



**Committee: CABINET**

**Date: TUESDAY, 20 JANUARY 2015**

**Venue: MORECAMBE TOWN HALL**

**Time: 10.00 A.M.**

## **A G E N D A**

**1. Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 2 December 2014 (previously circulated).

**2. Apologies**

**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. **Fees and Charges Review - 2015/16** (Pages 1 - 30)  
**(Cabinet Member with Special Responsibility Councillor Bryning)**  
Report of Chief Officer (Resources)
7. **Potential Options for Salt Ayre Sports Centre** (Pages 31 - 37)  
**(Cabinet Member with Special Responsibility Councillor Sands)**  
Report of Chief Officer (Health & Housing)
8. **Development of the 2015/16 Festival Programme** (Pages 38 - 43)  
**(Cabinet Member with Special Responsibility Councillor Sands)**  
Report of Chief Officer (Regeneration & Planning)
9. **Grand Theatre Grant Aid - Capital Works** (Pages 44 - 54)  
**(Cabinet Member with Special Responsibility Councillor Sands)**  
Report of Chief Officer (Regeneration & Planning)
10. **Budget and Policy Framework Update 2015/16** (Pages 55 - 71)  
**(Cabinet Member with Special Responsibility Councillor Bryning)**  
Report of Chief Officer (Resources)
11. **Corporate Plan 2014 16 - Half Yearly Performance** (Pages 72 - 84)  
**(Cabinet Member with Special Responsibility Councillor Blamire)**  
Report of Chief Officer (Governance)
12. **Information Governance and Assurance Update** (Pages 85 - 97)  
**(Cabinet Members with Special Responsibility Councillors Blamire & Bryning)**  
Joint Report of Chief Officer (Resources) & Chief Officer (Governance)
13. **Urgent Business Report** (Pages 98 - 99)  
**(Cabinet Member with Special Responsibility Councillor Blamire)**  
Report of Chief Officer (Governance)

## **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](mailto:ebateson@lancaster.gov.uk).

### **(iii) Apologies**

Please contact Members' Secretary, telephone 582170, or alternatively email [memberservices@lancaster.gov.uk](mailto:memberservices@lancaster.gov.uk).

MARK CULLINAN,  
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Published on Friday 9th January, 2015.

**CABINET**

**Fees and Charges Review – 2015/16  
20 January 2015**

**Report of Chief Officer (Resources)**

<b>PURPOSE OF REPORT</b>				
To consider the annual review of fees and charges for 2015/16.				
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		03 November 2014		
<b>This report is public.</b>				

**RECOMMENDATIONS OF CHIEF OFFICER (RESOURCES)**

- (1) That the report be noted and the updated Fees and Charges Policy as set out at Appendix A be endorsed.
- (2) That Cabinet indicates whether it requires any other areas of income generation to be explored for future years.

**RECOMMENDATIONS OF CHIEF OFFICER (ENVIRONMENT)**

- (1) That for the reasons outlined in the report, Cabinet approves that off street pay and display and permit charges be frozen for 2015/16, subject to consideration by Council as part of the budget process.
- (2) That Cabinet considers whether it wishes to charge for off street car parking on public holidays in Lancaster from 2015/16.
- (3) That with regards to resident parking zones, it be noted that:
  - the cost of managing and administering them is broadly the same in each zone;
  - some of the older zones have, however, benefitted from a long period of no price increases;
  - in all the more recent zones the price of an annual resident permit is £40; and therefore to achieve consistency and to ensure that the cost of administering and managing the schemes is properly covered, it be approved that in zones where the charge is currently less than £40:
    - a) the charge for 2015/16 be increased by £5
    - b) that incremental increases of £5 be made in future years (until consistency is achieved); and

c) that Cabinet requests the County Council to amend the Traffic Regulation Order to achieve these changes.

(4) That Officers bring back a further report, following consultation, setting out how visitor parking should be best managed in the future.

## 1 GENERAL POLICY

1.1 The Council's general fees and charges policy was last considered by Cabinet a year ago and in broad terms, the main principles are still considered relevant. During the last year, however, the Authority has adopted new Financial Regulations and also the Scheme of Delegations to Officers has been updated. The Fees and Charges Policy required updating to reflect these governance changes and the new draft is included at **Appendix A** for Cabinet's endorsement.

1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2013/14 actuals and 2014/15 and 2015/16 estimates. This shows that the total income generated from fees and charges (including rents) is now projected to be £10.4M next year. Of this total, around £4.3M is generally inflation-linked. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts, e.g. trade refuse. As such these income areas allow for little or no discretion in setting fee increases. Furthermore, certain fees such as licensing fees cannot by law be set by Cabinet.

1.3 In general terms, as part of the current budget process all relevant fees and charges have now been increased by 1.5% for next year, in line with the annual inflationary review. Given expected financial pressures, proposing to lower this general % increase is advised against – in any event such a proposal would need to go forward to Council, as part of Cabinet's overall budget proposals.

1.4 Taking account of the comments above, no other options for the general policy update are presented. Cabinet is requested to indicate, however, whether there are any other specific areas for income generation that it wishes to consider. These may relate to existing fees and charges, potential new areas, or proposals for changing the assumed annual inflationary increase.

1.5 The nature and work involved in developing any such ideas would determine the timescales for potential implementation (i.e. if complex proposals were to be developed, implementation for April 2015 would not be possible, but simple proposals may well be deliverable for then). It is highlighted that Officers already have plans in place to undertake more fundamental reviews of charging for some activities, for example events/room hire, but these will not be ready for 2015/16 budget setting as other work takes priority. Instead, they will come forward for 2016/17, as part of the wider organisational development and change programming proposals.

## 2 SPECIFIC CHARGING MATTERS

2.1 Chief Officers have reviewed the fees and charges within their service areas, together with any associated concessions, and any proposals that differ to the general policy principles outlined above, or are otherwise outside of the budget, are set out for consideration in the later sections of this report.

2.2 Where fees and charges are to change in line with policy and/or the budget, these

will be amended through existing Officer delegations and therefore no Cabinet decision is required – and so no detail is provided within this report, unless any unusual circumstances justify otherwise. It should be noted that in exercising their delegated authority, Officers may well consider groupings of charges for similar or related activities and within those groupings, they may vary individual fees (or concessions) above or below inflation, for example – but as long as in totality, it is reasonable to assume that the relevant income budget will be met and the variances do not go against any other aspect of policy, then no Cabinet decision is required.

- 2.3 Should Cabinet support any options contained later in this report that do not meet the draft budget assumptions, then they would need to go forward as growth, for consideration as part of Council's budget proposals. However, Members should be aware that in some instances the timescales for gaining Council approval may cause operational difficulties for implementing any new charges by 01 April 2015, taking account of any statutory notice periods required.

### 3 ENVIRONMENTAL SERVICES

#### 3.1 Car Parking

This is the only area in which a number of options are presented and therefore for clarity, full information is included in **Appendix C** to this report. Cabinet is requested to read the Appendix carefully, in reaching its decisions.

#### 3.2 Waste Bins and Boxes

- 3.2.1 Over the years, there has been much debate regarding whether to introduce some form of charge in relation to the provision of waste bins and boxes.

- 3.2.2 The most recent decision of Cabinet taken in July 2014, (minute 26 refers), was that (1) to (17) of the updated waste/recycling collection policies be approved and with regard to item (18), the subsidised service/usage charge, this should continue as described in the policy (appended to the minutes) until further clarification be sought on the possibility of house builders being required to provide bins as part of the planning process. Cabinet are reminded that currently householders moving into properties without bins and boxes are expected to make a contribution which goes towards the costs of delivery, procurement, administration etc. Cabinet asked for information on whether developers could be required to provide bins / boxes as part of the planning process.

- 3.2.3 In terms of researching this, it is clear that many Councils have in place arrangements whereby for new developments, the cost of provision of waste receptacles is mainly covered by the developer. There is, however, no consistency as to the basis on which this is done from Council to Council.

- 3.2.4 Clearly to avoid challenge in the future however it is important that an Authority approaches this there is a sound, justifiable and legal basis for so doing.

- 3.2.5 The Officer view in this Authority is set out below:

- Under law, Local Planning Authorities (LPAs) cannot put a planning condition on a permission saying that the developer must make a financial contribution for bins and boxes.

What they can do is insist on a financial contribution from a developer through a Section 106 Legal Agreement, such as for bins and boxes. Some Councils have

this as a priority instead of affordable housing or seeking contributions to open space provision.

- Any such contribution must be to deliver essential infrastructure to “mitigate the impact of unacceptable development to render it acceptable in planning terms”, however - and therein lies a fundamental problem with requiring contributions towards items such as bins and boxes.
- Tariff-style contributions (i.e. for every new proposed dwelling the developer should contribute ‘£x’ towards bins and boxes) must always be tested. The tests are:
  1. Is the contribution necessary to make the development acceptable?
  2. Is the contribution directly related to the development?
  3. Is it fair and reasonable in terms of scale and in terms of what it would provide for?
- Government advice (paragraph 004 NPPG - National Planning Practice Guidance) then says that any contribution request must be evidenced and then justified. This means that it is unacceptable to introduce a general tariff style charge – a “site-specific” case (Paragraph 006 NPPG) must be evidenced and made for every request for a contribution from each housing development. A similar example already exists, for affordable housing - when an affordable housing contribution is sought on each housing development, it is evidenced by whether there is a shortfall of affordable housing within that specific area. If there isn’t a shortfall, such as in areas of Morecambe, or if there are other competing issues that take priority, such as the lack of existing school places, then other demands may take priority.
- So if a contribution is going to be requested (e.g. as a consultee on a planning application), then documentary evidence would need to be provided in each case.
- Furthermore Government are still applying pressure to LPAs in respect of renegotiating planning obligations. Whilst the residential market has definitely picked up, we are still advised that if development proposals stall because of s106 requests then they should be renegotiated.

3.2.6 Therefore, Officer advice is that:

- a tariff style imposition would be difficult to defend if challenged.
- Officers could, as consultees, request a contribution to bins and boxes on every development application. The case would have to be tailored to each and every development and would need to be justified. This would require significant officer time.
- Officers could, as consultees, request a contribution to bins and boxes on specific development applications, based on particular issues. This could lead to accusations of inconsistency etc.
- Alternatively, Cabinet could decide to provide bins and boxes without charge. Many developers as a matter of course request bins and boxes for their developments and accept the charge, however.

3.2.7 Taking into account all the above points, no other options are presented and unless Cabinet indicates otherwise, the status quo (i.e. the existing charging policy) will be maintained.

## 3.3 Other Environmental Services Activities

- 3.3.1 All other Environmental Services fees and charges will be set in line with policy and budgetary requirements, under delegated authority.

## 4 HEALTH & HOUSING (including Sport & Leisure)

- 4.1 This service generates income from a wide range of functions and activities. Although the majority are provided statutorily, the council does still have flexibility in setting fees for these services, and in the past research has shown that fees are comparable with other neighbouring authorities.
- 4.2 For the discretionary activities, the Council is free to set its own level of fee, provided that they remain competitive and affordable to retain and attract customers.
- 4.3 In previous years, predominantly the focus of any review has centred on cemeteries and pest control, with the aim of increasing income above inflation where considered possible.
- 4.4 With this in mind, for next year there are no specific new charging policy proposals being put forward. Officers will increase fee levels as appropriate, to cover inflationary targets, and any existing concessions will be maintained appropriately.
- 4.5 This applies to Sport and Leisure also, but Cabinet will note that a separate report elsewhere on the agenda seeks approval to seek a development partner to invest and improve Salt Ayre facilities. Given the current position, it makes sense to hold off from doing any more fundamental review of charging until the outcome of that initiative is known.

## 5 GOVERNANCE

- 5.1 This service has a limited range of functions through which income can be generated, and for areas such as licensing the fee levels are driven by statute – either in monetary value terms or through financial constraints, such as being non-profit making. As stated earlier, such licensing fee setting is not a matter for Cabinet, but nonetheless any financial impact must be reflected within the budget.
- 5.2 Accordingly, the outcome of the latest review of taxi and other miscellaneous licensing fees is scheduled for consideration by the Licensing Regulatory Committee on 12 February, prior to Budget Council. Fees for licences within the remit of the Licensing Act Committee are set by central government.
- 5.3 Any other changes on fees will be actioned by Officers, either to take account of statutory requirements, or to cover inflation.

## 6 REGENERATION AND PLANNING

- 6.1 The most significant income generator within this area is planning fees; these are still determined by central Government.
- 6.2 In terms of discretionary fees, charging for pre-planning advice has now been introduced on a cost-recovery basis. Income of £24K has been assumed within the budget from next year, subject to review in a year's time. It may well be the case that demand for the service increases, and so income would increase further subject



to the demand being manageable within existing staff resources.

- 6.3 There are no other fees and charges for Cabinet's consideration within this service area.

## 7 RESOURCES

- 7.1 Resources also has a number of fees and charges, which are driven by a combination of factors.

- 7.2 The bulk of charges are relatively minor in nature and increases will be effected using Officer delegations, to reflect inflationary pressures. There is one notable budgetary change, however, and this relates to the charges levied in relation to the recovery of local taxation.

- 7.3 The Council has comprehensive arrangements in place for the collection of council tax and business rates, but unfortunately in a number of cases there is the need to issue a summons, to take court action to gain a liability order.

- 7.4 Under Council Tax Regulations, authorities are entitled to recover their reasonable costs involved in gaining such liability orders. Recently a London authority had its basis for charging challenged, and this is now being taken up through judicial review. Its charges are much higher than those being charged by many authorities including the City Council (£125 for the London authority, as compared with a combined total charge of £92 locally), but nonetheless, with ongoing efficiencies being implemented within the Revenues Shared Service now is an opportune time to review income levels; furthermore Lancashire Authorities are seeking to adopt a consistent methodology for the county as a whole. Separately, the number of summonses issued and liability orders sought in any one year can fluctuate significantly. Taking account of all these factors, the income budgets for court costs recovery have been reduced by £130K per year, to around £300K. Actual fee levels will be finalised in due course, under delegated authority.

- 7.5 Given that the recovery of costs is driven primarily by Regulations, no alternative options are presented.

## 8 CONCLUSION

The officer preferred options set out in this report would generate a net cost of between £13K and £18K depending on the option approved for bank holiday parking. However, in general, the setting of fees and charges take on board the need to generate income in line with the requirements of the Medium Term Financial Strategy and the Fees and Charges Policy, whilst endeavouring to ensure customer demand for services is not adversely impacted upon.

### RELATIONSHIP TO POLICY FRAMEWORK

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget. Further relevant extracts and comments are included under the Financial Implication section below.

## **CONCLUSION OF IMPACT ASSESSMENT**

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

The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.

## **LEGAL IMPLICATIONS**

The Fees and Charges Policy and the recommendations set out in this report take account of any statutory or other legal restraints, thus minimising the risk of any legal challenge.

## **FINANCIAL IMPLICATIONS**

Detailed financial implications are set out in the body of the report.

Although the vast bulk of fees and charges will be increased by inflation or other policy driven measures, the specific issues and options presented in this report will add pressure to the revenue budget of up to £18K, depending on what options are taken forward regarding car parking.

Any such pressures will need to be reflected within Cabinet' budget proposals.

In terms of revenues court costs recovery, changes are needed to ensure that charges meet statutory requirements going forward.

For the car parking proposals, the Council has discretion in setting the relevant fees, but any proposal not to cover inflationary assumptions would, in effect, constitute budget growth.

Cabinet is reminded of the existing approved Medium Term Financial Strategy (MTFS), however:

### ***Growth***

*Growth will only be considered if it meets either of the following conditions:*

- *it is needed to meet statutory service standards;*
- *it is essential to meet a key objective within the Council's final Corporate Plan for 2015/16 onwards, for which there are no alternative providers or sources of funding available; and*

*sufficient progress will need to be made in adopting plans for addressing the medium term budget deficit, so as to consider any growth proposal affordable and sustainable in the medium to long term. This applies particularly to any recurring or high cost one-off growth proposals.*

Based on the information available, the Officer preferred options for off street car parking generally would not meet either of these conditions. Furthermore, Cabinet will see from the budget report elsewhere on this agenda that the estimated savings requirements for years beyond next year are still huge, and are expected to increase further from 2018/19.

At present therefore, the s151 Officer's provisional advice is that any recurring growth is currently unaffordable and unsustainable in the medium to longer term, but there may be scope for some limited redirection of resources, as long as more savings can be identified.

Ultimately, should the car parking proposals be supported, these would require a change to the MTFS for consideration at Budget Council.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:**

None specifically. Any ICT implications arising for mobile phone parking will be addressed as part of that project.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and she has no further comments, other than highlighting that this report is in her name – in her capacity as Chief Officer (Resources).

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

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**Ref:**



**LANCASTER CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# **FEES AND CHARGES POLICY**

**January 2015**

## 1 INTRODUCTION

- 1.1 The decisions made by councils about charging for local public services affect everyone. Where councils charge for services, users pay directly for some or all of the costs of the services they use. Where no charges are made, or where charges do not recover the full cost of providing a service, council taxpayers subsidise users.
- 1.2 Fees and charges represent an important source of income, providing finance to help achieve the corporate objectives of the City Council. The purpose of this policy is to set out a clear framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- 1.3 The decisions on whether to make a charge (and the amount to charge) are not always within the control of the Council. Where they are controlled locally, however, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available to make informed decisions.
- 1.4 This policy therefore provides clear guidance to service managers on:
- the setting of new fees and the policy context within which existing charges should be reviewed;
  - how fees and charges can assist in the achievement of corporate priorities;
  - the Council's approach to cost recovery and income generation from fees and charges; and
  - eligibility for concessions.
- 1.5 The policy supports the Council in having a properly considered, consistent and informed approach to all charges it makes for its services. This will, in turn, support the delivery of corporate objectives.

## 2 GENERAL POLICY

- 2.1 This policy relates to fees and charges currently being levied by the Council and those which are permissible under relevant legislation, including the wider general powers to provide and charge for discretionary services included within the Local Government Act 2003.
- 2.2 Statutory charges also fall within the scope of the policy, even though their level may not be determined by the Council. This ensures clarity and consistency and allows subsequent reviews of the policy to be comprehensive. It also enables changes to the national legislative charging framework, and any other situations that may arise in the future, to be addressed.

