



Committee: CABINET

Date: TUESDAY, 29 JULY 2014

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 24 June 2014 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **Declarations of Interest**

To receive declarations by Members of interests in respect of items on this Agenda.

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

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

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

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Destination Branding (Pages 1 - 13)**

(Cabinet Member with Special Responsibility Councillor Sands)

Report of Chief Officer (Regeneration & Planning)

7. **Council Housing- Building Programme Manager** (Pages 14 - 17)

(Cabinet Member with Special Responsibility Councillor Leytham)

Report of Chief Officers (Environmental) & (Health & Housing)

8. **Waste / Recycling Collection- Updated Policies for Householders** (Pages 18 - 34)

(Cabinet Member with Special Responsibility Councillor Smith)

Report of Chief Officer (Resources)

9. **Corporate Non-Housing Property Portfolio Improvement Works: Year 2 Delivery Plan** (Pages 35 - 40)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Chief Officer (Resources)

10. **Provisional Revenue, Capital & Treasury Management Outturn 2013/14** (Pages 41 - 70)

(Cabinet Member with Special Responsibility Councillor Bryning)

Report of Chief Officer (Resources)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email ebateson@lancaster.gov.uk.

(iii) Apologies

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

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

Published on Friday, July 18, 2014.

CABINET**Destination Branding
29 July 2014****Report of Chief Officer (Regeneration and Planning)**

PURPOSE OF REPORT			
To provide information on the two new destination brands for Lancaster (including the Lune Valley) and Morecambe Bay and propose arrangements for the future management and use of the brands.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	26 th June 2014		
This report is public.			

RECOMMENDATIONS OF Councillor Ron Sands

It is recommended that:

- (1) The Council works jointly with Marketing Lancashire to agree and develop secure, sustainable, long term management arrangements for two new destination brands for Lancaster (including the Lune Valley) and Morecambe Bay, working with district partners and Cumbria Tourism, as appropriate.
- (2) The new destination branding is used for all relevant visitor information produced by the Council. The "City, Coast and Countryside" banner is retained for service and corporate communications.
- (3) Cabinet considers the two options set out in this report.
- (4) Tourism businesses are provided with information regarding their promotion opportunities, as required.
- (5) Funding referred to is used to support the additional activities anticipated to ensure that destination branding for Lancaster and Morecambe Bay is effective and that general fund revenue budgets are updated accordingly, subject to a formal review of this activity after Year 1.

1.0 Introduction

1.1 Following Cabinet's endorsement of the destination branding approach in June 2013, the council has been working with a wide range of partners to develop two major new destination brands for Lancaster (incorporating the Lune Valley) and for Morecambe Bay. These brands will underpin visitor marketing for the district, and beyond, in the future. It is anticipated that, by working with Marketing Lancashire and other partners, the Council can ensure that both Lancaster and Morecambe Bay achieve a national, and potentially international, profile as great places to visit. This in turn will lead to improved economic impact achieved as a result of improved visitor numbers, visitor spend and jobs.

1.2 Both brands have been developed using a wide partnership approach with a high level of engagement and buy in via the individual Branding Steering Groups. A full list of partners is included at Appendix C. A series of consultations and work with focus groups as part of Phase 1 of the Branding project, identified strong consensus for the two destinations, which are seen as complementary and can be mixed and matched as required. Following extensive stakeholder engagement and consumer testing, clear attributes for the two brands have emerged.

1.3 The Lancaster brand identifies Lancaster (including the Lune Valley) as "One of England's most vibrant, historic cities, where culture and heritage captivate and inspire visitors." Lancaster's attributes include:

- Lancaster Castle and Heritage Attractions
- Architecture, Fabric of the City Hidden Spaces
- The River Lune (Lungs of the city): access to countryside, walking and biking
- Theatre, Arts and Events/ Festivals
- Independent and Quirky: shopping, coffee, pubs

1.4 The Morecambe Bay brand identifies Morecambe Bay as "One of England's emerging destinations, incomparable to anything in the UK" and "an inspiring coastal area" with attributes that include:

- Big (and changing) views across the Bay
- Rich cultural heritage
- Outstanding nature and wildlife
- Diverse and authentic towns and villages to explore
- Outdoor activities: walking and cycling (for all) and watersports

A more detailed summary of the key elements of each of the brands is included at Appendix A

1.5 At this stage, the brand designs, toolkit and guidelines are in draft form and are expected to be approved by the Branding Steering Groups in August, at

which time the final brand designs can be made widely available.

- 1.6 A launch event for each brand is anticipated in early autumn, which will bring in tourism businesses and a range of other organisations with a view to the brands being widely taken up across the two destinations.
- 1.7 In addition, a limited number of workshops will be provided for business groups to assist them in using the brands effectively to market their products and services.
- 1.8 This report proposes arrangements to take destination branding forward through its next stages, to achieve the maximum impact for the visitor economy.

2.0 Proposal Details

Image library

- 2.1 To bring the brands to the point where they can be used for marketing purposes, an image library is required. This should cover all aspects of the brand essence and be widely available for use by all those marketing visitor services across both destinations. Work is ongoing at present to identify any existing "on brand" images that can be used but it is likely that some gaps will be identified and it may be necessary to procure professional photography to create a full suite of images. A small budget is available for this and officers are seeking a cost effective solution within budget although there are some concerns around quality of work and obtaining licence free images for wide use that may impact on costs. It is anticipated that some contributions from partners may be available.

Brand management requirements

- 2.2 To maximise the impact of the brands and achieve a significant improvement in the profile of our two destinations and the visitor economy, there are some ongoing brand management requirements:

Infrastructure/ strategic management

- Hosting, guardianship and providing access to the brand tools and guidelines, including managing and updating the image library
- Technical administration of visitor demand, visitor profile and use of media
- Strategic planning

Marketing activity

- Day to day content management
- Branded marketing campaigns

- 2.3 Options to meet these new infrastructure and strategic management requirements have been considered but are limited. Whilst the Council needs to play an important leadership role in the strategic development of the visitor economy and in marketing the visitor offer, resources are now very stretched and it will be important to engage with other partners with relevant resources and expertise to provide cost effective and sustainable

arrangements.

- 2.4 Marketing Lancashire, the Destination Management Organisation (DMO) for Lancashire, working alongside the County Council, the City Council and partners, is uniquely placed to play an important role in future arrangements for the destination brands and to achieve the strong positioning that will be essential to achieve a national and international profile.
- 2.5 Morecambe Bay covers part of Cumbria as well as part of Lancashire and Marketing Lancashire has engaged with Cumbria Tourism as the DMO for Cumbria as well as the district authorities to ensure Morecambe Bay branding works well across the whole area.
- 2.6 A wide range of other partners, district wide and beyond, have actively contributed to the branding work so far and it is hoped that this kind of engagement will continue into the future.
- 2.7 It is proposed that the Council works jointly with Marketing Lancashire to engage with other partners to agree and develop management arrangements for the two new destination brands for Lancaster and Morecambe Bay.
- 2.8 Once the destination brands are launched, it is expected that the Council and partners will use the new brands for all visitor marketing campaigns and materials. At that time, whilst "City Coast and Countryside" would remain as a corporate strapline, its use would be phased out from the Council's Visitor Marketing as the new brands are adopted. This change is included as a recommendation of this report.
- 2.9 Tourism businesses will be encouraged to take advantage of this new opportunity to promote their businesses on a wider platform.

Costs and contributions

- 2.10 The impact of the two new brands on visitor numbers is expected to be significant over time, whilst anticipated additional costs associated with future arrangements are limited. Although some costs are unknown at this point, early indications suggest these look likely to be in the region of £10k to £15k in the current year, with any costs for future years being identified in the autumn. No budget is currently available to cover these costs. However, destination marketing brings with it an opportunity to reach out to audiences much further afield and, to do this effectively, internet and social media based marketing will be of increasing importance whilst printed materials will be an important part of the mix once visitors are in the district. The wide and increasing use of the internet is evidenced and it is known that Lancaster page views as part of the Visit Lancashire website have increased by 19% this year. Arising from these changes are some potential savings associated with the two annual Visitor Guides for Lancaster and Morecambe.
- 2.11 There are no direct costs to the Council for design and print of the Visitor Guides as these are covered by advertising revenue. Distribution costs,

however, are currently a direct cost to the council of c£10K per annum and although 40,000 copies are produced and distributed, there is no way to know how many reach the relevant target markets at the initial interest stage, making these publications relatively expensive way of achieving impact when compared with other marketing approaches.

- 2.12 The Council currently commissions the design, print and sale of advertising space for the Visitor Guides to the private sector and, as no direct payment is made, it is possible the private sector may wish to continue to produce the Visitor Guides. If this was not the case, local tourism businesses may wish to receive information on good alternative ways to promote their businesses. Marketing Lancashire has a Lancashire wide Visitor Guide, the district's VIC's are also an excellent vehicle for promotion and the council will continue to develop good marketing opportunities via internet, social media and locally available printed materials. If the Council determines not to continue to pay for distribution of the Visitor Guide for 2015, a decision is required before August 2014 when contractual arrangements need to be confirmed.
- 2.12 It is recommended as part of this report that the Council no longer finances the distribution of the two annual printed Visitor Guides but that on line information is produced as an alternative supported by relevant pocket sized leaflets and social media, as appropriate and that information is provided to businesses regarding their promotion opportunities. It is further proposed that the balance of savings is used to support the additional activities anticipated to ensure destination branding for Lancaster and Morecambe Bay is effective.

3.0 Details of Consultation

There has been wide and ongoing consultation and involvement on the development of the destination brands for Lancaster, including the Lune Valley and for Morecambe Bay. Two Steering Groups comprising a wide range of partners from the public and private sector have managed the process and each of the Steering Groups appointed a Working group to take forward the key tasks of the branding work. In addition, each of the brands has been consumer tested at key stages to ensure the brands work well with visitors.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Cease funding the distribution of printed Visitor Guides for the district, using alternative ways to make up to date visitor information more widely available as part of destination marketing.	Option 2: Continue to provide funding for the distribution of the Visitor Guides and identify alternative sources of funding.
Advantages	<p>More effective in reaching potential visitors far away and works well to raise initial interest</p> <p>Much easier to provide 'real time' up to date and current information</p> <p>Demand for digital information is increasing year by year</p> <p>Extremely cost effective</p> <p>Can be high impact if supported by right skills and expertise to support content and positioning</p> <p>Timing of the change works well alongside the launch of the two new destination brands, which opens up wider opportunities</p> <p>Would allow destination marketing costs to be managed within existing budgets</p>	<p>Some tourism businesses like the Visitor Guides for marketing their services and produces</p>
Disadvantages	<p>Some tourism businesses like the Visitor Guides for marketing their products and services – details of other options would need to be provided</p>	<p>Additional budgets would be required to support destination marketing costs</p> <p>The Visitor Guides are less able than other options to reach potential visitors on the scale or in the locations required</p> <p>Information in the guides is published once and cannot be changed to reflect current activities</p> <p>Difficult to assess impact once distributed but some evidence shows that internet can be up to 5 times more effective than brochures in attracting first time visitors</p>
Risks	No specific risks identified	No specific risks identified

5.0 Officer Preferred Option (and comments)

The officer preferred option is Option 1. This represents a cost effective approach to marketing the district allowing budgets to be used to greater effect.

6.0 Conclusion

The two new 'destinations' brands for Lancaster, incorporating the Lune Valley and Morecambe Bay are the culmination of many months of work on the part of partners in the district and the South of Cumbria. Potentially these will have a significant impact on the visitor economy and jobs as well as generating future investment in these destinations and their assets. It is very important that future arrangements to ensure the brands work effectively are secure and sustainable. Proposals in this report suggest ways that this can be achieved cost effectively, working with partners and making more of opportunities to engage with visitors on a far wider scale than before, with current, up to date information about what is on offer and why these are great places to visit.

RELATIONSHIP TO POLICY FRAMEWORK

The proposals in this report are consistent with the Councils' Corporate Priority of Economic Growth and the Corporate Plan Outcome "Lancaster and Morecambe Bay will be recognised as important visitor destinations"

CONCLUSION OF IMPACT ASSESSMENT

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

No specific impacts identified but the proposals in this report are equally relevant to rural and urban areas.

LEGAL IMPLICATIONS

It is important to confirm whether the Visitor Guides for 2015 are required as soon as possible as contractual arrangements will need to be in place by the end of August.

FINANCIAL IMPLICATIONS

Additional costs associated with destination branding are not yet confirmed but indicatively will be between £10k and £15k in Year 1 to cover the basic requirement and ensure that it is still possible to provide marketing information to visitors when they arrive. Costs for future years will be identified by autumn as a result of work currently taking place. One option included in this report that would create savings in the region of £10K per annum from the distribution costs of the district Visitor Guides, allowing the additional brand management costs to be absorbed/capped within current budgets. If the savings are not re-directed there is no clear alternative means of funding destination branding costs within the services current budgets. It should be noted however, that the Visitor Guides are produced in calendar years rather than financial years. Due to the timeframe over which the 2014 Visitor Guides are distributed during 2013/14 and the current financial year, there is only c£5K remaining in 2014/15 for re-allocation. Consequently, Year 1 activity for destination branding

costs will either need to be phased across 2014/15 and 2015/16 or alternative savings identified by the Service during the current year.

Although it is expected that partners will contribute to some costs including photography, launch events and campaigns, the infrastructure and strategic management costs will require an ongoing solution. It is possible in theory to introduce some commission charges for use of the platforms that will be provided but, in practice, this will severely undermine the wide take up of the brands that is essential for their success. On that basis, it is assumed for now that these core responsibilities and costs rest with the Council and Marketing Lancashire.

Over time, it is possible that external funding could be accessed to support destination marketing going forward and potential opportunities are at an early stage of consideration. However, it is not possible at this stage to be clear about what this would mean in delivery or financial terms. It is further recommended therefore, that a formal review of this activity is undertaken after 1 year to inform future delivery options and be fed into the appropriate annual budget cycle.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None directly as a result of this report

Information Services:

None directly as a result of this report.

Property:

None directly as a result of this report

Open Spaces:

None directly as a result of this report

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

None.

