



Committee: CABINET

Date: TUESDAY, 2 DECEMBER 2014

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

AGENDA

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 4 November 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. Charter Market Review (Pages 1 - 27)
(Cabinet Member with Special Responsibility Councillor Barry)
Report of Chief Officer (Environment)
7. Storey - Tasting Garden (Pages 28 - 42)
(Cabinet Member with Special Responsibility Councillor Hanson)
(Report of Chief Officer (Environment))
8. Smokefree Play Areas - Introduction of a Voluntary Code (Pages 43 - 46)
(Cabinet Members with Special Responsibility Councillors Leytham and Smith)
Report of Chief Officer (Health & Housing)
9. Corporate Performance Monitoring 2014/15 (Pages 47 - 75)
(Cabinet Member with Special Responsibility Councillor Bryning)
Report of Chief Officer (Resources)
10. Budget and Policy Framework Update 2015/16 (Pages 76 - 91)
(Cabinet Member with Special Responsibility Councillor Bryning)
Report of Chief Officer (Resources)
11. Exclusion of the Press and Public

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item(s) in private.

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

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

Members are reminded that, whilst the following item(s) have been marked as exempt, it is for Cabinet itself to decide whether or not to consider each of them in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

12. Sites off Bailrigg Lane, Scotforth, Lancaster (Pages 92 - 98)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Joint Report of Chief Officer (Regeneration and Planning) and 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 Thursday 20th November, 2014.

CABINET

**Charter Market Layout
2nd December 2014**

Report of Chief Officer (Environment)

PURPOSE OF REPORT				
Further to Cabinet's previous request this report provides options for the layout of the market once the Square Routes work has been completed				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Officer
				X
Date of notice of forthcoming key decision	NA			
This report is public				

RECOMMENDATIONS OF CHIEF OFFICER (Environment)

- (1) Cabinet are requested to consider whether a radical overhaul of the Charter Market is needed. If so consideration should be given to setting up a working group to develop a strategy and plan for future provision of the market. If not:
- (2) Cabinet are requested to consider which layout (A or B as shown in Appendix B) is preferred for the market. The chosen layout will be implemented from January 2015. Officers will allocate pitches to stallholders and continue to monitor and adjust as necessary to ensure the layout works effectively
- (3) Cabinet is requested to reaffirm that traders are expected to follow market rules on matters such as appearance of stalls, tidiness of stalls, leaving the pitch clean and tidy, not encroaching beyond the pitch, being courteous to other city centre businesses etc. Furthermore officers are instructed to ensure that market rules are followed at all times and to take immediate action against traders who don't wish to comply with the market rules.
- (4) Cabinet are requested to consider whether they think it is appropriate to increase the cost of pitches on Market St and Cheapside from April 1st 2015 to £1.80 sq/m and £20.00 minimum charge, with existing traders wishing to trade from Church St / New St being charged at £1.35sq/m and £15.00 minimum charge, and new traders requesting a pitch on Church St / New St being given an initial 6 month period where no fees will be charged.

- (5) Cabinet are requested to delegate the implementation following an Officer review of City Centre concessions, street pitches etc to the Chief Officer (Environment) in consultation with the Cabinet Members responsible for Markets and Regeneration.

1.0 Introduction

1.1 STRATEGIC CONTEXT- Square Routes

Cabinet (4th Oct 2011) considered a report with regard to Square Routes. The report considered the scheme that is currently underway.

Cabinet agreed that the rationale to agree to the works in Market Square was-

By a second phase of works to Market Square the council can look to complete a transformation for the public benefit, providing:

- An environment fitting to the Square's role as the civic centre of the city;*
- A place more active, pleasant and safe to spend time in;*
- An improved layout for the outdoor market;*
- An environment fitting and complementary to the Old Town Hall and the council's ambitions for use of this building;*
- An improved setting and staging for events and performance;*

This should add to the attraction of the city to the benefit of business trading, much needed in difficult economic conditions.

Cabinet then agreed the following-

(1) *That Cabinet notes the progress in delivering the first phases of improvements as part of Lancaster Square Routes including in Market Square.*

(2) *That Cabinet notes that officers will in due course report to the appropriate portfolio holders on the future layout of the outdoor market, potentials for a street café(s) in Market Square and how the existing Traffic Regulation Order for the city centre pedestrian zone might best be revised and subsequently enforced.*

(3) *That Cabinet notes that officers will report to the portfolio holder on any need or potential to support the county council in works to remedy the surface condition of Penny Street and Horseshoe Corner in a way that is consistent with the Lancaster square routes design visions and that the anticipated balance of funds in the city centre investment after the first phase of works in Market Square fund for Lancaster Square Routes be reserved for this purpose pending further reporting.*

(4) *That in preparing its proposals for the 2012/13 General Fund Capital Programme as part of the budget process, Cabinet considers including an additional £300K contribution to the city centre investment fund for Lancaster Square Routes in order to provide for a second phase of works in Market Square.*

The above underpins that fact that delivery of the Square Routes project is a key strategic objective the Council. As such it contributes to a number of corporate priorities as set out in the Council's Corporate Plan.

1.2 STRATEGIC CONTEXT – Council Ethos

Part of the Council's ethos as set out in the corporate plan is that of stewardship. This involves ensuring the social, economic and environmental wellbeing of the local area. In practice active stewardship involves a number of things including taking the key role in engaging, co-ordinating and mobilising other public, private and voluntary bodies in delivering the council's strategic objectives for the place. How stewardship is exercised is a local issue and needs to be determined by the Council in partnership with local citizens.

As will be seen in this report the decision that Cabinet are being asked to make is one that very much calls for the Council to act in its role as steward.

The Square Routes project provides a good demonstration of the ability of the Council to deliver key strategic objectives through active stewardship. The detail of the works was informed by local citizens through an extensive consultation exercise. The City Council then took a key role in engaging with other stakeholders (eg County Council, Police, Chamber / BID, market traders, contractors) to deliver the project.

As set out earlier in delivering the key strategic objective of improving our City's public realm Cabinet recognised at the time there was a need to reassess a number of other city centre related activities. These include-

- Management of movement (pedestrian, vehicles, cycles).
- Ongoing maintenance of the city centre
- Maintaining the safety of the city centre
- Use of public space in the city centre (entertainment, market, cafes etc)

As the City Council does not have direct responsibility for all of the above in order to obtain the best results for our citizens it is essential that the City Council continues to act in its stewardship role.

This report focusses on one apparently very narrow aspect of the City Centre. This being the twice weekly Charter Market and how it should be laid out in the future.

What will become abundantly clear though is that although the focus of the report is narrow the subsequent decision will have a significant impact on the whole range of activities that need to be managed within the City centre. In other words whatever decision is arrived at there will be consequent impacts.

The Council has clearly demonstrated to date though in delivering the key

strategic objective of the Square Routes project that as an active steward it is very well aware of the interrelationships that exist within the city centre. This in turn mitigates the risk of decisions being made that have unintended consequences.

The Council is also very well aware of the need to respond in its own way to problems that arise and to the views of local people.

As such prior to making any decision on the future layout of the Charter Market the Council has undertaken an extensive consultation exercise. The consultation exercise has provoked much healthy debate between a range of stakeholders (market traders, shop based businesses, shoppers, Chamber and members of the business improvement district). The views put forward to the consultation have been very much appreciated and have helped provide the information needed to write this report.

As can be seen in the summary of responses from the consultation (Appendix C) there have been a very wide range of responses. The fact that so many have taken the time to put forward their views to the Council indicates how strongly people feel about the need to get this part of the City Centre right. To suggest, as some seem to have, that this is just an issue of shop based businesses trying to reduce competition or a straightforward big business versus small business battle would be to completely oversimplify the issue. What is absolutely clear from the consultation is that everyone who has responded has done so because they genuinely feel that their views represent the best way forward for either their business (shop or market based), the city centre as a whole or both. A shop based business has as much right to try and preserve its business as does a market based one. A consumer has the right to choose whether they prefer to buy a product from a shop or a market stall. By the same token the Council as steward, when it is convinced it understands the issue and the views of its citizens, has the right to decide how the market is delivered.

This wide spectrum of views presented does mean however that in making any decision there will be some stakeholders who will maintain that the Council has reached the wrong decision. It is also possible that in reading the summary of responses some will seize on specific comments (Appendix C). As explained above the responses are provided to help provide context and this inform Cabinet's decision. To take them as isolated sound bites would, as has been earlier stated, be to miss the point.

Regardless of this it is for the Council as steward of the City centre to take a decision on this very local issue.

2.0 Proposal Details

- 2.1 The consultation document on a draft layout for the Charter Market was sent out in Aug 2014 (see appendix A)
- 2.2 Based on feedback from this a further consultation exercise was undertaken in October 2014 (see appendix B)

- 2.3 A summary of the responses to this consultation exercise are attached (see appendix C)
- 2.4 A layout of the market pre Square Routes is provided (see appendix D)
- 2.5 Cabinet should note the operating context for the proposals that Cabinet are asked to consider-
- The ancient Charter covers the City for Wednesday and Saturday only.
 - The soon to be introduced Experimental Traffic Order (ETRO) will allow some disabled parking in bays on New St and Church St. Work is taking place to establish how technically this would work were the Charter Market ever to expand to occupy all the area it could.
 - A minimum width of 3.1m needs to be kept free in all streets at all times to allow access for emergency vehicles.
 - Location of pitches must not block pedestrian access / egress to any premises (includes fire exits, service entrances etc).
 - Pitches should be kept 1.2 m away from the building line to allow access to shops and maintain some visibility of shop frontages.
 - Pitches should as far a possible not be located so as to completely block visibility to shop frontages.
 - Due to relocation of street furniture etc a 6 pitches have already been removed from Market St / Cheapside.
 - The Square Routes works have vastly improved the appearance of the city centre and also the potential of the city centre. It is important that the appearance is maintained and the potential is realised.
- 2.6 **QUESTION A – Is a more radical overhaul of the Charter Market required than what officers have consulted on?**

Some have suggested that the Council lacks a well thought out business plan and strategy for the market, and that without one the full potential of the city centre will not be realised and furthermore decisions cannot really be taken on the layout of the market. In putting forward this view it is suggested that a key point to consider is whether the newly refurbished Market Square should be left solely for entertainment / events and for people to congregate.

The officer view of this is that actually the City Council is very clear in its view of the market. These have been articulated via the considerations made in arriving at the Square Routes project and the subsequent consultations and are underpinned by the Council's ethos and particularly the need for the Council to act as a steward. The Council's view of the market can be summed up as-

The market is an attraction that makes the city centre an attractive and vibrant place and should be managed to take account of other users and to make sure it achieves high standards.

The question is then to what extent does the Council feel it needs to further 'plan' the market to achieve the above?

The Council could take the view that to achieve the above it wants to completely overhaul the market. Some Councils have adopted a very interventionist route to market provision. To the extreme where the market is effectively an outdoor shopping mall with homogenised stalls selling prescribed products that complement what the shop based businesses offer. Other Councils have followed a less extreme route but have in place a very prescribed plan for their markets nonetheless. Such plans are still very interventionist in that they will specify which goods can be sold and from which pitches, where the goods should come from, the Council may also supply the stalls.

It would also be perfectly valid for the Council to take the view, as it has to date, that, as it is, the market supports the Council's strategic objectives. The current model of market provision is financially self-sufficient, creating no burden for the Council tax-payer and making a contribution to delivery of key Council priorities. The ongoing management input from the Council is streamlined to keep down costs and is focussed on day to day management activities that ensure that the market operates smoothly (eg managing pitches and stall location, ensuring traders comply with standards, complementing the other range of City Centre activities, collecting fees from traders). In this model traders bear the vast majority of the risk. The success or otherwise of individual traders, and the wider market, is largely determined by whether consumers want to buy the products. Critics of this approach will argue that shop based businesses suffer from increased competition because of lack of regulation and that the City Centre as a whole suffers because the overall look and appearance of the market is not tightly regulated.

Feedback from residents, visitors, users of the market and traders would suggest that generally people don't feel there is need to radically overhaul the market. Consumers actually seem to like the eclecticism and diversity of the Charter market.

Those that suggest that the market is in need of a radical overhaul, say that now is the time to do so.

If Cabinet take the view that a radical overhaul is required then the view put forward that a business plan and strategy for the market needs to be developed and agreed is the best way forward.

A radical overhaul will require significant officer input in terms of developing and agreeing a development plan. It would also be reasonable to expect that once implemented much more management input would be required in the day to day running of the market, which will require additional resources. In addition to this it will further extend the waiting time before a decision on the layout of the market is made. Already it is clear there is considerable uncertainty and resulting friction. This is of course a side effect of any change but is raised so that Cabinet are aware there is further potential were Cabinet to request a radical overhaul.

There has also been some suggestion that the BID would be best placed to deliver and manage the market. Whilst no detail of how this could work is available the principle of it and the potential implications of it would seem to

be contrary to the Council's aims, objectives and ethos. It would effectively mean a delegation of stewardship.

Cabinet are therefore requested to consider whether a radical overhaul of the Charter Market is actually needed. If so consideration should be given to setting up a working group to develop a strategy and plan for future provision of the market.

2.7 If Cabinet take the view that a radical overhaul is required then no further decisions are required at this stage.

2.8 However, if Cabinet take the view that no radical overhaul is required then consideration of a number of proposals is requested. These proposals are likely to be seen by some as being too regulatory. In response to this clearly a balance is needed. Even if Cabinet determine that a radical overhaul isn't required it is clear that as stewards of the City Centre the Council does have a responsibility to ensure a generally acceptable standard for the market. Having such a light touch that the market deteriorated into a city centre car boot sale would be to nobody's advantage either. Therefore the questions Cabinet are requested to consider are-

2.9 **QUESTION B1- How should current market pitches be laid out / and presented?**

In the latest round of consultation 2 draft layouts were proposed (SEE APPENDIX B).

Layout A-

Based around the current footprint of the market, Market St, Market Square, Cheapside. This option means that all existing permanent traders will still be able to trade from pitches within this footprint. (Although in some cases the pitches will be smaller)

- Reduces the amount of stalls in Market Square by 2.
- Only allows food stalls in Market Square.
- Distributes pitches for existing stalls between Market St, Market Square, Cheapside.
- New traders will be allocated pitches on Church St / New St if there are none vacant in Market St, Market Square, Cheapside. (To encourage take up these will be free for an initial period).
- Existing traders will be given the opportunity to relocate to Church St for a rent free period, on a voluntary basis
- Comes with the proviso that the standard of appearance of market stalls is maintained to a standard specified by the Council.
- Sets out the maximum size of pitch that will be allowed at each location. The pitch sizes have been selected to work in the given location and to allow for as many pitches as possible.

Layout B-

Deliberately alters the current footprint of the market so that there are only pitches on one side of Cheapside. This means that some existing permanent traders will be moved to new pitches in Church St. Pitches will still remain in Market St and Market Sq.

- Reduces the amount of stalls in Market Square by 2
- Only allows food stalls in Market Square.
- Distributes pitches for existing stalls between New St, Market St, Market Square, Cheapside (one side only) and Church St.
- Existing traders allocated pitches on Church St will be allowed them free for a limited period.
- New traders will be allocated pitches on Church St / New St. (To encourage take up these will be free for an initial period).
- Comes with the proviso that the standard of appearance of market stalls is maintained to a standard specified by the Council
- Sets out the maximum size of pitch that will be allowed at each location. The pitch sizes have been selected to work in the given location and to allow for as many pitches as possible.

Note- in both options within the boundaries set out above the plan would be to seek to accommodate traders' views on where they were located as far as we reasonably could. Clearly though in both options there will need to be some movement of stallholders (eg in plan B it wouldn't be simply a case of moving the traders who were displaced from Cheapside into Church St consideration would need to be given to what was best for the market) and some stallholders may have reduced pitches from previously.

Layout A is generally preferred by shoppers and market traders.

Layout B is generally preferred by shop based businesses as it distributes the market around a larger area and takes positive action to use Church St. Shop based businesses say that will increase footfall to Church St (albeit only on 2 days per week) .Traders generally say that they'd sooner stop trading than trade on Church St.

Neither layout is supported by those who say that now as the plinth is in place in Market Square there is an opportunity to further add to be vibrancy of the city centre by using it for entertainment events on Saturdays. To allow this Market Square should be kept clear. In turn the added footfall from the entertainment will benefit the market and shop based businesses.

It is proposed that implementation of either of these options would take place in January 2015. Clearly there will need to be a degree of fine tuning whatever option Cabinet selects. Once Officers have allocated pitches to stallholders in the agreed layout they will then continue to monitor and adjust as necessary. Only fundamental changes would be referred back to Cabinet.

Officers already have discretion in the market rules with regard to appearance of stalls. Following implementation of the new layout the focus of efforts will be to improve the overall appearance of the market. There are already many really good examples of what constitutes an acceptable stall. Notice will be given to those which need to improve. Traders who don't wish to improve the appearance of their stall will no longer be provided with a pitch.

The market rules also set out clearly the responsibilities traders have with regard to managing rubbish etc. Again traders who don't wish to comply with the rules will no longer be provided with a pitch.

From a financial perspective option A is the best option for the Council.

Cabinet are requested to consider which layout (A or B as shown in Appendix B) is preferred for the market. The chosen layout will be implemented from January 2015. Officers will allocate pitches to stallholders and continue to monitor and adjust as necessary to ensure the layout works effectively.

Cabinet is also requested to reaffirm that traders are expected to follow market rules on matters such as appearance of stalls, tidiness of stalls, leaving the pitch clean and tidy, not encroaching beyond the pitch, being courteous to other city centre businesses etc. Furthermore officers are instructed to ensure that market rules are followed at all times and to take action against traders who don't wish to comply with the market rules.

2.10 **QUESTION B2- How much should pitches cost?**

Based on consultation is clear that pitches in Cheapside and Market St are viewed by existing traders as the best to trade from. Current charges for pitches are £1.35 sq/m with £15 being the minimum charge. There is usually a waiting list for traders.

Traders are provided with a pitch immediately in the newly upgraded public realm of City Centre, with an existing footfall, which is likely to increase. Looking at comparable markets the current amount charged for pitches is very low. In some places comparable pitches are charged at double this amount.

The cost of pitches has increased very little over the last few years. It is therefore proposed that from April 1st, 2015 the charge increases to £1.80 sq/m and £20.00 minimum charge.

The charge for traders wishing to trade from Church St will remain £1.35 sq/m with £15 being the minimum charge. However for new traders wishing to trade from Church St there will be an initial 6 month period where no fees will be charged

Clearly this b2 proposal could result in reduced income and would not be

welcomed by all traders. It would however encourage traders to think about where they might want to be located and what sort of products might they want to sell.

The forecast financial implications of this are set out in the financial implications box below.

Cabinet are requested to consider whether they think it is appropriate to increase the cost of pitches on Market St and Cheapside from April 1st 2015 to £1.80 sq/m and £20.00 minimum charge. Traders wishing to trade from Church St / New St will continue to be charged at £1.35sq/m and £15.00 minimum charge. New traders requesting a pitch on Church St / New St will be given an initial 6 month period where no fees will be charged.

2.11 PROPOSAL B3- Concessionary pitches, street cafes etc

Besides Charter Market pitches the City council also charges for the use of a number of concessionary pitches in the City Centre and also licenses a number of street cafes. There is clearly a need to ensure that these also complement the wider aims of the City Centre.

As things stand further some further work is needed to review the locations and fees for concessionary pitches. Further work is also needed to ensure that street cafes, concessionary pitches and market pitches all work together.

Cabinet are requested to delegate the implementation of this review to the Chief Officer (Environment) in consultation with the Cabinet Members responsible for Markets and Regeneration.