### Council policies, strategies and priorities

- 2.3 Specific decisions and charging policies should support delivery of the council's Corporate Plan and other local strategies and service objectives. Charging decisions will take account of the council's corporate priorities and have regard for the potential impact on other service areas.

Basis of charging decisions

- 2.4 The council will charge for all services where it is appropriate and cost-effective to do so, unless there are contrary policies, legal or contractual reasons that state otherwise.
- 2.5 When discretionary charges are set, the general aim will be to cover the cost of the service or, where legally possible, the council may charge on a commercial basis. Charges will reflect the full cost of provision, unless covered by subsidies/concessions designed to meet corporate priorities or there are contrary policies or legal reasons.

Subsidies and/or Concessions

- 2.6 Subsidies and concessions may be used to help achieve specific targets or objectives. Concessions should be awarded and reviewed in relation to each service. Where subsidies and concessions are applied there should be an evaluation process in place to measure levels of success in meeting these objectives. Definitions and qualifying criteria for concessionary target groups should be consistent across the Council.
- 2.7 Any reference to the setting or review of fees and charges within this policy should be taken to include/cover any relevant subsidies or concessions also.

Surplus Income

- 2.8 Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. Where a surplus, over budget, is generated, its use shall be determined in accordance with the Council's Financial Regulations (in particular, through the virement scheme as set out in the Medium Term Financial Strategy (MTFS)). This is on the provision that this is not prohibited by other statutory requirements or government guidance.
- 2.9 It is acknowledged, however, that the ability to use charges to deliver the corporate priorities of the Council requires a degree of freedom; corporate controls should avoid imposing unnecessary restrictions.
- 2.10 Any proposals for re-investing any additional income (over and above normal budgetary provisions) to be raised from charging in the expansion and development of a particular service will need to be considered as part of the annual review of charges. Each proposal will therefore be considered on its own merit and in light of financial planning processes and other pressures.

Efficient Administration

- 2.11 Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users, and meet any other requirements of the Council's Financial Regulations and supporting processes. The reasons behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

Regular Review

- 2.12 Charges, and decisions not to charge, will be reviewed annually in sufficient time for the impact of any revisions to be included in the budget setting process. This ensures that they fit within the approved budget framework, as determined by full Council.

Policy Implementation

- 2.13 This policy encompasses decisions made as part of the annual fees and charges review process, where new charges are introduced or where existing charges are removed or amended.
- 2.14 It supports the Council’s Financial Regulations, which are part of the Constitution. Under the Regulations, Chief Officers and others designated by them are responsible for collecting budgeted income, and maximising such income in accordance with this policy and any other relevant supporting policies.
- 2.15 Furthermore, under the Scheme of Delegation to Officers, which is also included in the Constitution, such Officers have authority to set fees and charges in accordance relevant legislation and any charging policy set by Cabinet (as long as they fit with the approved budget framework).

**3 DETERMINING SPECIFIC CHARGING POLICY (CASE BY CASE)**

- 3.1 Each fee or charge (or group of similar charges) should be linked to one of the categories in the following table and the appropriate charging policy adopted in establishing and reviewing charging rates for that particular service or activity. Where new charges are being introduced or changes in charging policy are proposed, the charging policy should be made clear as part of the decision-making process.
- 3.2 In all cases, in determining an appropriate charging policy proper consideration should be given to the wider equality implications that could affect accessibility of council services to any groups.

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.
Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.

Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The council wishes the service to be fully available, but sets a charges to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory	Charges are set in line with legal obligations.

3.3 In applying the appropriate charging policy, as well as equality considerations typically the issues that may need to be considered in setting the level of fee and charge for any particular service include those set out below:

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	<ul style="list-style-type: none"> <li>• Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided.</li> <li>• Are competitors charging similar prices?</li> <li>• Does the council offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• How would changes in pricing structures affect demand for the service and potentially its profitability?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for the service?</li> </ul>
Fair charging	<ul style="list-style-type: none"> <li>• How do the charges compare to other providers of similar services?</li> <li>• Has the loss of income from not charging on a commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost recovery	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges and recharges?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Are Members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing the policy to a different one e.g. subsidised?</li> </ul>
Subsidised	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> </ul>
Nominal	<ul style="list-style-type: none"> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> </ul>
Free	<ul style="list-style-type: none"> <li>• Does this approach fit in with the requirements of other funding streams i.e. grants?</li> <li>• Is this approach legally required?</li> <li>• Is there a potential problem from frivolous use of the service?</li> </ul>
Statutory	<ul style="list-style-type: none"> <li>• Are charges in line with statutory requirements?</li> <li>• Are they set at the maximum permitted levels?</li> </ul>



## 4 **SUBSIDIES AND CONCESSIONS**

4.1 It may be appropriate to consider subsidising some services, particularly if this helps to achieve corporate priorities and supports local strategies and policies. The main reasons for charging less than full cost are set out below:

- There is a sound financial and policy justification for the council tax payers subsidising this service.
- The desire to encourage particular sections of the community to use specific services and they could not afford, or might otherwise be deterred by, full cost charges.
- Charging full cost discourages or prevents uptake, which may have a detrimental impact on the council's finances in the long run.
- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.
- The council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.

4.2 When considering using a subsidy, the following points should be taken into account:

- It must clearly and directly support a corporate priority, objective, or policy.
- There is evidence to suggest that the impact of the policy can be measured.
- The cost of the subsidy can be estimated and can be accommodated within the council's budget, making it affordable.
- The proposal is the most effective approach available to deliver the policy objective, and so can be judged to give value for money.

4.3 It is recognised that in some circumstances discounts may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

## 5 **NEW FEES AND CHARGES**

5.1 Proposals for new discretionary fees and charges must be considered within the annual budget process or, where necessary, submitted to Cabinet initially for approval as an in-year change. Should any proposed change fall outside of the budget and policy framework, it would also require referral to Council.

5.2 Proposals for new fees and charges should be analysed using the guidance in the appendix to this policy. This effectively provides a brief rationale and business case for the proposed charge.

5.3 The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and formally reviewed as part of the following budget process.

5.4 Where new statutory fees and charges are to be introduced, or when changes have been notified, ideally Cabinet and/or Council should be advised of any

significant budgetary or policy implications prior to their implementation by Officers, should timescales allow; this may be done through the budget process. Alternatively, any implications should be reported retrospectively through usual quarterly monitoring arrangements.

## **6 REVIEWING FEES AND CHARGES**

- 6.1 Chief Officers and designated staff must consider charging policies and current levels of charge each year as part of the budget and service planning process.
- 6.2 The general assumption (where the Council has control) is that the value of fees and charges will be maintained in real terms over time and increased annually in line with estimated inflation, as determined through the budget. Clearly this assumption changes, if the adopted charging policy for a particular activity determines otherwise.
- 6.3 Additionally, Cabinet may decide to set income targets for specific service areas as part of an effort to identify efficiencies and/or generate additional income.
- 6.4 Separate to the annual budgeting exercise, if there are any significant matters arising during the course of a year, such as in cost, market forces or service levels, which materially affect current charges and revenues, then relevant fees and charges should be reviewed. If it is reasonable for them to be adjusted in year, to keep within the budget framework, then the Chief Officer has delegated authority to do so, as long as any fee or charge under question was not explicitly approved by Members during the last budget process. Any such changes must be reported to Cabinet retrospectively as part of usual quarterly monitoring arrangements.
- 6.5 In all other cases (except for statutory fee change notifications covered in 5.4), any proposals to change fees, and/or any expected income budget shortfalls, must be reported initially for Cabinet's consideration. Referral to Council may also follow, depending on circumstances. Any proposal to amend significantly an existing fee or charge will require a full explanation and justification to be provided.

## **7 COLLECTION OF FEES AND CHARGES**

- 7.1 Fees and charges income should be collected and accounted for in accordance with the Council's Financial Regulations and any supporting instructions, procedures and guidance. Wherever it is reasonable to do so, charges should be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly, and appropriate collection and recovery procedures followed.

**8 PUBLICATION OF FEES AND CHARGES**

- 8.1 Each service should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national / external procedures or other specific procedures for determining and reviewing rates of charge.
- 8.2 Generally the Council's fees and charges should be set prior to the start of each financial year. They should be widely published, including through the council's website, and consist of a schedule of charges across each service area.
- 8.3 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented, together with clear advice on VAT, and information on any discounts or concessions available. In the absence of any specific requirements, reasonable notice is defined as one calendar month.

## GUIDANCE FOR NEW FEES AND CHARGES

### Charging Policy

The charging policy objectives must be stated here, together with why this policy (Full Commercial or Fair Charging etc.) has been adopted. The intended aims of the charges should also be clearly thought out and explained. Any legal issues should be identified.

### Comparative Information

Include here details of comparative information collected from other authorities or competitors etc.

### Financial

Information Required	Description
Level of charge	Recommended or proposed new level of charge.
Start date	Proposed implementation date for new level of charge, although it could be related to a future event.
Budgeted income	Level of income to be generated from the new charge.
Surplus / deficit as a percentage of cost	The total cost of supplying the service (including recharges and other overheads) should be calculated and deducted from the income generated. This surplus or deficit should then be compared to the total cost as a percentage. Calculating total cost may require the use of judgement and reasonable assumptions. This is acceptable, so long as a clear audit trail of those assumptions is maintained.
Surplus / deficit per usage	The difference between income generated and the total cost of providing that service, divided by the expected number of users of that service.

### Impact Assessment

Any proposals must identify likely impact on the service's users including; who currently benefits from the service, the effects on them of any changes and who will benefit from new exemptions and discounts together with how demand and usage is expected to change. Equality issues must specifically be considered and reported.

### Impact on Other Areas

The likely consequences in terms of reduced or increased demand for other council services must be identified here as well as any extra costs to other services. Equality issues must specifically be considered and reported.

**Method of Collection**

Proposals for new charges must identify what collection methods will be used. If this is a change in current arrangements it will need to identify the following:

- What the likely impact is on the rate and costs of collection;
- What account has been taken of how long low income users can pay; and
- How cost effective will the new methods be?

**Alternatives**

Explain here the other measures that have been considered instead of, or as well as, the proposed charge (cost cutting, reducing charges, sponsorship etc.).

**Consultation**

Include here the extent of consultation conducted, which will be dependent upon the impact of fee and/or charge, and the results of that consultation.

**For Consideration by Cabinet 20 January 2015**

Service	Service Area	Cost Centre Area	Detail Code	2013/14 Actual £	2014/15 Revised £	2015/16 Estimate £	
<b>Environmental Services</b>	Public Realm	Bull Beck Picnic Site	Rents - General	-5,500	-5,500	-5,600	
			City Centre Markets & Traders	General Fees & Charges	-9,407	-12,100	-9,800
				Market Tolls	-66,732	-64,900	-63,900
		Giant Axe Field	Rents - Market Stalls	-18,383	-20,400	-20,700	
			Rents - General	-807	-800	-800	
			Service Charges Recovered	-1,179	-1,200	-1,200	
		Grass Pitches	Receipts Non-Vatable	-12,919	-12,400	-12,600	
		Greaves House & Gardens	Rents - General	-331	-300	-300	
		Grounds Maintenance	General Fees & Charges	-213,572	-200,000	-200,000	
			Happy Mount Park	Bowling	-935	-600	-600
				Rents - Concessions	-3,500	-3,500	-3,600
				Rents - General	-16,920	-23,900	-19,900
				Service Charges Recovered	-447	-500	-500
				Tennis	-602	-400	-400
		King George V Field Lcr		Rents - General	-2,050	-2,100	-2,100
			Service Charges Recovered	-174	-200	-200	
		King George V Field Mbe	Rents - General	-1,075	-1,100	-1,100	
			Morecambe Market	Advertising - Hoardings Etc	-1,484	-1,000	-1,000
				Rents - Market Stalls	-278,773	-275,000	-275,000
				Service Charges Recovered	-14,024	-14,000	-14,000
				Storage	-10,988	-11,000	-11,000
			Non-Resort Parks & Open Spaces	Rents - General	-5,850	-10,500	-5,600
		Nurseries	General Fees & Charges	-78,315	-74,100	-75,300	
		Off Street Car Parks	Car Parking Fees	-2,082,036	-2,163,400	-2,220,300	
			Car Parking Fees - Evening Charges	-99,186	-100,000	-101,700	
			Car Parking Permits	-145,652	-146,400	-148,900	
			Fines	-138,888	-139,600	-139,600	
			Rents - General	-32,460	-33,500	-33,500	
		On-Street Parking Services	On-Street Parking Dispensations	-14,666	-2,900	-2,200	
		Open Spaces	Rents - General	-2,015	-2,000	-2,000	
		Promenade Management	Rents - Concessions	-9,095	-9,300	-9,500	
			Rents - General	-25,410	-25,100	-25,500	
			Sales - Promenade Passes	-1,787	-1,700	-1,700	
			Service Charges Recovered	-749	-700	-700	
			Public Conveniences	General Fees & Charges	-18,618	-35,500	-23,900
		Recreation Grounds	Bowling	-2,607	-2,400	-2,400	
		Regent Park - Income	Rents - Concessions	0	-3,700	-3,800	
			Service Charges Recovered	0	-100	-100	
		Residents On-Street Parking	Car Parking Contracts	-74,332	-74,300	-74,300	
		Small Parks & Open Spaces	General Fees & Charges	-565	-400	-400	
		Stone Jetty	Rents - Concessions	-7,300	-2,400	-8,300	
			Service Charges Recovered	-522	-800	-800	
		Street Cleaning	Fines	-1,762	-2,000	-2,000	
			General Fees & Charges	-28,470	-28,900	-29,400	
		Williamson Park Butterfly House	Admission Fees	-68,045	-74,000	-70,000	
			Educational Usage	-9,418	-11,300	-11,300	
			Family Tickets	-18,147	-19,000	-18,000	
		Williamson Park Cafe	Sales - General	-210,723	-213,500	-203,400	
		Williamson Park Events	Special Events	-16,460	-15,000	-15,300	
			Venue Hire	-36,423	-43,600	-41,200	
		Williamson Park Grounds Mtce	Sale Of Memorial Plaques	-2,217	-1,800	0	
		Williamson Park Concessions	Sales - General	-12,200	-8,600	-16,800	
		Williamson Park Lodges	Rents - General	-5,712	-5,700	-12,700	
		Williamson Park Mngmt & Admin	Car Parking Fees	-28,671	-29,000	-26,000	
			Sales - General	0	-400	-400	
		Williamson Park Retail	Sale of Recycling Material	-908	-1,000	-1,000	
			Sales - General	-38,346	-42,300	-35,600	
			Sales - Publications & Data	-494	-500	-500	
		Service Support	White Lund Depot	Feed In Tariff Credits	-15,237	-13,900	-15,300
				Rents - General	-13,835	-13,800	-13,800
		Waste/Recycling	Bulky Waste Collection	Sales - Goods Resold	-6,153	-4,600	-4,700
				Domestic Collections	-44,248	-44,600	-45,300
				Sales - Goods Resold	-21,735	-15,000	-15,300
			Three Stream Waste Collection	Sales - Scrap	-3,169	-1,200	-1,200
				Domestic Collections	-12,244	-3,400	-3,500
		Trade Refuse	General Fees & Charges	-554	-10,000	-10,200	
			Trade Refuse Collections	-1,026,363	-1,266,600	-1,233,700	

Service	Service Area	Cost Centre Area	Detail Code	2013/14 Actual £	2014/15 Revised £	2015/16 Estimate £		
<b>Governance Services</b>	Democratic Services Legal	Electoral Registration Legal Services Mgt & Admin	Sales - Publications & Data	-887	-2,100	-2,100		
			General Fees & Charges	-127,548	-44,700	-30,200		
			Legal Fees-County Court	-15,974	-5,000	-15,600		
	Licensing	Searches Administration Gambling Act 2005	Legal Fees-Magistrates Courts	-2,599	-1,500	-2,700		
			Search Fees	-222,039	-225,000	-218,600		
			Amusement Machines	-2,361	-4,400	-4,500		
		Hackney Carriage & Private Hire Licences	Licences - Betting Shops	-10,200	-11,200	-11,400		
			Licences - Bingo Establishments	-10,500	-3,000	-3,100		
			Licences-Gaming Machines	-2,100	-2,000	-2,000		
			Licences - Lotteries	-2,940	-3,300	-3,400		
			Dual Drivers Badge	-15,084	-15,000	-15,300		
			H.C. Driver Licence	-11,407	-9,900	-10,100		
			H.C. Inspection Fees	-10,308	-10,400	-10,600		
			H.C. Taxi Plates	-1,812	-1,800	-1,800		
			H.C. Transfer Of Ownership	-163	-100	0		
			H.C. Vehicle Licence	-23,125	-22,000	-23,000		
			P.H. Drivers Licence	-17,609	-15,000	-15,300		
			P.H. Inspection Fees	-22,009	-24,000	-24,400		
		Licensing Act 2003	P.H. Operators Licence	-5,797	-6,200	-6,300		
			P.H. Taxi Plates	-4,082	-4,400	-4,500		
			P.H. Transfer of Ownership	-202	-100	0		
			P.H. Vehicle Licence	-45,908	-45,800	-46,600		
			Unmet Demand Survey	0	-8,000	0		
			Licensing Act 2003 - Personal	-7,551	-8,100	-8,200		
		Miscellaneous Licences	Licensing Act 2003 - Premises	-118,571	-120,000	-122,000		
			Temporary Event Notices	-6,868	-6,400	-6,500		
			Licences - Motor Salvage Operators	-5,366	-600	0		
			Licences - Second Hand Dealers	-1,111	-500	-500		
			Licences - Sex Shops	-2,550	-500	-500		
			Licences-Skin Piercing\Tattoos	-809	-1,500	-1,500		
				Licences - Street Cafes	-4,352	-5,200	-5,300	
		<b>Regeneration &amp; Planning</b>	Development Management	Building Control Mgmt & Admin Building Regulations Development Control	Income - Works In Default	-6,386	-2,000	0
					Bldg Regs - Application Fees	-79,255	-70,000	-70,000
Planning Application Fees	-618,309				-650,000	-500,000		
Economic Development	Lancaster V.I.C.		Pre Planning Application Advice Fees	0	-5,000	-24,000		
			Commission - Accom Bookings	-107	-100	-100		
			Commission - Concert Ticket	-710	-1,100	-1,100		
	Morecambe V.I.C.		Commission - National Express	-235	-200	-200		
			Sales - Publications & Data	-7,405	-7,000	-7,100		
			Sales - Souvenirs	-17,899	-16,000	-16,300		
			Travel Tickets	370	-700	-700		
			Commission - Accom Bookings	-423	-200	-200		
			Commission - Coach Travel Tickets	96	-600	-600		
			Commission - Concert Ticket	-389	-500	-500		
			Commission - National Express	129	-600	-600		
			Commission - Sea Cat	-33	-100	-100		
Regeneration	Platform		Sales - Publications & Data	-7,097	-8,100	-8,200		
			Sales - Souvenirs	-14,255	-14,100	-14,300		
			Travel Tickets	-1,198	-2,800	-2,800		
	Bold Street Property Account Middleton Nature Reserve & Pumping Station		Admission Fees	-90,002	-91,300	-97,500		
			Bar	-47,066	-47,000	-47,800		
			Cafe	-2,700	-2,500	-2,500		
			Private Hire	-26,534	-31,400	-31,900		
			Venue Hire	-26,560	-26,500	-26,400		
			Rents - Commercial Properties	-6,325	-1,500	-1,000		
			Rents - General	-875	-1,000	-1,000		
			Rents - Grazing Rights	0	0	-900		
			Rents - Wayleaves & Titles	-9,824	-500	-500		
Sea Defence Works	-1,099		-1,500	-1,500				
West End Property Account	Rents - Commercial Properties		-16,000	-16,000	-16,000			

