) That the council works with the Lancashire Regeneration Property Partnership to develop a scheme to deliver a programme of new build council housing as set out in the report and that detailed proposals be brought back to Cabinet for approval prior to entering into any contractual commitment.
- (3) That a scheme for acquiring ex-council housing properties is also established as set out in the report, and that detailed proposals are brought back to Cabinet for approval.

1.0 Introduction

- 1.1 At the February meeting Cabinet approved in principle to invest in new one-bedroom accommodation within the district using funding from the Business Support Reserve, and that detailed proposals be brought back to Cabinet following input from the Housing Regeneration Cabinet Liaison Group. It was proposed that officers report back to the Housing Regeneration Cabinet Liaison Group with a range of options for potential schemes in the district, providing potential costs, locations and timescales and addressing any other relevant issues.
- 1.2 The original report to Cabinet highlighted that there were numerous issues to be addressed before embarking on any investment:

- How many units are needed?
- Where would they be built, on existing council estates or elsewhere?
- Ensuring suitable expertise to manage a new build programme.
- Planning issues and considerations.
- Would conversion of existing empty properties be more or less cost effective and viable than new build?
- Is it affordable, given decisions on rent policy?
- What are the likely timescales?

1.3 The list was by no means exhaustive but demonstrates the considerations to be addressed in developing detailed proposals for decision, and implementation. Officers have been investigating these issues and looking at how a programme could be delivered.

2.0 Background

2.1 **Housing need and supply** - The council's "Meeting Housing Needs Supplementary Planning Document" formally adopted in February 2013 sets out the district housing requirements and this has been taken into in developing proposals.

2.2 The council's own housing register also confirms the need for additional council housing particularly 1 bedroom accommodation; as is shown in the table below:

Housing waiting list by bed need						
Bed Requirement	Number on Housing waiting list by need					Total all bands
	Band A	Band B	Band C	Band D	Band E	Number on waiting list
One bed	30	103	465	645	399	1642
Two bed	14	46	288	285	126	759
Three bed	4	12	126	77	59	278
Four bed	3	3	12	24	6	48
Five bed	0	2	3	1	6	12
Six bed		1		0		1
						2740

2.3 Analysis has also been undertaken of the bedroom needs of council housing tenants who have been subjected to reductions in their housing benefit entitlement due to having bedrooms surplus to the requirement set down in the housing benefit regulations.

Size Criteria Surplus - one extra bedroom	
Number of tenants	Bedroom Requirement
199	1
179	2
10	3

1	4
1	5
Total 387	

Size Criteria Surplus - two (or more) extra bedrooms	
Number of tenants	Bedroom Requirement
89	1
7	2
Total 96	

- 2.4 This further highlights the need for smaller bedroom accommodation.
- 2.5 The council has 3784 council housing properties. The number of properties coming available for relet fluctuates each year.
- 2.6 In 2012/2013 the council relet just over 400 council housing properties of which 190 were 1 bedroom relets. The following table give an indication of the overall annual supply of council housing.

Council housing lettings 2012/2013

Lets by property type	bedsit/ studio	1 bed	2 bed	3 bed	4 bed	5 bed	Total
Bedsit/studio	15	6	0	0	0	0	20
Bungalow	0	79	10	0	0	0	89
Flat	0	94	89	0	0	0	184
House	0	11	25	62	7	0	105
Maisonette	0	0	6	0	0	0	6
ALL	15	190	130	62	7	0	404

- 2.7 The evidence of demand and supply supports the original Cabinet view that the council should invest in new one-bedroom accommodation within the district.
- 2.8 **Meeting housing need** – The council can deliver homes directly, and has options to deliver its ambition to increasing the availability of council housing in the district including new build housing programme and acquisition. It is proposed that a new build housing programme is established alongside a scheme to acquire ex-council housing properties.
- 2.9 **New build housing programme** – Embarking on a new build council housing programme will be a new venture for the council. The last time any council housing was built within the district was in 1994/1995 when two bungalows were built at Heysham.

- 2.10 It is proposed any new build council housing will be designed to meet the code for sustainable homes Level 4, meaning a lower carbon footprint, and reduced energy bill for tenants. All properties should also meet the Homes and Communities Agency's (HCA) quality standards for internal size. Consideration will also be given to building to meet "lifetime home standards".
- 2.11 It is also proposed that individual developments comprise no more than 16 to 20 homes on any one site. Part of the brief for flats will include a requirement for each flat having direct access to the "street"; not through internal communal corridors, and that the overall design minimises any service charges.
- 2.12 The aim is to produce well designed and attractive homes where tenants can afford to live. A detailed design brief would be drawn up for each site to achieve this.
- 2.13 **Establishing a "development team"** - The delivery of a new house building programme has to be properly resourced, and will require a "development team". There are a number of key activities that require resourcing:
- Site finding.
 - Feasibility appraisal of sites
 - Project management – from inception to completion e.g. full project management service inclusive of programme management, contract administration services, supply chain management, customer relations and contract management
 - Cost management services – full cost management ranging from initial cost planning, cost monitoring and management through the design phase, adherence to budgets and post contract cost control
 - Design services – conceptual designs, all survey work (topographical, ecological etc), detail design, provision of construction information for build purposes
 - Delivery of projects – construction
- 2.14 The council does not currently have the internal organisational experience to comprehensively and directly deliver a new build housing programme. Officers have explored a number of options to establish a "development team" including the use of national design and construction companies, and existing partnerships.
- 2.15 The council is already a party to the Lancashire Regeneration Property Partnership (LRPP), a framework agreement that has been subject to the OJEU procurement rules, which can be directly accessed to provide the services and delivery required.
- 2.16 This strategic partnering agreement came into existence in December 2012 with Carillion being appointed as the successful partner for the north of the County; including this district. Carillion are a multi-national company and have a strong Northwest/Lancashire presence.
- 2.17 The anticipated benefits of the LRPP are that it would bring both capability and capacity in key areas in terms of resources to deliver the proposed

programme. The partnership would provide the vehicle to deliver the programme without the need to undertake a separate procurement process. In addition the partnership should bring new ways of working, thinking and models of delivery.

- 2.18 The LRPP would also work with the council to develop the strategy for development; it would act as a single point of contact for the procurement and delivery of the programme, and provide the overall management of the programme.
- 2.19 There are other similar frameworks the council could apply to be a party to, for example, Scape, which is a partnership established in the East Midlands. The council could also look to procure services from an individual housing association or housing association consortium that have a development team.
- 2.20 The officers preferred route, subject to proper due diligence enquiries, would be to utilise the LRPP. Due diligence enquiries would include taking a detailed look at each of the elements of the services being offered clarifying the scope, professional liabilities, financial liabilities, and charges. Officers have had initial discussions with LRPP, and it would appear that this route may present a viable way forward. Following a meeting with the Lancashire County Council Head of Estates and the Partnership Director, the LRPP has come forward with initial proposals for the council to consider. These are outline proposals and do not identify the fee rates, and as mentioned previously, full due diligence checks need to be undertaken before entering into any agreement.
- 2.21 The advantage of utilising the LRPP framework is that the overall procurement will be very much simplified, and the council will gain full access to the capacity and comprehensive skills set it needs to deliver a new build programme.
- 2.22 **Search for sites** – A prerequisite on a new build housing programme is that the council needs to identify sites. Ideally these would come from the council's existing land ownership. It cannot be assumed that the council has sites ready for development, and detailed negotiations will be required to bring sites forward.
- 2.23 A number of small potential sites have been identified and these are being looked at by the Development Management Team within the Regeneration and Planning Service. Initial feedback has identified issues with each site that would need to be overcome if they were to be developed as housing sites.
- 2.24 Site finding, navigating planning considerations, and potentially negotiating site acquisition will need to be undertaken and resourced as part of the establishment of a "development team".
- 2.25 The council may also have to consider purchasing sites outside its existing land ownership to develop a land bank to deliver its new build council housing programme. The search for sites has been extended to other public bodies including the County and NHS. This approach is supported by the

Government however each body will have their own financial constraints and it still may prove difficult to identify and make available this land. Consideration is also being given whether there is any opportunity within existing regeneration programmes such as Luneside East. Again discussions and negotiations will need to take place on any sites identified through this process.

- 2.26 **Acquisition of ex-council housing** – It is proposed that the council, in addition to establishing a new build council housing programme, also establishes an acquisition programme for ex-council housing. The council has the power re-acquire former council housing previously sold under the Right to Buy (RTB). At any one time there are ex-council homes being sold on the open market. It is proposed that the council establishes a scheme to purchase selected properties and to bring them back into its housing stock in line with the council's current ambition to increase the supply of one bedroom accommodation, or indeed to support other council housing demands or future ambitions.
- 2.27 The council can also exercise its Right of First Refusal for property that was sold under the RTB to acquire additional stock. Any RTB owner who purchased after the 10 August 2005 and wishes to sell within 10 years of their RTB purchase must offer to their former landlord, the right of first refusal on purchasing the property.
- 2.28 It is proposed that a scheme is brought forward for approval by Cabinet.
- 2.29 **Section 106 affordable housing requirements** - A further area being explored is whether or not the council could look to acquire/negotiate within existing/future private sector developments within the S106 affordable housing provisions to provide more affordable homes for rent itself rather than through another registered provider; affordable housing includes social rented. This will require more detailed exploration, and consideration before making any proposals.
- 2.30 **Impact of Right to Buy** – Any homes built by the council under current legislation would be subject to the Right to Buy (RTB).
- 2.31 However, any discount entitlement relating to a sale under the RTB would be reduced by a special rule called the cost floor. Under the cost floor, the discount a tenant receives must not reduce the price the tenant pays below what has been spent on building, buying, repairing or maintaining it.
- 2.32 Specifically, if the cost of works carried out over the 10 year period prior to the sale is greater than the market value of the tenant's home, the tenant will not receive any discount. This period is 15 years if the tenant's home was built or acquired by the landlord after 2 April 2012.
- 2.33 The Government in 2012 as part of its revised policy on RTB discounts also made some provision for the retention of receipts to fund replacement stock on a "one-for-one" basis.

- 2.34 It is current Government policy that any new council homes built since July 2008 are eligible for exclusion from the provisions in the pooling regulations relating to Right to Buy sales, this includes any new homes built or acquired using receipts covered by these agreements. This means that, if replacement homes were subsequently sold under the Right to Buy, the authority would be able to retain the whole receipt (provided it is spent on affordable housing, regeneration or paying down housing debt).
- 2.35 The rules are complex on how the receipts should be spent but key elements are:
- Net receipts from Right to Buy sales (after allowable costs, repayment of housing debt and currently forecast receipts for councils and central government) can be used to replace the additional homes sold as a result of the higher discount levels. The amount available will depend on the level of sales during the year.
 - Councils have three years to spend the right to buy receipts on new homes, after this period unspent receipts would need to be repaid to the government with interest.
 - The right to buy funding can only cover a maximum of 30% of the cost of building a new home, in line with the grant offered through the Affordable Homes Programme.
 - The remaining 70% is to be found from local authorities' own resources, borrowing or other monies. Land cannot be included as part of the 70% contribution.
 - The Council must demonstrate that it has spent the additional amount on affordable housing.
 - The money can be transferred to another provider – e.g. a housing association - as long as they bring 70% to the table.
 - Councils also have the power to buyback former council properties using the net capital receipts from RTB sales. The Council is allowed to fund up to 50% of the cost of re-purchasing a former council home, up to a maximum of 6.5% of the net capital receipts (i.e. the receipts available for replacement homes).
- 2.36 **Financing the programme** – The costs on the programme both new build and acquisition will be financed from the Housing Revenue Account (HRA) and would be included in a revised capital programme.
- 2.37 The opportunities to utilise capital receipts from RTB sales to fund a new build council housing programme is limited, however within the council's HRA a Business Support Reserve was established in 2013/2014 to provide the financial support to additional business plan commitments and planned investment opportunities; including the building of new council housing.
- 2.38 There is currently £8.527M in the HRA Business Support Reserve, with the following additional annual budgeted contributions assumed as part of the 2013/14 budget process - £550K in 2013/14, £1,148.4K in 2014/15 and £1,533.1K in 2015/16 giving a total of £11,758.5M by 31st March 2016.
- 2.39 The use of this reserve has to be approved by Cabinet, and contributions to the reserve within the HRA are approved annually as part of the budget process.

2.40 At this stage it is proposed that an initial 3 year programme is developed spending an estimated £2 million per year starting from 2014/2015. It is worth noting here that this is indicative only and that the actual spend profile and timing of the programme will be informed by the detailed proposals developed in conjunction with LRPP.

3.0 Details of Consultation

3.1 The Housing Regeneration Cabinet Liaison Group met on the 19 September 2013 to look at the proposals for the building of new council housing and the possible acquisition of ex-council housing. The meeting was attended by councillors and a tenant representative, and the proposals were welcomed.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: The council establishes a new build council housing programme utilising a framework agreement to increase the council housing stock in the district	Option 2: The council establishes a new build council housing programme utilising a framework agreement together with a scheme to acquire ex-council housing stock to increase the council housing stock in the district	Option 3: The council establishes a new build council housing programme utilising an alternative procurement route together with a scheme to acquire ex-council housing stock to increase the council housing stock in the district
Advantages	Addresses the specific housing needs identified with in the district Delivers new homes at affordable rents (social rent) Community leadership acting as an exemplar in building socially, environmentally, and economically sustainable homes Provide local employment opportunities Will contribute to the economic growth of the district Will generate further rental income for future housing investment	Addresses the specific housing needs identified with in the district Delivers new homes at affordable rents (social rent) Community leadership acting as an exemplar in building socially, environmentally, and economically sustainable homes Provide local employment opportunities Will contribute to the economic growth of the district Will generate further rental income for future housing investment Maximises the	Addresses the specific housing needs identified with in the district Delivers new homes at affordable rents (social rent) Community leadership acting as an exemplar in building socially, environmentally, and economically sustainable homes Provide local employment opportunities Will contribute to the economic growth of the district Will generate further rental income for future housing investment

		opportunities and be easier to manage	
Disadvantages	Increases future revenue costs associated with property management, however will be partly mitigated by the rental policy adopted for the new builds	Increases future revenue costs associated with property management, however will be partly mitigated by the rental policy adopted for the new builds Ex-council properties may require additional capital investment to meet the 'Lancaster Decent Homes Standard', however will be partly mitigated by being cheaper than the cost of new build	The council would need to fully assess any other framework that it is currently not a party to and also apply to access the framework. There would be increased resource requirements in terms of expertise, time and money. To secure provision of new homes through a traditional procurement route the council would need to undertake the full OJEU process itself which would result in increase resource requirements in terms of expertise, time and money.
Risks	Unable to efficiently deliver the programme due to organisational capacity, however can be partly mitigated by entering into a service and delivery agreement with LRPP	Unable to efficiently deliver the programme due to organisational capacity, however can be partly mitigated by entering into a service and delivery agreement with LRPP	Unable to efficiently deliver the programme due to organisational capacity

5.0 Officer Preferred Option (and comments)

- 5.1 The officers preferred option is option 2 as it maximises the opportunities to increase the council housing stock in the district, and addresses the in-principle decision taken by Cabinet in February to invest in new one-bedroom accommodation within the district using funding from the Business Support Reserve.

6.0 Conclusion

- 6.1 The proposals set out in the report form a sound basis for the council to deliver much needed new affordable council homes in the district and also provide added value in meeting the wider social, environmental and economic objectives of the council.

RELATIONSHIP TO POLICY FRAMEWORK

This report supports the council's core purpose, values and vision and will contribute to the realisation of the council's stated four priorities of: economic growth, health and wellbeing, clean, green & safer places, and community leadership.

Housing Strategy and Action Plan 2012 – 2017 seeks to maximise opportunities to increase the existing portfolio of affordable housing in Lancaster district.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly arising out of this report.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make on the proposals outlined in this report.

FINANCIAL IMPLICATIONS

As set out in the report there is currently £8.527M available in the HRA Business Support Reserve, which in principle can be allocated to cover the cost of creating new 1 bed accommodation as well as acquisition of ex-council housing stock within the district. This is currently budgeted to increase to a total of £11,758M by 31st March 2016. There is also the potential to utilise Right to Buy capital receipts, although more investigation is required to fully understand the specific implications for Lancaster.

It should be noted however, that for both option 1 and the officer preferred option 2, that prior to entering into any contractual commitment with LRPP or acquiring ex-council properties, that there is a need for HRA officers in conjunction with Resources (Financial Services) to review the current HRA 30-year Business Plan and Rent Policy regarding ongoing affordability associated with the increased housing stock, and that detailed proposals for new build (including identified sites, numbers of properties to be accommodated within each site, and accommodation typologies) and identification of ex-council properties deemed appropriate be brought back to Cabinet for approval.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None directly arising out of this report.

Information Services:

None directly arising out of this report.

Property:

As detailed proposals are brought forward Property Group will need to be engaged and consulted.

Open Spaces:

None directly arising out of this report.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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CABINET**SERVICE REVIEW- Management of Parks / Open Space/ Public Realm****5 November 2013****Report of Chief Officer (Environment)**

PURPOSE OF REPORT			
To update Cabinet on the progress of a service review and seek approval to continue with implementation of the review.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Officer Referral	<input checked="" type="checkbox"/>		
Date of notice of forthcoming key decision			NA
This report is public			

RECOMMENDATIONS OF COUNCILLOR SMITH

- (1) That Cabinet approves in principle for further development by the Chief Officer (Environment) the proposals outlined in the report.
- (2) That where required, further reports on the implementation of specific parts of the proposals are brought back to Cabinet or Personnel Committee as appropriate for approval.

