



Committee: BUDGET AND PERFORMANCE PANEL

Date: TUESDAY, 10 SEPTEMBER 2013

Venue: LANCASTER TOWN HALL

Time: 6.10 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on 11 June 2013 (previously circulated).

3. **Declaration of Interests**

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.

4. **Items of Urgent Business authorised by the Chairman**

5. **Empty Houses, Voids and why Properties are in need of Repair (Pages 1 - 5)**

Report of Chief Officer (Environment).

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

The report for item 7 is a public report 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.

Budget and Performance Panel is recommended to pass the following recommendation in relation to the following item if it is necessary to refer to the exempt appendix:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

7. **Provisional Revenue, Capital and Treasury Management 2012/13** (Pages 6 - 67)

Report of the Financial Services Manager.

8. **Corporate Performance Monitoring 2013/14** (Pages 68 - 113)

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

9. **Work Programme Report** (Pages 114 - 118)

Report of Chief Officer (Governance).

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Tony Anderson (Chairman), Alycia James (Vice-Chairman), Dave Brookes, Janet Hall, Roger Mace, Richard Newman-Thompson, Elizabeth Scott, Keith Sowden and Susan Sykes

(ii) Substitute Membership

Councillors Chris Coates, Mike Greenall, Richard Rollins, Roger Sherlock, Emma Smith and Paul Woodruff

(iii) Queries regarding this Agenda

Please contact Tom Silvani, Democratic Services - telephone 01524 582132 or email tsilvani@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

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

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

Published on 2 September 2013.

BUDGET & PERFORMANCE PANEL**Empty Houses, Voids and why Properties are in need of Repair****10 September 2013****Report of Chief Officer (Environment)****PURPOSE OF REPORT**

To provide information requested by the Budget & Performance Panel.

This report is public

RECOMMENDATIONS

(1) **The information in this report is noted**

1.0 Introduction

1.1 At the meeting on held on 11 June 2013 Members discussed the briefing note regarding 'Empty Houses, Voids and why Properties are in need of Repair'. The Panel agreed that a further report providing more detail be requested to cover a number of very specific questions asked by panel and that it be presented to a future meeting of the Panel.

2.0 Details

2.1 The specific information requested is provided in the appendix of this report.

2.2 A significant amount of the time spent on void properties is taken undertaking repairs and maintenance of the property. Over the last 18 months or so much work has taken place to improve the working practices and processes involved. Something that is difficult to manage is the number of voids that become available at any one time. As this cannot be forecast it will always present a problem in terms of managing resources.

2.3 Relet times are used as an indicator of performance. There are clearly many other things that need to be considered in terms of monitoring and managing performance. Focussing solely on improving relet times means that other areas of activity would suffer when there are peaks in the number of voids.

2.4 The figures show that the focus on improving working practice and processes is having a positive impact and improvements in relet times are taken place.

The view of officers is that the action that is already taking place will ultimately produce the desired results without the need for more fundamental intervention.

3.0 Conclusion

3.1 This report provides the information requested.

CONCLUSION OF IMPACT ASSESSMENT

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

This report is provided to cover specific questions raised by B&PP members.

LEGAL IMPLICATIONS

None as a direct result of this report

FINANCIAL IMPLICATIONS

The cost of managing void properties is attributable to the responsive repairs budget and they are a high priority in workload terms due to the direct link between void levels and HRA rental income.

Whilst the level of voids has increased from 1.5% to 1.7% between March and the end of June, this is due to an overall increase in the number of voids. Therefore, whilst relet times may be improving, increases in the level of voids create resource issues and therefore the voids can also increase.

The HRA rental budget assumes a void level of 1.5%, therefore if the current level were to continue for the remainder of the year, there would be a shortfall of circa £27K in rental income.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

As outlined in the report

Open Spaces:

None

DEPUTY SECTION 151 OFFICER'S COMMENTS

The Deputy 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

NA

Contact Officer: Mark Davies

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Appendix

- **Whether the council attempted to claim payments from tenants leaving council houses with debts incurred by causing damage to the property.**

The council does attempt to recover the costs from the ex-tenant of any recharges made where a repair or works incurred are not as a result of “fair wear and tear”

- **Whether tenants who had caused damage to council properties were prevented from occupying council houses in the future.**

The council’s allocations policy sets out that: “If a Lancaster City Council or partner Registered Social Landlord tenant owes rent, court costs, rechargeable repairs or other costs have not been paid for or an obligation of their tenancy has been broken or not performed, they can join the Lancaster City Council Housing Register but their application will be deferred until they have paid the outstanding amount(s) or remedied the breach or performed the obligation.”

- **Why properties required repairs and what steps were taken by the council in order to mitigate the problem.**

All rented properties require some repairs and work when they become available for relet. The majority of repairs the council undertakes relate to just general issues of fair wear and tear, and in addition we have statutory checks to undertake around gas and electrical safety. To mitigate against this problems we actively encourage tenants to report repairs whilst they are a tenant and also a very proactive approach in relation to planned maintenance. We also have a “rewards scheme” that encourages and rewards tenants who return properties to the council in good order. As a result of this management our void repair costs are some of the lowest in the social housing sector and the council is a top quartile performer.

- **Whether periodic inspections were carried out on council properties.**

The council does not undertake a periodic inspection of all council tenancies. As part of a targeted programme of tenancy management, tenancy audits are being introduced during 2013/2014.

- **Whether properties were inspected prior to being vacated by tenants.**

We aim to undertake a pre-vacation visit by the maintenance inspector during the period of notice.

The purpose is to enable the inspector to carry out a full inspection of the property noting the time scale for carrying out repairs, repairs which will be rechargeable to the outgoing tenant and the decoration of the property prior to the tenant leaving; this is supplemented by a full inspection once the keys have been received and the property is fully empty.

In addition the estate manager also visits to reinforce the requirements of what the tenant needs to do when moving out.

- **Why the average relet times for vacated council properties were so long.**

The average relet time has varied over time. The most significant factor that influences the time taken to relet is the number of properties that come available to relet, and the staffing resources the council has to service any increase in number of vacancies.

- **Why deposits were not taken from council house tenants.**

The taking deposits is not workable as the council could not refuse to house someone because they could not pay a tenancy deposit. The council has statutory responsibilities to rehouse through homelessness legislation and through the statutory allocations scheme where we have to give reasonable preference to specified households in housing need.

The council in its private sector housing role currently provides "tenancy deposits" to support people getting a "private rented" property through a local Deposit Guarantee Scheme.

- **Members also queried whether there had been any recent improvements regarding voids and relet times, and requested that previous years figures be provided as part of the report for comparative purposes.**

Average relet time is a key performance indicator:

	Outturn 08/09	Outturn 09/10	Outturn 10/11	Outturn 11/12	Outturn 12/13	Outturn to date 13/14
Average relet times (calendar. days)	41.89	37.8	38.31	49.9	52.78	43.46

- TARGET 2013/2014 is 38 days

Budget and Performance Panel

**Provisional Revenue, Capital and Treasury Management
Outturn 2012/13**

10 September 2013

Report of Financial Services Manager

PURPOSE OF REPORT

To provide Members of the Panel with the Provisional Revenue and Capital Outturn for 2012/13.

This report is public, with the exception of Appendix K, which is exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.

RECOMMENDATIONS

(1) That the report be noted.

1.0 Introduction

1.1 A copy of the report considered by Cabinet at its meeting on 23 July 2013 is appended for consideration by the Budget and Performance Panel, together with the minute 29 of that meeting.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report.

FINANCIAL IMPLICATIONS

See attached report – no other implications arising directly.

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

There are no legal implications directly arising.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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CABINET

**Provisional Revenue, Capital and Treasury Management
Outturn 2012/13
23 July 2013
Report of Head of Resources**

PURPOSE OF REPORT				
This report provides summary information regarding the provisional outturn for 2012/13. It sets out information regarding the carry forward of revenue budgets and capital slippage for Members' consideration. It also incorporates the treasury management outturn report and related matters.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date of Notice of Forthcoming Key Decision			24 June 2013	
This report is public, with the exception of Appendix K, which is exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.				

RECOMMENDATIONS OF COUNCILLOR BRYNING:

1. That the provisional outturn for 2012/13 be noted, including the transfers to provisions and reserves actioned by the Head of Resources.
2. That Cabinet approves that no overspendings be carried forward, as reflected in Appendix E.
3. That Cabinet approves the requests to carry forward underspent revenue budgets as set out in Appendix F, for referral on to Council where appropriate.
4. That Cabinet approves the requests for capital slippage as set out at Appendix H.
5. That the Annual Treasury Management report and Prudential Indicators as set out at Appendix J and be noted and referred on to Council.
6. That Cabinet endorses the actions of the Head of Resources, as set out in exempt Appendix K.

1 BACKGROUND

All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. The work required to close the 2012/13 accounts has now been completed and the draft Statement of Accounts were signed off (by the Head of Resources) on 28 June, to meet the statutory deadline. The draft Statement will be freely available on the Council's website.

This report provides Cabinet with an update on issues arising from the outturn, including treasury management, and seeks Cabinet approval for various matters. Councils' financial performance is integral to its service performance overall and Members are advised to consider this report in that context. A report elsewhere on the agenda provides an overview of the Council's performance during 2012/13.

Please note that larger copies of the appendices are available on request.

2 PROVISIONAL REVENUE OUTTURN

- 2.1 A summary of the revenue outturn position for the main accounts of the Authority is set out below.

	Revised Budget Position	Provisional Outturn	Variance (Favourable) / Adverse
	£000	£000	£000
Housing Revenue Account (HRA) – relates to Council Housing services	854	428	(426)
General Fund Net Budget – covers all other Council services (but excludes parish precepts)	20,190	19,643	(547)

3 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The Housing Revenue Account was underspent in last year by approximately £426K (2011/12 comparative: £502K underspend).
- 3.2 A summary of the HRA provisional outturn is included at **Appendix A**. Discounting any notional variances, the main reasons for underspending are as follows:
- The level of arrears as at 31 March has resulted in an £80K lower contribution to the bad debt provision in last year. This is encouraging, although any impact from the recent welfare reforms will become apparent in the current year and so it is too early to form any view on future expectations.
 - Savings in capital investment have resulted in £280K less revenue financing being needed.
- 3.3 Overall therefore, the outturn position for the HRA is favourable and as at 31 March, its Balances stood at £776K, or £426K higher than budgeted.

4 GENERAL FUND

4.1 Revenue Outturn

- 4.1.1 The 2012/13 financial year was the second in which the Council experienced significant reductions in Government support, as well as a second freeze in City Council tax rates. The outturn for General Fund should be considered in this context.
- 4.1.2 Nonetheless, after allowing for various year end adjustments, there has been a net underspending of £547K during 2012/13 and a summary statement is included at **Appendix B**. The underspending represents 2.7% of the Council's net budget requirement (2011/12 comparative: £653K underspend, 3% of budget).
- 4.1.3 On closer analysis, however, the bulk of the net underspending can be attributed to a small number of key variances, most of which are one-off and/or relate to circumstances arising after setting the Revised Budget. Variance analysis is provided at **Appendix C**, the key points of which are summarised below:

Main variances	Value (Favourable) / Adverse £'000
Employee savings	(123)
Leasing costs (new vehicles acquired outright)	(190)
Recoveries due from Housing Benefits Overpayments	(145)
Additional Planning Application Fees	(143)
General Supplies & Services (materials, software etc)	(147)
Delayed spending (carry forward requests submitted)	(65)
Additional contribution to Bad Debt Provision	338
Other minor variances	(72)
Net Total	(547)

- 4.1.4 All Service Heads have again committed to undertaking a full review of their underspendings over the summer, primarily as part of the current year's Quarter 1 reporting. The aim is still to draw out further savings and any service performance or financial improvements needed. Any budgetary matters arising will be reported through corporate monitoring and incorporated into the half-yearly Medium Term Financial Strategy (MTFS) review.
- 4.1.5 This process will lead into the 2014/15 budget and planning process, for which the timetable and other arrangements are due to be considered by Cabinet at its September meeting.

4.2 Provisions and Reserves

- 4.2.1 In closing the accounts for last year the Council's reserves and provision balances have been reviewed; this is in accordance with the policy and schedule approved by Council back in March. A full statement for General Fund and HRA is attached at **Appendix D** and the main issues and transfers regarding General Fund are highlighted specifically below:

- For insurance, an amount of £51K has been transferred into a new insurance reserve. This represents the initial levy in respect of very old claims administered under the former Municipal Mutual arrangements (prior to 1992). A provisional sum of £155K was included in the insurance provision as part of the 2011/12 closedown.
- For bad debts, an additional contribution of £338K has been made to cover extra calls on the provision following a reassessment of sundry debts and in particular, housing benefit overpayment recoveries. Part of this increase is directly linked to the higher than estimated income receivable from overpayments in last year.

4.2.2 The transfers have already been reflected in the General Fund summary position outlined earlier, hence Cabinet is asked only to note them.

5 CARRY FORWARD OF UNDERSPENDS AND OVERSPENDS

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

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

5.2 Under the Scheme, the carry forward of overspends on controllable budgets is generally automatic. Requests for the carry forward of underspends is subject to Member approval, however. Whilst there is a need to protect the overall financial position of the Council, it is recognised that there is also the need to be fair to services in dealing with carry forwards and to ensure that the process does not act as a disincentive to sound financial management (i.e. does not encourage managers simply to spend up, to avoid 'losing' budgets). That said, budgets exist for specific plans and purposes and the carry forward scheme is also designed to support this.

5.3 In view of the above, in previous years Cabinet has adopted the following approach to achieve a reasonable balance:

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

5.4 On the basis that Cabinet chooses to follow a similar approach for this year, details of overspends on controllable budgets (or net overspends, where applicable) are set out at **Appendix E**. As background, the determination of whether a budget is 'controllable' is not wholly objective, e.g. with income budgets, whilst the setting of fees and charges are controlled by the council the demand for those services is not controllable. That is why there is a need to consider each case on its merits.

5.5 With regard to the carry forward of underspends, Service Heads have submitted various proposals and these are attached at **Appendix F**. In total, they amount to

£101K for General Fund with none for the Housing Revenue Account; this is much lower than in recent years. If all requests were approved, it would have the following effect on revenue Balances at the end of the current year. This makes no allowance for the impact of any decisions regarding overspends, however:

Fund	Estimated Balances as at 31 March 2014:			Basic Minimum Balances Level £'000
	Per Approved Budget £'000	Assuming all requests approved £'000	Variance (Fav'rble) £'000	
Housing Revenue Account	350	776	(426)	350
General Fund	3,002	3,448	(446)	1,000

- 5.6 Cabinet could support all carry forward requests as set out in the Appendix and still stay within the approved budget framework. In considering each bid, Cabinet should be mindful of the Council's overall financial position and its prospects, as well as the impact on service delivery and what the request would achieve. It is also highlighted that because of their value, some bids would still need to be referred on to Council for final approval.

6 CAPITAL OUTTURN

- 6.1 In last year net underspending on the Capital Programme was significantly less than in previous years, before the effects of slippage are taken into account. **Appendix G** includes a provisional capital expenditure and financing statement for the year, which is summarised in the following table:

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000	£'000	£'000	%
Council Housing	3,892	3,591	(301)	7.7
General Fund	5,698	5,323	(375)	6.6
Total Programme	9,590	8,914	(676)	7.0

- 6.2 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix H**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual approval of slippage can be a formality. If Members have any questions on particular requests and/or are minded to refuse any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.

- 6.3 Information on recent years' slippage is also included below for comparison. Last year shows a significant reduction in slippage and work will continue in the current year to ensure this trend is maintained.

	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Council Housing	16	160	82	384	478
General Fund	<u>438</u>	<u>1,828</u>	<u>899</u>	<u>2,303</u>	<u>1,952</u>
Total Slippage Requested	<u>454</u>	<u>1,988</u>	<u>981</u>	<u>2,687</u>	<u>2,430</u>

- 6.4 The table below pulls together the financing position after allowing for slippage. The impact on resources for the HRA is favourable, whereas the General Fund is slightly adverse, although the latter would be funded from revenue and specific reserves. It should also be noted that due to lower capital receipts being received in last year, there has been an unbudgeted increase of £140K in the underlying borrowing need (or Capital Financing Requirement) for General Fund. Again, any implications for current or future years will be picked up as part of the mid-year review for the Medium Term Financial Strategy, although it is expected that this increase can be offset in the current or future years, once scheduled land sales are completed.

Capital Programme	Revised Estimate £'000	Forecast Expenditure (including slippage) £'000	Overspend Or (Underspend) - Rounded £'000	Impact on Council Resources (Fav) / Adv £'000
Council Housing	3,892	3,607	(285)	(285)
General Fund	5,698	5,761	(63)	16

7 TREASURY MANAGEMENT

- 7.1 The annual treasury management report is attached at **Appendix J** and sets out the performance of treasury operations for 2012/13 in terms of long and short term borrowing, investment activities and relevant borrowing limits and prudential indicators. This must be referred on to Council.
- 7.2 The attached report also provides an update on the recovery of Icelandic investments. As set out, recovery is progressing well.
- 7.3 Nonetheless, legal matters continue, linked to exchange rate valuation of claims and prospects for future transfer of ISK out of Iceland. An exempt briefing note is set out at **Appendix K** for Cabinet's information. This outlines various recommendations and following consultation with the Portfolio Holder, these are considered to be positive way forward and the Head of Resources has responded accordingly; this is also included within the exempt Appendix. Cabinet is requested to endorse these actions.