3.0 Details of Consultation

3.1 As outlined within the report

4.0 Officer Preferred Option (and comments)

4.1 That Cabinet consider the proposals set out the report.

RELATIONSHIP TO POLICY FRAMEWORK As outlined within the report
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing) As outlined within the report
LEGAL IMPLICATIONS Legal Services have been consulted and there are no implications arising from this report

FINANCIAL IMPLICATIONS

The latest approved revenue budget includes the following amounts in relation to the Charter Market :-

	2014/15 Original £	2015/16 Estimate £	2016/17 Estimate £
Expenditure	29,200	30,200	31,200
Income	(63,900)	(63,900)	(63,900)
NET INCOME	(34,700)	(33,700)	(32,700)

- * The above figures do allow for general estimates of recharges in connection with support service costs, but they do not include the significant amount of Chief Officer and similar time spent supporting the democratic process in matters relating to the Charter Market.

The Charter Market is a trading undertaking operated by the Council and as such is allowed to generate a surplus. As any changes to the number and price of pitches will have financial consequences, a financial appraisal has taken place to estimate the likely impact of approving either layout and can be summarised as follows :

	2015/16 Estimate £	(Increase)/ Decrease £
Current Income Level	(63,900)	
Layout A – no price increase	(69,800)	(5,900)
Layout A – with price increase	(93,100)	(29,200)
Layout B – no price increase	(62,000)	1,900
Layout B – with price increase	(85,600)	(21,700)

In this instance the level of suggested price increase seems reasonable when taking into account the minimal overheads associated with operating a stall in comparison to nearby shops (for instance stallholders do not pay business rates or BID levy). Any significant resistance on behalf of the traders could result in decreased income levels but due to the current high level of interest this is expected to be minimal.

Should Members decide that a radical overhaul is actually needed then there are no direct financial implications at this time other than the consideration of officer time required to set-up and administer a working group to develop a strategy and plan for the future provision of the market. A further report will then need to be prepared to discuss the strategy.

With regard to non-market day concessions, street cafes etc, further work is required in this area which will need to be managed within existing budgets.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

As outlined within the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted. The fact that the market is a trading undertaking should have bearing on decisions regarding the cost of pitches. Information contained in the report indicates that an increase is justified, taking into account the interests of local tax payers.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

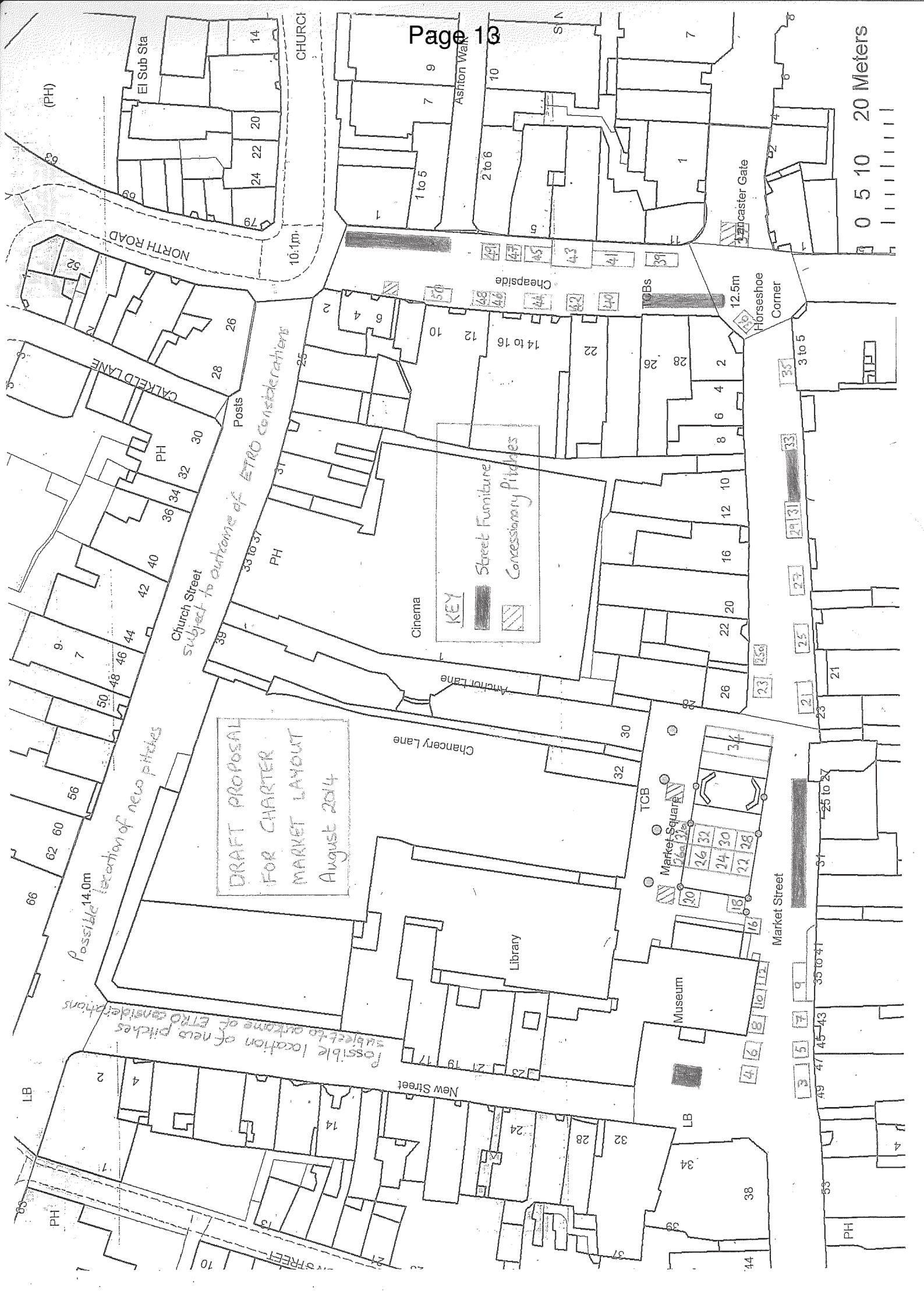
None

Contact Officer: Mark Davies

Telephone: 01524 582401

E-mail: mdavies@lancaster.gov.uk

Ref:



DRAFT PROPOSAL
FOR CHARTER
MARKET LAYOUT
August 2014

KEY

- Street Furniture
- Concessionary Pitches

Possible location of new pitches

Possible location of new pitches
subject to outcome of ETRO considerations

Church Street
subject to outcome of ETRO considerations

Market Square

Cinema

Library

Museum

Market Street

Chancery Lane

Anchor Lane

CALKEDELANE

NORTH ROAD

Ashton Walk

12.5m

Horsehoe Corner

TCBs

TCB

TCB

TCB

TCB

TCB

TCB

TCB

TCB

*CHARTER MARKET LAYOUT
CONSULTATION*

**PLEASE COULD YOU SEND YOUR
COMMENTS ON THE ATTACHED
OPTIONS by noon 20th October 2014**

TO- mdavies@lancaster.gov.uk



Charter Market layout- Consultation phase 2- 8th October 2014

The closing date for responses to the draft market layout proposal have now been received. Thank you for the comments you have provided.

The responses can be summarised as below-

- Market traders generally support the proposed market layout. However, there are concerns as to where their stalls would be specifically located.
- Shop based businesses (represented by BID / Chamber) are supportive of the market and generally think that it adds to the city centre offering and would like to see it develop.
- Shop based businesses (represented by BID / Chamber) view is that Market Square and Cheapside should be kept clear and the Market should be located around Market St, New St, Church St.
- BID/ Chamber view is that the Council could do more to actively plan/manage the market.
- The appearance of some stalls is very good but the appearance of some stalls needs to be improved.
- Market traders generally have a view that if they move even a few yards from their current location they lose business.
- Shop based businesses have a view that having some of the market in Church St would increase footfall thus benefitting that part of the City Centre. Charter Market traders take the view that even if that were the case in the medium term in the short term they'll lose income.
- Some traders have suggested that it would be good to have food stalls together.

The common ground is that all parties value the market and want to ensure a thriving market.

In considering this it is quite easy to look at the market in isolation. However the market is just one layer of the public realm in the city centre. There are lots of other layers that also need balancing. These include-

- Concessionary pitches
- Street cafes
- Street cleansing
- Event management
- Experimental Traffic Regulation Order
- Links to other parts of the City – e.g. Castle area, Canal corridor

Because there is such a difference in views the Council considers that before any decision can be taken, further consultation needs to take place.

This further consultation is based on-

1. Building on the common ground
2. Taking a wider view of the issue than it just being about the layout of the charter market.

In putting forward the 2 alternative schemes for consultation a number of fundamental questions need to be considered and we would welcome your views on these-

1. How should the Council view the market? -
 - As something to facilitate and manage day to day with the main priority being to ensure that there's enough pitches for traders, in the locations that best suit them.
 - or
 - As something to actively manage and develop in a way that best complements the other trading activities in the City, as well as the other aspirations we have for the City.

Or

- As an attraction in the city centre that makes the centre an attractive and vibrant place. Given this, however, the market should be managed to take account of other users and to make sure it achieves high standards.
2. If we were starting from a blank sheet of paper how should we layout the market? Is this really a practical approach?
 3. What would be the consequences of the model proposed by BID / Chamber?
 4. If some market stalls are moved to Church St would customers move with them?
 5. Were Market Square to be used would it be best to have it as a food stall only area?
 6. How do we tidy up the appearance of the market?
 7. Should consideration be given to charging different pitch fees in different locations?

The 2 options for consultation are

Plan A-

- Reduces the amount of stalls in Market Square by 2.
- Only allows food stalls in Market Square.
- Distributes pitches for existing stalls between Market St, Market Square, Cheapside.
- New traders will be allocated pitches on Church St / New St. (To encourage take up these will be free for an initial period).
- Existing traders will be given the opportunity to relocate to Church St for a rent free period.
- Comes with the proviso that the standard of appearance of market stalls is maintained to a standard specified by the Council.
- Sets out the maximum size of pitch that will be allowed at each location

Plan B-

- Reduces the amount of stalls in Market Square by 2

- Only allows food stalls in Market Square.
- Distributes pitches for existing stalls between New St, Market St, Market Square, Cheapside (one side only) and Church St.
- Existing traders' allocated pitches on Church St will be allowed them free for a limited period.
- New traders will be allocated pitches on Church St / New St. (To encourage take up these will be free for an initial period).
- Comes with the proviso that the standard of appearance of market stalls is maintained to a standard specified by the Council
- Sets out the maximum size of pitch that will be allowed at each location

Note– in both options within the boundaries set out above the plan would be to seek to accommodate traders views on where they were located as far as we reasonably could. Clearly though in both options there will need to be some movement of stallholders (eg in plan B it wouldn't be simply a case of moving the traders who were displaced from Cheapside into Church St consideration would need to be given to what was best for the market) and some stallholders may have reduced pitches from previously.

This consultation is taking place to give all who have an interest in the market a further opportunity to express their view. These views will be fed to Cabinet so that a decision can be taken. Cabinet may decide to go with Plan A, Plan B or indeed a different combination.

Once this consultation has taken place a report will be presented to Cabinet for a decision on the future layout of the Charter Market.

THEREFORE THE COUNCIL IS KEEN TO HEAR YOUR VIEWS ON THESE PROPOSALS. PLEASE COULD YOU SEND YOUR COMMENTS TO- mdavies@lancaster.gov.uk

Thank you

Mark Davies

Chief Officer (Environment)

Lancaster City Council

Key:
 ICP= Information
 & Charity Pitch
 C = Concessionary
 Pitch

LANCASTER
CITY COUNCIL
 Promoting City, Coast & Countryside

Market Stall
 Location Plan,
 Lancaster

Plan A

Drawn By: Oliver Wood
 Date: 29/09/2014



Key:
 ICP= Information & Charity Pitch
 C = Concessionary Pitch

LANCASTER CITY COUNCIL
 Promoting City, Coast & Countryside

Market Stall Location Plan,
 Lancaster

Plan B

Drawn By: Oliver Wood
 Date: 29/09/2014



Revised CM Layout - Pitch Dimensions

Pitch No.	Pitch Size (width x depth, m)	Notes
3	4.50 X 3.00	
4	3.00 X 3.00	
5	3.00 X 3.00	
6	3.00 X 3.00	
7	3.00 X 3.00	
8	3.00 X 3.00	
9	6.00 X 2.50	
10	3.00 X 2.50	
12	4.50 X 2.00	
16	3.00 X 3.00	
21	4.50 X 3.00	
22	3.00 X 3.00	
23	3.00 X 3.00	
24	3.00 X 3.00	
25	4.50 X 3.00	
25a	3.00 X 2.00	
26	3.00 X 3.00	
26a	3.00 x 3.00	
27	4.50 X 3.00	
28	3.00 X 3.00	
29	3.00 X 3.00	
30	3.00 X 3.00	
31	3.00 X 3.00	
32	3.00 X 3.00	
32a	3.00 X 3.00	
33	3.00 X 3.00	
34	10.00 X 4.50	
35	4.50 X 3.00	
36	3.00 X 2.75	
37	2.00 X 4.00	
39	5.50 X 2.00	
40	3.50 X 3.00	
41	6.75 X 3.00	
42	3.50 X 3.00	
43	4.75 X 3.00	
44	4.50 X 3.00	
45	4.75 X 3.00	
46	3.00 X 3.00	
47	3.00 X 3.00	
48	3.00 X 3.00	
49	3.00 X 3.00	
50	4.50 X 3.00	
54	7.50 X 4.00	Pitch right back against wall
55	3.00 X 3.00	
56	4.50 X 3.00	
57	3.00 X 3.00	Bollard in middle of stall
58	4.50 X 3.00	In front of Yates - currently they use this space for their tables
59	3.00 X 3.00	In front of Yates - currently they use this space for their tables
60	3.00 X 3.00	In front of Yates - currently they use this space for their tables
Street Trading Pitches		
ICP	3.00 X 3.00	
C1	TBA	
C2	2.00 X 4.00	
C3	2.00 X 2.75	

Charter Market Layout consultation summary of responses

Background

Cabinet (4th Oct 2011) considered a report with regard to Square Routes. The report considered the scheme that is currently underway.

Cabinet agreed that the rationale to agree to the works in Market Square was-

By a second phase of works to Market Square the council can look to complete a transformation for the public benefit, providing:

- An environment fitting to the Square's role as the civic centre of the city*
- A place more active, pleasant and safe to spend time in*
- An improved layout for the outdoor market*
- An environment fitting and complementary to the Old Town Hall and the council's ambitions for use of this building*
- An improved setting and staging for events and performance*

This should add to the attraction of the city to the benefit of business trading, much needed in difficult economic conditions

Cabinet agreed the following-

(1) *That Cabinet notes the progress in delivering the first phases of improvements as part of Lancaster Square Routes including in Market Square.*

(2) *That Cabinet notes that officers will in due course report to the appropriate portfolio holders on the future layout of the outdoor market, potentials for a street café(s) in Market Square and how the existing Traffic Regulation Order for the city centre pedestrian zone might best be revised and subsequently enforced.*

(3) *That Cabinet notes that officers will report to the portfolio holder on any need or potential to support the county council in works to remedy the surface condition of Penny Street and Horseshoe Corner in a way that is consistent with the Lancaster square routes design visions and that the anticipated balance of funds in the city centre investment after the first phase of works in Market Square fund for Lancaster Square Routes be reserved for this purpose pending further reporting.*

(4) *That in preparing its proposals for the 2012/13 General Fund Capital Programme as part of the budget process, Cabinet considers including an additional £300K contribution to the city centre investment fund for Lancaster Square Routes in order to provide for a second phase of works in Market Square.*

Progress

With regard to (2) extensive consultation has now taken place with stallholders, shoppers, shop based businesses directly the market and the Chamber/ BID.

As can be seen from the summation of the responses below the consultation has provoked a wide range of responses (although what is positive is that generally all parties think having

an outdoor market adds to the city centre offering). The fact there is a wide range of responses is not surprising has revealed a number of things-

- There are some tensions between shop based and market based businesses. Some caused by specific issues and some by more general ones. In some case shop based businesses claim the Council favours market traders and market traders claim the Council favours shop based businesses.
- Many of the more general tensions seem to be caused by perceptions as opposed to being based on hard facts.
- Shoppers who responded were nearly all in favour of the market staying very much as it is. We know that market traders were encouraging their shoppers to support the market by contacting the Council. However, there weren't any shoppers who took the opportunity to say they didn't like the market.
- Amongst all stakeholders there wasn't much argument that some of the market stalls would benefit from being tidied up. There are some subjective views put forward about the quality/ type of goods on offer but the general feeling is this would be less of an issue if the stalls looked more attractive.
- Some of the shop based community suggest that the market should be presented (as some Councils have) in a very uniform way- identical stalls, rules on provenance of goods etc. Shoppers don't seem to want this and neither do traders.
- Some of the shop based business community think Market Square should be left free of stalls to allow focus on developing a complementary entertainment offering in the city centre. Church St / New St could then be used for the market. Traders say that no amount of inducement would compensate for the loss of income they'd expect so they'd simply cease to trade.
- The decision with regard to the ETRO means that were the market to extend into Church St / New St there is a potential for conflict between the market and disabled drivers. This has been raised with County who are currently considering how it could be addressed (eg could disabled parking be suspended on market days- if needed).

Summation of Consultation Responses

NOTE- in reading the summary of responses there is a danger of seizing on specific comments as explained in the accompanying report the responses are provided to help provide context and this inform Cabinet's decision. To take them as isolated sound bites, or to use them to portray something in an oversimplified way, would as has been earlier stated be to miss the point.

69 respondents

Of those who gave a specific response to how the market should be laid out

30 said leave as it is

13 said plan A

10 said plan B

In addition to this a petition consisting of 930 responses was received. The responses were gathered from shoppers in support of 'traders wishes to be left alone to get on with running their businesses'.