1.0 Introduction

1.1 A review has been taking place to establish how the Council can best manage parks, open space and the public realm.

1.2 The review has taken place within the context of –

- The Council's corporate plan / priorities
- The Council's budget position

1.3 The aim of the review has been to bring forward options that-

- Generate ongoing savings
- Represent a more efficient and effective approach to management of parks and open space
- Allow for citizens to get more involved in the development of parks and open space

2.0 Proposal Details

2.1 The main proposal from the reviews is to merge the management of relevant

functional Health and Wellbeing service with related functions in Environmental Services to ensure a consistent approach to service delivery and to generate efficiencies by reviewing how the services operate once transferred. The functional areas affected include-

- Letting of playing fields / bowling greens to sports teams
 - Letting of concessions on parks / open space
 - Parks Patrol
 - Beach Patrol
 - Happy Mount Park splash park / concessions
 - Promenade management / concessions
 - Williamson Park (including café, butterfly house, car park, Memorial etc)
 - Park / open space- planning / development / design.
 - Cemeteries – grounds maintenance (not gravedigging)
- 2.2 The intention is that the delivery of the functions will be merged within the wider range of services that Environmental Services already deliver. Through the removal of duplication, focus on priority areas and economies of scale it is expected this approach will provide real and significant cashable savings.
- 2.3 As an example functions like parks patrol and the whole of maintenance of Williamson Park would be delivered from within the grounds maintenance / cleansing function. This will result in a net overall ongoing saving.
- 2.4 It is also the intention to bring forward specific proposals with regard to the café and butterfly house in Williamson Park as the current model of delivery is not sustainable.
- 2.5 To facilitate this merger it is necessary to restructure the existing management / supervisory arrangements across Environmental Services. Initial work indicates this will result in cashable savings. It will also clearly result in a loss of officer capacity and expertise and, of course, there are risks involved in reducing capacity and expertise. However it is expected that this can happen without a significant decrease in levels of frontline service delivery in priority areas.
- 2.6 Once this stage of the review has been completed consideration will also be given to how best deliver the remaining engineering functions the Council provides.
- 3.0 Details of Consultation**
- 3.1 Appropriate consultation will take place as detailed proposals are developed.
- 4.0 Options and Options Analysis (including risk assessment)**
- 4.1 Option 1- to approve the approach outlined above
- 4.2 Option 2- to not approve the approach outlined above
- 5.0 Officer Preferred Option (and comments)**
- 5.1 The officer preferred option is option 1 for the reasons outlined.

6.0 Conclusion

6.1 The report sets out proposals that will generate savings to assist the Council's budgetary position and at the same time allow the Council to deliver it's Corporate Plan and priorities.

RELATIONSHIP TO POLICY FRAMEWORK

Clean, green and safe places are one the priorities of the Council's Corporate Plan

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

The impacts of the proposals when developed further will be fully assessed.

LEGAL IMPLICATIONS

None as a direct result of this report

FINANCIAL IMPLICATIONS

There are no financial implications directly arising from this report. The preferred option will potentially result in numerous operational and financial changes so therefore any recommendations arising will be reported to Cabinet and budgets updated as appropriate

OTHER RESOURCE IMPLICATIONS

Human Resources:

The implementation of the proposals will have significant implications for affected staff

Information Services:

NA

Property:

NA

Open Spaces:

As set out in the report

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

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CABINET

**OUTLINE PROPOSALS FOR SERVICE REVIEW:
SALT AYRE SPORTS CENTRE/LEISURE SERVICES
5 November 2013**

Report of Chief Officer (Health and Housing)

PURPOSE OF REPORT				
To inform Cabinet of the scope of detailed review work needed to present the Council with costed savings options.				
Key Decision		Non-Key Decision		Officer Referral
				X
Date of notice of forthcoming key decision			N/A	
This report is public.				

RECOMMENDATIONS OF COUNCILLOR RON SANDS

- (1) That Cabinet notes that the areas to be reviewed in the Salt Ayre Sports Centre/ Leisure services review are :
 - All functions delivered at Salt Ayre Sports Centre
 - Sports Development work /Community outreach physical activity.
 - The provision of community pools.
- (2) That Cabinet approves in principle for further development by the Chief Officer (Health and Housing) the proposals outlined in the report..
- (3) That where required, further reports on the implementation of specific parts of the proposals are brought back to Cabinet or Personnel Committee as appropriate for approval.

1.0 Introduction

- 1.1 A review of staffing levels, opening hours, potential income generation and operational improvements at Salt Ayre Sports Centre has been ongoing for a number of months and some efficiencies have already been realised.
- 1.2 A recurring efficiency saving of approximately £80K was made in this financial year by altering the opening hours and alerting shift patterns allowing a consequential reduction in staffing.
- 1.3 The review is investigating both the current provision and how savings can be

made and also the longer term future of the sports centre and pools. The future of the council's role in sport and leisure provision should be seen in the context of the council maintaining a strong commitment to health and well being through physical activity but recognising that the council does not have to directly provide sports/leisure facilities to support this commitment. The council currently has a sports development team, some of whom are externally funded, that deliver and facilitate physical activity in the community often making use of our parks and open spaces and usually targeting our most vulnerable residents.

2.0 Proposal Details

2.1 A review of how best to consider service reductions and /or alternative service delivery models across the areas highlighted above is taking place. This review takes place within the context of:

- The Council's corporate plan / priorities
- The Council's budget position

2.2 The review will take account of the views of relevant staff, trade unions and Elected Members and bring forward options that will-

- Generate ongoing savings reducing the level of subsidy required.
- Present options for efficiency savings and service reductions that can implemented irrespective of how the council decides to deliver leisure services in the longer term.
- Present options for alternative delivery models for the future and the process required to achieve this.
- Present options that include the Council not continuing to directly provide the sports centre and other community facilities.

2.3 The review therefore has two elements :-

1. Short term proposals/service reductions/ income generation such as
 - Merging the sports development function with the Salt Ayre sports centre function to create a joined up sports and physical activity/health offer and a leaner management structure.
 - Review staffing and rota patterns
 - Options for continuation of the café operation.
 - Investigating business case for online bookings.
 - Improving marketing /advertising to generate more income.
 - Overhaul of the passport to leisure scheme
2. Longer term proposals
 - Options appraisal for future management of Salt Ayre e.g leisure trusts, in house service, partnership with private developer, charitable body or social enterprise.
 - Learning from the recent procurement experience at South Lakeland DC
 - Option appraisal for outright sale to private sector or closure.

- As may be appropriate to the options above, soft market testing to see what potential there is for investment and development to meet demands of changing markets e.g rope course, BMX track etc.
- Options appraisal for continuation or otherwise of the management and delivery of the community pools.

2.4 Clearly progressing some of the short term proposals does depend on decisions the council takes as to the longer term future of Salt Ayre and therefore those particular issues will be considered in that context.

3.0 Details of Consultation

3.1 No formal consultation has taken place at this stage although some staff at Salt Ayre and in the sports development team have been involved in tasks to look at efficiencies and improvements. Full consultation will be required with staff, trade unions, and other bodies with a direct interest in the discretionary services currently provided by the Council. Where appropriate, local providers will be consulted as part of the market testing exercise.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To undertake no review of services	Option 2: To find efficiency savings only	Option 3: To undertake a review which could highlight the need for service reduction or an alternative service delivery model
Advantages	None. The Council's budget position is real and there is no alternative but to undertake reviews.	None. The extent of the forthcoming budget reduction cannot be mitigated by simply making efficiency savings.	This gives an opportunity to prepare for the future well in advance and to manage the removal of services or transfer to another service provider by a planned approach.
Disadvantages	By not commencing any reviews now the Council would have to take urgent corrective action later as a budget crisis developed.	Such a limited review would address only the 2014/15 challenge and give insufficient time to prepare for the larger challenge the following year.	The community will have to prepare realistically for a reduction in services or an alternative provider if the Council can no longer directly provide.
Risks	The Council might risk being put under special measures if it didn't address its budget position.	The Council might risk being put under special measures if it didn't address its budget position.	Service reductions are likely to be unpopular with citizens. Moving to an alternative service provider for leisure services will

		involve a procurement process which will take a considerable amount of officer time and upfront costs for specialist advice to assist in any procurement exercise.
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5.0 Officer Preferred Option (and comments)

5.1 Option 3 is preferred. The Council must plan realistically. Many years of budget reduction and efficiency savings have removed options for simple efficiencies.

6.0 Conclusion

6.1 The Council needs to act decisively at this very difficult time to maintain its ability to function across a wide set of statutory functions and other priorities. Regretfully this now means that it has to accept that it may no longer be able to engage in all of its current discretionary activities. Undertaking comprehensive reviews which present Members with a range of costed options should help to inform these difficult decisions.

RELATIONSHIP TO POLICY FRAMEWORK

Managing the Councils resources is a key supporting theme in the Corporate Plan. Where Service reduction takes place there will be a need to adjust the Corporate Plan accordingly.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

There will inevitably be a wide range of impacts across a spectrum of areas. Review will seek to be risk managed to avoid safety and legal impacts in particular.

LEGAL IMPLICATIONS

The need to have clear regard to contractual and employment rights arising from reviews will be essential.

FINANCIAL IMPLICATIONS

The areas to be considered in this review will largely relate to the revenue budget and total £1,367,600 (including internal recharges).

In relation to Salt Ayre for 2013/14, this is currently estimated at £971,200. This is the net cost after excluding notional capital charges of £404,300, but does include internal staff recharges of £332,800. There is also one capital budget of £30,000 for replacements and refurbishments which may also be covered by the review – decisions on whether to progress

these works will be informed by short-term operational needs and the service reviews.

In relation to the Sports Development / Community Outreach teams this is estimated at £262,000 (including £66,800 for internal staff recharges) and for the Community Pools this is estimated at £134,400.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The review will inevitably impact on the establishment within the service and potentially from support service areas.

Information Services:

Some support from IS may be needed during the course of the review.

Property:

Decisions made will impact on the Council's property portfolio. Furthermore, it should be noted that with regard to the community pools, the County Council (as landlord) will need to undertake and fund property works if these facilities are to continue. In order to inform both the City and County Council's budget proposals, therefore, a timely decision will be needed regarding these facilities.

Open Spaces:

No direct impact at this stage

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

none

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CABINET

**OUTLINE PROPOSALS FOR SERVICE REVIEW:
REGENERATION AND PLANNING SERVICE
5 November 2013**

Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To obtain Cabinet's agreement for the scope of detailed review work needed to present the Council with savings options.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officers	X
Date of notice of forthcoming key decision	N/A		
This report is public			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

- (1) That Cabinet agrees that the areas to be reviewed in the Regeneration and Planning Service are :
- Strategic Management of the visitor economy
 - Commissioned activities supporting the visitor economy
 - The provision of events
 - Visitor Information centres
 - Council operated venues
 - Communications and Marketing.
- (2) That the Chief Officer (Regeneration and Planning) reviews the options available to reduce engagement in Regeneration Projects and Economic Development, after assessing what the impact would be on the economic well being of the district and the ability of the Council to engage with the LEP.

- (3) That the Chief Officer (Regeneration and Planning) be instructed to commence detailed work on the review in these areas together with appropriate Chief Officer support from Management Team.
- (4) That a report be prepared for Cabinet containing worked up options for savings.

1.0 Introduction

1.1 **Regeneration and Planning:** The service includes a number of statutory functions which were the subject of review and service reductions in April 2010. These are regularly refined and are mainly operating to capacity and experiencing increased workload. No major reductions to these services are proposed apart from some rationalizing of managerial posts enabling savings to be made in other service areas, and pilot arrangements being made to share Building Control operations with South Lakeland District Council. Options for any efficiencies or similar measures (through reviewing and refining processes and systems, and reallocation of staff resources) will also be explored.

1.2 The first stage review has identified the main discretionary areas where service reductions need to be considered. These are:-

- Strategic Housing
- Regeneration Projects and Economic Development Visitor Economy, events and festivals
- Communications and marketing
- Customer engagement

It has assessed what the implications would be of retreating from these areas of service provision.

1.3 **Tourism and Events:** This is a particularly complex service area in its own right for a number of reasons. Strategic engagement in the visitor economy by tourism marketing now sits with the Regeneration and Planning Service. The direct provision of organized events, and partnership working with others to provide, tourism related events, also now sits with the Regeneration and Planning Service.

Management of City Council owned venues which contribute to supporting the visitor economy sits largely with the Well being function in the Health and Housing Service, and there is also a close association with Museums, Happy Mount and Williamsons Parks

1.4 **Communications and Marketing:** This team services a range of Council activities which may be considered for reductions. There is potential to make related reductions in communications and marketing activity associated with reductions in other service areas and as a result of reprioritisation of activity and budgets in due course.

2.0 Proposal Details

2.1 A review of how best to consider service reductions across all the areas highlighted above is taking place. This review takes place within the context of:

- The Council's corporate plan / priorities
- The Council's budget position

2.2 The review will take account of the views of relevant staff, trade unions and Elected Members and bring forward options that will-

- Generate ongoing savings
- Realistically withdraw to levels of service which are affordable
- Not continue to generate expectations that services can be provided
- Not divert pressures to other work areas to deliver a service which has been deleted or reduced.

2.3 The outline proposals for detailed review for the Regeneration and Planning service together with its new allocated former Community Engagement functions is as follows:-

- To review the options available to reduce engagement in Regeneration Projects and Economic Development, after assessing what the impact would be on the economic well being of the district and the ability of the Council to engage with the LEP.
- To consider whether to continue to engage in the strategic management of the visitor economy.
- To consider whether the Council can afford to provide a level of commissioned services to support the visitor economy.
- To consider whether to retreat from the direct provision of events
- To consider whether to reduce provision of the districts Visitor Information Centres or provide any visitor support facilities
- To review the disposition of venues run and managed by the City Council which contribute to the visitor economy, and consider whether to retreat from any or all such venues.
- To review the level of Communications and Marketing activity that will be needed, especially if a range of discretionary services provided across the Councils operations are withdrawn.

3.0 Details of Consultation

3.1 No formal consultation has taken place at this stage. Full consultation will be required with staff, trade unions, the Chambers of Trade and Commerce and other bodies with a direct interest in the discretionary services currently provided by the Council.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To undertake no review of services	Option 2: To find efficiency savings only	Option 3: To undertake a review which could highlight the need for service reduction
Advantages	None. The Council's budget position is real and there is no	None. The extent of the forthcoming budget reduction	This gives the Council the opportunity to

	alternative but to undertake reviews.	cannot be mitigated by simply making efficiency savings.	prepare for 2015/16 well in advance. To manage the removal of services in a planned approach and to give affected staff greater time to make alternative employment arrangements.
Disadvantages	By not commencing any reviews now the Council would have to take urgent corrective action later as a budget crisis developed.	Such a limited review would address only the 2014/15 challenge and give insufficient time to prepare for the larger challenge the following year.	The community will have to prepare realistically for a reduction in services which the Council can no longer provide.
Risks	The Council may risk failing to set a balanced budget at some point in the medium term, leading to crisis management, massive service disruption and related repercussions.	The Council may risk failing to set a balanced budget at some point in the medium term, leading to crisis management, massive service disruption and related repercussions.	If the reviews maintain expectations that some services will continue to operate, with less resources, it may be over stretched

5.0 Officer Preferred Option (and comments)

- 5.1 Option 3 is preferred. The Council must plan realistically. Many years of budget reduction and efficiency savings have removed options for simple efficiencies.

6.0 Conclusion

- 6.1 The Council needs to act decisively at this very difficult time to maintain its ability to function across a wide set of statutory functions. Regretfully this now means that it has to accept that it may no longer be able to engage in discretionary activities, a number of which could, and ought to be provided by the private sector

RELATIONSHIP TO POLICY FRAMEWORK

Managing the Councils resources is a key supporting theme in the Corporate Plan. Where Service reduction takes place there will be a need to adjust the Corporate Plan accordingly.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

There will inevitably be a wide range of impacts across a spectrum of areas. Review will seek to be risk managed to avoid safety and legal impacts in particular.

LEGAL IMPLICATIONS

The need to have clear regard to contractual and employment rights arising from reviews will be essential.

FINANCIAL IMPLICATIONS

The areas to be considered in this review will largely relate to the revenue budget although there may be subsequent impacts on the capital budget. Savings to be investigated will also relate to grants and subsidies provided to other bodies for the provision of services and activities in the district and as such may consequently affect the viability of other organisations.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

The review will inevitably impact on the establishment within the service and potentially from support service areas.

Information Services:

The review could reduce the need for support in this area.

Property:

The review could lead to a reduced need for property assets

Open Spaces:

No likely impacts

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

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CABINET

**CORPORATE PLAN 2013-14
HALF YEARLY MONITORING**

5 NOVEMBER 2013

Report of the Chief Executive

PURPOSE OF REPORT			
To report progress on actions in the Corporate Plan 2013-2014			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Officer Referral	<input checked="" type="checkbox"/>
Date Included in Forthcoming Key Decision Notice			N/A
This report is public			

OFFICER RECOMMENDATION

(1) That Cabinet receives the progress report in respect of the Corporate Plan 2013-14.

1.1 The Corporate Plan 2013-14 was approved by Council on 13 May 2013, setting the direction for the delivery of council services and the achievement of corporate priorities. The Corporate Plan brings together the council's strategic priorities, outcomes and actions that it wishes to deliver in the medium term, as part of the council's Policy Framework.

1.2 Actions in the Corporate Plan, together with the Medium Term Financial Strategy (MTFS), drive the allocation of resources included in the council's medium term budgets, capital programme, HR Strategy, ICT Strategy and Medium Term Corporate Property Strategy as well as Service Business Plans.

1.3 A review has been undertaken of progress on actions and details of this review are set out in **Appendix A**.

2.0 Conclusion

2.1 It is important that the council is able to adapt to changes in a planned and considered way, particularly in view of the financial challenges that the Council is facing. To facilitate this, the Corporate Plan is in the process of being fully reviewed in the context of meeting the required savings targets for the next two financial years.