Service	Service Area	Cost Centre Area	Detail Code	2013/14 Actual £	2014/15 Revised £	2015/16 Estimate £	
Health & Housing Services	Environmental Health	Cemeteries - General	Hire Of Chapels	-3,277	-3,600	-3,700	
			Interment Fees	-130,991	-114,400	-116,300	
			Memorial Fees	-18,586	-22,600	-23,000	
		Rents - General	-600	-600	-600		
		Rents - Grazing Rights	-330	-300	-300		
		Sale Of Grave Spaces	-80,836	-72,900	-74,100		
		Sale Of Memorial Benches	-1,617	-1,300	-1,300		
		Sale Of Memorial Plaques	-27,371	-27,400	-27,900		
		Dog Warden Service	Collections and Kennelling	-5,094	-5,200	-5,300	
			Fines	-1,570	-2,300	-2,700	
			Sales - General	-733	-700	-700	
		Environmental Protection	EPA Authorisation Fees	-16,849	-15,800	-15,800	
			Income - Works In Default	-12,811	-3,500	-3,600	
			Water Sampling Fees	-1,931	-7,000	-7,100	
		Health & Safety Enforcement	Fines	150	-100	-100	
			Lancaster Port Health Authority	General Fees & Charges	-4,197	-2,800	-2,800
		Pest Control		Insect Control Charges	-27,037	-28,600	-29,200
			Pest Control Contracts	-47,078	-55,500	-56,400	
			Rodent Control Charges	-30,939	-31,600	-32,100	
		Public Health Services	Burial Of The Dead	0	-4,100	-4,200	
			Licences-Animal Boarding	-5,516	-4,000	-4,100	
			Licences - Dog Breeding	-551	-600	-600	
			Licences - Pet Shops	-1,380	-1,700	-1,700	
			Licences-Riding Estabs	-826	-1,100	-1,100	
			Vets Fees Recovered	-1,341	-1,000	-1,000	
		GF Housing	Mellishaw Park	Rent - Houses	-54,385	-48,700	-49,700
				Service Charges Recovered	-8,829	-9,000	-9,200
		Sport and Leisure	Aquarius Health & Beauty Carnforth Swimming Pool Heysham Swimming Pool Hornby Swimming Pool Community Leisure Projects Heatwaves Holiday Activities Holiday Activities Programme Main Hall Outdoor Synthetic Pitch Projectile Hall Reflexions Salt Ayre Mgt & Admin  SASC Cafe SASC Outdoor Tracks Shop Sports & Physical Activity Studio Swimming Home Improvements Home Improvement Team Private Rented Sector Activity	Fees and Charges	-2,182	-2,000	-2,000
				Fees and Charges	-119,383	-117,600	-119,600
				Fees and Charges	-158,700	-162,100	-164,800
				Fees and Charges	-79,526	-79,400	-80,700
				Admission Fees	-4,961	-4,200	-4,300
				Fees and Charges	-6,545	-5,600	-5,700
	Fees and Charges			-2,196	-2,200	-2,200	
	Admission Fees			-11,289	-8,400	-8,500	
	Fees and Charges			-146,842	-154,300	-156,900	
	Fees and Charges			-6,001	-5,800	-5,900	
	Fees and Charges			-17,764	-16,800	-17,100	
	Fees and Charges			-316,913	-348,500	-312,000	
	Feed In Tariff Credits			-2,525	-13,900	-15,300	
	Fees and Charges			-2,599	-3,400	-3,500	
	Fees and Charges			-119,390	-112,000	-121,500	
	Fees and Charges			-12,482	-16,600	-16,900	
	Fees and Charges			-7,834	-9,400	-9,600	
	Admission Fees			-12,942	-8,700	-8,800	
	Fees and Charges			-47,692	-49,600	-50,400	
	Fees and Charges			-286,260	-274,700	-291,500	
	Administration Charges			-98,924	-87,700	-79,500	
	General (CR) - Miscellaneous			-31,634	-34,200	-20,000	
	Admin-Works In Default			-1,336	-1,000	-1,000	
	APS Fees	-5,242	-1,500	-300			
	Fines	-3,300	-1,200	-1,200			
	HMO Licence Fees	-31,112	-10,400	-12,000			
Immigration Inspection Fees	-307	-300	-300				
Resources	Financial Services	Financial Services Mgmt & Admin	Administration Charges	-2,856	-2,600	-2,600	
	Property Group	Commercial Land & Buildings	Rents - General	-811,465	-830,700	-862,800	
			Service Charges Recovered	-334,076	-320,500	-333,000	
			Hire Of Premises	-4,022	-6,300	-6,400	
			Sales - Refreshments	-46	-100	-100	
			Rents - Grazing Rights	-6,085	-5,500	-5,500	
			Hire Of Premises	-63,110	-63,200	-74,500	
	Municipal Buildings	Sales - Refreshments	-4,923	-5,000	-5,100		
		Admission Fees	-78	-100	-100		
	Town Hall Tours	Customer Services Mgmt & Admin	Sales - Goods Resold	-794	-700	-700	
		Revenues and Benefits	Council Tax & NNDR	Court Costs Recovered	-416,636	-403,500	-302,600
	<b>TOTAL INCOME</b>				<b>-10,367,805</b>	<b>-10,591,500</b>	<b>-10,400,700</b>



**FEES AND CHARGES POLICY REVIEW**  
**For Consideration by Cabinet 20 January**

**APPENDIX C**

**ENVIRONMENTAL SERVICES – CAR PARKING**

**1 Background**

**Off-Street Car Parking Charges**

The Council recognises the contribution effective management of off street car parking makes to the overall management of the public realm, including wider traffic management issues. Effective management is underpinned by a parking strategy which recognises the importance of an effective pricing policy. This in turn supports the wider delivery of the Council's aims and objectives as outlined in the Corporate Plan.

Parking fees and charges are reviewed annually to ensure the Council meets its transportation and budget commitments. Last year Members approved the following changes:

*Increase the majority of short and long stay car parking tariffs on all car parks in Lancaster and Morecambe with the exception of the 1 hour tariff*

*Introduce 24 hour parking charges in Lancaster*

*Increase charges at Williamson Park and remove the Annual Permit*

*Increase all car park permits by 5%*

*Introduce parking charges on Bank Holidays in Lancaster*

*Increase the 1 hour charge on the Festival Market Car Park by 10p*

*Increase parking charges on Morecambe's outer car parks*

Lancaster District Chamber of Commerce and Lancaster BID objected to the introduction of Bank Holiday parking charges in Lancaster. Following consideration of the objection and a programme of events submitted for Bank Holidays it was decided to rescind the decision to introduce the charges.

**On-Street Parking Charges**

Lancashire County Council approved the introduction of increased on-street pay and display charges for 2014/15 and these were introduced in June. The current on-street and short stay car parking charges are as follows:-

<b>Parking Charge</b>	<b>On-Street</b>	<b>Car Parks</b>
Up to 1 hour	£1.40	£1.30
Up to 2 hours	£2.30	£2.40

The 1 hour differential charge is now in place to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces and adding to congestion and increasing pedestrian safety issues. Although the 2 hour differential has not been maintained there are very few 2 hour

on-street parking spaces.

The County Council is likely to be reviewing its charges as part of its budget proposals but there is no information available at the current time and is unlikely to be available when Cabinet considers this report.

For the purposes of this report Officers have assumed (and expect) that on-street car parking charges will remain the same in 2015/16.

## **Update on Mobile Phone Parking**

Since the last review, work has progressed on the mobile phone parking project and it is planned to launch this in Spring 2015. This will allow customers to purchase their parking via mobile phone, mobile app or via the service providers' web site. Customers can register free of charge to use the service via a 01524 local dialling code and are charged at a local call charge rate. Customers are charged a 20p convenience charge and can choose to pay a further 10p for a text reminder to advise them their time is running out. Customers can top up without having to return to the car park and a further 20p convenience charge is paid.

## **Residents Parking Administration**

The City Council administers 14 resident parking schemes throughout the District on behalf of the County Council. The cost of administering these schemes in recent years has exceeded the income that is generated from the various types of permits that are sold to residents and other customers. Whilst the County Council recognises the benefits of close working arrangements over a range of parking and public realm functions it has recently indicated that it is not prepared to fund the deficits on this account which total £51.6k for 2012/13, 2013/14 and the projected deficit in the current year. From 2015/16 as things stand we expect the deficit to run at £2.9K per annum. County's stance is that the City Council has the scope to manage the account without running into deficit.

In view of this information the draft budget has been updated accordingly. Furthermore resident permit charges have been reviewed to provide proposals included in this report to address the adverse variance on the residents parking account.

Beyond this, arrangements for visitor parking are also being reviewed to improve customer convenience and to streamline administrative processes. These proposals will be the subject of consultation with residents and a further report will be submitted to Cabinet in due course.

The above does need to be taken in context of the savings the City Council has benefitted from via County's new Civil Parking Enforcement contract which is already in place and generates an estimated annual revenue saving of £60K. And the fact that overall car parking contributes £1.6+ million to the delivery of the Council's priorities. It also needs to be considered in the context of the benefit our Citizens get from having residents car parking administered locally by the City Council.

## **2 Influencing Factors for 2015/16**

There are a number of issues that need to be taken into account when looking at parking during 2015/16 and future years. These include the current usage information, whether the impact of the United Utilities works around Lancaster Bus

Station has changed transport habits permanently, the issues highlighted in the Parking Strategy and in the longer term the introduction of Park and Ride at M6 junction 34 which is part of the Heysham M6 Link road.

## 2.1 Usage Position

As part of the monthly corporate monitoring of parking income usage is also monitored and the following table shows the latest position:-

	Lancaster		Morecambe		TOTALS
	Short Stay	Long Stay	Short Stay	Long Stay	
<b><u>Last Full Year Comparison</u></b>					
2012/13	724,664	134,927	339,874	157,398	1,356,863
2013/14	685,992	151,836	321,923	153,324	1,313,075
<b>Variance</b>	<b>-5.34%</b>	<b>12.53%</b>	<b>-5.28%</b>	<b>-2.59%</b>	<b>-3.23%</b>
<b><u>Recent 6 month comparison</u></b>					
2013/14	335,329	73,553	171,326	98,150	678,358
2014/15	328,850	75,062	168,840	95,912	668,684
<b>Variance</b>	<b>-1.93%</b>	<b>2.05%</b>	<b>-1.45%</b>	<b>-2.28%</b>	<b>-1.43%</b>

The above information confirms a similar trend to that reported last year, overall usage is reducing with the exception of Lancaster's long stay car parks. The full impact of the closure of Wood Street short stay car park is shown in the above full year comparison and the 6 month comparison shows a further slight reduction of -1.93%. In Morecambe the short stay full year comparison has increased to -5.28% but the long stay comparison has reduced to -2.59%.

### Permits

All car park permits were increased by 5% during the last review but sales have reduced by just under 5% with an adverse variance of £7.8k.

## 2.2 United Utilities Works

These major works to upgrade and improve Lancaster's sewer system have been ongoing since February 2013. Phase 4 of the works started in mid-September 2014 and was completed on 22nd November 2014. Phase 4 was the most disruptive in terms of traffic management and included the closure of North Road and Rosemary Lane and the redirection of inbound city centre and through traffic along St Leonard's Gate. This also affected access to Cable Street Car Park and access to St Nicholas Arcades Car Park was from St Leonard's Gate and across the junction with Stonewell. At this stage it is not clear whether these works have had a permanent impact on people's travel patterns. Ongoing monitoring will help assess this.

## 2.3 Parking Strategy

The Strategy recognises that parking charges are a useful mechanism for assisting with the control of demand for parking space. However, it also recognises a careful balance needs to be found and if parking charges are too high spaces will be

underused and conversely if they are too low demand for spaces will increase to a level which makes them difficult to find and increases congestion. Charges should, therefore, be set at a level which influences behaviour in support of other objectives of the strategy, maximises revenue to support the improvement of the service and encourages regeneration and the economic wellbeing of the district. The management of car parks also supports a number of priorities included in the Council's Corporate Plan. The existing Parking Strategy has been recently reviewed and Cabinet agreed it in principle subject to consultation. The consultation has now taken place and there are no substantive changes to the draft previously considered by Cabinet. The final version will shortly be presented to Cabinet for final approval.

#### 2.4 Introduction of Park and Ride

Work began in January 2014 on the Heysham to M6 Link Road and is scheduled for completion in mid to late 2016. The road will provide better access for residents, businesses and tourists to the area. The scheme includes the provision of a 600 space Park and Ride site to improve access to the city centre. The Parking Strategy includes a number of aims to assist the development of the use of the new facility including monitoring the use of long stay car parks in Lancaster and considering reducing the number of long stay parking spaces; whilst ensuring that sufficient spaces are available for customers travelling from the south and west. Although encouraging greater use of the Park and Ride facility may not be possible until a ring of sites has been established, an update on the implications for parking charges will be included in the review of charges for 2016/17.

### 3 Financial Position

The 2015/16 draft revenue budget outlined in the table below assumes that income from evening charges and permits will be similar to the projected 2014/15 revised estimate level and the 2015/16 base budget has been adjusted accordingly, which is consistent with the 2013/14 outturn position. With regard to daytime fee income it is expected that this will improve when Wood Street Car Park is reopened and therefore the base position has remained unaltered. Inflationary increases of 1.5% have then been added to the base budgets in line with the Council's existing policy on fees and charges.

	<b>2014/15 Estimate</b>	<b>2014/15 Revised</b>	<b>2015/16 Estimate</b>	<b>Inflation Included</b>
Fees	£2,183,600	£2,163,400	£2,218,100	£34,500
Evenings	£110,700	£100,000	£101,600	£1,600
Permits	£154,200	£146,400	£148,700	£2,300
<b>TOTAL</b>	<b>£2,448,500</b>	<b>£2,409,800</b>	<b>£2,468,400</b>	<b>£38,400</b>

**The annual review needs to consider options for covering additional inflationary increases of £38,400 across the above headings.**

#### 4 Proposal Details

The budget assumes that increases equivalent to an overall 1.5% will be added to car parking charges.

As outlined in the report, however, due to a variety of factors and particularly the upheaval of the UU works during 2014 it has been very difficult to analyse the impact of last year's comprehensive increase in charges. Meaningful analysis is

required to establish whether charges at a certain level are actually financially sustainable. Without proper analysis there is a risk that further increasing charges in 2015/16 will in theory balance the budget but in practice it could mean that assumed income does not materialise.

There are essentially 3 areas for decision:

## 4.1 Off Street Charges (Generally)

### **Option 1A- Increase a range of charges to achieve the budget figure.**

This could be achieved by increasing the 1 hr short stay tariff by a further £0.10 to £1.40. This would however require County to increase their on street tariff by the same amount. Otherwise on street and off street parking in this tariff would be the same price, which from a traffic management perspective is not ideal. Therefore, unless County were going to increase on street parking in this tariff it is not an approach Officers would recommend.

It could also be achieved by a combination of increases on less sensitive tariffs in short and long stay car parks. This would be the officer preferred approach were Cabinet minded to increase parking charges. For the reasons previously outlined, however, there is a risk that whilst the increases would achieve the budget figure in theory this would not be achieved in practice.

### **Option 1B- Freeze charges**

This proposal is to freeze all car parking charges at current levels for 2015/16. This is in view of the above information on usage and the various factors influencing the management of car parks, but it is expected to have financial implications. Cabinet approved wide ranging increases for 2014/15 but it has been difficult to access the true impact of these increases in view of the major road works in Lancaster and car park closure and access arrangements.

## 4.2 Lancaster Bank Holiday Parking

The only other proposal for consideration is the introduction of car parking charges in Lancaster on Bank Holidays. This is to align Lancaster's charges with Morecambe where Bank Holidays charges have been in place for many years. As previously mentioned this was originally approved and then rescinded following an objection.

## 4.3 On-Street Permit Charges

Permit charges and other arrangements relating to residents parking schemes are included in Traffic Regulation Orders (TRO) maintained by the County Council. It has recently been agreed that the mechanism for changing charges for residents parking is for the City Council to approve recommendations and for the County Council to then make the necessary changes to their TROs.

In recent years the charge for a Resident Permit in a newly introduced parking zone is £40.00 per annum. However, there are 8 long standing parking zones where the charge is £25.00 per annum and this charge has never been increased since the parking zones were introduced (some of these parking zones date back to 1996). One parking zone, which only consists of limited waiting parking spaces with an exemption for permit holders rather than dedicated spaces for residents, is £15.00

per annum and again this charge has not been increased since the zone was introduced in 1997.

Cabinet is asked to support an increase in on-street Resident Permit charges in zones where the current charge is less than £40.00 per annum and to ask the County Council to make the necessary changes to their Traffic Regulation Orders to implement permit charge increases from 1<sup>st</sup> May 2015. The recommendation is to implement a £5.00 per annum increase for 2015/16 and for incremental increase of £5 in future years. This is on the basis that no increases have ever been implemented in these parking zones and the cost of administering every parking zone is very similar.