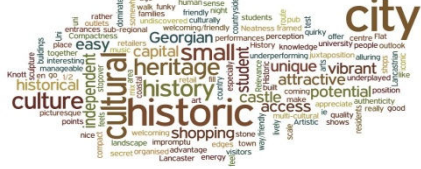

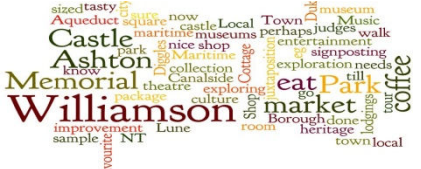

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Appendix A


Lancaster Brand Wheel Summary


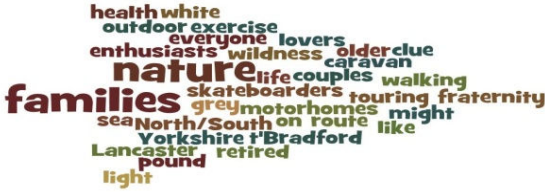
BRAND WHEEL ELEMENT	SUMMARY for LANCASTER (including Lune Valley)	
Brand Essence	An Authentic Vibrant Historic City	
Rational Attributes	<ol style="list-style-type: none"> 1. Lancaster Castle & Heritage Attractions 2. Architectural, Fabric of the City & Hidden Spaces, 3. River Lune (Lungs of the City): access to countryside, walking/biking 4. Theatre, Arts & Events/Festivals 5. Independent & Quirky: shopping, coffee, pubs 	
Emotional Attributes (Promise)	<ol style="list-style-type: none"> 1. Surprising 2. Intimate 3. Cultured 4. Belonging (& connected: pride, House of Lancaster/Lancaster's Story) 5. Impressed 	
Position Statement	One of England's most vibrant historic cities where culture and heritage captivate and inspire visitors.	
Key Messages	<ol style="list-style-type: none"> 1. Castle & Heritage Attractions* 2. Vibrant City Culture* 3. Countryside on the Doorstep (*architectural ambiance, unlocking the city's story)	
	OTHER BRANDING BRIEF ELEMENTS for LANCASTER (summary of stakeholder and consumer research conducted in 2013)	
What's Special?	 <p>Lancaster Heritage, culture, uni & shopping</p>	 <p>Lune Valley Beauty, country, river</p>
No 1 Thing to Do?	 <p>Lancaster Historic attractions, eating & drinking</p>	 <p>Lune Valley Walking, Crook O' Lune</p>
Competition	<ul style="list-style-type: none"> • Visitors: Chester, Harrogate (not premiership like York and Bath) • Students: York, Durham, Bath, Edinburgh, Leicester, Exeter • Other leading inner city vibrant centres: Manchester, Leeds • Local: Carlisle 	

<p>Who Would Appreciate?</p>	 <p>Lancaster Students, couples, families</p>	 <p>Lune Valley Families, cyclists & older couples</p>
<p>Target Markets</p>	<ul style="list-style-type: none"> • Adult couples/groups 40+ ABC1 • Students (postgrads 21+ & undergrads 17+ and families) • Working Professionals 21-35 BC1C2 	

Appendix B

Morecambe Bay Brand Wheel Summary

BRAND WHEEL ELEMENT	SUMMARY for MORECAMBE BAY
Brand Essence	An Inspiring Coastal Area
Rational Attributes	<ol style="list-style-type: none"> 1. Big (& changing) views across Bay 2. Rich cultural heritage 3. Outstanding nature and wildlife 4. Diverse & authentic towns and villages to explore 5. Outdoor Activities – walking & cycling (for all) & waterports
Emotional Attributes (Promise)	<ol style="list-style-type: none"> 1. Inspired (creative) 2. Awe-struck & captivated (magical, wow!) 3. Calm & reflective 4. Curious (engaged) 5. Energised & exhilarated (multi-emotional)
Position Statement	One of England's fastest emerging destinations, incomparable to anything in the UK: captivating coastal landscapes and seascapes, rich in natural and cultural heritage with big views and some of the best sunsets in the UK that inspire and engage outdoor and nature lovers (eg Autumn watch fans), particularly 50+ but also families.
Key Messages	<p>Inspire & Captivate - Big Views, Landscapes & Natural Environment A sense and feeling of wonder at the diversity of Morecambe Bay. Its vast intertidal areas; land and seascapes; natural habitats & wildlife; ecology; geology; and naturally occurring attractions which engage visitors in the natural environment in and around Morecambe Bay.</p> <p>Explore & Discover - Cultural Heritage A sense and feeling of rich built and historical heritage, the personal stories, traditions and ways of life which have emerged culturally in local food, drink, arts and craftsmanship to captivate visitors in and around Morecambe Bay.</p> <p>Engage - Outdoor Recreation Participating and a sense of feeling from outdoor leisure and recreation, accessible to all. From land-based activities eg ambling along coastal paths, strolling with a pushchair along the promenade to more up-tempo walking and biking, through to higher energy activities such as watersports activities and cross-bay events. All have opportunities to enjoy the views and stop and enjoy attractions in and around the Bay.</p>
	OTHER MARKETING BRIEF ELEMENTS for MORECAMBE BAY (summary of stakeholder and consumer research conducted in 2013)
What's Special?	 <p>Natural, stunning, beautiful</p>

<p>No 1 Thing to Do?</p>	 <p>Walk along the prom/Bay</p>
<p>Competition</p>	<p>Competition: doesn't compare to anything else in North West but other destinations are competitors</p>
<p>Who Would Appreciate?</p>	 <p>Nature/outdoorsy couples & families</p>
<p>Target Markets</p>	<p>Core Target Market: AB/C1 Families & 50+ Couples</p>

APPENDIX C
Destination Branding
Stakeholders

Stage 2: Creative Brand Development

Morecambe Bay Stakeholders

Arndale Centre, Morecambe
Barrow Borough Council
Bay Tourism
Boosting Barrow
Carnforth Brief Encounter Visitor Centre
Carnforth Tourism Committee
Carnforth Town Council
Cumbria Community Rail Partnership
Cumbria Tourism
EDF Energy
English Lakes Hotels
Lancashire County Council
Lancaster and District Chamber of
Commerce
Lancaster and Morecambe Vision Board
Leighton Hall
Marketing Lancashire
More Music
Morecambe Bay Partnership
Morecambe Town Council
Morecambe Town Team
RSPB
Sea Lynn Guest House, Morecambe
South Lakeland District Council
Stagecoach Bus
Ulverston Town Council

Lancaster Stakeholders

Atkinsons of Lancaster
Bay Tourism
British Land
Canal and Rivers Trust
Duchy of Lancaster
English Lakes Hotels
Lancashire County Council
Lancaster 20:20 Vision
Lancaster and District Chamber of
Commerce
Lancaster and Morecambe Vision Board
Lancaster BID
Lancaster Castle
Lancaster City Council
Lancaster Institute of Contemporary Arts
Lancaster University
Lancaster University Students Union
Marketgate Shopping Centre
Marketing Lancashire
St Nicholas Arcades Shopping Centre
Stagecoach Bus
Storey Gallery
Virgin Trains

CABINET

**Council Housing- Building Programme Manager
July 29th**

**Report of Chief Officers (Environment /Health and
Housing)**

PURPOSE OF REPORT			
To seek approval from Cabinet to use the Housing Revenue Account – business support reserve to fund the establishment of post to manage the Council Housing Building Programme.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	30 th June 2014.		
This report is public.			

RECOMMENDATIONS OF CLLR LEYTHAM

- (1) That Cabinet approve the use of the Housing Revenue Account Business Support Reserve to fund the establishment of this post for a fixed term of 3 years.
- (2) That delegated authority be given to the Chief Officer (Resources) to update the General Fund Revenue Budget and Housing Revenue Account accordingly.
- (3) That any need to extend this post in the future be reported back to Cabinet.

1.0 Introduction

1.1 Cabinet of 5th Nov 2013 approved the following

- (1) That a programme of new build council housing be established as set out in the report.
- (2) That the Council works with the Lancashire Regeneration Property Partnership (LRPP) to develop a scheme to deliver a programme of new build council housing as set out in the report and that detailed proposals be brought back to Cabinet

for approval prior to entering into any contractual commitment.

- (3) That a scheme for acquiring ex-council housing properties also be established as set out in the report, and that detailed proposals be brought back to Cabinet for approval.

- 1.2 Cabinet agreed that funding for the project would come from the Housing Revenue Account (HRA) Business Support Reserve. Use of this reserve needs to be approved by Cabinet. So whilst the establishment of post is delegated to the Chief Executive a decision to fund the post is required from Cabinet.
- 1.3 Within existing capacity much work has already been done to establish an overall direction for the programme. No formal decisions have been required to date but updates on progress have been provided through the Housing Regeneration Cabinet Liaison Group.
- 1.4 The point has now been reached where the officer view is that in order to deliver the project additional officer capacity is required. The purpose of this officer capacity will be to ensure that the plans, decisions and delivery of the project happen in a timely and managed way. Whilst the Lancashire Regeneration Partnership will be engaged in the development and delivery of the scheme this officer will oversee the project in order to ensure the City Council's interests at all times.

2.0 Proposal Details

- 2.1 The establishment of a Building Programme Manager for a fixed term of 3 years will provide the needed capacity to develop a delivery plan and subject to this being agreed to oversee the building programme.
- 2.2 This post would work solely on the building programme, be funded from the HRA Business Support Reserve and report directly to the Chief Officer (Environment).

3.0 Details of Consultation

- 3.1 None

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Agree to fund the establishment of a Building Programme Manager	Option 2: Don't agree to fund the establishment of a Building Programme Manager
Advantages	Provides the capacity required to develop firm proposals for a building programme and then oversee this.	
Disadvantages		There is currently insufficient capacity to deliver the programme without impacting on existing service delivery or increasing the risk to the City Council.
Risks	The proposals for the building programme take longer than expected to be agreed, (eg there may be local opposition). This could require extension of the fixed term contract.	The building programme isn't delivered.

5.0 Officer Preferred Option (and comments)

5.1 The officer preferred option is option 1.

RELATIONSHIP TO POLICY FRAMEWORK

The building programme is integral to the Council's corporate priority of Health and Wellbeing.

CONCLUSION OF IMPACT ASSESSMENT

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

There are no direct equality issues arising from this reports. However, the establishment of a post to deal exclusively with the building programme will, help ensure any equality issues identified as part of the impact assessment of the wider housing strategy are given due consideration in the house building programme.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.

FINANCIAL IMPLICATIONS

The cost of the new post at bottom of Grade 6 is £36.5K (£42.2K at top of scale) and can be funded from the HRA Business Support Reserve, which at 31st March 2014 has £8.613M available for allocation subject to audit of the Council's Statement of Accounts.

Members are reminded that this reserve was established to provide support to additional business plan commitment and planned investment opportunities and it is considered that the creation of this post is necessary in order to fulfil that requirement, i.e. to liaise with the LRPP in developing and delivering a programme of new build council housing and a scheme for acquiring ex-council housing properties as agreed by Cabinet at its meeting in November 2013.

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

OTHER RESOURCE IMPLICATIONS

Human Resources:

The Establishment of the post is delegated to the Chief Executive. The draft job description for the proposed post has been evaluated as part of the Council's Job Evaluation Scheme. The score places this post in Grade 6. Any recruitment activity will be compliant with Council policy and legislation.

Information Services:

None directly arising.

Property:

As set out in the report.

Open Spaces:

None.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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CABINET

Waste / Recycling Collection- Updated Policies for Householders

29th July 2014

Report of Chief Officer (Environment)

PURPOSE OF REPORT				
To seek Cabinet approval for a set of updated policies for household waste collection / recycling.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member X
Date Included in Forthcoming Key Decision Notice			NA.	
This report is public.				

RECOMMENDATION OF COUNCILLOR SMITH

- (1) That Cabinet approves the waste / recycling collection updated policies for householders set out in the report.

1.0 Introduction

1.1 A priority in the Council’s corporate plan is the provision of ‘Clean, Green and Safe Places’. One of the measures of success for this is maintaining the amount of household waste that is recycled or composted and reducing the amount that isn’t. In so doing the Council will be contributing to the delivery of the Lancashire Waste Strategy.

1.2 This priority has to be delivered within current and future budgetary and resource pressures.

1.3 It is therefore important that we have in place clearly defined and understood policies that support-

- The reduction of the overall amount of waste that householders produce.
- The maintenance of the % amount of household waste re-used, recycled and composted.
- Making the best use of the Council’s limited resources.

Cabinet last considered the Council's policies in this respect in July 2012. The waste/ recycling collection service is provided to every household in the District and allows for householders to recycle and dispose of a comprehensive range of items. As would be expected from a service that provide over 1.5 million transactions per year the way things are done constantly evolves and changes. On a periodic basis officers request that Cabinet approve the most up to date operational policies for this service area.

- 1.4 Most significant of these is in relation to Council's decision at budget council of 27th Feb 2013, *'That the supporting General Fund revenue budget proposals be approved, as summarised at Annex 1 of the report and appended to the minutes, subject to Cabinet's further consideration of charging for waste/recycling bins and boxes.'*
- 1.5 Under the Environmental Protection Act 1990, Lancaster City Council has a legal obligation to collect household waste but only from a container that we specify. All bins and boxes belong to the Council. The assumed lifecycle of bins and boxes is 10 years. Many last much longer than that. To date charges related to replacement of bins and boxes have not been imposed. However, the current operational policy for provision of bins and boxes to new developments, and where people move into houses and need bins and boxes, is that a subsidised one off service / usage amount which includes delivery of £15+VAT per bin and £4+VAT per box is charged. This makes a contribution to the overall costs of providing bins and boxes, which are much higher.
- 1.6 In the case of new developments in most cases the developer makes arrangements with the Council so that the charge is not borne directly by the householder. However in the case of a recent major new development this has not happened so the charge is borne by the householder. This is currently being challenged by a number of householders.
- 1.7 In the case of people moving into existing homes bins and boxes are the property of the Council so in theory the bins and boxes should be left for them. Of late there have been examples of householders taking the bins and boxes with them when they move.

2.0 Proposal

The report sets out updated policies for Cabinet to consider as below.