Charter Mkt Responses

Market Traders -24

- Should have done consultation before works started
- Market provides an alternative attraction
- There won't be a market without traders
- There should be stalls in Market Square
- Some stalls need to improve their appearance
- Church St / New St doesn't have enough footfall to sustain a business and traders would rather stop trading than be located there.
- If it's not broke don't fix it
- Shop based businesses shouldn't be involved in this debate
- Market / café culture can easily co-exist
- Shoppers like variety
- What do we mean by food stalls in Market Square
- Market Square best for hot food stalls as most seating there
- Market Square should have mixture of stalls in it (not just food stalls)
- City Centre improvements look great
- Well done to council for keeping market going during works
- Elderly customers will only come to stalls in a central location
- Stalls should appear neat, clean and tidy but not all look the same
- New traders / casual traders should be located in New St/ Church St
- Hot food stalls should be in Market Sq
- Employer of local people
- Lost 70% of takings when temporarily relocated in New St
- When it was in Church St 15 years ago only 5 stalls
- Plan A will secure a thriving market
- Plan A is unacceptable, Plan B is totally and utterly unacceptable
- Market traders shouldn't be used as sacrificial lambs to improve footfall on Church ST for existing businesses
- The suggestion this is being done to improve access / safety is nonsense
- Council's first priority is to ensure there are enough pitches to locate traders in the locations they want them
- The Council should not be interfering
- Locating stalls in Church St will reduce number of visitors
- Having a food only area in Market square is discriminatory
- The Council should provide stalls to traders
- Rent free pitches in Church St wouldn't even be taken up
- Stalls are businesses and a livelihood
- Not practical to start from a blank sheet of paper

- BiD / Chamber have a vested interest
- Could be different fees for different locations
- Having events on plinth at the same time as the market really works
- Customers think the market is beautiful and has an authentic feel
- Lancaster is different from some other markets in that people don't come specifically for the market (eg Garstang, Kirkby Lonsdale)
- It takes at least 2 years to build a trade even in Cheapside, Market St
- The appearance of some stalls is a disgrace
- Markets works best when food stalls are mixed with other stalls
- Church St could be used for a themed market
- The sun causes a problem for some food stalls in Market Square
- Would be prepared to pay more to be located in Market Square
- Some shop based businesses don't respect traders
- Shouldn't be seeking views of shop based businesses, Chamber etc as they want to get rid of competition
- Market and events on the plinth at the same time don't mix
- Market and shop based businesses should support each other
- Market Square should just have 4 stalls in it
- Use Penny St for some of market
- Leave Market Sq for the big market stalls

Shoppers-26

- Council should charge market traders less as they are having to compete against huge corporations
- Leave as it is
- Looks great as it is
- Market is vibrant and mixed and has improved over the last few years
- The market and the non mainstream choice it offers is why people come to Lancaster
- Market shouldn't be moved out of Market Square
- Market sells items less well off can afford
- An exciting part of a vibrant growing city
- We should be concerned about the livelihood of traders
- Market is the lifeblood of the city
- Traders have already been affected by the ongoing public realm works
- Café culture and market can co-exist
- People shouldn't have to search for the market
- Shoppers wont go to stalls in Church St / New St
- Celebrate the local not the global!
- Should be doing more to increase size of market
- People move to Lancaster because of the market
- The colour and arrangement of the stalls makes the place interesting
- Let the market grow organically, with minimal interference
- Should include Cheapside and Sun Square
- The market is brilliant
- A thriving market is better than a café culture
- Relocate to Dalton Square

- Market Square should be used for what most benefits the City's citizens

Shop based businesses / Chamber / BID -21

- Revenues are higher on non market days
- Its located on key shopping streets which pushes footfall into a footprint that is too tight
- Council biased towards market traders
- It is a hotch-potch of badly laid out stalls that often impede pedestrian access
- Shops pay more rates so should have more say
- Cheapside should be kept clear for cafes
- Stalls impede view of shops
- Not logical to prioritise market stalls over shops when they contribute so much in business rates
- Tail wags the dog
- Let a private enterprise run the market
- Charter Market is an important part of the City centre
- Square Routes works make the City centre look really good. Impact is lost on market days
- Many market traders aren't locals
- Stallholders shouldn't have a right to a particular pitch
- Stalls shouldn't block shops
- Stalls selling the same products as shops shouldn't be located near each other
- Market Square should have mixed stalls
- Have to put up with stalls outside the shop
- Traders inconsiderate to shop based businesses
- Cheapside should be clear of stalls
- Poor quality of goods for sale on some of the stalls
- Traders leave a mess
- Stalls outside shops impact on shop trade
- Plan B best for city
- Get rid of A -boards
- Food stalls should all be located together
- Church St already has an anchor stall and benefits from footfall from car parks and bus station
- The city is improving its tourist offer yet it needs those tourists to shop in the city and for retail to be an attraction in its own right.
- Lancaster is a great city but having a second rate market makes it uncompetitive.
- Placed on secondary streets, such as New Street, Sun Square and Church Street with the specific aim of revitalising these streets and supporting bricks and mortar retailers their too.
- focus on a high quality offer that will be attractive to both locals and visitors alike and a removal of low quality stalls
- New St too narrow for market. Causes problems with loading/ unloading etc
- Cheapside is currently cluttered on market days
- Surely Lancaster City Council can do put forward a strategy with real purpose and vision that acts as an economic driver for the city rather than the superficial plan on offer?
- Market Square should be left clear so the plinth can be used for performances

- Safety concerns of stalls near fire exits
- Well thought out strategy and business plan is required
- Council should form a group to develop a City centre markets strategy. Once the key stakeholders involved have been able to provide meaningful input that would be the time to bring forward any layout proposals.
- Market needs to be managed to complement all city centre activities
- Some shop based businesses say that customers avoid city centre on market days as too congested.
- Footfall will follow location of stalls
- Questions about hygiene of some food stalls
- Improve appearance of some stalls
- Only have stalls on one side of streets
- Fees much too cheap
- Some traders are rude and aggressive to shop based businesses
- Leave Square free for performances
- Further consultation / action plan needed which BID would contribute to



Property Group Title: Lancaster City Centre

Scale: 1:750

CABINET**STOREY- Tasting Garden
December 2nd 2014****Report of Chief Officer (Environment)**

PURPOSE OF REPORT			
To seek a decision on the future of the tasting garden			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Officer Referral	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision	NA		
This report is public			

RECOMMENDATIONS OF CHIEF OFFICER (Environment)

- (1) That Cabinet decides 'in principle' on the best option for the future of the Storey Tasting Garden.
- (2) That once an in principle decision is taken a further report on the how the decision will be delivered is brought back to Cabinet.

1.0 Introduction

1.1 Following consideration of the report 'The Storey- Update' (See Appendix A) at Cabinet (Sept 2nd) the following decisions were made-

- (1) "That the report be noted.
- (2) That City Council officers open a dialogue with Mark Dion to discuss:
 - a) the feasibility of moving the artwork to Williamson Park or another suitable venue.
 - b) That in view of references to funding opportunities within submissions received in support of restoring the Tasting Gardens, officers make approaches to explore the possibilities of alternative funding.
 - c) That Cabinet visit the Tasting Garden and reconsider the proposal once further details are available.

(3) That the draft master planning approach for the Storey's gardens be supported, and presented to Cabinet for consideration in due course."

1.2 Cabinet have now visited the gardens.

- 1.3 A response to part a) and b) has now been received from Mark Dion and is attached at Appendix B.
- 1.4 Part of the Council's ethos as set out in the corporate plan is that of stewardship. This involves ensuring the social, economic and environmental wellbeing of the local area. In practice active stewardship involves a number of things including taking the key role in engaging, co-ordinating and mobilising other public, private and voluntary bodies in delivering the council's strategic objectives for the place. How stewardship is exercised is a local issue and needs to be determined by the Council in partnership with local citizens.
- 1.5 The Council has a clearly defined strategy for the Storey Institute and this includes the recognition that the gardens are an integral part of the business plan for the facility.
- 1.6 In addition to this as a means of promoting economic growth in the District the Council directly contributes to a number of artistic and cultural activities.

2.0 Proposal Details

- 2.1 It is clear from Mr Dion's response that the artwork cannot be replicated in another location in the District.
- 2.2 Mr Dion's response also sets out a hope that funding may be available for restoration of the artwork in its current location.
- 2.3 As was made clear in the previous report there is a polarisation of views on this subject. In essence some people would like to see the art installation restored to how it was originally intended. Some take the view that this is unrealistic and the best thing to do is to make the best use of this space in a way that it can be enjoyed by our citizens and complement the wider business plan of the Storey Institute.
- 2.4 Restoring the art work and then ensuring the Tasting Garden could be enjoyed by our citizens and complement the wider business plan of the Storey Institute is clearly the ideal solution.
- 2.5 However, it needs to be remembered that the reason why the artwork and garden is in its current condition is not because the Council has been neglectful in its duties but because for a significant period, the Storey was undergoing refurbishment and thereafter, it was outside of the Council's direct management and control. There appears to have been no major outcry regarding the condition of the Tasting Gardens during this time. Furthermore, over many years now the Council has been forced to make very difficult decisions on how it prioritises its scarce resources.
- 2.6 The harsh realities of the process of prioritisation of resources become more and more apparent as funding available to Local Government is further and further reduced. This issue provides a really good example of the difficult decisions that Councils are forced to make.
- 2.7 In determining the best way forward in this situation Cabinet have the following options-

3.0 OPTION 1- Consider that restoration of the artwork is a priority for the Council and that in its role as a steward the Council should properly lead on it.

In order to arrive at this option Cabinet would need consider the following-

- What actual evidence is there that this is generally what our citizens want?
- How would the restoration be funded? If the Council was to allocate resources for the Garden, in effect they would need to be redirected from another initiative or activity. Realistically, therefore, it could be viewed that the Council does not have the resources to directly fund restoration and if so, external funds would need to be raised. We have been told that there are likely to be funds available out there. Experience tells us that obtaining external funding can be a complicated and time consuming exercise, depending on the regime under which funding is being sought, and match funding may well be required.
- How would the project be resourced? As stated above just raising the funds could be time consuming and complicated. Due to the need to prioritise and focus on core activities the Council does not have available officer time or expertise that could be allocated to this, if such a route was chosen. Therefore, Cabinet would need to consider this as an area for growth, as appropriate.
- How would the restored project be maintained? The ongoing maintenance of the artwork would be intensive and would again require ongoing growth – this need is a very real difficulty given the financial outlook.
- Even if funds are available obtaining them could take a number of years, depending on the route chosen, and in any event the timescales would not fit with the review of the Storey operation, required by 2017/18. What does the Council do with the garden in the interim and how will that support the Storey business plan? What about the future? What would need to change?

OPTION 2- Consider that restoration of the artwork is a priority for the Council, but only on the firm basis that it was resource- and risk- free for the authority, and so could only take place if full responsibility could be transferred, in some way, to a third party.

In order to arrive at this option Cabinet would need to consider the following-

- The Council are properly stewards of the garden. How would transferring/delegating this responsibility to a third party fit with that?
- What evidence is there that the general desire of our citizens is that a valuable space is delegated to a third party to manage in the hope that funds can be raised to restore the artwork therein?
- What would happen if the third party lost interest in the project, or got into difficulties, especially bearing in mind previous experience?
- How would the long term maintenance of the project be funded and managed?
- How would this fit in with the business plan of the Storey, and the requirement for the operation to be reviewed prior to 2017/18?
- What would happen to the garden whilst the funds are being raised?

Cabinet need to be aware that gaining satisfactory answers to these questions may prove impossible – there is no guarantee that this option is viable and it could tie up much Officer time pursuing it, to no avail.

OPTION 3- Accept that ideally the artwork would be restored and would support the wider aims of the Storey and provide an attraction for our citizens but that the reality is that the policy and financial context of the Council mean that this is an unrealistic option. Therefore the most realistic option is to make the very best of the gardens, within the resources we have, and in a way that goes to meeting the needs of our citizens and the business plan for the Storey. The details to be determined through the masterplanning process that Cabinet have already agreed.

In order to arrive at this option Cabinet would need to consider the following-

- What is the current and future financial position of the Council and what are the competing priorities?
- This option may be seen by some as not supporting wider aims and objectives for arts and culture in the District. However, this needs to be balanced by the fact that the Council already provides considerable ongoing support to arts and culture within the District.
- The view expressed by many citizens is that what really matters is that the gardens are brought back into use. Done properly this option could support the wider plans for the Storey and could (subject to testing through the masterplan process) reasonably include use of the garden to promote arts and culture.
- There is already an active 'Friends of' group who the Council could continue to work with to improve the gardens in the short term and deliver aspects of the masterplan once agreed.
- This option is based around the current financial realities facing the Council so would be designed to be delivered within existing resources, and could fit with the future review of the wider Storey operation.

4.0 Details of consultation

4.1 As set out in the report and appendices

5.0 Officer Preferred Option (and comments)

5.1 The Cabinet agree in principle the way forward. Whatever option is chosen it is expected further more detailed reports will be brought back to Cabinet.

RELATIONSHIP TO POLICY FRAMEWORK
As outlined within the report
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)
As outlined within the report
LEGAL IMPLICATIONS
Legal Services have been consulted; there are no specific legal matters arising. The Council

is under no obligation to restore the art installation.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising at this time, but clearly there could be in future, depending on what option is chosen.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

As outlined within the report

Open Spaces:

As outlined within the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and her comments reflected within the report. In short, this is another matter that Cabinet needs to consider in context of spending priorities/needs and what is affordable in the longer term, and in the interests of council tax payers generally. A whole life approach should be considered, taking into account future management and maintenance requirements.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

Contact Officer: mark davies

Telephone: 01524 582401

E-mail: mdavies@lancaster.gov.uk

CABINET

**The Storey: Update Report
02 September 2014**

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
To provide a general update on the operation of the Storey and seek direction on the future of the remaining Storey Gardens artwork.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision		N/A	
This report is public.			

OFFICER RECOMMENDATIONS

- (1) That the report be noted.
- (2) That Cabinet supports the removal of the remains of the artwork 'The Tasting Gardens' from The Storey's gardens.
- (3) That the draft master planning approach for The Storey's gardens be supported, and presented to Cabinet for consideration in due course.

1 Introduction

Back in May 2013 (minute 9 refers) Cabinet approved a business plan for The Storey, based on the following key principles:

- the operation being developed as a going concern but with a formal review planned prior to 2017/18;
- the aim being to at least break-even (annually) by then, in simple terms;
- the plan being based on a combination of providing business space for commercial rent, as well as a venue for public events.

In line with these principles, community use of The Storey is to be supported but not to the extent that it undermines commercial or financial targets. Future development and use of the garden should also support this position and be integral to The Storey's operations, rather than it being a separate facility.

Once the Storey's operations started to settle, Officers moved away from providing regular specific update reports to Cabinet. This report has been prepared in response partly to a request from Councillor Hanson, and partly to update Cabinet on a number

of matters and seek direction regarding aspects of The Storey Gardens.

It brings together valuable input from Environmental and Regeneration and Planning services, as well as Property Services, who have the lead/co-ordinating role.

2 The Storey Accommodation

Lettings and Room Bookings

The net estimated cost to operate the Storey this financial year is in the region of £47,000, although this does rely on how the Storey performs in terms of the level of income taken from room bookings and the tenanted space.

The income target for hire of premises for meetings, public talks, theatre, live music and exhibitions etc. is £20,400 for this year but current estimates project that by the end of the year room hire could achieve in excess of £30,000. This would be a major achievement as the income target was originally £12,000 when the Storey budget was first established back in 2012/13.

The arts and event programme at the Storey continues to develop and this year has included poetry, public talks, theatre and four exhibitions. Since April 2014, 1,500 people have viewed the exhibitions. The Storey has exhibitions confirmed well into 2015. Both the Lancaster Music Festival and Light Up Lancaster Festival will use the Storey in 2014/15 and there are two further productions by Lancaster Footlights. In addition to this Litfest are holding a regular programme of events, We Are Improv have increased their bookings for the year from 6 to 12 and the Lancaster Literature Festival takes place in October 2014.

To date 60% of the managed workspace is occupied. It is estimated that this could rise to 71% by September 2014 as a number of companies/organisations have shown a keen interest and work continues to secure additional tenants. The Storey has recently benefited from the closure of St. Leonard's House as some tenants have chosen to move to the building. In the current climate where the supply of office space is outstripping demand it is a challenge to attract new tenants, and narrowing this down to just the creative industries sector increases this challenge – hence increasing occupancy is a real achievement.

The whole 3rd floor at the Storey is now a Yoga Studio, leased by Urban Buddha who are providing a range of courses to attract some 200 people per week. A local artist has leased space to operate a print workshop where they will create art, run public workshops and provide studio open days where members of the public can go and watch them at work.

The Storey may also support a project to develop a freelance artists' hub on the ground floor; this could also see this group programme parts of the building thus generating additional income for the Storey. The project would be funded via the Arts Council, subject to a successful funding application. The project would also support the further development of and act as a hub for activity around First Fridays (a Lancaster Arts Partnership initiative) and the Storey would host the team who are developing this work, again funded by the Arts Council.

There are a number of other potential lettings/bookings in development including:

- A research project with LICA and Imagination Lab around the Storey and visual arts. LICA is developing the project and would submit an Arts Council funding

application. The project would require a project manager and curator to be in residency at the Storey for the duration of the project. The project would look at the history of the building, its original use, its current use and it would engage with users and explore its future use around visual arts.

- A rock school with a company based in Blackpool offering weekly sessions to young people who want to develop their musical skills. This work could lead to a number of performances being staged at the Storey.
- A producer is exploring delivering a series of theatre/poetry events around Oscar Wilde.
- Another producer is interested in delivering a WW1 theatre performance in November this year.
- There are also ongoing discussions with local artists who are looking for studio space which could lead to the creation of an artist studio space in the Folly Gallery.

Finally, Lancaster University have now signed a lease for office space on the first floor for post graduate students. The lease is due to commence in October and the University requires extended hours' access to the building. This has meant that the facilities support presence within the building has needed to be reassessed. Property Group are currently in the process of initiating a new staffing arrangement at the Storey that will cover these hours for a minimal cost of circa £3K above the current staffing budget of £24K; this difference will be covered by the increase in income in the first instance.

3 Capital Works Programme

The condition surveys undertaken in 2012 estimated the building and maintenance works required at the Storey to be £495K plus additional works to the garden walls in the region of £100K, making a projected overall budget for the building of £595K.

£323K of work has been undertaken for the first phase of the ongoing delivery programme and of this £160K has now been completed. The detail of the remaining £272K that make up the rest of the projected overall budget is currently being worked up and is planned to commence later in this financial year.

Once this programme is complete the emphasis will shift to a planned maintenance programme, which should result in a lower financial commitment in terms of reactive repairs and provide greater financial certainty for budget planning purposes.

4 The Storey Gardens Artwork

Background

There are two gardens at The Storey, divided by a wall. In the far garden are remains of an art installation by Mark Dion. The artwork was called 'The Tasting Gardens', taking up the majority of the garden. The art work was commissioned in 1998 as part of ArtTranspennine98, which was a collaboration between Tate Liverpool and the Henry Moore Trust, and consisted of an exhibition of international contemporary visual art in which 50 international artists created 40 artworks for 30 sites from Liverpool to Hull. Most of the exhibits no longer remain.

The remains of the art installation are within the walled garden, with paths in the form of branches of a tree. Each of the four main branch paths bore a fruit (apple, cherry, plum and pear), and each small branch path led to a particular variety of tree together with a bronze sculpture of a fruit on a plinth – although the bronze fruit are no longer there. In one corner is the “arboriculturalist’s work shed”, a folly or monument which acknowledges the achievements of the men and women who created this diversity of fruit varieties. The art work was vandalised a number of years ago and now needs major restoration if it is to be retained.

Proposal Details

Since the Storey returned to the Council’s management Officers have been engaged in considering future options for the garden. Work has taken place between the City Council, County Council and the active ‘Friends of Group to look at how best the space can be used in the future. In order to make best use of the gardens considerable work is required; some of this may be funded by bidding for external funding. Therefore, Officers are to develop a master plan for the gardens. The master plan will provide an agreed basis on which to develop the gardens and on which to submit bids for funding. In summary, the proposed principles on which the plan will be based are as follows:

- 1) Generally, the gardens are part of The Storey and should be included within the wider Storey business plan as it develops.
- 2) More specifically, as part of the Storey offering Officers would look to develop further the garden that adjoins the Storey (e.g. for weddings, functions, etc.)
- 3) Although part of the wider Storey facility, the garden with the defunct art installation lends itself to having greater use as a public open space, but clearly fitting in with the opening times and use of the Storey and the adjoining garden.

All the above would provide a clear direction for the development of the gardens to fit with the Storey’s wider business plan, and would enable Officers to develop and direct a work programme, allowing for input from the ‘Friends of Group and other resources. The plan will also have regard to the future formal review of the Storey operation ahead of 2017/18. The costs of developing the master plan will be contained within existing budgets.

In order to take this approach, however, a decision needs to be taken on what to do with what remains of the art installation in the walled garden, to ensure a clear focus for the master planning approach. Cabinet’s input is therefore sought, at this early stage.

5 Details of Consultation

Consultation on the future of the gardens has been undertaken in conjunction with the newly formed ‘Friends of Storey Gardens’ group. This has taken the form of open days, focus sessions with the friends group, door to door questionnaires, exhibitions in the Storey and Lancaster Library and discussions with stakeholders.

As might be expected there are different views with regards to what to do with the remains of the art installation. These are distilled in the section below.