The County Council support this approach and it will be consistent with other arrangements across the County.

As previously mentioned the current arrangements for visitor parking in residents parking zones is being reviewed. It is likely that Cabinet will be asked to consider a future report recommending changes to visitor parking arrangements and if approved to request that the County Council makes the necessary changes to its TROs to allow the changes to be introduced.

Further information on the car parking proposals is provided in the Options and Options Analysis included in section 6 below.

## 5 **Details of Consultation**

The local Chambers of Commerce and of Trade, the Federation of Small Businesses, Lancaster BID and Morecambe Town Council have been consulted over the off-street pay and display options included in the report and their comments will be made available at the meeting.

As previously mentioned the County Council is likely to be reviewing its on-street pay and display charges but it is unlikely that any update will be available for the meeting. The County Council is in agreement with the proposals to increase Resident Permit charges. The changes to visitor parking arrangements will be the subject of consultation with Ward Members and residents.

## 6 **Options and Options Appraisal**

### 6.1 **Option 1A: Increase a range of charges to achieve the budget figure**

This could be achieved by either a £0.10 increase on the 1hr short stay tariff or by a range of increases across less sensitive tariffs.

<b>Advantages</b>	<b>Disadvantages</b>	<b>Risks</b>
<p>Could achieves the Council's budget figure, and therefore fits with financial strategy.</p> <p>May help maintain the income base for future years</p>	<p>Because of a number of factors and particularly the upheaval of the UU work it has been difficult to arrive at meaningful analysis of the impact of last year's charge</p>	<p>The major risk of increasing parking charges would be that usage could reduce as a result.</p>

<p>and smooth future years' increases (or avoid above-inflation price increases).</p> <p>It requires less savings to be made from other areas.</p>	<p>increase. Which means that whilst the figure can be achieved in theory it won't necessarily hold in practice.</p> <p>Increasing some parking charges in Lancaster could discourage shoppers and visitors after the long standing road works.</p> <p>Increasing parking charges in Morecambe could further discourage usage which is continuing to reduce despite two summers of good weather.</p> <p>Although parking charges are broadly comparable with surrounding towns increasing charges could create a perception that the Council is continually increasing parking charges.</p> <p>Increasing parking charges on the 1 hr tariff would remove the main cost differential with on-street parking charges in the event of the County Council not increasing its charges</p> <p>Unlikely to be welcomed by businesses and their representatives.</p>	
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**6.2 Option 1B: Freeze charges**

That for the reasons outlined in the report off street pay and display and permit charges are frozen for 2015/16.

This option is presented in light of most parking charges being increased in 2014/15, the extensive works carried out by United Utilities in Lancaster and the ongoing reductions in usage in Morecambe. This option may help promote increased use of car parks in the district and in Lancaster following completion of the United Utilities road works. This option would not meet the inflationary impact already included within the draft revenue budget, however, and therefore results in a growth budget proposal that does not fit with current financial strategy. However, it is hoped that if promoted positively, usage would be increased to some degree, helping to reduce the overall budget growth needs, and should Members decide upon this proposal then it is estimated that £18,400 would need to be added to the General Fund net

position as a consequence (rather than the full £38,400 inflationary provision).

Advantages	Disadvantages	Risks
<p>Not increasing parking charges could promote greater use of car parks and avoid any further negative impacts on businesses and traders</p> <p>Not increasing parking charges in Lancaster could encourage shoppers and visitors after the long standing road works</p> <p>Not increasing parking charges in Morecambe could encourage greater usage which is continuing to reduce despite two summers of good weather</p> <p>Although parking charges are broadly comparable with surrounding towns not increasing charges may help address any concerns about the level of charging.</p> <p>Not increasing parking charges would maintain the main cost differential with on-street parking charges in the event of the County Council not increasing its charges</p>	<p>Not increasing parking charges means that estimated income from car parking will be reduced, assumed to be on an ongoing basis to some extent – this goes against current approved financial strategy.</p> <p>It requires more savings to be made from other areas.</p>	<p>The major risk of not increasing parking charges would be that usage might not increase, could remain the same or continue to reduce and the adverse impact on the budget could be greater than the amount that has been allowed for in the 2015/16 draft revenue budget.</p>

### 6.3 Option 2

This option is to reconsider the introduction of Bank Holiday parking charges in Lancaster. This was originally considered in view of shopping on Bank Holidays become a regular feature of retailing. Introducing parking charges on the eight Bank Holidays in Lancaster throughout the year would align parking charges with Morecambe and could raise potential additional income of £5,000 per annum.

Advantages	Disadvantages	Risks
<p>Introducing charges on Bank Holidays would align parking charges with Morecambe</p>	<p>BID are likely to schedule and fund further events etc. in 2015/16 to increase visitor</p>	<p>Further objections from Lancaster Chamber of Commerce and Lancaster BID</p>



<p>Introducing charges would adopt consistent charges across the district and avoid customers being unsure of the charging arrangements in Lancaster</p> <p>In the event of Option 1B (above) being approved also, introducing charges on Bank Holidays would help to offset the adverse impact on the Council's budget.</p>	<p>numbers in Lancaster on public holidays. Introducing charges could be seen as conflicting with that, by some.</p>	<p>will be received.</p>
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**6.4 Option 3**

This option is to increase the cost of an annual resident permit in all zones where the charge is less than £40 by £5 for 2015/16 with incremental increases of £5 in future years. This will generate £3,200 in 2015/16 and address the estimated deficit on the cost of administering residents parking on an ongoing basis. Future increases will achieve consistency and ensure the cost of administering and managing the scheme is properly covered.

Advantages	Disadvantages	Risks
<p>Increasing the cost of annual resident permits in some zones (where the current charge is less than £40) will address the deficit in 2015/16 and ensure the cost of administering and managing the schemes is covered.</p> <p>Future increases will allow a uniformed charge to be introduced across all parking zones in the district, promoting fairness in line with charging principles.</p>	<p>Residents in zones where the charge is currently less than £40 will have annual price increases for permits following a long period of no price increases.</p>	<p>The increases could lead to objections and a decrease in the demand for permits (although if this option is not approved, there would still be the risk of complaints and challenge, linked to inconsistency and unfairness.</p>

**7 Officer Preferred Option**

The Officer Preferred Option is Option 1B (freeze off street parking charges in 2015/16), Option 3 (increase costs of some residents permits) and for Cabinet to confirm its policy on the implementation of Bank Holiday parking charges in Lancaster.

**CABINET**

**Potential Options for Salt Ayre Sports Centre  
20 January 2014**

**Report of Chief Officer (Health & Housing)**

<b>PURPOSE OF REPORT</b>			
To inform Cabinet of the potential options for Salt Ayre Sports Centre and to seek approval to undertake further work to explore a development partner.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	19 December 2014		
<b>This report is public.</b>			

**RECOMMENDATIONS OF COUNCILLOR RON SANDS**

- (1) That Cabinet approve in principle to seeking a development partner to invest and improve facilities at Salt Ayre sports centre in the short and medium term.
- (2) That the outcome of this piece of work be reported back to Cabinet with more detailed proposals, associated financial implications and to seek authority to proceed prior to entering into any contractual agreement.

**1.0 Introduction**

- 1.1 In November 2013, Cabinet agreed to a service review of the management and operation of Salt Ayre Sports Centre (SASC), sports development function and the Community Swimming Pools.
- 1.2 The review had both short and longer term actions and the short term actions involved a staffing restructure which was implemented on 1 July 2014 and resulted in a streamlined, more efficient sport and leisure service and contributed £118K towards the Council’s savings target.
- 1.3 During the 2014/15 budget process, Members confirmed at that stage, to continue to provide sport and leisure facilities recognising the important role the council plays in promoting health and wellbeing through the provision of accessible, affordable leisure facilities. This was further affirmed by the adoption of the ensuring council ethos.
- 1.4 Having made a decision to continue to run sports facilities in house, there are now decisions to be made about making these facilities as financially viable

as possible whilst retaining the capacity, ability and inclusivity to ensure our wider health and wellbeing objectives for our communities can still be met.

- 1.5 This report outlines a potential way forward for the council to invest in up to date facilities at SASC and provide a new leisure offer which meets the changing market demand for activities such as climbing walls, high ropes courses, soft play and spa facilities and leads to a more financially secure operation in the future.

## **2.0 Proposal Details**

- 2.1 Over the last 5 -10 years there has been a declining national trend in the popularity of some of the more traditional sports such as badminton, netball, volleyball and five a side football etc. This trend has resulted in a reduction in occupancy rate of our sports hall to the extent that these types of sports only contribute 24% towards sports hall revenue per year. More popular activities such as gymnastics account for in excess of 43% revenue.
- 2.2 The fitness suite (Reflexions) opened in 1997 with membership numbers in excess of 1,400 but is currently operating at around 900. The decline in numbers is partly due to competition from other larger private sector gyms and partly due to the relatively small size of our gym coupled with an environment which hasn't been substantially improved since it opened.
- 2.3 The outdoor Artificial Turf Pitch (ATP) when first opened achieved around £25k per annum as a minimum. The recent rise in provision from other organisations of such facilities which are all of a higher standard has resulted in an expected return this year of less than £6k.
- 2.4 The sauna facilities return around £6k per annum from casual users (pay on the day).

## **Options**

There are essentially two options to consider:

### **2.5 Option 1**

This would be continuing as we are now, replacing and repairing where necessary to maintain minimum health and safety legislative requirements and to provide the facilities to a level to meet the minimum customer expectation.

However, just to maintain current health and safety standards is likely to require additional expenditure in the region of £400k which has been identified as necessary in a recently updated building condition survey.

Only investing in essential planned capital improvements or repairs as opposed to any wider refurbishment would lead to a general decline in the quality of the facilities on offer and it is likely that gym memberships will decline further over the next few years and there would be a continued reduction in sports hall occupancy and sauna use. To compete with other providers in the district, we need to be able offer high quality, "private sector feel" facilities.

There would be a further knock on detrimental effect on performance in remaining areas such as the swimming pool and café.

This option would require increased subsidy over the next few years and there will become a point where a decision about whether to continue to keep SASC open will need to be made.

In terms of the current budget position, the estimated cost of operating Salt Ayre in 2015/16 is £1.404M (£982K excluding notional capital charges). Latest estimates show this cost increasing by over £200K over the next 4 years. This assumes customer numbers remain static, therefore any drop in numbers would increase this cost further.

## 2.6 **Option 2**

Many councils and leisure trusts around the UK have adopted this model as an alternative to leisure provision reduction whereby leading sports industry specialists work in partnership with the council/trust with the main aims of

- improving the quality of the product on offer to residents and visitors to the area
- improving the commercial viability of leisure services through invest to save capital developments

A development partner works at risk to establish a business case to scope any schemes and to ensure capital affordability and reviewing schemes to bring forward those first that maximise profitability in the shortest time.

The benefits of selecting a development partner are that it would bring experience and capacity in key areas in terms of resources to deliver proposals, recommendations and improvements. Although a development partner would manage any programme from concept to completion and assist with marketing, advertising and promotion of the projects, the council would still retain full control of the operational management at SASC including pricing, programming and delivery of our community health and fitness schemes.

The timescale for selection of a partner based on commencement in February 2015 would take around five months to complete. Given that significant investment needs are anticipated, it should be expected that a final decision would be sought through the 2016/17 budget process; this would allow Members to consider their relative priorities in context of up to date financial expectations. The selection process would have already identified the need for potential development partners to assess current facilities at SASC and suggest improvements that would meet relevant council priorities and reduce operating costs. Officers are aware through the soft marketing testing carried so far, that there are only a couple of development partners that operate in this way but both have undertaken several successful schemes with other councils and leisure trusts. Officers are confident that a suitable development partner with the ability to understand our needs can be found.

There are various models of financing the improvements from fully funding this from council resources, whether that be from reserves or via unsupported

borrowing, or borrowing directly from the development partners and repaying only when a certain level of return in income is generated. The exact financing model will be subject to a full financial appraisal to determine the most cost effective option for the council.

**3.0 Details of Consultation**

3.1 None at present, there would be consultation with customers and potential customers prior to any projects starting.

**4.0 Options and Options Analysis (including risk assessment)**

	<b>Option 1:</b> Continue to invest in line with current budgets with replacement and repair as necessary but with no major improvements.	<b>Option 2:</b> Seek a development partner to invest and improve SASC in the short and medium term.
Advantages	None	<p>Provides a planned programme of works over a period of years which could include for example refurbishment/expansion of the gym, change of use to half the sports hall to provide activities that would result in greater occupancy levels, spa facilities and an outdoor ropes course.</p> <p>Provides facilities which meet current customer expectations as well as all H&amp;S standards.</p> <p>Would position Salt Ayre sports centre as a premier sport and leisure facility in the North West providing a diverse range of activities on one site whilst retaining a community hub for continuation of active health and other targeted health programmes for more vulnerable citizens.</p> <p>Position the council well for delivery of public health commissioned activities that cut across a range of council delivered services such as leisure, housing and environmental health.</p> <p>Provides a sounder financial footing for the sports centre.</p> <p>Is a good example of the</p>

		municipal entrepreneurialism theme of the ensuring council ethos enabling the council to translate its policy objectives into practice.
Disadvantages	Opportunity to reduce operating subsidy missed.	Upfront investment is required to facilitate these improvements. Officer capacity to oversee the programme is required. Some external specialist legal advice may be required.
Risks	<p>Operating costs increase to such a point that the facility becomes no longer viable to subsidise in the context of reducing resources. This could lead to decisions about closure.</p> <p>Lack of investment in new facilities will increase the repair costs and potentially lead to unforeseen costs due to meeting health and safety standards.</p>	<p>Failure to secure a suitable development partner – this risk is mitigated by the fact that our soft market testing has shown there are a few experienced companies with a track record of success.</p> <p>The investment required is substantial and the affordability, financial sustainability and prudence of this is not yet known – detailed analysis of the financial model and robust due diligence processes will allow the council to ensure the best option of financing the improvements is chosen.</p> <p>Officer capacity to oversee the programme may be insufficient – this risk is mitigated by the fact that the sport and leisure restructure built in some capacity to progress projects such as this as well as day to day management. In addition, the council adopts a cross service project team approach to large scale projects such as this similar to the solar PV project.</p>

**5.0 Officer Preferred Option (and comments)**

5.1 Option 2 is the officer preferred option. Seeking a development partner will give the council the opportunity to assess how a partner could improve the facilities, enable a more secure financial operation and prepare the council for a more sustainable model of sport and leisure provision for the future. Improving the offer will further enhance the district as a place to live and visit whilst remaining entirely well placed to deliver on our health and wellbeing objectives particularly still providing for our more vulnerable citizens.

**6.0 Conclusion**

- 6.1 There is a clear requirement to address the medium and long term future of SASC. This report sets out that to continue as now with limited investment will lead to reduced occupancy levels, reduced gym memberships, increased subsidy as income decreases and ultimately unaffordable facilities.
  
- 6.2 Having seen refurbished facilities in other parts of the country and spoken to officers at these councils/trusts, officers believe that the development partner option to invest and improve SASC is a financially attractive option and is a good example of the municipal entrepreneurialism strand of the ensuring council ethos.

**RELATIONSHIP TO POLICY FRAMEWORK**

This report supports the council's ensuring council ethos, particularly relating to municipal entrepreneurialism. In addition, it is directly related to the health & wellbeing corporate plan priority and aligns with the council's key objective of ensuring value for money in delivering services.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None arising as a direct result of this report, however, the impact of any improvements will be fully assessed at the time.

**LEGAL IMPLICATIONS**

There are no legal implications arising from this report as this early stage. Any partnership/development agreement would need Legal Services input.

**FINANCIAL IMPLICATIONS**

As referred to in section 2.5 the estimated costs in running Salt Ayre Sports Centre will increase by c£200k over the next four years – assuming customer throughput remains static. It is likely that further reductions in throughput will occur over future years as facilities become more dilapidated and the trend of decline in some of the more traditional sports continues. Difficulties in attracting customers to swim are currently being experienced (as evidenced by reduction of c£20k income compared to last year). This is in part due to the overall offer becoming 'tired' with no additional activities such as the more extreme type sports (high ropes course for example) or space for activities in demand (adventure play / adventure climbing) being available.

At this stage there is no request for funding to support this procurement process and it is reiterated that a detailed report will need to be brought back for member approval prior to entering into any contractual commitment. This will need to include a full financial appraisal of the proposed options including the most cost effective financing model for the Council.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

Officer capacity to progress the work to seek a development partner has been accounted for within existing resources.

**Information Services:**

None at this stage.

**Property:**

None at this stage.

**Open Spaces:**

None at this stage.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and her comments are reflected within the report.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**Ref:** C125



**CABINET**

**Development of the 2015/16 Festival Programme  
20 January 2015**

**Report of Chief Officer Regeneration & Planning**

<b>PURPOSE OF REPORT</b>				
To seek a decision to submit applications for external funding for the Light up Lancaster and Vintage by the Sea Festivals				
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		19 December 2014		
<b>This report is public</b>				

**RECOMMENDATIONS**

- (1) Cabinet gives delegated authority to relevant Chief Officers to bid for external funds (where relevant) for the Light up Lancaster and Vintage by the Sea Festivals, to take place in 2015/16, subject to them being within the budget and policy framework
- (2) Subject to recommendation 1, if successful in securing funding, the Council acts as accountable body where necessary, subject to being within the Budget and Policy Framework
- (3) Cabinet notes that due to urgent timescales a bid for £18,000 has already been submitted to Morecambe Town Council for the Vintage by the Sea Festival and has been successful. The Council will be expected to take on the role of accountable body for this funding should they accept this offer of funding
- (4) That delegated authority be given to the Chief Officer(Resources) to update the General Fund Revenue Budget in 2015/16 as and when funding offers are accepted, subject to there being no additional call on City Council resources
- (5) Cabinet gives officers delegated authority to research and develop proposals for a 'Northern Lights' partnership, with the aim of seeking funding from the Arts Council Strategic Touring Fund for 2016/17 onwards, and with any proposals being brought back to Cabinet for consideration as part of the 2016/17 budget prior to any such funding bids being submitted.