RELATIONSHIP TO POLICY FRAMEWORK

This report is a requirement of the council's Performance Management Framework in support of the council achieving its key tasks and objectives as reflected in its policy framework

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report

LEGAL IMPLICATIONS

None directly arising from this report

FINANCIAL IMPLICATIONS

None directly arising from this report

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no comments to add to this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Corporate Plan 2013-14

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Ref: CE/ES/Cttees/Cabinet/5.11.13

2013-14 CORPORATE PLAN ACTIONS – UPDATE OCTOBER 2013

ACTION	UPDATE
<p>ECONOMIC GROWTH</p> <ul style="list-style-type: none"> • Develop and deliver planned elements of the Project Management Plan for the national grid infrastructure project • Develop clear land allocation and development management policies for a new nuclear power station at Heysham • Promote offshore wind, renewable energy and bio-mass opportunities in the district • Work with the private sector to develop proposals for city centre development in Lancaster • Work with strategic partners to bring forward proposals for a science park adjacent to Lancaster University • Continue to deliver Lancaster Square Routes scheme • Prepare and agree an Area Action Plan for central Morecambe • Develop proposals for Connecting the Heysham Gateway • Complete the sale of land at South Lancaster • Work with partners to develop and deliver events and festivals throughout the district 	<p>Delivered up-to-date as far as we can at this stage.</p> <p>Included in Development Plan document</p> <p>Ongoing, working with Dong. Development Plan includes reference to Biomass.</p> <p>Working with British Land, Duchy and Lancaster District Chamber of Commerce.</p> <p>Ongoing – The development is now known as an Innovation Campus</p> <p>Progressing</p> <p>Published</p> <p>M6 Link decision critical for this. Discussing the development opportunities with Lancashire County Council.</p> <p>Progressing</p> <p>Continuing</p>

ACTION	UPDATE
<ul style="list-style-type: none"> • Support arts in the district working with the Arts Partnership and other arts organisations • Work with partners to develop a tourism branding strategy for the district • Develop the Festival, Charter and Assembly Room markets to help support their sustainability and viability • Continue to work with Lancashire County Council to develop a future approach for museums provision in the district • Work with the Duchy to develop proposals for the viable use of Lancaster Castle • Work in partnership to develop and deliver a tourism marketing plan for the district and its attractions, particularly focussed on staying visitors • Encourage film and broadcast companies to the district • Continue to deliver Townscape Heritage Initiative 2 • Continue to deliver the apprenticeship programmes • Advance the Lancaster District Local Plan to the submission stage • Provide support for delivery of the Lancaster Business Improvement district proposals 	<p>Ongoing</p> <p>Progressed to second phase</p> <p>Reports requiring member decision to be brought forward</p> <p>Discussions facilitated by the LGA held with officers of the County Council and Preston City Council.</p> <p>We are working with the Duchy in terms of their plans for sustainable use of Lancaster Castle.</p> <p>Part of Branding review</p> <p>The focus is on reputation management</p> <p>Continuing</p> <p>Continuing</p> <p>Two-thirds published at this point.</p> <p>Officer support provided</p>

APPENDIX A

ACTION	UPDATE
<ul style="list-style-type: none"> • Manage delivery of planning decisions on major applications for priority developments including Heysham M6 link, Canal Corridor and Lancaster Castle • Adopt and implement a business plan for the Storey Institute • Develop and deliver inward investment strategy 	<p>Ongoing</p> <p>Draft Plan adopted</p> <p>Continuing to work in partnership with Lancashire County Council</p>
<p>HEALTH AND WELLBEING</p> <ul style="list-style-type: none"> • Planning for sufficient, good quality housing across the district • Deliver social and affordable housing schemes • Complete housing schemes in the West End including refurbishment of empty homes in the Chatsworth Gardens area • Deliver improvements in private sector housing via enforcement and support • Bring empty properties back into use • Deliver the council housing planned maintenance and capital programme • Undertake measures to tackle homelessness 	<p>Included in Land Allocations Development Plan Document</p> <p>Ongoing, report regarding Delivering New Council Housing in the District to November Cabinet.</p> <p>November Cabinet report on West End Housing Scheme</p> <p>Statutory and Home Improvement work ongoing.</p> <p>Empty Homes Officer now in post –progress report will be produced. Also Council Tax charging helping to bring empty properties back into use.</p> <p>Ongoing</p> <p>Measured by performance indicators. Good work on prevention and homelessness well managed and on track.</p>

ACTION	UPDATE
<ul style="list-style-type: none"> • Work with the voluntary sector to reduce rough sleeping in the district and implement the 'No Second Night Out' initiative • Deliver effective environmental health services • Provide leisure facilities • Deliver strategic health and wellbeing arrangements in the district • Work with public sector partners to deliver health and leisure activities for children and young people and older people • Work with partners to deliver an air quality strategy for the district • Work with partners to deliver Warm Homes Initiatives • Plan and deliver the Velocity Cycle Race • Host the International Youth Games 	<p>As above</p> <p>Measured by performance indicators</p> <p>Facilities provided and measured by performance indicators</p> <p>Delivered, partnership strategy agreed</p> <p>Ongoing, external funding received for this work</p> <p>Strategy approved</p> <p>Ongoing programme</p> <p>Completed</p> <p>Completed</p>
<p>CLEAN, GREEN AND SAFE PLACES</p> <ul style="list-style-type: none"> • Implement energy efficiency measures for council buildings, housing and vehicles • Deliver the objectives of the Lancashire Waste Strategy 2008-2020 to increase amount of household waste re-used, recycled and composted • Deliver actions to reduce the fuel consumption of council fleet 	<p>Will be included in the Renewable Energy Strategy which has been commissioned.</p> <p>Ongoing</p> <p>Linked to the Renewable Energy Strategy</p>

ACTION	UPDATE
<ul style="list-style-type: none"> • Evaluate and deliver measures to reduce the council's future energy requirements • Deliver the collective energy switching scheme • Work with partners to deliver services that keep our streets clean and safe • Support the provision of more allotment plots • Support provision of Police and Community Support Officers (PCSOs) in the district • Improvements to parks and open spaces • Deliver positive leisure activities for young people • Implement agreed actions for public realm with an emphasis on street cleansing and improvement of open spaces • Deliver the energy efficiency measures within council housing planned and capital programme • Develop the council's Renewable Energy Strategy • Evaluate options and develop a scheme for replacing the Wave Reflection Wall 	<p>Linked to the Renewable Energy Strategy</p> <p>Completed</p> <p>Ongoing</p> <p>Support given when required</p> <p>For current year</p> <p>Happening through external funding, usually in partnership with third parties and County Council, but limited by resource availability.</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing. Providing some solar panels in some "off gas" properties from a budget separate to Invest to Save.</p> <p>Ongoing</p> <p>Awaiting confirmation of funding</p>

APPENDIX A

ACTION	UPDATE
<p>COMMUNITY LEADERSHIP</p> <ul style="list-style-type: none"> • Develop and implement plans for balancing the 2014/15 budget and beyond • Implement, monitor and review local tax collection and recovery arrangements in response to welfare reforms and other technical changes • Work with partners to support the Children's Trust Board and partnership and develop a Children and Young People's Plan for the district • Develop a programme around the community leadership role of councillors • Support the Community Safety Partnership and new arrangements around Police and Crime Commissioners (PCCs) • Maintain resilience in emergency planning • Meet all accountability and transparency requirements • Work to develop increased online service delivery options • Develop skills and the use of ICT to deliver savings, business improvement and efficiencies across the council. • Work with partners to develop joined up approaches for Working Together with Families • Prepare and implement electoral reform changes 	<p>Ongoing</p> <p>Successfully implemented the system for this year.</p> <p>Chief Officer (Health and Housing) attends the Board meetings. Plan being developed.</p> <p>A variety of Community Leadership themed training and events are being planned, offered and delivered, with Member involvement in planning of a Community Leadership Conference for 2014.</p> <p>Ongoing</p> <p>Additional officers recruited to emergency rota.</p> <p>Ongoing – key requirements met</p> <p>Ongoing</p> <p>Plans in place and training being organised.</p> <p>Ongoing</p> <p>Preparation for Individual Electoral Registration (IER) is ongoing.</p>

APPENDIX A

ACTION	UPDATE
<ul style="list-style-type: none"> • Work to develop resilience and capacity within communities to improve local areas in ways that matter to local people • Work with partners to prepare for and deliver other future welfare reforms • Progress joint review of property portfolio in conjunction with Lancashire County Council 	<p>A project to support ward councillors' work with communities and address issues of community interest is being piloted in Heysham North. Learning from this will be shared with other councillors to encourage them to run similar projects.</p> <p>Ongoing</p> <p>Ongoing</p>

CABINET

Corporate Performance Monitoring 2013/14

05 November 2013

Report of Chief Officer (Governance) and Chief Officer (Resources)

PURPOSE OF REPORT			
To present the corporate performance and financial monitoring reports at Quarter 2 of the 2013/14 performance monitoring cycle.			
Key Decision		Non-Key Decision	Officer Referral
			X
Date Included in Forthcoming Key Decision Notice		7 October 2013	
<p>This report is public, with the exception of Annex A to Appendix E (Property Update). This is exempt from publication, by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.</p>			

RECOMMENDATION OF THE LEADER OF THE COUNCIL

- (1) That Cabinet considers this report and makes any comments or recommendations as appropriate.
- (2) That the Treasury Management report as set out at Appendix D be referred onto Council for noting.

1.0 CORPORATE PERFORMANCE MONITORING 2013/14 – QUARTER 2

- 1.1 The full Corporate Plan Performance Review Report is attached as **Appendix A**. This report provides a summary of overall performance, across all services and portfolios, in relation the Council's Corporate Plan for Quarter 2 of the current year. It should be read in context with the mid-year report elsewhere on the agenda.
- 1.2 At Quarter 2, there are no Corporate Plan success measures with a **Red** status.
- 1.3 Throughout the report commentary provided by officers responsible for each success measure highlight achievements, adds contextual information, identifies issues and outlines actions being taken / planned to get performance back on track.
- 1.4 Attached as **Appendix B** is the Corporate Plan Quarterly Trend Report. This report sets out, at a high level, the **actual** quarterly performance of each Corporate Plan success measure since Quarter 2 2012/13 when the performance management information system, CorVu went live. Commentary on the reasons for variances is provided.
- 1.5 From Quarter 2 data input and information provides year-on-year (as well as quarter-by-quarter) trending comparisons and benchmarking affording more insight on overall performance and informing efficient and effective decisions.

- 1.6 The Corporate Financial Monitoring report for Quarter 2 is attached as **Appendix C**. This shows that in simple terms there is an underspending of £383K in respect of the General Fund, which is projected to increase to £506K by the end of the year. For the Housing Revenue Account, there is currently an underspending of £16K which is forecast to become an overspend of £73K by the end of the year.
- 1.7 The Quarter 2 monitoring report also includes the latest position with regards to treasury management activities, and this is included at **Appendix D**. In accordance with the Treasury Management Strategy, this mid-year review will be forwarded onto Council for noting.
- 1.8 Finally, a quarterly update regarding the property portfolio is provided at **Appendix E**, in line with earlier Cabinet resolutions. The content of this will also be developed over the course of the year.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None arising from this report</p>	
<p>LEGAL IMPLICATIONS</p> <p>None directly arising from this report</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>As set out in the relevant appendices.</p>	
<p>OTHER RESOURCE IMPLICATIONS: Human Resources / Information Services / Property / Open Spaces: As set out in the relevant appendices.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The s151 Officer has contributed to this report in her role as Chief Officer (Resources).</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>none</p>	<p>Contact Officer: Performance – Bob Bailey, Corporate Planning and Performance Manager; Finance – Andrew Clark, Financial Services Manager Telephone: 01524 582018 / 582138 E-mail: rbailey@lancaster.gov.uk / aclarke@lancaster.gov.uk Ref: Performance Review Cycle 2013/14 Qtr 2</p>

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)		Report Comments
					Target	Actual	
Clean, Green and Safe Places							
Income generated from energy, including solar technology and climate change projects	% of household waste reused, recycled or composted	Quarterly	David Smith	High is Good	40.00%	45.60%	Data reported in Quarter 2 shows a positive increase in household recycling. Following a good response to the recent Waste and Recycling Survey views will be used to look at ways of improving the scheme for residents
	Increase income from energy and recycling projects	Quarterly	Tim Hamilton-Cox	High is Good	£38,000.00	£39,207.24	This is a provisional cumulative figure of Feed-in-Tariff (FIT) earned at the end of Quarter 2 based on meter readings. The actual amount of FIT earned will be received in November 2013 and will include additional income for the tariff earned for the energy generated and exported back to the national grid.
Our district is safe	Increased number of diversionary activities for young people	Quarterly	Ron Sands	High is Good	2,200	6,870	The Council continues to provide a number of diversionary activities directly, and in partnership with, local organisations/groups working in priority areas of the district. These activities have been very popular and attracted large numbers of young people

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Community Leadership								
Better understanding of communities and needs so services that matter most to our communities are prioritised	Increased number of councillors undertaking training/development in community leadership	Halfyearly	Eileen Blamire	High is Good	25.00%	38.33%	Green	In the first half of the year the Member Development programme has covered a wide range of topics that are useful for Councillors developing their Community Leadership skills, ranging from Dealing with Challenging Situations; Time Management and an update on the Implications for the Local Community of the M6 Link Road.
Council's operations are delivered and managed efficiently and effectively to achieve better value for money	Council Tax as a % of Council Tax due	Monthly	Abbott Bryning	High is Good	58.20%	57.50%	Amber	The percentage collection rate is broadly in line with expectations at the end of Quarter 2. To help those finding it difficult to pay the Council now offers payment over 12 monthly instalments (previously 10 months, so the rate of collection will now be spread out over the whole of the financial year.
	Non-Domestic rates as a % of Non-Domestic rates due	Monthly	Abbott Bryning	High is Good	59.30%	60.30%	Green	Collection of Non Domestic rates continues to be achieved despite the difficult economic climate.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Community Leadership								
	Robust and tested arrangements are in place for emergency planning	Quarterly	Karen Leytham	High is Good	On target	On target	Green	A new low-cost Incident Logging system (iModus) has been introduced and successfully been used at several events and incidents providing a more efficient, effective and easy-to-use solution to be previous paper-based approach. iModus will now be used in planned exercises within the District Control Centre
	Clean bill of health given through annual governance and audit reviews	Quarterly	Eileen Blamire	Low is Good	0.00	0.50	Amber	A programme of action is in place to actively address the ongoing issue of information governance and arrangements relating to the Government Public Services Network.
	Future years financial strategy set, in light of the Government's forthcoming Spending Review	Halfyearly	Abbott Bryning	High is Good	On target	On target	Green	An initial update of the council's financial position has been completed and reported to Cabinet following the latest Government Spending Review. A more detailed review of the Medium Term Financial Strategy will be reported to December's Cabinet.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Economic Growth								
Lancaster district's recognition as a visitor destination is enhanced	A future approach for the provision of a Museums service is in place and working effectively	Quarterly	Ron Sands	High is Good	On target	On target	Green	The Council is working closely with Lancashire County Council, Preston City Council and the Local Government Association to determine the most effective management models for the future provision of the Museums Service. Discussions around the future governance of the service will continue in Quarter 3
Local authority partners working together to develop plans for economic growth aligned to nationally important energy and Heysham M6 transport links	Statutory requirements for the management of planning conditions are met, including Heysham M6 link, Canal Corridor and Lancaster Castle	Halfyearly	Janice Hanson	High is Good	On target	On target	Green	The Council continues to provide advice and support on the management of planning conditions on major schemes, including the Heysham M6 link, Canal Corridor and Lancaster Castle.
	Major Government targets for determining Major Planning Applications	Quarterly	Janice Hanson	High is Good	50.00%	52.00%	Green	The Council continues to meet Government targets for determining 'major' planning applications within statutory deadlines. This is, however, under serious pressure from a continued heavy workload and a reducing staff resource, which could result in the council failing to meet targets and being placed in special measures.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Economic Growth								
	Major Government targets for Special measures on Major Appeals	Quarterly	Janice Hanson	Low is Good	10.00%	Not Submitted		Data unavailable in Quarter 2. Measure will now be reported in Quarter 3
More tourists coming to the district and tourist income is maximised	Number of people participating in arts, culture, entertainment and community events in the district	Quarterly	Ron Sands	High is Good	32,000	34,521	Green	This measure is made up of the number of footfall visits to City Museums and The Platform. A varied programme of events over the summer period has meant that good attendances, particularly at The Platform has been achieved.
The attractiveness of the district as a place to visit and invest in is improved	Number of heritage assets improved	Quarterly	Janice Hanson	High is Good	7	8	Green	This measure indicates the number of Listed Building Applications approved (excluding demolitions) that lead to the overall enhancement of the asset.
	Operating targets for the Storey Institute are met	Halfyearly	Janice Hanson	High is Good	60.00%	71.20%	Green	In Quarter 2 an additional tenant has taken up occupancy of one of the high quality business spaces available at the Storey Creative Industries Centre (SCIC)

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
Enhanced quality of life of local residents through access to good quality housing	Number of improved homes	Quarterly	Karen Leytham	High is Good	874	1,069	Green	This measure indicates the council's performance in ensuring that owner occupied and private rented homes are improved so as to enhance the quality of life of their occupants. Performance up to the end of Q2 indicates the number of homes that have been improved through the intervention of the council.
Health and wellbeing improved and mortality rates reduced for vulnerable people in the district	Reduction in number of homeless people in the district	Quarterly	Karen Leytham	Low is Good	30	16	Green	This measure indicates the quarterly number of individuals that have been accepted as 'statutory homeless'. Performance in Quarter 2 indicates that the number of statutory homeless people in the district has been maintained below target despite the current difficult economic climate

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
	Increased number of vulnerable households benefiting from Warm Homes initiatives	Quarterly	Karen Leytham	High is Good	175	210	Green	This measure includes schemes aimed at improving the level of warmth for vulnerable residents living in owner occupied and private rented homes. Performance up to the end of Q2 indicates the number of households who have benefitted from the intervention of the council. External partners are also undertaking activities on behalf of the council through Warm Homes Healthy People funding.
The health and wellbeing of local residents of all ages is improved by participation in sports and leisure activities	Increased number of people participating in sports and leisure activities	Quarterly	Ron Sands	High is Good	134,161	233,536	Green	Measure indicates the number of people participating in sports and leisure activities and programmes provided at Salt Ayre Sports Centre and Community Swimming Pools; Parks and Greens and in schools. Activities being delivered by the Council and its partners

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 2 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 2)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
	Successful delivery of the International Youth Games	Halfyearly	Ron Sands	High is Good	On target	On target	Green	The International Youth Games 2013 was successfully organised and delivered in July this year. The event received very favourable comments from all the teams that had entered.

