



Committee: CABINET

Date: TUESDAY, 11 MARCH 2014

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, 11 February 2014 (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. **Request from the Grand Theatre for Grant Support (Pages 1 - 10)**

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Joint Report of Chief Officer (Resources) and Chief Officer (Regeneration & Planning)

7. **Corporate Performance Monitoring 2013/14 (Pages 11 - 39)**

(Cabinet Member with Special Responsibility Councillor Blamire)

Joint Report of Chief Officer (Resources) & Chief Officer (Governance)

8. **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.

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.

9. **Planned Maintenance of Council Housing (Pages 40 - 46)**

(Cabinet Member with Special Responsibility Councillor Smith)

Report of the Chief Officer (Environment)

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, 27 February, 2014.

CABINET

**Request from the Grand Theatre for Grant Support
11th March 2014**

**Report of Chief Officers Resources and Regeneration
& Planning**

PURPOSE OF REPORT			
To consider a request for financial support from the Grand Theatre in connection with their lease of City Council land.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public.			

OFFICER RECOMMENDATIONS:

- (1) That Cabinet notes the request from the Grand Theatre attached at Appendix 1 and indicates whether any further consideration be given to the matter, having regard to the issues raised in the report.

1.0 Introduction

- 1.1 On 3rd January 2014 a representative of the Board for Lancaster Footlights submitted a letter to the Council informing of their development proposals for the Grand Theatre and requesting financial help in supporting the future of the theatre. This letter is attached to this report at **Appendix 1**.

2.0 Proposal Details

- 2.1 The Grand Theatre currently leases from the City Council a piece of land adjacent to the theatre, for use as a car park. Records show that the original lease commenced on 01 July 1980 and currently the Grand pays £2,860 p.a. in rent (excluding VAT). The lease run is based on a three year lease negotiated in 2005 and has been renewed on a yearly basis since. It is Landlord and Tenant Act protected but is not renewed for longer periods because this same area of land is also included in the Council’s Development Agreement with British Land/Centros and a plan of the area is attached to this report at **Appendix 2**.

- 2.2 The Grand Theatre is planning to extend the theatre by adding a two storey

extension to the side elevation on the site of the car park currently owned by the theatre. This extension would provide additional front of house space for the audience, bar facilities and access to the box office. If and when completed, this extension would no doubt place a greater importance on the area of car park currently leased from the Council.

- 2.3 The Grand Theatre is seeking grants to allow the completion of the project. Partly linked to this the Grand's Board is now requesting financial assistance from the Council equivalent to the cost of their lease for the car park, this being £2,900 p.a. (subject to confirmation of the Grand's VAT status).
- 2.4 The form of the Grand's request is expressed in two alternative ways, which are expanded on below:

Lease to be based on peppercorn rent:

The Council operates a policy of charging market rents. In line with this, a peppercorn rent would only be appropriate if a market based lease premium was to be paid at the commencement of any new lease term, and that does not fit with the Grand's request. Furthermore, typically peppercorn rents apply to very long leases (the rent being a way to help maintain a formal landlord and tenant relationship) but the Council is constrained by the Canal Corridor development agreement that is in already place. For these reasons, the granting of a lease on a peppercorn rent is inappropriate and therefore it has been discounted as a viable option.

Annual grant award to cover rent costs:

The Council has the power to award grants to organisations, but in doing so it must consider various matters to ensure that any award is lawful, representing value for money for the district's local tax payers as a whole. Key considerations are outlined below, in addition to considering the amount of the request and also its financing. Options for the latter are outlined within the Financial Implications towards the end of this report.

Purpose of any grant award:

Although the request makes reference to the Grand's plans for expansion and recognition of its significant role in the arts provision in the city, there is no detail provided on what any grant would be used for, and/or what the organisation's current and expected financial position is.

Openness and Fairness:

Although the Council currently provides grants to other arts and cultural organisations, it is committed to moving to a commissioning basis, to ensure fairness, openness and transparency. At that time, the Grand would have the opportunity to bid for any services and activities being commissioned.

Length of any grant award:

Practically, any grant aid could run until the canal corridor development proposals are implemented, and this makes it difficult to

predict the cumulative financial impact to the Council. For the purposes of the Grand's request, a reasonable assumption may be that potentially, any grant awarded could run until the longstop date of the canal corridor development agreement. Should Cabinet wish to pursue further the Grand's request in some way, however, Officers would advise Members to consider an annual review, to fit with the current lease review process or eventually the commissioning approach as mentioned above. In the event that the Canal Corridor redevelopment did not go ahead, the clearly the Council would need to reconsider its position.

2.5 In view of the above points, if Cabinet is minded to consider the provision of financial support to the Grand, this would need to be in the form of a grant but more information would be required and this is reflected in the options presented below.

2.6 In addition to the request for financial assistance, the Grand's Board have a raised a number of other issues regarding the proposed British Land / Centros development. However, these are detailed issues that can only be resolved as the canal corridor scheme develops. Suffice to say that British Land / Centros are well aware of all of the issues in the letter and Officers will clarify the current position with the Grand's Board members.

3.0 Details of Consultation

3.1 No consultation has been necessary.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Consider further the request for grant support to the Grand Theatre and seek further information in support.	Option 2: Do not consider further the provision of grant support to the Grand Theatre.
Advantages	May provide an opportunity to support the Grand Theatre and their development proposals.	Avoids extra cost pressures for the Council at a time of increasing budgetary pressure. Reduces the likelihood of a future conflict of interest with the canal corridor redevelopment.
Disadvantages	Involves extra resources (officer time) and potential extra cost to the Council at a time of increasing budgetary pressure.	A missed opportunity to financially support the Grand Theatre.
Risks	May raise expectations. Cost and value for money uncertainties. Runs contra to aims for	Could be perceived as showing a lack of support for a well known cultural facility in the area (and also a lack of fairness).

	<p>moving to a commissioning approach.</p> <p>Could lead to other similar applications for grant aid, or perceived unfairness.</p>	
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5.0 Conclusion

- 5.1 A successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms. In reputational terms it is probably one of our strongest attractions. It is also a key element in the Canal Corridor scheme. There may be case for providing support the Grand Theatre, but the full pros and cons for any case are not known.

- 5.2 There are, however, other such operations within the district that could also make a case for assistance. There is also potential for the aspirations of The Grand Theatre to conflict with the proposals contained within the Development Agreement entered into with British Land/Centros. Therefore, consideration must be given as to the appropriateness of such assistance should a conflict of interest arise that is detrimental to these regeneration proposals.

- 5.3 It is necessary for Cabinet to balance these matters along with the implications of reducing income at a time of increasing budgetary pressure, in deciding whether to take this matter any further. If a decision is made to progress the request, a further report would be produced for Cabinet to complete its decision-making.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>It is identified as a key part of the Canal Corridor scheme in the adopted Local Plan</p> <p>It is linked to the Cultural Heritage Strategy, as a successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>No impact on the above.</p>
<p>LEGAL IMPLICATIONS</p> <p>It is entirely at the discretion of members whether grant assistance is provided for this purpose, to this organisation. In terms of the inter- relationship between any lease of the car park that maybe granted to the Grand Theatre and the development agreement, there is insufficient information for Legal Services to give an opinion on any legal implications.</p>
<p>FINANCIAL IMPLICATIONS</p>

Should the decision be made ultimately to offer grant aid to the Grand Theatre there will be an additional cost to the Council, of approaching £2,900 each year, for as many years as grant is awarded.

Potentially, this may be financed through either the arts development budget or the Performance Reward Grant Reserve (from the £15K allocated for voluntary sector initiatives). If Cabinet decides to consider the request further, then exact financing options would be presented.

OTHER RESOURCE IMPLICATIONS

Property:

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has contributed to the production of this report. She advises Cabinet to consider carefully the considerations outlined in this report in reaching any decision.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments included in the report.

BACKGROUND PAPERS

NONE

Contact Officer: Richard Hammond

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Ref:

Stuart Langhorn,
14 Whernside Grove,
Carnforth,
Lancashire.
LA5 9XH
stuart.langhorn@sky.com
07919 927467
3rd January 2014

Dear Councillor,

Grand Theatre Lancaster

I am writing to you in my capacity as a board member of the Grand Theatre, Lancaster. My purpose is to inform you about the proposed development of the theatre and to request your help in supporting its future.

The Grand Theatre, situated on St Leonardsgate, Lancaster is the second oldest theatre in operation outside of London. It is run by volunteers and is a registered charity. As a venue it is used by professional acts as well as many local amateur groups including LADOS, Morecambe Warblers, Red Rose and Footlights who provide most of the volunteers for the running of the theatre. Unlike other venues in the district, the Grand currently receives no grant support from Lancaster City Council. The theatre has been successfully managed and its budget has broken even for many years. This year the theatre, in common with most venues, has seen a slight down turn in its audience numbers as a result of the recession.