## 1.0 Introduction

### *Vintage by the Sea*

This year's Vintage by the Sea Festival held in September attracted an audience of approximately 40,000 locals and visitors, a 60% increase on the visitor numbers reported for the Seaside Festival in 2013. Many local businesses benefitted from those who attended the festival with one reporting a 30% increase in takings when compared to same weekend in 2013 and another stating that they had taken £2,000 more over the weekend than they would normally have taken. Over the two days audiences were entertained by live music, dance, street theatre, exhibitions, vintage craft fair and a WWII fly-past. The festival was organised and delivered in partnership with Deco Publique and Wayne Hemingway Design. The Council provided event safety management for the outdoor programme over the two days of the festival and were also responsible for leading on the marketing. Deco Publique were responsible for artistic programming, concessions, volunteers and the indoor evening ticketed events. Wayne Hemingway Design was responsible for branding and public relations.

In 2014/15 the Council contributed £20,000 (not including staffing) and also acted as accountable body for Morecambe Town Council funding of £15,000. Deco Publique also secured additional funding for the event in the region of £18,000 (income from concessions and an Arts Council Grant for the Arts Application).

### *Light up Lancaster*

This year's Light up Lancaster Festival held in November attracted an estimated audience of over 21,000 locals and visitors with many city centre businesses extending their opening hours to take advantage of those attending the festival. 93% of those people surveyed as part of the evaluation of the festival stated that they had visited Lancaster specifically to see the festival and 23% said that whilst they were in Lancaster they did some shopping and 50% said that they did some socialising/eating out. Over 2,500 people viewed installations at the Storey on the Friday evening, many were new visitors to the building. The Visitor Information Centre, open for the first time on a Friday evening, recorded its busiest weekend ever at the Storey. On Saturday the centre experienced a 52% increase in visitors when compared to the same Saturday in 2013.

On the Friday evening audiences were entertained by performances and exhibitions of visual arts, delivered by the Lancaster Arts Partners. The festival also included Lancaster's annual fireworks event that attracted over 14,000 people on the Saturday evening. Various children's workshops were also delivered during the day on the Saturday.

In 2014/15 the Council's budgeted contribution to the Light up the Skies (fireworks) was £35,000 (£24,000 core events budget/£6,600 one-off budget virement from the Platform and £4,400 from the Arts Development budget). Members are reminded that as a result of service re-structuring and a reduced in-house capacity to deliver the event, a decision was made to commission an external event company. As set out above, although this incurred additional costs of £11,000 for core delivery, this was still a more cost effective way to deliver the fireworks compared to the previous 'in-kind' cost of £56,100 (including £9,500 for 'time off in lieu') provided across all of the Council's major events, including the fireworks event.

The Council's contribution to Light up the Streets was £16,000 (not including staffing) including a £12,000 one-off budget virement from the arts development budget (in addition to the virement for the fireworks) and also acted as accountable body for Arts Council funding of £48,000. Lancaster Arts Partners (LAP) also secured additional funding in the region of £29,000 (£10,000 Heritage Lottery, £10,000 Lancaster BID and £9,000 Lancashire County Council).

## 2.0 Proposal Details

The Council has been approached by partners from both festivals wishing to organise similar events for 2015/16. The report provides outline information on a number of emerging funding opportunities for 2015/16.

### *Light up Lancaster*

- Arts Council Grants for the Arts 2015/16 – To be developed in partnership with Lancaster Arts Partners and submitted by Lancaster City Council who would act as the accountable body. This would contribute to the main artistic content of the festival (it is recommended that we don't apply for more than £55,000 broadly in line with the last 2 years). The Arts Council has indicated that this could be the last year where the Council could apply to Grants for the Arts funding for this festival as this funding is supposed to be for one-off projects. The Arts Council has suggested that future funding could come by way of their Strategic Touring Fund. However they also suggested that in order to apply for this funding it would be necessary to be part of a larger partnership. One way that this could be achieved is outlined below
- Arts Council Grants for the Arts for 2015/16 – To be developed in partnership with a select group of light festival organisers from across the North of England and submitted by one of the partners who would then act as the accountable body (not Lancaster City Council). The funding would be used to research and develop a 'Northern Lights' partnership and build capacity to allow partners to work together to create a longer term joint vision for our light festivals and develop a follow up funding bid to the Arts Council's Strategic Touring Fund for 2016/17 onwards. Any bid for 2016/17 onwards would come back to Cabinet for consideration, prior to it actually being submitted; clearly in the interim, the Council's affordable priorities could change.

### *Vintage by the Sea*

- Morecambe Town Council – Due to the closing date for this funding, a joint funding application in partnership with Deco Publique has been submitted, subject to the caveat that this remains an in principle approach until council funding can be confirmed. Lancaster City Council is to act as the accountable body should the Council accept this offer of funding (£18,000). This would contribute to the artistic content of the festival

**Note:** Members should be aware that funders will expect the Council to provide match funding including In-kind match funding at the same level as previous years for both festivals.

### 3.0 Details of Consultation

Officers have met with the Arts Council and representatives from a number of other Arts Council funded light festivals (including York, Gateshead, Leeds and Salford, Durham couldn't attend but want to be involved) to discuss the advantages of working closer together. The Arts Council has encouraged this group of festival organisers to submit an initial funding application for 2015/16 to research and develop a 'Northern Lights' partnership, with the aim of submitting a follow up funding application in 2016/17 to the support the partnership and the individual festivals.

Officers have had further discussion with the Arts Council about a specific Grants for the Arts funding application to support Lancaster's Light up Festival for 2015/16. They have indicated that as this fund is normally used for one-off projects that this could be the last year where the Council could apply to this fund.

Officers have also had a discussion about both festivals for 2015/16 with local partners including Deco Publique, Morecambe Town Council and Lancaster Arts Partners.

### 4.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> Seek and accept external funding for both festivals	<b>Option 2:</b> Do not seek external funding for either festival
Advantages	<p>Opportunity to secure funding for one or both major festivals for 2015/16 and potential to enter into a 'Northern Lights' partnership to develop funding bids for Light up Lancaster from 2016/17 onwards</p> <p>Enhancing the district's festival programme and significantly contribute to the visitor and night time economy.</p> <p>The proposed 'signature' events would fit and raise the profile of the new approved destination brands developed for Lancaster and Morecambe Bay</p> <p>Fits well with the emerging arts strategy for the district and the aims of Marketing Lancashire</p> <p>The 'Northern Lights' partnership should result in</p>	<p>No officer time required to seek, secure and manage external funding</p> <p>No need to redirect the entire arts development budget, therefore a number of smaller arts projects could be delivered in 2015/16, or savings could be taken`</p> <p>No requirement to undertake the role of accountable body for external funding</p>

	raising Lancaster’s profile regionally, nationally and Internationally as a key visitor destination and lead to an increase in visitor numbers	
Disadvantages	<p>Officer time is required to seek, secure and manage external funding</p> <p>Council would be required to provide match funding at the same levels as 2014/15</p> <p>Redirection of Council resources from the arts development budget in its entirety for 2015/16 to deliver Light up Lancaster</p>	<p>Without external funding the festivals would have to be significantly scaled down</p> <p>Reduction in visitor numbers and visitor spend from scaled down festivals</p> <p>Might not achieve aims of arts strategy or Marketing Lancashire in terms of promoting the District as a key visitor destination</p> <p>Might prevent the Council from being involved in the ‘Northern Lights’ partnership and gaining numerous benefits including longer term funding for a Lancaster based event</p>
Risks	The Council would be the accountable body for some or all external funding	Significant lack of additional economic impact from scaled down festivals

**5.0 Conclusion**

Cabinet is asked to give officers a clear indication of which option to proceed with given the timescales involved with applying for external funding and subsequent planning time required to arrange the festivals themselves.

**RELATIONSHIP TO POLICY FRAMEWORK**

It contributes to the following Council priority: Sustainable Economic Growth and the following success measures: Economic Impact of the Arts in the District will be measured with the Council moving towards an ensuring role to support a range of delivery partners.; visitor numbers and spend will be increased and cultural, retail and tourism offer will be improved. It also contributes to the Council’s Heritage Strategy and Arts Framework.

**CONCLUSION OF IMPACT ASSESSMENT**

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

No impact on the above.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and there are no legal implications arising directly from this report.

**FINANCIAL IMPLICATIONS**

It is assumed that the cost of delivering both festivals in 2015/16 will be broadly similar to those incurred during this financial year. There should be no additional financial implications arising from the proposed recommendations, therefore, subject to the Arts Development budget being used in its entirety to support the Light Up Lancaster festival (split £12K Light up the Streets / £11K Light up the Skies).

It should be noted, however, that in allocating the whole of this budget to LUL, there will be no budget remaining in which to support the smaller arts development projects within the district during 2015/16 unless savings from elsewhere within the Regeneration & Planning Service are identified during the year. Similarly, the Arts Council bid may not be successful or the LUL festival be able to proceed on the same scale as 2013/14 if a similar level of match funding is not in place.

If external funding bids for the festivals are successful, the General Fund Revenue Budget will need to be updated to reflect the additional grant awards and associated expenditure. Where the Council also takes on the role of Accountable Body, then City Council officers (working with its partners) would be responsible for determining how the grant is allocated and spent in line with its financial regulations and procurement rules, etc.

It should be further noted that the festivals programming and budgeting beyond 2015/16 will be reviewed as part of the 2016/17 budget, along with other services and activities, and in context of the Council's priorities and funding outlook at that time. The proposals for researching a 'Northern Lights' partnership fit with this approach.

**OTHER RESOURCE IMPLICATIONS**

**HR - Staff:** Previously both festivals have been facilitated by external partners, any staffing implications for the Council have been covered from existing resources.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and her comments reflected within the report.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

none

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**Ref:**

<b>CABINET</b>
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## Request from the Grand Theatre for grant support 20 January 2015

### Report of Chief Officer Regeneration & Planning

PURPOSE OF REPORT				
To decide whether to offer the Grand Theatre grant support towards long term maintenance costs of this Grade II listed theatre.				
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>				N/A
<b>This report is public</b>				

#### RECOMMENDATIONS OF COUNCILLOR SANDS

- (1) Cabinet considers whether or not to provide the Grand Theatre with a one-off grant totalling £15K in 2014/15 to cover the cost of the Grand Theatre's priority (non-routine) maintenance programme over a two year period

#### 1.0 Introduction

- 1.1 On 18<sup>th</sup> June 2014 Overview and Scrutiny Committee asked that the request from the Grand Theatre for financial support be referred back to Cabinet. On 24<sup>th</sup> June 2014 Cabinet requested that The Grand Theatre supply their most recent accounts, and in order for Cabinet to reconsider its original decision not to provide grant support, the Grand Theatre was also requested to provide a business case (attached) detailing why they require grant support, specifying the exact amount of money required and for what period of time. Although the Grand Theatre originally requested an annual grant of £4,000 as part of their business case, following consideration of all relevant information and further discussion with the Grand Theatre the recommendation of this report is to offer a one-off grant of £15K.
- 1.2 The Grand Theatre is one of the oldest theatres in England and the third oldest in Britain, it has been in near continuous use since 1782. It's located in the city centre and has a seating capacity of 457, arranged in stalls and a circle. The Grand Theatre provides a mixed programme of both amateur and professional acts including drama, dance, music and comedy. In 2013/14 the theatre sold 35,000 tickets for shows.

- 1.3 Although the Grand Theatre supplied some of the information requested by Cabinet, at that time the most recent audited accounts were 2012/13. In addition to this the attached business case raised more questions. With this in mind Officers requested a meeting with the Grand Theatre in order to clarify a number of points. The Grand Theatre have now had time to submit their most recent audited accounts for 2013/14.
- 1.4 Officers note that despite implementing a cost reduction programme during 2013/14 the Grand Theatre reported an operating deficit of £12K within its annual accounts for the same period and has had to draw upon its reserves in order to meet its operating costs (including its ongoing maintenance programme). To cover emergencies and in-year operational shortfalls, the Grand Theatre has a policy to maintain a minimum operational reserve of £20K. Their reserve has reduced to £23K for the period ending 30<sup>th</sup> April 2014, meaning that in the short term at least, the Grand Theatre doesn't have adequate financial resources in place to fund its urgent non-routine maintenance programme, leading to potential Health & Safety implications or further decline of income generation.
- 1.5 The Grand Theatre's operating costs have increased for a number of reasons such as a reduction in bar income due to the need to contract out the bar operation as volunteers could no longer be found to undertake this work, the same issue applied to several other posts that had previously been filled by volunteers but now required paid staff. Ticket income was also down by just over 11% in 2013/14 when compared to the previous year, although the Grand Theatre have stated that ticket income for the current year (2014/15) seems to have improved, although no evidence has been provided to confirm this position.
- 1.6 It should be noted that The Grand Theatre has longer term plans to improve the entrance/foyer of the Theatre which would provide them with a larger and potentially more profitable bar/cafe area and a moderate sized studio/meeting room. The Grand Theatre believe that this could provide the additional income that would allow them to operate without the need for further City Council support. The Grand Theatre has secured £150,000 towards this ambitious project that could cost circa £1,000,000. The Grand Theatre has also been successful in securing a couple of small grants to purchase replacement equipment.
- 1.7 The Grand Theatre has attempted to undertake temporary repairs to various parts of the Grade II listed building however these are short term measures and not all areas can be easily reached without incurring significant costs e.g. repairs to ventilation towers on the roof. Following advice from Officers a more detailed maintenance programme has now been provided that shows what work is required over the next two year period and details of temporary repairs verses the cost of full repairs (for the purpose of demonstrating whether value for money is being achieved). It is re-iterated that the Grand Theatre has only submitted a spending plan for its most urgent priorities.
- 1.8 On 2<sup>nd</sup> September 2014 Cabinet received a report from Chief Officer (Regeneration & Planning) which advised on the proposed means of managing the Council's funding for the Arts in the district, in line with Corporate Plan priorities. Cabinet agreed a number of resolutions including



that commissioning for the Council’s investment in arts provision in the district is implemented by April 2017, subject to budget and resource requirements.

1.9 The Council does not currently operate a grant scheme whereby the Grand Theatre could apply for financial support, although the implementation of commissioning for the Council’s investment in the arts could provide such an opportunity in the future.

**2.0 Proposal Details**

2.1 Due to the recent change in financial circumstances at the Grand Theatre highlighted in the business case, the Grand Theatre is now having difficulty covering its immediate non-routine maintenance costs of the building. The majority of which have potential Health and Safety implications as well as ongoing implications for ensuring future income generation doesn’t further decline. The Grand Theatre has listed the work required and estimated these costs to be in the region of £15K. To summarise here, however, the works mainly consist of stage scenery loading doors plating, props external door replacement, stalls ventilation tower louvers, replacement façade tiles, fitting a RCD safety socket on the side of the stage, new fire doors, fitting heat detectors to the roof of the stage tower, replacement of damaged staircase from stalls to stage, full replacement of seat arms and replacement of corroded grills over the boiler flues.

**3.0 Details of Consultation**

3.1 No further consultation has been necessary.

**4.0 Options and Options Analysis (including risk assessment)**

	<b>Option 1: Provide grant support to the Grand Theatre</b>	<b>Option 2: Do not provide grant support to the Grand Theatre</b>
Advantages	<p>Supports the Grand Theatre and places the theatre on a more secure short term financial footing.</p> <p>Protects an important grade II list building.</p> <p>Supports an important attraction in the centre of Lancaster that contributes to the night-time and visitor economy</p>	<p>No further call on City Council Resources at a time of increasing budgetary pressure.</p> <p>May help or encourage financial independence.</p> <p>Could have a negative impact of the city’s night-time and visitor economy</p>
Disadvantages	<p>The grant has not been budgeted for at a time of increasing budgetary pressure, although can be funded from 2014/15 corporate underspends identified during the budget process.</p>	<p>A missed opportunity to financially support the Grand Theatre.</p> <p>A grade II listed building could fall into further disrepair resulting in increasing maintenance/repair costs over the medium to longer term.</p>

Risks	Could lead to other similar applications for grant aid, or perceived unfairness.	Could be perceived as showing a lack of support for a well known cultural facility in the area.

## 5.0 Conclusion

- 5.1 A successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms. In reputational terms it is probably one of our strongest attractions. It is also a key element in the Canal Corridor scheme. However, providing grant support for the Grand Theatre would also put further pressure on the Council's resources, albeit only in the short term if given as a one-off award.

### RELATIONSHIP TO POLICY FRAMEWORK

It is identified as a key part of the Canal Corridor scheme in the adopted Local Plan

It contributes to the Cultural Heritage Strategy as a successful Grand Theatre benefits the District in artistic, cultural, regeneration and community development terms

### CONCLUSION OF IMPACT ASSESSMENT

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

No impact on the above

### LEGAL IMPLICATIONS

Legal Services will assist in drafting the terms and conditions of grant, which will ensure that it is used for the purposes as set out in the report

### FINANCIAL IMPLICATIONS

The Grand has now provided its accounts for the period ending 30<sup>th</sup> April 2014 and as set out within the body of the report it is clearly struggling to cover its in year operating costs, in the immediate short term at least, hence the request for grant assistance. It is not possible to comment on its ongoing medium to longer term viability at this stage, however, as this will to some extent depend on the outcome of the Canal Corridor North site as well as reviewing its own business planning to operate more effectively / generate more income, etc.

Should Members be minded to support Option 1, there will be an additional one-off cost to the City Council totalling £15K during 2014/15, although this could potentially be funded from other savings identified during the current budget process (see also the Budget & Policy Framework Update 2015/16 item elsewhere on the agenda).

As referred to within the main body of the report, the Grand has provided a list of the works needed and their estimated costs over the forthcoming two year period and this is summarised in the following table:

	<b>Works Type</b>	<b>Estimated Costs £</b>
1	Stage Scenery Doors	700
2	Props External Door Replacement	600
3	Stalls Ventilation Tower Louvres	5,000
4	Façade Tiles	200
5	Fitting of RCD Socket on Stage Side	600
6	Replace Dressing Room Doors with Fire Doors	3000
7	Fit Heat Detectors to Stage Tower Roof	500
8	Replace Corroded Protective Boiler Flue Grills	200
9	Replace Damaged Staircase (Stalls to Stage Right Door)	500
10	Replace all Seat Arm Fixings	3,000
11	Installation of Cat. 5 Cables (for monitoring purposes)	700
	<b>Total Works</b>	<b>15,000</b>

As the works form part of the Grand's normal operations, it is recommended that if Option 1 is preferred then the grant be awarded as a one-off grant in 2014/15 for the general purpose of covering urgent repair and maintenance works. As the grant award exceeds £10k, then the Council will automatically request the Grand's annual accounts for each year as part of its normal year end accounting procedures to ensure that the grant has been spent for its intended purpose. Any implications arising from the management of administering the grant required by the Council, therefore, will be minimal and can be met from within existing staff resources.