UPDATED WASTE / RECYCLING COLLECTION POLICIES JULY 2014

1	Households Requiring Additional Residual Containers (grey bins)	<p>Residents are not automatically entitled to additional containers for non-recyclable waste (grey bins). If a resident requests an additional grey bin, a questionnaire will be issued to the householder for their completion and return. Following receipt of the completed questionnaire a waste audit will be arranged to ensure that the applicant is recycling fully and also to provide waste minimisation advice.</p> <p>If approved, the householder will be issued with a 140L container.</p>
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		If declined, the householder will be sent a letter setting out the reasons why.
2	Replacement of Wheeled Bins	<p>Replacement wheeled bins will only be made after investigating the loss of the container. In the first instance this would be made via Customer Services. A maximum number of three containers will be replaced per property.</p> <p>If it is found that bins are being misused, they will be withdrawn and replaced with orange sacks. Household waste from the property will then be monitored in line with the council's Enforcement Strategy.</p> <p>If the cause of the damage is found to be due to neglect/abuse of the container, householders will be charged for the container.</p> <p>If the council has caused the loss or damage, the council will provide the replacement free of charge.</p> <p>Containers are the property of Lancaster City Council and should remain on the property when the occupier vacates.</p> <p>Exceptions: Where a resident moves into a property and find they do not have the required containers a subsidised service / usage charge which includes delivery charge will be applied.</p>
3	Misuse of Grey Wheeled Bins	<p>If the grey bin is continually contaminated with non-residual waste or contains recyclables, the scheme would fail to achieve recycling and diversion targets. Efforts through education and enforcement will be made to help the householder rectify this situation.</p> <p>A strict rule of 'three strikes and you are out', giving the householder two chances to improve the situation. If no effort is made to improve, on the third strike, the bin, will be removed. The bin will be replaced with orange sacks and waste from the property will be monitored.</p> <p>The bin will only be replaced subject to the householder confirming, in writing, an undertaking ensuring future misuse does not occur.</p>
4	Misuse of Green Wheeled Bins	<p>If the green bin is continually contaminated with non-compostable waste (this includes household waste), again the scheme would fail to achieve recycling and diversion targets. Bin tags will be left on the bin to inform the residents the reason why the bin has not been emptied. Efforts will be made through education and enforcement to help the householder rectify the situation.</p> <p>A strict rule of 'three strikes and you are out', giving the</p>

		<p>householder two chances to improve the situation. If no effort is made to improve, on the third strike, the bin, will be removed. The bin will be replaced with orange sacks and waste from the property will be monitored.</p> <p>The bin will only be replaced subject to the householder confirming, in writing, an undertaking ensuring future abuse does not occur.</p>
5	Misuse of Recycling Boxes	<p>It is proposed that if householders do not use the boxes for their intended use, the storage of recyclate, the boxes will be removed from the property.</p> <p>A 'three strikes and you are out'; policy will apply, giving the householder two opportunities to improve the situation. Officers will work with the householder to help them recycle before enforcement action is taken against them</p> <p>Box cards will be used to inform the residents the reason why the box has not been emptied.</p>
6	Misuse of Food Waste Caddies.	<p>For the benefit of the health and safety of the collection staff, food waste must be presented for collection in a solid form and not liquid. If food waste is not presented appropriately a bin tag will be left for the householder to inform them of why it has not been taken.</p> <p>Waste Management Officers will educate and support the householders to improve the situation.</p>
7	Side Waste	<p>In order to encourage householder to minimise and segregate their waste into recyclable and non-recyclable waste, side waste <i>will not</i> collected. Educating householders to minimise and manage their waste will continue. Enforcement action will be taken against householders once all other options have been exhausted. This will be relaxed for two weeks following the Christmas holiday period when a limited amount of side waste will be removed. To avoid abuse, this will not be advertised.</p>
8	Side Recyclables	<p>The purpose of the waste and recycling scheme is to maximise recycling and additional recycling will be taken. Householders will be asked to leave their additional recyclate alongside their recycling boxes in carrier bags or bundled for collection. For the purpose of health and safety it will be requested that glass remains in the boxes.</p>
9	Side Green Waste	<p>It is expected that green waste will be contained in a wheeled</p>

		bin or compostable sacks. Exceptions may be made on an individual basis and if the capacity of the vehicle is deemed sufficient. A maximum of 3 green 240L containers will be provided per property.
10	Assisted Collections	<p>Criteria will be applied to point of storage collections that are offered to elderly and disabled residents. The householders will receive the usual wheeled bins and recycling boxes. Following collection, operatives will return the containers back to the point of storage.</p> <p>A questionnaire will be signed by the occupant to declare they do require assistance.</p> <p>A list of properties requiring assisted collections will be maintained and reviewed on a regular basis.</p> <p>Operative assistance <i>will not</i> be offered if there is deemed to be an able bodied person in the property to manoeuvre the bins and boxes.</p>
11	Small Bin Collections	<p>140 litre bins will be issued on request to properties where there is narrow access or lack of storage and where an assisted collection is unnecessary.</p> <p>140 Litre containers will be issued to households who have qualified for an additional container.</p> <p>140 Litre containers have been issued to the area within West End of Morecambe known as Zone 3 (approx 770 properties) where on-street recycling facilities are provided.</p>
12	Medical Waste Collections	<p>Additional 140L will be provided to households where there is a requirement for medical waste collections that falls outside the clinical waste collection service. A questionnaire will be completed by the householder and reviewed on an annual basis. A waste audit will take place to ensure that the residents are recycling fully.</p>
13	Sack Collection	<p>Every effort will be made to allow people to use wheelie bins and recycling boxes. In flats this will include communal waste and recycling areas. Special collection systems are provided for areas within the West End of Morecambe and city centre(s) where it is difficult to provide containers due to access issues.</p> <p>Residual sacks are collected on a weekly basis in some specific areas. Weekly collections will only be available once other collection methods have been exhausted. Every effort</p>

		<p>will be made to reduce the number of properties on weekly sack collections.</p> <p>Residents who refuse to use the waste management system would not be provided with a weekly collection.</p>
14	Private Drives	Householders will be expected to pull their bins and boxes out to the end of private drives to the edge of their property at the nearest point to the highway. Assistance will be provided as necessary according to certain criteria.
15	Composite Dwellings A shop/business with residence above.	<p>An allowance will be made for composite dwellings whereby a proportion of payments will be made as per existing arrangements. Recycling boxes will be provided.</p> <p>Payments will be made to cover the business element of the waste.</p>
16	Missed Bins	<p>Drivers will provide at the end of each day a list of properties where grey/green bins were not presented for collection. Should a resident contact us to inform of a missed collection and their property is on the list, we will not return to the property for the container.</p> <p>We will endeavour to collect genuine missed collections within 72 hours.</p>
17	Enforcement of Unauthorised Containers	Unauthorised containers will be removed from properties. Removal of unauthorised containers will be ad-hoc, as and when we come across them or through targeted enforcement action. Contact via letter or face-to-face will inform the residents of the procedure for approving additional containers.
18	Subsidised Service / Usage Charge	<p>All containers provided to households remain the property of Lancaster City Council and should remain at a dwelling when the occupier vacates.</p> <p>There are no circumstances where an occupier can take containers with them to a property.</p> <p>A subsidised service / usage charge which includes delivery will be applied to residents who move into a property and make a request for new containers for the storage of waste and recyclables. This charge makes a contribution to the much higher cost of the Council purchasing, storing, administering and delivering the bins / boxes. The following charges will be applied (2014/15);</p> <p>£15.00+VAT - 240L Wheeled Bin</p>

		<p>£4.00+VAT – 55L Recycling Box</p> <p>The same charge will be applied to all new developments. Developments include all residential developments - houses, conversions, flat and apartment.</p> <p>For new developments/conversions payment will be required from the developers. Should the developer refuse to pay then the payment will default to the occupier.</p> <p>Under the Environmental Protection Act 1990, Lancaster City Council has a legal obligation to collect household waste but only from a container that we specify. We have specified that recyclables and non-recyclable waste will only be collected if contained within a Lancaster City Council marked wheelie bin and the supplied recycling boxes.</p> <p>Residents who decline to pay for the supply of specified containers may be served with a Section 46 notice under the Environmental Protection Act 1990 and or other relevant legislation. The notice will require the provision by the householder of the necessary containers for their waste. Failure to comply with this notice may lead to the issuing of a fixed penalty notice and or prosecution by the Council, if the resident puts rubbish out in an unauthorised container. Residents will have to make alternative arrangements for disposal.</p> <p>FURTHER DETAILS ARE PROVIDED IN APPENDIX A</p>
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2.0 Proposal Details

It is proposed that the set of updated policies for household waste collection / recycling is considered and formally approved by Cabinet.

3.0 Details of Consultation

3.1 The waste collection / recycling arrangements that are currently in place in the District have taken around 12 years to be fully rolled out. During that period the policies set out above have been introduced on a gradual basis as operational issues have arisen. Therefore, the set of policies above is not new. However they have been reviewed and updated so that they can be approved by Cabinet. Because they have evolved over such a long period of time they take into account feedback from residents, elected members, staff and also best practice from other areas.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To adopt the updated set of policies outlines	Option 2: To adopt only parts of the policies outlined	Option 3: Not to adopt the policy outlined
Advantages	<p>Clear guidelines for officers to work to.</p> <p>Consistent service to householders.</p> <p>Encourages householders to maximise recycling.</p> <p>Achieve the success measures set out in the corporate priority Clean, Green & Safe Places.</p> <p>Continue to deliver the objectives of the Lancashire Waste Strategy 2008-2020</p> <p>Supports the control measures for monitoring costs of replacing wheeled bins and recycling boxes.</p> <p>Can be delivered within existing budgets.</p> <p>Tried and tested and adapted to local needs.</p>	<p>Provides clear guidelines for officers and consistent service to householders where parts of the draft Policy have been adopted.</p>	
Disadvantages		<p>Could lead to retrospective complaints.</p> <p>Potential of not achieving all the objectives of Clean, Green & Safe Places.</p>	<p>No clear guidelines for officers to work to.</p> <p>No consistency in service to householders.</p> <p>No restraint to grey bin capacity</p>

		<p>May not be possible to deliver within existing budgets.</p> <p>Not tried and tested</p>	<p>to householders.</p>
Risks	<p>Dissatisfaction of some householders that the quality of the service falls below their level of expectation</p>		<p>Dissatisfaction of some householders at perceived differences in level of service</p> <p>The potential to lead to continued budget requests, through the budget process, if requests for replacements continue to rise.</p>

5.0 Officer Preferred Option (and comments)

5.1 Option 1 – to formally agree the tried and tested set of policies as set out above. The adoption of these will provide clear and consistent guidelines for both officers and householders, encourage householders to maximise recycling and make the most efficient use of limited Council resources.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>As set out in the report</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>The policies set out in the report will be applied consistently throughout the District. They have however been designed to account of the diverse needs of the residents of the District.</p>
<p>LEGAL IMPLICATIONS</p> <p>Legal have been consulted and have no comments to make</p>
<p>FINANCIAL IMPLICATIONS</p> <p>The set of policies outlined within the report can be provided within existing budgets and where appropriate adhere to the Council’s Fees and Charges Policy, approved annually as part of the budget process. In future, minor changes to charges (such as to take account of inflation etc) will be determined by the Chief Officer (Environment), in consultation with</p>

Financial Services; this is in accordance with the Scheme of Officer Delegations. Any proposals to change the actual charging policy would require appropriate Member approval, however.

The revenue budget includes £153,000 for the purchase of replacement bins and boxes and previous reports to Cabinet have highlighted the potential risk to budgets with regard to not charging for replacement of bins and boxes in all instances. As highlighted in the report, a subsidised service / usage charge which includes delivery was introduced on 1st April 2014 applicable when residents move into a property and make a request for new containers for the storage of waste and recyclables. The same charge is applied to all new developments and these initiatives have resulted in approximately £3,000 income being received in the first 3 months of operation.

For the remaining instances, these policies do at least put in place some control measures to reduce the number of occurrences where a bin or box will be replaced free of charge, therefore hopefully minimising pressure on the expenditure budget.

Cabinet should be aware that were they to recommend changes to the policies outlined they could well have financial implications which would need to be reconsidered.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None.

Information Services:

Customer Services have been consulted on the report.

Property:

None.

Open Spaces:

None.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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E-mail: mdavies@lancaster.gov.uk

Replacement Wheelie bins and Recycling Boxes for new Occupants

Frequently asked questions

Why have you introduced a charge for the delivery of replacement wheelie bins and boxes for new occupants?

A subsidised service /usage charge is levied for delivery of bins and boxes to residents moving into dwellings which do not already have them.

The council spends in excess of £140,000 each year to replace/repair and deliver wheeled bins and boxes. A proportion of these costs are due to residents taking bins and boxes with them when they move premises. Like all other local authorities, Lancaster City Council has experienced severe cuts being made to its grant from central Government and is having to make difficult decisions as to what services it can and cannot continue to provide. Waste collection is one of the statutory services the council must provide and via the Environmental Protection Act 1990 section 46, councils are allowed to specify and charge for replacement containers to be provided when necessary.

Since 2002, the council has delivered, where practical, a set of wheeled bins and boxes to each domestic property in the district for the purposes of separating waste for recycling.

The wheeled bins and recycling boxes are the property of Lancaster City Council and not the occupant and should remain at the dwelling if the occupant decides to move house.

What if I am moving into a new property? Will bins and boxes already be provided?

For new housing developments, the council has introduced a subsidised service /usage charge to the developer for the provision of wheelie bins and boxes to new dwellings and requested that they consider storage and the council's waste collection arrangements early in the planning process.

If you have moved into a new property and the facilities have not been provided by the developer you should contact the developer to arrange for a full set of waste and recycling receptacles to be provided.

If the developer has not arranged with the Council for provision of wheelie bins and boxes you will have to make arrangements directly with the Council and you will have to cover the subsidised service / usage charge.

I am moving into a council owned property. If the bins are not there do I have to pay for replacements?

The council will ensure that bins and boxes are available and securely stored at the property before the start of your tenancy.

I have built a new house and need bins for my new property. How do I arrange delivery of the waste and recycling bins?

If you have built a new property or converted a building into domestic properties you are required to pay for the delivery of a full suite of waste and recycling containers. The service / usage charge which is subsidised by the Council for a full set is £42+VAT. This charge contributes to the overall cost of providing bins and boxes. This will include the following;

- 3 x 55l Recycling Boxes
- 1 x 240l Green Wheelie Bin
- 1 x 240l Grey Wheelie Bin

You should contact Customer Services 01524 582491 to discuss your requirements.

I am moving house and there are no bins and boxes there. What should I do?

Before moving into your new home, you should speak to the previous owner, landlord, or property developer to ensure the facilities will be at the property when you move in.

Should you find your bins and boxes are not at the property on your date of arrival, you should make every attempt to find out what has happened to your property's bins and boxes by contacting the previous owner, landlord or property developer. Unfortunately, if the property's containers cannot be found you will need to arrange and pay for the delivery of any missing containers.

Once you have your containers, you should mark them clearly with your house name or number to prevent them from going missing or being stolen. This can be painted on your bins and boxes.

Can I appeal or complain about being charged for replacement bins and boxes having moved into a new home and I cannot track them down?