The Grand is planning to expand the theatre by adding a two storey extension to the side of the theatre. This will provide much needed front of house space for the audience, further bar facilities and access to the box office. In turn this will mean the venue will continue to be attractive for professional acts and the theatre's financial future can be assured. Members have already raised a significant amount of money and are seeking grants to allow the completion of the project.

This brings me to our request from the council. The Grand currently rents part of its car park from Lancaster City Council. If you are familiar with the theatre this is the gravelled part of the car park at the side of the theatre (the tarmac area belongs to the theatre and this is where the extension will go). It is used by visiting acts and volunteers. The theatre pays £3500 a year to the City Council for the rental of this area, and has maintained the area at its own cost. We are now requesting that the council rent this area at a peppercorn rent to the theatre – recognising its significant role in the arts provision in the city. We would remind the council that when there is a production on at the theatre the car parks around St Leonardgate are full with charge paying public. The council also charged the ITV production team for the rental of the lower car park during the filming of Panto and claimed it as a success in its corporate plan. It would not seem unreasonable that the council shows its support of the theatre and recognises its importance by granting the car park to the theatre rather than charging the charity for it.

The board of the Grand have already entered into discussions with officers from the council regarding this. However, the officers have been unable support the request we have made due to the financial restrictions placed upon them. This is why I am writing to you directly. As a councillor you have the power to authorise this pepper corn rent – or, alternatively, to recommend a grant for the rent during the budget process. This is why the board is writing to you now.

A related issue is that of the long term future of the land around the theatre as part of the potential re-development of the site. We have been very pleased with discussions with officers concerning the building at the rear of the theatre (currently the musician’s co-op.) The plan was for the council to have sold this building to the developers who would then renovate it and lease it to the Grand for storage and rehearsal space. The building cannot be knocked down as this would undermine the fly tower of the theatre. The Board have recommended that the council cede the building directly to the Grand instead officers are happy with this proposal.

It was during these discussions that it was revealed that the council intend to dispose of the car park at the front of the Grand as part of the proposed development. It will then become public open space. In addition Lodge Street, which runs down the side of the theatre, will be closed off. The theatre has not been consulted on this idea. We would wish to draw to your attention our concerns about these proposals and the impact they will have on the financial future of the theatre. The loss of the car park at the front will mean the professional acts will have no where to deliver to the theatre, volunteers will have no where to park and the proposed development of the theatre will be put at risk. The closure of Lodge Street means there is no access to the stage door of the theatre for sets and props. Officers tell us that access will be through the development – but will not be 24 hour access and certainly not during ‘shop’ hours. Clearly, a theatre needs 24 hour access. For example visiting acts arrive during the day and need to set up for the evening show – when the shops shut is too late. The Grand would be unable to support any development that would jeopardise its business by restricting access to the theatre during the day.

For this reason we would recommend that the council cedes the piece of land at the front of the theatre to the Grand instead of including it in the redevelopment scheme. We also recommend Lodge Street is not closed off down the side of the theatre. These simple actions will help to support the long term future of the theatre.

In summary we are making the following requests:

Recommendation	Cost to LCC	Advantages	Risks
Peppercorn rent of gravelled land at front of	£3500 per year	Supports theatre during recession.	None. A successful theatre

Grand Theatre as part of 2014-15 budget		Recognises that LCC provides no other support to the theatre. Acknowledges contribution to Arts	enhances night time economy and income to LCC car parks in area.
Grant of gravelled land to theatre	£3500 per year (if peppercorn rent refused)	Supports long term future of theatre and access for acts and volunteers. Shows support for the proposed extension to the theatre adjacent to this land.	None - Does not effect the development of the area as the space is designated as open space.
Grant of half of building (Musicians Co-op) to theatre	None	Supports long term future of theatre. Will mean the theatre does not have to rent space elsewhere which it does at the moment at a cost of over £5000 per annum. The building cannot be removed due to the impact its demolition will have on the fly tower. Places the building in the charities ownership instead of having the theatre rent it from a private developer.	None- the building cannot be demolished.
Lodge Street to remain open down side of the theatre	None	Supports long term future of theatre and access for acts and volunteers. Shows support for the proposed extension to the	Lodge Street could be blocked off nearer to Edward Street – this will need to be discussed with the developer.

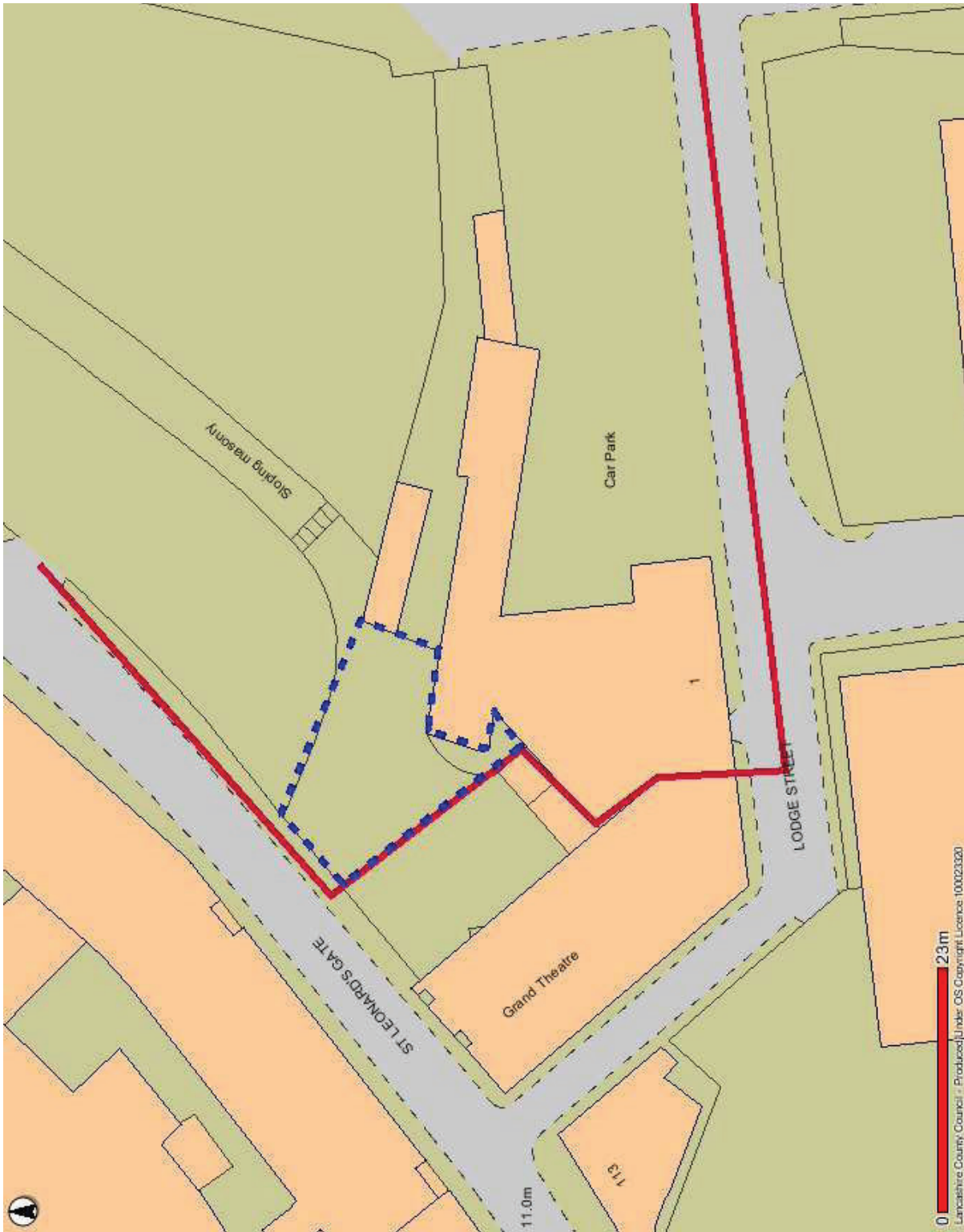
		theatre adjacent to this land.	
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We hope that you will be able to support these proposals and look forward to hearing from you within the next week or so. A copy of this letter has been sent to each group leader on Lancaster City Council as well as each councillor so you may wish to respond as a group or as individual councillors. Should you be unfamiliar with the theatre or just wish to have a look around for yourself we extend an invitation to you to come and visit us. We will be more than happy to show you around and discuss the issues and our plans in greater depth.

Yours sincerely,

Stuart Langhorn on behalf of Lancaster Footlights Board

- Districts**
- Other District/Unitary Authority
 - Lancashire Districts



Grand Theatre Plan

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Date: 18/02/2014



CABINET

Corporate Performance Monitoring 2013/14

11 March 2014

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

PURPOSE OF REPORT

To present the corporate performance and financial monitoring reports at Quarter 3 of the 2013/14 performance monitoring cycle.

This report is public

RECOMMENDATIONS




(1) That Cabinet considers this report and makes any comments or recommendations as appropriate.