For future years and as has been highlighted previously, the Grand Theatre and any other such organisations will be advised that in future, from 2017/18 onwards, the provision of any funding will be considered as part of the Council's commissioning framework for investment in the arts.

#### **OTHER RESOURCE IMPLICATIONS**

None

#### **SECTION 151 OFFICER'S COMMENTS**

Section 151 Officer consulted and has no further comments

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

None

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**Ref:**

### 1. Systematic changes

- a) Over the past 10 years, the activities at the Grand have expanded considerably and it is now regarded within the entertainment business as one of the premier theatres in the north-west. However, such expansion is not without its cost and the workload for volunteers has expanded from around 70 amateur performances a year to now include an additional 70 plus professional one night acts. The time involvement of two key volunteers has increased immensely particularly with respect to accounts and the bar. The workload now involved with the financial management of a multitude of contracts together with and the increase in stocking and providing many more nights of service in the bar have caused significant changes to the theatre "volunteer based" business model. Last year, the volunteer bar manager retired after 20 years service and there were no volunteers willing to take on the job. As a result, the job has been passed to a self-employed bar manager and the theatre income from the bar is now £8K less per annum. Similarly, due to the increased workload, no-one is prepared to carry out the significantly increased workload of the treasurer without some payment and the theatre now pays a £1K honorarium to him.
- b) Following the recent increase in salaries at the Dukes, the theatre had to increase the manager's salary but even at its current level, it is still well below that currently being paid at the Dukes for a job that includes marketing in addition to general management. This increased theatre costs by £7K and is an ongoing cost
- c) Governance costs and utility bills have both increased.

### 2. Economic climate related changes

- a) Along with many other theatres, ticket sales have fallen by around 11% reducing income by around £5K. Coffee bar income has also fallen by £5K in line with reduced sales

In summary:

#### Income reductions

Bar management change	£8K
Reduced ticket sales	£5K
Reduced coffee bar income	£5K

#### Cost increases

Increased governance and utility bills	£4K
Salary increases	£7K
Governance costs	£2K
Treasurer remuneration	<u>£1k</u>
Total effect of the changes	-£32K

In anticipation of a challenging year, costs were reduced last year mainly by halting spend on long term repairs / capital items. The cost savings were not enough to avoid a loss of £12K.

**Proposal to the Council for assistance.**

Footlights manages and improve our 230 year old Grade II listed building on behalf of the city. It is a Community asset in all senses of the word and Footlights has in the past been able to cover all operating and maintenance costs. However due to the systematic changes listed above, it is now having difficulty servicing the infrequent, long term maintenance costs:

**1. Stage scenery loading doors £700**

It is proposed that rot be cut out and filled and both doors covered over with galvanised steel plate. This is the same as the under stage emergency exit doors onto Lodge Street. This will prolong the life of the doors.

*Current situation:* A temporary patch up with filler followed by 2 coats of paint has been carried out but not the plating over. The best long term solution would obviously be new doors but the proposed work should give us another 5 to 10 years

Cost estimate £700 including new catch and bolts.

**2. Props external door replacement £550**

This door also has sections of rot and needs replacing.

Cost estimate £550 including fitting. The rot could be patched but that would be a short term solution as it has been done once before. Proposed solution is a replacement door in hardwood.

*Current situation.* No progress due to lack of funds.

**3. Stalls ventilation tower louvres £5K**

Two of the louvres blew off during the high winds allowing pigeons to get inside the stalls roof vent stack. This meant the theatre vents system had to be blanked off to prevent pigeon dirt falling onto audience members. The gap has been temporarily filled by mesh which has successfully kept the birds out and the vent stack is now back in service but rain can now blow into the shaft and into the theatre.

Close examination of the vent tower reveals that the steelwork is badly corroded on the east side and has extensive surface rust in many other places. To get to the outside requires a scaffold which would cost £840 +VAT on each occasion. It would be possible to do a temporary repair to the existing design by fabricating two new complete louvre sets, removing the existing louvres on opposite sides and carrying out the required maintenance work from the inside the vent tower but that would not cure the severely corroded parts.

*Current situation* no progress due to lack of funds. Estimated cost of removal of the old tower, fabricating a new one, galvanising and refitting is £5K. A detailed estimate is being drawn up by a local contractor. The only realistic long term solution is to replace the tower. We did something similar with a corroded beam 10 years ago and there are no signs of deterioration to date.

4. **Façade tiles £180**

Three of the tiles on the left side of the façade are becoming detached from the base stonework. They need to be carefully removed and re-fixed.

*Current Situation:* The offending tiles have been removed and refitted by a local tradesman. They were found to be concrete tiles not quoins. The source of the problem was found to be a badly corroded steel placed inside the wall presumably around 1908 which had jacked the tiles off. Cost of the job including painting was less than expected at £180

**Fitting or RCD safety socket on the side of the stage £546**

This supply is the only supply not yet fitted with earth leakage protection. A suitable socket has been identified. These devices eliminate the possibility of faulty equipment causing electric shock.

*Current Situation* New board fitted at a cost of £546.

5. **Replace five out of the six dressing room doors with 30 minute fire doors with smoke seals £2750** One door has already been replaced to Fire Brigade recommendation. The others do not have smoke seals and need to be upgraded. Cost estimate based on the one already changed (£544) is £2750.

*Current situation* No progress. Awaits funds

6. **Fit heat detectors to the roof of the stage tower. £500** This is the only area in the theatre where fire detection is not fitted. It is not for personnel safety but needed to protect the asset in the event of fire to allow early detection and rapid response from the Fire Service to minimise damage. Estimated cost £500

*Current situation* No progress due to lack of funds

7. **Replace corroded protective grills over the boiler flues £200**The acid steam from the condensing boilers has corroded the centres out of the protection grills.

*Current Situation* No progress due to lack of funds. Cost estimated to be £200

8. **Replace damaged staircase from stalls to stage right fire door. £500**The stairs were damaged some time ago by a piano hire company from Manchester. We now use promenade Music for piano hire who use a different method of piano transport.

*Current situation* No progress due to lack of funds. The staircase is not unsafe but is gradually deteriorating. It has been repaired twice and is now in need of replacement

Cost estimate based on recent replacement of centre stage stairs £500

9. **Change all seat arm fixings from wood screws to bolted system. £3000** On average, an armrest comes off every three performances. 10 arms have been modified to test out a better solution and have remained tightly secured. It is proposed that a contractor be employed to change the remaining 450 arm rests. Cost estimate 3 arm rests per hour equates to 120 hours work which would cost £3000 at £25/hour

*Current Situation* No progress due to lack of funds

10. **Run cat 5 cables from the stage manager's corner £650** to the under stage area, the flying gallery and the foyer for monitoring purposes. 4 days work at £150/day plus cable will cost £650

*Current situation* No progress due to lack of funds

**Recommendation:**

The Cabinet is requested to approve an annual grant £4000 to assist the theatre cover its long term maintenance. It is proposed that the amount be reviewed on a regular 3 yearly basis.

**Activities at the Grand in support of the Council's Cultural Heritage Strategy**

The council cultural heritage strategy includes in its six objectives the following:

“Developing Lancaster as a Heritage City

Developing the City as a major cultural centre through enhancements to the Duke's and Grand Theatres and the creation of a centre for creative industries in the Storey Institute”.

The Objects under the constitution of Footlights are

- promote, maintain, improve, and advance education, particularly by the production of educational plays and the encouragement of the Arts, including the arts of drama, dramatic authorship, mime, dancing, singing, and music
- maintain and preserve the Grade II listed building built in 1782 known as the Lancaster Grand Theatre as an ongoing venue for such plays and encouragement of these objects

**The Grand as part of the city's Heritage**

The Grand was built in 1782 in the reign of George III when Lancaster was a major importing port. It has continued in operation as a theatre since then with the exception of six months in 1908 when it was rebuilt in the Edwardian style following a disastrous fire. It is the third oldest continually operating theatre outside London and has been systematically restored to its current high standard. Footlights runs monthly pre-bookable guided tours which have proved to be popular. The theatre also takes part in City heritage activities such as Lancaster unlocked and provides a unique attraction to tourists.

**The Grand as a major player in Lancaster's cultural scene**

a) Community involvement in Theatre

The Grand is run by Lancaster Footlights, a local amateur dramatic society who lets the theatre to other local groups which include amateur drama groups, amateur musical societies and several dance schools. These productions all provide opportunities for local residents and students from the universities to receive training and coaching in theatre skills and experience being part of quality productions. It also gives the general public the opportunity to see high quality drama and musicals.

Footlights itself produces four plays each year plus a four week pantomime. The summer family production and the pantomime both include children who learn or improve existing skills in stagecraft during rehearsals. Footlights also runs a week long summer school in August covering a wide range of stage skills which are put into practice in the production at the end of the week long course on the Friday evening. Following requests from children and teenagers for regular



training sessions, plans are being drawn up in conjunction with the Arts Council for three 10 week terms of evening classes each year to increase the opportunities for involvement of young people in the Arts.

Recent Footlights productions have also forged links with students from both Universities who are able to use the skills acquired at their University on stage and gain valuable experience from their future careers in the Arts.

Footlights has recently set up an additional string to its bow, "Studio Footlights". This group produces less well known plays which would not be able to attract sufficient audience numbers to fill the main theatre. The Storey Institute has been chosen as the preferred venue and to date three plays have been staged there with three evening runs, most of which were full to the capacity of the 60 seat auditorium. The next Studio play is planned for mid- November.

### b) Catering for all tastes

The Arts programme at the Grand also caters for all tastes and there is a wide variety of acts to see with something to appeal to all audience preferences. The performances by nationally known comedians at the Grand theatre have enhanced the reputation of the city and offers opportunities for involvement with the Arts for some who would otherwise not visit a theatre.

**CABINET**

**Budget and Policy Framework Update 2015/16 –  
General Fund Revenue Budget and Capital Programme  
20 January 2015**

**Report of Chief Officer (Resources)**

<b>PURPOSE OF REPORT</b>			
To provide information on the latest budget position for current and future years, to inform Cabinet’s budget and policy framework proposals and to allow it to make final recommendations to Council regarding council tax levels for 2015/16.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral</b>
<b>Date of notice of forthcoming key decision</b>	19 December 2014		
<b>This report is public.</b>			

**RECOMMENDATIONS OF COUNCILLOR BRYNING:**

1. That allowing for Cabinet’s decision regarding The Grand’s funding request included elsewhere on the agenda, the resulting 2014/15 Revised Budget be referred on to Budget Council for approval, with the net underspending transferring into Balances.
2. That Cabinet makes recommendations to Council regarding City Council tax increases for 2015/16 and targets for future years, subject to local referendum thresholds.
3. That Cabinet considers the provisional growth items listed at Appendix A, in context of the information contained within this report, and confirms which are to be taken forward as part of its budget proposals.
4. That the resulting budget position for 2015/16 onwards, as updated for items elsewhere on the agenda, be referred on to Council for initial consideration as well as being presented for scrutiny by Budget and Performance Panel, in order that any feedback can be provided to Cabinet at its February meeting.

## 1 INTRODUCTION AND STRATEGIC CONTEXT

- 1.1 In strategic terms, the main challenge of budget setting is to match priorities and corporate planning objectives against what is affordable financially. Local Government continues to face major funding reductions year on year, meaning that a lesser range of services will be provided in future.
- 1.2 This report picks up on the financial implications of that work to date and gives an update on other key elements of budget setting, in order that Cabinet can develop further its budget proposals.

## 2 GENERAL FUND BUDGET: SUMMARY POSITION

- 2.1 The table below pulls together the draft budget position, allowing for various base budget changes, inflation assumptions and expectations for 2015/16 and beyond, as outlined in sections 3 to 8 of this report. Figures for future years are still subject to change. A more comprehensive budget summary is included at **Appendix A**.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
<b>Net Spending / draft budget forecasts as reported in December:</b>	<b>17,764</b>	<b>17,066</b>	<b>18,399</b>	<b>18,823</b>
<b>Further Base Budget Changes:</b>				
Increase in staff turnover target	-	(100)	(100)	(100)
Fees and Charges ( <i>various: elsewhere on agenda</i> )	(133)	106	106	106
Capital Financing Changes ( <i>see section 6</i> )	(3)	(64)	(30)	(77)
Increase in Use of Balances (back to £1M)		(148)	-	
Reassessment of Reserves & Provisions ( <i>see section 5</i> )	81	-	-	-
Other Net Changes	-	(76)	(102)	(126)
<b>Sub-total</b>	<b>(55)</b>	<b>(282)</b>	<b>(126)</b>	<b>(197)</b>
Savings Proposals ( <i>elsewhere on the agenda</i> )		(87)	(23)	(13)
Growth Proposals for Consideration by Cabinet ( <i>see Appendix A and section 8</i> )	15	355	56	22
<b>Updated Draft Forecasts</b>	<b>17,724</b>	<b>17,052</b>	<b>18,306</b>	<b>18,635</b>
<b>Resulting in:</b>				
<b>Underspending for Year, or</b>	<b>816</b>	-	-	-
<b>Budget Shortfall (Savings Requirement)</b>		-	<b>1,563</b>	<b>2,041</b>

- 2.2 A number of key points are highlighted:

- The staff turnover target has been increased provisionally by £100K each year to reflect recent years' experience; the final increase will be confirmed in

February. It should be noted that no vacant posts have been deleted at this point.

- Additional planning application fees of £150K have been received this year from a small number of unexpected speculative housing development applications. The trend in income is not currently expected to continue in future years, but this will be kept under review.
- Other income from fees and charges has been allowed for as appropriate, in line with the separate report elsewhere on the agenda.
- The draft capital programme has been updated to include additional schemes and changes in profiled spend and financing. This has resulted in savings to the revenue budget in all years. (More details of the changes are provided in section 6.)
- General inflation has been reviewed in light of the Bank of England November Inflation report and as a result inflation for next year has been reduced by 0.1% to 1.5%, and estimated at 2% for future years. The net impact on the budget is negligible at around £2K.
- Net budgetary savings from the Information Governance and Assurance and Resident Parking proposals are included, subject to Cabinet's separate consideration.
- Known growth proposals are also included. More information is included in section 8.
- In 2015/16, the use of Balances has been increased back up to the original approved level of £1M.

2.3 For the current year, the Revised Budget now stands at £17.724M, giving a net underspending of £816K or 4.4%. Final figures are subject to Cabinet's decision regarding The Grand's funding request, which is included elsewhere on the agenda. Cabinet is requested to refer the resulting Revised Budget to Budget Council for approval, with the underspending transferring into General Fund Balances.

2.4 In terms of council tax, a 1.99% year on year increase is assumed in line with current approved strategy. Options for council tax are set out in section 7 of this report.

2.5 The draft budget for 2015/16 stands at £17.052M. For now this balances with the assumed council tax increase, after allowing for all known potential growth proposals still to be considered by Cabinet, but after using £1M of Balances as also provided for within current financial strategy. As stated earlier, figures may well change again though, either way.

2.6 For subsequent years, despite the continuing progress in identifying savings and refining budget projections, there is still a huge budget shortfall of almost £1.6M in 2016/17, rising to over £2M in 2017/18.

2.7 The current expectation is that the budget shortfall will rise massively in 2018/19 and beyond, allowing for factors such as the end of the waste recycling cost sharing agreement. Clearly there will be a General Election in the interim and Government priorities and policies could change, but nonetheless the need to reduce services,

be more efficient and generate more income is expected to increase, and not go away.

### 3 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 Further to the Chancellor's Autumn Statement published on 03 December, the provisional Local Government Finance Settlement was announced on 18 December 2014 for consultation until 15 January. Detailed information and briefings are available on the various websites ([www.gov.uk](http://www.gov.uk) or [www.lga.gov.uk](http://www.lga.gov.uk)).
- 3.2 The Settlement provides provisional funding figures for 2015/16 only, which are £14K less than previously expected.
- 3.3 The combined total funding from Business Rates and Revenue Support Grant is known as the Settlement Funding Assessment. The total is in line with the Council's most recent expectations, as demonstrated in the following table.

Year	Settlement Funding	Year on Year Reduction (In Cash Terms)		Funding Projections:
		£'000	£'000	Approved MTFS £'000
2014/15 (Actual)	10,810	1,735	13.8	n/a
2015/16 (Provisional)	9,068	1,742	16.1	9,082
2016/17 (Estimate)	8,609	459	5.1	8,628
2017/18 (Estimate)	8,171	438	5.1	n/a

- 3.4 For 2016/17 and 2017/18, the indicative estimates of just over a 5% year on year cash reduction (or say around 3% in real terms) allows for some continuation of annual funding reductions, as referenced in previous Government and other bodies' funding outlooks, but there are no clear plans or data available on which to make any firm projections. The General Election in May this year inevitably adds to the inherent uncertainties.
- 3.5 With regard to business rates specifically, there is the chance that income prospects may become much clearer over the next month or so. Cabinet will be aware that although, potentially, additional income of around £1.4M may become available over that currently budgeted, there is also the chance that this apparent growth in income could disappear, depending on what happens with major outstanding rating appeals within the district. A full update will be provided in February, taking account of statutory requirements.

- 3.6 In terms of other Government revenue grant allocations, various notifications have now been received. The main allocations and their uses are as follows.

Grant	2015/16	Comment
<b>New Homes Bonus (NHB)</b>	<b>£'000</b> 1,280	General grant, used to support service provision generally. Future years' estimates for NHB have increased to £1.562M in 2016/17 and £1.671M in 2017/18.
<b>Housing Benefit and Council Tax Support Admin. Subsidy</b>	755	Specific grant, with no alternative use. Future years (from 2016/17) will be affected by anti-fraud arrangements, and in time, the roll out of Universal Credit.

- 3.7 Members may have noticed that Government has once again retained the concept of 'spending power'. Essentially this gives an annual comparison of the combined total of Government funding and assumed income from council tax, allowing for various adjustments. The City Council's figures as produced by Government are:

	<b>£'000</b>	
2014/15 Adjusted Spending Power	20,357	
2015/16 Spending Power	<u>19,054</u>	
Year on Year Reduction	1,303	or 6.4%.