8 TIMETABLE FOR COMPLETION OF ACCOUNTS AND ASSOCIATED MATTERS

8.1 As in previous years, key aspects of the outturn will be made available to Members and other stakeholders for their due consideration, in line with the following timetable:

Monday 15 July	Commencement of audit of Accounts and 4 week public inspection period
Friday 09 August	Public inspection ends and public access to Auditor commences.
July – August	Quarter 1 Performance Review – to include consideration on services’ final outturn and implications for current and future years (in particular, identification of ongoing savings).
Tuesday 10 September	Budget and Performance Panel: consideration of outturn and Quarter 1 monitoring, as appropriate.
Wednesday 11 September	Council: referral of any issues as may be required, including carry forward requests and annual Treasury Management report.
Wednesday 18 September	Audit Committee: consideration of audited accounts.
October / November	Cabinet and referral on to Council: Medium Term Financial Strategy update, incorporating impact of outturn and current year’s monitoring to date

9 DETAILS OF CONSULTATION

As reflected in section 8 above, the statutory 4 week public inspection period commences in July. Information on the public’s rights is made available as part of this process.

10 OPTIONS AND OPTIONS ANALYSIS

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

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

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

11 OFFICER PREFERRED OPTION AND JUSTIFICATION

On the assumption that the Council continues to support its previously approved spending plans and the Connecting Communities Funding opportunity elsewhere on the agenda, then the Officer preferred options are to approve the revenue budget carry forward requests as well as capital slippage (Appendices F and H), but to require no carry forward of the overspendings (Appendix E).

12 CONCLUSION

Although the Council's General Fund budget and the associated Government funding reduced significantly in 2012/13, it managed these reductions well, and has again improved its financial standing as at 31 March 2013. Balances for both General Fund and the HRA are higher than forecast, and the Council has other substantial earmarked further reserves to help respond to the tough financial challenges expected over the coming years, in shaping and delivering against future corporate priorities.

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

HOUSING REVENUE ACCOUNT OUTTURN 2012/13

For Consideration by Cabinet 23 July 2013

	Original Budget £	Revised Budget £	Actual £	Variance £
INCOME				(Favourable) / Adverse
Rental Income - Council Housing	(13,476,400)	(13,474,400)	(13,458,752)	15,648
Rental Income - Other (Shops and Garages etc.)	(204,300)	(211,700)	(207,881)	3,819
Charges for Services & Facilities	(1,719,200)	(1,707,600)	(1,675,386)	32,214
Grant Income	(7,700)	(7,700)	(7,736)	(36)
Contributions from General Fund	(170,000)	(122,900)	(122,900)	0
Total Income	(15,577,600)	(15,524,300)	(15,472,655)	51,645
EXPENDITURE				
Repairs & Maintenance	4,252,900	4,130,700	4,153,274	22,574
Supervision & Management	3,105,900	3,097,200	2,950,939	(146,261)
Rents, Rates & Insurance	93,000	139,200	140,451	1,251
Settlement of Previous Year's HRA Subsidy	0	147,700	147,656	(44)
Increase in Provision for Bad and Doubtful Debts	190,400	193,900	112,923	(80,977)
Depreciation & Impairment of Fixed Assets	3,502,100	1,749,600	4,396,581	2,646,981
Debt Management Costs	1,100	1,100	1,100	0
Total Expenditure	11,145,400	9,459,400	11,902,924	2,443,524
NET COST OF HRA SERVICES	(4,432,200)	(6,064,900)	(3,569,731)	2,495,169
(Gain) or Loss on Sale of HRA Non-Current Assets	0	0	59,221	59,221
Interest Payable & Similar Charges	1,921,900	2,103,800	2,103,797	(3)
Premiums & Discounts from Earlier Debt Rescheduling	161,000	161,000	161,048	48
Interest & Investment Income	(44,700)	(30,600)	(67,005)	(36,405)
Self Financing Debt Repayment	1,280,000	1,041,400	1,041,367	(33)
(SURPLUS) OR DEFICIT FOR THE YEAR	(1,114,000)	(2,789,300)	(271,303)	2,517,997
Adjustments to reverse out Notional Charges included above	(32,100)	(32,100)	(2,670,424)	(2,638,324)
Transfers to/(from) Business Support Reserve	0	8,102,722	8,101,215	(1,507)
Transfers to/(from) Major Repairs Reserve	951,100	(4,914,422)	(4,931,324)	(16,902)
Transfer to/(from) Earmarked Reserves	187,900	144,700	137,404	(7,296)
Capital Expenditure funded from Revenue	360,000	343,000	62,630	(280,370)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	352,900	854,600	428,198	(426,402)
Housing Revenue Account Balance brought forward	(702,900)	(1,204,600)	(1,204,600)	0
HRA BALANCE CARRIED FORWARD	(350,000)	(350,000)	(776,402)	(426,402)

GENERAL FUND REVENUE SUMMARY

For Consideration by Cabinet 23 July 2013

	Original Budget £	Revised Budget £	Actuals £	Variance £	True Variance £
				Adverse or (Favourable)	
Office of the Chief Executive	0	0	0	0	(3,004)
Community Engagement	5,534,100	5,467,900	5,228,602	(239,298)	(117,894)
Environmental Services	5,915,300	5,827,300	6,016,797	189,497	(316,820)
Governance	1,974,900	1,756,500	1,722,629	(33,871)	6,573
Health & Housing	2,670,300	2,684,100	2,566,782	(117,318)	(57,306)
Regeneration and Planning	4,698,000	4,477,000	4,139,857	(337,143)	(353,399)
Resources	3,023,100	2,702,800	(2,825,652)	(5,528,452)	139,864
Corporate Accounts	(3,625,700)	(2,725,600)	2,794,201	5,519,801	155,202
Total Budget Requirement	20,190,000	20,190,000	19,643,216	(546,784)	(546,784)
Parish Precepts	541,800	541,800	541,783	(17)	
Total Net Expenditure	20,731,800	20,731,800	20,184,999	(546,801)	

Note the underspend of approx £547K will be transferred to Unallocated balances to balance off the Fund accounts.

The first variance column includes notional variances relating to numerous capital and pensions charges that have to be included within the relevant service areas, but they are then reversed out (within the Corporate Accounts section) and so do not impact on the 'bottom-line' outturn position. The true variance column excludes these items and therefore shows the truer outturn position - the full analysis of this is shown at Appendix D.

GENERAL FUND VARIANCE ANALYSIS

For Consideration by Cabinet 23 July 2013

	2012/13 Outturn Compared to Working Budget		PRT Q4 Projection £	Ongoing? £
	£	£		
WORKING BUDGET	20,190,000			
	(Favourable) / Adverse			
EXPENDITURE				
Employee Savings				
Environmental Services	(41,462)			
Governance	(26,583)			
Regeneration & Planning	(23,021)			
Resources	(5,666)			
Health & Housing	(26,503)	(123,235)		
Premises				
Energy Costs	29,369		(6,400)	
Service Charges and Rents Payable	(33,935)	(4,566)	(31,900)	(15,400)
Transport Expenses				
Fuel	(18,723)		(29,000)	(29,000)
Repair & Maintenance	(29,691)			
Vehicle Hire	27,795			
Leasing Costs (new vehicles acquired outright)	(190,031)			
Car Allowances (mainly Health & Housing)	11,687	(198,963)		
Supplies & Services				
Materials & Equipment (Street Cleansing)	(51,278)		(22,000)	(10,000)
Legal & Court Costs	15,919		15,000	
Corporate & Partnerships Initiatives	(10,569)		(10,600)	
Revenues & Benefits Shared Services costs	(31,650)			
Morecambe VIC	(10,190)			
Audit Fees / Bank Charges	(17,208)			
Software Licences / ICT Infrastructure	(42,366)	(147,342)		
INCOME				
Planning Application Fees	(143,096)		(137,800)	
Legal Costs Recovered (Revenues & Benefits)	72,298			75,000
Housing Benefit Overpayments - Recoveries Due	(145,390)		(216,000)	
De Minimis Capital Receipts	(12,461)			
Investment Interest	(33,342)			
Miscellaneous Interest (Luneside)	(47,750)	(309,741)		20,000
Other Net Service Variances		8,840		
Reserves & Provisions:				
Movement in capital financing from revenue/reserves	23,066			
Contribution from Restructuring Reserve	(31,717)			
Contribution to Bad Debt Provision	337,964	329,313		
Delayed Spending (Carry Forward Requested):				
Leasing Costs : Bins and Boxes	(35,800)			
Local Development Framework	(23,640)		(23,700)	
Morecambe Area Action Plan	(12,881)		(12,900)	
Townscape Heritage Initiative 2	(8,434)		(8,400)	
Morecambe Feasibility Study	(20,336)	(101,091)	(20,300)	
TOTAL VARIANCES		(546,784)	(504,000)	40,600
PROVISIONAL OUTTURN 2012-13	19,643,216			
Total Carry Forwards Requests		101,000		
TOTAL NET UNDERSPEND, ASSUMING ALL CARRY FORWARD REQUESTS APPROVED	(445,784)			

RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)- For Consideration by Cabinet 23 July 2013

GENERAL FUND

	31/03/12		31/03/13		31/03/14		31/03/15		31/03/16	
	Contributions to Reserve	Contribution from Reserve	Contributions to Reserve	Contribution from Reserve	Contributions to Reserve	Contribution from Reserve	Contributions to Reserve	Contribution from Reserve	Contributions to Reserve	Contribution from Reserve
	From Revenue	To Capital	From Revenue	To Capital	From Revenue	To Capital	From Revenue	To Capital	From Revenue	To Capital
	£	£	£	£	£	£	£	£	£	£
General Fund Balance	2,673,735	546,784	3,182,119	367,000	3,549,119		3,549,119		3,549,119	
Earmarked Reserves:										
Apprenticeships	0	63,300	42,750	29,200	52,350	-19,600	73,650	-7,900	29,200	-7,900
Capital Support	1,004,714	78,284	425,717	29,200	425,717		425,717		425,717	
City Lab	44,595		14,987		4,492	-10,495	4,492		4,492	
Highways	44,673	84,513	129,186		129,186		129,186		129,186	
Homelessness Support	0	65,000	65,000		30,000	-35,000	30,000		30,000	
Insurance	0	51,000	51,000							
Invest to Save	1,229,183	325,500	1,547,350		1,527,350	-20,000	1,527,350		1,527,350	
Job Evaluation	52,897		3,897		3,897		3,897		3,897	
Markets	647,549		618,903	50,000	668,903		668,903		668,903	
Municipal Buildings	464,152	180,000	386,298		386,298		386,298		386,298	
Olympic Torch Event	0	40,000	0		0		0		0	
Open Spaces Committed Sums	204,650	57,598	204,426		163,826	-40,600	128,426	-35,400	128,426	-24,400
Performance Reward Grant	223,513		125,043		70,743	-54,300	70,743		70,743	
Planning Delivery Grant	26,705		3,500		200	-3,300	200		200	
Renewals (all services)	699,362	381,730	864,715	431,000	914,315	-347,000	1,223,915	-70,000	391,200	-170,000
Restructuring	586,099		432,673		432,673		432,673		432,673	
S106 Committed Sums - Affordable Housing	920,780	29,713	700,493		573,493	-127,000	573,493		573,493	
S106 Committed Sums - Highways, crossing & cycle paths	715,185		621,771		603,771	-13,000	593,771	-10,000	593,771	-10,000
Vacant Shops Fund	22,632		0		0		0		0	
Welfare Reforms	200,000		200,000		200,000		200,000		200,000	
Youth Games	18,500	18,500	37,000	18,500	0	-55,500	15,000	15,000	15,000	
Reserves Held in Perpetuity:										
Graves Maintenance	22,201		22,201		22,201		22,201		22,201	
Marsh Capital	47,677		47,677		47,677		47,677		47,677	
Total Earmarked Reserves	7,175,067	1,375,139	6,544,587	528,700	6,257,092	-487,000	6,557,592	-67,700	435,400	-62,300

Note - For various provisions and reserves, not all spending needs are reflected (eg. the majority of the renewals balance will be applied for future vehicle replacements) and so over the period their balances will reduce from the levels shown above, as a

Provision	Contributions		Write-Offs / Payments
	in	Out	
Bad Debts	512,767	437,964	-291,236
			659,495

Derelict Land Clawback	56,932			56,932
Insurance	416,479	113,868	-51,000	365,479
Total Provisions	986,178		-113,868	986,178

HOUSING REVENUE ACCOUNT

	31/03/12		31/03/13		31/03/14		31/03/15		31/03/16	
	£	£	£	£	£	£	£	£	£	£
HRA General Balances	1,204,603	426,402	776,402	776,402	776,402	776,402	776,402	776,402	776,402	776,402
Earmarked Reserves:										
Business Plan Reserve	0	8,101,218	8,101,218	8,101,218	8,249,118	8,249,118	8,715,718	8,715,718	9,412,018	9,412,018
Major Repairs Reserve	6,882,922	3,453,311	-3,434,817	-6,701,415	0	0	4,467,500	-4,467,500	0	0
Flats - Planned Maintenance	996,513	136,000	-36,524	-36,524	1,146,989	1,146,989	136,000	-50,000	1,182,989	1,213,989
Central Control Equipment/Telecare	118,089	15,000	0	0	148,089	148,089	15,000	15,000	163,089	178,089
Non-Sheltered Scheme Equipment	46,865	15,000	-15,227	-15,227	42,638	42,638	15,000	-19,000	38,638	34,638
I T Replacement	357,635	57,000	-13,529	-13,529	458,106	458,106	57,000	57,000	515,106	572,106
Office Equipment Reserve	70,921	10,000	80,921	80,921	90,921	90,921	10,000	10,000	100,921	110,921
Sheltered - Equipment	288,889	20,659	-19,047	-19,047	255,901	255,901	2,100	-22,000	236,001	217,901
Sheltered - Planned Maintenance	354,540	29,470	-53,907	-19,948	242,055	242,055	3,000	-60,000	182,055	94,555
Sheltered Support Grant Maintenance	184,728	12,456	197,185	197,185	197,985	197,985	1,200	1,200	199,185	201,485
Total Earmarked Reserves	10,305,706	12,276,517	-3,488,724	-7,660,294	10,831,803	10,831,803	5,173,400	-4,577,500	12,110,105	12,035,703
Provision	435,064	111,582	2,627	-72,448	476,824	476,824	Contribution in	Credits	Write-Offs	
Bad Debts										

Provision	435,064	111,582	2,627	-72,448	476,824
Bad Debts					

CONTROLLABLE OVERSPENDS GREATER THAN £5,000
For Consideration by Cabinet 23 July 2013

SERVICE	DETAILS		BUDGET	ACTUAL	OVERSPEND	EXPLANATION / ACTION
Governance	Licensing Act 2003	Licensing Act 2003 Income - Premises	£ (138,500)	£ (115,019)	£ 23,481	Fewer Premises licence applications and variations than budgeted due to a reduction in the number of licences and a review of charging, and partly due to fewer new applications as a result of the continued economic downturn. No further action is recommended.
Health & Housing	Pest Control	Rodent Control Charges	(35,900)	(28,232)	7,668	This is a demand-led service very dependent on weather conditions. This years extremely wet and cold conditions led to a low number of pest infestations. No further action is recommended.

2012/13 REQUESTS FOR CARRY FORWARD

General Fund

Number	Service	Budget	Carry Forward Request £	
Requests in line with original budget purpose				
1	Environmental Services	Bins, Boxes Leasing	35,800	FC
2	Regeneration & Planning	Morecambe Area Action Plan	12,800	FC
3	Regeneration & Planning	Morecambe Feasibility Study	20,300	FC
4	Regeneration & Planning	Local Development Framework - General Services	17,400	FC
5	Regeneration & Planning	Local Development Framework - Consultancy	6,200	
6	Regeneration & Planning	Townscape Heritage Initiative	8,400	
Total General Fund Carry Forward Requests			<u>100,900</u>	

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

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

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Environmental Services
BUDGET HEADING	Three Stream Waste Collection – Equipment Operating Leases (Bins & Boxes)
AMOUNT	£35,800

1

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

As part of the Pilot Scheme (Phase 1 of the Waste Strategy), which started in September 2002, the Council entered into a 10 year leasing agreement to finance the purchase of 8,000 bins and 15,600 boxes with lids.

The annual lease was £19,791.09 per annum. This agreement ended on 28 March 2013 at which point the Council had 3 options available :-

- purchase the bins and boxes at a price of £35,800
- return the bins and boxes
- extend the leasing agreement.

The first option was deemed most appropriate sufficient budgetary provision was included in the 2012/13 revised revenue budget. However, the transaction could not be completed before the end of the financial year and there is insufficient budget in the current year to cover the additional cost.

Financial Services Comments

The exact accounting treatment of the 2013/14 transaction, in terms of whether it is revenue or capital, has still to be determined and therefore in due course, this may result in the carry forward being classed as direct revenue financing if approved (with a corresponding entry in the Capital Programme).

As the request is in excess of £10K Full Council approval will be required.

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Planning
BUDGET HEADING	Morecambe Area Action Plan – Services General
AMOUNT	£12,800

2

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

This budget relates to the development of the Morecambe Area Action Plan part of the Local Plan for the district. The Area Action Plan is at an advanced stage and is expected to be published in the summer and examined before the end of 2013/14.