The charge for replacement wheelie bins and boxes has been agreed as council policy. You may wish to raise your concerns with your local ward councillor.

What happens if I only need a replacement lid or wheels?

We will attempt to repair the lid and/or wheels. However, in the event of this not being possible due to more serious damage having been caused to the bin, we will contact you and you will then be required to pay a charge should you wish to replace your bin. If it is found that the damage has been caused by our collection crews then there would be no charge to you for a replacement container.

I am moving house. Can I take my wheelie bins and/or recycling boxes with me?

No. Wheelie bins and recycling boxes remain the property of Lancaster City Council and must remain at the property they have been issued to.

You should check with the property you are moving to and ensure bins are in place. If they are not you should discuss this with your new landlord or seller of the property.

How do I order wheelie bins and recycling boxes?

Please contact Customer Services on 01524 582491 to place your order.

How much does it cost?

2014/15

Wheelie bins - £15+ VAT

Recycling boxes - £4+VAT per box

How do I pay?

Payment is required in advance of the delivery of bins and boxes and can be made by debit or credit card.

You should contact Customer Services Office to arrange for the delivery of replacement bins and boxes on 01524 582491. Once your details have been gathered, a member of staff from our waste collection service will call you back to take your payment over the phone.

Paying by debit or credit card is the quickest way to pay and to receive your bins and boxes. However, if this is not possible, you can pay by cheque but may expect additional waiting time.

Can I pay in part payments?

Unfortunately, the council cannot take part payment. A container can only be delivered once the full payment has been received.

What does the charge cover?

The charge is a service /usage charge and also takes into account administration costs. It is subsidised by the Council. The receptacle remains the property of Lancaster City Council.

When will the receptacles be delivered?

Once payment has been received, we will endeavour to deliver the containers within 10 working days.

Will I have to sign for delivery of the receptacles?

No, however if you are not at home when we deliver the containers, we will leave a card to say it has been delivered.

Please note that Lancaster City Council cannot be held responsible for any item going missing if it is delivered in your absence.

Will I get a receipt for my payment?

A receipt for payment will be provided on request.

Can I collect a receptacle from the council?

No. It is the council's responsibility for delivering its wheelie bins and boxes.

What will happen if I refuse to pay for a replacement wheelie bin?

Under the Environmental Protection Act 1990, Lancaster City Council has a legal obligation to collect household waste but only from specific containers. Recyclable and non-recyclable waste will only be collected if they are contained within a Lancaster City Council marked wheelie bin and recycling boxes provided by the council. If you chose not to pay for the delivery of the relevant containers, the council will refuse to collect your recyclables and non-recyclable waste and you will need to make alternative arrangements for disposal.

Residents who decline to pay for the supply of a waste container may be served with a Section 46 notice under the Environmental Protection Act 1990 and or other relevant legislation. The notice will require the householder to use the containers provided by the council for their waste. Failure to put

rubbish out for collection in an authorised container may lead to the issuing of a fixed penalty notice and/or prosecution by the council.

Enforcement action will also be taken against anyone found to be flytipping their waste.

Can I buy my bins from somewhere else?

No. The council will not empty wheelie bins which have not been supplied by Lancaster City Council.

Can I just put my household waste in with the green bin?

No. We will not collect your green wheelie bin if it contains waste other than garden waste.

If you are charging, can I purchase an additional grey bin?

No, we only supply one grey wheelie bin per property. If you are struggling to cope with the amount of waste your household produces and subject to your circumstances, we can arrange a visit by a member of staff who will undertake a waste audit. The audit will ensure you are maximising your use of our full range of recycling services. Please contact Customer Services on 01524 582491 to arrange an appointment.

Why doesn't my council tax cover the cost of the bins?

A portion of your council tax goes towards the collection and disposal of your waste. In previous years replacement bins and recycling boxes have been provided free of charge to residents. Where practical bins and boxes have already been supplied to every dwelling in the district, these containers remain the property of the City Council and should not be removed from the dwelling. Unfortunately because of the rising costs of providing this service and the budget available to provide an efficient waste service it is now necessary for residents who move into a property, developers and landlords to ensure they have the specified containers for the purposes of separating waste for recycling.

Will everybody have to pay the same?

The charge is for new occupants only and there are no concessions for customers in receipt of Council Tax or Housing Benefit.

I thought the council promoted recycling so why are we being asked to pay for the boxes?

We actively promote and encourage separation of waste for recycling. This is a subsidised service /usage charge.

I need containers but cannot pay right now, what shall I do?

Unfortunately, we will not be able to provide a wheeled bin or recycling boxes before payment has been received. In the meantime, you will need to arrange for another way to dispose of your waste.

Household waste recycling centres

Salt Ayre, Ovangle Road, Lancaster

Keer Bridge, Scotland Road, Carnforth

Open seven days a week (closed on Christmas Day, Boxing Day and New Year's Day)

8am - 7pm 1st March - 31st October

9am - 6pm 1st November - 28/29th February

On Street Recycling Banks

Materials that can be deposited at the recycling banks include paper, cardboard, glass, cans and plastic bottles.

Lancaster

- Penny Street
- Cheapside
- Chapel Street
- Brock Street
- George Street
- Meeting House Lane
- Common Garden Street

Morecambe

- The Promenade
- Cavendish Road
- Albert Road
- Highfield Crescent
- Alexandra Road

- Parliament Street

For more information visit www.lancaster.gov.uk/bins or call Customer Services on 01524 582491 for further advice.

Can I have orange bags and compostable bags instead of bins?

Orange and compostable bags are only provided where there is limited space for containers. The property will need to be audited to determine if bags are a suitable alternative to wheelie bins and boxes. Solutions for containment of waste and recyclables at a dwelling will be made by a Waste Management Officer and not by the occupant/developer of the dwelling.

CABINET

Corporate Non-Housing Property Portfolio Improvement Works: Year 2 Delivery Plan

29th July 2014

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
As the Council moves into the second year of the Corporate Non-Housing Property Portfolio Improvement Works, a draft year two delivery plan has now been formulated for Cabinet's approval in line with the basic programme originally supported by Cabinet (22 January 2013).			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Forthcoming Key Decision Notice		24 th June 2014	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That Cabinet approves the schedule of capital works set out in Table 1, for progression during 2014/15 on the basis set out in the report.

1 Introduction and Background

- 1.1 As a direct result of the comprehensive condition surveys undertaken by Property Group during 2012, the principles of the corporate property (non-housing) five year delivery programme were approved by Cabinet at its meeting back in January 2013.
- 1.2 The Year One Delivery Programme predominantly focussed upon the prioritisation of category D repairs or urgent works that could lead to serious building failure. Progress on this work undertaken during 2013/14 was reported on a quarterly basis by way of the Property Group Quarterly Update Reports.
- 1.3 This report sets out the proposed year two delivery programme and delivery arrangements for approval

2 Year Two Delivery Programme

- 2.1 As the year one delivery programme focussed on the category D needs, the most urgent works are now dealt with or in hand, so the rationale behind development of the year two delivery programme has been to select buildings with a secure future and complete the category A – C works. The following table summarises the property works prioritised for delivery in year two (2014/15).

Table One: Year Two (2014/15) Delivery Programme		
Property	General Work Type	Indicative Costs
Maritime Museum & 26 S Georges Quay	Structural & building works, (mechanical & electrical works, sanitary works).	£105K
The Storey Building Lancaster – Phase 2	Structural & building works, (floors, stairs, internal walls & doors, sanitary works).	£198K
Lancaster Williamson Park Phase 2	Structural & building works identified to external areas and buildings throughout the park, bridge over the lake, toilet blocks, shelters, dell and perimeter walls. Identified works include paving, rebuilding/re-pointing stone and brickwork, ironworks, gates fence replacement, roof works to shelters	£250K
Ashton Memorial – Internal & External Works	Structural & building works, (external doors & windows, other ceilings, electrical works).	£324K
Ashton Memorial – Paving Restoration	Structural & building works (external paving around memorial).	£260K
Ashton Memorial -Dome Ceiling Restoration(1)	Structural & building works (internal works: ceilings).	£100K
Lancaster Town Hall – Replacement Lift	Mechanical services (lift replacement & building).	£133K
Lancaster Town Hall – Electrical & Building Lancaster Town hall – Banqueting Ceilings (2)	Electrical & building works (first, ground & basement floor building works, ceiling restoration, insulation, & electrical works)	£250K £100K
Intermediate Demolition Contract	Structural demolition works to Ryelands Park Pavilion, Bubbles Toilet Block & Palatine Rec Buildings.	£58K
Salt Ayre Sports Centre	General building works to external walls and roofing, external tarmac areas to car parks, mechanical services include further investigations and design works to the heating system in conjunction	£391k

	with the recommendations and General Fund proposals of the renewable Energy Strategy submitted to Cabinet 24 th June 2014.	
Year Two Proposed Works set out above: Total Indicative Costs		£2.169M
Revised budget from Year One 2013/14 carried forward to Year Two 2014/15 (The carried forward amount relates to Year One works that were identified at revised budget setting as not being achievable before 31/03/2014. The relevant budget was subsequently moved into 2014/15 and this adjustment was approved by Cabinet and Council in February 2014)		£1.360M
Add Slippage on Year One Schemes (following 2013/14 outturn) (Slippage of £400K has been requested following the 2013/14 outturn relating to Year One works which were anticipated to complete before 31/03/2014 when the revised budget was prepared but subsequently were not achieved. This report is included elsewhere on the agenda)		£400K
Total 2014/15 Approved Capital Programme		£3.929M

Notes

(1) & (2) These projects were not included within the original condition surveys and therefore no financial provision was made for this work, but Officers are seeking to contain the cost within the overall delivery programme budget.

2.2 The table above shows that the indicative value of works to commence for year two is £2.169M excluding year one carry forward budget and slippage. For information, the City Museum and Williamson Park Butterfly House are currently on hold pending Heritage Lottery Fund enquiries; priority D works only were included in Year One and in part they account for the additional slippage being reported as part of the 2013/14 outturn, which is included elsewhere on the agenda.

2.3 It has been reported previously on a number of occasions and is worthy of note again here that budget flexibility between individual projects is essential. This is because the costs taken from the condition survey data to build up the original £10.637M budget (now reduced to £8.614 following the removal of St Leonards House) were purely indicative, having been estimated based upon non-invasive surveys. As such, the levels of work required for each project will increase or decrease as detailed specification work progresses. Accordingly, projects may be brought forward from year three or slipped back into year three, depending upon how the detailed specification work progresses.

3 Revenue Works: Use of Reserves

3.1 This delivery programme assumes that all works can be capitalised but certain elements of large scale projects such as these may not be eligible for capitalisation. Therefore, a provision has been made to cover such revenue costs through the Municipal Buildings Reserve. If this should prove to be the case following full quantification of the works identified for year two then all such cases will be highlighted

in future quarterly update reports.

4 Property Review

4.1 As work progresses it is necessary to monitor developments in both the ongoing joint property review of Lancaster and Lancashire property portfolios, as well as the ongoing service reviews resulting from the current austerity drive by Government and associated budget cuts. In so far as is possible any works planned for buildings that have doubts over their future use for service delivery will be placed on hold, with the exception of any high priority repairs.

4.2 There are risks inherent in this approach as the likelihood of building failure increases as the condition of a building worsens, to the extent that it could threaten structural integrity or pose health and safety risks. In such cases urgent action and decisions may need to be taken. While this point should be recognised, as mitigation it should be noted that the condition of any such buildings would continue to be monitored with appropriate action being taken as required.

5 Delivery Arrangements

5.2 In the Property Group’s Quarter 4 Update report it was raised that the County Council’s new framework arrangements will become available to the City Council later this calendar year. The current arrangement is flexible enough to allow Keepmoat to complete the works agreed for the Year 1 delivery programme but the new arrangement will also provide an opportunity for review and to look at alternative procurement routes for the Year 2 delivery programme.

6 Details of Consultation

6.1 No consultation required.

7 Options and Options Analysis (including risk assessment)

	Option 1: To approve the year two delivery programme as set out in table one	Option 2: Produce an alternative year two plan
Advantages	This option would halt deterioration for those buildings identified within the year two delivery plan and help prevent associated unplanned operational difficulties. Puts in place the foundations for establishing a planned maintenance approach to provide improved financial certainty moving forward.	No advantages identified; depends on rationale behind any alternatives put forward.
Disadvantages	The 5 year planned refurbishment/maintenance programme is a long term initiative and it will be a few years before the real financial benefits became	The time taken to develop an alternative programme would delay overall progress.

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

8 Officer Preferred Option (and comments)

8.1 The preferred option is option 1. In line with the previous Cabinet reports, this option would help ensure that the Council fulfils its obligations in respect of maintenance and other works to buildings so that they meet the relevant health and safety standards and that the items falling into the greatest state of disrepair can be addressed.

RELATIONSHIP TO POLICY FRAMEWORK

This report seeks to ensure that the Council's property portfolio is fit for purpose in terms of supporting the Council's corporate plan and policy framework generally, recognising the financial pressures.

CONCLUSION OF IMPACT ASSESSMENT

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

Proposed building works would address any related statutory responsibilities.

LEGAL IMPLICATIONS

There are no legal implications directly arising from this report.

FINANCIAL IMPLICATIONS

The purpose of this report is to agree the year 2 programme using the original condition survey as a cost basis. With this in mind the implication of prioritising buildings means that budgets may be reduced in relation to those scheduled for 2015/16 onwards if buildings continue to deteriorate since the date of the survey and the cost of labour and materials inflate over time.

The proposed year 2 programme total cost matches the revised 14/15 capital budget reported in February 2014 so this decision has no impact on capital budgets or cash flow.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no direct HR issues relating to this report.

Information Services / Open Spaces: N/A.

Property:

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has contributed to this report, which is in her name (as Chief Officer (Resources)).

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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CABINET

**Provisional Revenue, Capital and Treasury Management
Outturn 2013/14
29 July 2014
Chief Officer (Resources)**

PURPOSE OF REPORT				
This report provides summary information regarding the provisional outturn for 2013/14. 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			22 May 2014	
This report is public.				