1.0 CORPORATE PERFORMANCE MONITORING 2013/14 – QUARTER 3




- 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 3 of the current year.
- 1.2 As at Quarter 3, there are no Corporate Plan success measures with a **Red** status when comparing actual performance against target.
- 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, where appropriate.
- 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 3 in 2012/13. This provides both a year-on-year and quarter-by-quarter trending comparison of data / information affording more insight on overall performance and supporting informed decision-making. Commentary on the reasons for any variance is provided.
- 1.5 The **Key** below sets out the meaning of the ‘direction of travel’ of the data trending arrows dependent on whether ‘*High is Good*’ or ‘*Low is Good*’ is an indicator of performance improving.

Key:

Polarity: High is good

-  (Green) Actual has increased from the previous Quarter [positive trend]
-  (Amber) Actual has not changed from the previous Quarter
-  (Red) Actual has decreased from the previous Quarter [negative trend]

Polarity: Low is good

-  (Green) Actual has decreased from the previous Quarter [positive trend]
-  (Amber) Actual has not changed from the previous Quarter
-  (Red) Actual has increased from the previous Quarter [negative trend]

- 1.6 The Corporate Financial Monitoring report for Quarter 3 is attached at **Appendix C** and shows that there is a current underspend of £51K on the General Fund budget and an overspend of £10K on the Housing Revenue Account Budget. For information, monitoring has been against the revised budget for this quarter.

<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 arising from this report</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>As set out in the attached Appendices</p>	
<p>OTHER RESOURCE IMPLICATIONS: Human Resources / Information Services / Property / Open Spaces: None arising from this report</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS none</p>	<p>Contact Officer: Performance - Bob Bailey, Corporate Planning and Performance Manager, Finance – Andrew Clarke, Financial Services Manager Telephone: 01524 582018 / 582138 E-mail: rbailey@lancaster.gov.uk aclarke@lancaster.gov.uk Ref: Performance Review Cycle 2013/14 Qtr 3</p>

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 3 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 3)			Report Comments
					Target	Actual	RAG	
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%	46.40%	Green	This quarter saw a further increase in the amount of household waste being reused, recycled or composted. This demonstrates a positive result at a time when nationally the overall trend is downwards This measure shows the cumulative income generated from photovoltaic installations at council municipal buildings.
	Increase income from energy and recycling projects	Quarterly	Tim Hamilton-Cox	High is Good	£44,000.00	£44,497.50	Green	
Our district is safe	Increased number of diversionary activities for young people	Quarterly	Ron Sands	High is Good	3,120	4,704	Green	A number of diversionary activities have been provided for young people during Quarter 3 including National Play Day and the provision of £1 swimming at SASC that was very popular

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 3 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 3)		Report Comments
					Target	Actual	
Community Leadership							
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	28.00%	27.80%	Amber
	Non-Domestic rates as a % of Non-Domestic rates due	Monthly	Abbott Bryning	High is Good	28.60%	28.60%	Green
	Robust and tested arrangements are in place for emergency planning	Quarterly	Karen Leytham	High is Good	On target	On target	Green
	Clean bill of health given through annual governance and audit reviews	Quarterly	Eileen Blamire	Low is Good	0.00	0.50	Amber
							<p>The % amount of Council Tax collected remains broadly in line with expectations.</p> <p>The % amount of non-domestic rates collected is broadly in line with expectations at the end of Quarter 3.</p> <p>During this quarter exercises testing the Tradebe Chemicals and Lancaster District Flooding emergency plans were undertaken. The Flooding Plan being activated for tidal flooding at Morecambe and Sunderland Point. These major exercises provided useful training opportunities for a large number of council staff.</p> <p>Requirements in relation to the Government's Public Services Network continue to change. A number of actions have been taken in response to recently identified IT security issues and a programme is being developed to address ongoing ICT and the wider information governance issues.</p>

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 3 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 3)		Report Comments
					Target	Actual	
Economic Growth							
Lancaster districts 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	Proposals for a shared service with Lancashire County Council and Preston City Council for the future management of the Museums Service continue to be developed. In Qtr 3 a workshop facilitated by the Local Government Association tested the feasibility of the proposals for consideration by Cabinet in January 2014
Local authority partners working together to develop plans for economic growth aligned to nationally important energy and Heysham M6 transport links	Major Government targets for determining Major Planning Applications	Quarterly	Janice Hanson	High is Good	50.00%	56.00%	The percentage number of major planning applications determined within statutory deadlines continues to favourably exceed the Government set target (30%)
More tourists coming to the district and tourist income is maximised	Major Government targets for Special measures on Major Appeals	Quarterly	Janice Hanson	Low is Good	10.00%	3.00%	This is a measure of the average percentage of decisions on major development applications that have been overturned at appeal. The council's performance is significantly better than the target set by Government (20%)
The attractiveness of the district as a place to visit and invest in is improved	Number of people participating in arts, culture, entertainment and community events in the district	Quarterly	Ron Sands	High is Good	18,000	35,960	Quarter 3 saw a significant increase in admissions at the City Museum with a high level of interest in the "Silverdale Horde" Exhibition. There was also a higher than expected increase in the number of people attending activities at The Platform
	Number of heritage assets improved	Quarterly	Janice Hanson	High is Good	20	24	Measure shows the number of Listed Building Applications approved (excluding demolitions) that are likely to result in the asset being enhanced

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders
Quarter 3 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 3)		Report Comments
					Target	Actual	
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	438	480	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 as at Quarter 3 indicates the number of homes that have been improved through the council's intervention
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	25	Green Measure indicates the number of individuals accepted as 'statutory homeless' in Quarter 3. Overall, the current difficult economic climate is having a negative impact on the number of people who find themselves homeless
	Increased number of vulnerable households benefiting from Warm Homes initiatives	Quarterly	Karen Leytham	High is Good	175	321	Green Measure indicates an increased number of households received Warm Homes assistance through the Home Improvement Agency, Housing Standards and Warm Homes Healthy People project in Qtr 3
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	60,003	163,114	Green Measure indicates the number of people participating in sports and leisure activities run by the council in schools and at council facilities. The measure has been developed during 2013/14 with a view to providing data going forward that will inform future decision making

Corporate Plan Quarterly Trend Report

Quarter 3 2013/2014

Appendix B

Measure Information		Quarter 3 2012/2013	Quarter 4 2012/2013	Quarter 1 2013/2014	Quarter 2 2013/2014	Quarter 3 2013/2014	Comments
Outcome	Measure	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	44.80%	(Red) ↘	42.20%	(Red) ↘	40.80%	(Red) ↘
		High is good		45.60%	(Green) ↗	46.40%	(Green) ↗
		£29,189.21		£31,339.74	(Green) ↗	£39,207.24	(Green) ↗
	Increase income from energy and recycling projects	High is good		£20,073.20	(Red) ↘	£44,497.50	(Green) ↗
				2,146	(Green) ↗	4,704	(Red) ↘
	Our district is safe	High is good		0	(Yellow) ↗	6,870	(Green) ↗
				0	(Yellow) ↗	4,704	(Red) ↘
							The average percentage amount of household waste reused, recycled and composted has steadily increased in Quarters 2 and 3. At a time when nationally the overall trend has been downwards, this represents a positive result. The amount of waste recycled in Quarter 3 is almost 1% higher than for the same period in 2012/13.
							Measure indicates the cumulative total of income generated from photovoltaic installations at municipal buildings. As expected the cash generated in Quarter 3 is less than the previous quarters because of seasonal fluctuations. When compared to the same period in 2012/13 income generated is significantly higher (£15,308) helped by the solar panels at SASC now being in use.
							Whilst the overall number of young people participating in diversionary activities has reduced from the previous quarter this is reflective of seasonal variations. Nevertheless, these are significantly higher numbers than expected as a result of a successful National Play Day event and a high take-up of the £1 swim offer during December. This is a new corporate plan measure in 2013/14, as data continues to be provided it will be possible to compare year-on-year trends.
Community Leadership							
Council's operations are delivered and managed efficiently and effectively to achieve better value for money	Council Tax as a % of Council Tax due	High is good		11.20%	(Red) ↘	29.70%	(Green) ↗
		High is good		27.90%	(Red) ↘	27.80%	(Yellow) ↗
	Non-Domestic rates as a % of Non-Domestic rates due	High is good		10.20%	(Red) ↘	30.70%	(Green) ↗
		High is good		28.40%	(Red) ↘	29.60%	(Red) ↘
	Robust and tested arrangements are in place for emergency planning	High is good		On target	(Yellow) ↗	On target	(Yellow) ↗
		High is good		On target	(Yellow) ↗	On target	(Yellow) ↗
							The % amount of Council Tax collected at Quarter 3 is the same as at Quarter 2 and slightly down on same period in 2012/13. The over collection to date, however, remains broadly in line with expectations (85.30% as at Qtr 3).
							The % amount of non-domestic rates collected to date is broadly in line with expectations at the end of Quarter 3 (88.90%). Monthly collection rate can vary during the year but compared with Quarter 3 in 2012/13 the rate of collection is currently higher. Expected collection at year end remains on course to be achieved.
							Quarterly milestones are set throughout the year to ensure that business continuity arrangements provide a robust emergency response. As planned in Quarter 3 two major emergency exercises were undertaken providing useful training opportunities for a number of staff