The budget carry forward is required to finance the consultancy inputs necessary including final sustainability appraisal and to assure regulatory compliance and also provide for the costs of facilitating public examination by the planning inspectorate, including any legal costs.

Financial Services Comments

The amount requested is the full value of the underspent Morecambe Area Action Plan budget, and is the third year a carry forward has been requested on this budget. That said, this will be the last year that carry forward can apply to this budget, and lessons have been learned to improve budgeting for such initiatives in future.

As the request is in excess of £10K, Full Council approval will be required.

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Planning
BUDGET HEADING	Morecambe Feasibility Study – Services Consultants
AMOUNT	£20,300

3

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

This budget relates to the balance of funding from the Morecambe Neighbourhood Management schemes in the West End and Poulton. The money is to be used to fund feasibility studies that inform regeneration activity in the town and support funding bids in line with the implementation of the Town Area Action Plan and West End Masterplan. Commissioning of feasibility work has been on hold pending the outcome of the Urban Splash planning application for the Central Promenade site. The planning application was refused by committee in January and the draft Morecambe Area Action Plan, identifying short and medium term actions, ended its consultation period soon after.

Regeneration and Planning are now reviewing and progressing opportunities via external funding sources (such as Coastal Communities Fund) to deliver stated actions in line with Corporate and MAAP policy and will be contracting work over the summer to utilise the funding. Without this resource it will not be possible to deliver worked up schemes to progress with initial funding applications and undertake further work to deliver "contract ready" schemes. The availability and synergy of external funding schemes with corporate priorities cannot be predicted with any great certainty and the availability of a flexible resource is essential in order to deliver against council's corporate priorities.

Financial Services Comments

The amount requested is the full value of the underspent Morecambe Feasibility Study Services General budget. (See also the comments on earlier MAAP request).

It should be noted that there is a separate report covering the Coastal Communities Fund Round 2 bid, elsewhere on the agenda, requesting that an estimated £10K of this carry forward is utilised in order to develop projects to the standard required to inform the bid.

As the request is in excess of £10,000 Full Council approval will be required.

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Planning
BUDGET HEADING	Local Development Framework – Services General
AMOUNT	£17,400

4

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

This budget relates to the development of the Local Plan for the district. Both the Development Management and Land Allocations DPD are at an advanced stage with the DM DPD expected to be taken to full Council to seek authority to publish in September, with examination, and possibly adoption before the end of financial year 2013/14.

The preparation of Development Plan Documents is a highly complex task that is greatly influenced by both changing circumstances and revisions on the approach on a national basis. The Land Allocations DPD will be brought forward separately and will be the subject of further consultation before publication is considered. Publication may be in the next financial year. The budget is required to be carried forward to match the revised timetable for the Development Plan Documents, including necessary monitoring works and costs of public examination by the planning inspectorate.

Financial Services Comments

This is the fourth year a carry forward on this budget has been requested. In addition, there is a budget of over £60K in 2013/14 and future years and clarification is being sought on whether these budgets can cover the costs relating to this carry forward. Any further information will be fed into the meeting. In any event, the budgeting arrangements and profiling will be reviewed in the forthcoming budget, to improve their robustness.

The amount requested is the full value of the unspent LDF Services General budget. As the request is in excess of £10,000 Full Council approval will be required.

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Planning
BUDGET HEADING	Local Development Framework – Services Consultants
AMOUNT	£6,200

5

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

This budget relates to the preparation of formal Sustainability Appraisal (SA) and Habitats Regulations (HRA) screening for the Local Plan for Lancaster District Development Plan Documents. Following consultation on the draft local plan from October to December 2012, the Land Allocations DPD and Development Management DPD the Planning Policy team have considered the consultation responses and have reported the outcome to the appropriate Member Group in February 2013.

The preparation of Development Plan Documents is a highly complex task and revisions now need to be made to the Development Plan Documents to take account of changing circumstances and the implications of revised national guidance. This budget is needed to be carried forward to match the current timetable for the preparation of documents to a slightly later timetable. The work covered by the Special Burdens money is mandatory given the European nature designations in the area. If the money is not carried forward then the work will still need to be funded from the mainstream budget.

Financial Services Comments

See comments on earlier LDF request.

The carry forward request is the balance of the 2012/13 underspend against the LDF consultancy budget.

2012/13 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Planning
BUDGET HEADING	Townscape Heritage Initiative 2 – Services General
AMOUNT	£8,400

6

The reasons why the spend didn't occur during 2012/13 and why we still have a commitment for it in 2013/14.

Progress on revenue elements of the initiative has been slower than anticipated due to other work priorities including establishing the Property Grant scheme for the THI.

The budget is part of the 5 year THI common fund which is funded in the majority by the Heritage Lottery Fund. The carry forward amount represents the LCC funded amount of the budget which is forecast to be spent in 2013/14. The money is required to be carried forward to match the current profile of spend over the next 4 years.

Financial Services Comments

The amount requested is the unspent balance of the THI2 budget.

Lancaster City Council - Capital Expenditure 2012/13

For consideration by Cabinet 23 July 2013

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2012/13	Expenditure to be financed in 2012/13	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COUNCIL HOUSING										
Bathroom Kitchen Refurbishment	919,000	768,310.06	768,310.06					768,310.06	768,310.06	0.00
External Refurbishment	660,000	651,148.95	651,148.95					651,148.95	651,148.95	0.00
Re-roofing / Window Renewals	422,000	420,766.13	420,766.13					420,766.13	420,766.13	0.00
Environmental / Crime Prevention Works	398,000	360,208.97	360,208.97					360,208.97	360,208.97	0.00
Energy Efficiency Works	450,000	459,471.23	459,471.23	13,673.01		53,906.78		311,698.50	379,278.29	80,192.94
Rewiring	290,000	244,878.60	244,878.60					244,878.60	244,878.60	0.00
Adaptations	300,000	269,285.96	269,285.96					269,285.96	269,285.96	0.00
Fire Precaution Works	184,000	161,396.35	161,396.35			8,723.00		152,673.35	161,396.35	0.00
Invest to Save - PV Solar Panels	147,000	143,482.89	143,482.89					143,482.89	143,482.89	0.00
Total Mobile	30,000	17,993.79	17,993.79					17,993.79	17,993.79	0.00
Choice Based Lettings : retention	0	787.50	787.50					787.50	787.50	0.00
Lift Replacement	52,000	49,831.76	49,831.76					49,831.76	49,831.76	0.00
Septic Tanks	40,000	43,750.69	43,750.69					43,750.69	43,750.69	0.00
TOTAL - HRA	3,892,000	3,591,312.88	3,591,312.88	13,673.01	0.00	62,629.78	0.00	3,434,817.15	3,511,119.94	80,192.94

GENERAL FUND	Revised Estimate	Expenditure in 2012/13	Expenditure to be financed in 2012/13	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
ENVIRONMENTAL SERVICES										
Hala Park Playground Improvements	50,000	50,194.36	50,194.36	50,383.52					50,383.52	-189.16
Fairfield Play Area	10,000	9,952.95	9,952.95	9,952.95					9,952.95	0.00
Claypits Recreation/Play Facilities Development	92,000	96,441.51	96,441.51	4,500.00		91,667.46			96,167.46	274.05
Priorsgate Playground Works	14,000	14,034.77	14,034.77	14,150.00					14,150.00	-115.23
Mainway Recycling Bins	4,000	0.00	0.00						0.00	0.00
Allotment Extension Scotforth	9,000	8,988.80	8,988.80						0.00	8,988.80
Allotments - Scotforth	5,000	0.00	0.00						0.00	0.00
Vehicle Renewals	1,365,000	1,365,353.87	1,365,353.87						0.00	1,365,353.87
Sub-Total	1,549,000	1,544,966.26	1,544,966.26	78,986.47	0.00	91,667.46	0.00	0.00	170,653.93	1,374,312.33
COMMUNITY ENGAGEMENT										
Warmer Homes Scheme (LDLSP PRG)	5,000	17,220.20	17,220.20	17,220.20					17,220.20	0.00
Williamson Park Woodland Improvement Grant	23,000	0.00	0.00						0.00	0.00
Williamson Park - Steps	183,000	171,039.43	171,039.43			171,039.43			171,039.43	0.00
Salt Ayre Sports Centre - Pool Hydraulic Floors	45,000	43,889.00	43,889.00			43,889.00			43,889.00	0.00
Salt Ayre Sports Centre - Athletics Track Fencing	6,000	6,245.82	6,245.82						0.00	6,245.82
Salt Ayre Sports Centre - Reception Refurbishment	38,000	39,763.19	39,763.19						0.00	39,763.19
Sub-Total	300,000	278,157.64	278,157.64	17,220.20	0.00	214,928.43	0.00	0.00	232,148.63	46,009.01
HEALTH & HOUSING										
YMCA Places of Change	52,000	32,643.43	32,643.43	32,643.43					32,643.43	0.00
Disabled Facilities Grants	802,000	637,542.78	637,542.78	637,542.78					637,542.78	0.00
Sub-Total	854,000	670,186.21	670,186.21	670,186.21	0.00	0.00	0.00	0.00	670,186.21	0.00
REGENERATION & PLANNING										
Artle Beck Improvements	33,000	33,428.80	33,428.80	31,885.80					31,885.80	1,543.00
West End Sea Wall Study	1,000	2,370.00	2,370.00	1,764.00					1,764.00	606.00
Morecambe Strategy Study - Heysham to Hest Bank	7,000	14,908.80	14,908.80	13,622.80					13,622.80	1,286.00
Strategic Monitoring (River & Sea Defences)	98,000	76,126.00	76,126.00	65,713.00					65,713.00	10,413.00
Wave Reflection Wall Refurbishment	17,000	24,746.83	24,746.83	21,831.83					21,831.83	2,915.00
Slyndale Culvert Project	2,000	1,899.00	1,899.00	1,536.00					1,536.00	363.00
Luneside East	78,000	58,182.87	58,182.87						0.00	58,182.87
Bold Street Renovation Scheme	262,000	238,300.69	238,300.69	62,676.75					62,676.75	175,623.94
Square Routes (Ffrances Passage)	7,000	3,291.61	3,291.61	3,291.61					3,291.61	0.00
Morecambe THI 2: A View for Eric	17,000	600.00	600.00	456.00					600.00	0.00
Greyhound Bridge Rd Affordable Housing	250,000	250,000.00	250,000.00			250,000.00			250,000.00	0.00
West End Temporary Car Park	19,000	19,582.00	19,582.00			19,000.00	582.00		19,582.00	0.00
Sub-Total	791,000	723,436.60	723,436.60	202,777.79	0.00	269,000.00	726.00	0.00	472,503.79	250,932.81
Resources										
ICT Infrastructure	140,000	137,666.50	137,666.50			51,367.01	4,000.00		55,367.01	82,299.49
ICT Application Systems Renewal	133,000	53,667.98	53,667.98				30,000.00		30,000.00	23,667.98
ICT Desktop Equipment	54,000	51,632.99	51,632.99			51,632.99			51,632.99	0.00
Invest to Save: Solar Panels to Municipal Buildings	20,000	7,333.50	7,333.50			7,333.50			7,333.50	0.00
Corporate Property Works : minor retentions	0	2,500.00	2,500.00						0.00	2,500.00
LTH Roof Replacement : retention	0	9,133.12	9,133.12						0.00	9,133.12
MTH Roof Replacement : retention	0	-5,417.96	-5,417.96						0.00	-5,417.96
Lancaster Indoor Market	1,168,000	1,196,645.76	1,196,645.76			28,645.76			28,645.76	1,168,000.00
5 Cheapside	49,000	35,000.00	35,000.00			35,000.00			35,000.00	0.00
Lancaster Bus Station	35,000	34,596.15	34,596.15	34,596.15					34,596.15	0.00
LTH Boiler Replacement	280,000	268,242.07	268,242.07			168,242.07	100,000.00		268,242.07	0.00
MTH Sound System	28,000	26,063.00	26,063.00			26,063.00			26,063.00	0.00
LTH Air Conditioning/Office Refurbishments	284,000	288,747.46	288,747.46			20,000.00	264,000.00		284,000.00	4,747.46
The Storey (Centre for Industries)	13,000	0.00	0.00						0.00	0.00
Sub-Total	2,204,000	2,105,810.57	2,105,810.57	34,596.15	0.00	388,284.33	398,000.00	0.00	820,880.48	1,284,930.09
TOTAL - GENERAL FUND	5,698,000	5,322,557.28	5,322,557.28	1,003,766.82	0.00	963,880.22	398,726.00	0.00	2,366,373.04	2,956,184.24

**GENERAL FUND
HOUSING REVENUE ACCOUNT**

TOTAL CAPITAL EXPENDITURE & FINANCING

Revised Estimate	Expenditure in 2012/13	Expenditure to be financed in 2012/13	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
			GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
£	£	£	£	£	£	£	£	£	
5,698,000	5,322,557.28	5,322,557.28	1,003,766.82	0.00	963,880.22	398,726.00	0.00	2,366,373.04	2,956,184.24
3,892,000	3,591,312.88	3,591,312.88	13,673.01	0.00	62,629.78	0.00	3,434,817.15	3,511,119.94	80,192.94
9,590,000	8,913,870.16	8,913,870.16	1,017,439.83	0.00	1,026,510.00	398,726.00	3,434,817.15	5,877,492.98	3,036,377.18

2012/13 CAPITAL EXPENDITURE FINANCING	Housing Revenue Account £	General Fund £	Grand Total for all Funds £
Amounts to be financed by General Capital Resources	80,192.94	2,956,184.24	3,036,377.18
Financed by:			
Underlying Borrowing Need - Increase in Capital Financing Requirement	0.00	2,593,885.80	2,593,885.80
Usable Capital Receipts	80,192.94	362,298.44	442,491.38
General Grants Unapplied	0.00	0.00	0.00
Total Financing from General Capital Resources	80,192.94	2,956,184.24	3,036,377.18

CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2013/14

For consideration by Cabinet 23 July 2013

Slippage Requested	Source of Funding:		
	LCC Funded	Grant / Contributions	Total
	£	£	£
Environmental Services			
Allotments - Scotforth	5,000	5,000	5,000
	5,000	0	5,000
Community Engagement			
Warm Homes Scheme	31,000	2,000	29,000
Williamson Park Steps	12,000	12,000	12,000
Williamson Park Woodland Improvement Grant	23,000	23,000	23,000
	66,000	14,000	52,000
Health and Housing			
Disabled Facilities Grants	164,000	164,000	164,000
YMCA Places of Change	19,000	19,000	19,000
	183,000	0	183,000
Regeneration & Planning			
Luneside East Compensation	20,000	20,000	20,000
Lancaster Square Routes	4,000	4,000	4,000
West End Temporary Car Park	5,000	5,000	5,000
Morecambe THI 2: A View for Eric	16,000	3,000	13,000
Bold Street Renovation Scheme	32,000	32,000	32,000
	77,000	60,000	17,000
Resources			
Invest to Save: Solar Panels to Municipal Buildings	13,000	13,000	13,000
Application Systems renewal	79,000	79,000	79,000
I.S Desktop Equipment	2,000	2,000	2,000
The Storey	13,000	13,000	13,000
	107,000	94,000	13,000
GENERAL FUND TOTAL	438,000	168,000	270,000
Council Housing			
Invest to Save - PV Solar Panels	4,000	4,000	4,000
Total Mobile	12,000	12,000	12,000
COUNCIL HOUSING TOTAL	16,000	16,000	0

Note that the slippage on Disabled Facilities Grants relates to a supplementary award of funding coming through at year end.

Annual Treasury Management Report 2012/13

Cabinet 23 July 2013

1 Introduction

1.1 The Council's Treasury Management Strategy for 2012/13 was approved by Council on 29 February 2012. This report sets out the related performance of the treasury function by providing details of:

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

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

1.2 The aim of the Treasury Management Policy and associated activity is to ensure that the investment of surplus cash is managed in line with the guidance issued by both CIPFA and Government, as well as in line with the Council's appetite for risk. For 2012/13 the appetite for risk remained low given the continued volatility in the national economy and the Eurozone.

1.3 Treasury management is a technical area. Training has been provided in the past to Members and this continues to be an important part of the CIPFA code of practice (November 2009, further updated November 2011). To assist with the understanding of this report, a glossary of terms commonly used in Treasury Management is attached at **Annex B**. In addition, the Councillor's Guide to Local Government Finance also has a section on Treasury and Cash Management, and this is available through the Member Information section on the Intranet.

2 Summary: Headline Messages for 2012/13

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

- The Council has stayed within its Prudential limits for investments and has not breached any of the criteria set out in the approved Strategy.
- As a result of the downgrading of various banks during the year, the number of such counterparties on the Council's investment list diminished. Other investment options were put in place during the year to provide alternatives, and avoid reliance on using the Government's deposit facility (through the Debt Management Office).
- A further £468K was received during 2012/13 in relation to Icelandic investments. One final repayment (£154K) in relation to the KSF deposit is expected in January 2014 and repayments totalling £578K are expected to be received over the following five years in relation to the deposit with Landsbanki.

- A scheduled repayment of £1.04M has been made in relation to the HRA self-financing loan.
- Investment returns fell below the budgeted figure by £6K. This was, in-part, linked to changes in the Council's investment counterparty list, in order to protect investment security.
- No temporary borrowings have been required to support day to day cash flow. The Council ended the year with healthy cash balances. The exact timing of the surrender of the leasehold interest in Lancaster Market has been the major factor in terms of the Council's cashflow position.