RECOMMENDATIONS OF COUNCILLOR BRYNING:

1. That the provisional outturn for 2013/14 be noted, including the transfers to provisions and reserves actioned by the Chief Officer (Resources).
2. That as set out in section 4.2.1, the £57K transfer to the Welfare Reforms Reserve be endorsed, and that the Chief Officer (Resources) be given delegated authority to draw up to this amount from the Reserve to provide additional workload capacity for the Revenues service, should this not be manageable within existing budgets.
3. That in terms of underspendings, the position as set out in section 5.6 be noted and the Business Support Reserve be used to finance council housing condition surveys, up to the value of £15K.
4. That no overspendings be carried forward, as reflected in Appendix E, but with regard to council housing repairs and maintenance, the quarterly reporting arrangements be endorsed.
5. That the requests for capital slippage as set out at Appendix G be approved.
6. That the Annual Treasury Management report and Prudential Indicators as set out at Appendix H and be noted and referred on to Council.

1 BACKGROUND

- 1.1 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. The work required to close the 2013/14 accounts has now been completed and the draft Statement of Accounts were signed off by the Chief Officer (Resources) on 30 June, to meet the statutory deadline. The draft Statement is freely available on the Council's website.
- 1.2 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.
- 1.3 Please note that larger copies of the appendices are available on request.

2 PROVISIONAL REVENUE OUTTURN: SUMMARY

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

	Revised Budget Position £000	Provisional Outturn £000	Variance (Favourable) / Adverse £000
Housing Revenue Account (HRA) – relates to Council Housing services	426	375	(51)
General Fund Council Tax Requirement – covers all other Council services (but excludes parish precepts)	7,274	6,997	(277)

3 HOUSING REVENUE ACCOUNT (HRA)

- 3.1 The Housing Revenue Account was underspent in last year by approximately £51K net (2012/13 comparative: £426K underspend).
- 3.2 A summary of the HRA provisional outturn is included at **Appendix A**. Discounting any notional and presentational variances, the two main items behind the net underspending are as follows:
- reduced revenue funding requirement for capital, mainly shown as a lower call from the Major Repairs Reserve (£546K saving); and
 - increased spend on repairs and maintenance (mainly responsive), of £521K.

Overall therefore, the outturn position for the HRA is favourable and as at 31 March, its Balances stood at £401K, this being £51K higher than budgeted.

- 3.3 Nonetheless, the two variances are significant and they have not previously been reporting through monitoring, furthermore there has been insufficient time to establish fully the reasons and circumstances giving rise to them. There is already much work underway in developing and strengthening the business practices and financial management underpinning the Repairs and Maintenance Service (RMS), and the

variance analysis clearly links to this. Specific updates on RMS will reported as part of the usual quarterly financial monitoring reports, therefore, for consideration by both Cabinet and Budget and Performance Panel. This matters links in with the consideration of any carry forward of overspends, covered later in this report.

4 GENERAL FUND

4.1 Revenue Outturn

- 4.1.1 The 2013/14 financial year again saw reductions in Government funding, after allowing for the introduction of Localised Council Tax Support (LCTS), and the Business Rates Retention Scheme (BRRS). 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 £277K during 2013/14 and a summary statement is included at **Appendix B**. Where achievable without damaging performance, underspending is encouraged as an important contribution to the savings required for future years, which are known to be challenging. The underspending represents 1.4% of the Council's net revenue budget (2012/13 comparative: £547K underspend, 2.7% of budget), or 3.8% of the Council Tax Requirement (i.e. the amount raised from council tax; this measure is growing in prominence as a result of various funding changes, particularly those around business rates retention).
- 4.1.3 On closer analysis, 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	(34)
Net reduction in repair and maintenance spend	(78)
Reduced vehicle hire and leasing costs	(44)
Recoveries of revenues legal costs	(65)
Revenues Shared Service savings	(128)
Additional gains on settled and outstanding Icelandic investments	(143)
Reduced spend on consultancy and other services	(167)
Additional planning application fees	(168)
Other additional income across all services	(119)
Additional contribution to Provisions	708
Additional contribution to Welfare Reforms Reserve	57
Other minor variances	(96)
Net Total	(277)

- 4.1.4 All Chief Officers 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 2015/16 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 February. 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:

- A new legal provision has been established with a contribution of £175K. This will cover the cost of settlements and legal fees associated with specific high value cases.
- For bad debts, an additional contribution of £533K has been made following a reassessment of sundry debts – particularly those in relation to housing benefit overpayment recoveries. Cover for these has been increased from 32% to 60%. This places the City Council in the mid-range of cover, when compared with other Lancashire authorities. Previously the City Council was at the lower end, and furthermore it is considered that the planned introduction of Universal Credit poses greater risks to recoveries from ongoing benefit in future years.
- An additional £57K has been added to the Welfare Reforms Reserve. This represents the value of unused grants received by Revenues and Benefits during 2013/14, after the revised budget was set. The grants were received in connection with additional workloads arising from reforms; much of this increased workload is still ongoing, and some additional resources are to be put in place for a period to avoid any processing backlogs from developing. It is anticipated that the costs involved will be able to be met from within existing budgets, as the Shared Service is already ahead of schedule in terms of implementing savings measures in other parts of the service (as reflected in the 2013/14 variance analysis). Nonetheless, at this stage sufficient savings cannot be guaranteed and therefore authority is sought to draw on the Welfare Reforms Reserve by up to the £57K in the current year, if the service budget requires it.

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 existing 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 Cabinet will see from the Appendix that there are no Officer recommendations to carry forward any overspends, but on the basis that the work to get behind the repairs and maintenance position is completed, with regular reporting through to Members.

5.6 With regard to the carry forward of underspends, only three provisional requests were identified, with a total value of £31K. Two requests (in connection with Renewable Energy consultancy support (£12K) and council housing conditions surveys (£15K) can easily be covered by existing reserves, which will be reviewed again during the forthcoming budget. Cabinet approval is already in place to use the Invest to Save Reserve in connection with the renewable energy item, and authority is now sought to draw on the £8.1M Council Housing Business Support Reserve to finance the stock condition surveys. The only other potential carry forward request of £3K related to re-profiling of spend on the Townscape Heritage Initiative. Given this, it will be addressed through the forthcoming budget. These are considered to be more appropriate and timely ways of dealing with the requests.

6 CAPITAL OUTTURN

6.1 **Appendix F** 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	4,865	4,285	(580)	11.9
General Fund	17,962	15,954	(2,008)	11.2

Total Programme	22,827	20,239	(2,588)	11.3
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6.2 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix G**. 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 reverts back to there being a significant increase in slippage. Given the outline reasons for slippage requests, however, and the progression of corporate property works and their planning, it is expected that some improvements can be made in future, in terms of budget profiling. That said, it must be recognised that there will always be scope for some slippage.

	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000
Council Housing	0	16	160	82	384
General Fund	<u>1,706</u>	<u>438</u>	<u>1,828</u>	<u>899</u>	<u>2,303</u>
Total Slippage Requested	<u>1,706</u>	<u>454</u>	<u>1,988</u>	<u>981</u>	<u>2,687</u>

6.4 The table below pulls together the financing position after allowing for slippage. The impact on resources is favourable for both Council Housing and 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.

Capital Programme	Revised Estimate £'000	Forecast Expenditure (including slippage) £'000	Overspend Or (Underspend) - Rounded £'000	Impact on Council Resources (Fav) / Adv £'000
Council Housing	4,865	4,285	(580)	(580)
General Fund	17,962	17,660	(302)	(230)

6.5 Council's Housing's capital underspending is directly linked to its underspending on revenue, and as mentioned previously arrangements are in hand to get behind this and report back to Members.

6.6 The bulk of General Fund's net underspending relates to two matters:

- Vehicle renewals were £449K less than budgeted. The renewals programme is being reviewed but at this stage, there is no requirement to for slippage. If extra spending needs are identified, this would be addressed through the forthcoming budget.

- Offset against this, liabilities of £178K in connection with West End properties (Adactus) were settled in last year. Cabinet may recall that monies were set aside in the Capital Support Reserve to finance them, but this is the first appropriate opportunity to report on the matter, hence the Capital Programme had not been updated and so the costs give rise to an apparent overspending.

7 TREASURY MANAGEMENT

- 7.1 The annual treasury management report is attached at **Appendix H** and sets out the performance of treasury operations for 2013/14 in terms of long and short term borrowing, investment activities and relevant borrowing limits and prudential indicators. This must be referred on to Council.

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 14 July	Commencement of audit of Accounts and 4 week public inspection period
Monday 11 August	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 09 September	Budget and Performance Panel: consideration of outturn and Quarter 1 monitoring, as appropriate.
Wednesday 17 September accounts.	Audit Committee: consideration of audited accounts.
Wednesday 22 October	Council: referral of any issues as may be required, including the annual Treasury Management report.
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

- 9.1 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

- 10.1 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 Chief Officer (Resources), and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

10.2 The report requests Cabinet to consider a number of capital slippage items and Reserve transfers. 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.

11 OFFICER PREFERRED OPTION AND JUSTIFICATION

11.1 On the assumption that the Council continues to support its previously approved spending plans, then the Officer preferred options are to approve the capital slippage requests (Appendix G), require no carry forward of the overspendings (Appendix E), and approve the various transfers and use of Reserves as set out in the body of the report.

12 CONCLUSION

12.1 Although the Council's General Fund budget and the associated Government funding reduced again in 2013/14, it continues to manage the financial pressure well, and has again improved its financial standing as at 31 March 2014. This has been achieved by narrowing down the breadth of service provision and reducing the number of employees both of which have had an impact on service delivery. 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 further comments to add.

BACKGROUND PAPERS

None.

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HOUSING REVENUE ACCOUNT OUTTURN 2013/14

For Consideration by Cabinet 29 July 2014

	Original Budget £	Revised Budget £	Actual £	Variance £
INCOME				(Favourable) / Adverse
Rental Income - Council Housing	(13,458,000)	(13,429,500)	(13,406,204)	23,296
Rental Income - Other (Shops and Garages etc.)	(217,300)	(206,500)	(213,759)	(7,259)
Charges for Services & Facilities	(1,758,000)	(1,798,900)	(1,788,077)	10,823
Grant Income	(7,700)	(7,700)	(7,736)	(36)
Contributions from General Fund	(127,000)	(90,600)	(90,600)	0
Total Income	(15,568,000)	(15,533,200)	(15,506,376)	26,824
EXPENDITURE				
Repairs & Maintenance	3,944,000	3,953,000	4,467,795	514,795
Supervision & Management	3,204,500	3,193,000	3,114,271	(78,729)
Rents, Rates & Insurance	139,300	132,100	139,573	7,473
Increase in Provision for Bad and Doubtful Debts	197,000	180,900	142,568	(38,332)
Depreciation & Impairment of Fixed Assets	1,810,800	1,719,900	6,102,994	4,383,094
Debt Management Costs	1,100	1,100	1,100	0
Total Expenditure	9,296,700	9,180,000	13,968,301	4,788,301
NET COST OF HRA SERVICES	(6,271,300)	(6,353,200)	(1,538,075)	4,815,125
Interest Payable & Similar Charges	2,080,000	2,080,000	2,079,478	(522)
Premiums & Discounts from Earlier Debt Rescheduling	49,100	49,100	49,071	(29)
Interest & Investment Income	(27,400)	(27,000)	(28,929)	(1,929)
Pensions Interest Costs & Expected Return on Pensions Assets	0	0	286,848	286,848
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,366	(34)
(SURPLUS) OR DEFICIT FOR THE YEAR	(3,128,200)	(3,209,700)	1,889,759	5,099,459
Adjustments to reverse out Notional Charges included above	(32,100)	(36,700)	(5,039,355)	(5,002,655)
Net Charges made for Retirement Benefits	0	0	592,994	592,994
Transfers to/(from) Business Support Reserve	147,900	511,501	511,501	0
Transfers to/(from) Major Repairs Reserve	2,875,300	2,990,600	2,126,566	(864,034)
Transfer to/(from) Earmarked Reserves	27,100	25,700	238,705	213,005
Capital Expenditure funded from Revenue	110,000	145,000	55,334	(89,666)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	0	426,401	375,504	(50,897)
Housing Revenue Account Balance brought forward	(776,401)	(776,401)	(776,401)	0
HRA BALANCE CARRIED FORWARD	(776,401)	(350,000)	(400,897)	(50,897)

GENERAL FUND REVENUE BUDGET SUMMARY

For Consideration by Cabinet 29 July 2014

	Original Budget £	Revised Budget £	Actuals £	Variance £	True Variance £
Management Team	0	0	0	0	(1,543)
Environmental Services					
Service Support	0	0	0	0	29,240
Public Realm	2,733,200	1,674,500	8,660,502	6,986,002	(14,198)
Repairs & Maintenance	0	0	0	0	(13,357)
Safety	176,200	174,400	173,119	(1,281)	(6,909)
Waste / Recycling	3,359,100	3,037,000	3,105,537	68,537	21,885
	6,268,500	4,885,900	11,939,158	7,053,258	16,661
Governance Services					
Democratic Services	1,849,200	1,568,100	1,548,382	(19,718)	(28,256)
Human Resources & Organisational Development	863,000	638,700	644,256	5,556	16,319
Legal	(44,900)	(70,500)	(85,832)	(15,332)	(12,056)
Licensing	(41,000)	(20,500)	(9,851)	10,649	14,666
	2,626,300	2,115,800	2,096,955	(18,845)	(9,327)
Health & Housing Services					
Environmental Health	1,677,500	1,631,100	1,528,782	(102,318)	(106,591)
General Fund Housing	155,200	111,700	111,600	(100)	(100)
Strategic Housing	900,800	883,500	789,097	(94,403)	(50,235)
Sport and Leisure	2,850,200	2,762,200	2,290,030	(472,170)	214,718
	5,583,700	5,388,500	4,719,509	(668,991)	57,792
Regeneration & Planning					
Development Management	776,600	1,028,400	667,560	(360,840)	(343,308)
Economic Development	930,900	965,200	1,632,826	667,626	(2,866)
Environmental Management	1,926,500	1,918,700	1,940,777	22,077	(20,926)
Regeneration	1,440,900	1,391,300	1,546,026	154,726	(61,742)
Service Support	383,000	53,400	43,338	(10,062)	(15,604)
	5,457,900	5,357,000	5,830,527	473,527	(444,446)
Resources					
Audit	102,400	90,400	59,919	(30,481)	(32,182)
Financial Services	0	0	16,183,152	16,183,152	(3,757)
ICT	0	0	0	0	(15,147)
Property Group	(148,100)	(46,700)	5,830,672	5,877,372	(138,715)
Revenues and Benefits	1,366,200	1,238,000	1,046,513	(191,487)	(123,323)
	1,320,500	1,281,700	23,120,256	21,838,556	(313,124)
Corporate Accounts					
Capital Financing	1,655,100	3,208,200	2,959,591	(248,609)	(248,609)
Other Corporate Costs	532,200	692,100	(12,594,370)	(13,286,470)	745,028
Reversal of Notional Charges	(4,140,400)	(4,083,900)	(20,389,026)	(16,305,126)	0
Treasury Management	1,120,900	1,186,800	747,317	(439,483)	(167,331)
Net Business Rates Adjustments	0	376,000	2,324,849	1,948,849	0
Other Government Grants	(829,300)	(829,300)	(829,718)	(418)	(418)
Appropriations (to / (-) from Reserves)	(143,400)	(13,400)	74,317	87,717	87,717
Appropriations (to / (-) from Balances)	367,000	253,600	253,600	0	0
	(1,437,900)	790,100	(27,453,440)	(28,243,540)	416,387
Net Revenue Budget	19,819,000	19,819,000	20,252,965	433,965	(277,600)
Financed by:					
Retained Business Rates	(24,033,300)	(24,033,300)	(24,744,865)	(711,565)	0
Less Business Rates Tariff	19,021,800	19,021,800	19,021,836	36	36
Baseline Funding Level	(5,011,500)	(5,011,500)	(5,723,029)	(711,529)	36
Revenue Support Grant	(7,533,100)	(7,533,100)	(7,533,067)	33	33
Total Settlement Funding	(12,544,600)	(12,544,600)	(13,256,096)	(711,496)	69
Council Tax Requirement	7,274,400	7,274,400	6,996,869	(277,531)	(277,531)

Note the underspend of approx £277K 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 C.