6 Options and Options Analysis (including risk assessment)

	Option 1: Seek to restore the artwork	Option 2: Remove / no longer recognise the art work in its physical form in the garden, supporting a master planning approach.
<p>Advantages</p>	<p>If the artwork was restored and resources provided to market it and maintain it an installation by an artist of international repute may attract additional tourism to the area.</p> <p>It may be possible to secure funding to restore the art work. As an example The Henry Moore Foundation may be interested.</p> <p>(If restored it would be possible to recast the sculptures in resin which would deter thieves, but not vandals).</p>	<p>The removal of the artwork would free up the second garden for wider development. Suggestions are on the line of a secret garden where people can meet, eat lunch, show temporary artworks, nature areas, etc.</p> <p>This is a sustainable option with no additional cost to the council. It is not envisioned there would be any additional cost charged direct to the Council for removing the artwork. The healthy trees will remain.</p> <p>Consistent with the overall vision for the Storey.</p> <p>Whilst initial consultation has shown an interest in artwork within the garden, this could be addressed with temporary / seasonal pieces to work. (which is preferred by some on the consultation responses)</p>
<p>Disadvantages</p>	<p>Requires one -off funding to refurbish the artwork, which would need to be considered during the budget. The cost is estimated at between £30,000 – £50,000. Could impact therefore on other arts support.</p> <p>All restoration and alterations would need to be in agreement with the artist for it to remain as his work.</p> <p>A reduced artwork would not be acceptable.</p> <p>It is estimated an additional £250 per annum would be required to maintain the restored artwork, excluding any required tree work. (The Friends group have already indicated that they would not be interested in maintaining the artwork on the Council's behalf as they have little interest in it remaining).</p> <p>It takes up most of the garden</p>	<p>Final end of an already defunct / dilapidated piece of artwork.</p>

	<p>area, only leaving the border to be developed. There is limited development opportunity in the other garden.</p> <p>The existence of artwork is not widely known or promoted.</p>	
Risks	<p>Funding is not secured.</p> <p>Restoration conflicts with the majority of the Friends group who then may lose ownership become disinterested and disband – this will have an impact on the quality of detailed work that could be undertaken in the borders and other areas.</p>	<p>Could impact on the Council's reputation in artistic circles, potentially (but bearing in mind the current condition of the installation and other arts support that the Council gives, this risk is considered to be very small).</p>

7 Officer Preferred Option (and comments)

The preferred option is Option 2. The artwork has been severely vandalised and would require major reconstruction and investment to return it to its original condition, with ongoing maintenance and marketing to bring the work up to standard so that it could be classed as a tourism asset for the district. The Council has no funds with which to restore the artwork and it is not even clear where external funding could be bid from. The proposed master plan will be reported back to Cabinet for consideration in due course.

8 Conclusion

Good progress is being achieved in operating the Storey; this will need to continue and strengthen if it is to break even by 2017/18. In terms of the Gardens, there is much support for improving them, without the artwork, in a way that would complement the main building and in terms of the far gardens, such improvements are unlikely to have much financial impact. This way forward, as part of the master planning approach, is considered to present a better opportunity to improve the gardens and their use in due course, still fitting with the Storey's business plan.

RELATIONSHIP TO POLICY FRAMEWORK

In general terms The Storey contributes to the Council's priority of sustainable economic growth. The gardens may also contribute to the priority of 'Clean, Green and Safe places', one success measure being to increase the number of projects that directly involve local communities in improving local areas, parks and open spaces.

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

As outlined in report; none directly arising.

LEGAL IMPLICATIONS

Legal Services have been consulted; there are no specific legal matters arising. The

Council is under no obligation to restore the art installation.

FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources/Information Services/Property/Open Spaces:

As outlined in the report.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

Contact Officer: Nadine Muschamp

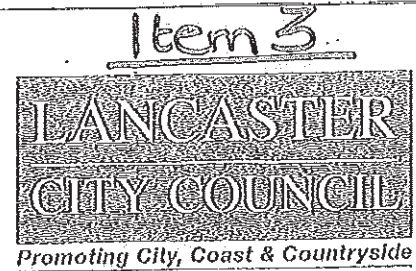
Telephone: 01524 5822117

E-mail: nmuschamp@lancaster.gov.uk

Ref: n/a



Contact: Mark Davies
Telephone: (01524) 582401
Email: mdavies@lancaster.gov.uk
Web Site: www.lancaster.gov.uk



Mark Dion
CO- Visual Arts
Columbia University
USA

Environmental Services

Mark Davies
Chief Officer (Environment)
White Lund Depot
White Lund Road
MORECAMBE LA3 3DT

29th Sept 2014

Dear Mr Dion

You may be aware that there has recently been much local debate about the future of your art installation 'The Tasting Garden' which is located in the Storey Gardens, Lancaster, UK.

As things stand the work is sadly no longer recognisable as a work of art. This is due to a number of reasons including vandalism and lack of ongoing funding.

The debate that local politicians are currently having is whether to restore the artwork or whether to remove it all together.

In order to help with this debate they have asked me to contact you as the artist, for your views on the following-

- a) The feasibility of moving the artwork to Williamson Park or another suitable venue.

Essentially if funding were identified for restoration what would your views be on moving the artwork to another venue in Lancaster? Would this be acceptable to you? Would it be practically possible? If it were what would the terms be of such a move?

- b) That in view of references to funding opportunities within submissions received in support of restoring the Tasting Gardens, officers make approaches to explore the possibilities of alternative funding.

A number of individuals and organisations have suggested that there may be funding available to restore the artwork. Were this the case would you still be happy for the artwork to be restored?

I would be grateful for your views on these questions and indeed any other comments you have on this matter. I look forward to hearing further from you.

Yours sincerely

Mark Davies
Chief Officer (Environment)
Lancaster City Council



From [REDACTED]
Sent: 04 November 2014 15:15
To: Davies, Mark
Cc: [REDACTED]
Subject: Re: Lancaster City Council

Dear Mark,

Thanks for getting in touch. I have followed the discuss around the Tasting Garden. At times it has been quite disheartening.

On the other hand the support for the project in Lancaster, the UK and from around the world has been encouraging. Not only have some of the most knowledgable and respected art professionals written in support of the work, but many of the signers of the petition were from Lancaster and have had direct experience of the art work.

To be clear, the work was made for the site, and the condition of a walled garden. It is not possible to move the work from the Storey location.

I am enthusiastically supportive of a restoration of the work and have been so since the theft. The restoration is possible given that Robert Williams has wisely saved the sculpted fruit and core models. I believe it would reasonably possible to raise the funds for such a restoration given the quality of the written support the work has received. The garden is Internationally renown and has much energy around its restoration.

I would entirely endorse the restoration of the garden at its current location.

My best regards from Austin,

Mark

Mark Dion
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

On Nov 4, 2014, at 7:38 AM, "Davies, Mark" <MDavies@lancaster.gov.uk> wrote:

Dear Mark

Please see attached which I'd originally sent care of the University at which you lecture.

Hopefully this finds you safely

I look forward to your response

Regards

Mark Davies
Chief Officer (Environment)
Lancaster City Council

CABINET

**Smokefree Play Areas –
Introduction of a Voluntary Code
2 December 2014**

Report of Chief Officer (Health and Housing)

PURPOSE OF REPORT			
To seek approval to introduce a voluntary code of no smoking within children’s play areas and young people’s play facilities located in parks and open spaces owned by the council.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		3 November 2014	
This report is public.			

RECOMMENDATIONS OF COUNCILLORS LEYTHAM AND SMITH

- (1) That Cabinet approve the introduction of a voluntary code of no smoking within council owned play areas, skate parks and multi-use play areas.

1.0 Introduction

- 1.1 Research data illustrates that young people continue to take up smoking, thereby replacing those who quit or die from the habit. Nationally 11% of 15 year olds are current smokers. However, the rate amongst young people in Lancashire is higher with 16% of 14 – 17 year olds smoking.
- 1.2 The vast majority of individuals start smoking before the age of 19, as young people are exposed to a mix of personal, social and environmental influences which normalise the habit and encourage the onset of smoking despite its addictiveness, expense and adverse consequences.
- 1.3 Children become aware of cigarettes at an early age, with 3 out of 4 children being aware of cigarettes before the age of five, irrespective of whether their parents smoke or not. If young people see smoking as part of everyday life they are more likely to become smokers themselves. National statistics reveal that children who live with smokers are twice as likely to smoke regularly compared to those living in non-smoking households.

Research in social psychology and behavioural economics highlights that influencing the adult world in which children grow up is pivotal to reducing their rates of smoking uptake. The proposed implementation of smoke free playgrounds reduces child exposure to smoking and de-normalises tobacco

use within the community.

In addition it should help in reducing the amount of litter from cigarette papers, wrapping and used butts being deposited in our parks and open spaces.

2.0 Proposal Details

- 2.1 Within Lancashire, Pendle Council introduced a voluntary smokefree code to all outdoor play areas and skate parks in 2010, and subsequently the remaining four District Councils in the East locality (Burnley, Hyndburn, Ribble Valley and Rossendale) implemented a scheme in 2012-13.
- 2.2 Lancashire County Council would like to work in partnership with the remaining seven District Councils across North and Central Lancashire to implement a voluntary smokefree code of practice within council owned playground areas.
- 2.3 The decision to implement a voluntary smokefree code has been taken as any extension or amendment to the smokefree legislation for public places and worksites under the Health Act 2006 can only be legally undertaken at national level. Moreover, a voluntary code of practice empowers communities themselves to change their smoking behaviour and supports self-regulation.
- 2.4 Implementation of the programme will be on the basis of a partnership approach and to assist in implementation, county council Public Health have secured funding for the production of signage and the development and delivery of any necessary training.
- 2.5 The city council's contribution would be in erecting the signs and any future maintenance. It is anticipated that the costs of installing the signs could be met from within existing maintenance budgets and would be installed over a period of months with our largest, most prominent parks targeted first. There are no direct enforcement costs as the code is voluntary and evidence elsewhere shows that most people voluntarily adhere to the no smoking rule and that "peer pressure" is sufficient. Park staff will however be briefed to be able to offer guidance and advice if needed.
- 2.6 The council owns 79 play areas that would be included in the voluntary smokefree code.

3.0 Details of Consultation

Consultation has been carried out by various means across various media channels. A press release has been issued which appeared in the Lancaster Guardian. An email was sent to individual friends groups and the Lancaster Green Spaces group and information has been posted on the council and park Facebook pages and via twitter.

Various children and young people contacts have been directly contacted. Notices have been displayed on available play area/park noticeboards.

An online survey has been carried out and the feedback from this will be presented verbally to Cabinet at the meeting.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Approve the introduction of a voluntary code of no smoking in council owned play areas.	Option 2: Do not approve the introduction of a voluntary code of no smoking in council owned play areas.
Advantages	Reduce child exposure to smoking and help to decrease the number of young people starting to smoke. Decrease cigarette litter such as cigarette butts, empty packets and wrappers to make play areas more pleasant and to protect wildlife. Encourage play area users to discourage smokers in play areas. Project contributes to health and wellbeing targets.	None
Disadvantages	Cost of installing the signs. There may be opposition from smokers who feel we shouldn't go beyond the statutory controls.	Missed opportunity to work in partnership with county public health to help address a health and wellbeing issue.
Risks	Future maintenance costs could be high. However, this is unlikely as the signs will be of robust quality and require little maintenance.	Reputational risk – not implementing this would be at odds with our health and wellbeing priority.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 1 – The introduction of a voluntary no smoking code is entirely consistent with the council's health and wellbeing corporate priority and can be achieved with minimum impact on council resources.

6.0 Conclusion

- 6.1 Reducing child exposure to smoking and de-normalising tobacco use within the community is desirable to try to reduce smoking uptake rates amongst young people. Smoking is still a major public health problem and implementing a voluntary code of no smoking in play areas is one way of the council contributing to addressing the health, social and financial impacts of smoking. In addition, smoking related litter should reduce in play areas and this also addresses another important priority of the council.

RELATIONSHIP TO POLICY FRAMEWORK

This reports relates to the health and wellbeing corporate plan priority specifically the outcome - Health and wellbeing of our citizens is improved. There is a secondary link to the priority of clean, green and safe places specifically the outcome – Local neighbourhoods are clean and safe and residents have a sense of pride in the district.

CONCLUSION OF IMPACT ASSESSMENT

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

The recommendation in this report has only positive impacts on health, wellbeing, health & safety and ASB.

LEGAL IMPLICATIONS

There are no legal issues which would prevent the introduction of a voluntary code of no smoking in children’s play areas.

FINANCIAL IMPLICATIONS

As indicated in paragraph 2.4 and 2.5. The Smoke Free play areas is based on a partnership with the Public Health Team within Lancashire County Council paying for all the signs and Lancaster City Council incurring costs for installation and maintenance. These costs are expected to be minimal and can be contained within existence playground maintenance budget.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None.

Information Services:

None.

Property:

None.

Open Spaces:

The implications are covered in the report.

SECTION 151 OFFICER’S COMMENTS

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

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

none

Contact Officer: Suzanne Lodge

Telephone: 01524 582701

E-mail: slodge@lancaster.gov.uk

Ref: C124

CABINET

Corporate Performance Monitoring 2014/15

02 December 2014

Report of Chief Officer (Resources)

PURPOSE OF REPORT				
To present the corporate performance and financial monitoring reports at Quarter 2 of the 2014/15 performance monitoring cycle.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral
				X
Date Included in Forthcoming Decision Notice			N/A	
This report is public				

RECOMMENDATIONS

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

1.0 CORPORATE PERFORMANCE MONITORING 2014/15 – QUARTER 2

- 1.1 Following the approval of the Corporate Plan on 16 July 2014, Officers from Governance have been developing the performance monitoring process to ensure the ‘right’ measures are in place and that they can be measured accurately and appropriately. Planned performance reporting in Quarter 2 has been deferred in light of a revised performance management framework currently being developed and actions arising from a recent Investors in People assessment. This report is, therefore, focussed on financial, property and treasury management activities.
- 1.2 In terms of finance, the corporate monitoring report for Quarter 2 is attached at **Appendix A**. This shows that in simple terms, as at 30 September there was an underspending of £579K in respect of the General Fund, which was projected to increase to £661K by the end of the year. For the Housing Revenue Account (HRA), there was an underspending of £67K, which was forecast to become an overspend of £342K by the end of the year.
- 1.3 These positions have been updated further, however, as part of the current budget process. More up to date information on the budgetary position is included elsewhere on the agenda. The attached corporate report provides information on other financial aspects.
- 1.4 In support, the second quarter’s update on Property matters is included at **Appendix B**, and the position with regards to treasury management activities is included at **Appendix C**.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

None directly arising from this report.

OTHER RESOURCE IMPLICATIONS: Human Resources / Information Services / Property / Open Spaces: None directly arising from this report (other than as set out).

SECTION 151 OFFICER'S COMMENTS

The Deputy Section 151 Officer has prepared this report which has been reviewed by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

Contact Officer: Andrew Clarke, Financial Services Manager **Telephone: 01524 582138**

E-mail: acclarke@lancaster.gov.uk

Ref: Corporate Financial Monitoring 2014/15 Qtr 2

Corporate Financial Monitoring

Quarter 2: July – September 2014

Report of: Financial Services Manager

1 Introduction

This monitoring report for 2014/15 sets out an indicative corporate picture of the Council's financial performance for the period ending 30 September 2014.

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

2 General Fund Revenue Monitoring

1.1 General Fund Summary Position



The current overall General Fund summary position shows that at the end of September there is a net underspend of **£579K** (Qtr 1 £212K) against the current budget. This is forecast to increase to **£661K** (Qtr1 £264K) by the end of the year.

The main changes from Qtr 1 relate to increased salary savings of £255K, net energy savings of £35K and additional net income of £80K.

	Annual Budget £000's	Current Variance £000's	Full Year Projection £000's
Salaries	20,124	(346)	(355)
Transport	1,783	+19	(8)
Premises	9,269	(55)	(51)
Supplies & Services	11,236	(51)	(74)
Fees & Charges	(14,668)	(62)	(97)
Grants & Contributions	(3,157)	(77)	(69)
Other Net Budgets	(6,047)	(7)	(7)
Total	18,540	(579)	(661)

1.2 Savings Review

The original budget was approved with a number of restructure savings already built in. The following table provides an update on those restructures plus any additional savings achieved through similar reviews.

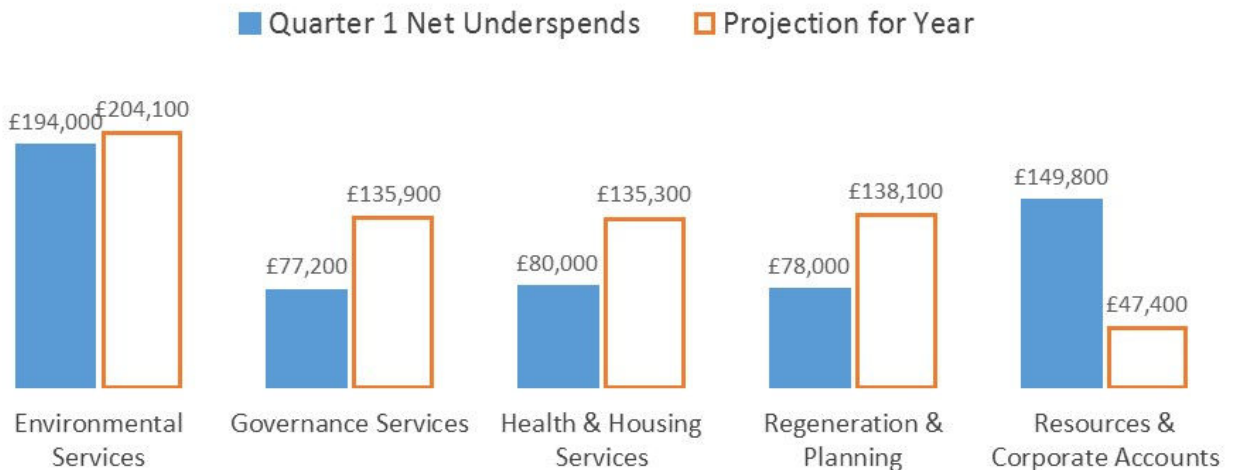
The table shows that the original budgeted savings of £322K have now been exceeded by £111K.

All savings have already been incorporated into the current and projected savings above.

Service	Details of Change	Approval	Budgeted Saving £000's	Actual Saving £000's	Total Additional Savings £000's
Environmental	Service Restructure	Personnel	160	160	0
Governance	HR & OD Restructure	Chief Executive	0	61	61
Governance	Democratic Restructure	Chief Executive	0	12	12
Health & Housing	Sport & Leisure Restructure	Personnel	100	118	18
Health & Housing	Mini-restructure	Personnel	0	13	13
Health & Housing	Admin function restructure	Chief Executive	0	7	7
Regen & Planning	Service Restructure	Personnel	62	62	0
			322	433	111

1.3 Main Budget Variances

Annex A details the major true variances identified to date that have been included within individual services' monitoring reports. The variances reported cover employees, premises, transport, supplies and services and general income. A service by service picture is provided below.



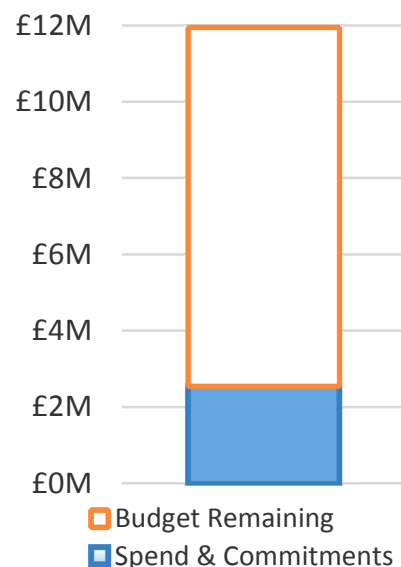
2 General Fund Capital Programme

2.1 Capital Expenditure & Financing

At the end of September there were spend and commitments of £2.556M against the latest approved programme of £11.928M. Details of spend against each scheme is shown at **Annex B**.

It should be noted that slippage of £1.706M from 2013/14 has now been added to the programme. In addition two changes have been approved under delegated authority:

- Lancaster Square Routes; £30K funded from grant income.
- Aldcliffe Road Canal Side Access Improvements; £20K funded from S106 monies.



This gives an overall updated programme of £11.928M.

The performance of the Council's property portfolio has strong linkages with capital investment and financing, and therefore at this point attention is drawn to the Property Group report at **Appendix B**, provided alongside this financial monitoring report.

3 Revenue Collection Performance

3.1 Collection Fund Monitoring

3.1.1 Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the table below. Such a surplus or deficit arises because of the great many changes in liability that occur throughout the year. Furthermore, any difference between estimated and actual collection performance will ultimately have a bearing.