3 **Economic Background (Supplied by Sector)**

The original expectation for 2012/13 was that the Bank Rate would not rise in 2012/13 or 2013/14 and for it to start gently rising from quarter 4 IN 2014. This forecast rise has now been pushed back to start in Quarter 1 2015 at the earliest. Economic growth (GDP) in the UK was virtually flat during 2012/13, due to the UK austerity programme, subdued domestic consumer expenditure, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). This weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing (QE) by £50BN in July, to a total of £375BN. The Bank Rate, therefore, ended the year unchanged at 0.5%, while Consumer Price Index (CPI) inflation has remained stubbornly high and above the 2% target, starting the year at 3.0% and still being at 2.8% in March. It is, however, forecast to fall to 2% in three years' time. The EU sovereign debt crisis was an ongoing saga during the year, with an eventual very protracted agreement of a second bailout for Greece in December, followed by a second major crisis, this time over Cyprus, towards the end of the year.

Gilt yields fluctuated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into and out of UK gilts. This, together with the further £50BN of QE in July and widely expected further QE still to come, combined to keep PWLB rates depressed for much of the year at historically low levels.

The Funding for Lending Scheme, announced in July, has resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling drastically in the second half of the year. However, perceptions of counterparty risk have improved after the ECB statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

The UK Government maintained its tight fiscal policy stance, against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Moody's followed up this warning by actually downgrading the rating to AA+ in February 2013 and Fitch then placed their rating on negative watch, after the Budget in March.

4 Borrowing and Capital Expenditure

4.1 Capital Expenditure and Financing

4.1.1 Long term borrowing is an important part of the Council's capital financing. Under the Prudential Code a key indicator is the Capital Financing Requirement (CFR). This figure is calculated from the Council's balance sheet and represents, in broad terms, the gap between the value of fixed assets and that of capital reserves. In essence, this gap may be viewed as the cumulative amount of capital investment that may need to be funded through external borrowing (i.e. the amount of capital investment that has not been funded from other sources such as grants, revenue contributions and capital receipts). Borrowing should not then exceed the CFR on a long term basis, as this would indicate that borrowing is being used to fund expenditure other than capital. For 2012/13 the figures were as follows:

	£000
Opening CFR	83,188
Closing CFR	83,276
Average CFR	83,232
Weighted average borrowings*	69,935
Weighted average finance lease liability	5,790
Weighted average investments	24,541
Net borrowings	51,184

4.1.2 From this it is clear that net borrowings are well below the Council's CFR. This indicates that long term borrowing has not been used to fund revenue activities.

4.1.3 In terms of capital expenditure and funding in the year, this can be summarised as follows:

	2011/12 £000	2012/13 £000
Opening Capital Financing Requirement	50,819	83,188
<i>Capital investment</i>		
Property, Plant and Equipment	7,479	7,739
Re-assessment of finance lease liability	2,474	195
Investment Properties	20	90
Intangible Assets	67	54
Reversal of Icelandic bank impairment	(1,363)	0
HRA self financing payment	31,241	0
Revenue Expenditure Funded from Capital Under Statute	1,199	1,031
<i>Sources of financing</i>		
Capital receipts	(760)	(442)
Government Grants and other Contributions	(1,462)	(1,017)
Direct revenue contributions	(2,295)	(1,425)
Minimum Revenue Provision	(1,906)	(2,702)
Major Repairs Reserve	(2,325)	(3,435)
Closing Capital Financing Requirement	83,188	83,276

*A further summary of the capital expenditure is given in the prudential indicators in Annex C.

4.1.4 With regard to in-year capital investment, at outturn the increase required in the CFR amounted to £2.594M, which was £140K higher than budgeted, primarily due to delays in generating capital receipts. This variance should be offset in the new year. In terms of Minimum Revenue Provision (MRP) charged to revenue, the outturn was in line with the Revised Budget. The re-assessment of finance lease liabilities also affected the closing CFR.

4.2 Borrowing Levels

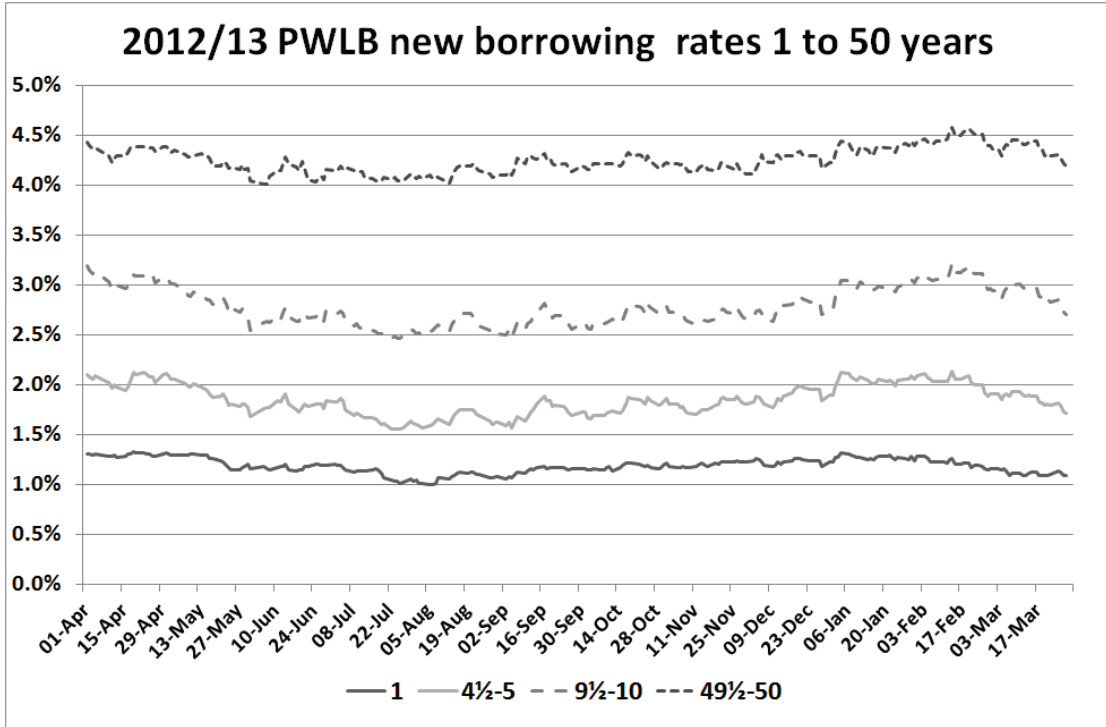
4.2.1 To control the actual level of borrowing, Prudential Indicators are set on both the absolute allowable amount of debt (the Authorised limit) and expected gross debt allowing for day to day cash management (Operational Boundary).

	Actual Debt 31/03/13	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223		
Long term Finance lease liability	5,327		
PWLB Debt	69,415		
Total	74,965	78,200	80,500

4.2.2 The actual debt, as calculated in accordance with the prudential code, includes the liability associated with finance leases. The operation boundary, when originally set in February 2012, did not include the finance lease element in relation to the Indoor Market building lease. The operational boundary and authorised limit has since been updated to reflect this.

4.3 **PWLB Interest Rate Movements**

4.3.1 All of the Council’s long term borrowings are held with the Public Works Loan Board (PWLB). The chart below illustrates the movement on PWLB fixed term rates over the year. This clearly shows the spread of rates depending on length of loan. It also shows a slight downward trend of all rates, from an already low starting point.



4.3.2 Repayment of PWLB debt is still an attractive option in the current climate, if the Council’s cashflow supports such action. This will, however be dependent on future expenditure plans, completing key land sales and future movement in interest rates.

4.4 **Debt Maturity (or Repayment) Profile**

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

	Treasury Indicator	Actual 31/3/12	Actual 31/3/13
Under 12 months	0 - 50%	1.5%	1.5%
12 – 24 Months	0 – 50%	1.5%	1.5%
3 – 5 years	0 – 50%	4.4%	4.5%
6 – 10 years	0 – 50%	7.4%	7.5%
11 -15 years	0 – 100%	7.4%	7.5%
16 – 25 years	0 - 100%	14.8%	15.0%
26 – 50 years	50 – 100%	63.0%	64.0%

- 4.4.2 Of the total loans outstanding, 44% are repayable through Equal Instalments of Principal (EIP), with the rest being maturity loans, hence the profiling shown above. The actual profile of the debt is well within the approved limits.

4.5 Interest Payable on Longer Term Borrowing

- 4.5.1 The average rate of interest payable on PWLB debt in 2012/13 was 4.53%, which is on budget. In addition, there was also £667K of interest in relation to finance leases under IFRS accounting. This is a cost that in previous years has been presented within service expenditure.

	£'000
2012/13 Estimate	3,166
2012/13 Actual	3,166 (of which £2,104K was re-charged to the HRA)
Variance	0

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

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

5 Investment Activities

5.1 Performance against Prudential Indicators

- 5.1.1 In 2012/13 all investments were placed in accordance with the approved Investment Strategy; there have been no breaches of the investment criteria.

- 5.1.2 The Council has made no investments and held no investments with a maturity of longer than 365 days from the end of 2012/13; the investment strategy prohibited such long term investments. All deposits have been made either to instant access call accounts and money market funds or have been placed as term deposits with the Debt Management Office (DMO), part of Her Majesty's Treasury. A summary of the average balances held during the year along with the year end position is given in **Annex A**.

5.2 Icelandic Investments

- 5.2.1 The following table summarises the recovery position for Icelandic investments, to 31 March 2013, taking account of very recent reassessments undertaken in closing last year's accounts.

	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
GB £ Repayments received	1,556	2,508	529	4,593
Repayments held in ISK (£)		609	8	617
Total anticipated recovery (% of claim, excluding FX movement)	83.50%	100%	100%	
Further est. payments due (%)	7.51%	0%	52%	
Further est. payments due (£)	154	0	578	732
Total anticipated receipts	1,710	3,117	1,115	5,942

5.2.2 During 2012/13 the Council recovered a further £468K of its claim in respect of Icelandic investments and this is reflected in the above table. In very simple terms:

- The original claim was for £6.342M, made up of £6M originally invested plus £342K claimable interest.
- As at 31 March 2013, the Council had received back £4.593M of its claim and in addition, the equivalent of around £617K was held as Icelandic Krona (ISK) in escrow (see 5.2.4 below above).
- This gives total equivalent repayments of £5.210M to 31 March.

5.2.3 In the new financial year, the Council has received a further £61K to date. In total, it expects to recover around £5.942M of its total claim, resulting in losses of £400K or 6.3%.

5.2.4 The repayments from Landsbanki and Glitnir were made in a range of currencies reflecting the assets of the banks. Whilst this clearly involves foreign currency, the Council had no choice but to accept the arrangement. Of these, amounts paid in ISK cannot currently leave Iceland due to currency controls imposed by the Central Bank of Iceland. These amounts have been paid into escrow accounts (similar to client accounts held by solicitors) in Iceland. These are earning 3.4% interest but they are also subject to gains and losses due to fluctuations in the exchange rate between Sterling and ISK. Once the currency controls are removed, these amounts will be paid back into the Council's UK bank account, although there is currently no clear timeframe for this to happen. Due to a weakening of the Icelandic krona against the pound, £39K was recorded in the 2012/13 final accounts as an exchange rate gain.

5.2.5 Also, as repayments are still outstanding for KSF and Landsbanki, there may be small adjustments at subsequent year ends to reflect any changes to anticipated recoveries or repayment profiles, but it is not anticipated that these will be material.

5.3 Performance Against Budget and External Benchmarks

5.3.1 In terms of performance against external benchmarks, the return on investments (not including notional Icelandic interest) compared to the LIBID and bank rates over the year to date is as follows:

Indicator (mean value)	2011/12	2012/13
Base Rate	0.50%	0.50%
3 Month LIBID	0.97%	0.50%
Lancaster CC investment	0.63%	0.50%

5.3.2 The return is in line with the current Bank of England base rate. Money Market Funds now lag behind the underlying base rate as part of their funds are held in longer term deposits, for which returns are now reducing.

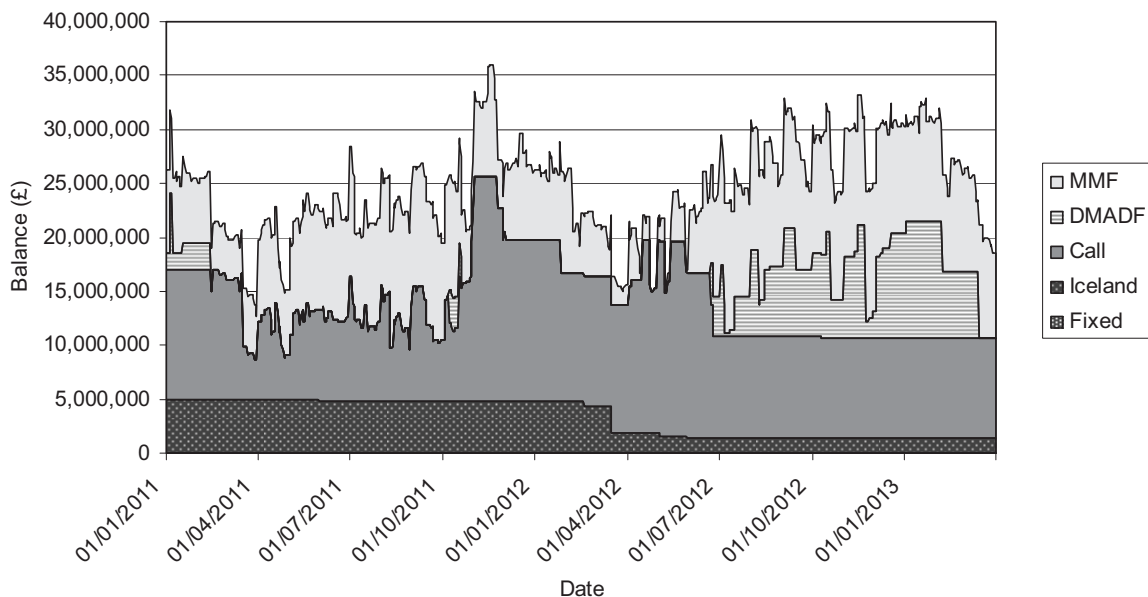
5.3.3 In terms of performance against budget, the details are as follows:

Annual budget	<u>£162K</u>
Actual investment interest	£121K
“Icelandic” interest	<u>£35K</u>
Total	<u>£156K</u>
Variance	£6K adverse

5.3.4 This lower than budgeted return is mainly due to the downgrading of several banks by the credit rating agencies, which has diminished the pool of approved counterparties. On average during the year, 18% of cash balances were deposited with the Government’s Debt Management Office (DMO), with an associated yield of 0.25%. However by the end of the financial year, the reliance on the DMO had been removed.

5.3.5 The Investment Strategy for 2012/13 continued with the more cautious approach to managing surplus cash; this approach has been in place since the banking crisis. The arrangements have restricted the term of deposits, reduced the counterparty limits and removed the option to make non EU deposits. In practice, deposits were placed on instant access in either call accounts or Money Market Funds (MMFs) with limit use of the DMO account. The pattern of these investments over 2011/12 and the prior year can be seen in more detail below.

Investment pattern for the prior 2 years



- 5.3.6 Looking forward, the short term projection for rates is flat; it is anticipated that the position on low investment interest rates will hold for the medium term.

Date	Bank rate projection (%)
01/06/2013	0.50
01/06/2014	0.60
01/03/2015	0.08
01/06/2015	1.10
01/09/2015	1.40

Source: Sector, June 2013

6 Other Risk Management Issues

- 6.1 Many of the risks in relation to treasury management are managed through the setting and monitoring performance against the relevant Prudential and Treasury Indicators and the approved investment strategy, as discussed above.
- 6.2 The Authority's Investment Strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and length of deposit to generate a pool of counterparties, together with consideration of non credit rating information to refine investment decisions. This strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2012/13 complied with updated code (November 2011) of practice and DCLG investment guidance. The Code was updated again during 2011/12 although there were no material changes in terms of how the Authority approaches risk management for its Treasury activities.

7 Other Prudential Indicators

- 7.1 As required under the Prudential Code, certain other year end Prudential Indicators must be calculated. Those not included within the body of this report are presented at **Annex C** for noting by Cabinet and approval by Council.

Counterparties used during 2012/13

Counterparty	Type	Average	Max	Year End
DMO	Fixed Term	£ 5,026,506.85	£10,870,000.00	£ -
Blackrock (Gov)	MMF	£ 3,244,019.18	£ 6,000,000.00	£ -
Blackrock (Liquidity)	MMF	£ 5,304,863.01	£ 6,000,000.00	£3,595,000.00
Lancashire County Council	Call	£ 9,341,632.88	£12,000,000.00	£9,300,000.00
RBS	Call	£ 673,972.60	£ 3,000,000.00	£ -
Barclays	Call	£ 649,315.07	£ 3,000,000.00	£ -
Insight	MMF	£ 192,273.97	£ 4,370,000.00	£4,370,000.00

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.
- **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*.

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**PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN
2012/2013****(Cabinet Member with Special Responsibility Councillor Bryning)**

Cabinet received a report from the Chief Officer (Resources) which provided summary information regarding the provisional outturn for 2012/13. It set out information regarding the carry forward of revenue budgets and capital slippage for Members' consideration. It also incorporated the treasury management outturn report and related matters.