Corporate Plan Quarterly Trend Report
Quarter 3 2013/2014

Measure Information		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Quarter 3 2013/2014		Comments
Outcome	Measure	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Community Leadership												
	Clean bill of health given through annual governance and audit reviews	0.00	↑	0.00	↑	1.00	↓ (Red)	0.50	↑ (Green)	0.50	↑	The council seeks to demonstrate a 'clean bill of health' through the absence of any major governance failures or shortcomings. In this year, IT security issues have been identified that need to be addressed in order to meet requirements on information governance and other arrangements relating to the Government Public Services Network which continue to change. Trending in Quarters 2 and 3 reflects the ongoing positive action that is being taken through a programme of works to address these matters.
Economic Growth												
Lancaster district's recognition as a visitor destination is enhanced	A future approach for the provision of a Museums service in place and working effectively					On target		On target	↑	On target	↑	This is a new measure in the 2013-14 Corporate Plan indicating progress on the ongoing discussions for a shared Museums Service in partnership with Lancashire County Council and Preston City Council. Milestones in Quarter 3 have been achieved including a workshop testing the feasibility of a shared approach. A report on the conclusions drawn from this workshop will be considered by Cabinet in January.
Local authority partners working together to develop plans for economic growth aligned to nationally important energy and Heysham M6 transport links	Major Government targets for determining Major Planning Applications	50.00%	↑ (Green)	56.25%	↑ (Green)	57.14%	↑ (Green)	52.00%	↓ (Red)	56.00%	↑ (Green)	In Quarter 3, the percentage of major applications determined within statutory deadlines has increased by 4% on Quarter 2 and is 6% higher than the same period in 2012/13. The council is consistently performing significantly above the target set by Government of 30%.
	Major Government targets for Special measures on Major Appeals					0.00%				3.00%		This is a measure of the average percentage of decisions on major development applications overturned on appeal (i.e low % is good). No previous data has been available but performance in Quarter 3 is significantly below the Government set target of 20%, indicating good performance.
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					25,862		34,521	↑ (Green)	35,960	↑ (Green)	This is a measure of the shortfall at the City Museums and The Platform. This has shown a steady increase quarter-on-quarter in 2013/14 (Data in the previous year was not available). Quarter 3 saw a substantial increase in admissions at the City Museum compared to Quarter 2, and better than expected attendance at The Platform.
The attractiveness of the district as a place to visit and invest in is improved	Number of heritage assets improved	21	↓ (Red)	17	↓ (Red)	28	↑ (Green)	8	↓ (Red)	24	↑ (Green)	This is a measure of the number of Listed Building Applications approved leading to an enhancement of the asset. The number of these applications can fluctuate widely over the course of the year and, as such, can be difficult to predict.
Health & Wellbeing												

Corporate Plan Quarterly Trend Report

Quarter 3 2013/2014

Measure Information		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Quarter 2 2013/2014		Quarter 3 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	Comments
Health & Wellbeing													
Enhanced quality of life of local residents through access to good quality housing	Number of improved homes	High is good	554	(Red) ↘	538	(Red) ↘	575	(Green) ↗	492	(Red) ↘	480	(Red) ↘	Performance as at Quarter 3 indicates the number of owner occupied and private rented homes that have been improved through the council's intervention, enhancing the quality of life of vulnerable people. The number of properties improved in the quarter remains high, despite being slightly less than in Quarter 2. As at Quarter 3 a total of 1,549 properties have been improved and the total expected to have been repaired at the end of the year is on track to be achieved.
Health and wellbeing improved and mortality rates reduced for vulnerable people in the district	Reduction in number of homeless people in the district	Low is good	17	(Red) ↘	21	(Red) ↘	29	(Red) ↘	16	(Green) ↗	25	(Red) ↘	Measure indicates the number of people determined as 'statutory homeless' (i.e. low is good). Compared to Quarter 2 the number of people homeless has increased. With the exception of Quarter 2, performance across the year is an indication of the general negative impact that the current economic climate is having on people becoming homeless.
	Increased number of vulnerable households benefiting from Warm Homes initiatives	High is good	232	(Red) ↘	75	(Red) ↘	198	(Green) ↗	210	(Green) ↗	321	(Green) ↗	Performance across the year shows a steady increase quarter-on-quarter of the number of vulnerable people that have been helped through the council's warm home initiatives. Comparison of Quarter 3 with the same period in 2012/13 also demonstrates improved performance.
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	High is good	0	(Yellow) ↗	0	(Yellow) ↗	195,655	(Green) ↗	233,536	(Green) ↗	163,114	(Red) ↘	This is a new measure in 2013/14. There has been a reduction in the number of people participating in sports and leisure activities in Quarter 3 compared with Quarter 2, largely as a result of seasonal fluctuations and much better than expected performance during the summer. As data continues to be collected useful year-on-year comparisons and management information will be available.

Corporate Financial Monitoring

Quarter 3: October – December 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 31 December 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.

It should be noted that this quarter's monitoring is based on the Revised Budget.

2 General Fund Revenue Monitoring

1.1 General Fund Summary Position



The current overall General Fund summary position shows that at the end of December there is a net underspend of **£51K** against the revised budget. This is currently forecast to increase to **£81K** by the end of the year.

	<i>Annual Budget £000's</i>	<i>Profiled Budget £000's</i>	<i>Actual £000's</i>	<i>Current Underspend £000's</i>
Salaries	15,776	11,896	11,854	(42)
Other Net Budgets	4,043	2,699	2,690	(9)
Total	19,819	14,595	14,544	(51)
			<i>Full Year Projection</i>	(81)

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.

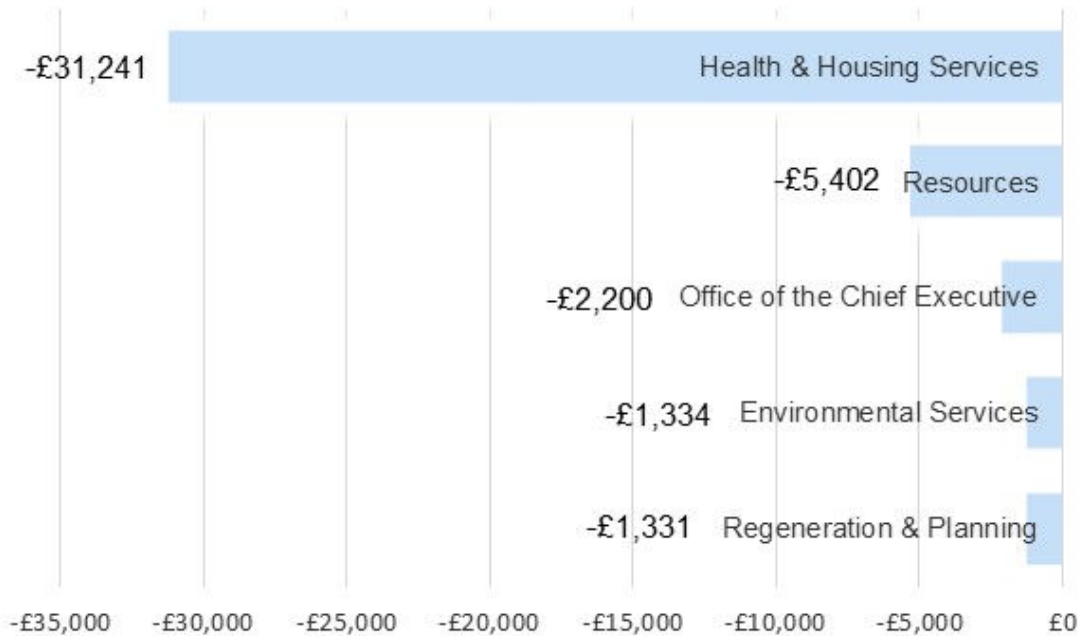
SUMMARY BY SERVICE	Current £000's	Current Year Projection £000's	Future Years Projection £000's
	() Favourable / + Adverse		
Environmental Services	+33	+7	(9)
Health & Housing	+8	+27	0
Regeneration & Planning	(53)	(40)	0
Resources	+3	+10	0
TOTAL VARIANCES	(9)	+4	(9)

1.3 General Fund Salary Monitoring

Salary monitoring is reported separately, as in aggregate terms any variances can have significant effect.

Savings of £42K have been achieved against the revised budget, and these are estimated to increase to £85K by the end of the year.

The following graph shows the savings on a Service by Service basis.