The table goes on to compare budgeted council tax yield, or total amount collectable, with the yield position as at 30 September:

	£000's
Collection Fund Surplus (September 2014)	(1,129)
Represented by:	
2013/14 Collection Fund Surplus higher than forecast	(568)
<i>In-Year Movements to Date:</i>	
Lower Council Tax Support than estimated	(221)
Net of Higher Second Homes/Lower Empty Homes income	+33
Other Movements (net increases) in Tax Base	(373)
	(1,129)
<i>Of which the City Council would retain 13%</i>	<i>(147)</i>

Note:	Budgeted Projection £000's	Actual Position £000's	
Total Council Tax Collectable (Yield)	59,105	59,799	
Actual amount collected	(34,202)	(34,202)	57.2%
Amount Outstanding	24,903	25,597	

As at 30 September, there is an estimated surplus of £1.129M (2013/14 Qtr2 £1.320M), which is £191K less than the same period last year.

This year's position is made up of:

- additional surplus brought forward from 2013/14 of £568K;
- £221K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in the autumn/winter of 2012, the trend is still that the total support being claimed is lower than expected;

- overall £33K lower than estimated income from second/empty homes (specifically identifiable);
- a balance of £373K (2013/14 Qtr2 £631K) relating to other movements in the tax base or other factors which have still to be substantiated.

Should the tax base increase each year by more than originally estimated, this too helps towards balancing the General Fund revenue budget for future years.

3.1.2 Business Rates Retention

The following table shows the latest retained business rates position at the end of September.

The table shows provisional additional income of £4.072M, of which 50% (£2.036M) is payable to Central Government and 50% (£2.036M) retained by the Council. However, it should be noted that this position could change significantly depending on the outcome of appeals.

At present, a total provision of £9M has been made for appeals prior to 31 March 2014, which includes £7M in respect of a number of very large appeals. However, latest projections estimate potential liabilities at £9.9M to 31 March 2014. Separately, a further £2.7M is currently provided for appeals after 01 April 2014.

Due to the uncertainty surrounding appeal valuations, it would not be prudent to assume this is all guaranteed additional income to the Council until these appeals have been settled. New indications are that the larger appeals will not be settled until March 2017.

The implications of this on the Council's financial planning will be expanded on and addressed during the current budget exercise.

	2014/15 £000's
Net Collectable Amount of Business Rates	71.174
Less: Provision for Appeals	(2.737)
Net retained business rates	68.437
Less:	
Central Government Share – 50%	(34.219)
County Council & Fire Authority Share – 10%	(6.844)
Lancaster's Retained Business Rates Share – 40%	27.374
Less: Tariff payable to Central Government	(19.392)
Add: Small Business Rates Relief Grant	1.199
Total Amount of Retained Business Rates	9.181
Less: Lancaster's Baseline Funding Level	(5.109)
Provisional Additional Income	4.072
Split as follows:	
50% Levy Payable to Central Government	2.036
50% Retained by Lancaster	2.036

4 Housing Revenue Account (HRA)

4.1 HRA Revenue Position

i At the end of September the position for the HRA shows a net underspend of **£67K** against the current budget, which is currently projected to become a net overspend of **£342K** by the end of the year. Details of the variances are as follows:

Expenditure:

Employees **Current (£62,600)** **Forecast (£68,800)**

There have been a number of vacant posts within management and administration and central control which have now been filled.

Repair and Maintenance **Current (£5,600)** **Forecast +£409,400**

Whilst the current position shows a slight underspend it is forecast to become an overspend of £409K by the year end. This is in line with the outturn position for 2013/14 which was overspent by over £500K. Officers from Health and Housing, Environmental Services and Financial Services are already working together to establish the reasons for the increased spend and what actions can be taken to mitigate it.

Energy Costs **Current (£30,700)** **Forecast (£32,900)**

Usage to date has been lower than anticipated in all communal blocks of flats resulting in the above savings.

Income:

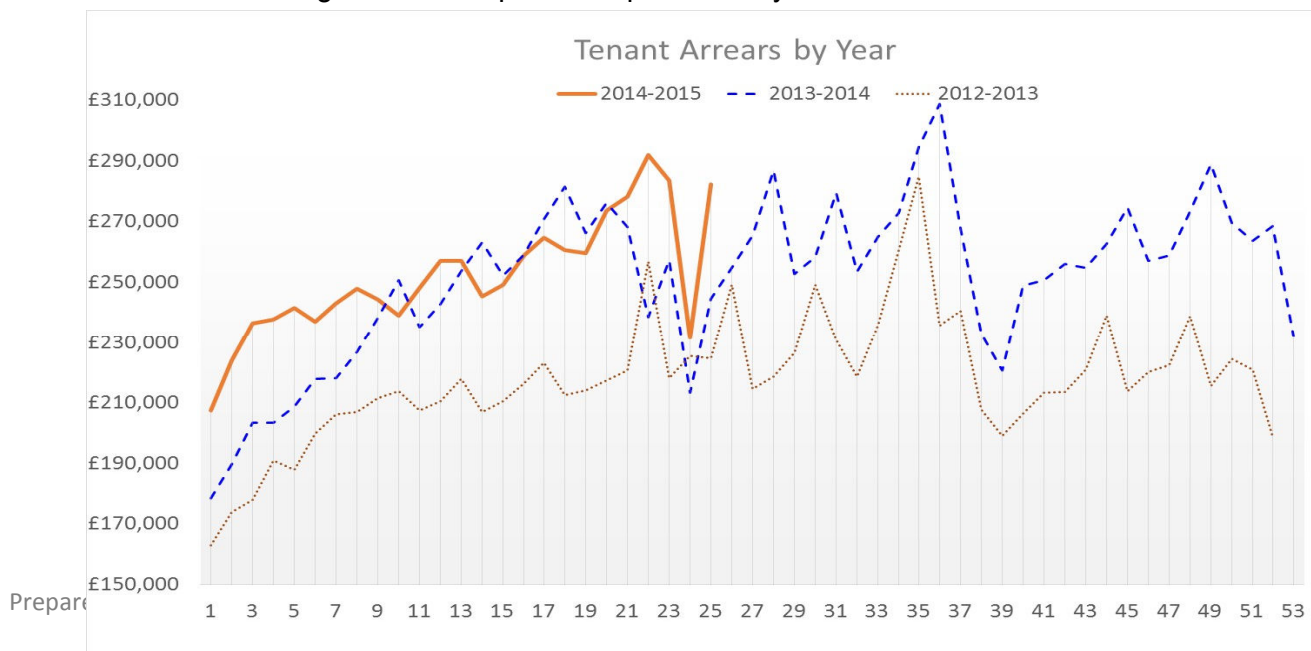
Rental from Council Dwellings **Current +£31,400** **Forecast +£34,400**

The main variances relates to the increase in void levels from 1.63% to 1.90%, and Right to Buy levels increasing from 5 to 10 in the previous year (2013/14), which was not forecast in the 2014/15 estimates.

4.2 Council Housing Rent Arrears

This section monitors the level of tenant arrears, to indicate any impact from welfare reforms and/or the wider economy on rent collection and in turn, to inform whether any specific actions are necessary. It will also feed into future reviews of the bad debt provision.

The following chart shows the current level of arrears compared to the previous 2 years. At the end of September, the level of arrears for 2014/15 is £282K (2013/14 Qtr 1 £245K) which is £50K higher than the previous quarter this year.



4.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of September. To date spend and commitments total £2.267M against the programme of £4.844M leaving a balance of £2.577M.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	300	126	174
Energy Efficiency / Boiler Replacement	660	377	283
Bathroom / Kitchen Refurbishment	1,097	510	587
External Refurbishments	999	517	482
Environmental Improvements	950	385	565
Rewiring	83	10	73
Fire Precaution Works	250	49	201
Lift Replacement	120	0	120
Re-roofing / Window Renewals	360	292	68
Septic Tanks Renewal	25	1	24
TOTAL	4,844	2,267	2,577

5 Provisions and Reserves

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

5.1 General Fund Unallocated Balance

The current position with regards to unallocated Balances is set out below.

	£000's
Original projected balance as at 31 March 2014	3,436
Add: 2013/14 underspend	277
Less: Budgeted Contribution for 2014/15	(458)
Add: Current Projected In-Year Underspend	661
Latest Projected Unallocated Balance as at 31 March 2015	3,916
Less: Minimum Level	1,000
Less: Budgeted Contribution for 2015/16	1,000
Amount Available to Support Future Years' Budgets	1,916

The table shows that if the current projected net underspending materialises Balances would be £3.916M by the end of the financial year. This would result in £1.916M being available to support future years' budgets, after allowing for the minimum approved level and the £1M already budgeted to support the 2015/16 budget.

5.2 Insurance Provision

The current balance on the insurance provision is £267K, after making net payments of £51K in settlement of claims made. The estimated value of claims outstanding is £240K, which is £27K less than the current provision. A full review of the provision will be undertaken during the forthcoming budget process.

5.3 Bad Debt Provision

The level of the provision has been assessed in simple terms based on assumed levels of write-off as a proportion of debt outstanding. Based on the figures shown in section 3.3 the required level of provision would be as follows:

Period	Debt £000's	% Cover Required	Value £000's
Up to 1 Month	640	1%	6
1 Month to 3 Months	231	5%	12
3 Months to 365 Days	667	10%	67
Over 365 Days	152	50%	76
HBen Overpayments	1,605	60%	963
TOTAL	3,295		1,124

The current balance on the General Fund Bad Debt provision is £1.135M which is £11K more than the requirement indicated, which is after allowing for this year's contribution of £100K and write-offs of £67K. A formal assessment will be undertaken as part of the forthcoming budget process.

As highlighted previously, the planned implementation and roll out of Universal Credit could potentially increase risks regarding the future recovery of housing benefit overpayments and this will continue to be monitored.

6 Contract Procedure Rules and Other Exceptions to Tender

In accordance with the latest approved contract procedure rules all exceptions to tender and other significant contract variations will be reported as part of the quarterly corporate monitoring process.

There are no exceptions to report for this quarter.

CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances	Projection for Year
Employees	Environmental Services	Turnover savings	(100,200)	(77,800)
	Governance Services	Restructure and turnover savings	(58,700)	(101,000)
	Health & Housing	Restructure, maternity and turnover savings	(76,100)	(105,600)
	Regeneration & Planning	Reduced working hours and turnover savings	(34,800)	(56,800)
	Resources	Vacant posts savings (will be offset later in the year)	(76,000) ↑	(14,000) ↑
Transport	Environmental Services	Mainly vehicle lease extensions being offset by projected fuel savings	37,300	21,100
	All Services	Car user allowance - Personnel Cttee 25 June 2013	(18,100) ↓	(29,400) ↑
Premises	Environmental Services	Projected overspend on Williamson Park energy costs	(10,500)	3,500
	Health & Housing	Salt Ayre Sports Centre - net reduced electricity cost / increased gas costs	(11,800)	(8,500)
	Regeneration & Planning	Reduced energy costs on Stone Jetty	-	(8,100)
	Resources	Savings on energy costs across all other properties	(32,500) ↑	(38,200) ↑
Supplies & Services	Environmental Services	Reduced Bulky Waste operation resulting in savings	(58,400)	(71,900)
	Governance	Mainly reduced external spend on corporate / performance initiatives	(6,800)	(7,100)
	Health & Housing	Salt Ayre Sports Centre - underspends on licences, materials for resale & chemicals	(12,500)	(16,300)
	Regeneration & Planning	Mainly relating to additional legal costs	37,900	27,700
	Resources	ICT - telephone maintenance / software licence savings	(18,500)	(19,300)
		Revenues - increased legal costs / rating fees	11,900	19,400
		Property - various minor savings	(4,700) ↑	(6,300) ↑
		Off-street parking income below target - daytime ↓ £10.1K, evening ↓ £5.4K	15,500	-
		Off-street parking permit renewals down 10%	3,900	7,800
		Trade refuse income - net additional contracts	(79,000)	(79,300)
Fees & Charges	Governance	Search fee income continuing to increase	(20,000)	(29,200)
	Health & Housing	Legal fees and licence fees reduced	12,300	7,400
Regeneration & Planning	Health & Housing	Salt Ayre Sports Centre - net reduction in income	38,300	36,700
	Regeneration & Planning	Increase in HMO licences plus additional admin income from DFG grants	(10,900)	(30,600)
	Resources	Additional planning application fee income	(1,300)	(38,100)
Resources	Regeneration & Planning	Projected reduction in Platform income	-	10,500
	Resources	Net additional income claimed in respect of Chatsworth Gardens	(75,800)	(62,300)
		ICT - additional grant income	(7,100)	(7,100)
		Financial Services - additional investment interest	(7,000)	(7,000)
		Property - reduced rental income from commercial properties	9,600	74,400
	Revenues - increase in legal costs recovered	(25,000) ↑	(55,400) ↑	
TOTAL			(579,000)	(660,800)

	Environmental Services			Governance Services			Health & Housing Services			Management Team			Regeneration & Planning			Resources & Corporate Accounts		
	Annual Budget £	Variance £	Annual Budget £	Annual Budget £	Variance £	Annual Budget £	Annual Budget £	Variance £	Annual Budget £	Annual Budget £	Variance £	Annual Budget £	Annual Budget £	Variance £	Annual Budget £	Annual Budget £	Total Variance £	
EXPENDITURE																		
Employees	8,306,600	(100,200)	1,385,400	3,486,400	(58,700)	589,600	3,486,400	(76,100)	589,600	-	2,559,800	(34,800)	3,795,900	(76,000)	20,123,700	20,123,700	(345,800)	
Transport Related Expenditure	1,463,100	34,700	36,800	207,700	(4,000)	9,100	207,700	(7,000)	9,100	-	55,300	(4,000)	10,900	(500)	1,782,900	1,782,900	19,200	
Premises Related Expenditure	6,171,700	(10,500)	-	813,200	-	-	813,200	(11,800)	-	-	649,200	-	1,635,000	(32,500)	9,269,100	9,269,100	(54,800)	
Supplies and Services	3,668,900	(58,400)	935,700	1,106,900	(6,800)	4,900	1,106,900	(12,500)	4,900	-	1,980,000	37,900	3,539,200	(11,300)	11,235,600	11,235,600	(51,100)	
Recharges	1,117,300	-	11,200	31,200	-	-	31,200	-	-	-	112,000	-	765,600	-	2,037,300	2,037,300	-	
Debt Premia	-	-	-	-	-	-	-	-	-	-	-	-	16,700	-	16,700	16,700	-	
Housing Benefit Payments	-	-	-	-	-	-	-	-	-	-	-	-	44,004,900	-	44,004,900	44,004,900	-	
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	3,125,000	-	3,125,000	3,125,000	-	
TOTAL EXPENDITURE	20,727,600	(134,400)	2,369,100	5,645,400	(69,500)	603,600	5,645,400	(107,400)	603,600	-	5,356,300	(900)	56,893,200	(120,300)	91,595,200	91,595,200	(432,500)	
INCOME																		
Customer Fees and Charges	(6,257,500)	(59,600)	(589,700)	(2,030,400)	(6,500)	-	(2,030,400)	27,400	-	-	(944,500)	(1,300)	(4,845,500)	(22,500)	(14,667,600)	(14,667,600)	(62,500)	
Government Grants	-	-	-	-	-	-	-	-	-	-	(61,200)	-	(45,069,500)	-	(45,130,700)	(45,130,700)	-	
Interest	(2,800)	-	-	(200)	-	-	(200)	-	-	-	-	-	(137,600)	(7,000)	(140,600)	(140,600)	(7,000)	
Other Grants and Contributions	(1,533,600)	-	(800)	(420,800)	(1,200)	-	(420,800)	-	-	-	(745,400)	(75,800)	(456,500)	-	(3,157,100)	(3,157,100)	(77,000)	
Capital Financing Income	-	-	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)	(150,000)	-	
Recharges	(10,532,500)	-	(100,800)	(52,600)	-	-	(52,600)	-	-	-	(34,800)	-	(1,511,600)	-	(12,232,300)	(12,232,300)	-	
TOTAL INCOME	(18,326,400)	(59,600)	(691,300)	(2,504,000)	(7,700)	-	(2,504,000)	27,400	-	-	(1,785,900)	(77,100)	(52,320,700)	(29,500)	(75,478,300)	(75,478,300)	(146,500)	
NET APPROPRIATIONS	39,600	-	(15,000)	(20,000)	-	-	(20,000)	-	-	-	175,000	-	2,243,500	-	2,423,100	2,423,100	-	
NET TOTAL	2,440,800	(194,000)	1,662,800	3,121,400	(77,200)	603,600	3,121,400	(80,000)	603,600	-	3,745,400	(78,000)	6,816,000	(149,800)	18,540,000	18,540,000	(579,000)	

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2014/15 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
		£	£	£	£	£
Environmental Services						
	Allotment Improvements	32,000	16,039	4,324	20,363	(11,637)
	Bins & Boxes Lease Buy-out	12,000	-	-	-	(12,000)
	Car Park Improvements Programme	385,000	71,628	-	71,628	(313,372)
	District Playground Improvements	125,000	95,842	-	95,842	(29,158)
	Vehicle Renewals	632,000	-	76,727	76,727	(555,273)
	Toilet Works	137,000	2,311	-	2,311	(134,689)
	Will Park Improvements & Enhancements	83,000	-	-	-	(83,000)
Health & Housing Services						
	Disabled Facilities Grants	869,000	353,118	-	353,118	(515,882)
	Salt Ayre Cycle Circuit Lighting	0	306	-	306	306
	Salt Ayre Centre - Replacements/Refurbs	30,000	-	-	-	(30,000)
	Warm Homes Scheme	37,000	29,986	-	29,986	(7,014)
Regeneration & Planning						
	Amenity Improvements	31,000	-	-	-	(31,000)
	Arnsdale & Silverdale AONB Improvements	0	-	-	-	-
	Bold Street Housing Regeneration Site Works	386,000	141,920	351	142,271	(243,729)
	Brindle Close Affordable Housing s106 Scheme	80,000	80,000	-	80,000	-
	Cycling England	0	-	-	-	-
	Chatsworth Gardens	1,878,000	-	-	-	(1,878,000)
	Improving Morecambe's Main Streets	360,000	2,564	7,235	9,799	(350,201)
	Lancaster Square Routes	1,352,000	667,576	34,837	702,413	(649,587)
	Lunesside East	2,000	7,853	-	7,853	5,853
	Middleton Nature Reserve s106 Scheme	21,000	-	-	-	(21,000)
	Morecambe TH12: A View for Eric	641,000	7,030	-	7,030	(633,970)
	Riversview s106 Scheme	232,000	132,400	-	132,400	(99,600)
	Sea & River Defence Works	163,000	6,765	18,157	24,922	(138,078)
	Toucan Crossing King Street	13,000	9,659	-	9,659	(3,341)
Resources						
	Corporate Property Works	3,940,000	448,195	176,507	624,702	(3,315,298)
	ICT Systems, Infrastructure & Equipment	487,000	93,743	71,124	164,867	(322,133)
Total Gross Programme		11,928,000	2,166,935	389,262	2,556,197	(9,371,803)

Grants & Contributions

Capital Contributions Income	(1,093,000)	(406,901)	-	(406,901)	686,099
Capital Grants Income	(1,589,000)	(1,175,133)	-	(1,175,133)	413,867
Total External Income from Grants & Contributions	(2,682,000)	(1,582,034)	-	(1,582,034)	1,099,966

Total Net Programme	9,246,000	584,901	389,262	974,163	(8,271,837)
----------------------------	------------------	----------------	----------------	----------------	--------------------

Property Group Update

2014/15 Quarter 2:
July – September

Report from: Senior Property Officer

1.0 Introduction and Background

This Quarter 2 report is intended to provide an update on previously reported projects and initiatives and to highlight any significant emerging property related issues. This report is not intended to provide in depth updates on all ongoing individual property cases.