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

OPTIONS AND OPTIONS ANALYSIS

The City Council had a legal requirement to ensure that its expenditure was fully funded and to produce a Statement of Accounts in accordance with proper accounting practice. In addition, the Prudential Indicators were a statutory requirement linked to the budgetary framework. For these aspects, therefore, there were no alternative options for Cabinet to consider. Members were being asked to endorse certain actions taken by the Chief Officer (Resources), and Cabinet should consider whether it had sufficient information to do so or whether it required any further justification.

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

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

OFFICER PREFERRED OPTION AND JUSTIFICATION

On the assumption that the Council continued to support its previously approved spending plans then the Officer preferred options were to approve the revenue budget carry forward requests as well as capital slippage (Appendices F and H), but to require no carry forward of the overspendings (Appendix E).

Although the Council's General Fund budget and the associated Government funding reduced significantly in 2012/13, it managed these reductions well, and had again improved its financial standing as at 31 March 2013. Balances for both General Fund and the HRA were higher than forecast, and the Council had other substantial earmarked further reserves to help respond to the tough financial challenges expected over the coming years, in shaping and delivering against future corporate priorities.

Councillor Bryning proposed, seconded by Councillor Leytham:-

"That recommendations 1 to 5, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That the provisional outturn for 2012/13 be noted, including the transfers to provisions and reserves actioned by the Chief Officer (Resources).
- (2) That Cabinet approve that no overspendings be carried forward, as reflected in Appendix E.
- (3) That Cabinet approve the requests to carry forward underspent revenue budgets as set out in Appendix F, for referral on to Council where appropriate.
- (4) That Cabinet approve the requests for capital slippage as set out at Appendix H.
- (5) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix J be noted, and referred on to Council.

The press and public were excluded from the meeting at this point when it became necessary to refer to information in the exempt Appendix and in order for consideration to be given to recommendation (6).

It was moved by Councillor Barry and seconded by Councillor Hamilton-Cox:

Resolved unanimously:

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

In relation to the exempt Appendix, the Chief Officer (Resources) outlined the intention that future decisions on this matter would be taken under existing officer delegations, following consultation with the portfolio holder, unless Cabinet indicated otherwise.

Following consideration of the exempt Appendix, Councillor Bryning proposed and Councillor Hanson seconded:

"That recommendation (6), as set out in the report, be approved."

Resolved unanimously:

- (6) That Cabinet endorse the actions of the Chief Officer (Resources), as set out in the exempt appendix to the report (Appendix K).

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework. The decision enabled Members to endorse certain actions taken by the Chief Officer (Resources) and with regard to reserves contributions there would be opportunities for these to be amended during the current financial year, as part of the usual arrangements.

Chairman

(The meeting ended at 10.50 a.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - telephone (01524) 582047 or email
ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON THURSDAY 25 JULY, 2013.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
FRIDAY 2 AUGUST, 2013.**

Document is Restricted

29

**PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN
2012/2013****(Cabinet Member with Special Responsibility Councillor Bryning)**

Cabinet received a report from the Chief Officer (Resources) which provided summary information regarding the provisional outturn for 2012/13. It set out information regarding the carry forward of revenue budgets and capital slippage for Members' consideration. It also incorporated the treasury management outturn report and related matters.

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

OPTIONS AND OPTIONS ANALYSIS

The City Council had a legal requirement to ensure that its expenditure was fully funded and to produce a Statement of Accounts in accordance with proper accounting practice. In addition, the Prudential Indicators were a statutory requirement linked to the budgetary framework. For these aspects, therefore, there were no alternative options for Cabinet to consider. Members were being asked to endorse certain actions taken by the Chief Officer (Resources), and Cabinet should consider whether it had sufficient information to do so or whether it required any further justification.

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

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

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Councillor Bryning proposed, seconded by Councillor Leytham:-

"That recommendations 1 to 5, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

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Chairman

(The meeting ended at 10.50 a.m.)

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MINUTES PUBLISHED ON THURSDAY 25 JULY, 2013.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
FRIDAY 2 AUGUST, 2013.**

BUDGET AND PERFORMANCE PANEL**Corporate Performance Monitoring 2013/14****10 September 2013****Report of Chief Officer (Governance) and
Chief Officer (Resources)****PURPOSE OF REPORT**

To present the corporate performance and financial monitoring reports at Quarter 1 of the 2013/14 performance monitoring cycle.

This report is public

RECOMMENDATIONS

- (1) **That Budget and Performance Panel considers this report and makes any comments or recommendations as appropriate.**
- 1.0 CORPORATE PERFORMANCE MONITORING 2013/14 – QUARTER 1**
 - 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 Q 1 of the current year, 2013 to 2014.
 - 1.2 At Quarter 1, no Corporate Plan success measure has 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 Quarter2 2012/13 when the performance management information system, CorVu went live. Commentary on the reasons for variances is provided.
 - 1.5 From Quarter 2 of the current year, data input / information will provide year-on-year (as well as quarter-by-quarter) trending comparisons / benchmarking affording more insight on overall performance and informing efficient and effective decisions.
 - 1.6 The Corporate Financial Monitoring report for Quarter 1 is attached as **Appendix C**. This shows that in simple terms there is an underspending of £152K in respect of the General Fund, which is projected to increase to £239K by the end of the year. For the Housing Revenue Account, there is currently an overspending of £55K which is forecast to increase to around £90K by the end of the year. Actions are already planned in connection with the areas of overspending.

- 1.7 The Financial Monitoring report has been changed slightly to include new sections on Future Years Savings Requirements, the General Fund Unallocated Balance and Exceptions to Tenders Awards. In addition, more analysis is provided on Council Housing Rent Arrears and Collection Fund Monitoring. The content and form will continue to evolve as the year progresses.
- 1.8 The Quarter 1 monitoring report also includes the latest position with regards to treasury management activities, and this is included at **Appendix D**.
- 1.9 Finally, a quarterly update regarding the property portfolio is provided for the first time 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>None directly arising from this report</p>	
<p>OTHER RESOURCE IMPLICATIONS: Human Resources / Information Services / Property / Open Spaces: None directly 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</p>	<p>Contact Officer: Performance – Anne Marie Harrison, Assistant Head (Partnerships); Finance – Andrew Clark, Financial Services Manager Telephone: 01524 582018 / 582138 E-mail: amharrison@lancaster.gov.uk / aclarke@lancaster.gov.uk Ref: Performance Review Cycle 2013/14 Qtr 1</p>

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)		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%	40.80%	This is referred to as a 'lagging' measure as the calculated data represents the percentage of waste re-used, recycled and composted in the previous quarter. Data is calculated through the Wastedataflow system maintained by DEFRA.
	Income from energy and recycling projects	Quarterly	Tim Hamilton-Cox	High is Good	£18,000.00	£20,073.20	The income for Qtr 1 is extracted from the solar panels at source. Actual Feed-in Tariff generated is expected in August 2013 and may include an export tariff for some sites. This will provide additional income in Quarter 2.
Our district is safe	Increased number of diversionary activities for young people	Quarterly	Ron Sands	High is Good	2,200	2,146	Measure includes diversionary activities for young people at Salt Ayre, and at outdoor facilities in areas of deprivation in Ryelands, Poulton and the West End.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
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	30.00%	29.70%	Amber	The Council Tax collected as a percentage of that due is slightly below target. Changes in the overall profiling of income from instalments mean that collections in the first three quarters are now expected to be lower than in previous years (upon which current targets are based), but it should even out in Q4. Council Tax changes including discounts and premiums, as well as the wider impact from welfare reforms, are thought to have an impact on customers' ability/willingness to pay on time, although the exact impact of these changes is difficult to estimate. Work is ongoing to improve procedures to maximise recovery against a backdrop of difficult economic times.
	Non-Domestic rates as a % of Non-Domestic rates due	Monthly	Abbott Bryning	High is Good	29.50%	30.70%	Green	

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			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	Council owned Emergency Plans continue to be revised and updated - all are current. New officers have been recruited to the Senior Emergency and Duty Emergency Incident Officer rotas to maintain resilience. Severe Weather plan was revised and re-issued during Q1 2013/14. Three major exercises are planned between October and February with many opportunities for EIOs and SEOs to participate.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Community Leadership								
	Clean bill of health given through annual governance and audit reviews	Quarterly	Eileen Blamire	Low is Good	0	1	Amber	The Internal Audit Manager's annual report to June's Audit Committee identified that of the 25 audit opinions issued since April 2012, 18 gave either substantial/maximum assurance, whereas 6 gave limited and 1 gave minimal assurance. Linked to this, the audit on Information Security has resulted in an ongoing programme to raise standards throughout the Council and an undertaking has been made to keep the Audit Committee informed of progress. This issue will be highlighted in the forthcoming Annual Assurance Statement.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Economic Growth								
Employment opportunities are created by development of energy infrastructures which may include offshore wind, renewables and bio-mass	The activities agreed in the Planning Performance Agreement for the National Grid will be delivered	Quarterly	Janice Hanson		Not Submitted	Not Submitted		The council is one of a number in Cumbria and Lancashire that have signed up to a Planning Performance Agreement (PPA) with National Grid to ensure local communities are informed of plans to upgrade the electricity transmission system to connect new power generating sources in the North West. Agreed milestones in the PPA and the council's contribution towards its delivery were not available at the time of reporting

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			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	Consultation on the Museums service in Lancaster took place this quarter. An analysis report of this joint work with Lancashire County Council has been produced, the data from which will inform future developments and decision-making. In Quarter 2, milestones and plans for the future provision of the Museums service and the review of current partnership arrangements will be agreed and ongoing delivery monitored and reported.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)		Report Comments	
					Target	Actual		RAG
Economic Growth								
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%	57.14%	Green	Government have set a target for all council's to determine 30% of major applications within statutory deadlines with those failing being placed on 'special measures'. In many cases applications are determined within the timescale but legal delays regarding planning contributions affect the final date of decision. In terms of continuing to achieve the target, much will depend upon the retention of existing staff when their contacts and secondment arrangements end in Spring 2014. Without retention of staff, the council will be at serious risk of being placed in special measures.
	Major Government targets for Special measures on Major Appeals	Quarterly	Janice Hanson	Low is Good	10.00%	0.00%	Green	This measure sets out the council's performance in dealing with appeals on major planning applications within statutory timescales. The council is performing well and is not currently at risk of failing to meet Government targets.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Economic Growth								
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	28,000	25,805	Amber	Measure represents the number of people participating in wellbeing events run by the council and our partners. A number of new events are planned for the summer which should increase participation further in Quarter 2.
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	17	28	Green	Measure based on the number of Listed Building Applications approved (excluding demolitions) that will lead to the enhancement of the asset.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			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	435	575	Green	This measure indicates the Council's performance in ensuring that owner occupied and private rented homes enhance the quality of life of local residents through good quality housing.
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	29	Green	This measure indicates the quarterly number of individuals that have been accepted as 'statutory homeless'. Performance in Quarter 1 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 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
	Reduction in number of people sleeping rough in the district	Monthly	Karen Leytham	Low is Good	2	2	Green	The council has signed up to the national Streetlink scheme which provides a 24/7/365 service to those sleeping rough. The scheme allows the council to record and monitor the number of rough sleepers on a monthly basis for the first time. This new information will help with early intervention support and provide an opportunity to monitor information more effectively
	Increased number of vulnerable households benefiting from Warm Homes initiatives	Quarterly	Karen Leytham	High is Good	175	198	Green	Measure includes schemes aimed at improving the level of warmth of vulnerable people in owner occupied and private rented homes. Performance in Quarter 1 indicates the number of households who benefit from the intervention of the council. External partners are also undertaking activities on behalf of the council through Warm Homes Healthy People funding, the data from which will be available later in the year.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
	Deliver sustainable long-term improvements in local air quality through the Local Air Quality Strategy	Quarterly	Karen Leytham	High is Good	On target	On target	Green	The milestone to complete and gain the agreement of stakeholders for the Local Air Quality Strategy has been achieved in Quarter 1, being a carry forward from 2012/13 Quarter 4. A project plan to deliver long term improvements in local air quality is now being developed and will include milestones for monitoring from Quarter 2 onwards.
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		Not Submitted	195,655		Measure incorporates sports and leisure activities and programmes across the district provided by the council and its partners. The measure is being developed and not all data was available at the time of reporting.
	A health and wellbeing strategy for the district will be in place and agreed by June 2013	Quarterly	Karen Leytham	High is Good	On target	On target	Green	The Health and Wellbeing Strategy was completed and agreed with stakeholders by the due date.

Corporate Plan Performance Review Report

Portfolio: All Portfolio Holders

Quarter 1 2013



Outcome	Success Measure	Measure Frequency	Portfolio Holder	Polarity	Latest Data (Quarter 1)			Report Comments
					Target	Actual	RAG	
Health & Wellbeing								
	Successful delivery of the Velocity Cycle race	Quarterly	Ron Sands	High is Good	On target	On target	Green	The Velocity City Centre Cycle Race was held on 28th June and took place without any major accident or incident to members of the public. Standard event management procedures were followed and a formal debrief on the event will take place in early August. The event was a success attended by approximately 3000 people.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	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	43.30%	↗	44.80%	↗	42.20%	↘	40.80%	↘	Fluctuations across the year reflect seasonal variances. Increased internet buying, reduction in public spend and improvements in packaging is seeing a general trend of 'positive' reductions in the amount of household waste being recycled.
	Income from energy and recycling projects	£20,168.24	↗	£29,189.21	↗	£31,339.74	↗	£20,073.20	↘	There has been a steady increase of income generation throughout 2012/13. In Quarter 1 2013/14 some feed-in tariff income was unavailable at the time of reporting.
Our district is safe	Increased number of diversionary activities for young people	910	↗	2,544	↗	859	↘	2,146	↗	Variances across the year reflect seasonal fluctuations. Measure now includes supplementary measures that individually and collectively indicate the number of young people who benefit from the social value of programmes and activities provided by the council and our partners.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	Actual	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	
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	28.10%	High is good	27.90%	↗	11.20%	↘	29.70%	↗	Recovery of CTax has been proactive at a time when the economic climate is having a detrimental effect on taxpayers ability to pay. 97.10% of CTax was collected by the end of 2012/13 (reduction in Quarter 4 is because CTax is collected April to January). Ongoing reviews of processes and procedures through the shared service with Preston City Council is helping to maximise debt recovery whilst being sensitive to genuine need. The impact of Welfare Reforms on customer's ability to pay will continue to be monitored and addressed in 2013/14.
	Non-Domestic rates as a % of Non-Domestic rates due	29.20%	High is good	28.40%	↗	10.20%	↘	30.70%	↗	The current economic climate has had a particularly impact on small businesses and their ability to pay although 98.2% in NDR was collected in 2012/13. Procedures are continually reviewed through the shared service with Preston City Council to improve collection. Resources will be reviewed during 2013/14 to maximise the effectiveness of business rate collection.
	Robust and tested arrangements are in place for emergency planning	On target	High is good	On target	↗	On target	↗	On target	↗	Milestones throughout the year to ensure that business continuity arrangements provide a robust emergency response have been met. All core emergency plans were updated during 2012/13 and several tests and exercises carried out. New officers have been recruited to maintain resilience.
	Clean bill of health given through annual governance and audit reviews	0	Low is good	0	↗	0	↗	1	↘	Throughout 2012/13 there were no major shortcomings or failures in corporate governance arrangements. In the first quarter of 2013/14 Information Security issues have been raised as a significant governance matter requiring disclosure in the Annual Governance Statement.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Economic Growth										
Employment opportunities are created by development of energy infrastructures which may include offshore wind, renewables and bio-mass	The activities agreed in the Planning Performance Agreement for the National Grid will be delivered	High is good	On target	On target	On target	On target	On target	On target	On target	Measure reflects the council's contribution to the delivery of key milestones in the Planning Performance Agreement with the National Grid, which were achieved in 2012/13. Information on milestones in 2013/14 were not available at the time of reporting in Quarter 1 of 2013/14.
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	On target	On target	On target	On target	On target	This is a new measure in the 2013/14 Corporate Plan. Milestone to complete a consultation on the provision of the Museums service was completed in Quarter 1. Milestones and plans for future provision and the current partnership arrangements with Lancashire County Council will be considered and agreed in Quarter 2.
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 Major Government targets for Special measures on Major Appeals	High is good	55.50%	50.00%	56.25%	57.14%	57.14%	57.14%	57.14%	The percentage of decisions made on planning applications for major developments within the 13 week statutory period (or as extended with the applicant) has consistently been at 50% or higher. The threshold set by Government, below which 'special measures' will be introduced is 30%. This measures the 'quality' of decisions made on applications made on major developments based on the percentage number that have been overturned on appeal i.e. low percentage represents good performance. The threshold set by Government before 'special measures' are taken is 20%. Previous data is unavailable due to the way that appeals information was recorded prior to the new Government measures being introduced.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	
Economic Growth										
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							25,805		This measure has been developed to include quality data from a number of supporting measures that individually and collectively indicate the number of people participating in wellbeing events run by the council and, on our behalf, by our partners. No comparison is shown in this report with 2012/13 as the data provided for the measure has changed.
The attractiveness of the district as a place to visit and invest in is improved	Number of heritage assets improved	30		21	↘	17	↘	28	↗	The trend analysis for 2012/13 and in the first quarter of 2013/14 indicates fluctuations across the year of the number of Listed Building Applications approved.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	Actual	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	
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	↑	The number of owner occupied and private sector houses improved each quarter is relatively consistent. These improvements enhance the quality of life of local residents through good quality housing.
	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	↑
	Reduction in number of people sleeping rough in the district		Low is good			4		2	↑	The way that rough sleepers are monitored has changed through a new scheme that helps to provide earlier intervention and support. The number of people sleeping rough in the district is remains low.
	Increased number of vulnerable households benefiting from Warm Homes initiatives	93	High is good	325	↑	400	↑	198	↓	The number of households who benefit from Warm Homes Initiatives increased in Quarters 3 and 4 of 2012/13 when funding from a number of sources was secured and available. The actual figure in Quarter 1 2013/14 does not include people who benefit from programmes provided on the council's behalf by our partners -this will be available later in the year.
	Deliver sustainable long-term improvements in local air quality through the Local Air Quality Strategy		High is good			Slightly behind target		On target	↑	Milestones in Quarter 1 were achieved. A project plan for the delivery of long term improvements in local air quality is now being developed and this will be basis for monitoring the delivery of milestones from Quarter 2 onwards.
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	207,171	High is good	182,606	↓	316,901	↑	195,655	↓	This measure has been developed and now includes supporting measures that individually and collectively identify the number of people participating in activities run by the council and its partners. Seasonal fluctuations account for the reduction in numbers in Quarter 3. Not all data was available at the time of reporting in Quarter 1 2013/14.