GENERAL FUND VARIANCE ANALYSIS**For Consideration by Cabinet 29 July 2014**

**2013/14 Outturn
Compared to Working
Budget**

	£	£
COUNCIL TAX REQUIREMENT		7,274,400
EXPENDITURE		
Employee Savings		
Environmental Services	5,456	
Governance	(11,148)	
Health & Housing	(12,644)	
Regeneration & Planning	(1,730)	
Resources	(14,324)	(34,390)
<hr/>		
Premises		
Repairs & Maintenance	19,158	
Middleton Wood - R&M	(12,738)	
Parks & Open Spaces (incl Williamson Park)	(31,741)	
Energy Costs	(16,836)	
Sea & River/Public Realm/Land Drainage R&M	(36,166)	(78,323)
<hr/>		
Transport Expenses		
Repair & Maintenance	31,106	
Vehicle Hire / Leasing Costs	(43,681)	
Car Allowances - Officers	(10,421)	(22,996)
<hr/>		
Supplies & Services		
Materials & Equipment (mainly Grounds Maintenance)	(13,813)	
Renewable Energy Strategy	(14,380)	
Electoral / Member Related	(25,997)	
Legal & Court / Taxi Inspection Costs	17,282	
Partnership / Corporate Initiatives (Various)	(13,011)	
Services - Burial Of The Dead	10,719	
Services - Air Quality Monitoring	(24,451)	
Environmental Health Services / Consultants (Various)	(32,004)	
Salt Ayre Sports Centre (SASC) / Wellbeing	(20,948)	
Regeneration & Planning Consultants/Legal (Various)	(65,897)	
Audit Fees - re grant audits	(14,581)	
Revenues Shared Service Management Fee	(127,728)	
Net Housing Benefit Payments	(11,164)	
Municipal Buildings Condition Survey E-Drawings	(22,488)	
Valuer/Surveyor Consultants	(22,506)	(380,967)
<hr/>		
INCOME		
Car Parking	(17,772)	
Williamson Park	(12,388)	
Taxi / Miscellaneous Licences	13,173	
Search Fees	(14,239)	
Disable Facilities Grant Administration Charges	(19,924)	
Housing Benefit Contribution (Supported People)	(12,833)	
Cemeteries / Pest Control	(11,531)	
Community Pools (increase) / SASC (reduction)	19,462	
Planning Application Fees	(168,309)	
Coast Protection - Capital Salaries recovered	19,013	
Revenues Net Legal Costs Recovered	(64,868)	
Service Charges Recovered	(30,521)	(300,741)
<hr/>		
Other Net Service Variances		(82,358)
SPECIFIC VARIANCES NOT INCLUDED ABOVE:		
Welfare Reforms Reserve		57,000
Transfer from Capital Support Reserve to fund Adactus Top-Up Grant Repayments		(186,613)
Financing of Capital Programme from above transfer		186,613
Additional contributions to Provisions		708,000
Additional gains on settled and outstanding Icelandic Investments		(142,757)
TOTAL VARIANCES		(277,531)
PROVISIONAL OUTTURN 13-14		6,996,869

RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)
For Consideration by Cabinet 29 July 2014

	31/03/13		31/03/14		31/03/15		31/03/16		31/03/17	
	£	£	From Revenue	To Capital	From Revenue	To Capital	From Revenue	To Capital	From Revenue	To Capital
GENERAL FUND										
General Fund Balance	3,182,119	3,713,249	531,130	(457,500)	3,255,749	(1,000,000)	2,255,749		2,255,749	
Earmarked Reserves:										
Apprenticeships	42,750	34,873	29,200	(32,200)	31,873	(7,900)	29,200	(7,900)	74,473	
Business Rates Retention	0	1,699,258	1,699,258	(5,026,000)	(1,821,742)				(1,821,742)	
Capital Support	425,717	469,104	230,000	(186,613)	469,104				469,104	
City Lab	14,987	14,987		(12,100)	2,887	(2,900)			(13)	
Elections	0	0			0		30,000		30,000	
Highways	129,186	213,283	84,097		213,283				213,283	
Homelessness Support	65,000	50,956		(35,000)	15,956				15,956	
Insurance	51,000	0		(51,000)	0				0	
Invest to Save	1,547,350	1,514,350		(33,000)	1,514,350				1,514,350	
Job Evaluation	3,897	0		(3,897)	0				0	
Local Plan	0	23,160	23,160		23,160				23,160	
Markets	618,903	9,599	50,000	(659,304)	59,599				59,599	
Morecambe Area Action Plan (MAAP)	0	15,893	15,893		190,893				190,893	
Municipal Buildings	386,298	386,298			386,298				386,298	
Open Spaces Committed Sums	204,426	163,828		(40,598)	128,428	(24,400)			104,028	(22,500)
Performance Reward Grant	125,043	39,670		(85,373)	27,670	(12,000)			15,670	
Planning Delivery Grant	3,500	0		(3,500)	0				0	
Renewals (all services)	864,715	930,484	427,609	(361,840)	917,784	(36,000)	419,900	(184,000)	1,117,684	(29,500)
Restructuring	432,673	602,922	569,800	(399,551)	602,922				602,922	
S106 Committed Sums - Affordable Housing	700,493	700,493			810,493				810,493	
S106 Committed Sums - Highways, crossing & cycle paths	621,771	532,688	223,107	(312,190)	385,688	(6,000)		(9,000)	366,688	(4,000)
Welfare Reforms	200,000	257,000	57,000	(52,586)	257,000				257,000	
Youth Games	37,000	2,914	18,500	(52,586)	17,914		15,000		32,914	15,000
Reserves Held in Perpetuity:										
Graves Maintenance	22,201	22,201			22,201				22,201	
Marsh Capital	47,677	47,677			47,677				47,677	
Total Earmarked Reserves	6,544,587	7,731,639	3,427,625	0 (2,240,573)	4,303,439	(93,200)	464,100	(193,000)	4,481,339	(59,900)

Note - For various provisions and reserves, not all spending needs are reflected and so over the period their balances will reduce from the levels shown above, as and when spending commitments and their timing are confirmed.

Provision	31/03/13		31/03/14	
	£	£	From Revenue	To Capital
Bad Debts	659,495	1,102,243	633,000	(190,252)
Legal	0	175,000	175,000	
Derelict Land Clawback	56,932	0		(56,932)
Insurance	365,479	318,828	101,263	(147,914)
Total Provisions	1,081,906	1,596,071	909,263	(338,166)

HOUSING REVENUE ACCOUNT

	31/03/13		Contributions to Reserve from Reserve		31/03/14		Contributions to Reserve from Reserve		31/03/15		Contributions to Reserve from Reserve		31/03/16		Contributions to Reserve from Reserve		31/03/16		
	£		From Revenue	To Capital	£		From Revenue	To Capital	£		From Revenue	To Capital	£		From Revenue	To Capital	£		
HRA General Balances	776,402		50,896	(426,402)	400,896		73,100		473,996		24,100		498,096		481,500				979,596
Earmarked Reserves:																			0
Business Plan Reserve	8,011,218		511,502		8,612,720				8,612,720				8,612,720						8,612,720
Major Repairs Reserve	0		4,106,616	(4,106,616)	0		4,533,300	(4,533,300)	0		4,775,600	(4,775,600)	0		4,503,600	(4,503,600)			0
Flats - Planned Maintenance	1,095,989		133,000	(5,251)	1,209,738		133,000	(130,000)	1,162,738		133,000	(50,000)	1,195,738		133,000	(50,000)			1,278,738
Central Control Equipment/Telecare	133,089			(93,089)	40,000				40,000				40,000						40,000
Non-Sheltered Scheme Equipment	46,638		5,000	(22,797)	28,841		5,000	(19,000)	14,841		10,000	(19,000)	5,841		10,000	(19,000)			(3,159)
IT Replacement	401,106		190,089		591,195		57,000		648,195		57,000		705,195		57,000				762,195
Office Equipment Reserve	80,921		3,000	(40,000)	43,921		3,000		46,921		3,000		49,921		3,000				52,921
Sheltered - Equipment	290,501		56,432	(13,152)	333,781		26,600	(11,500)	348,881		25,700	(14,500)	360,081		24,700	(20,500)			364,281
Sheltered - Planned Maintenance	310,155		60,207	(50,082)	311,280		28,400	(80,000)	256,680		27,400	(40,000)	184,080		26,400	(60,000)			147,480
Sheltered Support Grant Maintenance	197,185		38,349		235,534		18,100		253,634		17,500		271,134		16,800				287,934
Total Earmarked Reserves	10,656,803		5,104,195	(4,161,949)	11,407,011		4,804,400	(4,743,300)	11,384,611		5,049,200	(4,885,600)	11,424,711		4,774,500	(4,613,600)			11,543,111

	31/03/13		Contributions to Reserve from Reserve		31/03/14	
	£		£		£	
Provision						
Bad Debts	476,824		142,568	(168,589)	450,803	

Carry Forward of Controllable Overspends

For Consideration by Cabinet 29 July 2014

Services and Detail of Overspend		Revised Budget £	Actual £	Variance £	Comments
General Fund Revenue					
	Grounds Maintenance	28,000	36,749	8,749	Offset by £14K saving on vehicle leasing
	Vehicle & Plant Hire				
	Waste Disposal Services	15,800	22,836	7,036	Offset by £13K saving on equipment & tools
Environmental Services	Street Cleaning	88,900	97,634	8,734	Offset by savings on leases (£11K) and materials (£12K)
	Salaries - Overtime				
	Waste Disposal Services	18,700	23,705	5,005	
	Three Stream Waste Collection	180,200	216,570	36,370	Offset by leasing savings (£15K) and Fuel savings (£13K)
	Repair & Mnce Of Vehicles				Offset by savings on repair and maintenance of vehicles (£12K)
	Salaries - Overtime	13,000	24,937	11,937	
	Trade Refuse				Offset by Landfill tax savings (£7K)
	Petrol & Derv	43,900	51,895	7,995	
	Salt Ayre Mgt & Admin	65,100	99,086	33,986	When allowing for other activities, overall salaries were under by (£31K)
	Salaries - Other				
	Main Hall	0	5,041	5,041	
	Salaries - Other				
Health & Housing Services	Swimming	0	12,080	12,080	
	Heysham Swimming Pool	55,000	69,590	14,590	
	Environmental Protection				Overall underspend of £41K on this cost centre
	Works In Default	3,300	10,947	7,647	
	Home Improvement Team	18,300	27,556	9,256	Overall this cost centre has broken even
Regeneration & Planning	Platform	(32,000)	(26,560)	5,440	Overall underspend of £8K on this cost centre
	Coast Protection & Land Drainage Team	(101,500)	(77,208)	24,292	Partly offset by other savings of £14K. Links to slippage on four capital schemes.
Resources	Financial Services Management & Admin	38,200	43,236	5,036	Overall underspend of £4K on this cost centre
	Information, Communications & Technology	46,600	56,992	10,392	Overall underspend of £18K on this cost centre
	Data Line Rental				

Recommendation: That no further action be taken as all overspends are offset by other savings.

HRA Revenue

Health & Housing Services	Repairs and Maintenance	1,170,200	1,186,006	15,806	Offset by £546K underspend on revenue financing of the capital programme. However, the two variances are not directly linked.
	Repairs and Maintenance	2,602,400	3,103,070	500,670	

Recommendation: It is not recommended that the overspend be carried forward as this could well have a detrimental affect on the maintenance of council housing stock. However, it is recommended that officers from Environmental Services, Health & Housing and Resources investigate the reasons for the overspends alongside other development work on-going and report back to Members, through the quarterly Corporate Financial Monitoring reports.