2.0 Corporate Non-Housing Property Portfolio Delivery Programme

As explained in previous reports, individual projects within the delivery programme fall into three procurement groups based on their value i.e. Minor Works (MW), Intermediate Works (IW) and Projects (P).

It has been reported 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 five-year budget were purely indicative, having been estimated based upon non-invasive surveys. As such, the levels of work required at each property have increased or decreased as detailed specification work for the procurement process has progressed.

2.1 Year 1 Delivery Programme

Property Group was allocated a budget of £2.402M for financial year (2013/14) to fund the implementation of the 1st year delivery programme.

A summary of progress to date follows:

2.1.1 Minor Works (MW) Project Progress

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

The Minor Works project has now been successfully completed and contained within the Agreed Maximum Price submitted. This work was contained within the repair and maintenance revenue budget and therefore does not count towards the 1st year delivery programme's capital spend.

2.1.2 Intermediate Works (IW) Project Progress

Property/Project	Submit Design /tender	Approve Tender (AMP)	Original Indicative Works 1 st Year	Total Approved AMP & Fees	Proposed /Actual Start Date
White Lund Depot (1)	12/11/13	28/11/13	£231k	£113k	27/1/14
Lancaster Cemetery Chapels (2)	12/11/13	24/12/13	£80k	£175k	27/1/14
Lancaster Town Hall Railings (3)	23/09/13	30/09/13	£50k	£47k	02/10/13
Lancaster Town Hall Paving (4)	23/09/13	30/09/13	£30k	£28k	07/10/13
Morecambe Town Hall (5)	-	-	-	-	-
The Dukes Playhouse (6)	-	-	-	-	-
Williamson Park (Intermediate) (7)	12/11/13	27/11/13	£90k	£80k	02/12/13
Assembly Rooms (8)	14/11/13	28/11/13	£158k	£100k	9/12/13
Storey Building (9)	26/11/13	24/12/13	£233k	£323k	3/2/14
Maritime Museum (10)	25/04/14	12/05/14	£253k	£328k	7/7/14
Morecambe Intermediate General Projects; Morecambe Town Hall & Garages (60 Euston Road, Regent Road PC) Salt Ayre Sports Centre (11)	25/04/14	19/05/14	£100K	£112k	7/7/14
Lancaster Intermediate General Projects; Bridge End Depot, Ryelands Changing Rooms, Old Man's Rest, Cottage Museum, King George Playing Fields. (12)	29/08/14	TBA	£98K	131k	TBA
Intermediate Demolition Projects (Ryelands Park Pavilion) (13)	24/11/14	TBA	£50K	TBA	TBA
Totals			£1.335M	£1.306M	

Notes:

- (1) The work is now 85% complete.
- (2) The work is now 100% complete and at Final Account Stage
- (3) The work is now 100% complete (outstanding retention & fees)
- (4) The work is now 100% complete (outstanding retention & fees)
- (5) Included within the Morecambe Intermediate Projects below
- (6) Project on hold as Dukes Theatre look to bid for development funding.
- (7) The work is now 100% complete (outstanding retention & fees)
- (8) The work is now 100% complete (outstanding retention & fees)

- (9) The work is now 95% complete, additional work to rebuild garden walls.
- (10) The work is now 50% complete, additional boiler omitted from original condition survey.
- (11) The work is now 50% complete (additional work identified MTH re-plaster walls main stairs, Euston Road new roof required, Stone Jetty external works.
- (12) Projects merged to gain savings with AMP's submitted 7.10.2014
- (13) AMP's to be submitted 24.11.2014

2.1.3 Projects (P)

Property/Project	Submit Design /Tender	Approve Tender (AMP)	Total Indicative Works 1 st Year	Total Approved Tender (AMP)	Proposed Start Date
Williamson Park (1)	25/04/14	TBA	£383k	TBA	TBA
The Platform (2)	06/12/13	24/12/13	£318k	£413K	03/03/14
City Museum (3)	25/04/14	TBA	£258k	TBA	TBA
Salt Ayre Sports Centre (4)	-	-	-	-	-
Mitre House Car Park (5)	05/06/13	08/08/13	£60k	£115k	30/09/13
Banqueting Suite Ceilings (6)	25/04/14	TBA	TBA	TBA	TBA
			£1.019M	£528K	

Notes:

- (1) Project delayed due to approval of specification for Lancaster stone paving. AMP to be submitted 24.11.2014.
- (2) The work is now 95% complete, additional works to install new fall and arrest system, maintenance staircase to flat roof and fire compartmentalisation works to ground floor.
- (3) To complete D repairs only AMP to be submitted 24.11.14.
- (4) Now included within Morecambe Intermediate General Project.
- (5) The work is now 100% complete, additional work to lay new sub-base to ramp and car park.
- (6) AMP to be submitted 24.11.2014 following full survey (project was not identified in the original condition survey 2012).

2.2 Year Two (2014/15) Proposed Delivery Programme

A Cabinet report submitted on 29th July 2014 detailed the year two delivery plan approach (see table below). As explained in the Quarter 1 report, the focus will be on individual buildings rather than spreading our available resources too thinly over numerous sites. The Cabinet Report explained the rationale behind the development of the year two delivery programme which will be to select buildings with a secure future and completed category A – C works.

Once capital works have been completed on a particular building they will then be transferred to the growing planned maintenance programme. The plan for the next 4 years is to complete the required work on the property portfolio, facilitating the move from the current emphasis on an expensive reactive approach, to a more financially sustainable planned maintenance ethos.

Property/Project	Submit Design /Tender	Approve Tender (AMP)	Total Indicative Works 2 nd Year	Total Approved Tender (AMP)	Proposed Start Date
Maritime Museum & 26 St. Georges Quay (1)	27/10/14	19/12/14	£105K	£151k	22/09/14
The Storey - Building Works – Phase 2 (2) (*includes £11k externally funded)	24/11/14	19/12/14	£209K*	TBA	TBA
Lancaster Williamson Park - Phase 2 (3)	8/12/14	19/01/15	£250K	TBA	TBA
Ashton Memorial – Internal & External Works (4)	10/11/14	12/12/14	£324K	TBA	TBA
Ashton Memorial – Paving Restoration (5)	10/11/14	12/12/14	£260K	TBA	TBA
Ashton Memorial - Dome Ceiling Restoration (6)	26/01/15	20/02/15	£100K	TBA	TBA
Lancaster Town Hall – Replacement Lift (7)	29/09/14	15/10/14	£133K	£180K	02/02/15
Lancaster Town Hall – Electrical & Building Works (8)	11/11/14	11/12/14	£250K	TBA	TBA
Lancaster Town Hall – Banqueting Ceilings (9)	09/01/15	05/02/15	£100K	TBA	TBA
Intermediate Demolition Contract (Palatine Recreation Ground) (10)	-	-	£58K	TBA	TBA
Salt Ayre Sports Centre (11)	02/03/15	27/03/15	£391K	TBA	TBA
Totals			£2.180M	£180K	

Notes:

- (1) AMP Part submitted for boiler (extra work works missed on original Condition Survey).
- (2) AMP programme submission date 24/11/2014.
- (3) AMP programme submission date 8/12/2014
- (4) AMP programme submission date 10/11/2014.

- (5) Reported above as part of 1st year Williamson Park Project (P) - AMP programme submission date 24/11/2014.
- (6) AMP programme submission date 26/01/2015
- (7) AMP approved above original estimate, lift ordered for a programmed start date 02/02/2015.
- (8) AMP programme submission date 11/11/14.
- (9) AMP programme submission date 09/01/2015.
- (10) 1st year project reported as part of Intermediate Works (IW) Project.
- (11) Only urgent works and Air conditioning units identified in year 2, building appraisal to be conducted by SASC management for future use.

2.3 Overall Position

The total indicative value of works for year two is £2.180M and when added to the Year 1 carry forward (1) of £1.360M and slippage (2) of £400K equals the approved 2014/15 Capital Programme of £3.940M.

A revised delivery programme has recently been arrived at forecasting the completion of the year one carry forward and slippage of £1.760M and a further £974K of year two totalling £2.734M, leaving a potential carry forward into Year 3 (2015/16) of £1.195M. This will be finalised, adjusted and reported during the budget process.

Finally, it is worthy of note that the 2014/15 year two costs have been taken from the 2012 non-invasive condition survey and as such the possibility exists that unit costs will increase due to inflationary pressures and identified works to certain components will deteriorate further.

Notes:

- (1) Carry Forward – relates to year one works that were identified at revised budget setting as not being achievable before 31/03/2014.
- (2) Slippage – relates to year one works which were anticipated for completion by 31/03/2014 but were subsequently not achieved.

3.0 Capital Receipts

There have been no further property related capital receipts to 30 September since the last quarterly update (progress is anticipated in Quarter 3).

4.0 Performance of Commercial Buildings (Occupancy)

As can be seen from the table below there have been some significant changes since the closing position of the commercial property portfolio in the 2014/15 Quarter 4 update.

	2013/14 Quarter 4	2014/15 Quarter 1	2014/15 Quarter 2
Number of Properties	61	60	60
Occupation by Floor Area			
• Total Let (m2)	18,053	17,043	17,161
• Total Vacant (m2)	3,658	1,639	1,521
• Total Area (m2)	21,711	18,682	18,682

St. Leonard's House has now been fully vacated by tenants and is now closed. The Stage 2 report currently being prepared by the Lancashire Regeneration Property Partnership (LRPP) is expected during November 2014. A cabinet report will follow to determine the way forward based on the development proposals included in the Stage 2 report.

The removal of St. Leonard's House from these statistics along with some other minor gains in current occupation across the City Council's total commercial property portfolio has resulted in the percentage let figure increasing from the 83% reported in 2013/14 Quarter 4 to 92% in the current quarter. The remaining 8% of vacant space now amounts to the equivalent of 1521m2, the majority of which is attributable to the following 2 buildings:

1. **The Storey:** The total commercial occupation within this building is currently running at 71% which is an improvement on the figure of 59% reported last quarter. The remaining 29% equates to a vacant floor area of 467m2 and represents a reduction in vacant floor space of 184m2 over last quarter.

On the 6th October new staffing arrangements were introduced at the Storey to increase standard opening hours by improving both reception and facilities support officer cover within the building. This has been achieved at minimal cost largely through the reorganisation of existing resources to contribute to the continuing operational and occupancy improvements at this site.

2. **Citylab:** The total commercial occupation within this building is currently also running at 71% which is a modest improvement over the figure of 69% reported last quarter. The remaining 29% equates to a vacant floor area of 376m2 and represents a reduction in vacant floors space of 21m2 over last quarter.

Despite some good progress this quarter at both the Storey and Citylab the two buildings still account for 55% of the total vacant commercial portfolio. Other buildings currently contributing to the total vacant space include:

- Edward Street Dance Studio (159m2) – This building is vacant due to its

- inclusion in the Canal Corridor Development Agreement.
- Old Man's Rest, Ryelands House (115m2) – A tenant has been secured but has not taken occupation of the building at the time of writing.
- 56-58 Euston Road – Marketing of this building continues.
- Stone Jetty Café - A tenant has been secured but has not taken occupation of the building at the time of writing.
- 8 Ridge Square – This is a Council Housing property that has been vacant for some time.

Property Group continues to work towards reducing the vacancy rates in the commercial property portfolio although considering that supply is currently outstripping demand in the commercial office rental market, an overall 8% vacancy rate across the whole portfolio represents a relatively healthy position.

There will undoubtedly be further updates during the remainder of the year; changes are expected to have bearing on both occupancy and rental income. The latter will be reflected in updating the budget.

2014/15 Treasury Management Progress Report 11 November 2014 (Quarter 2)

Report of Chief Officer (Resources)

1. Introduction

The CIPFA Code of Practice on Treasury Management requires that regular monitoring reports be presented to Members on treasury activities. These reports will normally be presented after the end of June, September, December and March as part of the Council's performance management framework.

Council approved the 2014/15 Treasury Strategy, which incorporates the Investment Strategy, at its meeting on 26 February 2014. This report outlines activities undertaken in pursuance of those strategies during the financial year up to the end of Qtr 2.

Treasury management is a technical area. To assist with the understanding of this report, a glossary of terms commonly used in Treasury Management is attached at **Annex A**. In addition, the Councillor's Guide to Local Government Finance also has a section on treasury and cash management and an updated Guide is now available through the Member Information section on the Intranet.

2. Summary: Headline Messages

- **Icelandic Investments** – Only £77K still due from KSF, and £615K held in an escrow account in respect of Glitnir.
- **Borrowing Activities** – no new borrowing has been undertaken during the second quarter of the year, and no loans have been repaid.
- **Investment Activities** – investment interest is £7K ahead of target at the end of the second quarter.

3. Economic update (provided by Capital Asset Services)

After strong UK GDP quarterly growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, (2013 annual rate 2.7%), and 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that strong growth will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are very encouraging and business investment is also strongly recovering. The manufacturing sector has also been encouraging though the latest figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by

adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

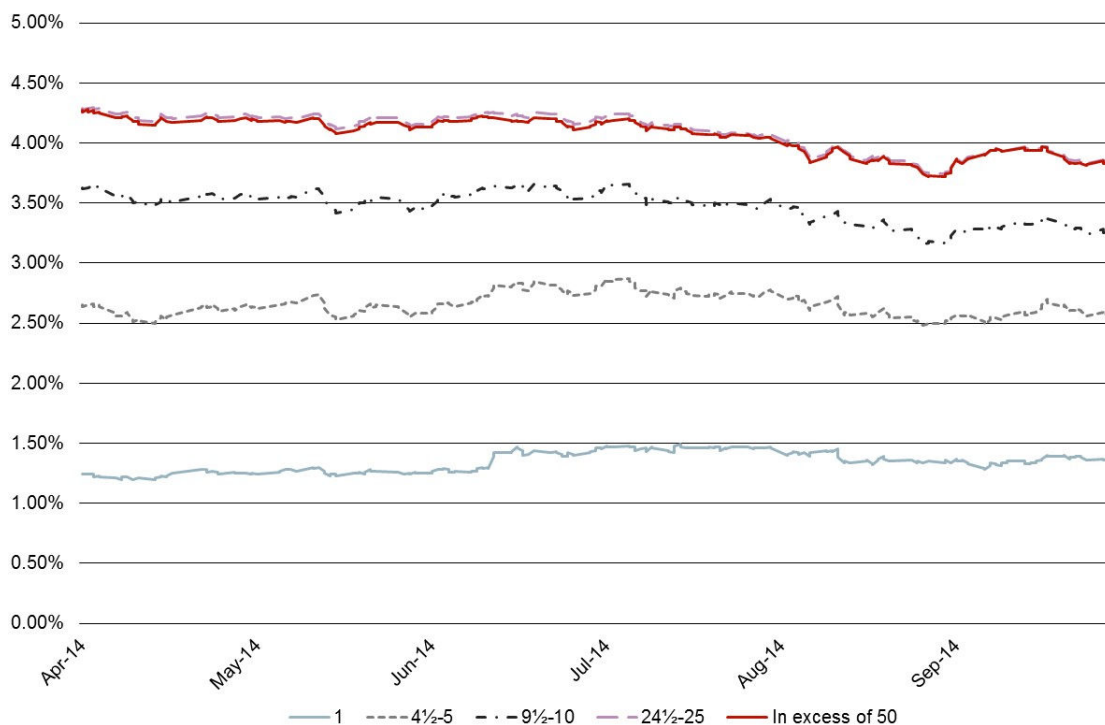
Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in July, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly 1%. The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far this year.

In September, the U.S. Federal Reserve continued with its monthly \$10bn reductions in asset purchases, which started in December 2014. Asset purchases have now fallen from \$85bn to \$15bn and are expected to stop in October 2014, providing strong economic growth continues. First quarter GDP figures were depressed by exceptionally bad winter weather, but quarter 2 rebounded strongly to 4.6%.

The Eurozone is facing an increasing threat from deflation. In September, the inflation rate fell further, to reach 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB did take some rather limited action in June and September to loosen monetary policy in order to promote growth.

4. Borrowing Activities

No new borrowing was undertaken during Qtr 1. The following graph shows the PWLB rates for the first half of this year.



Early Repayment of Debt

Officers continue to monitor potential saving opportunities associated with the early repayment of existing debt. This takes into account the premiums or discounts associated with early repayment and the projected cost of refinancing or loss in investment interest. At present, it would not be financially prudent to repay any debt based on the current rates being offered.

5. Investing Activities

As laid down in the approved Investment Strategy, the aim is to prioritise security and liquidity of the Council’s investments. This is to ensure that the Council has sufficient cash to support its business, but also to minimise any further chance of a counterparty failing and the Council not being able to remove any cash deposited.

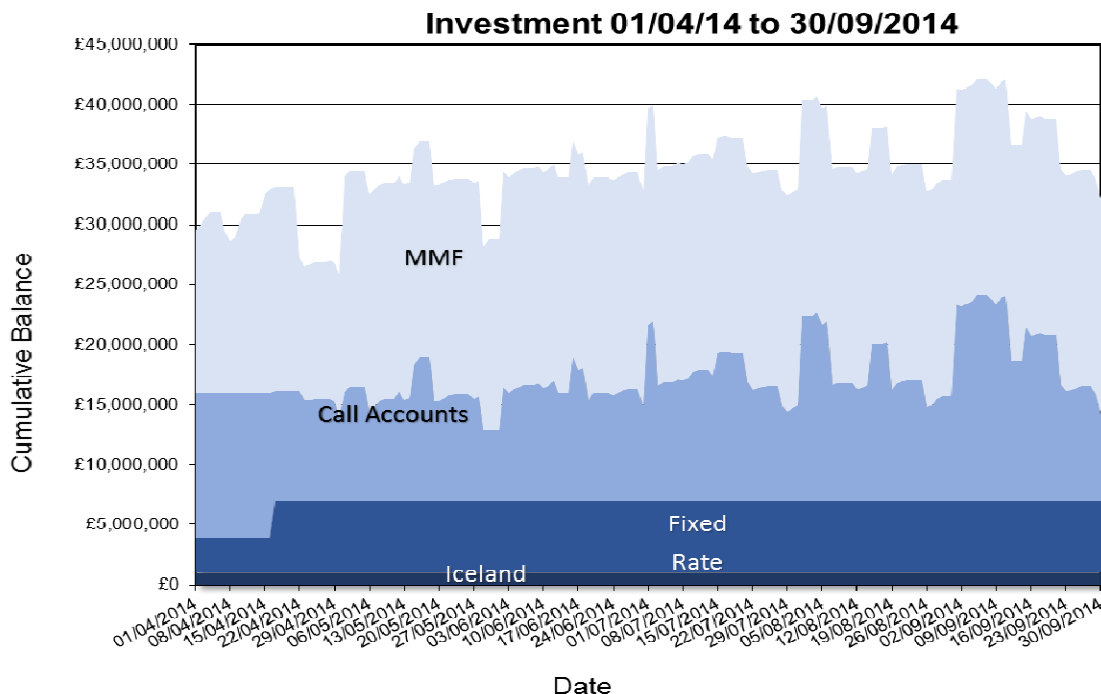
All investment activity has been in line with the approved Treasury Strategy for 2014/15. A full list of the investments at the end of Qtr 2 is shown below (Table 6.1):

Table 6.1 Counterparty balances

Other Investments	Opening £	Min £	Max £	Closing £	Indicative rate	Cumulative Interest £
Call: RBS	0	0	0	0	0.25%	0
Call: Lancashire County Council	12,000,000	1,385,000	11,383,000	2,024,000	0.25%	7,078
Call: Svenska Handelsbanken	0	0	5,864,000	5,864,000	0.40%	9,863
DMADF	0	0	0	0	0.25%	0
Government Liquidity MMF	3,038,000	6,000,000	6,000,000	6,000,000	0.27%	7,001
Liquidity First MMF.	6,000,000	6,000,000	6,000,000	6,000,000	0.40%	11,765
Insight MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.37%	10,701
Lloyds	3,000,000	6,000,000	6,000,000	6,000,000	0.60%	17,260
Sub-total	27,038,000			25,888,000		63,669

Below is a graph which displays the different investment products used by the Council. The majority of the Council’s balances are held within instant access MMF’s or call accounts. This is partly because there are prudential controls that ensure a certain percentage is immediately available and also there is only a small pool of counterparties that meet the Council’s credit criteria for fixed term deposits. Other UK banks, that meet the criteria such as HSBC, require much larger investment and market themselves at much larger institutional investors or corporations.