#### 4 COLLECTION FUND POSITION

- 4.1 The Collection Fund is the account into which all council tax and business rate income is payable, and from which precepts and other relevant payments are made to the County, Police, Fire and the City Council's own General Fund, as well as to Government for its share of business rates.
- 4.2 Legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund are made each year for council tax (15 January) and business rates (by 31 January).
- 4.3 In respect of council tax, the review of the Collection Fund's financial position is still expected to result in a surplus of £1M being declared, as highlighted at December Cabinet. This surplus will be shared with major precepting authorities, with the City Council's share being £131K. This is already built into the budget.
- 4.4 It is well documented that for business rates, the calculation of any surplus or deficit is more complicated primarily because of the impact of appeals. The final position will be determined in line with the 31 January deadline for reporting to Cabinet in February. No changes have been to the provisional position presented at December Cabinet.
- 4.5 At this stage, therefore, Cabinet is asked simply to note the position, acknowledging that further budget changes may be needed in due course as a result of the business rates position.

## 5 PROVISIONS AND RESERVES (INCLUDING UNALLOCATED BALANCES)

5.1 Provisions and reserves (as set out at **Appendix B**) help the Council to deliver against its corporate priorities and manage the many financial risks it faces. A summary of these funds is shown below.

	31 March 14 £'000	Net Movements £000's	31 March 15 £'000	Net Movements £000's	31 March 16 £'000
General Fund Balances	3,713	358	4,071	(984)	3,087
Earmarked Reserves	7,662	(352)	7,310	1,744	9,054
Reserves held in Perpetuity	70	-	70	-	70
<b>TOTAL</b>	<b>11,445</b>	<b>6</b>	<b>11,451</b>	<b>760</b>	<b>12,211</b>

5.2 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the minimum level of reserves and balances. This will be formalised in February, once full budget proposals are known. This will allow the s151 Officer to consider fully whether there are any major shifts in financial risk attached.

5.3 In terms of the budget position to date, key points are as follows.

### 5.3.1 General Fund Balances

After transferring in this year's forecast net underspending, balances would amount to £4.071M by 31 March 2015 but of this amount, £1M has already been allocated to support the 2015/16 budget. Therefore, if the existing minimum balance of £1M remains unchanged and the current year's outturn is as expected, surplus balances of just under £2.1M would be available to support future years' budgets.

### 5.3.2 Earmarked Reserves

Various changes have been made to the transfers to and from these reserves in line with their current authorised use and as such, they are budget neutral. Only a very small number of other changes have been made as a result of the review completed so far:

- **City Lab / Performance Reward Grant**

These reserves are no longer required and therefore the remaining monies available totalling £19K have been transferred into Balances in the current year.

More changes may be made in February. In particular, the Authority continues to hold substantial balances in the Invest to Save (£1.5M) and Renewals (£690K). The use of these reserves will be considered further in future Cabinet reports.

### 5.3.3 Provisions

Following a reassessment of the bad debts provision a further contribution of £100K has been made in 2014/15. This has resulted from higher than expected write offs in respect of Housing Benefit overpayment recoveries. Debts in relation to these account for 66% of the total £2M sundry debts that are over 3 months old. Further details will be included in the Quarter 3 monitoring report, as usual.

## 6 GENERAL FUND CAPITAL PROGRAMME

- 6.1 Since December Cabinet, the only increase to the gross capital programme relates to additional ICT infrastructure and software costs (£45K). This covers the cost of some network and wi-fi upgrades, and corporate security software requirements.
- 6.2 Importantly, there has been a further reduction in the underlying need to borrow of £212K, which has resulted from using more earmarked reserves to finance the programme (including the ICT costs referred to above). This helps to reduce future financing pressures on the revenue budget.
- 6.3 In addition, there has been a change in the financing of vehicle renewals and corporate property works, for which there is no net impact on the programme. However, the change does spread the cost of unsupported borrowing charged to revenue over a longer period and this too results in revenue savings, as mentioned earlier.
- 6.4 The resulting draft capital position is summarised as follows and a more detailed statement is included at **Appendix C**, for Cabinet's consideration.

	<b>Gross Programme</b>	<b>Underlying Borrowing Need: CFR</b>
	<b>£000</b>	<b>£000</b>
<b>6 Year Programme (to 2019/20) as reported to December</b>	<b>36,877</b>	<b>14,549</b>
<b>Key Changes:</b>		
ICT Infrastructure additions	+45	(212)
Vehicle Renewals – financing change	-	(188)
Corporate Property Works – financing change	-	+188
<b>Total Changes</b>	<b>+45</b>	<b>(212)</b>
<b>Resulting Draft 6 Year Capital Programme</b>	<b>36,922</b>	<b>14,337</b>

## 7 COUNCIL TAX: OPTIONS

- 7.1 Under the Localism Act, if an authority's council tax increase exceeds the principles set by the Secretary of State, then it must hold a local referendum.
- 7.2 Government have announced as part of the provisional Settlement that a threshold of 2% will still apply. This would mean that the maximum permissible increase without needing to hold a referendum would remain at 1.99%, which fits with approved strategy.
- 7.3 This assumed increase of 1.99% would increase the City Council's tax rate of £199.99 to £203.97 for a Band D property. The increase amounts to around £3.98 per year or 8 pence per week.
- 7.4 Government has once again extended the offer of a compensation grant if Councils choose to freeze their council tax rates in 2015/16:
- Compensation of £95K, broadly based on a 1% increase, would be receivable in 2015/16. Note that the compensation grant is calculated on the tax base *before*



any Local Council Tax Scheme reductions, therefore the grant is higher than an actual 1% change.

- For subsequent years, Government has continued to make provision for building tax freeze compensation entitlement into the spending review baseline. This was first introduced a year ago, and reported to Members then. The exact impact of this is impossible to predict, especially in view of the changes being made to the Local Government finance distribution system from one year to the next. The inference is though that those authorities who freeze council tax will not see such a drop in funding once compensation grant ends; continuing grant of £50K per year has therefore been assumed, as an indication. Irrespective of this, and everything else remaining equal, authorities who have increased council tax will still be in a better position than they would otherwise have been. This is because generally compensation is based on a fixed percentage, rather than it being in full (so for example, currently compensation is based broadly on 1%, as compared with a council tax increase of 1.99%).

- 7.5 Drawing on the above factors, if all the various savings and growth assumptions listed were accepted, the basic options for council tax would be as follows. A 1% change in council tax would normally have around a £77K impact on the budget.

Council Tax Scenarios	Budget Impact		
	2015/16 Estimate	2016/17 Estimate	2017/18 Indicative
<p><b>Option 1:</b> Retain existing strategy: maintain a steady increase to help protect service delivery, taking account of referendum thresholds</p> <p><b>1.99% assumed in all years, subject to local referendum thresholds</b></p>	No savings requirement	£1.563M net savings requirement	£2.041M net savings requirement
<p><b>Option 2:</b> Take account of tax freeze compensation next year, but then revert to steady increase to help protect service delivery.</p> <p><b>0% in 2015/16 then 1.99% each year, subject to local referendum thresholds</b></p>	£58K net savings requirement	£1.672M net savings requirement	£2.155M net savings requirement
<b>Net Impact on Savings Requirement</b>	<b>+£58K</b>	<b>+£109K</b>	<b>+£114K</b>

- 7.6 In reality, there are numerous other targets that could be considered across the years, but the focus has simply been on the current MTFs assumptions of an annual 1.99% increase, and the impact of taking the council tax freeze grant offered.
- 7.7 The table shows that an additional savings requirement of £58K in 2015/16 would need to be met if council tax was frozen, and this is estimated to rise to over £100K each year thereafter.
- 7.8 Cabinet is therefore requested to decide what level of council tax increase to recommend for next year and what targets to propose for 2016/17 onwards. In doing so, Cabinet is advised to consider:

- the council tax threshold, above which a local referendum must be held;
- the tax freeze compensation grant on offer, but recognising the extra pressure this adds to the budget in subsequent years;
- subsequent years' general Government funding reductions and the need to make huge savings in future;
- financial sustainability. In short, it is not possible to keep tax increases lower than planned, without increasing the budget shortfalls in 2015/16 and beyond. More savings cannot be delivered without having greater adverse impact on services and communities.

7.9 Cabinet is reminded that its council tax recommendation for 2015/16 will be final (subject to the threshold), for subsequent consideration by Council. Targets for 2016/17 and beyond will be reviewed in future years, in accordance with the Medium Term Financial Strategy (MTFS).

## 8 BUDGET OPTIONS (INCLUDING GROWTH)

8.1 Alongside council tax, Cabinet is also requested to determine its supporting budget proposals for initial consideration by Council. Ideally, these should be balanced as far as possible, but there will be another opportunity at the February meeting to make some further changes. In addition, at that meeting items on St. Leonard's House, the Renewable Energy Strategy, and potentially aspects of the Morecambe Area Action Plan are due to be considered and these may well have budgetary implications. Other significant investment pressures, such as Salt Ayre, are expected to feature in 2016/17 budget and priority setting.

8.2 Accordingly, from the schedule set out at **Appendix A** and the supporting documentation Cabinet is requested to indicate which of the growth items it wishes to support and take forward.

8.3 In doing so, it is important to appreciate that any decisions taken during this budget on recurring items will have a bearing in future years. This is reflected in the current financial strategy, which is quoted below. Cabinet is advised to take account of this in deciding on whether to support any or all of the growth requests.

### **Growth**

*Growth will only be considered if it meets either of the following conditions:*

- *it is needed to meet statutory service standards;*
- *it is essential to meet a key objective within the Council's final Corporate Plan for 2015/16 onwards, for which there are no alternative providers or sources of funding available; and*

*sufficient progress will need to be made in adopting plans for addressing the medium term budget deficit, so as to consider any growth proposal affordable and sustainable in the medium to long term. This applies particularly to any recurring or high cost one-off growth proposals.*

8.4 Taking account of current strategy, the enormous financial challenges ahead, and the future reliance on Balances to support the budget, at present the s151 Officer's provisional advice is that:

- any recurring growth is unaffordable and unsustainable in the medium to longer term, but there may be some scope for redirection of resources, taking account of priorities and subject to more savings being identified;
- the term “growth” is really a misnomer and this will be reflected in the draft wording of future financial strategy – there is no real scope for budget growth as overall funding levels are reducing.

8.5 Once Cabinet’s position on growth and any other budget proposals is determined, this will be reflected in the draft Corporate Plan as well as the draft budget framework, for Council’s due consideration. Similarly the s151 Officer’s formal advice will be finalised.

8.6 In terms of 2016/17 and beyond, Officers are still progressing the development of a proposed change programme, which will include many budget options, for consideration in the next municipal year after the local and general elections. Ideally the timing will take account of the new Government’s first Spending Review also. Based on this, it is expected that Cabinet budget proposals will focus predominantly on 2015/16.

## 9 **DETAILS OF CONSULTATION**

9.1 Cabinet’s budget proposals are due to be considered by Budget and Performance Panel at its meeting on 27 January, prior to February Council.

## 10 **OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

10.1 Options are dependent very much on Members’ views on spending priorities balanced against council tax levels. As such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time to do this. Outline options are highlighted below, however.

- Regarding council tax, two options are set out at section 7 of the report.
- With regard to including savings and growth options to produce a budget in line with preferred council tax levels, any proposals put forward by Cabinet should be considered affordable, alongside the development of priorities. Emphasis should be very much on the medium to longer term position.

10.2 Under the Constitution, Cabinet is required to put forward budget proposals for Council’s consideration, in time for them to be referred back as appropriate. This is why recommendations are required to feed into the Council meeting in early February, prior to the actual Budget Council in March.

## 11 **OFFICER PREFERRED OPTION AND COMMENTS**

11.1 Generally Officer preferred options are reflected in the recommendations, with the exception of council tax.

11.2 In view of the level of savings still needed in future years, the ongoing impact that council tax freezes have, the Council’s current financial strategy, the reliance on use

of Balances, and the fact that the Council is not yet clear about how and when it will achieve a financially sustainable budget, the Officer preferred option for council tax is to retain the existing 1.99% year on year increase, subject to confirmation of local referendum thresholds. This preferred option would change only if the Council fundamentally reduces its ambitions regarding service delivery, evidenced through the adoption of a clear statement and strategy for doing so.

**12 CONCLUSION AND IMPLICATIONS FOR THE FUTURE**

12.1 From this report, it is clear that good progress has been made in balancing next year's budget.

12.2 Following the local and national elections next year, however, attention will have to focus on addressing the Council's medium to longer term financial position. This will be reflected in the review of the current medium term financial strategy, for consideration by Cabinet next month.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Diversity, Human Rights, Community Safety, Sustainability etc)</b> With the exceptions of PCSOs, which would help maintain resources for community safety for a period, and the Public Satisfaction Survey, which would assist the Council with its equality duties, there are no other implications 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.</p>	
<p><b>FINANCIAL AND OTHER RESOURCE IMPLICATIONS</b> As set out in the report.</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b> The section 151 Officer has prepared this report, and her comments and advice are reflected accordingly.</p>	
<p><b>LEGAL IMPLICATIONS</b> Legal Services have been consulted and have no observations to make on this report.</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b> The Monitoring Officer has been consulted and has no further comments to add.</p>	
<p><b>BACKGROUND PAPERS</b> None. Any public background information is already available through previous reports or the Government website.</p>	<p><b>Contact Officer: Nadine Muschamp</b> <b>Telephone: 01524 582117</b> <b>E-mail: <a href="mailto:nmuschamp@lancaster.gov.uk">nmuschamp@lancaster.gov.uk</a></b></p>

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

For Consideration by Cabinet Budget 20 January 2015

<b>Summary Budget Position to Date</b>				
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	£000	£000	£000	£000
<b>Original Revenue Budget &amp; Projections</b>	<b>18,540</b>	<b>17,877</b>	<b>19,154</b>	<b>0</b>
<b>Position as reported to Cabinet 02 December 2014</b>	<b>18,540</b>	<b>17,066</b>	<b>18,399</b>	<b>18,823</b>
<b>Base Budget Changes (see next page)</b>	(55)	(134)	(126)	(197)
<b>Growth Proposals for Consideration (see next page)</b>	15	355	56	22
<b>Savings Proposals for Consideration (elsewhere on this agenda)</b>				
Information Governance, Anti-Fraud & Assurance		(84)	(20)	(10)
Fees & Charges: Residents Car Parking		(3)	(3)	(3)
<b>Additional Contribution to/(from) Balances</b>	40	(148)	0	0
<b>Latest Net Revenue Budget Forecast</b>	<b>18,540</b>	<b>17,052</b>	<b>18,306</b>	<b>18,635</b>
<b>Funding Assumptions:</b>				
Revenue Support Grant	(5,700)	(3,861)	(3,298)	(2,754)
Retained Business Rates - Baseline Funding Level	(5,110)	(5,207)	(5,311)	(5,417)
Estimated Collection Fund Surplus	(131)	(131)	0	0
<b>COUNCIL TAX REQUIREMENT</b>	<b>7,599</b>	<b>7,853</b>	<b>9,697</b>	<b>10,464</b>
TARGET COUNCIL TAX REQUIREMENT (To fit with a council tax increase of 1.99% per year)	7,599	7,853	8,134	8,423
<b>Potential Savings Requirement</b>	<b>0</b>	<b>0</b>	<b>1,563</b>	<b>2,041</b>

<b>Impact on Council Tax</b>				
<b>Tax Base Projections</b>	<b>38,000</b>	<b>38,500</b>	<b>39,100</b>	<b>39,700</b>
<b>Band D City Council Tax Rate - MTFS Targets</b>	<b>£199.99</b>	<b>£203.97</b>	<b>£208.03</b>	<b>£212.17</b>
<i>Percentage Increase Year on Year</i>	1.99%	1.99%	1.99%	1.99%
<b>Current Council Tax Projections</b>	<b>£199.99</b>	<b>£203.97</b>	<b>£248.02</b>	<b>£263.58</b>
<i>Percentage Increase Year on Year</i>	1.99%	1.99%	21.59%	6.28%

<b>General Fund Unallocated Balances</b>		
	£M	
<b>Original projected balance as at 31 March 2014</b>	<b>3.436</b>	<div style="border: 1px solid black; padding: 5px; background-color: #333; color: white; text-align: center;"> <b>Available to Support Future Years' Budgets, £2.071M</b> </div>
Add: 2013/14 underspend	0.277	
Less: Budgeted Contribution for 2014/15	(0.458)	
Add: Current Projected Underspend	0.816	
Latest Projected Balance as at 31 March 2015	<b>4.071</b>	
<b>Less: Current Minimum Level</b>	<b>(1.000)</b>	
<b>Less: Budgeted Contribution for 2015/16</b>	<b>(1.000)</b>	Contribution to 2015/16 Budget, £1.000M
<b>Amount Available to Support Future Years' Budgets</b>	<b>2.071</b>	Current Minimum Balance, £1.000M

2014/15 2015/16 2016/17 2017/18  
£000 £000 £000 £000

### Base Budget Changes:

	2014/15	2015/16	2016/17	2017/18	
	£000	£000	£000	£000	
Staff Turnover		(100.0)	(100.0)	(100.0)	Provisional estimate - currently being reviewed
Licensing Fees & Charges		?	?	?	? Due to be considered by Licensing Committee 12 February
Planning Application Fees	(150.0)				Reflects current fee income
Planning Pre Application Advice Fees	(5.0)	(24.0)	(24.0)	(24.0)	Introduction of new fee
Court Costs Recovery (Revenues)	22.0	130.0	130.0	130.0	Per report elsewhere on this agenda
Impact of capital slippage on revenue	(3.0)	(64.3)	(30.2)	(77.4)	Resulting from reprofiling of capital spend
Provisions and Reserves Review	81.3				See Section 5 of this report
Car Parking: Residents Parking	51.6	2.9	2.9	2.9	2.9 Deficits on the account (both accumulated and ongoing)
Charter Market Rents		(14.3)	(14.3)	(14.3)	Per Cabinet 02 December 2014
Members Allowances		(5.7)	(9.7)	(13.3)	Council decision 17 December 2014
Benefits Administration Grants		11.7	11.7	11.7	Following notification from Government
Additional HMO Licences	(13.6)				Reflects current fee income
Employee Costs	(28.2)	(34.0)	(34.4)	(35.4)	Other staffing changes
Other minor adjustments	(10.4)	(36.3)	(57.9)	(77.3)	
	<b>(55.3)</b>	<b>(134.0)</b>	<b>(125.9)</b>	<b>(197.1)</b>	

2014/15 2015/16 2016/17 2017/18  
£000 £000 £000 £000

### Growth Proposals for Consideration by Cabinet:

	2014/15	2015/16	2016/17	2017/18	
	£000	£000	£000	£000	
PCSO's		99.0			Continuation of contribution for one year
Fees & Charges - Car Parking: Charging Freeze		13.4	13.7	14.0	See separate report elsewhere on this agenda
Beyond the Castle - Maintenance		8.0	8.0	8.0	See separate note on Appendix A (i)
Grand Theatre funding request	15.0				See separate report elsewhere on this agenda
Empty Homes Officer		24.9	34.2		Per Cabinet 07 October 2014, subject to review - potential to be met from existing resources?
Empty Homes Improvements Funding		200.0			Per Cabinet 07 October 2014, indicative figure and could vary
Public Satisfaction Survey		10.0			See separate note on Appendix A (ii)
Renewable Energy					Scheduled for February Cabinet
St.Leonard's House					Scheduled for February Cabinet
	<b>15.0</b>	<b>355.3</b>	<b>55.9</b>	<b>22.0</b>	

**Note re Growth Item: Beyond the Castle Site – Maintenance Costs**

Works have already taken place at the Castle, such as removal of invasive weeds, which have mainly been funded by the County Council. However, in order to allow for more recreational usage of the area and also to allow for more detailed archaeological and topographical surveys of the site the need for on-going maintenance has been identified, which would need to be funded by the City Council.