Lancaster City Council - Capital Expenditure 2013/14

For Consideration by Cabinet 29 July 2014

HOUSING REVENUE ACCOUNT

COUNCIL HOUSING

Revised Estimate	Expenditure to be financed in 2013/14	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)		
£	£	£	£	£	£	£	£	£
Bathroom Kitchen Refurbishment	638,500	569,279.27				446,440.16	446,440.16	122,839.11
External Refurbishment	1,359,000	1,369,445.97				1,369,445.97	1,369,445.97	0.00
Re-roofing / Window Renewals	544,000	521,642.15				521,642.15	521,642.15	0.00
Environmental / Crime Prevention Works	886,000	593,058.19			5,251.36	587,806.83	593,058.19	0.00
Energy Efficiency Works	633,600	511,356.24			50,082.83	461,273.41	511,356.24	0.00
Rewiring	91,800	75,854.64				75,854.64	75,854.64	0.00
Adaptations	300,000	277,868.42				277,868.42	277,868.42	0.00
Fire Precaution Works	267,500	200,348.76				200,348.76	200,348.76	0.00
Invest to Save - PV Solar Panels	21,000	44,502.95				44,502.95	44,502.95	0.00
Total Mobile	10,900	13,029.55				13,029.55	13,029.55	0.00
Lift Replacement	105,000	100,917.62				100,917.62	100,917.62	0.00
Septic Tanks	7,700	7,485.08				7,485.08	7,485.08	0.00
TOTAL - HRA	4,865,000	4,284,788.84	0.00	0.00	55,334.19	4,106,615.54	4,161,949.73	122,839.11

GENERAL FUND

ENVIRONMENTAL SERVICES

Revised Estimate	Expenditure to be financed in 2013/14	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)		
£	£	£	£	£	£	£	£	£
Car Park Improvement Programme	120,000	0.00					0.00	0.00
Toilet Works	105,000	98,440.00		10,000.00			10,000.00	88,440.00
Allotments	47,000	63,103.74				3,161.92	3,161.92	59,941.82
Bins & Boxes Scheduled Buy-Out	51,000	51,249.42				51,249.42	51,249.42	0.00
Vehicle Renewals	1,355,000	906,117.22					0.00	906,117.22
District Playground Improvements	10,000	4,778.18	10,000.00				10,000.00	-5,221.82
Market Improvement Works	36,000	35,414.30				35,414.30	35,414.30	0.00
Williamson Park Improvements & Enhancements	23,000	15,410.00	15,410.00				15,410.00	0.00
Sub-Total	1,747,000	1,174,512.86	25,410.00	0.00	10,000.00	89,825.64	125,235.64	1,049,277.22
HEALTH & HOUSING								
YMCA Places for Change	19,000	19,079.51	19,079.84				19,079.84	-0.33
Salt Ayre Cycle Circuit Lighting	150,000	149,225.22	149,225.22				149,225.22	0.00
Disabled Facilities Grants	957,000	760,568.19	760,568.19				760,568.19	0.00
Sub-Total	1,126,000	928,872.92	928,873.25	0.00	0.00	0.00	928,873.25	-0.33
REGENERATION & PLANNING								
Warmer Homes Scheme	79,000	42,224.14	31,017.47	11,206.67			42,224.14	0.00
Toucan Crossing - King Street	13,000	0.00					0.00	0.00
Sea & River Defence Works & Studies	277,000	186,408.81	168,707.81		4,307.00		173,014.81	13,394.00
Amenity Improvements (Morecambe Promenade)	33,000	5,278.00					0.00	5,278.00
Luneside East	70,000	68,483.77	38,650.59				38,650.59	29,833.18
Bold Street Housing Regeneration Site Works	0	4,500.00					0.00	4,500.00
Lancaster Square Routes	255,000	115,668.31	72,560.83				72,560.83	43,107.48
Ffrances Passage	4,000	3,157.00	3,157.00				3,157.00	0.00
Morecambe THI 2: A View for Eric	218,000	2,455.00	1,816.70			638.30	2,455.00	0.00
Improving Morecambe's Main Streets	4,000	0.00					0.00	0.00
West End Temporary Car Park	5,000	5,000.00				5,000.00	5,000.00	0.00
Heysham Mossgate Affordable Housing s106 scheme	42,000	42,000.00			42,000.00		42,000.00	0.00
Albion Mills Affordable Housing s106 scheme	260,000	260,000.00			260,000.00		260,000.00	0.00
Brindle Close Affordable Housing s106 scheme	80,000	0.00					0.00	0.00
Riversview Hostel Affordable Housing s106 scheme	232,000	0.00					0.00	0.00
Middleton Nature Reserve s106 scheme	19,000	8,324.08			8,324.08		8,324.08	0.00
Arnside & Silverdale AONB Improvement Scheme	144,000	125,770.88	125,770.88				125,770.88	0.00
Chatsworth Gardens	66,000	66,874.99					0.00	66,874.99
Adactus Top-Up Grants	0	186,613.00			186,613.00		186,613.00	0.00
Sub-Total	1,801,000	1,122,757.98	441,681.28	11,206.67	496,937.08	9,945.30	959,770.33	162,987.65
Resources								
ICT Systems, Infrastructure and Equipment	320,000	193,023.46			170,687.62		170,687.62	22,335.84
Lancaster Market - Surrender of Headlease*	11,724,000	11,723,538.00			618,903.08		618,903.08	11,104,634.92
Corporate Property Works	1,244,000	811,099.75	3,090.08				3,090.08	808,009.67
Sub-Total	13,288,000	12,727,661.21	3,090.08	0.00	789,590.70	0.00	792,680.78	11,934,980.43
TOTAL - GENERAL FUND	17,962,000	15,953,804.97	1,399,054.61	11,206.67	1,296,527.78	99,770.94	2,806,560.00	13,147,244.97

* Note: Budget updated to reflect outturn position (primarily regarding use of Markets Reserve) for surrender of headlease as report to Council 05 February 2014.

GENERAL FUND

HOUSING REVENUE ACCOUNT

TOTAL CAPITAL EXPENDITURE & FINANCING

Revised Estimate	Expenditure to be financed in 2013/14	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)		
£	£	£	£	£	£	£	£	£
17,962,000	15,953,804.97	1,399,054.61	11,206.67	1,296,527.78	99,770.94	0.00	2,806,560.00	13,147,244.97
4,865,000	4,284,788.84	0.00	0.00	55,334.19	0.00	4,106,615.54	4,161,949.73	122,839.11
22,827,000	20,238,593.81	1,399,054.61	11,206.67	1,351,861.97	99,770.94	4,106,615.54	6,968,509.73	13,270,084.08

2013/14 CAPITAL EXPENDITURE FINANCING			Housing Revenue	General Fund	Grand Total
			£	£	£
Amounts to be financed by General Capital Resources			122,839.11	13,147,244.97	13,270,084.08
Financed by:					
Underlying Borrowing Need - Increase in Capital Financing Requirement			0.00	3,024,333.39	3,024,333.39
General Grants			0.00	1,923,162.99	1,923,162.99
Capital Receipts Applied			122,839.11	8,199,748.59	8,322,587.70
Total Financing from General Capital Resources			122,839.11	13,147,244.97	13,270,084.08

CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2014/15

For consideration by Cabinet 29 July 2014

	Slippage Requested £	Percentage of Revised Budget	Source of Funding:			Total £	Reasons for Slippage Requests
			LCC Funded £	Grant / Contributions £			
Environmental Services							
Car Park Improvement Programme	145,000	100%	120,000	25,000	145,000	Programming on hold until South Lancaster capital receipt received, plus impact of long lead in time for implementing schemes.	
Allotments	-13,000	29%	-13,000		-13,000	Scheme commenced prior to 01 April 2014. Budgeted for in 2014/15.	
Toilet Works	7,000	100%	7,000		7,000	Delayed start to project.	
	139,000		114,000	25,000	139,000		
Health and Housing							
Williamson Park Woodland Improvement	8,000	35%		8,000	8,000	Delayed start to project.	
Disabled Facilities Grants	196,000	20%		196,000	196,000	Represents commitments entered into but not discharged by 31 March 2014.	
	204,000		0	204,000	204,000		
Regeneration & Planning							
Warm Homes Scheme	37,000	47%	37,000		37,000	Represents commitments entered into but not discharged by 31 March 2014.	
Toucan Crossing - King Street	13,000	100%	13,000		13,000	Scheme still to be agreed with County Council.	
Artle Beck Improvements	43,000	73%		43,000	43,000	On-going issues delaying project.	
West End Sea Wall Study	19,000	63%	1,000	18,000	19,000	Delayed start to project.	
Slyndale Culvert	7,000	88%	2,000	5,000	7,000	Delayed start to project.	
Amenity Improvements	28,000	85%	28,000		28,000	Delayed start to project.	
Luneside East	2,000	3%	2,000		2,000	Residual budget to cover any further cost recovery work.	
Lancaster Square Routes	139,000	55%	47,000	92,000	139,000	Scheme delayed to match delivery of County scheme.	
Morecambe THI 2: A View for Eric	216,000	99%	53,000	163,000	216,000	Programme to be reprofiled to match 2nd Action Plan submitted to HLF.	
Morecambe Area Action Plan (Improving Streets)	4,000	100%	4,000		4,000	Delayed start to project.	
Brindle Close Affordable Housing s106 scheme	80,000	100%	80,000		80,000	Still waiting to be invoiced for Council's contribution to the scheme.	
Riversview Hostel Affordable Housing s106 scheme	232,000	100%	232,000		232,000	Still waiting to be invoiced for Council's contribution to the scheme.	
Middleton Nature Reserve	11,000	58%	11,000		11,000	Scheme started late to fit with Lancashire Wildlife Trust programme.	
Bold Street Housing Regeneration Site Works	-5,000	1%	-5,000		-5,000	Costs incurred prior to 01 April 2014. Budgeted for in 2014/15.	
	826,000		505,000	321,000	826,000		
Resources							
ICT Infrastructure	15,000	17%	15,000		15,000	Impact of PSN security work delayed other projects.	
ICT Application System Renewal	112,000	76%	112,000		112,000	Impact of PSN security work delayed other projects.	
Corporate & Municipal Building Works (Incorporates externally funded scheme re the Storey)	410,000	32%	400,000	10,000	410,000	Delays in receiving Agreed Maximum Prices from contractor. External funding to support the Storey/business plan.	
	537,000		527,000	10,000	537,000		
GENERAL FUND TOTAL	1,706,000		1,146,000	560,000	1,706,000		

Annual Treasury Management Report 2013/14

For noting by Cabinet 29 July 2014

1 Introduction

1.1 The Council's Treasury Management Strategy for 2013/14 was approved by Council on 27 February 2013. 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 presented to Cabinet within six months of the end of the financial year, and that it is also 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 2013/14 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 recently been provided to Members (Budget & Performance Panel 04 March 2014) and this also continues to be an important part of the CIPFA Code. 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 2013/14

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

- Major timing uncertainties linked to the surrender of the Lancaster Market headlease and the sale of land at south Lancaster meant that the majority of investment balances were kept in immediate access accounts for the most of the year.
- A fixed term deposit of £3m was placed with Lloyds Bank in Qtr 4 following the stabilisation of cash balances; this was the first fixed term deposit placed with any bank "post-Iceland".
- A scheduled £1.04m loan repayment was made in relation to the HRA self financing loan.
- The Council's claim to recover a deposit held with the Icelandic bank Landsbanki was sold through an auction facilitated through the Local Government Association. The reserve bid price of 92% was achieved.

- Withheld tax in relation to the Council's Glitnir deposit (still held in escrow) has now been repaid. The claim totalled £3.6K and the Council now has exempt status, which means that it will no-longer have a tax liability in this regard.
- No temporary borrowings have been required to support day to day cash flow. The Council ended the year with healthy cash balances of £22M, reflecting many net liabilities as well as backing various provisions and reserves.
- The Council has stayed within its prudential limits for investments and has not breached any of the criteria set out in the approved strategy.

3 **Economic Background (supplied by Capita Asset Services)**

The financial year 2013/14 continued the challenging investment environment of previous years, namely low investment returns, although levels of counterparty risk had subsided somewhat. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from Qtr 1 2015. This forecast rise was later pushed back to a start in Qtr 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and the Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While Consumer Prices Index (CPI) inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.

Gilt yields were on a sharply rising trend during 2013 but volatility returned in the first quarter of 2014 (as various fears sparked an increase in demand for gilts from investors). The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.

The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative reduction of £97bn in the forecasts (Autumn Statement and March Budget) for total borrowing over the next five years, culminating in a £5bn surplus in 2018/19.

The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk had improved after the European Central Bank stated in July 2012 that it would do "whatever it takes" to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

4 Icelandic Investments

The position as at 31 March 2014 is as follows.

	KSF £000	Glitnir £000	Landsbanki £000	Total £000
Original Deposit	2,000	3,000	1,000	6,000
Claim	2,048	3,173	1,121	6,342
GBP Payments received	1,669	2,508	1,021	5,198
Amounts still held in escrow account	0	615	0	615
Total anticipated recovery (%)	85.25%	100%	92%	
Further payments due (%)	3.75%	0%	0%	
Further payments due (£)	77	0	0	77
Total anticipated receipts	1,746	3,123	1,021	5,890

Key points to note are:

- The KSF recovery rate has now increased to 85.25% from the previous estimate of 83.5%. The balance outstanding is now £77K. As payments are still outstanding 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.
- The Glitnir claim has been settled. However, amounts paid in Icelandic Krona (ISK) still cannot leave Iceland, due to the currency controls imposed by the Central Bank of Iceland. These amounts have therefore been paid into Icelandic escrow accounts (similar to client accounts at a solicitors). These are earning 4.2% interest but are also subject to gains and losses due to fluctuations in the exchange rate between Sterling and ISK. The amount stated in the table above uses the exchange rate between ISK and GBP as at the 31 March 2014. 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, £6K was recorded in the 2013/14 final accounts as an exchange rate gain.
- The Landsbanki claim has been settled at 92% and no further amounts are outstanding. This has resulted in a favourable position at outturn as future expected receipts of £143K have now been accounted for in 2013/14.
- When compared with the original £6M invested, the Council expects to recover £5.890M or 98.2%. This does not allow for interest losses, but the current position does mean that the vast majority of the capital sum has now been recovered.