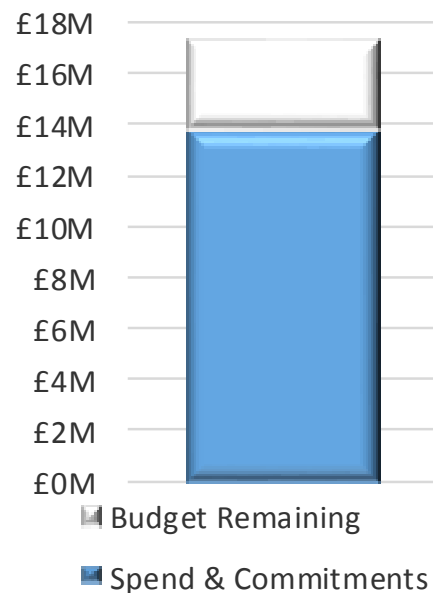
2 General Fund Capital Programme

2.1 Capital Expenditure & Financing

At the end of December there were spend and commitments of £13.128M against the revised programme of £17.294M. Details of spend against each scheme is shown at **Annex B**.

All updates to the programme have been reported to Cabinet and Council as part of the budget process.

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 D**, 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 31 December:

				£000's
Collection Fund Surplus (December 2013)				(1,192)
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		{	(496)
Higher Second/Empty Homes income		surplus		(261)
Other Movements in Tax Base				(70)
				(1,192)
Compared to:				
	Budgeted Projection £000's	Actual Position £000's		
Total Council Tax Collectable (Yield)	57,030	57,942		
Actual amount collected	(49,445)	(49,445)	85.3%	
Amount Outstanding	7,585	8,497		(912)

As at 31 December, an estimated surplus of £1.192M (*Qtr2* £1.320M) is apparent, which is significantly higher than for the same period last year, and a reduction of £128K on the *Qtr2* position.

This year's position is made up of:

- a surplus brought forward from 2012/13 of £365K;
- £496K 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;
- £261K higher 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.
- a balance of £70K (*Qtr2* £631K) relating to other movements in the tax base or other factors which have still to be substantiated.

More detailed analysis of the tax base has been undertaken during the last quarter in order to understand the movements and to calculate the 2014/15 tax base. As a result, an

estimated surplus of £1M was formally declared for 2013/14 of which the City Council will receive £131K (13%) to go towards the 2014/15 General Fund revenue budget.

The higher yield being experienced in the current year has also been projected into next years' tax base and has resulted in an addition 900 Band D equivalent properties being added.

3.1.2 Business Rates Retention

More detailed analysis of the Business Rates Retention system and accounting requirements has also been undertaken, and an explanation of how the system works and the financial implications for the Council is attached at **Annex C**.

3.2 Council Tax and Business Rates Collection

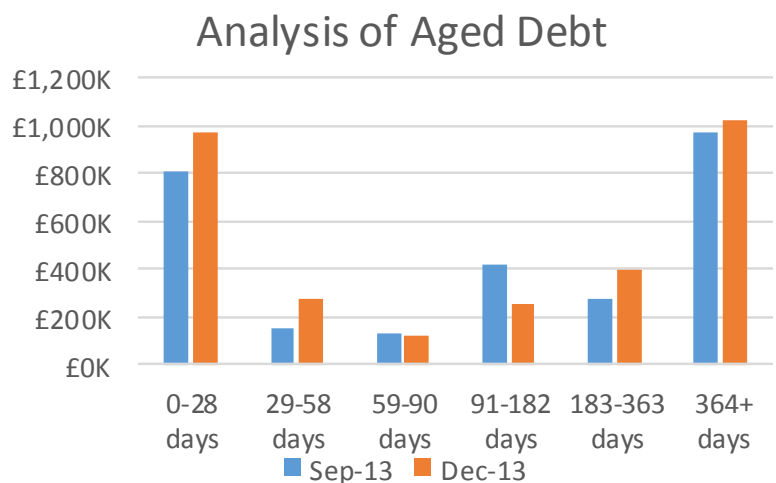
The council tax collected is slightly below target but expected to recover by the year end. This is considered more a reflection of the opportunity for taxpayers to pay by 12 rather than 10 instalments and the levy of additional charges on long term empty properties, rather than any direct impact resulting from welfare reform changes. The percentage of NNDR collected is on target.

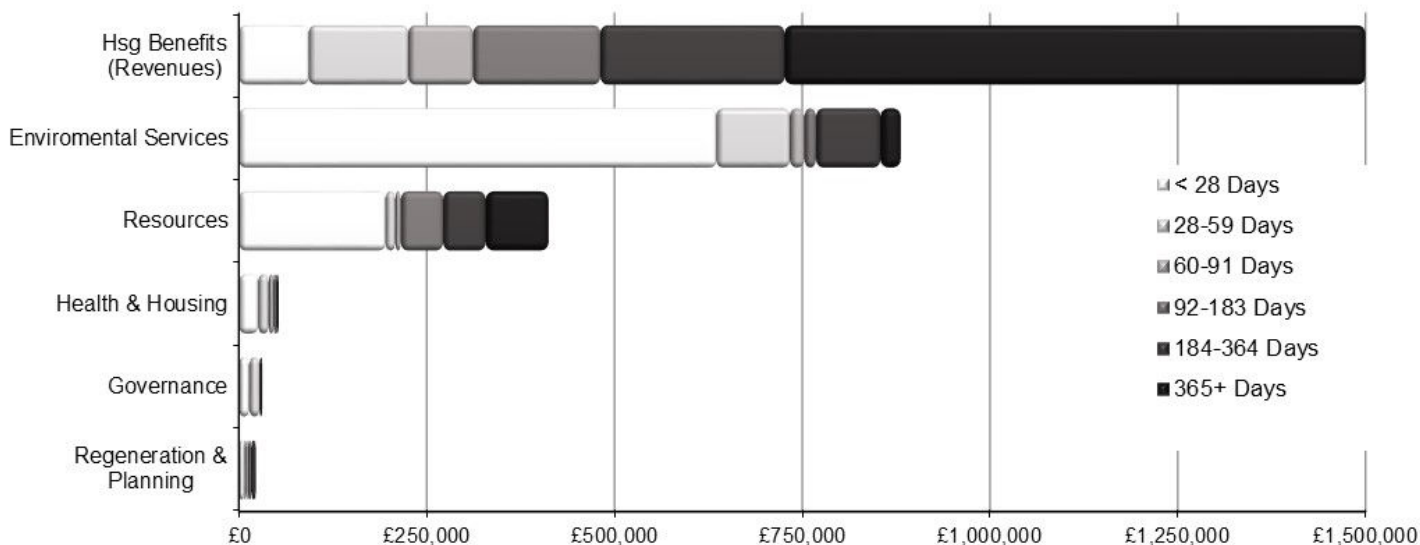
Percentage Collected	2012/13	2013/14	2013/14 Target	2013/14 Actual	Status
	All Years		In Year		
Council Tax	79.3%	78.3%	86.2%	85.3%	Slightly behind Target
Business Rates	87.8%	89.1%	88.9%	88.9%	On Target

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 December the total debt outstanding was just over £3M, which is £300K more than the previous quarter. This is mainly due to new debts (£266K) being raised by Environmental Services.

	Sept 13	Dec 13
	£000's	£000's
0-28 days	808	969
29-58 days	152	274
59-90 days	128	123
91-182 days	415	249
183-363 days	274	396
364+ days	976	1,024
	2,753	3,035
Previous Year	2,748	2,124





Attached at **Annex D** 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 Housing Revenue Account (HRA)

4.1 HRA Revenue Position

i At the end of December the position for the HRA shows an overspend of **£10K** against the revised budget, which is currently projected to increase to **£28K** by the end of the year. Details of the variances are as follows:

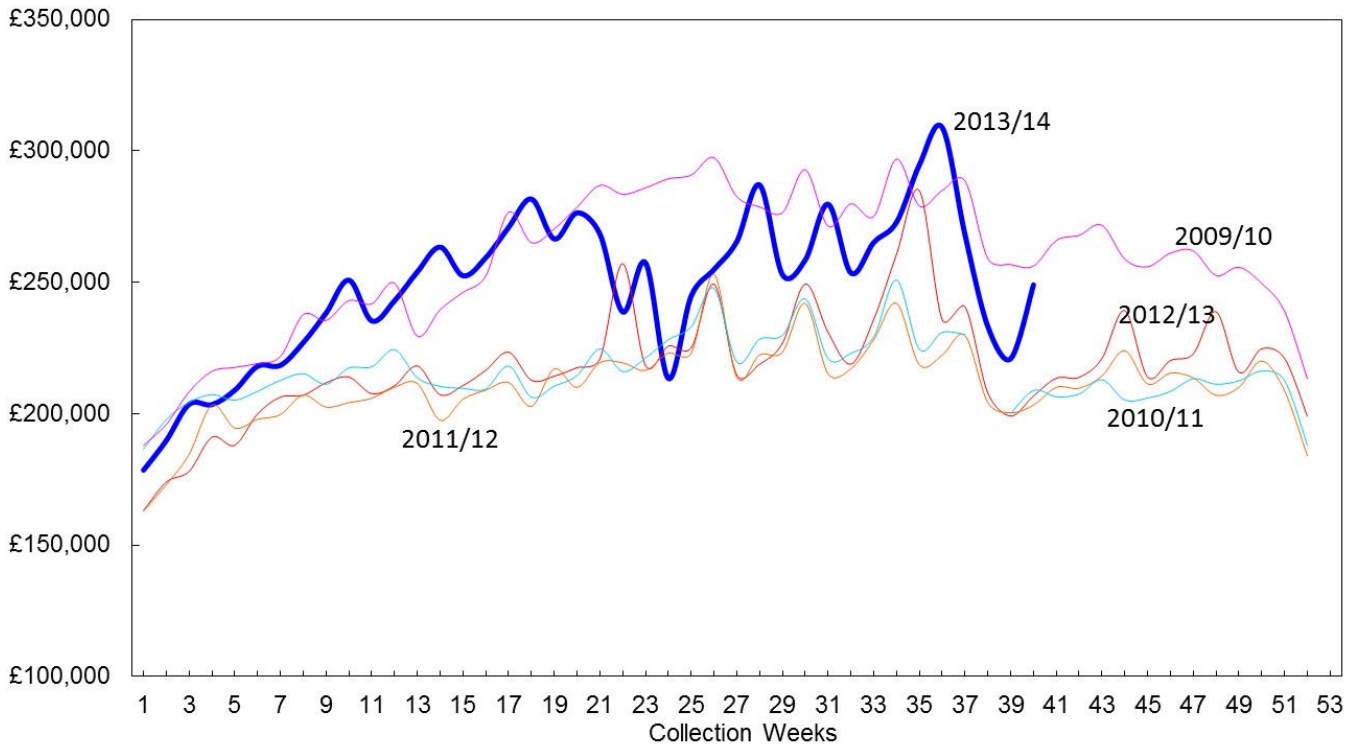
The variance relates to rental income from council houses which is projected to be down slightly (0.2%) as a result of higher than anticipated voids. The level has increased from 1.63% to 1.87%.

4.2 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 December, the level of arrears for 2013/14 is £249K (*Qtr 2 £254K*) which is slightly lower than previous quarter again despite several fluctuations.

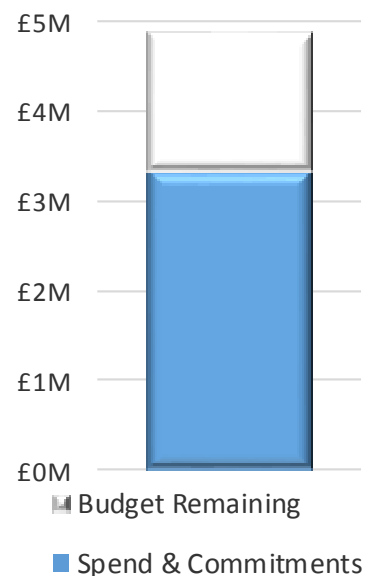
Tenants Arrears by Year



4.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of December. To date spend and commitments total £3.4M against the revised programme of £4.9M leaving a balance of £1.5M.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	300	147	153
Energy Efficiency / Boiler Replacement	633	243	390
Bathroom / Kitchen Refurbishment	638	546	92
External Refurbishments	1,359	1,185	174
Environmental Improvements	886	517	369
Rewiring	92	33	59
Fire Precaution Works	267	114	153
Lift Replacement	105	50	55
Re-roofing / Window Renewals	544	495	49
PV Solar Panels	21	3	18
Septic Tanks Renewal	8	7	1
Total Mobile Upgrade	12	11	1
TOTAL	4,865	3,351	1,514



5 Provisions and Reserves

This section provides an update on key provisions and reserves, and balances.

5.1 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: Revised Budgeted Contribution for 2013/14	354
Add: Current Projected In-Year Underspend	81
Latest Projected Unallocated Balance as at 31 March 2014	3,516
Minimum Level	1,000
Amount Available to Support Future Years' Budgets	2,516

The table shows that if the current projected net underspending materialises Balances would be £3.516M by the end of the financial year, which leaves £2.516M to support future years' budgets, after allowing for the minimum approved levels. It should be noted that £1.4M has already been applied to support the future years budgets, subject to approval by Council on 26 February.

5.2 Insurance Provision

The current balance on the insurance provision is £200K, after making net payments of £113K in settlement of claims made. The estimated value of claims outstanding is £198K, which is £2K less than the current provision.

5.3 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	969	1%	10
1 Month to 3 Months	397	5%	20
3 Months to 365 Days	645	10%	64
Over 365 Days	1,024	50%	512
TOTAL	2,753		606

The current balance on the General Fund Bad Debt provision is £585K (*Qtr2 £589K*) which is £21K (*Qtr2 £10K more*) less than the requirement indicated, that is after allowing for this year's contribution of £100K and write-offs of £174K. Currently, therefore, the balance is just under the required level, however a detailed assessment will be undertaken as part of the 2013/14 closedown process.

6 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. However, there have been no exceptions to tender during quarter 3.

7 Risk Management

There have been positive developments regarding Luneside East and key asset sales, during the period. However, the work undertaken in respect of the Business Rates Retention Scheme has highlighted the key risks associated with projecting potential growth and the impact outstanding rating appeals can have. As a result, the budgets for all years have been produced on the basis that funding will fall to the Safety Net level as opposed to the Baseline Funding Level as determined by the Government. Further details on this are set out in Annex C.

In December the Council received the provisional settlement from the Government which provided provisional figures for 2014/15 and illustrative figures for 2015/16. For next year the position was only £110K less than originally projected in the Medium Term Financial Strategy, but almost £1.1M less for 2015/16. This highlights the fact that the Council's main risk is still linked to meeting its future financial challenges. More information on this is provided in the Budget reports presented to Cabinet and Council.

Services & Service Area	Variance to Date	Current Year Projection	Future Years Projection	Reason for Variance & Action being taken
Environment Services				
Off-Street Car Parks - Services - St Nicholas Arcade	+0	+5,100	+0	Additional contribution to service charge due to non-recurring necessary expenditure on Shopping Centre Service Charge 11.72% payable by the City Council.
Off-Street Car Parks - Fees and Evening Parking	+4,000	+10,000	+0	Since the Revised Budget was set, November and December's income is £4K below target. Q4 is difficult to predict due to large differences in income compared with 2012/13, however the variance could increase to £10K.
Trade Refuse - Income	(8,400)	(8,400)	(8,500)	Additional income generated.
Highways	+37,000	+0	+0	There was a reduced level of work during the Christmas and New Year period. Any year-end deficit will be offset by a contribution from the highways reserve as part of the closedown process.
Health & Housing				
Main Hall Income - Salt Ayre	+6,300	+13,300	+0	Underachievement of income from events, activities and private hires. Service to cut back to try and cover the shortfall from within existing budgets, however, this is not guaranteed.
Williamson Park - Gas	+1,800	+13,500	+0	Budgets were based on a contract end date of May 13 with a subsequent transfer onto the Council's YPO contract, however the contract end day has now been confirmed as May 14. If the Park performs as well as it did in 2012/13 Q4 it is likely that some of this overspend can be offset by additional income.
Regeneration & Policy				
Planning Application Fee Income	(53,500)	(40,000)	+0	Major applications submitted in advance of anticipated date including a number of applications not subject to pre-application advice (hence unpredicted).
Resources				
Storey Institute Rent & Service Charges	+3,400	+10,200	+0	Loss of tenant resulting in reduced income.
TOTAL VARIANCES	(9,400)	+3,700	(8,500)	
Overall Salary Savings	(41,700)	(85,000)	+0	
OVERALL VARIANCES	(51,100)	(81,300)	(8,500)	