Corporate Plan Quarterly Trend Report

Quarter 2 2013/2014

Outcome	Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Comments
	Measure	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Clean, Green and Safe Places													
Income generated from energy, including solar technology and climate change projects	% of household waste reused, recycled or composted	High is good	43.30%		44.80%		42.20%		40.80%		45.60%		Data reported in Quarter 2 shows a positive increase in household recycling. Following a good response to the recent Waste and Recycling Survey residents views will be used to look at ways of improving the scheme further.
	Increase income from energy and recycling projects	High is good	£20,168.24		£29,189.21		£31,339.74		£20,073.20		£39,207.24		Provisional cumulative income earned from Feed-in-Tariffs (FIT) as at Quarter 2 (2013/14) is higher than for the whole of 2012/13. The actual amount of FIT earned will be received in November 2013. This will include additional income for the tariff earned for the energy generated and exported back to the national grid.
Our district is safe	Increased number of diversionary activities for young people	High is good	0		0		0		2,146		6,870		This is a new quarterly corporate plan measure in 2013/14. The Council, and its partners, provide a number of diversionary activities in priority areas of the district. In Quarter 2 these activities have been very popular and attracted large numbers of young people

Corporate Plan Quarterly Trend Report

Quarter 2 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Comments	
		Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend		
Outcome	Measure	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Community Leadership													
Better understanding of communities and needs so services that matter most to our communities are prioritised Council's operations are delivered and managed efficiently and effectively to achieve better value for money	Increased number of councillors undertaking training/development in community leadership	High is good									38.33%		This is a new half yearly corporate plan measure for 2013/14. In the first six months of the year Member have received training in a wide range of topics aimed at developing their skills as community leaders. The second half of the year will concentrate more directly on Community Leadership as a topic
	Council Tax as a % of Council Tax due	High is good	28.10%	↗	27.90%	↘	11.20%	↗	29.70%	↗	28.80%	↗	Recovery of C Tax has been proactive at a time when the economic climate is having a detrimental effect on taxpayers ability to pay. To help those finding it difficult to pay the Council now offers payment over 12 monthly instalments (previously 10 months) so the rate of collection will now be spread out over the whole of the financial year
	Non-Domestic rates as a % of Non-Domestic rates due	High is good	29.20%	↗	28.40%	↘	10.20%	↗	30.70%	↗	29.60%	↗	Collection of Non Domestic rates continues to be achieved despite the difficult economic climate. To help those finding it difficult to pay the Council now offers payment over 12 monthly instalments (previously 10 months, so the rate of collection will be more spread out over the whole of the financial year. The percentage amount of Non Domestic rate collected this quarter is higher than at the same period in 2012/13.
	Robust and tested arrangements are in place for emergency planning	High is good	On target	On target	On target	↗	On target	↗	On target	↗	On target	↗	Quarterly milestones are set throughout the year to ensure that business continuity arrangements provide a robust emergency response. New officers have been recruited to maintain resilience and a new logging system introduced providing an efficient and effective way to manage incidents
	Clean bill of health given through annual governance and audit reviews	Low is good	0.00	↗	0.00	↗	0.00	↗	1.00	↘	0.50	↗	Trending between Quarter 1 and 2 reflects that positive action is being taken to address the ongoing issue of meeting government requirements on information governance and related arrangements relating to the Government Public Services Network

Corporate Plan Quarterly Trend Report

Quarter 2 2013/2014

Outcome	Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Comments
	Measure	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Economic Growth													
Lancaster district's recognition as a visitor destination is enhanced	A future approach for the provision of a Museums service is in place and working effectively	High is good							On target		On target	↑	This is a new quarterly measure in the 2013/14 Corporate Plan. Work is ongoing to determine the most effective management models for the future provision of the Museums Service.
Local authority partners working together to develop plans for economic growth aligned to nationally important energy and Heysham M6 transport links	Statutory requirements for the management of planning conditions are met, including Heysham M6 link, Canal Corridor and Lancaster Castle	High is good	55.50%		50.00%	↑	56.25%				On target		This is a new half yearly measure in the 2013/14 Corporate Plan.
More tourists coming to the district and tourist income is maximised	Major Government targets for determining Major Planning Applications	High is good			50.00%	↑	57.14%	↑	57.14%	↑	52.00%	↓	This is a measure of the percentage number of major planning applications determined within statutory deadlines each quarter. The reduction in Quarter 2 is an indication of the current heavy workload and a reducing staff resource.
	Major Government targets for Special measures on Major Appeals	Low is good							0.00%				Data unavailable in Quarter 2
	Number of people participating in arts, culture, entertainment and community events in the district	High is good							25,862		34,521	↑	This is a quarterly measure of the number of football visits to City Museums and The Platform. A varied programme of events over the summer period has resulted in good attendances, particularly at The Platform.
The attractiveness of the district as a place to visit and invest in is improved	Number of heritage assets improved	High is good	30		21	↑	17	↑	28	↑	8	↓	This is a quarterly measure of the number of Listed Building Applications approved that lead to an enhancement of the asset. The trend analysis indicates fluctuations across the year that are difficult to predict
	Operating targets for the Storey Institute are met	High is good									71.20%		This is a new half yearly measure in 2013/14.

Corporate Plan Quarterly Trend Report

Quarter 2 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Comments
		Actual	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Outcome	Measure											
Health & Wellbeing												
Enhanced quality of life of local residents through access to good quality housing	Number of improved homes	533	High is good	554	↑	538	↔	575	↑	1,069	↑	This is a quarterly measure indicating the number of owner occupied and private rented homes that have been improved through the Council's intervention. Performance in Q2 indicates that a high number of homes have been improved enhancing the quality of life of occupants.
Health and wellbeing improved and mortality rates reduced for vulnerable people in the district	Reduction in number of homeless people in the district	13	Low is good	17	↔	21	↔	29	↔	16	↑	This measure indicates the quarterly number of individuals that have been accepted as 'statutory homeless'. Performance in Quarter 2 indicates that the number of statutory homeless people in the district has reduced on previous quarters despite the current difficult economic climate.
	Increased number of vulnerable households benefiting from Warm Homes initiatives	93	High is good	232	↑	75	↔	198	↑	210	↑	This quarterly measure includes schemes aimed at improving the level of warmth for vulnerable residents living in owner occupied and private rented homes. The number of households that have benefitted from the intervention of the council has increased in Quarter 2. External partners are also undertaking activities on behalf of the council through Warm Homes Healthy People funding.
The health and wellbeing of local residents of all ages is improved by participation in sports and leisure activities	Increased number of people participating in sports and leisure activities	0	High is good	0	↔	0	↔	195,655	↑	233,536	↑	This is a new quarterly measure in 2013/14. The good summer weather has helped to increase the number of people attending sports and leisure activities in Quarter 2.
	Successful delivery of the International Youth Games		High is good							On target		The international Youth Games 2013 was successfully organised and delivered in July this year. The event received very favourable comments from all the teams that had entered.

Corporate Financial Monitoring

Quarter 2: July – September 2013

Report of: Financial Services Manager

1 Introduction

This monitoring report for 2013/14 sets out an indicative corporate picture of the Council's financial performance for the period ending 30 September 2013.

The report summarises the budgetary variances arising through services' monitoring, and also identifies any omissions, updates and/or actions required. In addition there are various other specific sections for salary monitoring, capital expenditure and financing, the Housing Revenue Account (HRA), revenue collection performance and various reserves. The content and format of this report will continue to evolve, to draw on both national and local finance matters.

2 General Fund Revenue Monitoring

1.1 General Fund Summary Position



The current overall General Fund summary position shows that at the end of September there is a net underspend of **£383K** (*Qtr1 £152K underspend*) against the budget. This is currently forecast to increase to **£506K** (*Qtr1 £239K underspend*) by the end of the year.

	Annual Budget £000's	Profiled Budget £000's	Actual £000's	Current Underspend £000's
Salaries	16,590	8,206	8,065	(141)
Other Net Budgets	3,229	(1,907)	(2,149)	(242)
Total	19,819	6,299	5,916	(383)
			<i>Full Year Projection</i>	(506)

1.2 Main Budget Variances

Annex A details the major true variances identified to date that have been included within individual services' monitoring reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income. A summary is provided in the following table.

SUMMARY BY SERVICE	Current £000's	Current Year Projection £000's	Future Years Projection £000's
	() Favourable / + Adverse		
Environmental Services	(80)	(21)	+1
Governance	(102)	(108)	(16)
Health & Housing	(29)	(11)	+20
Regeneration & Planning	(3)	(13)	+52
Resources	(28)	(3)	(91)
TOTAL VARIANCES	(242)	(156)	(34)

It should be noted that one specific variance of +£52,200 has arisen in relation to the charging on bins and boxes within Environmental Services. The overspend is due to a combination of having to replace a significant number of the first batch of bins the Council provided (due to them breaking) and the fact that charging has not yet been introduced. The original Budget Council resolution on 27 February approved charging subject to it being given further consideration by Cabinet. As a result savings of £60K were added to the 2013/14 budget and £80K per annum for future years.

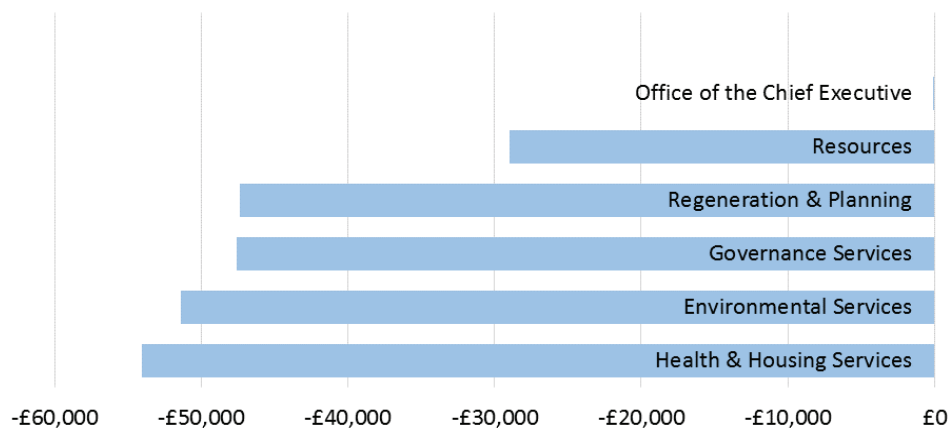
Cabinet will be asked to consider when to implement charging as part of the Fees and Charges report which will be presented to Members in December.

1.3 General Fund Salary Monitoring

Salary monitoring is reported separately, as in aggregate terms any variances can have significant effect.

To date total savings of £229K (Qtr2 2012/13 - £376K) have been achieved, which is some **£141K** (Qtr2 2012/13 - £291K) above the £88K profiled turnover target. This allows for the recently approved 1% pay award. A very simple projection would indicate that salary savings could reach around £350K (Qtr1 £200K) by the end of the year, but a more detailed review is currently underway to analyse vacant posts to give a more accurate savings projection.

The following graph shows the savings on a Service by Service basis.

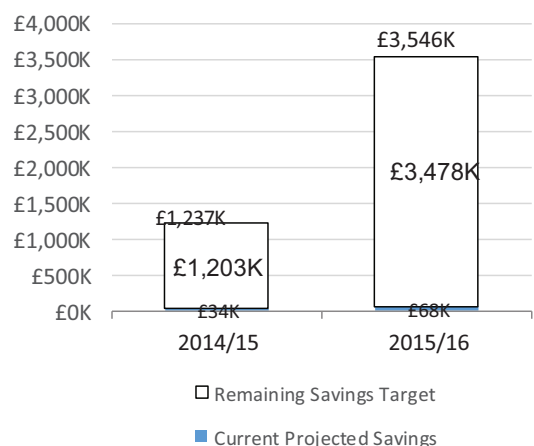


In terms of future years, staffing implications will be included in specific budget proposals. On the downside, however, the recent triennial review of the Pension Fund to inform future employer contribution rates is expected to result in additional cost pressures. This will be reported to Members in due course.

1.4 Future Years' Savings Requirements

The targets have been updated to reflect the report to Cabinet in October, following the latest Government consultation on funding.

The earlier table shows that there are indicative on-going net savings of £34K (excluding staffing) in future years.



This is a reduction of £76K on the Qtr1 forecast, mainly as a result of additional water charges and reductions in income.

Clearly, the savings to date do not yet make assumptions regarding the various service reviews and other planned budget reduction actions, so the £34K it is not yet representative of the progress being made.

2 General Fund Capital Programme

2.1 Capital Expenditure & Financing

At the end of September there were spend and commitments of £2.249M against the programme of £5.944M. Details of spend against each scheme is shown at **Annex B**.

Two changes to the capital programme have been approved in this quarter in respect of the following:

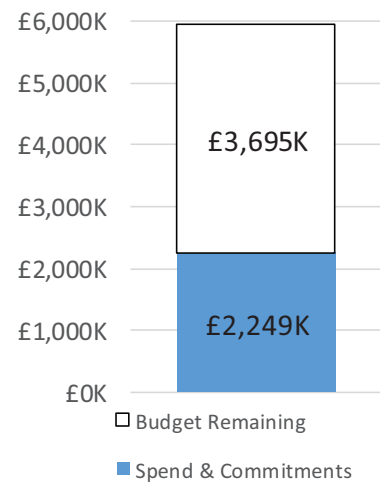
- Teal Bay Flood Defence Works £71K: Cabinet 23 July 2013.
- 2012/13 slippage £438K: Cabinet 23 July 2013.

It should also be noted that updates will be made for vehicle purchases under delegated powers, as and when all orders have been completed.

In addition, there has still been no update to the programme in respect of Lancaster Market, but this will be reported back to Council in due course.

In terms of financing, receipts of £71K (£50K relating to vehicle sales) have been received from the total £9.443M required to finance the 2013/14 capital programme. The main receipt relating to land at South Lancaster is still outstanding and as such, various schemes wholly funded by Council resources are still on hold.

The performance of the Council's property portfolio has strong linkages with capital investment and financing, and therefore at this point attention is drawn to the Property Group report at **Appendix E**, provided alongside this financial monitoring report.



3 Revenue Collection Performance

3.1 Collection Fund Monitoring

3.1.1 Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the table below. Such a surplus or deficit arises because of the great many changes in liability that occur throughout the year. Furthermore, any difference between estimated and actual collection performance will ultimately have a bearing.

The table goes on to compare budgeted council tax yield, or total amount collectable, with the yield position as at 30 September:

				£000's
Collection Fund Surplus (September 2013)				(1,320)
Represented by:				
Collection Fund Surplus b/fwd				(365)
<i>In-Year Movements to Date:</i>				
Lower Council Tax Support than estimated	(£955K) total in-year surplus			(392)
Lower Second/Empty Homes income				+68
Other Movements in Tax Base				(631)
				(1,320)
Compared to:				
	Budgeted Projection £000's	Actual Position £000's		
Total Council Tax Collectable (Yield)	57,030	58,014		
Actual amount collected	(33,371)	(33,371)	57.5%	
Amount Outstanding	23,659	24,643		(984)

As at 30 September, an estimated surplus of £1.320M (*Qtr1 £1.144M*) is apparent, which is significantly higher than for the same period last year, and an increase of £176K on the Qtr1 position.

This year's position is made up of:

- a surplus brought forward from 2012/13 of £365K;
- £392K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in the autumn/winter of 2012, the trend is still that the total support being claimed is lower than expected;
- £68K lower than estimated income from second/empty homes. There is still no clear analysis as yet to show how much of this relates to empty homes being brought back into use, and how much is due to other changes in circumstances.

This leaves a balance of £631K (*Qtr1 £475K*) relating to other movements in the tax base or other factors which have still to be substantiated. It is still proving difficult to determine the factors generating this element of the surplus; this is a high priority for officers. This links to issues being experienced in completing the Government's annual Council Tax Base return (CTB1). Other councils are also experiencing difficulties.

Nonetheless, the table clearly demonstrates that currently, overall yield is higher than was forecast in setting the 2013/14 budget. Although as yet it does not align exactly with the current in-year surplus on the Collection Fund, (£984K compared to £955K), given the complexities it is within reasonable tolerances.

Any Collection Fund surplus or deficit is shared between the relevant precepting bodies and the City Council's share is 13%; based on the current estimated surplus, this would amount to £171K (the equivalent of almost 2% in city council tax terms). As various figures have yet to be substantiated, this has not been allowed for against future years' savings targets (section 1.4 of this report).