5 Borrowing and Capital Expenditure

5.1 Capital Expenditure and Financing

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. In essence, it 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 2013/14 the figures were as follows:

	£000
Opening CFR	83,276
Closing CFR*	78,449
Average CFR	80,862
Weighted average borrowings	69,068
Weighted average finance lease liability	1,415
Weighted average investments*	20,581
Net borrowings	40,902

* Average investment balance excludes Icelandic deposits

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

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

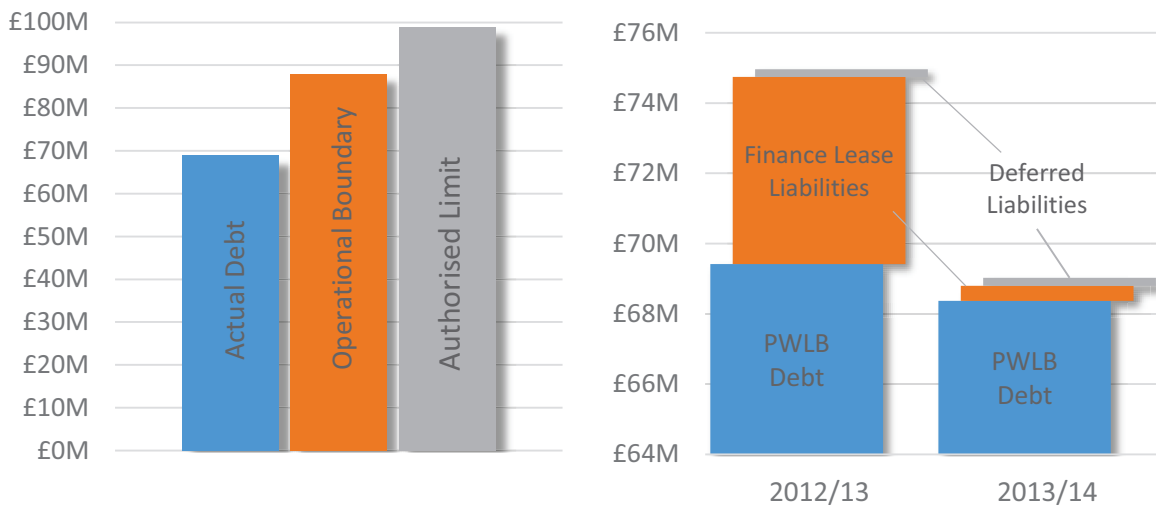
	2012/13	2013/14
	Actual	Actual
	£000	£000
Opening Capital Financing Requirement	83,188	83,276
<i>Capital investment:</i>		
Property, Plant and Equipment	7,739	18,631
Re-assessment of finance lease liability	195	0
Investment Properties	90	7
Intangible Assets	54	36
Revenue Expenditure Funded from Capital Under Statute	1,031	1,564
<i>Sources of financing:</i>		
Capital receipts	(442)	(8,323)
Government Grants and other contributions	(1,017)	(3,333)
Direct revenue contributions	(1,425)	(1,452)
Minimum Revenue Provision (MRP)	(2,702)	(7,851)
Major Repairs Reserve	(3,435)	(4,106)
Closing Capital Financing Requirement	83,276	78,449
<i>Explanation of movements in year:</i>		
Increase in underlying need to borrow (unsupported by government financial assistance)	88	(4,827)
Increase/(decrease) in Capital Financing Requirement	88	(4,827)

The figures stated above shows a net decrease in CFR of £4.827M, which is after allowing for MRP of £7.851M. Excluding MRP, the underlying need to borrow has increased by £3.024M, in order to help finance 2013/14 capital investment. This is some £1.238M less than budgeted, mainly due to slippage on capital schemes.

5.2 **Borrowing levels**

To control the actual level of borrowing, 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 31/03/14	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223	--	--
Long term Finance lease liability	427	--	--
PWLB Debt	68,374	--	--
Total	69,024	83,000	99,000

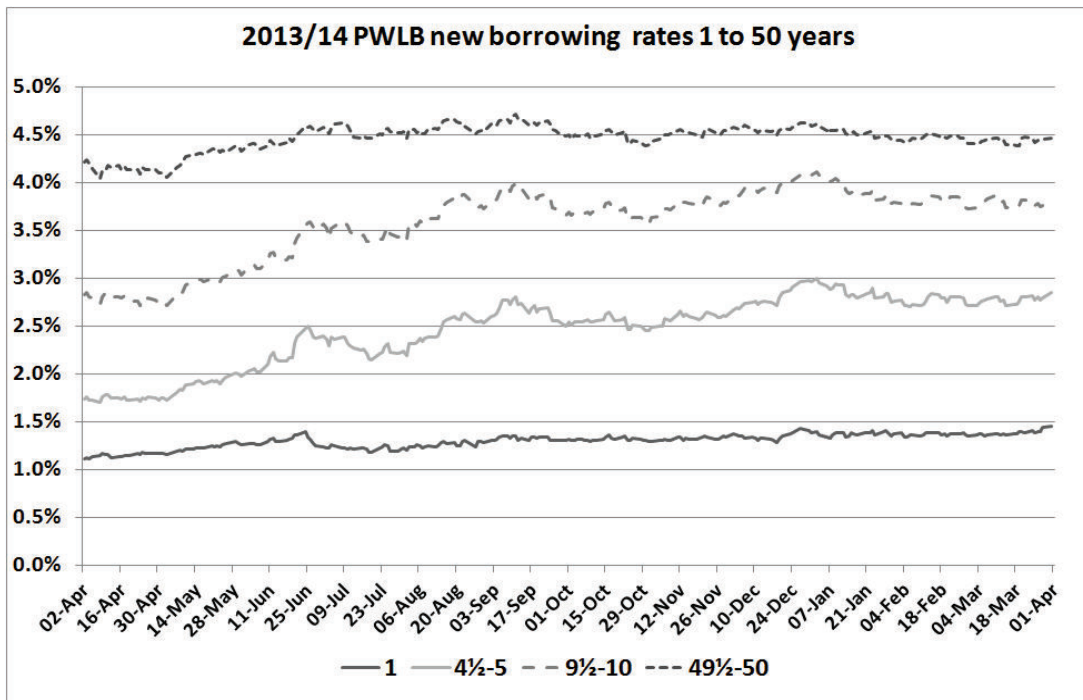


The actual debt, as calculated in accordance with the Prudential Code, includes the liability associated with finance leases. When set, the operational boundary included an element in relation to the Lancaster Market headlease, and hence its surrender accounts for the significant debt headroom as at 31 March 2014.

5.3 **PWLB Interest Rate Movements**

All of the Council's long term borrowings are held with the Public Works Loan Board (PWLB). The preferential loan rate of 3.03%, associated with the HRA Self Financing loan, remains below the prevailing rate associated with loans of this term.

The following chart illustrates the movement on PWLB fixed term rates over the year. This clearly shows the spread of rates depending on length of loan. It shows a slight upward trend of rates especially in relation to loan terms greater than 1 year but less than 10 years.



Where it can be facilitated and future needs and expectations support it, repayment of PWLB debt is still an attractive option in the current climate, where a council holds a grossed up position of higher borrowings matched by higher investment balances.

5.4 Debt Maturity (or Repayment) Profile

The Council is exposed to “liquidity” risks if high value loans mature (i.e. become due for repayment) at the same time, making a large demand on cash. One 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 below shows these profiles at the beginning and end of the year against the indicator. The only change is due to the repayment of an element of the HRA loan.

	Treasury Indicator	Actual 31/3/13	Actual 31/3/14
Under 12 months	0 - 50%	1.5%	1.52%
12 – 24 Months	0 - 50%	1.5%	1.52%
3 – 5 years	0 - 50%	4.5%	4.57%
6 – 10 years	0 - 50%	7.5%	7.62%
11 -15 years	0 -100%	7.5%	7.62%
16 – 25 years	0 - 100%	15.0%	15.23%
26 – 50 years	50 - 100%	64.0%	61.92%

Of the total loan balance, 43% relates to an Equal Instalment of Principal (EIP) loan and 57% is made up of maturity loans. Therefore the short term percentages will increase as the total debt balance decreases.

The actual profile of the debt is well within the approved limits (liabilities in relation to finance leases are not included within this indicator).

5.5 Interest Payable on Longer Term Borrowing

The average rate of interest payable on PWLB debt in 2013/14 was 4.57%. A total of £3.134M interest was incurred, of which £2.080M was recharged to the HRA in respect of the self-financing loan.

	£'000
2013/14 Estimate	3,155
2013/14 Actual*	3,134
Variance	(21)

There was also £43.4K of interest in relation to finance leases under IFRS accounting. This is a cost that in previous years has been presented within service expenditure. It is purely a presentational change with no impact on the bottom line.

Prudential Indicators also provide exposure limits that identify the maximum limit for variable / fixed interest rate exposure, based upon the debt position. The table below shows that the outturn position was within the limits set by Members at the beginning of the year. The Council currently only has fixed interest rate 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

Finance leases are also classed as fixed, as the interest rates implicit in any such agreement are fixed at their inception date.

6 Investment Activities

6.1 Performance against Prudential Indicators

In 2013/14 all investments were placed in accordance with the approved Investment Strategy; there have been no breaches of the investment criteria.

The Council made (or holds) no investments with a maturity of longer than 365 days; the investment strategy prohibited such long term investments. Most 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. The only fixed term bank deposit was placed with Lloyds for 3 months commencing 09 January 2014. Details of the average balances held during the year along with the year end position is given in **Annex A**.

As noted in section 4, part of the repayment from Glitnir is currently held in ISK in an escrow account in Iceland. Strictly speaking, this would be classed as a foreign exchange investment that would normally be prohibited under the Investment Strategy, but clearly the Council has had no choice but to accept this arrangement. Furthermore, it will have to await relaxation of the currency controls in place in Iceland before these sums can be brought back under the Council's direct control. The total amount placed in escrow is £615K attracting interest at 4.2%.

6.2 Performance against budget and external benchmarks.

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

Indicator (mean value)	2013/14	2012/13
Base Rate	0.50%	0.50%
3 Month LIBID	0.50%	0.50%
Lancaster CC investments	0.47%	0.50%

The return is slightly below the Bank of England base rate, due to all investments being held in high credit quality accounts and all immediately available. A fixed term deposit of £3M was invested with Lloyds in the last quarter of the year with an interest rate of 0.6%.

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

Annual budget	£129K
Actual to date	£100K (see details in Annex B)
<u>Icelandic interest to date</u>	<u>£131K</u> (see details in Annex B)
Total	£231K
Variance	£102K favourable

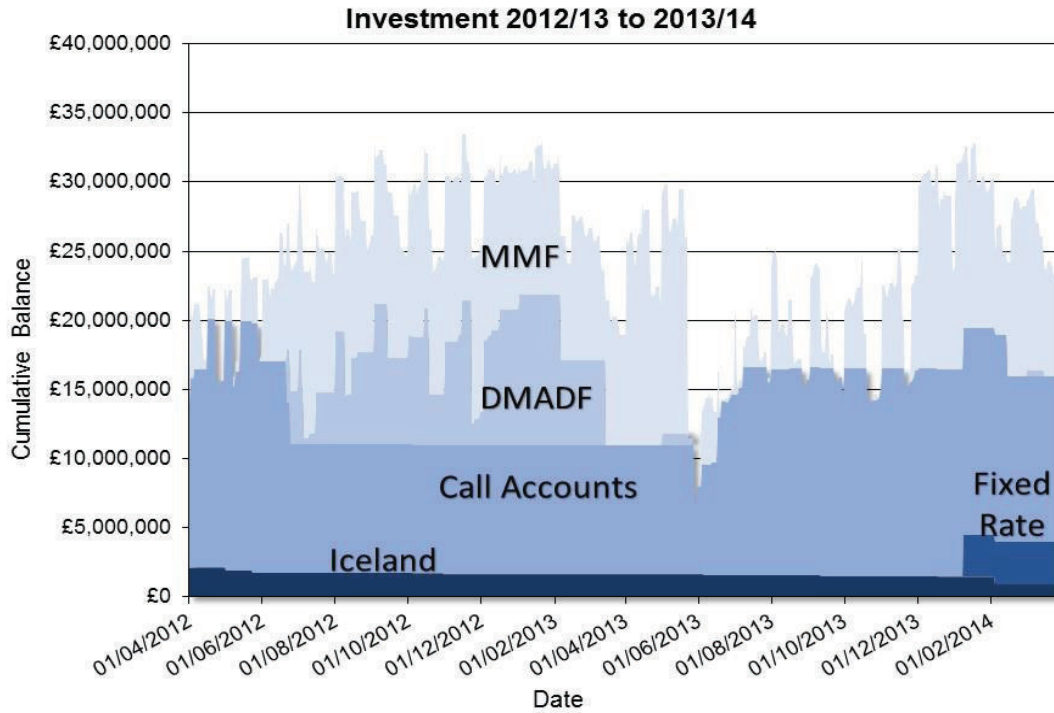
This higher than expected investment return was due to the requirement to recognise, at the time of sale, all interest associated with the Landsbanki claim. Prior to the sale, on the balance sheet the Icelandic investments were accounted for on a discounted cash flow basis. As the investment was recovered earlier than expected, the discounting impact was reduced, giving rise to a greater value of interest to be recognised.

As illustrated in the table below, the short term projection for rates is flat; it is anticipated that the position on low investment interest rates will hold for the next financial year.

Date	Bank Rate Projection (%)
Mar-14	0.50
Jun-14	0.50
Sep-14	0.50
Dec-14	0.50
Mar-15	0.75

Source: Capita Asset Services, June 2014

The Investment Strategy for 2013/14 continued with the more cautious approach to managing surplus cash, this being in place since the banking crisis. In practice, most deposits were placed on instant access in either call accounts or Money Market Funds (MMFs) with limited use of the DMO account. The pattern of these investments over 2013/14 and the prior year can be seen in more detail in the following graph:



7 Other Risk Management Issues

Many of the risks in relation to treasury management are managed through the setting and monitoring of performance against the relevant Prudential and Treasury Indicators and the approved Investment Strategy, as discussed above.

The Authority's Investment Strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and the 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 2013/14 complied with the latest Code of Practice (November 2011) and relevant Government investment guidance.

8 Other Prudential Indicators

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

9 Conclusion

The Council's treasury activities were in line with its approved policies and strategies. Investment rates fell marginally, given the Council's low risk appetite, and allowing for the downgrading of key counterparties and Government offering low rates. Furthermore, uncertainties surrounding the timing of key transactions have also inhibited investment decisions and have meant that predominantly, only very short-term investment were made. Those specific uncertainties have been concluded during 2013/14 and so this should allow greater predictability to a degree in terms of cash flow, although other uncertainties may well come into play in 2014/15.

Counterparties used during 2013/14

Counterparty	Type	Average £	Maximum £	Year End £
DMO	Fixed Term	76,285	890,000	0
Lloyds	Fixed Term	673,973	3,000,000	3,000,000
Blackrock (Gov)	MMF	685,140	5,990,000	0
Blackrock (Liquidity)	MMF	3,753,501	6,000,000	6,000,000
Insight	MMF	3,026,570	6,000,000	326,000
Lancashire County Council	Call	10,970,208	12,000,000	12,000,000
RBS	Call	2,068,978	3,000,000	0
			TOTAL	21,326,000

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.
E.g. 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.
- **Capita Asset Services** – they are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

Members may also wish to make reference to *The Councillor's Guide to Local Government Finance*.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

For Noting by Cabinet 29 July 2014

2012/13	2013/14	2013/14
Actual	Estimate	Actual

AFFORDABILITY

PI 2: Actual ratio of financing cost to net revenue stream	Non - HRA	16.2%	12.8%	31.3%
	HRA	24.0%	23.3%	23.3%
	Overall	19.3%	17.1%	28.5%

CAPITAL EXPENDITURE

	£'000	£'000	£'000
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PI 6: Actual capital expenditure	Non - HRA	5,320	17,290	15,954
	HRA	3,590	4,870	4,284
	Total	8,910	22,160	20,238

PI 8: Actual Capital Financing Requirement	Non - HRA	45,503	40,281	44,462
	HRA	37,773	44,473	33,987
	Total	83,276	84,754	78,449