Graph 6.1 Investment balances



Summary of Budget Position and Performance

In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates over the year to date is as follows:

Base Rate	0.500%
7 day LIBID	0.358%
Lancaster City Council investments	0.380%

These rates do not take into consideration the funds held in a foreign bank account from an Icelandic bank settlement. These funds are attracting interest at 4.2%.

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

	Budget to Date £000's	Actuals to Date £000's	Variance £000's
Icelandic Credits	12	15	(3)
Cash Interest	60	64	(4)
Total	72	79	(7)

Investment returns, excluding balances held in the Icelandic account, exceed the budgeted level. This is due to cash balances being larger than expected as a result of delays within the capital programme.

6. Risk management

There has been no material change in the policy or operation of the treasury function over the quarter. However, officers are now looking at alternative investment matrices to determine if investment returns could be increased whilst minimising the Council's exposure to additional risks. Secondly, as the cash flow need to keep investments short has diminished, particularly in light of the latest settlement date on certain significant NNDR appeals being pushed back to 2017, officers will now be firming up cash flow forecasts with a view to placing longer term investments.

The funds being held in Iceland still expose the Council to exchange rate risks, but these are unavoidable.

There is financial risk attached to the longer term debt portfolio, associated with interest rate exposure but all of the debt is on fixed interest and there has been no change to this over the quarter. Low investment returns mean that using cash invested to repay debt can appear more attractive, but the Council is not yet in a clear enough position to be following such a strategy.

Cash balances held with The Cooperative Bank continue to be monitored on a daily basis following the banks crisis in relation to its funding gap. The bank falls short of the council credit rating criteria and has not been on the approved lending list for some time.

7. Prudential Indicators

These indicators are prescribed by the Prudential Code to help demonstrate that the Council can finance its debt and have funds available when needed. The prudential indicators are listed in **Annex B**.

8. Conclusion

Investment activity has remained relatively unchanged and returns are expected to remain fairly static until the final quarter of this financial year.

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** – 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

		£'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
AFFORDABILITY					
PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	12.8%	12.4%	12.5%	12.8%
	HRA	23.3%	22.5%	21.8%	20.9%
	Overall	17.1%	16.6%	16.3%	16.2%
PI 2: Actual ratio of financing cost to net revenue stream		Reported after each financial year end			
PI 3: Estimates of the incremental impact of new Capital Investment decisions on the Council Tax This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		-£6.70	£11.27	£3.48	£0.97
		-3.4%	5.6%	1.7%	0.5%
PI 3A: Illustrative Impact of Additional Borrowing £1 million			Repayment Period		
			5 Years	10 Years	25 Years
	Increase in Council Tax (£)		£4.86	£2.65	£1.47
	Increase in Council Tax (%)		2.48%	1.35%	0.99%
PI 4: Estimates of the incremental impact of Capital Investment on Housing Rents		Nil	Nil	Nil	Nil
CAPITAL EXPENDITURE					
PI 5: Estimates of capital expenditure	Non - HRA	17,290	10,170	3,910	4,030
	HRA	4,870	4,790	4,930	4,660
	Total	22,160	14,960	8,840	8,690
PI 6: Actual capital expenditure		Reported after each financial year end			
PI 7: Estimates of Capital Financing Requirement	Non - HRA	40,281	45,101	45,651	46,547
	HRA	44,473	43,432	42,391	41,350
	Total	84,754	88,533	88,042	87,897
PI 8: Actual Capital Financing Requirement		Reported after each financial year end			
EXTERNAL DEBT					
PI 9: Authorised Limit	Authorised Limit for Borrowing	101	101	104	104
	Authorised Limit for Other Long Term Liabilities	1	1	1	1
	Authorised Limit for External Debt	102	102	105	105
PI 10: External Debt: Operational Boundary		85	88	88	88
PI 11: Actual external debt		Reported after each financial year end			
PI 12: HRA limit on indebtedness		60,194	60,194	60,194	60,194
PRUDENCE					
PI 13: Treasury Management: adoption of CIPFA code of Practice		The Council has adopted the updated Treasury Management code of practice (2011).			
PI 14: Net debt and the capital financing requirement	Anticipated indebtedness (operational boundary)	84,531	88,310	88,310	87,819
	Anticipated investment	10,301	18,210	18,900	19,960
	CFR	84,754	88,533	88,042	87,897
	Under/over borrowed (-/+)	-10,078	-17,987	-19,168	-19,882

CABINET

**Budget and Policy Framework Update 2015/16
02 December 2014**

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
This report provides an update on the Council's financial position to help inform development of Cabinet's budget proposals.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	X
Date of notice of forthcoming key decision	2 November 2014		
This report is public.			

OFFICER RECOMMENDATIONS:

1. That Cabinet notes the draft budgetary position for current and future years as set out in the report, accepting that this is an interim update.
2. That the update be referred on to December Council for information.

1 INTRODUCTION

- 1.1 This report builds on the Quarter 2 financial monitoring included elsewhere on the agenda, to provide a more up to date assessment of the Council's budgetary position in view of its financial strategy. Given that the Local Government Settlement has not yet been received and other budgetary work is not yet scheduled for completion, the report is an interim update only, primarily for information.

2 STRATEGIC CONTEXT

2.1 THE COUNCIL'S POLICY FRAMEWORK

- 2.1.1 For its 2014/16 Corporate Plan, the City Council retained its priorities as:

- Economic Growth
- Health and Wellbeing
- Clean, Green and Safe Places, and
- Community Leadership

- 2.1.2 These are now underpinned by an ethos aligned to being an Ensuring Council.
- 2.1.3 In Cabinet approving this year's budget timetable, it was acknowledged that the focus of any budget and planning proposals would be to redefine and reduce activities against existing priorities, rather than there being any fundamental changes being developed. It has already been recognised that big financial challenges still lie ahead and that the Council's contribution to each priority will be significantly affected in future by reductions in Government funding. Furthermore, the impact of other authorities' (County, Fire & Police) and other stakeholders' budget decisions are expected to have major direct implications for the district, with knock on implications for the City Council and its own delivery of services.
- 2.1.4 To help tackle these financial challenges, as part of its Medium Term Financial Strategy (MTFS) the Council continues to take savings decisions in year where possible, and as a result the Strategy explicitly states that underspendings should be expected to arise during the course of the year, in revising the current year's budget as well as at outturn. The budget update should be considered in this context.

2.2 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.2.1 The provisional Local Government Finance Settlement is not expected to be announced until sometime after the Chancellor's Autumn Statement, which is scheduled for 03 December. A briefing note will be produced for all Members once the Settlement has been received and its impact assessed, subject to timing. In any event, it will be reported formally into January's Cabinet meeting.
- 2.2.2 The content of the Autumn Statement is expected to influence both the impact and timing of the Settlement. As a recap:
- The MTFS approved back in February assumed that the Settlement Funding Assessment (SFA) from Government would reduce by £1.7M or 16.0% in 2015/16 in cash terms, and by a further £0.5M (5%) the year after.
 - The 2015/16 figure was a specific estimate as provided by Government; the 2016/17 figure was an Officer indicative estimate only, in the absence of any firmer information.
 - As a broad measure, every 1% change in Government funding amounts to around £90K for 2015/16, or around 1.2% in city council tax terms.
- 2.3 The outcome of the Settlement could have a direct bearing, therefore, on the Council's short and medium term planning and the scope or nature of its future priorities.

3 GENERAL FUND REVENUE BUDGET: SUMMARY

3.1 CURRENT YEAR POSITION

- 3.1.1 In support of the existing Corporate Plan, at Council on 26 February Members approved the current year's budget at £18.540M, excluding parish precepts, giving rise to a council tax requirement of £7.6M. Since then, various changes have

become apparent through monitoring and more significantly, numerous savings measures have been taken in preparation for future years' challenges.

3.1.2 To draw these together, an in-depth update of the current year budget has now been completed, the results of which are included at **Appendices A and B**. Net spending of £17.764M is now forecast, giving a projected net underspending of £776K, prior to the review of provisions, reserves and Balances. The position is explored further in section 5 of this report.

3.1.3 Taking account of the changes, Revenue Balances would stand at £4.031M as at 31 March 2015. This is £1.053M higher than expected back in February, but there is still time for the revised budget position to change further over the coming weeks.

3.2 FUTURE YEARS' FORECASTS

3.2.1 The first draft of next year's budget has also been produced, in accordance with Financial Regulations and the MTFs. Currently it stands at £17.066M for 2015/16, as shown in **Appendix A**.

3.2.2 In the same vein, forecasts for 2016/17 and 2017/18 have also been updated. In simple terms the outlook is as follows:

	2015/16 £'000	2016/17 £'000	2018/18 £'000
Original Budget Limit	18,877	19,154	n/a
Less Original Forecast Use of Balances	(1,000)	-	
Net Revenue Budget	17,877	19,154	
Current Net Forecast	17,066	18,399	18,962
Reduction in forecast Net Spending	(959)	(755)	n/a
Reduction in forecast Use of Balances	148	--	n/a

3.2.3 A number of key points are highlighted:

- Base budget changes in respect of pay, price and other economic conditions have been provided for. Pay inflation is based on the recent national pay proposals and estimated at 1% per year thereafter. General inflation is provided for at 1.6% per year, but this was determined before the Bank of England's November Inflation report was received, and therefore general inflation factors are likely to change again for reporting and fixing in January. The update on the Council's fees and charges policy has been deferred, to allow for reconsideration of inflation expectations.
- Whilst operational savings have been built in, the draft position does not include any specific savings proposals that Cabinet may wish to consider, nor does it

allow for any new growth options (or the continuation of previous fixed term ones).

- New Homes Bonus income estimates have been updated, reaching a maximum of £1.7M in 2017/18. For eligible properties, the bonus is paid for six years and as the scheme started in 2011/12, from 2017/18 the early years' allocations are starting to drop out. At present, this is not impacting adversely on the Council's medium term planning but it is something to keep under review. It is not known whether, or to what extent, the NHB scheme will remain as a permanent feature or how its future might impact on other future Government funding streams.
- Capital financing costs have been updated to reflect the latest draft capital programme, set out later in this report.
- At this stage the budget is based on previously approved use of Balances, i.e. a one-off £1M contribution being used in 2015/16 but adjusted down by £148K to balance off the budget, given the net savings that have been identified to date.

3.2.4 On a more specific matter, the Council has approximately £22K of grant remaining in relation to mortgage rescue, or preventing homeowners from losing their homes. Whilst this specific scheme has now finished, the budget provides for these funds being used to extend the fixed term staffing resource for homelessness prevention until the end of 2015/16; this is on the basis that the posts involved would deal specifically with any homeowners facing repossession, as well as other homelessness prevention work. The business case and means by which this homelessness prevention capacity could be made permanent are also being explored.

3.2.5 Undoubtedly the budget position will change further in the coming weeks and more information will be fed into the January Cabinet meeting.

4 PROVISIONS, RESERVES AND BALANCES (GENERAL FUND)

4.1 Other than reviewing the Retained Business Rates Reserve and allowing for the normal in-year application of funds, there has been no wider review of reserves and provisions as yet.

4.2 In terms of Balances, as indicated above next year's budget still allows for the use of £852K. This use is reasonable and manageable in the circumstances, but it should not be overlooked. Without it, the Council would have to identify more savings to cover the funding gap.

4.3 It is also worth highlighting too that such reliance on the use of Balances is a comparatively recent addition to the Council's financial planning arrangements, the approved principles being to:

- use some surplus Balances to help protect key services to the public for a period;
- leave remaining Balances to help address the fundamental budget challenges that are expected beyond 2015/16; and
- reduce the budgeted call on Balances if the Council makes extra savings.

- 4.4 Taking account of the current year's forecast underspending and next year's usage, this would leave £2.179M of Balances available, if advice on minimum levels remains unchanged. These matters will be explored further in the coming weeks.

5 LOCAL TAXATION

5.1 Council Tax Rates and Targets

- 5.1.1 Alongside the Settlement announcement, Government is expected to confirm its proposals regarding future council tax freeze compensation schemes and council tax referendum thresholds.
- 5.1.2 Drawing on last year's experience, a local referendum threshold of just below 2% (1.99%) is still assumed, in line with existing MTFs targets. A 1% change in council tax now amounts to around £77K.
- 5.1.3 Regarding the tax freeze compensation scheme, back in February Government announced that compensation broadly equivalent to 1% would be available for 2015/16. Such compensation entitlement is to be built into the spending review baseline, the inference being that authorities who freeze council tax will not see such funding dropping out automatically in future. Nonetheless, there would still be a net income gain of approaching 1% readily available to those councils that choose to increase tax rates, unless the referendum threshold further reduces.
- 5.1.4 Once Government has made the relevant announcements, the various scenarios will be presented to Cabinet in order that informed recommendations can be made regarding future council tax rates and targets. This is scheduled for January Cabinet.

5.2 Localised Council Tax Support (LCTS)

- 5.2.1 Following on from Council's decision to retain existing support levels, the expected financial impact from the scheme has continued to be monitored. Latest estimates are that the cost of the scheme continues to fall slightly; in this year effectively a projected cost of £9.8M has been allowed for. In future years, the impact is simply expected to rise in line with council tax rates, i.e. a little under 2%. The outcome of the scheduled national review should help to inform future policy on this matter.

5.3 Council Tax Collection

- 5.3.1 Council tax income (i.e. the amount collectable) continues to rise in year by more than estimated. The increase is the net result of all the various changes that occur in the tax base during the year, be they in relation to new homes being built, empty properties coming back into use, changes in LCTS awarded from that budgeted, and the myriad of other banding, discount and exemption changes that occur on a daily basis. Furthermore, actual collection is holding up reasonably well.
- 5.3.2 These points result in the current estimated surplus of around £1M on the Collection Fund, to be shared with other major precepting authorities. £130K would be due to the City Council and this is reflected in the 2015/16 draft budget. Figures will be finalised in January, in line with statutory requirements.

5.3.3 Looking ahead for next year onwards, the council tax base projections have been provisionally updated as follows:

- in 2015/16, the base has increased from 38,200 to 38,500, equating to £61,000 additional income;
- in 2016/17, the base has increased from 38,450 to 39,100, equating to £135,000 additional income;
- this trend has been factored into 2017/18 also.

5.3.4 It is impossible to forecast the tax base with absolute certainty and so risks will always exist. Nonetheless, the exposure is considered manageable and in any event, all indications are that housing needs will continue to grow.

5.3.5 On the downside, a bigger population increases the demand for council services. As far as possible these have been considered in drafting the budget but this is not an exact science and it will need to be kept under review.

5.4 **Business Rates Income**

5.4.1 Getting behind the Business Rate Retention Scheme continues to be a major challenge for informing General Fund budget setting and financial strategy. The Council's hugely disproportionate exposure to rating appeals looks set to continue into 2017 and probably beyond. Although options for more fundamental reform of the system may be considered at some point, realistically the outcome would be a matter for the longer term.

5.4.2 The completion of last year's accounts now gives certainty in terms of that year's position, however. This and other information has been used to update future years' assumptions and budget projections. The following points should be noted:

- Of the £1.7M Business Rates Reserve opening balance for this year, around £400K should be available to underpin the Council's budget projections. The remaining £1.3M is expected to be used to offset the Council's share of the Collection Fund (Business Rates) deficit existing as at the same date.
- In terms of the potential £2M growth (over and above the Council's baseline funding level) identified as part of Quarter 2 monitoring, this looks likely to reduce to around £1.4M taking account of more recent information. It is clear though that current year's growth could continue to fluctuate and in any event it will not be finalised until September 2015, when the final Government returns are completed.
- In effect, there is a two-year delay between the year in which growth is identified, and it being certain enough for it all to be built into the next budget round (e.g. any 2014/15 actual growth in income will be available to help support the 2016/17 budget).
- Assuming that the Council continues to experience a trend of increasing growth in business rates, however, and as long as reserves can support the position, it is reasonable to start budgeting for Business Rates income at the baseline, rather than at the safety net. This helps the Council's budget by almost £400K per year, and it is now factored in from the current year onwards.

- Risks around this new approach will be managed through the Business Rates Reserve. The remaining £400K opening balance, and almost £400K of additional income now recognised in the current year, have been retained in the Reserve for this purpose.

5.4.3 All the above points will be tested further and there is a major caveat attached, in that the forthcoming Settlement and associated Government returns due to be received and completed in January could fundamentally change current assumptions. It remains a very complex and uncertain situation.

6 VARIANCE ANALYSIS: WHY HAVE BUDGET PROJECTIONS CHANGED?

- 6.1 To draw informed conclusions about the robustness or otherwise of the Council's budgeting, it is necessary to understand more on the nature and reasoning behind the variances, and to understand the comparators.
- 6.2 At the highest level, movements against the previously identified budget funding gaps (or savings requirements) can be analysed simply as follows:

	2015/16 £'000	2016/17 £'000
Reduction in Net Spending (allowing for Balances)	(959)	(755)
Estimated Collection Fund (Council Tax) Surplus	(131)	-
Forecast increase in Council Tax Base (in £ terms)	(61)	(135)
Total Savings Identified to date	(1,151)	(890)
Original Funding GAP / Estimated Savings Requirement (MTFS, February 2014)	1,003	2,527
Difference: either Reduction in call on Balances or Updated Savings Requirement / Funding Gap	148	1,637

6.3 It can be seen that changes in council tax income have an effect, and these have already been explained in section 5.3.

6.4 In terms of net spending, a fuller analysis is attached at **Appendix B**. The main reasons for variance are considered to be:

- active management and development of the budget, in support of the Council's financial strategy;
- changes in demand for services, and price factors; and
- changes in the estimated timings of various initiatives and spend patterns.

- 6.5 It is pleasing to note that underspendings continue to arise from proactive savings measures, as well as other budgetary changes. Making savings during the year is an important and accepted element of the Council's approved financial strategy.
- 6.6 As in previous years, the salaries budget has again delivered the largest savings. This is inevitable given the size of the budget (£20M) and the extent of change ongoing. As an example and on top of planned restructurings, rather than fill all vacancies immediately when turnover arises, typically services are considering whether and how to address the reduction in staffing resource, and this often adds to turnover savings.
- 6.7 Another angle to consider is the scale of any under- or overspending. Whilst it is typically expressed as a percentage of the net revenue budget, this does not give a full picture – not least because the Council's gross budget (and therefore the scope for variances arising) is much higher, at around £100M per year.
- 6.8 When compared against the gross budget position, underspendings appear much lower in percentage terms – at less than 1%. In light of the Council's financial strategy and budgeting approach, this is considered good performance.
- 6.9 Nonetheless, it is important that the Council challenges its budget setting approach to ensure that it remains fit for purpose, and to identify any further scope for improvement. For instance:
- Does the Council's approach to budgeting cause any undue adverse impact on service delivery, to warrant any major changes in the approach?
 - Are there any significant variances that could have (and should have) been foreseen and allowed for in setting the budget?
- 6.10 Chief Officers are considering such questions, as services develop their business plans. Other than undertaking a further review of vacant posts and turnover provisions, no major improvements or changes put forward by Officers at this time. Also, more minor improvements are achieved through the usual budget review processes. Cabinet is requested to consider its views on this.