3.1.2 Business Rates Yield (Total Collectable)

Following the introduction of the Business Rates Retention Scheme, it is still the intention to include a new section in future monitoring reports to assess business rate yield against original projections and funding assumptions, and what this may mean for the Council and the major precepting authorities going forward. A little progress has been made, however there is still more work needed in this area, in order to understand fully the implications, but the work needs to fit with other priorities and demands.

3.2 Council Tax and Business Rates Collection

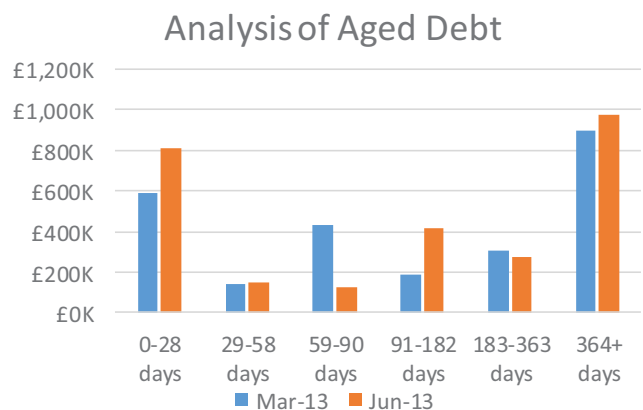
The council tax collected is slightly below target. This is considered more a reflection of the opportunity for taxpayers to pay by 12 rather than 10 installments and the levy of additional charges on long term empty properties, rather than any direct impact resulting from welfare reform changes. Encouragingly though, the percentage of NNDR collected is still ahead of target at the end of the second quarter.

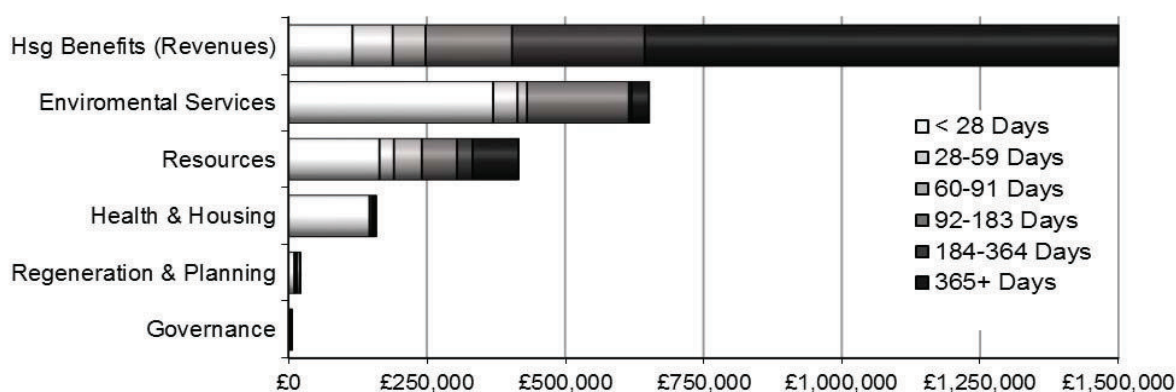
Percentage Collected	2012/13 %	2013/14 %	2013/14 Target %	2013/14 Actual %	Status
	All Years		In Year		
Council Tax	53.4	52.5	58.2	57.5	Slightly behind Target
Business Rates	59.5	59.8	59.3	60.3	Ahead of target

3.3 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was just over £2.7M, which is £191K more than the previous quarter. This is mainly due to half yearly invoices being raised prior to the end of September.

	June 13	Sept 13
	£000's	£000's
0-28 days	591	808
29-58 days	142	152
59-90 days	435	128
91-182 days	186	415
183-363 days	310	274
364+ days	898	976
	2,562	2,753
Previous Year	2,977	2,748





Attached at **Annex C** is an update on the status of debt greater than 90 days old. This shows what action is being taken in relation to the debt and at what stage the recovery is at.

4 Welfare and Housing Benefit Reforms

The Government's welfare reforms represent the most fundamental changes to the benefits system since the creation of the welfare state. While the reforms are intended to reduce dependency on social security and to encourage employment, they also play a key part in the Government's deficit reduction strategy – to generate projected savings of more than £15 billion per year across Britain by the end of this Parliament.

Details of the various changes and their current impact are set out in detail at **Annex D**. This provides updates on issues such as the Council Tax Support Scheme, Under Occupancy Penalties, Discretionary Housing Payments and Universal Credit.

5 Housing Revenue Account (HRA)

5.1 HRA Revenue Position

i At the end of September the position for the HRA shows an underspend of **£16K** (*Qtr1 +£55K overspend*) against the profiled budget, which is currently projected to become an overspend **£73K** (*Qtr1 £87K overspend*) by the end of the year. Details of the variances are as follows:

SERVICE AREA	Current £000's	Current Year Projection £000's	Future Years Projection £000's
() Favourable / + Adverse			
Central Control – rent	+7	+7	+1
Central Control – contracted services*	+3	+38	?
Central Control – service charges recovered	(7)	(8)	?
Central Control – services charges : Telecare**	0	+24	+24
Insurance premiums	(11)	(11)	(11)
Mgt & Admin – printing & stationery	(8)	(7)	(7)
Council Housing Rents ***	0	+30	+11
Total	(16)	+73	+18

*As a result of the changes in future provision of Lancashire Telecare and Supporting People, additional costs will be incurred to establish robust disaster recovery and business continuity arrangements.

**The number of Lancashire Telecare referrals received from the County Council has significantly reduced during the period leading up to the County determining options for the future provision of the service. As a result the budgeted income for the current year will need to be revised down during the next budget process. Regarding future years, the Council will have decisions to take regarding its involvement in this activity.

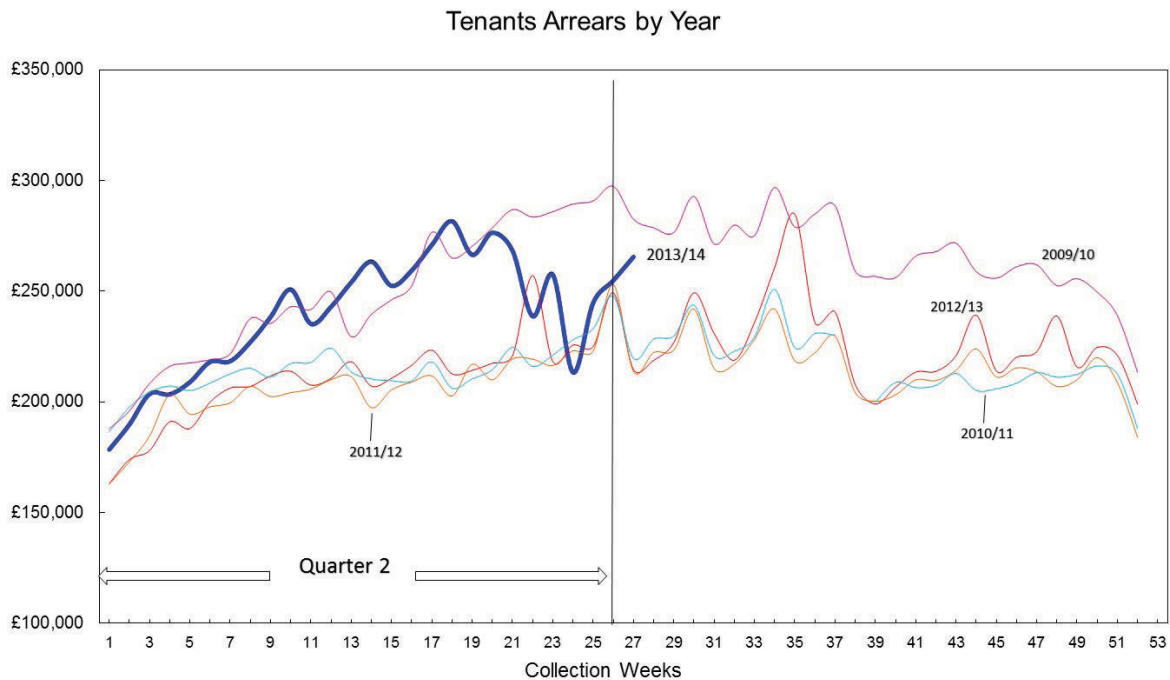
***Rental income from council houses is projected to be down slightly as a result of higher than anticipated property sales, as reported in Qtr1.

5.2 Council Housing Rent Arrears

This section monitors the level of tenant arrears, to indicate any impact from welfare reforms and/or the wider economy on rent collection and in turn, to inform whether any specific actions are necessary. It will also feed into future reviews of the bad debt provision.

The following chart shows the current level of arrears compared to the previous 4 years. At the end of September, the level of arrears for 2013/14 is £254K which is unchanged from the previous quarter despite several fluctuations.

Annex D (s8.3) refers to the introduction of the Council Tax support scheme having a negative impact on Housing Benefit processing times in the first quarter of the year, which may explain the higher than anticipated level of arrears and the subsequent reduction as processing times improved. This will continue to be monitored but it is too early to determine any full year likely impact, or reach any other conclusions.



5.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of September. To date spend and commitments total £2.146M against a budget of £4.843M leaving a balance of £2.697M. As with General Fund, the HRA programme has now been updated for slippage.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	300	63	237
Energy Efficiency / Boiler Replacement	660	150	510
Bathroom / Kitchen Refurbishment	644	337	307
External Refurbishments	1,269	796	473
Environmental Improvements	900	326	574
Rewiring	83	27	56
Fire Precaution Works	300	39	261
Lift Replacement	110	0	110
Re-roofing / Window Renewals	544	397	147
PV Solar Panels	21	0	21
Total Mobile Upgrade	12	11	1
TOTAL	4,843	2,146	2,697

The chart displays two stacked bars. The bottom bar, representing 'Spend & Commitments', is blue and reaches the £2,146K mark on the Y-axis. The top bar, representing 'Budget Remaining', is white with a black border and reaches the £2,697K mark. The Y-axis is labeled from £0K to £6,000K in increments of £1,000K.

6 Provisions and Reserves

This section provides an update on key provisions and reserves, and balances.

6.1 General Fund Unallocated Balance

The current position with regards to unallocated Balances is set out below.

	£000's
Original projected balance as at 31 March 2013	2,635
Add: 2012/13 underspend	547
Less: Carry forwards (subject to full approval)	(101)
Add: Budgeted Contribution for 2013/14	367
Add: Current Projected In-Year Underspend	506
Latest Projected Unallocated Balance as at 31 March 2014	3,954
Minimum Level	1,000
Amount Available to Support Future Years' Budgets	2,954

The table shows that if the current projected net underspending materialises Balances would be £3.954M (*Qtr1* £3.687M) by the end of the financial year, which leaves £2.954M (*Qtr1* £2.687M) to support future years' budgets, after allowing for the minimum approved levels.

6.2 Insurance Provision

The current balance on the insurance provision is £383K, after making net payments of £85K in settlement of claims made. The estimated value of claims outstanding is £222K, which is £161K less than the current provision. A full review of the provision will be undertaken as part of the current budget process.

6.3 Bad Debt Provision

The Bad Debt provision is formally reviewed half yearly at revised estimate time and closedown. In addition, quarterly updates are now provided as part of the Corporate Monitoring process.

The level of the provision has been assessed in simple terms based on assumed levels of write-off as a proportion of debt outstanding. Based on the figures shown in section 3.3 the level of provision would be as follows:

Period	Debt £000's	% Cover Required	Value £000's
Up to 1 Month	808	1%	8
1 Month to 3 Months	280	5%	14
3 Months to 365 Days	689	10%	69
Over 365 Days	976	50%	488
TOTAL	2,753		579

The current balance on the General Fund Bad Debt provision is £589K (*Qtr1 £609K*) which is £10K (*Qtr1 £75K*) above the requirement indicated, but that is after allowing for this year's contribution of £100K and write-offs of £70K. Currently, therefore, the balance is considered reasonable but the prospects for recovery of increasing levels of HB overpayments (see Annex A) will need more detailed consideration over the coming months.

7 Exceptions to Tender

In accordance with the latest approved contract procedure rules (updated January 2013), all exceptions to tender will be reported as part of the quarterly corporate monitoring process.

Exemptions were granted for the following contracts in the second quarter of the year:

Contract: Lancaster Square Routes – Centre Piece for Market Square, Lancaster.

Reason for Exception: For procurements over £100K tenders should be openly advertised, however this request was to carry out a restricted tender process with eleven selected contractors who could undertake the bespoke commission required. Officers did not believe that the artists with the required skills for this project would be registered on "The Chest" which is the council's portal used for open tenders.

Although the request was granted the tender has subsequently been let on an open basis following communication from the funding body ERDF. This is despite initial meetings with

ERDF officers where the council's original procurement route was discussed and no issues were raised.

8 Risk Management

No other major risk changes have been highlighted in the period to 30 September. There have been positive developments regarding Luneside East and key asset sales, subsequent to that date. Otherwise, in very broad terms it is still considered that the main risks facing the Council are linked to meeting its future financial challenges.

Separately, the Council's risk management arrangements are currently being audited and this may result in some changes in due course, including reporting arrangements.

SUMMARY OF GENERAL FUND MAJOR VARIANCES (Qtr 2 2013/14)

Service	Service Area	Variance to Date	Current Year		Future Years Projection	Reason for Variance & Action being taken
			£	£		
<p>Assembly Market & Street Traders Income</p> <p>+ = Adverse () = Favourable</p> <p>VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)</p>						
		+7,100	+7,100	+7,100	+7,100	Reduction of occupancy of Assembly Rooms.
	Morecambe Market - Income	+19,700	+33,700	+33,700	+33,700	Currently experiencing a 17% vacancy rate compared to 12% in 2012/13 - various incentives being offered to attract new business however due to economy no significant improvement expected.
	Public Realm - County Contribution	+9,700	+0	+0	+0	Decision by Lancs County Council to freeze inflation on their contribution will be managed within budgets.
	Nursery Income	+20,000	+20,000	+20,000	+20,000	Income down for second year running due to economy - outturn expected to be similar to 2012/13.
	Street Cleaning - Equipment & Tools	(10,000)	(10,000)	(10,000)	(10,000)	Contract for provision of new litter bins terminated. Bins will now be purchased as and when required.
	Off-Street Car Parks - Utilities	(8,600)	(18,600)	(17,300)	(17,300)	Electricity - reduced consumption and costs based on current charging levels.
	Off-Street Car Parks - Fees and Evening Parking	+14,300	+0	+0	+0	Reduced income in Q1 and Q2 to be offset by compensation from United Utilities for the closure of Wood Street Car Park.
	Off-Street Car Parks - Income General	+2,400	(21,200)	+0	+0	Profit share from Parksafe from the original management agreement.
	White Lund Depot	(7,300)	(12,700)	(12,700)	(12,700)	Savings re: security contract and waste disposal costs.
	VMU - Materials	(5,000)	(5,000)	(5,000)	(5,000)	Based on previous outturns, over-provision removed.
	Waste Collection - Bins & Boxes	+35,000	+52,200	+52,200	+52,200	Decision to introduce charging for bins and boxes has not been implemented as yet. Besides which a significant number of the first bins to be issued have had to be replaced due to breakage.
	Vehicles - Fuel	(23,800)	(66,700)	(66,700)	(66,700)	Fuel price currently consistent with last years prices. Should price stay constant then project variance should be achieved.
	Highways	(134,200)	??	??	??	County Council rates used on internal jobs. These jobs are completed at costs lower than estimates thus generating surpluses plus priced jobs for the County also generate a surplus. Material prices are currently favourable.
	Search Fee income	(9,600)	(16,600)	(16,600)	(16,600)	Continued increase in number of full searches together with reduction in software costs.
	Members Expenses	(5,400)	(10,500)	(10,200)	(10,200)	Current level of allowances less than anticipated.
	Democratic Services Management	(6,700)	(9,000)	(9,000)	(5,000)	Various minor savings.
	Partnerships Team - County Contributions	+0	(6,500)	(6,500)	+0	Additional income from remaining Second Homes Funding for admin support to closedown of LSP.
	Corporate & Partnerships Initiatives - County Contributions	(80,000)	(80,000)	(80,000)	+0	Children and Young People income from County budget updated at revised.
	Licensing Premises Fees	+0	+15,000	+15,000	+15,000	Reduced premises licences fee income under 2003 Act due to reduction in number of licences required by University. (as per outturn).
Environmental Services						
Governance						

Service	Service Area	Variance to Date	Current Year		Future Years Projection	Reason for Variance & Action being taken
			£	£		
+ = Adverse () = Favourable VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)						
Sports & Physical Activity	Admission fees	(1,100)	(6,500)	(4,500)		Increase in admission fees as a result of some additional activities with Primary Schools.
Wellbeing Waste	Water increase to charges	+17,900	+7,600	+15,200		This projected variance is an estimate and is a combination of uncontrollable United Utilities Surface water and drainage charges. Charges will be phased in and could potentially rise to £45.7k in year 6. Charges are being reviewed in some areas and measures explored to reduce the drainage systems to reduce charges.
SASC M&A	income	+6,000	+12,400	+0		The solar panels at Salt Ayre were recommissioned in September and are now producing income from feed in tariffs which had originally been budgeted for from April.
Regent Park	Café	+3,800	+7,400	+0		Café vacated, re-letting options being explored.
Reflexions	Income	(4,200)	(28,500)	(28,500)		Increased income due to improved yield management of membership types and facility promotion.
Heysham Pool	Income	(39,900)	+10,800	+5,400		Cancelled private hirers.
Stand-by	callout	+700	(8,900)	(17,200)		Changes to working patterns/rotas re stand by call out payments.
Williamson Park	- various areas		(22,400)	(4,000)		Combination of small savings in expenditure and additional income in some areas but in particular the Café operation (excluding standby savings).
Cemeteries	- Water Services	+1,300	+5,400	+42,000		United utilities have informed the cemeteries team of an increase in charge for water services from April 2014. The increase is to be phased in over 6 Years and the team are awaiting the outcome of appeals and final charge letter. Without any appeals by the Cemeteries team there would be an increase amounting to £42K.
Pest Control	- Income	(13,900)	+11,900	+11,900		Improved weather in the summer led to an increase in pests in comparison to last year. Demand for the Pest Control Service has decreased when comparing the overall income for the past four years.
Development	control income	(72,900)	(50,000)	(50,000)		Planning Application Fees upturn in market.
Building Regulations	Application Fees Income	+14,500	+36,800	+36,800		Fewer fee bearing applications received due to external competition from approved inspectors delivering a private service.
Middleton Wood	Nature Reserve	(9,800)	(9,300)	+0		Income received in 2013/14 which was budgeted for in 2012/13.
Winning Back	West End Property Account	+65,600	+0	+65,900		Increased R & M due to deterioration of empty properties and increased Council Tax/Rate charges due to being empty more than 2 years. Offset by HCA funding in 2013/14, however £65.9K budget shortfall in 2014/15 rising to £153.6K from 2015/16 onwards as HCA funding runs out. Expected to be mitigated as and Phase 1 and 2 of Chatsworth Gardens scheme refurbished.
Bold Street		+0	+9,400	+0		Budget variance relates to emergency demolition works that need to be undertaken re Winterdyne Garages on Bold Street.