Corporate Plan Quarterly Trend Report

Quarter 1 2013/2014

Measure Information		Quarter 2 2012/2013		Quarter 3 2012/2013		Quarter 4 2012/2013		Quarter 1 2013/2014		Comments
Outcome	Measure	Actual	Polarity	Actual	Trend	Actual	Trend	Actual	Trend	
Health & Wellbeing										
	A health and wellbeing strategy for the district will be in place and agreed by June 2013		High is good					On target		Measure achieved.
	Successful delivery of the Velocity Cycle race		High is good					On target		Measure achieved.

Corporate Financial Monitoring Quarter 1: April – June 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 June 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 June there is a net underspend of **£152K** against the budget. This is currently forecast to increase to **£239K** by the end of the year.

	Annual Budget £000's	Profiled Budget £000's	Actual £000's	Current Underspend £000's
Salaries	16,590	4,128	4,071	(57)
Other Net Budgets	3,229	289	194	(95)
Total	19,819	4,417	4,265	(152)
			<i>Full Year Projection</i>	(239)

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.

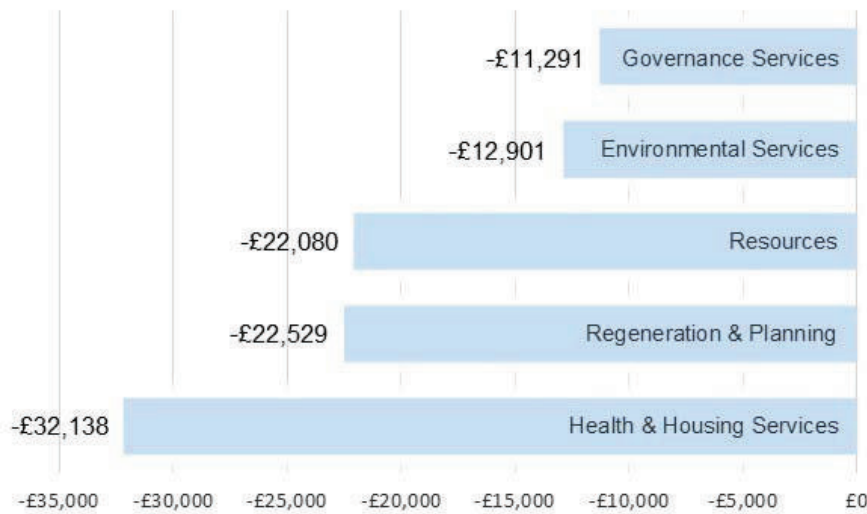
SUMMARY BY SERVICE	Current £000's	Current Year Projection £000's	Future Years Projection £000's
	() Favourable / + Adverse		
Environmental Services	(51.3)	(42.0)	(40.0)
Health & Housing	+5.9	+7.0	+7.0
Governance	+8.4	+9.4	+9.4
Regeneration & Planning	(1.6)	+32.5	0.0
Resources	(56.4)	(46.1)	(85.9)
TOTAL VARIANCES	(95.0)	(39.2)	(109.5)

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 £101K (Qtr1 2012/13 - £166K) have been achieved, which is some **£57K** (Qtr1 2012/13 - £123K) above the £44K profiled turnover target. This allows for the recently approved 1% pay award. A very simple projection would indicate that salary savings could reach around £200K by the end of the year, but a more detailed review is about to commence, to analyse vacant posts to give a more accurate savings projection. At this stage it is considered that there will be no scope to increase general turnover provisions to help meet future years' savings targets. Instead, staffing implications will be included in specific savings proposals.

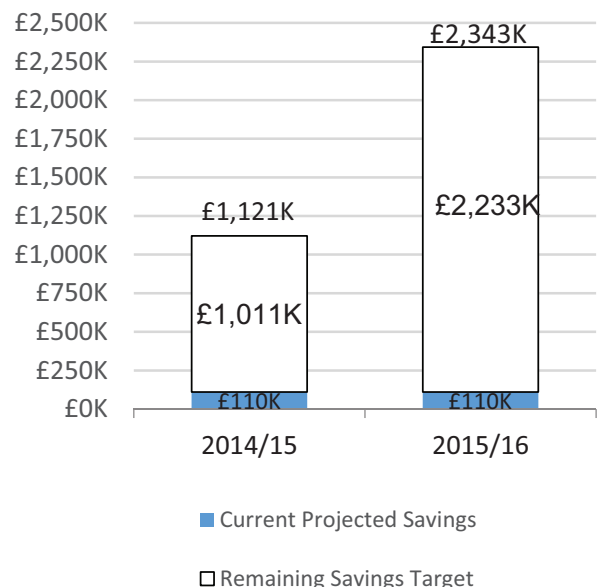
The following graph shows the savings on a Service by Service basis.



1.4 Future Years' Savings Requirements

The earlier table shows that there are anticipated on-going savings of £110K in future years. The graph opposite shows these savings as progress against future years' targets, as set out in the approved Medium Term Financial Strategy.

At present, the 2014/15 original target of £1.121M is reduced to £1.011M, and the 2015/16 target of £2.343M is reduced to £2.233M. This assumes the current projected savings are recurring. It is a very simplistic picture, however, as much work is underway to identify other savings opportunities.



It should also be noted that in due course, future years' savings targets will be updated to reflect more recent developments, not least Government's recent Spending Review. The scale of the challenge is expected to grow, rather than reduce.

2 General Fund Capital Programme

2.1 Capital Expenditure & Financing

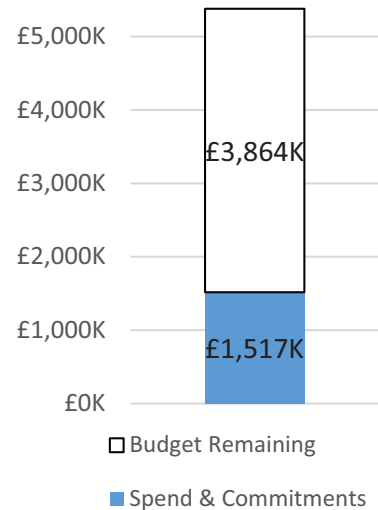
At the end of June there were spend and commitments of £1.517M against the programme of £5.381M – this has not yet been updated for slippage from 2012/13, as this was subject to approval by Cabinet in Quarter 2. Details of spend against each scheme is shown at **Annex B**.

Two changes to the capital programme have been approved in respect of the application of S106 Affordable Homes monies:

- Albion Mills £260K: Independent Cabinet Member Decision May 2013.
- Heysham Mossgate £42K: Cabinet 28 May 2013.

It should also be noted that updates will be made for vehicle purchases under delegated powers in due course, as and when orders have been completed.

No update has been incorporated as yet regarding Lancaster Market, but this will be reported back to Council in due course.



In terms of financing, receipts of £21K 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. Some minor spend has been required in order to progress the piloting of ICT provision for Members, ahead of presenting ICT Strategy proposals to Cabinet.

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 exempt Property Group report, provided alongside this financial monitoring report. The property report is in accordance with the arrangements outlined to Cabinet in April. It is the first such report, and again its content and format will evolve as the year progresses.

3 Revenue Collection Performance

3.1 Collection Fund Monitoring

3.1.1 Council Tax Yield (Total Collectable)

This section now 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 June:

		£000's
Collection Fund Surplus (June 2013)		(1,144)
Represented by:		
Collection Fund Surplus b/fwd		(365)
<i>In-Year Movements to Date:</i>		
Lower Council Tax Support than estimated	(£779K) total in-year surplus	(400)
Lower Second/Empty Homes income		+96
Other Movements in Tax Base		(475)
		(1,144)
Compared to:		
	Budgeted Projection £000's	Actual Position £000's
Total Council Tax Collectable (Yield)	57,030	57,964
Actual amount collected	(17,199)	(17,199) 29.7%
Amount Outstanding	39,831	40,765
		(934)

As at 30 June, an estimated surplus of £1.144M is apparent, which is significantly higher than for the same period last year.

This year's position is made up of:

- a surplus brought forward from 2012/13 of £365K;
- £400K 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 that the total support being claimed is reducing;
- £95K lower than estimated income from second/empty homes. There is no 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 £475K relating to other movements in the tax base or other factors which have still to be substantiated. This requires more analysis and the position could change either way during the course of the year.

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 align exactly with the current in-year surplus on the Collection Fund, (£934K compared to £779K), this is being explored further and it is known that there can be complexities around using information at a specific date, to give full year projections. There can be some distortion of results.

Overall, 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 £169K (the equivalent of almost 2% in city council tax terms). Due to the uncertainties, this has not been allowed for against future years' savings targets (section 1.4 of this report).

The position will continue to be monitored, ahead of formal reassessment in January 2014.

3.1.2 Business Rates Yield (Total Collectable)

Following the introduction of the Business Rates Retention Scheme, a new section will be included 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. More work is needed in this area, in order to understand fully the implications. Previously, any change in business rates yield had no real impact on the authorities' finances.

3.2 Council Tax and Business Rates Collection

The council tax collected is slightly below target. There have been several changes to council tax during 2013/14 as outlined above, which will have an impact on customers' ability and/or willingness to pay. It is too early to draw any real conclusions at this point in time.

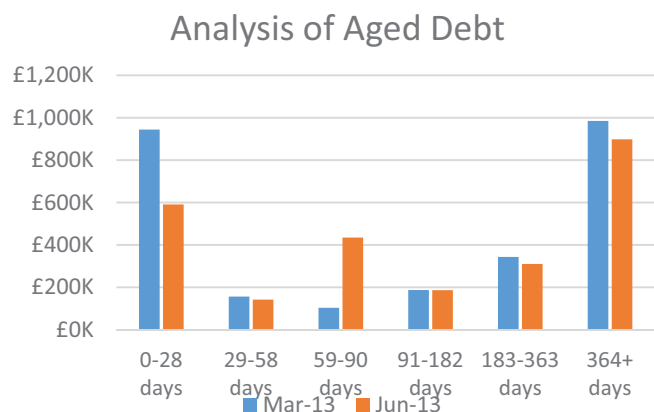
Encouragingly though, the percentage of NNDR collected is ahead of target at the end of the first quarter.

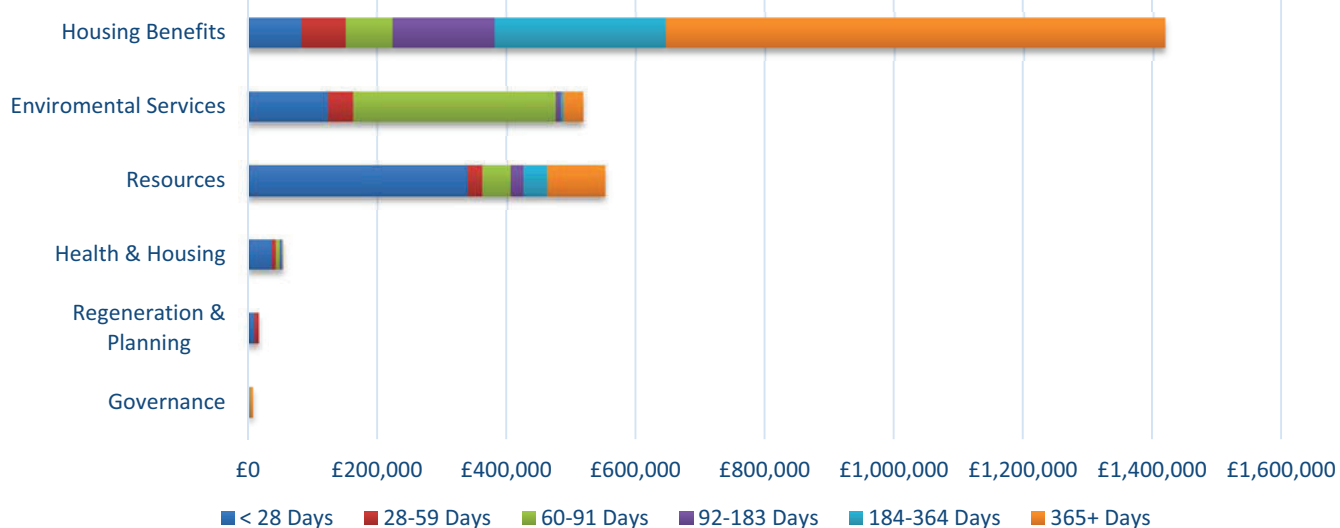
Percentage Collected	2012/13 %	2013/14 %	2013/14 Target %	2013/14 Actual %	Status
	All Years		In Year		
Council Tax	27.14	26.72	30.0	29.7	Slightly behind Target
Business Rates	24.44	24.31	29.5	30.7	Ahead of target

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 June the total debt outstanding was just over £2.5M, which is £156K less than the previous quarter.

	Mar 13	June 13
	£000's	£000's
0-28 days	944	591
29-58 days	156	142
59-90 days	103	435
91-182 days	187	186
183-363 days	343	310
364+ days	985	898
	2,718	2,562
Previous Year	2,467	2,977





4 Housing Revenue Account (HRA)

4.1 HRA Revenue Position



At the end of June the position for the HRA shows an overspend of **£55K** against the profiled budget, which is currently projected to increase to **£87K** 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	0	+7	+1
Central Control – contracted services	+5	?	?
Central Control – service charges recovered	(6)	(6)	(6)
Central Control – services charges : Telecare*	+25	+55	+89*
Mgt & Admin – printing & stationery	(5)	(5)	(5)
Council Housing Rents **	0	+36	+11
Caretaker Services – feed in tariff credits	+36	?	?
Total	+55	+87	+90

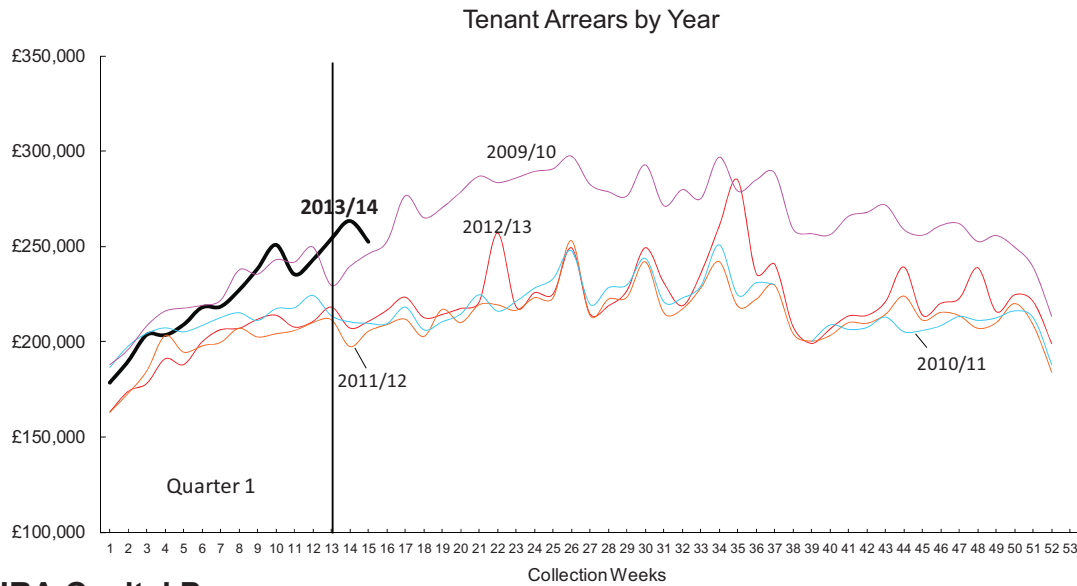
*The number of Lancashire Telecare referrals received from the County Council has significantly reduced during the period leading up to the County determining options for the future provision of the service. As a result the budgeted income for the current year will need to be revised down during the next budget process. Regarding future years, the Council may well 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. In 2012/13 there were 7 property sales compared with the estimate of 5, and in the current year 3 properties have already been sold. This means that any further sales will impact on rental income, although they would provide additional capital financing. In addition there has been an increase in voids from 1.5% to 1.7%. To give context to the housing rents budget variance, together with the arrears section below, the total amount of rent collectable in this year is £13.458M.