Annex B

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE		2013/14	Actual to	Commitments	Variance	Total
		Gross Budget	Date	(Outstanding Orders)	+Overspend / (Underspend)	
		£	£	£	£	£
Environmental Services	Allotment Improvements	47,000	0	0	0	(47,000)
	Bins & Boxes Lease Buy-out	51,000	35,784	0	35,784	(15,216)
	Car Park Improvements	120,000	0	0	0	(120,000)
	District Playground Improvements	10,000	0	0	0	(10,000)
	Market Improvement Works	36,000	0	0	0	(36,000)
	Playground Improvements/Facilities	0	(5,222)	100	(5,122)	(5,122)
	Purchase of Vehicles	1,355,000	816,542	(341,491)	475,051	(879,949)
	Toilet Works	105,000	0	96,840	96,840	(8,160)
	Williamson Park Imps & Enhancements	23,000	14,050	0	14,050	(8,950)
Governance Services	Warm Homes Scheme	79,000	36,020	0	36,020	(42,980)
Health & Housing Services	Disabled Facilities Grants	957,000	582,693	1,160	583,853	(373,147)
	Salt Ayre Cycle Circuit Lighting	150,000	0	0	0	(150,000)
	YMCA Places of Change	19,000	18,023	0	18,023	(977)
Regeneration & Planning	Albion Mills S106 Scheme	260,000	260,000	0	260,000	0
	Amenity Improvements	33,000	0	5,278	5,278	(27,722)
	Bold Street Housing Regeneration	0	4,750	0	4,750	4,750
	Brindle Close Affordable Hsg S106 Scheme	80,000	0	0	0	(80,000)
	Chatsworth Gardens	66,000	65,500	0	65,500	(500)
	Ffrances Passage	4,000	3,157	0	3,157	(843)
	Heysham Mossgate Affordable Hsg S106 Scheme	42,000	0	0	0	(42,000)
	Improving Morecambe's Main Streets	4,000	0	3,635	3,635	(365)
	Lancaster Square Routes P1 P2	255,000	19,299	34,152	53,451	(201,549)
	Luneside East	70,000	45,371	0	45,371	(24,629)
	Middleton Nature Reserve	19,000	3,685	0	3,685	(15,315)
	Morecambe TH12 A View for Eric	218,000	0	0	0	(218,000)
	Riversview Affordable Hsg S106 Scheme	232,000	0	0	0	(232,000)
	Sea & River Defence Works	421,000	133,754	53,692	187,446	(233,554)
	Toucan Crossing King Street	13,000	0	0	0	(13,000)
	West End Temporary Car Park	5,000	5,000	0	5,000	0
Resources	Corporate Property Works	1,244,000	(8,096)	70,353	62,257	(1,181,743)
	Lancaster Market - Surrender of Headlease	11,056,000	11,056,000	0	11,056,000	0
	ICT Systems, Infrastructure & Equipment	320,000	67,875	49,782	117,657	(202,343)
Total Gross Programme		17,294,000	13,154,184	-26,498	13,127,686	-4,166,314
Grants & Contributions						
	Capital Contributions Income	(2,060,000)	(391,555)	0	(391,555)	(159,555)
	Total External Income from Grants & Contributions	(2,060,000)	(391,555)	0	(391,555)	(159,555)
Total Net Programme		15,234,000	12,762,629	(26,498)	12,736,131	(4,325,869)

BUSINESS RATES RETENTION SCHEME

1. 2013/14 Settlement

The new Business Rates Retention Scheme came into effect on 01 April 2013. Prior to its introduction all business rate income collected by the Council was passed over to central Government. It received some of that income back, but this was fixed, and dependent wholly upon each year's Settlement. Under the new system the Council still collects the income but now retains a proportion itself and passes the remainder to the Government, the County Council and the Fire Authority. The basis of the split is determined by Government and the 2013/14 settlement figures are shown below.

Net Amount of Business Rates collectable	£60.083M
Central Government Share – 50%	-£30.042M
LancashireCounty Council Share – 9%	-£5.407M
Fire Authority Share – 1%	<u>-£0.601M</u>
Amount Retained by City Council	£24.033M
Less Central Government Tariff*	<u>-£19.021M</u>
City Council Baseline Funding Level	£5.012M

* The Tariff is the difference between how much the Government determines the Council needs (its Baseline Funding Level) and the amount left after deducting the other shares.

2. Impact of Appeals

The system is however, susceptible to fluctuations in income levels, a key factor being that there are always appeals against rating valuations (RVs). At present, revaluations take place broadly every 5 years (2005 & 2010), which inevitably result in appeals as businesses dispute the amount they have to pay.

The current value of RVs under dispute in this district is £100M, of which £68M is in relation to two exceptionally large hereditaments. Success in appeals varies, but over the last 12 months on average 60% were successful, resulting in an average reduction in rateable value of 12.6%. Successful appeals result in refunds to the business, calculated by taking the RV reduction and multiplying it by the business rate multiplier for each year since the appeal was lodged, and then adding on lost interest. For this district, a reasonable estimate is that over £24M of rate refunds may need to be repaid. However, provisions are in place to limit the financial impact on the City Council (and County/Fire), as set out in section 3 below.

Clearly all appeals are not going to be settled at the same time and there is currently a 9 month backlog. However, the Government has pledged to clear 95% of the backlog by July 2015.

3. Levy Payments and Safety Nets

The success of any appeals and their timing can impact significantly on income projections, and clearly councils could not fund any such huge drops in income that may arise. For this reason, the Government has determined that no Council will suffer more than a 7.5% loss in income in any one year, if net business rates income falls. This cut off is known as the Safety Net and is equivalent to 92.5% of the Council's Baseline Funding Level.

Baseline Funding Level	£5.012M
Safety Net @ 92.5%	<u>£4.636M</u>
Limit of Financial Impact	£0.376M

Similarly, the Government has also determined that Councils experiencing significant growth in business rates income will only be able to keep 50%, with the other half going to Central Government. The idea behind this is that the 'excess' income from growth will go towards funding the losses in income over and above the individual Council safety nets.

4. Small Business Rate Relief

In the Autumn Statement, the Government pledged to continue the same level of Small Business Rate Relief (SBRR) for 2014/15 as well as adding some additional forms of support. As these reliefs directly impact on the income collected, the Government has confirmed it will reimburse all Councils for 100% of the lost income for 2013/14 and 2014/15. Initial forecasts show that this could be in the region of £600K for the current year and £1.2M for 2014/15. However, if this reimbursement, when added to the net income for business rates, takes the total over and above the Baseline Funding Level, then again 50% will go back to Central Government.

For information, the grant is being paid to Councils as a Section 31 General Fund grant.

5. Overall Financial Position

Based on the latest forecasts, it is estimated there will be a total deficit of £12.565M in 2013/14 on the Collection Fund in respect of Business Rates. The main reason for this is that under current accounting practices provision has to be made for the potential cost of outstanding appeals based on estimates of success. A breakdown of the position is shown below:

	Settlement £M	Original Forecast (NDR1) £M	Latest Forecast £M	Difference: Original to Latest £M
Net Income excluding Appeals	N/A	67.892	68.809	0.917
Provision for Appeals	N/A	-6.030	-19.512	-13.482
Business Rates Collectable	60.083	61.862	49.297	-12.565
Less:				(Deficit)
Central Govt Share – 50%	-30.042	-30.931	-24.648	-6.283
County & Fire – 10%	-6.008	-6.186	-4.930	-1.256
Amount Retained by Lancaster	24.033	24.745	19.719	-5.026
Less Central Govt Tariff	-19.021	-19.021	-19.021	0.000
Baseline Funding Level	5.012	5.724	0.698	-5.026
Add SBRR S31 Grant			0.608	
Less Safety Net			-4.636	
Safety Net Payment Due			3.330	

The table shows the changes in assumptions from the original forecast to the latest position. Overall there has been additional income of £917K but an increase of £13.482M in the provision for appeals. This increase is due to the fact that when the original provision for appeals was calculated, it was based on the Valuation Office (VO) national average success rate of 25%. As the year has progressed, Officers now have access to more detailed information from the VO, and therefore a more accurate percentage has been used based on the average success rate for the Lancaster district over the last 12 months. This has resulted in the success rate being increased from 25% to 60%, which therefore significantly increases the provision required.

The latest forecast column shows that after allowing for the SBRR grant the Council is due back a safety net payment of £10.869M. This will mean the Council's baseline funding is now capped at £4.636M compared to the Settlement figure of £5.012M, thus resulting in a loss in income of £367K.

6. 2014/15 Forecasts

The position for 2014/15 is somewhat different as can be seen in the table below. The latest forecast shows that after allowing for the SBRR grant (£1.199M) and the 50% levy payment (£1.122M) the amount of additional income retained by the Council will be £1.122M. However, there is considerable uncertainty on whether this improved position will materialise, as highlighted in section 7.

	Provisional Settlement £M	Forecast (NDR1) £M
Net Income excluding Appeals	N/A	68.438
Provision for Appeals	N/A	-5.145
Business Rates Collectable	61.256	63.293
Less:		
Central Govt Share – 50%	-30.628	-31.647
County & Fire – 10%	-6.126	-6.329
Add: Cost of Collection	N/A	0.229
Amount Retained by Lancaster	24.502	25.546
Less Central Govt Tariff	-19.392	-19.392
Baseline Funding Level	5.109	6.154
Add SBRR S31 Grant		1.199
Less Settlement Baseline Funding		-5.109
Growth		2.244
Less Levy Payment of 50%		-1.122
Forecast Retained Growth		1.122

7. Risks and Assumptions

The major risk in all these calculations centres on the assumptions made about the appeals success rates. As the Council has the highest level of expected appeals in the County, it is highly vulnerable to significant changes in income. A change of only 8% in the forecast on the two largest appeals would result in the Council moving into a safety net position again. It is for this reason that funds will be set aside in a new reserve, to provide cover in the event that the Council falls into a safety net position for 2014/15. Furthermore, for 2015/16 and 2016/17 Government funding prospects are now £400K lower in the event that a similar situation arises. There are, however, many other changes that could arise regarding Local Government funding in the intervening period.