Service	Service Area	Variance to Date	Current Year Projection	Future Years Projection	Reason for Variance & Action being taken
+ = Adverse () = Favourable VARIANCES REPORTED THROUGH PRT PROCESS (CHIEF OFFICER COMMENTS)					
	Moor Lane Mills - Rent	+57,500	+57,500	+0	Correction of invoice allocation between financial years (historic).
	Euston Road, Morecambe	+15,700	+38,000	+14,500	56-58 vacant and anticipate re-letting next year, although at a reduced rent from previously budgeted. 60 let from June 2013.
	Lancaster Bus Station rates	+7,100	+7,100	+7,100	Reduction in transitional rate relief.
	5 Cheapside, Lancaster	+13,100	+39,600	+40,000	Vacant. Unlikely to receive any rent in 2013/14 and reduced income expected in 2014/15 as well.
	CityLab - Rent	(48,800)	(24,500)	(24,500)	More tenant take up - current variance includes monthly rents invoiced to end of year.
	Storey Institute - Rates	+7,400	+7,400	+6,500	Original budget under estimated (but see more comprehensive report - Nov Cabinet).
	St Leonards' house - Rent	+4,000	(16,100)	(16,100)	Increase in tenant take up.
	Pensions Payments	(7,400)	(13,600)	(13,600)	Reduced payments to County Pension Fund (historic enhancements).
	Investment Interest	+6,000	+4,900	+0	Current investment interest is below the profiled estimate.
	Audit Fees	+0	(12,000)	(12,000)	Reduced costs for annual grants and returns audit.
	Revenues: Discretionary Rate Relief	+0	(91,200)	(93,000)	No longer a direct charge to the General Fund. All future relief costs fall on the Collection Fund and are borne by all major preceptors.
	Revenues : HB Overpayments	(82,100)	?	?	Recoveries continue to exceed budget. For last year the additional income was £145K. The budget will be reviewed at revised estimate time - see below.
	Bad Debt provision contribution	+0	?	?	It is anticipated that further contributions to the bad debt provision will be required. In reference to HB Overpayments - projections simply assume a neutral budget position at this stage.
TOTAL VARIANCES		(241,900)	(155,600)	(33,600)	
Overall Salary Savings		(141,000)	(350,000)	+0	
OVERALL VARIANCES		(382,900)	(505,600)	(33,600)	

Resources

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE		2013/14	Actual to	Commitments	Total	Variance
		Gross Budget	Date	(Outstanding Orders)		+Overspend / (Underspend)
		£	£	£	£	£
Environmental Services	Allotment Improvements	92,000	0	0	0	(92,000)
	Car Park Improvements Prog	120,000	0	0	0	(120,000)
	Playground Imps/Facilities	0	(5,222)	100	(5,122)	(5,122)
	Purchase of Vehicles	0	579,256	946,030	1,525,286	1,525,286
	Toilet Works	90,000	0	0	0	(90,000)
Health & Housing Services	Disabled Facilities Grants	817,000	381,952	0	381,952	(435,048)
	YMCA Places of Change	19,000	18,023	0	18,023	(977)
	Salt Ayre Works Programme	30,000	0	0	0	(30,000)
	Warm Homes Scheme	79,000	24,852	0	24,852	(54,148)
	Will Park Imps & Enhancements	110,000	14,050	0	14,050	(95,950)
Regeneration & Planning	Albion Mills S106 Affordable Housing	260,000	0	0	0	(260,000)
	Amenity Improvements	36,000	0	5,278	5,278	(30,722)
	Bold Street Renovation Scheme	32,000	814	9,063	9,877	(22,123)
	Ffrances Passage	4,000	3,157	0	3,157	(843)
	Great Places S106 Affordable Housing	42,000	0	0	0	(42,000)
	Lancaster Square Routes	196,000	11,349	17,392	28,741	(167,259)
	Luneside East	70,000	33,879	6,200	40,079	(29,921)
	Morecambe Area Action Plan	100,000	0	3,635	3,635	(96,365)
	Morecambe TH12 A View for Eric	462,000	0	0	0	(462,000)
	Poulton Pedestrian Route	160,000	0	0	0	(160,000)
	Sea & River Defence Works	349,000	49,073	101,957	151,030	(197,970)
	Toucan Crossing King Street	13,000	0	0	0	(13,000)
	West End Temp Car Park	5,000	0	0	0	(5,000)
Resources	Corporate Property Works	2,428,000	(102,104)	70,353	(31,751)	(2,459,751)
	IT Systems, Infrastructure & Equip	430,000	8,991	71,163	80,153	(349,847)
Total Gross Programme		5,944,000	1,018,070	1,231,171	2,249,242	(3,694,758)

Grants & Contributions

Capital Contributions Income	(38,000)	(55,555)	0	(55,555)	(17,555)
Capital Grants Income	(1,518,000)	(1,124,488)	0	(1,124,488)	393,512
Total External Income from Grants & Contributions	(1,556,000)	(1,180,042)	0	(1,180,042)	375,958

Total Net Programme	4,388,000	(161,972)	1,231,171	1,069,199	(3,318,801)
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ACTION BEING TAKEN BY SERVICES

Service	Total Outstanding Debt (over 90 days old)	Debt to be Written Off	Refer(red) to Debt Collection Agents	Refer(red) for Legal recovery	Debt still being pursued	Payment Received / Instalment Agreed	Other Action / Reasons	TOTAL	Notes on Other Action / Reasons
	£	£	£	£	£	£	£	£	
Regeneration and Policy	6,740			297	6,383	60		6,740	
Environmental Services	156,135	1,036	898		54,424	98,660	1,117	156,135	In administration
Health & Strategic Housing	6,092		617		5,137	339		6,093	
Property Services	220,194	4,517	10,642	61,710	56,464	86,860		220,194	
Governance	3,856				3,856			3,856	
Housing Benefits	1,272,459	1,170		10,733		1,121,154	139,401	1,272,459	
Total Outstanding	1,665,476	6,723	12,157	72,741	126,264	1,307,074	140,519	1,665,477	

* Actions relating to Housing Benefit Debt

Appeals - where an appeal has been made against the creation of an overpayment & recovery has been suspended pending the outcome of the appeal

Bankruptcy - where a debtor has been made bankrupt & recovery of the debt is suspended until the bankruptcy has been discharged

Claim Pending - where a claim for Housing Benefit (HB) has not yet been determined & there is prospect of recovery from ongoing HB

First Reminder - where no agreement has been made to repay the debt & reminder invoice is issued

Second Reminder - where no agreement has been made to repay the debt & a reminder letter is issued

Instalment Warning - where an instalment as per an agreement has not been made & a reminder letter is issued

Instalment Termination - where instalments as per an agreement have not been made & the agreement has been terminated & a termination letter issued

Welfare and Housing Benefit Reforms

In response to various queries from Members and Committees, the following overview has been prepared. This will be shortened in future reports, to focus on key statistics only.

1 Council Tax Support

- 1.1 From 1st April 2013, the national scheme of Council Tax Benefit was abolished and replaced with a localised Council Tax Support scheme. This is funded by a cash-limited grant and therefore any increase in demand for benefit over and above current levels will have to be funded by the Council and major precepting authorities (County, Fire, Police).
- 1.2 The City Council decided not to reduce Council Tax Support levels for 2013/14, leaving entitlement at its previous level. However, the decision comes at a cost and the Council is helping to fund the shortfall in grant for the current year alongside other precepting authorities. In total for all authorities, the shortfall is expected to be around £450K (less than anticipated).
- 1.3 To inform future decision-making, the Council has conducted a formal consultation exercise throughout the summer, which closed on 13th October 2013. Results are currently being analysed and they will be reported to full Council as part of the decision making process for next year's scheme.

2 The Under Occupation Penalty or 'Spare Room Subsidy'

- 2.1 Restrictions on housing benefit for claimants in social sector tenancies have taken effect from April 2013. These affect working age customers living in accommodation that is deemed to be too large for their needs.
- 2.2 The following size criteria reductions in Housing Benefit apply:
 - 14% reduction where there is one bedroom more than is required
 - 25% reduction where there are two or more bedrooms more than required.
- 2.3 Latest information indicates that Lancaster has 608 affected customers (reduced from 678 cases in July), creating a shortfall (additional rent collectable) for Registered Social Landlords of £8K per week (£416K annually). These cases include around 421 Council Housing cases, resulting in additional rent collectable of around £5.5K per week (Note: Figures to 30 September).

3 The Benefit Cap

- 3.1 In March 2012 the Welfare Reform Bill introduced a Benefit Cap for working age households. Households are defined to include the claimant and partner and any dependants. The Benefit Cap has been set at:
 - £500 per week (£26K per year) for couples (with or without children) and lone parents.
 - £350 per week (£18.2K per year) for single adults.

- 3.2 The Benefit Cap is administered by the Council, reducing Housing Benefit to the value of the cap. A minimum weekly value of £0.50 Housing Benefit will be left in payment to allow claimants to apply for a Discretionary Housing Payment.
- 3.3 There are currently 31 cases in Lancaster (reducing from 39 cases reported in July 2013, when the benefit cap was first implemented).
- 3.4 DWP wrote to all affected families to notify them of the cap, and home visits were made by Visiting Officers starting in December 2012 to all affected customers, ensuring that they were aware of this welfare reform and its impact upon them. We have also been working very closely with Job Centre Plus and they are available to discuss on-going issues. Any potential new cases are referred to the Visiting Officer's in the Housing Benefit Team.
- 3.5 CAB offices in Lancaster and Morecambe offer help, advice and budgeting/debt advice to customers affected by this reform in the local areas. Some Registered Social landlords have also made resources available to provide help to their affected tenants.

4 Discretionary Housing Payments

- 4.1 Discretionary Housing Payments (DHP) are administered by the Council and are paid to customers who are in receipt of or entitled to Housing Benefit where there is a shortfall between the level of Housing Benefit and the amount of rent charged.
- 4.2 From April 2013 Councils are no longer permitted to use DHP to meet the costs of Council Tax; this is a consequence of the abolition of Council Tax Benefit and its replacement with a localised scheme.
- 4.3 A panel of experienced senior officers sit to consider each case on its merits determine the award. Discretionary Housing Payments are typically provided for a temporary period to help people over a difficult period or to find alternative accommodation.
- 4.4 To support welfare reform changes the Government has significantly increased its Discretionary Housing Payments contributions to Councils for 2013/14. Lancaster receives £211K and to date has granted £82.5K covering 297 cases (192 successful applications). A further 22 cases are pending, awaiting consideration.
- 4.5 Authorities across Lancashire are reporting a significant increase in DHP applications and it is anticipated that pressure upon the scheme will increase in the latter part of the financial year as rent pursuance action increases and the effects of the benefit cap are felt.

5 Local Welfare Provision: The Care and Urgent Needs Support Scheme

- 5.1 The new Care and Urgent Needs Support Scheme administered by LCC commenced on 2 April 2013 replacing those elements of the Social Fund no longer administered by the DWP.
- 5.2 The function relates to the provision of financial assistance to customers who have suffered a crisis (for example a fire, flood, theft etc.) and need urgent

assistance or need support in establishing or maintaining a home (typically with cost of white goods, furnishings etc.).

- 5.3 Across Lancashire expenditure has been around £101K. The low level of expenditure is partly accounted for as a result of low demand, the use of food parcels and recycled and low cost furniture.

6 Universal Credit and the Local Support Services Framework

- 6.1 DWP are currently piloting "Universal Credit" in four North West areas including Ashton Under Lyne, Oldham, Warrington and Wigan. The national roll-out scheduled for October 2013 has been delayed, and replaced with a plan to roll out to a further 6 job centres. Lancaster is not included in this latest list.

- 6.2 The target date for full implementation is 2017.

- 6.3 Under a Local Support Services Framework it is anticipated that the Council will have a role to play in face to face contact, ensuring that support is available to customers to claim online and in managing monthly payments. This would extend to those customers with more complex needs.

7 Housing Benefit Processing

- 7.1 The Housing Benefit section is currently receiving an average of 110 new claims per week. The caseload, as at October 2013 is running at 13,896 claims, a small decrease compared to July 2013 where the caseload was 13,965; this forms a reducing trend from July 2012 where the caseload was 14,082.

- 7.2 Current processing times for new claims in Quarter 2 are 20 days for new claims and 12 days for changes in circumstances. The current local target is 23 days for new claims and 10 days for changes in circumstances.

- 7.3 Changes to the Housing Benefit rules and the introduction of the Council Tax support Scheme have had a negative impact on some processing times at the start of the financial year. However, as staff become more experienced in dealing with the changes, we are confident that all targets will be met.

8 Potential Linkages with Council Tax Collection

- 8.1 To the end of September the Council Tax team has issued 7,990 first reminders to late payers and 3,830 summonses for non-payment, very similar statistics to the previous year.

- 8.2 Council Tax collection rates are down by 0.5% in comparison to the previous year, but this is considered more a reflection of the opportunity for taxpayers to pay by 12 rather than 10 instalments and the levy of additional charges on long term empty properties, rather than any direct impact resulting from welfare reform changes.

- 8.3 Wherever possible the team endeavour to make suitable arrangements with taxpayers who make contact after receiving a recovery document and staff have encouraged this new facility to pay over 12 months rather than 10, for those customers who are struggling to pay their monthly instalments.

2013/14 Treasury Management Progress Report to 30 September 2013

Report of Chief Officer (Resources)

1. Introduction

The CIPFA Code of Practice on Treasury Management requires that regular monitoring reports be presented to Members on treasury activities. These reports will normally be presented after the end of June, September, December and March as part of the Council's performance management framework.

Council approved the 2013/14 Treasury Strategy, which incorporates the Investment Strategy, at its meeting on 27 February 2013. This report outlines activities undertaken in pursuance of those strategies during the financial year up to the end of Qtr 2.

Treasury management is a technical area. To assist with the understanding of this report, a glossary of terms commonly used in Treasury Management is attached at **Annex A**. In addition, the Councillor's Guide to Local Government Finance also has a section on treasury and cash management and an updated Guide is now available through the Member Information section on the Intranet.

2. Economic update (provided by Sector)

During the quarter ended 30 September: -

- Indicators suggested that the economic recovery accelerated;
- Household spending growth remained robust;
- Inflation fell back towards the 2% target;
- The Bank of England introduced state-contingent forward guidance;
- 10-year gilt yields rose to 3% at their peak and the FTSE 100 fell slightly to 6460;
- The Federal Reserve decided to maintain the monthly rate of its asset purchases.

3. Icelandic Investments Update

There was a fourth distribution from Landsbanki regarding the Council's investment, representing 5.23% of the original claim, of which 53.9% has now been recovered.

The initial claim of £1.1m was converted into Icelandic Krona using the exchange rate on 22 April 2009 (191.08ISK:1GBP). Distributions to date have been based on this historic rate. There has, however, been a dispute over which exchange rate should be used with the Supreme Court now ruling that the exchange rate on the date of distribution should be used. This exposes the Council to some further exchange rate uncertainties; the Icelandic Krona has weakened against the other major currencies (GBP, USD, EUR) since April 2009, although this could change in future.

The table below remains displays the outstanding balances.