4.2 Council Housing Rent Arrears

This section has been introduced to monitor 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.

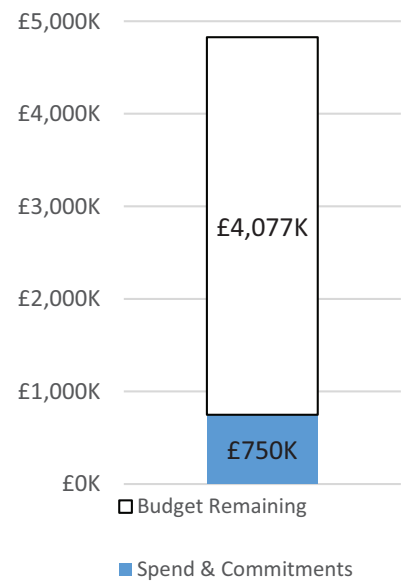
The following chart shows the current level of arrears compared to the previous 4 years. It can be seen that arrears are greater than last year; instead they are similar to the 2009/10 trend. As at 30 June, the level of arrears for 2013/14 is £254K. This will be monitored closely but it is too early to determine any full year likely impact, or reach any other conclusions.



4.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of June. To date spend and commitments total £750K against a budget of £4.827M leaving a balance of £4.077M. As with General Fund, the HRA programme has not been updated for slippage.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	300	18	282
Energy Efficiency / Boiler Replacement	660	64	596
Bathroom / Kitchen Refurbishment	644	219	425
External Refurbishments	1,269	267	1,002
Environmental Improvements	900	173	727
Rewiring	83	8	75
Fire Precaution Works	300	1	299
Lift Replacement	110	0	110
Re-roofing / Window Renewals	544	0	544
PV Solar Panels	17	0	17
TOTAL	4,827	750	4,077



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: Budgeted Contribution for 2013/14	367
Add: Current Projected In-Year Underspend	239
Latest Projected Unallocated Balance as at 31 March 2014	3,687
Minimum Level	1,000
Amount Available to Support Future Years' Budgets	2,687

The table shows that the current projected level of Balances would be £3.687M by the end of the financial year, which leaves £2.687M to support future years' budgets, after allowing for the minimum approved levels.

5.2 Insurance Provision

The current balance on the insurance provision is £441K, after making net payments of £27K in settlement of claims made.

At present, the Council's insurers estimate that the value of claims outstanding is £455K, which relates to a total of 221 claims made over a 5 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit. Recent statistics show that on average, however, only 60% of the total reserve is paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £273K, which is £168K less than the current provision. The overriding principle is that the Council must make reasonable provision for all its known liabilities, but the uncertain nature of insurance claims payments means that accurate predictions are difficult. This is an area for review during the budget.

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 based on assumed levels of write-off as a proportion of debt outstanding. Based on the figures shown in section 4.3 the level of provision would be as follows:

Period	Debt £000's	% Cover Required	Value £000's
Up to 1 Month	591	1%	6
1 Month to 3 Months	577	5%	29
3 Months to 365 Days	496	10%	50
Over 365 Days	898	50%	449
TOTAL	2,562		534

The current balance on the General Fund Bad Debt provision is £609K which is £75K above the requirement indicated, but that is after allowing for this year's contribution of £100K and write-offs of £22K. The position will be reviewed again as part of the forthcoming budget process and any adjustments required will be reported accordingly.

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.

Exemptions were granted for the following contracts in the first quarter of the year:

Contract: Provision of 2nd Class Mail Service.

Reason for Exception: A collaborative procurement exercise is being undertaken which uses a framework agreement established by Government Procurement Services. A mini tender exercise is being carried out using the six suppliers on the framework.

Contract: Provision of transport for school swimming session.

Reason for Exception: Different approaches have been made to encourage more suppliers to bid for this service in the past; however there has only been one submission for a number of years. The market has not changed to indicate that further competition has entered the market and neither the officer or the Procurement section have been approached by suppliers requesting to be involved in the tender process.

Contract: Mitre House Car Park Refurbishment Works.

Reason for Exception: These works are of a specialist nature and from Officers' research, there is a very limited number of suppliers available in the market suitable to carry out the works. The proposed contractor is registered with Constructionline – the Council's recognised list of approved contractors. The works currently being carried out by that contractor have been done to a quality standard, as required by the Council.

7 Risk Management

No other major risk changes have been highlighted in the period to 30 June. There have been positive developments regarding Luneside East, subsequent to that date. Otherwise, in very broad terms it is considered that the main risks facing the Council are linked to meeting its future financial challenges. A fuller assessment is planned as part of the Quarter 2 monitoring / Medium Term Financial Strategy review.

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 1 2013/14)

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)					
Environmental Services	Car Parking - Fees & Charges	+14,000	?	+0	Difficult to predict and potentially affected by United Utilities works. Overall usage has reduced by 4.5% in Q1 and has affected both daytime and evening charges.
	Morecambe Market - Rent Income	+9,200	+20,000	+0	Consistently 12-16 stall vacancies, expected income unlikely to be achieved.
	Highways	(35,000)	?	?	New contract entered into in August 2012 so just approaching first anniversary when financial review will take place.
	Vehicles - Fuel	(17,500)	(40,000)	(40,000)	Fuel price currently consistent with last years prices. Should price stay constant then project variance should be achieved.
Health & Housing	Trade Refuse - Income & Collection Costs	(22,000)	(22,000)	?	Re-worked budgets on latest information available from Lancs County Council.
	Cemeteries - Water Services	+1,200	+0	?	Notification from United Utilities of an increase in water charges from April 2014. The increase is to be phased in over 6 years, however the outcome of appeals and final charge letter is still awaited. Without any appeals there would be an increase amounting to £42K.
	Happy Mount Park - Water Services	+4,700	+7,000	+7,000	This projected variance is an estimate and is a combination of United Utilities surface water and drainage charges (which have increased and are not controllable) and also water usage in the park including the Splash Park which is dependant on the weather. Usage will be monitored going forward.
Governance	Licensing Premises Fees	+10,200	+15,000	+15,000	Reduced premises licences fee income under 2003 Act due to reduction in number of licences.
	Members Allowances	(1,800)	(5,600)	(5,600)	Current level of allowances less than anticipated.
Regeneration & Policy	Middleton Wood Nature Reserve	(9,800)	(9,300)	+0	Income received in 2013/14 (budgeted for 12/13).
	Building Regulations Application Fees Income	+8,200	+41,800	?	Fewer fee bearing applications received due to external competition from approved inspectors delivering a private service.
Resources	Property : 56,58,60 Euston Road Rent/Rates	+18,600	+38,000	+0	Vacant properties resulting in loss of rental income and additional MNDR costs.
	Property : Lancaster Bus Station rates	+7,100	+7,100	+7,100	Reduction in transitional rate relief.
	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)	(150,000)	(150,000)	Recoveries continue to exceed budget. For last year the additional income was £145K. The budget will be reviewed at revised estimate time.
	Bad Debt provision contribution		+150,000	+150,000	It is anticipated that further contributions to the bad debt provision will be required to cover any potential increases in write offs as a result of the latest welfare reform changes.
TOTAL VARIANCES		(95,000)	(39,200)	(109,500)	
Overall Salary Savings		(57,000)	(200,000)	+0	
OVERALL VARIANCES		(152,000)	(239,200)	(109,500)	

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2013/14 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
Environmental Services	Allotment Improvements	40,000	0	0	0	(40,000)
	Car Parks Improvement Prog	120,000	0	0	0	(120,000)
	Playground Imps/Facilities	47,000	(5,222)	5,542	320	(46,680)
	Purchase of Vehicles	0	0	1,260,353	1,260,353	1,260,353
	Toilet Works	90,000	0	1,610	1,610	(88,390)
Health & Housing	Disabled Facilities Grants	653,000	149,481	0	149,481	(503,519)
	YMCA Places of Change	0	18,023	0	18,023	18,023
	Salt Ayre Works Programme	30,000	0	0	0	(30,000)
	Warm Homes Scheme	48,000	12,113	0	12,113	(35,887)
	Albion Mills - S106 Affordable Housing	260,000	0	0	0	(260,000)
	Heysham Mossgate - S106 Affordable Housing	42,000	0	0	0	(42,000)
	Will Park Imps & Enhancements	75,000	(1,360)	0	(1,360)	(76,360)
Regeneration & Planning	Amenity Improvements	36,000	0	0	0	(36,000)
	Bold Street Renovation Scheme	0	250	0	250	250
	Lancaster Square Routes	196,000	350	0	350	(195,650)
	Luneside East	50,000	141	30,359	30,500	(19,500)
	Morecambe Area Action Plan	100,000	0	3,635	3,635	(96,365)
	Morecambe TH12 A View for Eric	446,000	0	0	0	(446,000)
	Poulton Pedestrian Route	160,000	0	0	0	(160,000)
	Sea & River Defence Works	278,000	22,760	57,439	80,198	(197,802)
Toucan Crossing King Street	13,000	0	0	0	(13,000)	
Resources	Corporate Property Works	2,402,000	(106,797)	0	(106,797)	(2,508,797)
	ICT Sytems, Infrast. & Equip	349,000	(10,383)	79,134	68,751	(280,249)
Total Gross Programme		5,435,000	79,356	1,438,071	1,517,427	(3,917,573)

2013/14 Treasury Management Progress Report to 30 June 2013

Report of Chief Officer (Resources)

1. Introduction

It is a requirement of the CIPFA Code of Practice on Treasury Management that regular monitoring reports are 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 1.

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 June: -

- Indicators suggested that the economy accelerated.
- Stronger household spending occurred, both on and off the high street.
- Inflation remained stubbornly above the Monetary Policy Committee (MPC)'s 2% target.
- The MPC remained in a state of limbo ahead of its new Governor, Mark Carney, arriving.
- 10-year gilt yields rose above 2.5% and the FTSE 100 fell below 6,100.
- The Federal Reserve discussed tapering the pace of asset purchases under Quantitative Easing 3 (QE3).

3. Icelandic Investments Update

There were no further repayments expected or received during Qtr 1. Guidance from CIPFA, receiving during May, suggests that the expected recovery for investments with KSF should rise from 83.5% to 85.25%. The guidance reiterated that expected recovery of investments with Landsbanki remains at 100%, although this is subject to risks around exchange rate movements and timing particularly.

To 30 June, there is nothing further to report regarding Icelandic investments. The table below remains unchanged from 2012/13 outturn.

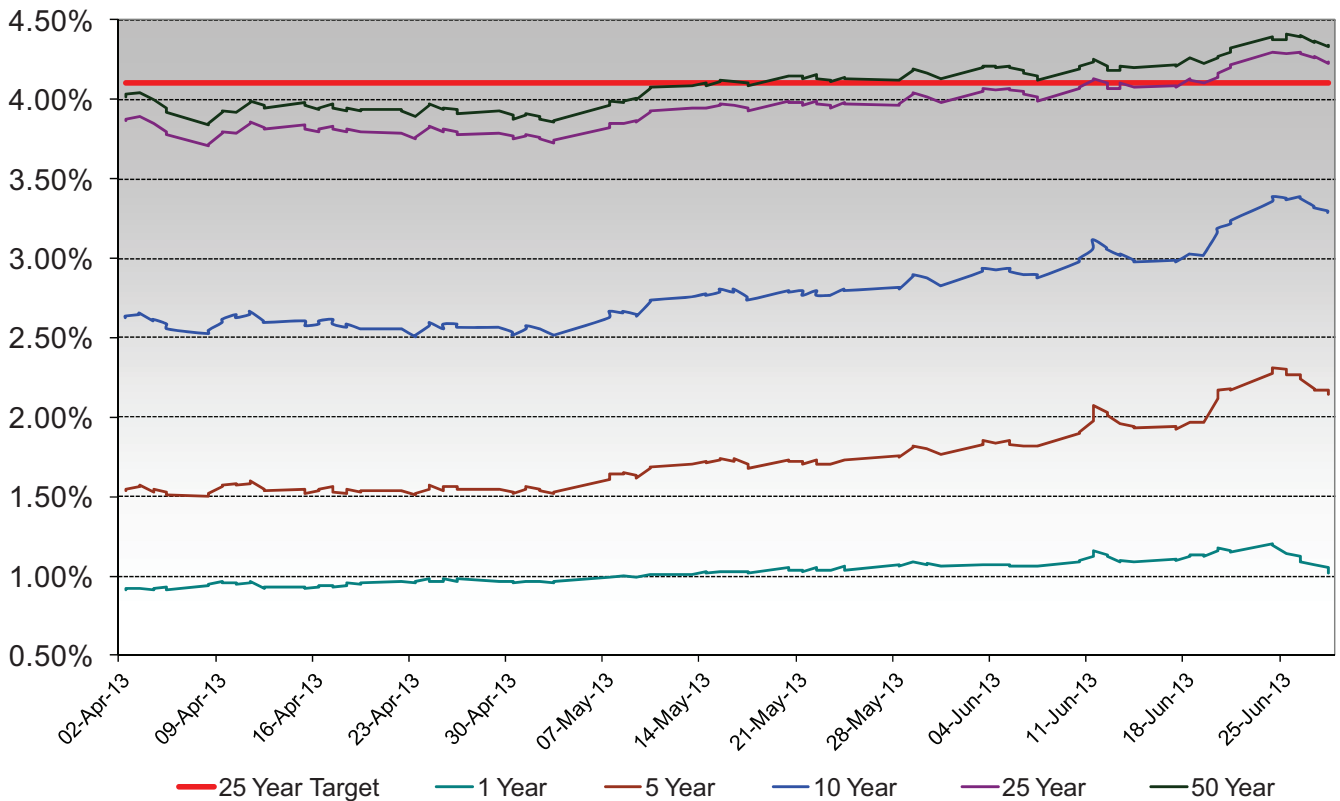
	KSF £000	Glitnir £000	Landsbanki £000	Total £000
Total Claim (including interest)	2,048	3,173	1,121	6,342
Payments received to date	1,556	2,508	529	4,593
Amounts held in ISK*		609	8	617
Total anticipated recovery (%)	83.50%	100%	100%	
Further payments due (%)	9.26%	0%	52%	
Further payments due (£000)	190	0	584	774
Total anticipated receipts	1,746	3,117	1,121	5,984

*These are earning interest but are also subject to currency fluctuations, these sums will be repatriated once Icelandic currency controls allow.

The total repayment in cash terms is still expected to be £5.98M, meaning that the majority of the £6M principal invested will be returned.

4. Current Borrowing Rates.

No new borrowing was undertaken during Qtr 1. Below is a graph of the PWLB certainty rates for the period ending 30 June 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.

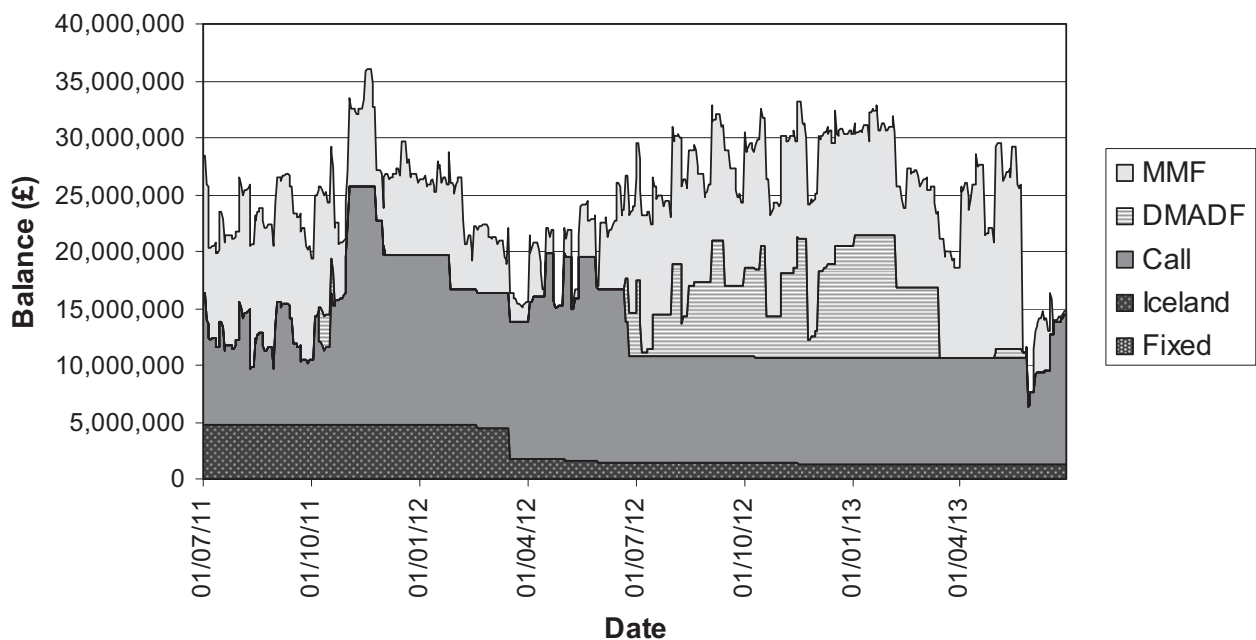
5. Investing Activities

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 1 is shown below

Other Investments	Opening	Min	Max	Closing	Indicative rate	Cumulative Interest £
Call: RBS	£ -	£ -	£ 3,000,000	£ 3,000,000	0.80%	£ 1,908
Call: Barclays	£ -	£ -	£ -	£ -	0.55%	£ -
Call: Lancashire County Council	£ 9,300,000	£ 5,000,000	£ 10,060,000	£ 10,060,000	0.50%	£ 10,509
DMADF	£ -	£ -	£ 890,000	£ -	0.25%	£ 155
Government Liquidity MMF	£ -	£ -	£ 5,990,000	£ -	0.30%	£ 1,404
Liquidity First MMF	£ 3,595,000	£ -	£ 6,000,000	£ -	0.41%	£ 3,459
Insight MMF	£ 4,370,000	£ -	£ 6,000,000	£ 370,000	0.33%	£ 6,918
Sub-total	£ 12,895,000			£ 13,060,000		£ 24,352

Investment pattern for the prior 2 years



During the first quarter the Council has maximised its investment in the county call account, as far as possible. The account with RBS has been given preference over the MMF 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	0.485%
Lancaster City Council investments	0.504%

In terms of performance against budget, the details are as follows:

Budget to date:

Icelandic credits	£9K
Cash interest	£22K
Total	<u>£31K</u>

Actual to date:

Icelandic credits to date	£16K
Cash credits to date	£24K
Total	<u>£40K</u>

Variance £9K favourable

The favourable variance is mainly due to interest earned on Icelandic investments that was not budgeted for.