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
	£	£	£	£	£	£	£
Health & Housing	5,923		2,355		3,015	553	
Health & Housing - Salt Ayre	425	1			424		
Regeneration and Policy	9,328				3,900	5,428	
Regeneration and Policy (Building Control)	386			297	89		
Environmental Services	85,031	32	898	8,368	25,743	49,989	
Property Services	235,905		4,906	64,493	48,290	118,215	
Governance	3,277				3,277		
Housing Benefits	1,328,939	142		13,274		1,178,282	137,241 *
Total Outstanding	1,669,214	176	8,160	86,432	84,739	1,352,466	137,241

* 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

Property Group Update

Quarter 3: October –
December 2013

Report from: Senior Property Officer

1.0 Introduction and Background

It was reported in Quarter 2 that as the first two quarterly updates have now set the scene future updates would be condensed to highlight any key changes and emerging property issues in a bid to prevent repetition.

This Quarter 3 report is the first update in this new format although the intention remains 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 certain high profile areas and flag up any other important issues relevant at the time of writing.

2.0 Corporate Non-Housing Property Portfolio 1st Year Delivery Programme

Projects included within the 1st year delivery programme fall into three procurement groups i.e. Minor Works (MW), Intermediate Works (IW) and Projects (P). Property Group has been allocated a budget of £2.402M for the current financial year (2013/14) to fund the implementation of the 1st year delivery programme. The intention is to manage the programme of work within this sum by reallocating funding between the projects as the scope and cost of each individual project is determined.

A summary of progress to date follows:

2.1 Minor Works (MW) Project Progress

Property/Project	Total Indicative Works for Year 1	Indicative Works Brought Forward from Year 2	Total Approved Tender (AMP)
14 Buildings	£49k	£49k	£103k

At the time of writing it is anticipated that 100% of the Minor Works projects will be funded from the current 2013/14 Revenue Budget

All 14 of the minor works (MW) projects have now been finalised. As detailed above, the agreed maximum price (AMP) includes works brought forward from the 2nd year delivery programme as it was deemed economically prudent to undertake this work at the same time.

These individual minor works projects have commenced on site and the whole project is currently around 85% complete.

2.2 Intermediate Works (IW) Project Progress

Property/Project	Submit Design /tender	Approve Tender (AMP)	Original Indicative Works 1 st Year	Total Approved AMP & Fees	Proposed /Actual Start Date
White Lund Depot (1)	12/11/13	28/11/13	£231k	£113k	27/1/14
Lancaster Cemetery Chapels (2)	12/11/13	24/12/13	£80k	£175k	27/1/14
Lancaster Town Hall Railings (3)	23/09/13	30/09/13	£50k	£47k	02/10/13
Lancaster Town Hall Paving (4)	23/09/13	30/09/13	£30k	£28k	07/10/13

Morecambe Town Hall (5)	03/02/14	TBA	£53k	TBA	TBA
The Dukes Playhouse (6)	03/02/14	TBA	£39k	TBA	TBA
Williamson Park (Intermediate) (7)	12/11/13	27/11/13	£90k	£80k	27/11/13
Assembly Rooms (8)	14/11/13	28/11/13	£158k	£100k	9/12/13
Storey Building (9)	26/11/13	24/12/13	£233k	£323k	3/2/14
Maritime Museum (10)	31/01/14	10/02/14	£253k	TBA	3/3/14
Intermediate General Projects (60 Euston Road, Regent Road PC) (11)	31/01/14	10/02/14	£36K	TBA	3/3/14
Intermediate Demolition Projects (Ryelands Park Pavilion, Palatine Recreation Ground. (12)	31/01/14	10/02/14	£60K	TBA	3/3/14
Totals			£1,313k	£866k	

Notes:

- (1) The work has reduced in year 1 as the site is under review.
- (2) The work has increased due to the advanced deterioration of the east chapel roof necessitating full replacement.
- (3) Complete apart from refurbishment of entrance lamps.
- (4) Complete.
- (5) AMP currently being finalised.
- (6) AMP being finalised.
- (7) Progressing on site.
- (8) Progressing on site.
- (9) AMP has increased due to the additional safety works to the garden walls.
- (10) AMP currently being finalised.
- (11) AMPs currently being finalised.
- (12) AMPs currently being finalised.

2.3 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
Williamson Park (Project) (1)	03/02/14	17/02/14	£383k	TBA	TBA
The Platform (2)	06/12/13	24/12/13	£318k	£413K	10/02/14
City Museum (3)	03/02/14	17/02/14	£258k	TBA	TBA
Salt Ayre Sports Centre (4)	03/02/14	17/02/14	£21k	TBA	TBA
Mitre House Car Park (5)	05/06/13	08/08/13	£60k	£115k	30/09/13
Banqueting Suite Ceilings (6)	TBA	TBA	TBA	TBA	TBA
			£1,040m	£528k	

Notes:

- (1) AMP currently being finalised.
- (2) The work has increased due to requirement for additional roofing work and the addition of an air cooling system.
- (3) AMP currently being finalised.
- (4) AMP currently being finalised.
- (5) This work was undertaken outside the shared service by an external consultant. Additional cost largely due to the discovery that a base coat was required following removal of the existing road surface.
- (6) 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.

2.4 Overall Position

As at Quarter 3 the indicative programmes and spend profiles suggest expected spend in this financial year will be circa £1.218M. At this stage the potential slippage into year 2 is estimated to be in the region of £1.359M. *(Slightly more up to date figures have since been built into the Capital Programme for consideration at Budget Council).*

3.0 Capital Receipts

Capital receipts totalling £9.443M were budgeted in the current year.

Against this, the capital receipts received to date are as follows:

- £20K for the Oxford Street garage, received in May 2013.
- £7.25M for Land at South Lancaster (Booths), received in November 2013
- £711K for Land at Heysham Mossgate, received in December 2013.

Budgeted receipts in the updated Capital Programme now stand at £8.045M, taking account of the above sale proceeds for land at Heysham Mossgate, and the expected timing of other land and property sales.

4.0 Performance of Commercial Buildings

As can be seen from the table below there have only been minor changes to the occupation of the commercial property portfolio since the Quarter 2 update.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of Properties	62	61	61	
Occupation by Floor Area				
• Total Let (m2)	18,022	17,749	17,917	
• Total Vacant (m2)	3,961	3,962	3,794	
• Total Area (m2)	21,983	21,711	21,711	
Income				
• Rent (£)	-955,350	-931,750	-931,750	
• Service Charge (£)	-302,750	-302,750	-302,750	
• Total Income (£)	-1,258,100	-1,234,500	-1,234,500	
Running Costs (£)	793,500	782,700	782,700	
Annual Balance (£)	-464,600	-451,800	-451,800	
Condition Survey (£)	5,004,498	5,004,498	5,004,498	

The current occupation across the City Council's total commercial property portfolio is now 83% which represents a slight improvement on the 82% reported in Quarter 2. The remaining 17% of vacant space now amounts to the equivalent of 3794m², the majority of which is attributable to:

- The Storey, which returned to City Council control in October 2012, has a vacant floor area of 708m². This is an increase of 163m² from Quarter 2, mainly due to the vacation of a suite of offices previously used by a large single tenant that went into administration.
- St. Leonard's House currently has 1862m² of vacant space which is slightly less than Quarter 2 due to a new short term letting but as reported previously, the building requires considerable investment. Officers have now received Cabinet approval to proceed with plans to develop the building into student and young worker accommodation with strategic partners. As vacant possession is gained, vacant space will clearly increase, but in due course the building should cease to be classified as a commercial property.
- The vacancy rate at Citylab is currently running at 33% (or 326m²). This represents a 14% improvement over the 47% vacancy rate reported in the Quarter 2 update. This is mainly due to the letting of House No.4 together with a letting of some accommodation on the ground floor.

Despite some progress the 3 buildings above still account for 78% of the total vacant commercial portfolio. As mentioned above, the recent developments at St. Leonard's House are encouraging and further options are being explored as part of the joint property review. The remaining 22% 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.

5.0 Heysham Gateway Regeneration Initiative

As a direct result of the construction of the new M6 link road commuting times into the Morecambe and Heysham areas will dramatically improve. Combined with the investment in energy generation in the area and improved access to the port, there is a good opportunity to regenerate the area attracting new businesses and industry which in turn will bring jobs and economic growth.

Both the City Council and County Council hold a considerable amount of land around the Middleton Waste Transfer Station and both authorities have been working with the Lancashire Regeneration Property Partnership to develop a strategy for these currently underused assets to ascertain how they can deliver the greatest beneficial impact to the Lancaster district.

A 'Stage 1' report has been prepared and full details will be reported to Cabinet for consideration in due course.

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

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