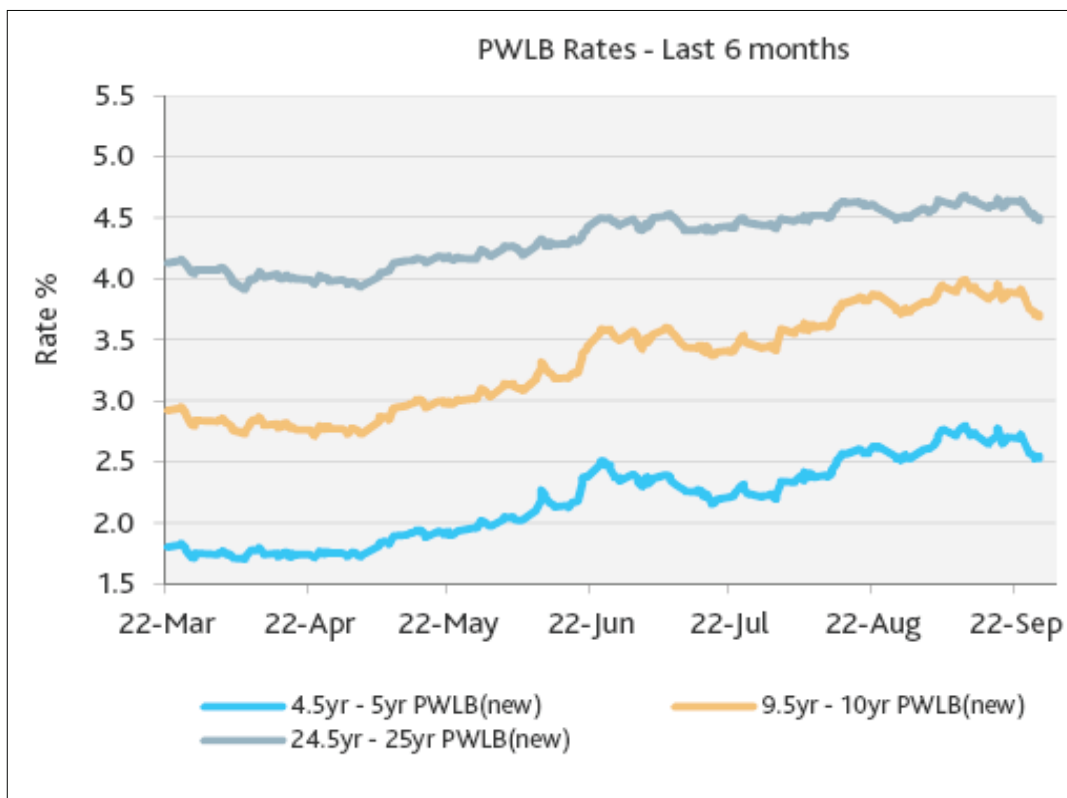
	KSF £000	Glitnir £000	Landsbanki £000	Total £000
Deposit	2,000	3,000	1,000	6,000
Claim	2,048	3,173	1,121	6,342
GBP Payments received	1,618	2,508	585	4,711
Amounts still held in ISK		609	8	617
Total anticipated recovery (%)	85.25%	100%	100%	
Further payments due (%)	6.25%	0%	46%	
Further payments due (£000)	128	0	516	644
Total anticipated receipts	1,746	3,117	1,109	5,972

*These are earning interest but are also subject to currency fluctuations, these sums will be repatriated once Icelandic currency controls allow.

There are no major changes to report. The Council still expects to recover around £6M, equivalent to the value of the original investments. Furthermore, there is no substantive progress to report as yet regarding the exempt matter first reported to Cabinet Members back in July.

4. Current Borrowing Rates.

No new borrowing was undertaken during Qtr 2. Below is a graph of the PWLB rates for the last six month ending 30 September 2013.



Officers continue to monitor potential saving opportunities associated with the early repayment of existing debt. This takes into account the premiums or discounts associated with early repayment and the projected cost of refinancing or loss in investment interest. At present, there are no opportunities that could generate long term savings.

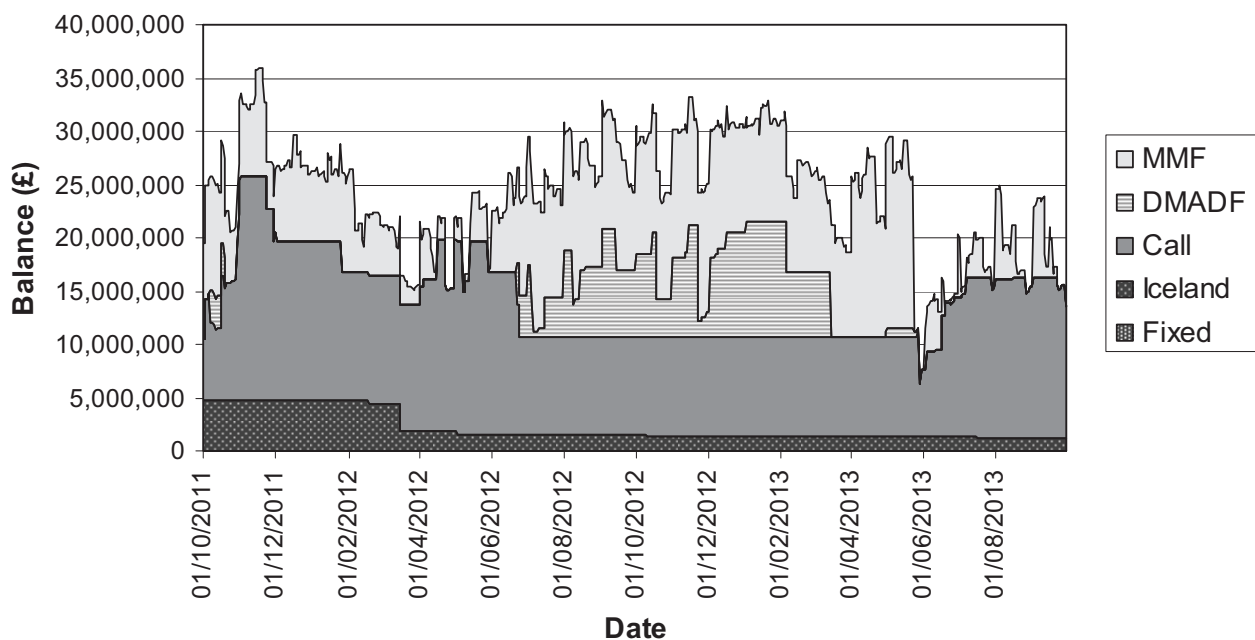
5. Investing Activities

As laid down in the approved Investment Strategy, the aim is to prioritise security and liquidity of the Council’s investments. This is to ensure that the Council has sufficient cash to support its business, but also to minimise any further chance of a counterparty failing and the Council not being able to remove any cash deposited.

All investment activity has been in line with the approved Treasury Strategy for 2013/14. No fixed term investments have been placed; surplus cash has been managed on a day to day basis using the call accounts and Money Market Funds (MMF). A full list of the investments at the end of Qtr 2 is shown below

Other Investments	Opening	Min	Max	Closing	Indicative rate	Cumulative Interest £
Call: RBS	£ 3,000,000	£ 932,000	£ 3,000,000	£ 932,000	0.70%	£ 7,809
Call: Barclays	£ -	£ -	£ -	£ -	0.55%	£ 185
Call: Lancashire County Council	£ 10,060,000	£ 10,060,000	£ 12,000,000	£ 11,410,000	0.50%	£ 25,411
DMADF	£ -	£ -	£ -	£ -	0.25%	£ 155
Government Liquidity MMF	£ -	£ -	£ -	£ -	0.30%	£ 1,404
Liquidity First MMF.	£ 5,570,000	£ -	£ 6,000,000	£ -	0.39%	£ 5,918
Insight MMF	£ 370,000	£ -	£ 2,712,000	£ -	0.33%	£ 3,834
Sub-total	£ 18,630,000			£ 12,342,000		£ 44,516

Investment pattern for the prior 2 years



During the second quarter the Council has maximised its investment in the county call account, as far as possible. Furthermore the account with RBS has been given preference,

particularly over MMFs, due to the higher interest rate available. This consideration of return is in view of the extent of RBS' Government backing and the impact on security; it remains part-nationalised but the position is closely monitored. If backing by the Bank of England is removed, the bank's associated credit ratings and other relevant information would take precedence.

6. Summary of Budget Position and Performance

In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates over the year to date is as follows:

Base Rate	0.500%
7 day LIBID	0.362%
Lancaster City Council investments	0.556%

In terms of performance against budget, the details are as follows:

Budget to date:

Icelandic credits	£18K
Cash interest	£50K
Total	<u>£68K</u>

Actual to date:

Icelandic credits to date	£17K
Cash credits to date	£45K
Total	<u>£62K</u>

Variance £6K adverse

The adverse variance is mainly due to delays in the receipt of a large capital receipt, which has meant cash balances are lower than expected at this point in the year.

The return is just above base rate and is better than the 7 day LIBID benchmark, which is positive given that the Council's investments are in the main on instant access. In absolute terms, the rate of return is very modest but given that the Council has continued to focus on secure and highly liquid deposits, it is considered reasonable.

7. Risk management

There has been no material change in the policy or operation of the treasury function over the quarter, in recognition of the considerable uncertainty that exists within the economy and financial sector. The view is, therefore, that residual counterparty risk exposure for investment remains low.

There is financial risk attached to the longer term debt portfolio, associated with interest rate exposure but all of the debt is on fixed interest and there has been no change to this over the quarter. Low investment returns mean that using cash invested to repay debt can appear more attractive, but the Council is not yet in position to be following such a strategy.

Although further Icelandic investment recoveries are expected, there is still uncertainty over extent and timing but these risks are now readily manageable.

More specifically, some risks exist in relation to banking services. The Co-operative Bank, used by the Council and many other local authorities as a general account for collecting funds and making payments, has reported losses over the summer months. At the time of producing this report, it had just been reported that the Co-Op Group's proposal for resolving its financial predicament had been rejected by a small number of major bondholders. Instead, the bondholders' alternative proposal is for their bonds to be converted into shares, which would result in them having a controlling stake in the bank (and therefore the Co-op Group would lose control). It is understood that if no rescue can be agreed voluntarily, control of the bank would be seized temporarily by the Bank of England (BoE), under a process called resolution. This could involve the BoE forcing losses on Co-op Group and obliging the bank's bondholders to convert their loans to the bank into loss-absorbing shares on terms regarded by the Bank of England as fair. In future, these sorts of powers and arrangements are expected to be provided for under Banking Reform legislation, currently working its way through Parliament. The overall aim is to keep an affected bank operating as a going concern, but force its owners/investors to take the associated losses. Developments are being closely monitored by Officers; overnight balances are being minimised as much as possible, as a precaution. There are no investments placed with the Co-op – and so the risks are different to the Icelandic position, as an example – but there are uncertainties and it is unsettling, nonetheless. The Council's banking services contract is due to run until March 2016.

8. Prudential Indicators

These indicators are prescribed by the Prudential Code, to help demonstrate that the Council can finance its debt and have funds available when needed. The prudential indicators are listed in **Annex B**; they have been updated to reflect the current capital position and they will be referred onto Council in due course, allowing for further updates as need be to reflect other budget changes.

9. Conclusion

Treasury activity during Quarter 2 followed in the same vein as Quarter 1. Monitoring developments linked to transactional services (and the Co-op Bank) are high on the agenda, however, given announcements after the period end. Although in principle there should be little financial or operational risk to the Council, relevant legislative/regulatory provisions linked to Banking Reform are in their infancy and are as yet untested.

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.
- **Call account** – instant access deposit account.
- **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.
- **Money Market Fund (MMF)** – Type of investment where the Council purchases a share of a cash fund that makes short term deposits with a broad range of high quality counterparties. These are highly regulated in terms of average length of deposit and counterparty quality, to ensure AAA rated status.
- **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.
- **Quantitative Easing (QE)** – is a monetary policy used to stimulate the national economy. In very simple terms, the policy involves the central bank buying “financial assets” - typically Government bonds - from commercial banks, amongst others. This then increases those banks’ readily accessible money supply, which then puts them in a better position to increase lending to companies and individuals.
- **Sector** – Sector 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.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

2012/13 2013/14 2014/15 2015/16 2016/17
£'000 £'000 £'000 £'000 £'000

AFFORDABILITY

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	16.2%	12.4%	11.1%	11.2%	11.2%
	HRA	24.0%	23.3%	22.4%	21.7%	21.7%
	Overall	19.3%	16.7%	15.7%	15.5%	15.5%

PI 2: Actual ratio of financing cost to net revenue stream	Reported after each financial year end
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PI 3: Estimates of the incremental impact of new Capital Investment decisions on the Council Tax This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme	£2.81	-£8.97	-£11.64	-£0.49	-£0.79
	1.5%	-4.7%	-5.9%	-0.2%	-0.4%

PI 3A: Illustrative Impact of Additional Borrowing £1 million	Repayment Period			
		5 Years	10 Years	25 Years
	Increase in Council Tax (£)	£4.86	£2.65	£1.47
Increase in Council Tax (%)	2.48%	1.35%	0.99%	

PI 4: Estimates of the incremental impact of Capital Investment on Housing Rents	Nil	Nil	Nil	Nil
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CAPITAL EXPENDITURE

PI 5: Estimates of capital expenditure	Non - HRA	5,323	5,983	6,173	3,938	3,980
	HRA	3,591	4,827	4,621	4,707	5,079
	Total	8,914	10,810	10,794	8,645	9,059

PI 6: Actual capital expenditure	Reported after each financial year end
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PI 7: Estimates of Capital Financing Requirement	Non - HRA	37,567	39,045	39,997	41,267	39,856
	HRA	45,514	44,473	43,432	42,391	41,350
	Total	83,081	83,518	83,429	83,658	81,206

PI 8: Actual Capital Financing Requirement	Reported after each financial year end
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EXTERNAL DEBT

PI 9: Authorised Limit	Authorised Limit for Borrowing	100	100	99	99
	Authorised Limit for Other Long Term Liabilities	1	1	1	1
	Authorised Limit for External Debt	101	101	100	100

PI 10: External Debt: Operational Boundary	83	83	83	83
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PI 11: Actual external debt	Reported after each financial year end
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PI 12: HRA limit on indebtedness	60,194	60,194	60,194	60,194
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PRUDENCE

PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council has adopted the updated Treasury Management code of practice (2011).
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PI 14: Net debt and the capital financing requirement	Anticipated indebtedness (operational boundary)	83,295	83,435	83,435	83,435
	Anticipated investment	10,301	18,210	18,900	19,960
	CFR	83,518	83,429	83,658	81,206
	Under/over borrowed (-/+)	-10,078	-18,216	-18,677	-22,189

Property Group Update

Quarter 2: July – September 2013

Report from: Senior Property Officer

Introduction and Background

This report builds upon the information provided in the Quarter 1 update providing a general update on key Property Group business issues for the second quarter of the financial year 2013/14. The intention here is not to provide in depth updates on all ongoing individual property cases but rather to provide a general overview of Property Group's progress in the areas identified below along with summaries of other important issues relevant at the time of writing.

1. Corporate Non-Housing Property Portfolio 1st Year Delivery Plan
2. Capital Receipts (for further details see Appendix A)
3. Joint Property Review
4. Performance of Commercial Buildings
5. Other issues
 - i. Lancashire Regeneration Partnership
 - ii. Morecambe Property Holdings
 - iii. Bailrigg Science Park

As these first two quarterly updates have now set the scene, in a bid to prevent repetition in future reports it is proposed that from Quarter 3 onwards these reports will be condensed to highlight any key changes and emerging property issues.

1. Corporate Non-Housing Property Portfolio 1st Year Delivery Plan

As detailed in the Quarter 1 update, it has been necessary for the Property Group to spend a significant amount of time assessing, quantifying and programming individual projects. This programming work provides firmer costs facilitating more accurate financial forecasting and monitoring. As indicated in earlier reports flexibility is required throughout the delivery programme because the initial unobtrusive condition survey costs were indicative and therefore the levels of work required at each property could increase or decrease as detailed surveys and specification work progresses. Furthermore, the need for specialist surveys and design works may become apparent leading to additional cost implications.

The projects included in the 1st year delivery programme fall into the three procurement groups, Minor Works (MW), Intermediate Works (IW) and Projects (P). In the main, the projects being undertaken within the 1st year delivery programme are the schemes identified in the condition surveys as the most urgent although some projects have been brought forward for economic reasons. For example, where two individual projects require scaffolding at a particular building then it makes financial sense to undertake both at the same time.

Property Group has been allocated £2.402M within financial year 2013/14 to undertake the 1st year delivery programme (this excludes slippage from 2012/13). The intention is to manage the programme of work within this sum by reallocating funding between the projects as variations to the indicative budgets become clear. Officers will report any necessary changes retrospectively through future quarterly updates.

The following tables provide a summary of progress to date. The nature of scheduled works is as set out in the report to Cabinet back in April, unless indicated otherwise:

Table 1 – Minor Works Project Progress

Property/Project	Total Indicative Works 1 st Year	Brought Forward Indicative Works 2 nd Year	Total Approved Tender (AMP)
Minor Works (MW) 14 Buildings (Start date 30 th September 2013 – Project Duration 10 Weeks)	£49k	£49k	£103k

In total, 14 of the Minor works (MW) projects have been finalised. The Agreed Maximum Price (AMP) approved with the contractor includes repairs brought forward from the 2nd year programme for the economic reasons described earlier in this report.

Work has commenced on site for some minor works projects including Bolton le Sands toilets, Morecambe promenade shelters, the King Street covered yard and some preparation work at Williamson Park.

Table 2 – Intermediate Works (IW) Project Progress

Property/Project	Submit Design /tender	Approve Tender (AMP)	Total Indicative Works 1 st Year	Total Approved Tender (AMP)	Proposed Start Date
Intermediate Works (IW): programmed works are at various stages: <u>Partnering Contractor</u>					
White Lund Depot Work Package	18/10/13	01/11/13	£231k	TBA	05/11/13
Lancaster Cemetery Chapels	11/10/13	14/10/13	£80k	TBA	28/10/13
Lancaster Town Hall Railings	23/09/13	30/09/13	£50k	£47k	02/10/13
Lancaster Town Hall Paving	23/09/13	30/09/13	£30k	£28k	07/10/13
Morecambe Town Hall	08/11/13	21/11/13	£53k	TBA	TBA
The Dukes Playhouse	08/11/13	21/11/13	£39k	TBA	06/12/13
Palatine Recreation Ground	21/10/13	04/11/13	£26k	TBA	TBA
Totals			£499k	£75k	

*TBA – to be advised or confirmed, subject to further information becoming available.

Work has already commenced on the memorial garden railings and paving projects at Lancaster Town Hall to meet conservation requirements, with a view to completing by Remembrance Day. The removal of the vegetation to the side elevation has revealed root damage to the low retaining wall, which will require rectification at additional cost prior to replacement of the refurbished railings.