The return is just above base 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, as the Council has focused on secure and highly liquid deposits the rate of return is very modest but given the type of investment the Council is making, it is a reasonable rate.

Over the next quarter, the Council's cashflow should start to stabilise, which in turn should support a slightly longer term investment approach, subject to appropriate risk management regarding the security of investments and market rates.

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.

With regard to the Icelandic investments, there are still uncertainties over the timing and exact amounts of repayments, as well as how elements already repaid in ISK will be repatriated, but these are readily manageable and much smaller than in previous years. Measures are being considered to mitigate the remaining losses.

8. Conclusion

Investment security risk and associated returns remain low, which is likely to continue for the short to medium term. Cash balances remain on the low side, due to continuing delays in securing budgeted capital receipts. Loan repayment opportunities are being monitored and would be considered. They become more attractive if the recovery of interest rates is delayed, assuming such an approach fits with the Council's future investment plans and spending needs.

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.

Property Group Update

Quarter 1: April – June 2013

Report from: Senior Property Officer

Introduction and Background

This report provides a general update on key Property Group business issues for the first 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 following areas:

1. Corporate Non-Housing Property Portfolio 1st Year Delivery Plan
2. Capital Receipts
3. Joint Property Review
4. Performance of Commercial Buildings

1. Corporate Non-Housing Property Portfolio 1st Year Delivery Plan

As a direct result of the comprehensive condition survey work undertaken during the latter part of 2012, a significant amount of required improvement and maintenance work was identified across the Council's corporate non-housing building portfolio. This required maintenance work has been prioritised and developed into a 5-year capital programme. The budget approved by Council of £10.637M makes up the 5-year capital programme, of which £2.402M has been assigned to the current financial year. The ultimate goal for this investment is to shift the Council from its current emphasis on reactive maintenance to a more strategic planned maintenance ethos which will deliver significant potential savings and improve financial planning in the years to come.

The projects will be delivered and managed through the property shared service collaboration arrangements in place between Lancaster City Council (The City Council) and Lancashire County Council (The County Council).

During the first quarter it has been necessary to spend a significant amount of time assessing, quantifying and programming the various individual projects in order to firm up project costs and identify where further specialist surveys and design works may be needed. This work has fed into the formulation of a preliminary first year delivery programme produced in conjunction with the County Council's Building Design Unit. Although previously reported, it is worthy of note that budget flexibility between individual projects is essential because the costs taken from the condition survey data to build up the £10.637M budget are purely indicative having been estimated based upon non-obtrusive surveys. As such, the levels of work required at each property could increase or decrease as detailed specification work for the procurement process progresses.

To date, 95% of sites identified within the 1st year delivery plan for 2013/14 have been surveyed to review the estimate and quantify the condition information. As this work is completed the information is fed into the working procurement/delivery programme to identify when each building will be worked on throughout the year. To date the following additional works have been identified following the specialist surveys carried out as a result of recommendations made during the non-obtrusive condition survey phase.

- Lancaster Town Hall Banqueting Suite ceilings – Following inspection of the barrelled ceilings significant deterioration was discovered. A conservation & structural survey has been commissioned to establish the full extent of the deterioration and to specify, quantify and estimate the remedial works. Progress on this project will be reported once full details are known.
- Storey Institute Garden Walls - As advised in the condition survey a structural survey was carried out by R G Parkins (local structural surveyors) who identified the significant deterioration of the garden walls. As part of the 1st Year delivery plan work is being

undertaken to quantify and estimate the extent of the deterioration. Again progress on this project will be reported once full details are known.

Procurement of the projects will fall into the following procurement groups:

- **Minor Works (MW):** These will be for projects up to £5K in value, there are 22 sites in this group estimated value £45K, 6 sites are Grade 2 listed and 16 of the sites have currently been assessed. Under the County Council's Partnering Framework Agreement, Garside and Laycock have been asked to produce Agreed Maximum Prices (AMP) and a programme of works. Any risks in terms of conservation will be co-ordinated for discussion with the Conservation Officer and English Heritage.
- **Intermediate Works (IW):** These projects will range from £5K to £49K in value, there bring 27 sites in this group of which 4 have a grade 2 or 2* listing and 19 have been visited so far. The total estimated value of this work is £498K. Collectively, it was considered by the Project Board that this work is sensitive in nature for conservation reasons and it should prove beneficial to utilise some experienced local contractors. Again using the County Council's Partnering Framework Agreement, Bramall Construction is to be appointed as the principal general partnering contractor and will pursue the option of utilising some local contractors in their supply chain.
- **Projects (P):** These are the more 'sensitive/large' projects which have been grouped appropriately and are likely to have more complex conservation issues. Groupings range from £50K to £750K in value, affect 18 sites and all have been visited. Bramall Construction are to be appointed as the principal general partnering contractor for these works also, and again the option of utilising some local contractors in their supply chain is to be pursued.

Based on the indicative programmes currently available, current projections indicate likely works spend by 31st March 2014 of circa £2.077M, plus fees at circa £150K, giving an indicative total of £2.227M. This would indicate an under-spend of circa £184K which may need to slip forward into 2014/15.

As at 30 June, all figures are still indicative and therefore no formal update to the Year 1 delivery plan is presented. Furthermore, no use of the Municipal Buildings Reserve programme has been budgeted. No spending has registered as yet against the Plan, in fact, payments are yet to be made in relation to work done in the previous year.

2. Capital Receipts

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

Against this, the capital receipts received during the last quarter are as follows:

- £21K for the Oxford Street garage, received in May

The following receipts are budgeted for during 2013/14 but none have been received as yet:

- Land at south Lancaster: Agreement of detailed legal documentation still underway (by external parties, in connection with planning issues regarding the adjoining site). It is expected that this will be completed soon, and then the sale will progress.
- 12-14 Wellington Terrace, Morecambe: Heads of terms agreed at Cabinet 28 May 2013 (minute 10).
- 56-60 Euston Rd, Morecambe: Not yet considered / reported to Cabinet.
- Land at Quernmore Rd & Willow Grove, Lancaster: Cabinet 04 September 2013 (minute 50). Heads of terms for the sale agreed at the end of June 2013, under delegated authority.
- Heysham Mossgate: Heads of terms agreed at Cabinet 28 May 2013 (minute 11).
- Housing Grant/Loan Repayments and other miscellaneous receipts.

Detailed information on the above is exempt from publication, by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

The outcome of the proposed sales will result in some adjustment to the financing of the Capital Programme. This will be updated in Quarter 2. Information on any other key land or property disposals or plans will also be included then.

3. Joint Property Review (for Lancashire County and Lancaster City Councils)

The joint property review is approaching the end of the data collection phase. The next stage will be to work up a number of options based on 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 perspective, the areas (in no particular order) include:

- Cable Street Offices
- St. Leonard's House
- Palatine Hall
- White Lund Depot
- Lancaster and Morecambe Town Halls – to improve occupancy / utilisation rates

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 call by assessing the urgency of the repair works against the likelihood and timescale of the possible vacation of a building.

It is anticipated that additional information about the options being investigated will be available for the next quarterly update.

4. Performance of Commercial Buildings

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.

Measures are being taken to improve management information and associated systems regarding property. Progress will shape the format and content of future reporting.

Occupation

The current occupation across the City Council's total commercial property portfolio is 82%. The remaining 18% of vacant space amounts to the equivalent of 3961m², the majority of which is attributable to:

- The Storey, which returned to City Council control in October 2012. It has a vacant floor area of 504m², which has reduced from 652m² since the last time this exercise was undertaken early in 2013.
- St. Leonard's House currently has 1904m² of vacant space but as reported previously, the building requires considerable investment. Options are currently being explored with the County Council's regeneration partner Carillion, around alternative viable uses, for consideration by Members in due course.
- The vacancy rate at Citylab (4/5 Dalton Square) is currently running at 50% (or 649m²) which can largely be attributed to the lack of demand for office space in the current financial climate. However, there is interest in the ground floor accommodation and in "No. 4", which means that these figures could look much improved by the next quarterly update.

These three buildings account for 77% of the vacant commercial portfolio and as mentioned earlier, further options to address this will be explored during the joint property review. The remaining 23% is made up of 7 buildings that are currently between lets or to be sold.

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 £464,600 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.

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 Daiton Square	1,307	658	649	Internal	-66,300.00	-37,700.00	144,500.00	40,500.00	170,672.00
Bus Station Kiosk, Lancaster	24	24	0	Internal	-19,100.00	-120,000.00	145,600.00	6,500.00	25,990.00
Stagecoach Office, Lancaster	180	180	0	Internal					
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	-10,800.00	-200.00	3,000.00	-8,000.00	4,700.00
Alfred Street Workshop 8	44	44	0	Internal					
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. - Market	157	151	6	Internal	-23,600.00	0.00	10,800.00	-12,800.00	241,652.00
Assembly Rooms, King St. - Ludus	245	245	0	Internal	-13,000.00	-400.00	10,500.00	-2,900.00	
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	1,554	1050	504	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	-12,500.00	-3,400.00	10,600.00	-5,300.00	93,704.00
Moor Lane Methodist Church	267	267	0	Full	-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					
11 Owen Road	40	40	0	Internal	-8,200.00	-85.00	0.00	-8,285.00	Council Housing
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	21,983	18,022	3,961		-955,350.00	-302,750.00	793,500.00	-464,600.00	5,004,498.00
					-1,258,100.00				
By Percentage	100%	82%	18%		100%		63%	37%	

BUDGET AND PERFORMANCE PANEL

Work Programme Report

10 September 2013

Report of Chief Officer (Governance)

PURPOSE OF REPORT

To update members regarding the panel's work programme.

This report is public.

RECOMMENDATIONS

- (1) **That members note the updated work programme as detailed in Appendix A to the report.**
- (2) **That members consider whether they would like to include any further items in the work programme.**

1.0 Introduction

- 1.1 This report provides members with recommendations for inclusion in the panel's work programme and advises of possible upcoming items for consideration and work in progress.
- 1.2 The Budget and Performance Panel is responsible for setting its own annual work programme within the terms of reference, as set out in Part 3, Section 13 of the constitution.
- 1.3 Members of the Budget and Performance Panel are entitled to give notice to the Chief Executive that they wish an item relevant to the Terms of Reference of the meeting to be included on the agenda for the first available meeting, and the meeting will determine whether the issue should be included in its Work Programme based on its relevance as compared to the priorities as set out in the scrutiny work programme (Part 4, Section 5 of the Constitution).

2.0 Report

2.1 Updates on Future Legislation on Revenues and Benefits

Members are advised that at its meeting on 10 July 2013, Overview and Scrutiny Committee had considered the items on its work programme which had been carried over from municipal year 2012/13. The committee had resolved the following:

To refer Updates on Future Legislation on Revenues and Benefits to the Budget and Performance Panel.

It was felt that this issue fell under the terms of reference of the panel, and as such members are requested to consider including this issue on the panel's work programme.

2.2 Salt Ayre Sports Centre

At its meeting on 26 March 2013 the panel received a report to update members on the continuing work in relation to the performance of Salt Ayre Sports Centre. Members were advised that the review of the sports centre was ongoing and the panel agreed that further reports should be requested in order to update members on progress made. The panel had also requested that information regarding the marketing of SASC and use of social media be included in this report. The Assistant Head of Community Engagement (Wellbeing) has advised that this report will now be presented to the meeting of the panel scheduled for 22 October 2013.

2.3 Building Control

At its meeting on 11 June 2013 the panel requested that the appropriate officer be invited to attend a meeting of the panel in order to provide a report regarding building control. Following consultation with the Chief Executive it has been agreed that the Chief Officer (Regeneration and Planning) will present a report to the meeting of the panel scheduled for 22 October 2013. This has been included on the panel's work programme accordingly.

2.4 Empty Houses, Voids and why Properties are in need of Repair

At the meeting on held on 11 June 2013 members discussed the briefing note regarding 'Empty Houses, Voids and why Properties are in need of Repair'. The panel agreed that a further report providing more detail be requested to cover a number of very specific questions asked by panel. The report is included on the agenda for this meeting of the panel.

2.5 Briefing Notes

At its meeting on 11 June 2013 the panel agreed that a briefing note be requested on solar panels; particularly the panels at SASC that have not been generating electricity. On 28 June 2013 a briefing note titled 'Solar Panel Project' was circulated to members.

Members are also reminded that at its meeting on 11 June 2013 the panel had requested that the briefing notes 'Lettings of Council Buildings' and 'Shared Property Services with Lancashire County Council' be recirculated.

Should the panel wish to consider any issue contained within these briefing notes a report can be requested for inclusion on the agenda for a future meeting of the panel. It should be noted, however, that the panel will now receive quarterly updates on general property matters as a matter of course (the first quarter being elsewhere on this agenda).

The briefing note on procurement, in context of the Public Services (Social Value) Act, has been draft and should be circulated shortly.

2.6 Service Level Agreements (SLAs)

Previously the panel has chosen to monitor SLAs, requesting reports as appropriate. At its meeting on 11 December 2012 the panel received a report regarding progress towards introducing commissioning arrangements which would replace the current Service Level Agreements with voluntary, community and faith sector (VCFS) partners and arts/leisure partners.

The panel requested that the monitoring of VCFS contracts be added to the work programme, with appropriate dates for monitoring included once the new commissioning arrangements have been agreed.

Officers have now advised that this report will be presented to the panel when performance information for VCSF contracts is available and arrangements for arts commissioning are further developed. It is expected that a report could be presented to the panel in June 2014.

2.7 Partnerships

In the past the panel has received reports to update members throughout the year on progress against the planned work programme, outcomes from completed evaluations and any issues arising from the ongoing development of the framework for partnership performance management and governance.

At its meeting on 27 November 2012 the panel was advised of a database that had been created that provided an overview of key partnerships helping the council to achieve its priorities. It was agreed that this would be helpful in assisting the panel to fulfil its terms of reference and that this be added to the panel's work programme.

Members are asked to identify any issues of particular interest regarding partnership arrangements. Reports can then be requested on these particular issues.

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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APPENDIX A

BUDGET & PERFORMANCE PANEL WORK PROGRAMME
2013/14

Matter for consideration	Officer responsible / External	Date of meeting
Salt Ayre Sports Centre Update	Chief Officer (Health and Housing)	22 October 2013
Customer Comments, Compliments and Complaints Policy and Guidance	Chief Officer (Environment)	22 October 2013
Update Building Control Service Area	Chief Officer (Regeneration and Planning)	22 October 2013
Qtr 2 Financial Monitoring	Financial Services Manager	5 November 2013
Qtr 2 Corporate Performance Monitoring Report	Chief Officer (Governance)	5 November 2013
Qtr 2 Property Update	Chief Officer (Resources) and Senior Property Officer	5 November 2013
Treasury Management Strategy	Financial Services Manager	4 March 2014
Qtr 3 Corporate Performance Monitoring Report	Chief Officer (Governance)	4 March 2014
Qtr 3 Financial Monitoring	Financial Services Manager	4 March 2014
Qtr 3 Property Update	Chief Officer (Resources) and Senior Property Officer	4 March 2014
Partnerships Update	Chief Officer (Governance)	TBC
Monitoring of Service Level Agreements with Voluntary, Community and Faith Sector Partners, and Arts/leisure Partners	Chief Officer (Governance)	Estimated June 2014
Budget Overspends/Variations	As required	As required

Invitations to Cabinet Members

Cabinet Member and area of responsibility	Issue	Date of meeting
Councillor Sands (Cabinet Member for Arts and Culture) and Councillor Barry (Cabinet Member for Voluntary Sector)	To discuss partnerships within their respective portfolios.	TBC

Briefing Notes

Matter for consideration	Date Requested	Date Circulated	Officer responsible
Lettings of Council Buildings	11 December 2012	26 March 2013	Chief Officer (Resources)
Shared Property Services with Lancashire County Council	27 November 2012	26 March 2013	Chief Officer (Resources)
Solar Panel Project	11 June 2013	28 June 2013	Chief Officer (Environment)
Public Services (Social Value) Act (with a particular emphasis on procurement)	11 June 2013		Chief Officer (Resources)
Performance management information regarding the Platform, Morecambe	11 June 2013		Chief Officer (Health and Housing)