7 BALANCING THE BUDGET AND LONGER TERM EXPECTATIONS

- 7.1 Given that the Settlement announcement is imminent, at this stage there is little point in modelling any alternative scenarios for next year or thereafter. From this budget update, it is clear that attention must focus predominantly on 2016/17 and beyond but it is unknown to what extent this period will be covered by the Government's forthcoming announcements, if at all.
- 7.2 There is another significant cautionary note also. The recently announced public consultation on the County Council's budget proposals helps to highlight the issue, and perhaps it helps make the expectation of future budget setting difficulties more real. Just drawing on one such budget proposal, the end of the cost-sharing agreement in connection with waste management will add around £1.1M to the City Council's own funding gap in 2018/19, which is currently just beyond the Council's current revenue planning horizon. Although really good progress continues to be made in balancing the budget for the short term, fundamentally the expected impact

of medium to longer term austerity measures has not gone away. Work continues therefore on developing an organisational development / change programme, for consideration by Members in due course.

8 GENERAL FUND CAPITAL PROGRAMME

- 8.1 Alongside updating revenue expectations, the capital programme has been updated for known changes to date as well as being rolled forward a year into 2019/20. Gross capital investment of £36.8M is currently forecast over the period, resulting in an increase in the Capital Financing Requirement (or underlying need to borrow) of £14.5M. This is now £2.4M higher, predominantly as a result of asset renewals.
- 8.2 In line with the practice adopted a year ago, vehicle, plant and equipment acquisitions are now assumed to be financed as outright purchase, rather than by operating lease, hence this represents the bulk of essential investment. It is still expected that from 2017 or so, all lease arrangements will need to be treated as capital or "on balance sheet". Nonetheless, in the meantime options appraisal will continue as appropriate under delegated authority, with revenue and capital budgets being updated accordingly following decision.
- 8.3 £159K is now included to meet old contractual liabilities in respect of West End properties, to be financed from the Capital Support Reserve in line with its delegated use. This is listed in the programme as Adactus Top Up Grants.
- 8.4 A full capital programme summary is included at **Appendix C**, and the movements to date are summarised below.

	Gross Programme	Change in Underlying Borrowing Need: CFR
	£000	£000
Original Approved 5 Year Programme (to 2017/18, excluding last year)	21,568	+12,106
Key Changes:		
Wave Reflection Wall (<i>Cabinet April 2014, minute 103</i>)	9,097	-
Approved Slippage (<i>Cabinet July 2014, minute 28</i>)	1,706	+698
Quarter 2 Monitoring: Officer Delegated Changes	50	-
Affordable Housing Related Schemes (<i>S106 and officer delegation</i>)	239	-
Vehicle, Plant and Equipment Renewal Updates (provisional)	3,374	+3,166
2019/20 Assumed Extension of Disabled Facilities Grants	783	-
Other Net Changes in Externally Funded Schemes	-33	-
Additions / Increases in Other Council Funded Schemes	93	-
Net Increase in Forecast Capital Receipts (used to reduce borrowing need)	-	-1,421
Total Changes	15,309	+2,443
Resulting Draft 6 Year Capital Programme (to 2019/20)	36,877	+14,549

8.5 As stated each year, all of the Council's capital investment plans need to be affordable, sustainable and prudent, and capital investment is intrinsically linked to the revenue budget. As such, the draft programme will continue to be updated during January and February as Cabinet's budget proposals develop.

9 COUNCIL HOUSING (HOUSING REVENUE ACCOUNT- HRA)

9.1 As reflected in the MTFs, Cabinet's current rent policy for council housing is based on:

- an average rent of £69.91 for 2014/15, representing a 1% increase on the previous year;
- target average rent increases of 2% in 2015/16, with 3% each year thereafter.

9.2 The aim of this policy is to strike a balance between keeping rents affordable, managing financial risks, and increasing and improving council housing provision. For information a 1% change in rent equates to around £135K.

9.3 As part of the current budget process both revenue and capital estimates have been updated, reflecting the above rent policy. The latest draft position is as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Draft Housing Revenue Account (Surplus) for Year	(41.0)	(41.6)	(489.2)	(773.4)

9.4 The latest projections represent a net overspending of £32K in the current year, when compared with the original projected surplus of £73K, and at present this has simply been met from Balances. For information, the current recommended minimum level for HRA balances is still £350K, subject to formal review.

9.5 Cabinet may recall that the 30-year business plan currently works on the basis that monies will be set aside in the earlier years, to offset higher costs in the latter years. This principle accounts for the large surpluses showing in 2016/17 and beyond.

9.6 The biggest issue that has been tackled in the budget review so far is that of budgeting for responsive repair and maintenance costs. This budget has been increased by over £400K per year, financed through reducing the annual contributions to some equipment reserves, and reducing revenue financing for the capital programme. This is considered manageable in the medium term at least.

9.7 The HRA capital programme has been updated as normal to reflect business plan needs and price changes, but these are fairly minor. More significant changes will come through in due course to reflect the outcome of the recent stock condition survey, but the timescales for completing this work are not yet finalised. Furthermore, the programme does not yet include provision for delivering new council housing within the district.

9.8 With regard to future rent policy, back in October Cabinet resolved that a review be undertaken to ensure that it is fit for purpose going forward, in light of Cabinet's

stock expansion plans as well as existing business planning needs. Provisionally it is assumed that will be a matter for the 2016/17 budget, as by then plans should be clearer.

- 9.9 Of more immediate concern, full HRA budget proposals for 2015/16 will be presented to Cabinet in the New Year.

10 DETAILS OF CONSULTATION

- 10.1 Consultation on General Fund matters will be undertaken with relevant stakeholders through the Budget and Performance Panel meeting in January, prior to Budget Council in early March. Consultation on council housing matters will be undertaken through the District Wide Tenants' Forum. This is in line with the Council's consultation strategy.

11 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 11.1 Given that this report is primarily for information, no specific options are put forward.

12 CONCLUSION

- 12.1 The Council is making really good progress in delivering budget savings in a constantly changing and difficult environment, whilst trying to minimise the impact on local communities. It is right to challenge the approach and robustness of budget setting, but it also right to recognise the efforts and achievements of all those involved.
- 12.2 Those achievements have still not negated the reliance on using Balances to help support next year's General Fund budget, however, and this is not sustainable for the longer term. It is hoped, but by no means guaranteed, that forthcoming Government announcements will give greater certainty in terms of the Council's financial outlook – but in any event the medium to longer term budget challenges are still expected to be huge, even allowing for the Council's healthy levels of reserves and balances.
- 12.3 Finally, an important part of those future challenges will be to manage communities' expectations, and it is thought that as other public services providers' budget reductions start to bite, this will gain momentum.

RELATIONSHIP TO POLICY FRAMEWORK

The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer (as Chief Officer (Resources)) has produced this report as part of her responsibilities.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make on the report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None. Background information has previously been published as part of earlier committee reports, as appropriate.

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

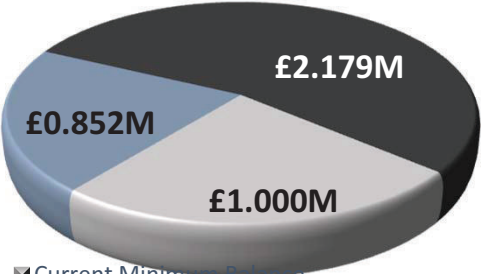
E-mail: nmuschamp@lancaster.gov.uk

GENERAL FUND REVENUE BUDGET : 2014/15 TO 2017/18

For Consideration by Cabinet 02 December 2014

Summary Budget Position To Date				
	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Original Revenue Budget & Projections	18,540	17,877	19,154	0
Changes arising from current budget review process	-776	-959	-755	18,823
Additional Contribution to Balances	776			
Reduction in Original £1M Contribution from Balances		148		
Latest Net Revenue Budget Forecast	18,540	17,066	18,399	18,823
Revenue Support Grant	-5,700	-3,832	-3,273	-2,733
Retained Business Rates - Baseline Funding Level	-5,110	-5,250	-5,355	-5,462
Estimated Collection Fund Surplus	-131	-131	0	0
COUNCIL TAX REQUIREMENT	7,599	7,853	9,771	10,628
TARGET COUNCIL TAX REQUIREMENT <i>(To fit with a council tax increase of 1.99% per year)</i>	7,599	7,853	8,134	8,423
Remaining Savings To Be Identified	0	0	1,637	2,205

Impact on Council Tax				
Tax Base Projections	38,000	38,500	39,100	39,700
Band D City Council Tax Rate - MTFS Targets	£199.99	£203.97	£208.03	£212.17
<i>Percentage Increase Year on Year</i>	<i>1.99%</i>	<i>1.99%</i>	<i>1.99%</i>	<i>1.99%</i>
Current Council Tax Projections	£199.99	£203.97	£249.89	£267.72
<i>Percentage Increase Year on Year</i>	<i>1.99%</i>	<i>1.99%</i>	<i>22.51%</i>	<i>7.13%</i>

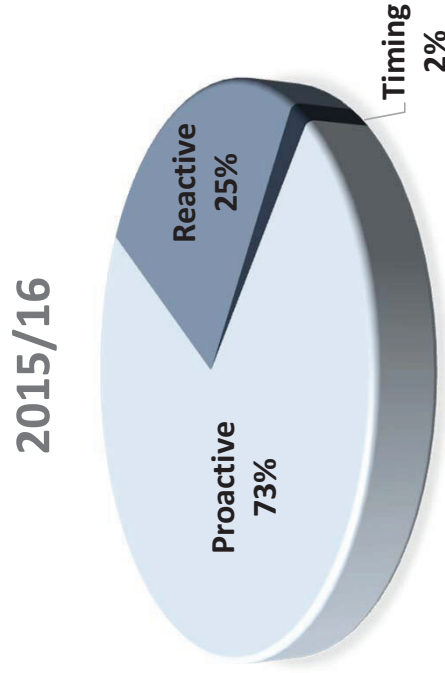
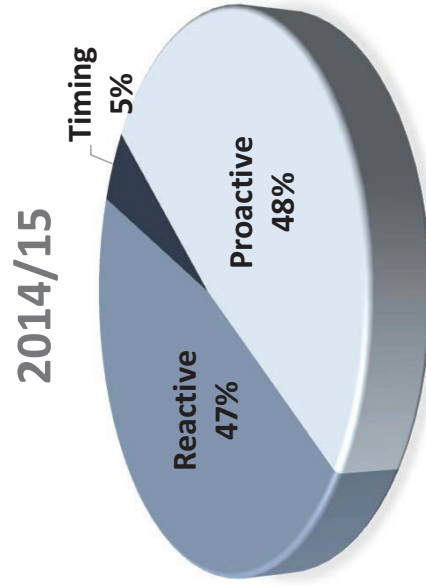
General Fund Unallocated Balances		£M
	Original projected balance as at 31 March 2014	3.436
	Add: 2013/14 underspend	0.277
	Less: Budgeted Contribution for 2014/15	-0.458
	Add: Current Projected Underspend	0.776
	Latest Projected Balance as at 31 March 2015	4.031
	Less: Current Minimum Level	1.000
	Less: Revised Contribution for 2015/16	0.852
	Amount Available to Support Future Years' Budgets	2.179

GENERAL FUND VARIANCE ANALYSIS

For Consideration by Cabinet 02 December 2014

Appendix B

Analysis of General Fund Variances / Net Underspendings		2014/15		2015/16	
		£ VARIANCES		£ VARIANCES	
TOTAL NET VARIANCES		-776,000	-776,000	-959,000	-959,000
Split by	<i>Expenditure Savings</i>	-458,400	-0.4%	-757,000	-0.8%
	<i>Additional Income</i>	-317,600	-0.4%	-202,000	-0.3%
		Expressed as a percentage of			
		-4.2%	Net Revenue Budget	-5.4%	



COMMENTS

2014/15 2015/16

Key Drivers for Variances:

£ £

Proactive Changes (Managed savings, etc)			
Restructures / Deleted Posts / Overtime	-148,000	-167,300	Additional savings achieved over and above the original budgeted £322K.
VAT refund	-108,200		One-off refund relating to successful VAT claim on Trade Waste income, made back in 2010/11
Internal Audit fee work	-12,000		Continuation of work for other bodies
Contribution to Parks reserve no longer required	-30,500	-3,000	Change in provision of parks patrol vehicles now managed by Environmental Services
Apprenticeship reserve	3,100	-19,700	Reduced need for contribution - costs being funded from internal savings
Car allowance savings	-39,400	-40,400	Reduced cost following Personnel Citee decision on 25 Feb 2014
Consultancy & external fees	-51,000	-28,100	Proactive management of costs (although some elements affected by demand)
Software and other licences	-5,900	-25,300	Proactive management of costs
Reduced cost of funding HRA Central Control	-21,200	-28,500	Proactive management of costs
Business Rates reserve	600	-387,700	Reassessment of Business Rates position and funding requirements
	-412,500	-700,000	

Reactive Changes (Unforeseen events, demand changes etc.)			
Net turnover, pay award, incremental progression	-186,100	-13,900	This will also include an element of managed savings, e.g. deliberately keeping posts vacant for a period of time, to review services needs
Fees and charges across all services	-146,300	-78,900	Assumed to be all demand driven
Investment Interest	-51,100	-123,100	Higher than anticipated cash balances & improved interest rate forecasts
Energy Costs	-40,700	15,100	An element of the saving will have been achieved through active management
Water Charges - Williamson Park	11,000	10,000	Additional surface water charges levied by the water supplier
Reduced fuel costs	-69,700	-74,500	Reflects the reduction in the price of oil
Vehicle repair & maintenance	63,000	65,700	In line with 2013/14 outturn, cost of vehicle repair & maintenance has increased
MAAP contribution to reserve (BID)	40,000		Member decision made after budget was set
Other Non-Specific Changes	-24,400	-42,200	
	-404,300	-241,800	

Timing Changes			
West End Property costs	20,600	-75,400	Savings now assumed in 2015/16 re Chatsworth Gardens
Additional vehicle leasing costs	80,100	21,800	The increase in 2014/15 is offset by savings made in 2013/14 - changes in leasing profiles
Revenue cost of capital financing	-92,900	39,600	Mainly due to additional capital receipts in 2014/15 resulting in less financing costs charged to revenue
Direct revenue financing of capital programme	33,000	-3,200	Additional cost in 2014/15 relates to slippage on the 2013/14 capital programme
	40,800	-17,200	

GENERAL FUND CAPITAL PROGRAMME - For consideration by Cabinet 02 December 2014

Service / Scheme	2014/15			2015/16			2016/17			2017/18			2018/19			2019/20			6 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme			
Environmental Services																					
Allotments	27,000		27,000													27,000	0	27,000			
Vehicle Renewals	798,000		798,000	766,000		766,000	922,000		922,000		922,000	1,531,000		1,531,000	2,147,000	2,147,000	2,147,000	6,290,000	0	6,290,000	
Vehicle Tracking System	105,000		105,000													105,000	0	105,000	0	105,000	
Bins & Boxes Scheduled Buy-Outs	12,000		12,000	21,000		21,000	74,000		74,000		74,000	50,000		50,000				157,000	0	157,000	
Toilet Works	126,000		126,000													126,000	0	126,000	0	126,000	
Car Parks Improvement Programme	385,000	25,000	360,000	135,000		135,000									520,000	25,000	495,000	495,000	0	495,000	
District Playground Improvements	125,000		125,000												125,000	125,000	0	125,000	0	125,000	
Williamson Park Improvements & Enhancements			0	75,000		75,000									75,000	0	75,000	0	75,000		
Health and Housing																					
Disabled Facilities Grants (2015/16 onwards to be confirmed)	869,000		869,000	763,000		763,000	763,000		763,000		763,000	763,000		763,000	763,000	763,000	763,000	4,784,000	4,784,000	0	4,784,000
Warmer Homes Scheme	37,000		37,000													37,000	0	37,000	0	37,000	
Salt Ayre Sports Centre - Replacements & Refurbishments			0	30,000		30,000										30,000	0	30,000	0	30,000	
Regeneration and Planning																					
Touran Crossing - King Street	13,000		13,000													13,000	0	13,000	0	13,000	
Dalton Square Christmas Lights (Renewal)			0	28,000		28,000										28,000	0	28,000	0	28,000	
Sea & River Defence Works & Studies	325,000	310,000	15,000	1,020,000	989,000	31,000	1,709,000	1,679,000	30,000	1,652,000	30,000	2,122,000	2,092,000	2,092,000	2,711,000	2,690,000	21,000	9,539,000	9,382,000	157,000	
Amenity Improvements (Morecambe Promenade)	31,000	3,000	28,000													28,000	0	28,000	0	28,000	
Luneside East	25,000		25,000													25,000	0	25,000	0	25,000	
Morecambe TH2: A View for Eric	432,000	328,000	104,000	471,000	353,000	118,000	219,000	166,000	53,000	146,000	118,000	219,000	166,000	146,000	1,122,000	847,000	275,000	275,000	0	275,000	
Improving Morecambe's Main Streets	120,000		120,000	330,000		330,000									450,000	0	450,000	0	450,000		
Aldcliffe Road Canal Side Access Improvements s106 scheme	20,000		20,000												20,000	0	20,000	0	20,000		
Brindle Close Affordable Housing s106 scheme	80,000		80,000												80,000	0	80,000	0	80,000		
Riversview Hostel Affordable Housing s106 scheme	132,000		132,000												132,000	0	132,000	0	132,000		
King SWWellington Terrace Affordable Housing s106 Scheme	180,000		180,000												180,000	0	180,000	0	180,000		
Middleton Nature Reserve S106 Scheme	11,000		11,000	17,000		17,000	4,000		4,000		4,000				32,000	0	32,000	0	32,000		
Adactus Top up Grants	159,000		159,000												159,000	0	159,000	0	159,000		
Bold Street Housing Regeneration Site Works	391,000		391,000												391,000	0	391,000	0	391,000		
Chatsworth Gardens	1,878,000		1,878,000												1,878,000	0	1,878,000	0	1,878,000		
Resources																					
ICT Systems, Infrastructure & Equipment	284,000		284,000	384,000		384,000	76,000		76,000		76,000	210,000		210,000	226,000	84,000	84,000	1,264,000	0	1,264,000	
Corporate Property Works	2,745,000	10,000	2,735,000	3,195,000		3,195,000	2,000,000		2,000,000		2,000,000				5,725,000	3,473,000	2,252,000	7,940,000	10,000	7,930,000	
GENERAL FUND CAPITAL PROGRAMME	10,627,000	2,680,000	7,947,000	7,255,000	2,125,000	5,130,000	5,787,000	2,628,000	3,159,000	2,628,000	1,821,000	4,696,000	2,875,000	2,875,000	2,787,000	3,473,000	382,000	36,877,000	16,186,000	20,691,000	
Financing :																					
Specific Grants and Contributions	2,680,000		2,680,000	2,125,000		2,125,000	2,628,000		2,628,000		2,628,000	2,875,000		2,875,000	2,405,000	3,473,000		16,186,000	37,000	16,223,000	
General Capital Grants	37,000		37,000	0		0	0		0		0	370,000		370,000	0	0		3,448,000	0	3,485,000	
Capital Receipts	2,078,000		2,078,000	630,000		630,000	370,000		370,000		370,000	50,000		50,000	0	0		700,000	0	700,000	
Direct Revenue Funding	495,000		495,000	51,000		51,000	104,000		104,000		104,000	210,000		210,000	170,000	84,000		1,957,000	0	1,957,000	
Earmarked Reserves	1,013,000		1,013,000	406,000		406,000	74,000		74,000		74,000	3,505,000		3,505,000	2,575,000	3,557,000		22,328,000	0	22,328,000	
Earmarked Reserves	6,303,000		6,303,000	3,212,000		3,212,000	3,176,000		3,176,000		3,176,000										
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	4,324,000		4,324,000	4,043,000		4,043,000	2,611,000		2,611,000		2,611,000	1,191,000		1,191,000	212,000	2,168,000		14,549,000	0	14,549,000	
TOTAL FINANCING	10,627,000		10,627,000	7,255,000		7,255,000	5,787,000		5,787,000		5,787,000	4,696,000		4,696,000	2,787,000	5,725,000		36,877,000	0	36,877,000	

SHORTFALL / SURPLUS (-) 0 0 0 0 0 0 0

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

Document is Restricted

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

Document is Restricted