Table 3 – Projects (P) Project Progress

Property/Project	Submit Design /Tender	Approve Tender (AMP)	Total Indicative Works 1 st Year	Total Approved Tender (AMP)	Proposed Start Date
Programmed Projects (P) are at various stages:					
<u>Partnering Contractor</u>					
Williamson Park buildings	04/10/13	18/10/13	£473k		15/11/13
Assembly Rooms	04/10/13	28/10/13	£158k		10/11/13
The Storey	11/10/13	10/11/13	£233k		22/11/13
The Platform	04/10/13	18/10/13	£318k		10/11/13
Ryelands Park buildings	11/10/13	10/11/13	£45k		22/11/13
City Museum	25/10/13	08/11/13	£258k		22/11/13
Maritime Museum	25/10/13	08/11/13	£253k		22/11/13
26 St Georges Quay	25/10/13	10/11/13	£38k		22/11/13
Salt Ayre Sports Centre	25/10/13	10/11/13	£21k		22/11/13
<u>Consultant Projects</u>					
Mitre House Car-park	05/06/13	08/08/13	£60k	£82k	30/09/13
			£1.857m	£82k	

Position Overall

Currently, indicative programmes and spend profiles suggest expected spend in this financial year will be circa £1.977m, plus fees of circa £150k equating to £2.127m. Therefore, at this stage potential slippage against the approved £2.402M is estimated to be in the region of £275k.

It should be noted that as yet no provision has been made for the following additional projects raised in the Property Group Quarter 1 Update report:

- Lancaster Town Hall Banqueting Suite ceilings – A conservation & structural survey was completed in September 2013 and the full extent of the deterioration is currently being quantified and estimated. Progress on this project will be reported once full details are known.
- Storey Institute Garden Walls – Again this project is currently being quantified and estimates and progress will be reported once full details are known.

As at the 30th September 2013 it is anticipated that the Minor Works projects can be funded from the current 2013/14 Revenue Budget and therefore there is no related call against the Municipal Buildings Reserve to date.

2. Capital Receipts

Capital receipts totalling £9.443M are budgeted in the current year.

Against this, the capital receipts received to date are still only as follows:

- £21K for the Oxford Street garage, received in May.

Additional exempt information on the progress of capital receipts that are budgeted for during 2013/14 can be found at **Annex A**.

3. Joint Property Review (for Lancashire County and Lancaster City Councils)

The majority of the property related information and data for the joint property review has now been gathered and work has begun working up a series of options based upon this data. As the data compilation exercise has progressed, a number of priority areas have been identified within the portfolios of both authorities. Some of these priority areas are solely for consideration by the authority currently occupying the building in question, whilst others will require a joint approach by both authorities. From a City Council Officer perspective the priority areas for which options are currently being developed for further exploration and consideration include:

- Cable Street
- St. Leonard's House
- Palatine Hall
- White Lund Depot
- Lancaster Town Hall
- Morecambe Town Hall
- The Platform

It is anticipated that more detailed information about various options being worked up will be available for the next quarterly update, and to feed into the budget process.

The work identified in the 1st Year Delivery Programme is being continually monitored against the progress being made with the joint property review to ensure that so far as reasonably possible no unnecessary work is undertaken. However, in some cases it will be necessary to make a judgement and assess the urgency of any works against the likelihood and timescale of the possible vacation of a building, as well as the potential impact on property values.

4. Performance of Commercial Buildings

Measures are being taken to improve management information and associated systems regarding property. Progress will shape the format and content of future reporting.

The following table summarises the current position of the City Council's commercial property relating to the General Fund and the Housing Revenue Account (HRA) with regards to occupation, lease obligations, income and running costs as well as the total required repair and maintenance identified in the condition surveys undertaken in 2012, as discussed earlier.

Please note that as you would expect after only 3 months, the table has not substantially changed since Quarter 1 but any the minor adjustments have been included in the table and have been described in the subsequent text.

Property Name	Occupation by Floor Area			Lease (e.g. Full / Internal Repair)	Income		Running Costs (£ p.a.)	Annual Balance (£ p.a.)	Condition Survey (5 Year Total £)
	Total (m2)	Let (m2)	Vacant (m2)		Rent (£ p.a.)	Service Charge (£ p.a.)			
Cottage Museum	64	64	0	Compliance works only by tenant	0.00	0.00	0.00	0.00	44,194.00
5 Cheapside	243	0	243	Vacant	0.00	0.00	0.00	0.00	0.00
7 Cheapside	259	259	0	Full	-45,000.00	-800.00	500.00	-45,300.00	0.00
9 Cheapside	111	111	0	Full	-48,900.00	-400.00	200.00	-49,100.00	0.00
CityLab, 4-6 Dalton Square	1,307	692	615	Internal	-66,300.00	-37,700.00	144,500.00	40,500.00	170,672.00
Bus Station Kiosk, Lancaster	24	24	0	Internal					
Stagecoach Office, Lancaster	180	180	0	Internal	-19,100.00	-120,000.00	145,600.00	6,500.00	25,990.00
County Information Centre, Lancaster	70	70	0	Internal					
Edward Street Dance Studio	159	0	159	Vacant	0.00	0.00	0.00	0.00	111,746.00
Alfred Street Workshop 7	44	44	0	Full					
Alfred Street Workshop 8	44	44	0	Internal	-10,800.00	-200.00	3,000.00	-8,000.00	4,700.00
Alfred Street Workshop 9	44	44	0	Full					
1 King Street	77	77	0	Internal	-10,800.00	-400.00	100.00	-11,100.00	894.00
3 King Street	55	55	0	Internal	-9,000.00	-400.00	100.00	-9,300.00	5,766.00
5 King Street	21	21	0	Internal	-11,000.00	-200.00	2,300.00	-8,900.00	2,012.00
5A King Street	64	64	0	Internal					
5B King Street	24	24	0	Internal	-6,500.00	-300.00	0.00	-6,800.00	0.00
9B King Street 9B & Covered Yard	109	109	0	Internal	-10,500.00	-600.00	700.00	-10,400.00	10,008.00
Assembly Rooms, King St. - Ludus	245	245	0	Internal (Rent Grant)	-13,000.00	-400.00	10,500.00	-2,900.00	241,652.00
87 King Street	212	212	0	Internal	-10,400.00	-500.00	1,100.00	-9,800.00	6,950.00
City Museum	1,075	1,075	0	Compliance works only by tenant	0.00	0.00	0.00	0.00	968,342.00
Storey Institute	1,439	894	545	Internal	-53,400.00	-51,600.00	189,300.00	84,300.00	517,362.00
26 Castle Park (formerly part of Storey)	234	234	0	Internal	-7,500.00	-500.00	7,600.00	-400.00	12,790.00
67-71 Market Street	308	308	0	Internal	-35,300.00	-1,500.00	1,400.00	-35,400.00	4,611.00
Moor Lane Mills	3,112	3,112	0	Full	-230,000.00	-14,300.00	13,000.00	-231,300.00	0.00
Dukes Playhouse	1,198	1,198	0	Internal (Rent Grant)	-12,500.00	-3,400.00	10,600.00	-5,300.00	93,704.00
Moor Lane Methodist Church	267	267	0	Full (Rent Grant)	-8,000.00	-200.00	200.00	-8,000.00	0.00
4 Queen Street	319	319	0	Internal	-200.00	0.00	2,500.00	2,300.00	25,344.00
Ryelands House	258	258	0	Internal	-22,700.00	-45,000.00	69,300.00	1,600.00	61,016.00
Old Mans Rest, Ryelands House	230	125	105	Internal	-13,500.00	-2,700.00	6,500.00	-9,700.00	188,002.00
26 St. Georges Quay	1,492	1,492	0	Internal	-38,500.00	-6,200.00	7,200.00	-37,500.00	37,995.00
Maritime Museum	768	768	0	Compliance works only by tenant	0.00	0.00	0.00	0.00	318,743.00
St. Leonard's House	3,164	1,260	1,904	Internal	-56,800.00	0.00	147,900.00	91,100.00	2,023,007.00
Skerton Community Centre	186	186	0	Full	-1,400.00	-50.00	0.00	-1,450.00	0.00
Stone Barn/Scout Hut King George V	107	107	0	Full except roof	-700.00	-50.00	0.00	-750.00	13,420.00
Depot Adjacent 46 Hala Road	28	28	0	Full	-1,050.00	-50.00	0.00	-1,100.00	0.00
56-58 Euston Road	253	0	253	Vacant	0.00	0.00	3,600.00	3,600.00	0.00
60 Euston Road	74	74	0	Full (but with initial works to be carried out by LCC)	-8,000.00	0.00	0.00	-8,000.00	28,612.00
Happy Mount Park Café	374	374	0	Full	-19,200.00	-800.00	0.00	-20,000.00	0.00
Clock Tower Café	174	174	0	Full	-3,800.00	-400.00	0.00	-4,200.00	0.00
Stone Jetty Café	87	87	0	Internal	-7,600.00	-800.00	2,100.00	-6,300.00	42,022.00
Regent Park Café	74	0	74	Vacant	0.00	0.00	0.00	0.00	5,762.00
West End Gardens Café	139	139	0	Internal	-5,300.00	-300.00	0.00	-5,600.00	7,004.00
Yacht Lookout Tower	20	20	0	Internal	-400.00	-100.00	0.00	-500.00	3,770.00
Palatine Hall	1,401	1,401	0	Internal	-90,500.00	-12,200.00	12,400.00	-90,300.00	28,408.00
Lodge Street Musicians Co-op	660	660	0	Caretaking agreement	-200.00	0.00	500.00	300.00	0.00
57 Highfield Road	81	81	0	Internal	-4,250	-50	0.00	-4,300	Council Housing
63 Highfield Road	66	66	0	Internal	-3,600.00	-50.00	0.00	-3,650.00	Council Housing
3 Langdale Place	99	99	0	Internal	-5,100.00	-50.00	0.00	-5,150.00	Council Housing
10 Lentworth House	34	34	0	Internal	-2,500.00	-50.00	0.00	-2,550.00	Council Housing
11 Lentworth House	32	32	0	Internal	-3,000.00	-50.00	0.00	-3,050.00	Council Housing
14 Lentworth House	29	29	0	Internal	-3,150.00	-50.00	0.00	-3,200.00	Council Housing
3 Owen Road	55	55	0	Internal	-3,800.00	-50.00	0.00	-3,850.00	Council Housing
5 Owen Road	60	60	0	Internal	-8,500.00	-85.00	0.00	-8,585.00	Council Housing
7 Owen Road	39	39	0	Internal					
9 Owen Road	41	41	0	Internal	-8,200.00	-85.00	0.00	-8,285.00	Council Housing
11 Owen Road	40	40	0	Internal					
4-6 Ridge Square	111	111	0	Internal	0.00	0.00	0.00	0.00	Council Housing
8 Ridge Square	64	0	64	Vacant	-3,000.00	-50.00	0.00	-3,050.00	Council Housing
10 Ridge Square	52	52	0	Internal	-2,900.00	-50.00	0.00	-2,950.00	Council Housing
12/14 Ridge Square	111	111	0	Internal	-5,900.00	-80.00	0.00	-5,980.00	Council Housing
Totals	21,711	17,749	3,962		-931,750.00	-302,750.00	782,700.00	-451,800.00	5,004,498.00
						-1,234,500.00			
By Percentage	100%	82%	18%		100%		63%	37%	

Changes from Quarter 1 include the removal of the assembly rooms ground floor, which operates as a market and is therefore not strictly speaking a commercial property under the management of Property Group. For further information, 'Ludus Dance' who are situated on the first floor of the assembly rooms and 'The Dukes Playhouse' which also includes Moor Lane Methodist Church have been identified as receiving rent grants from the City Council in the lease column.

Occupation

The current occupation across the City Council's total commercial property portfolio is still 82% (slightly better than Qtr 1; but rounds the same). The remaining 18% of vacant space now amounts to the equivalent of 3862m², the majority of which is attributable to:

- The Storey, which returned to City Council control in October 2012, has a vacant floor area of 545m². This would appear to be an increase from the 504m² reported in the Quarter 1 report but this is actually a result of some necessary adjustments being made to the overall floor areas to ensure that all of the common areas are accounted for.
- St. Leonard's House currently has 1904m² of vacant space (unchanged since Quarter 1) but as reported previously, the building requires considerable investment. Officers have recently received the 'Stage 1' report regarding viable alternative uses undertaken by the County Council's regeneration partner Carillion, the results of which will be submitted for consideration by Members in due course.
- The vacancy rate at Citylab is currently running at 47% (or 615m²). This represents a 3% improvement over the 50% vacancy rate reported in the quarter 1 update. The letting of No.4 is expected to go through shortly which will give a further boost to the vacancy rate in quarter 3.

Despite some small improvements at both the Storey and Citylab these three buildings still account for 77% of the vacant commercial portfolio. As mentioned above, recent developments at St. Leonard's House are encouraging and further options are being explored as part of the joint property review. The remaining 23% is made up of a small number of buildings that are currently between lets or to be sold. In general terms, while Property Group will continue in its efforts to minimise vacancy rates, it should be remembered that supply is currently outstripping demand in the commercial office rental market.

Lease Obligations

The column headed 'Lease' identifies the tenant obligations for repair and maintenance of the buildings under the lease. The majority are internal repairing leases, where the City Council retains responsibility for the external envelope of the building and the tenant accepts responsibility for the interior. The remainder are mainly full repairing leases where the tenant accepts responsibility for both the interior and exterior of the building.

Income and Running Costs

The table shows the current income due from each building, broken down between the rental income and service charge.

The running costs shown include the costs the City Council incurs through ownership of the buildings including gas, water, electricity, staff, etc, some of which are recharged to the tenant through the service charge depending on the terms of the lease. These running costs do not include management costs, i.e. the officer time incurred by Property group in managing the buildings, nor do they include any financing costs in relation to the original acquisition or later capital investment.

As a very simple measure therefore, the current figures indicate a starting surplus of £451,800 in cash terms, which is equivalent to 37% of total income due.

Condition Survey

This final column provides information taken from the condition surveys undertaken during 2012. These figures show the total required maintenance over the next 5 years for each building. These figures include both internal and external repairs and therefore responsibility for the £5m total is shared between the city council and the tenants. The condition for a building with a full repairing lease has been shown as nil but for internal repairing leases the condition requirement would need to be broken down between internal and external repairs. Therefore this column should only be used as an indication of the overall condition of the building.

5. Other Issues

i. Lancashire Regeneration Partnership

Lancashire County Council has entered into an agreement with a private sector provider to form a Regeneration Property Partnership. The partnership has been procured in such a way that it allows for other public sector bodies including Lancaster City Council, who were named in the OJEU documentation, to benefit from these services.

The Lancashire Regeneration Partnership is a 10 year agreement. The successful partner for the north of the county was Carillion. Carillion are a multi-national company and have a strong Northwest/Lancashire presence with approximately £12m gross value added from Carillion employees living in the region, supported by some 42 work locations

The main objectives for the regeneration property partnership are to:

- Use public sector assets as a lever for delivering sustainable regeneration;
- Support the pursuit of wider objectives by identifying and helping to deliver the best possible solutions for surplus properties balancing financial, economic and social returns;
- Ensure identification of surplus sites that are developed for the most appropriate use to meet key objectives;
- Attract investment and jobs promoting economic development in the area.

It is anticipated that the regeneration property partnerships will bring the following benefits:

- The partners will share the risks of achieving the above objectives;
- The partners will bring both capability and capacity in key areas in terms of resources to deliver the objectives;
- The partnership will provide a legal and commercial vehicle to the County's public sector partners without the need to undertake a separate procurement process;
- The partnership will bring new ways of working, thinking and innovative models for the delivery of the objectives.
- The partners will work together to unlock the economic regeneration potential of the public sector assets and support ongoing property reviews.
- The regeneration partnership will work up and deliver development proposals for identified sites/properties

The regeneration partner will:

- Work with the councils to develop a strategy for the development and/or disposal of a particular property or groups of properties. These may involve both operational and investment properties;
- Act as a single point of contact for the procurement and delivery of a project;
- Integrate and manage a diverse range of supply chain sub-contractors

The partner will recover its costs and earn returns through the projects that it successfully delivers thus being incentivised to work up proposals that result in successful projects consistent with the aims/requirements of the councils.

ii. Morecambe Property Holdings

Earlier this year, the City Council was approached by a developer interested in working together to provide a new store in Morecambe for a high profile retailer. Various sites and delivery models were considered. Unfortunately, however, before the proposals could be reported, they were withdrawn.

On a more positive note, Planning and Regeneration along with Property Group are now in discussions with Carillion, Lancashire County Council's regeneration partner regarding a possible master planning exercise in the area. It is hoped that a master planning exercise will result in a more cohesive approach being taken in this vicinity of Morecambe and will reinvigorate interest from the likes of the high profile retailer referred to above. It should therefore give a better context within which the Council may consider its own land and property holdings. A report is being prepared for December Cabinet.

iii. Bailrigg Science Park

In 2009 the City Council utilised funding from the former North West Regional Development Agency (NWDA) to purchase nearly 10ha of land between Bailrigg Lane and Lancaster University to build the Lancaster Science Park. The land purchase was subject to a funding agreement with the NWDA and a number of covenants in favour of the previous landowner (Bailrigg Farm Trust). Due to various factors including the recession and abolition of the NWDA, the site has yet to be developed. However, the land has the benefit of planning permission for the Science Park and Lancaster University is now taking the lead role (in partnership with the city and county councils) to develop and deliver a viable form of development. This may involve transferring ownership of the site to the University.

The above proposal has created an opportunity for the City Council to work with the Bailrigg Farm Trust on a potential joint disposal of land adjacent to the proposed science park. Property Group is currently working with the Bailrigg Farm Trust's consultant on a draft memorandum of understanding, for consideration by Cabinet in due course.

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