As a result, and following meetings with the County Council, an initial programme of annual works has been identified:

Roman Bath House Field

Regular mow to create a circular footpath, 2 cuts with raking up of long grass areas

**£2,544**

Quay Meadow

Regular mow to create a footpath to rear of properties, 1 cut with raking up of long grass areas

**£2,014**

Main Field

Regular mowing of prescribed areas, no cut with raking up of long grass areas

**£3,392**

**£7,950 total annual cost**

This has formed the basis of the annual growth item of £8K shown in Appendix A.

## **Note re Growth Item: Public Satisfaction Survey**

### **Background to the Proposal**

The Budget and Planning Process Report to Cabinet in September 2014 made reference to the need for a new survey to be undertaken, which would be used to inform the corporate planning and budgeting process for 2016/17 onwards. Whilst ad hoc consultation takes place to help inform specific council decisions the last council wide questionnaire was actually in 2008.

A district wide residents' survey would provide the council with an opportunity to gain representative perception data to help inform the corporate planning and budget process, and help to understand the needs of our communities and provide equality of access to our services. The proposal is that the next survey takes place early in 2015/16 and then appropriate intervals thereafter, say every three years.

### **Purpose of the Survey**

In line with the Consultation Strategy, the purpose aims to:

- Inform future prioritisation and budget decisions
- Inform design of future service provision (test potential options)
- Identify service improvements (important to manage expectations)
- Monitor service provision/manage performance (measure satisfaction)

Officers would determine the exact details of the survey.

### **Survey Options**

There are various options available to undertake the survey:

- Online
- Postal
- Face to Face
- Telephone

After due consideration, the chosen method is Face to Face based on a 10 minute survey aiming at 1,100 responses.

The cost of the survey would be in the region of £10K and this has formed the basis of the annual growth item shown in Appendix A.



**RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)**  
**For Consideration by Cabinet 20 January 2015**

	31/03/14		31/03/15		31/03/16		31/03/17		31/03/18	
	£	£	£	£	£	£	£	£	£	£
<b>GENERAL FUND</b>										
<b>General Fund Balance</b>	3,713,249	358,000	4,071,249	(1,000,000)	3,071,249	3,071,249	3,071,249	3,071,249	3,071,249	3,071,249
<b>Earmarked Reserves:</b>										
Apprenticeships	34,873	(29,100)	34,973	(19,600)	36,573	36,573	53,273	21,200	74,473	74,473
Business Rates Retention	1,699,258	1,499,000	1,880,458	(1,317,800)	3,907,158	3,907,158	5,936,858	2,029,000	7,965,858	7,965,858
Capital Support	469,104	(159,000)	310,104		310,104	310,104	310,104		310,104	310,104
City Lab	14,987	(14,987)	0		0	0	0		0	0
Elections	0		0		0	0	30,000	30,000	60,000	60,000
Highways	213,283		213,283		213,283	213,283	213,283		213,283	213,283
Homelessness Support	50,956	(38,100)	12,856		12,856	12,856	12,856		12,856	12,856
Invest to Save	1,514,350	(18,800)	1,495,550		1,495,550	1,495,550	1,495,550		1,495,550	1,495,550
Local Plan	23,160	(23,160)	0		0	0	0		0	0
Markets	9,599	50,000	59,599		59,599	59,599	59,599		59,599	59,599
Morecambe Area Action Plan (MAAP)	15,893	(15,000)	125,893	(35,000)	90,893	90,893	90,893		90,893	90,893
Municipal Buildings	386,298	(44,000)	342,298		342,298	342,298	342,298		342,298	342,298
Open Spaces Commuted Sums	163,828	(35,400)	128,428	(24,400)	104,028	104,028	81,528	(22,500)	59,028	59,028
Performance Reward Grant	39,670	(27,670)	12,000	(12,000)	0	0	0		0	0
Renewals (all services)	930,484	402,200	688,884	(341,500)	727,284	727,284	402,800	(76,000)	1,017,084	1,185,984
Restructuring	602,922		602,922		602,922	602,922	602,922		602,922	602,922
S106 Commuted Sums - Affordable Housing	700,493	231,800	629,893	(90,000)	539,893	539,893	539,893		539,893	539,893
S106 Commuted Sums - Highways, crossing & cycle paths	532,688	(47,700)	471,288	(144,500)	314,088	314,088	(4,000)	(500)	309,588	309,588
Welfare Reforms	257,000	26,900	283,900	(18,900)	265,000	265,000	265,000		265,000	265,000
Youth Games	2,914	15,000	17,914		32,914	32,914	15,000		47,914	62,914
<b>Reserves Held in Perpetuity:</b>										
Graves Maintenance	22,201		22,201		22,201	22,201	22,201		22,201	22,201
Marsh Capital	47,677		47,677		47,677	47,677	47,677		47,677	47,677
<b>Total Earmarked Reserves</b>	<b>7,731,639</b>	<b>2,469,100</b>	<b>7,380,122</b>	<b>(1,782,617)</b>	<b>9,124,322</b>	<b>9,124,322</b>	<b>2,498,700</b>	<b>(80,000)</b>	<b>11,478,522</b>	<b>13,720,122</b>

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

Provision	31/03/14		31/03/15	
	£	£	£	£
Bad Debts	1,102,243	200,000	1,052,243	1,052,243
Legal	175,000	(250,000)	175,000	175,000
Insurance	318,828	101,263	272,177	272,177
<b>Total Provisions</b>	<b>1,596,071</b>	<b>301,263</b>	<b>1,499,420</b>	<b>1,499,420</b>

**GENERAL FUND CAPITAL PROGRAMME - For consideration by Cabinet 20 January 2015**

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			
<b>Environmental Services</b>																					
Allotments	£ 27,000	£ 27,000	£ 0	£ 766,000	£ 922,000	£ 0	£ 1,531,000	£ 1,531,000	£ 0	£ 783,000	£ 783,000	£ 0	£ 783,000	£ 783,000	£ 0	£ 27,000	£ 27,000	£ 0			
Vehicle Renewals	798,000	798,000	0	766,000	922,000	0	1,531,000	1,531,000	0	783,000	783,000	0	783,000	783,000	0	6,290,000	6,290,000	0			
Vehicle Tracking System	105,000	105,000	0	21,000	74,000	0	50,000	50,000	0							105,000	105,000	0			
Bins & Boxes Scheduled Buy-Outs	12,000	12,000	0	21,000	74,000	0	50,000	50,000	0							157,000	157,000	0			
Toilet Works	126,000	126,000	0	135,000	135,000	0										126,000	126,000	0			
Car Parks Improvement Programme	385,000	25,000	0	135,000	135,000	0										520,000	25,000	0			
District Playground Improvements	125,000	125,000	0	0	0	0	0	0	0	0	0	0	0	0	0	125,000	125,000	0			
Williamson Park Improvements & Enhancements	0	0	0	75,000	75,000	0	75,000	75,000	0							75,000	75,000	0			
<b>Health and Housing</b>																					
Disabled Facilities Grants (2015/16 onwards to be confirmed)	869,000	869,000	0	783,000	783,000	0	783,000	783,000	0	783,000	783,000	0	783,000	783,000	0	4,784,000	4,784,000	0			
Warmer Homes Scheme	37,000	37,000	0	0	0	0	0	0	0	0	0	0	0	0	0	37,000	37,000	0			
Salt Ayre Sports Centre - Replacements & Refurbishments	0	0	0	30,000	30,000	0	30,000	30,000	0							30,000	30,000	0			
<b>Regeneration and Planning</b>																					
Toucan Crossing - King Street	13,000	13,000	0	0	0	0	0	0	0	0	0	0	0	0	0	13,000	13,000	0			
Dalton Square Christmas Lights (Renewal)	0	0	0	28,000	28,000	0	28,000	28,000	0							28,000	28,000	0			
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	1,709,000	1,679,000	30,000	1,652,000	1,622,000	30,000	9,539,000	9,382,000	157,000			
Amenity Improvements (Morecambe Promenade)	31,000	3,000	28,000	0	0	0	0	0	0	0	0	0	0	0	0	31,000	3,000	28,000			
Luneside East	25,000	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	25,000	25,000	0			
Lancaster Square Routes	1,317,000	1,010,000	307,000	0	0	0	0	0	0	0	0	0	0	0	0	1,317,000	1,010,000	307,000			
Morecambe TH2: A View for Eric	432,000	328,000	104,000	471,000	353,000	118,000	219,000	166,000	53,000	219,000	166,000	53,000	1,122,000	847,000	275,000	1,122,000	847,000	275,000			
Improving Morecambe's Main Streets	120,000	0	120,000	330,000	330,000	0	330,000	330,000	0	330,000	330,000	0	330,000	330,000	0	450,000	450,000	0			
Aldcliffe Road Canal Side Access Improvements s106 scheme	20,000	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000	0			
Brindle Close Affordable Housing s106 scheme	80,000	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	80,000	80,000	0			
Riversiew/Hostel Affordable Housing s106 scheme	132,000	132,000	0	0	0	0	0	0	0	0	0	0	0	0	0	132,000	132,000	0			
King SW/Wellington Terrace Affordable Housing s106 Scheme	90,000	90,000	0	90,000	90,000	0	90,000	90,000	0	90,000	90,000	0	90,000	90,000	0	180,000	180,000	0			
Middleton Nature Reserve S106 Scheme	11,000	11,000	0	17,000	4,000	17,000	4,000	4,000	4,000	4,000	4,000	0	4,000	4,000	0	32,000	32,000	0			
Adactus Top up Grants	159,000	159,000	0	0	0	0	0	0	0	0	0	0	0	0	0	159,000	159,000	0			
Bold Street Housing Regeneration Site Works	391,000	391,000	0	0	0	0	0	0	0	0	0	0	0	0	0	391,000	391,000	0			
Chatsworth Gardens	1,878,000	1,878,000	0	0	0	0	0	0	0	0	0	0	0	0	0	1,878,000	1,878,000	0			
<b>Resources</b>																					
ICT Systems, Infrastructure & Equipment	399,000	399,000	0	314,000	76,000	314,000	76,000	76,000	76,000	76,000	76,000	0	226,000	84,000	226,000	1,309,000	1,309,000	0			
Corporate Property Works	1,910,000	10,000	1,900,000	4,030,000	2,000,000	4,030,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	84,000	84,000	0	7,940,000	10,000	7,930,000			
<b>GENERAL FUND CAPITAL PROGRAMME</b>	<b>9,817,000</b>	<b>2,680,000</b>	<b>7,137,000</b>	<b>8,110,000</b>	<b>2,125,000</b>	<b>5,895,000</b>	<b>5,787,000</b>	<b>2,628,000</b>	<b>3,159,000</b>	<b>4,696,000</b>	<b>2,875,000</b>	<b>1,821,000</b>	<b>2,787,000</b>	<b>3,473,000</b>	<b>2,252,000</b>	<b>36,922,000</b>	<b>16,186,000</b>	<b>20,646,000</b>			
<b>Financing :</b>																					
Specific Grants and Contributions	2,680,000	0	2,680,000	2,125,000	0	2,125,000	2,628,000	0	2,628,000	2,628,000	0	2,628,000	2,405,000	2,405,000	2,405,000	3,473,000	3,473,000	0			
General Capital Grants	37,000	37,000	0	0	0	0	0	0	0	0	0	0	0	0	0	37,000	37,000	0			
Capital Receipts	2,078,000	2,078,000	0	630,000	370,000	630,000	370,000	370,000	370,000	370,000	370,000	0	0	0	0	3,448,000	3,448,000	0			
Direct Revenue Funding	495,000	495,000	0	51,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	0	0	0	0	700,000	700,000	0			
Earmarked Reserves	1,038,000	1,038,000	0	576,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	0	226,000	84,000	226,000	2,214,000	2,214,000	0			
	6,328,000	6,328,000	0	3,382,000	3,182,000	3,182,000	3,182,000	3,182,000	3,182,000	3,182,000	3,182,000	0	2,631,000	3,557,000	2,631,000	22,585,000	22,585,000	0			
<b>Increase / Reduction (·) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)</b>	<b>3,489,000</b>	<b>3,489,000</b>	<b>0</b>	<b>4,728,000</b>	<b>0</b>	<b>4,728,000</b>	<b>4,728,000</b>	<b>0</b>	<b>4,728,000</b>	<b>4,728,000</b>	<b>0</b>	<b>4,728,000</b>	<b>156,000</b>	<b>156,000</b>	<b>156,000</b>	<b>14,337,000</b>	<b>14,337,000</b>	<b>0</b>			
<b>TOTAL FINANCING</b>	<b>9,817,000</b>	<b>9,817,000</b>	<b>0</b>	<b>8,110,000</b>	<b>2,125,000</b>	<b>5,895,000</b>	<b>5,787,000</b>	<b>2,628,000</b>	<b>3,159,000</b>	<b>4,696,000</b>	<b>2,875,000</b>	<b>1,821,000</b>	<b>2,787,000</b>	<b>3,473,000</b>	<b>2,252,000</b>	<b>36,922,000</b>	<b>16,186,000</b>	<b>20,646,000</b>			
<b>SHORTFALL / SURPLUS (·)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

<b>CABINET</b>
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## Corporate Plan 2014 16 - Half Yearly Performance

### 20 January 2015

### Report of Chief Officer (Governance)

PURPOSE OF REPORT				
To provide an update on progress towards the delivery of the 2014 – 2016 Corporate Plan as at 30 September 2014				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
				X
Date of notice of forthcoming key decision	N/A			
This report is public				

#### RECOMMENDATIONS OF LEADER OF THE COUNCIL

- (1) That Cabinet considers progress towards the delivery of the 2014 – 2016 Corporate Plan at the mid-point of 2014 and makes comments and recommendations as appropriate
  - (2) That the outcome of the Investors in People Assessment and the plans to take this forward be noted
1. Report
    - 1.1. The 2014 – 2016 Corporate Plan was approved by Council on 16 July 2014. The Corporate Plan sets the direction for the delivery of council services and together with the Medium Term Financial Strategy (MTFS) and other strategies drives the allocation of resources as part of the council's Policy Framework. It also reflects the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the council faces.
    - 1.2. Whilst the corporate priorities have remained largely the same, being: *Clean, Green and Safe Places; Health and Wellbeing; Community Leadership and Sustainable Economic Growth*, they are now underpinned by an ethos of an 'Ensuring Council' – a model of local government developed by the Association of Public Service Excellence (APSE) - approved by Council on 26 February 2014.
    - 1.3. The focus of the priorities has been narrowed as resources have reduced. The priorities are reinforced by headline corporate outcomes and success measures, as well as indicators, milestones and activities at an operational level. Together with qualitative / contextual information these provide a greater understanding of factors having an impact on performance and overall delivery of the Corporate Plan.
    - 1.4. Six months into the first year of the life of the 2014 - 2016 Corporate Plan a review has been undertaken of performance and progress towards the achievement of the corporate priorities and outcomes over the term of the plan. Full details of this review are set out in **Appendix A**.
    - 1.5. In summary, the review shows that at this early stage in the life of the new Corporate Plan progress is being made and there are currently no major

areas of concern.

- 1.6. This early progress was reflected in the conclusions of an independent Investors in People (IIP) Assessment carried out at the end of July / beginning of August and reported in mid-September, which assessed the council against national standards in the key areas of:
  - Effective performance management
  - Effective leadership
  - Employee engagement
  - Continuous improvement
- 1.7. The assessment determined that the council has many strengths and, in determining that the council meets the national standards in each of these areas, acknowledged the significant progress being made in meeting the '*...immense amount of change and challenge facing the council*'.
- 1.8. The development of the ethos as an Ensuring Council and the support and commitment of Members and Chief Officers for this was seen as a particular strength. To help make the transition to becoming an ensuring council and to address matters highlighted during the review a number of opportunities and actions were identified which will be used to inform the development of a '*continuous improvement plan*'.
- 1.9. Responsibilities and accountabilities for actions in the continuous improvement plan will be agreed and monitoring and reporting incorporated into the performance management arrangements for future consideration by senior management, Cabinet and Budget and Performance Panel.

## **2. Conclusion**

- 2.1. This report and ***Corporate Plan Performance – Half Yearly Update 2014*** (Appendix A) sets out the progress being made towards the delivery of the Corporate Plan 2014 – 16 and provides an overview of the outcome of an Investors in People assessment.
- 2.2. These show that the council is making good progress in delivering longer term corporate plan priorities in a constantly changing and difficult environment, whilst trying to minimise the impact on local communities.
- 2.3. It is right to recognise the efforts and achievements of all those involved in taking the council forward, but it is also right to test the approach and robustness of performance management and leadership. The IIP review indicates that the council has many strengths that, together with a continuous improvement plan, will help the council face ongoing, medium and longer term challenges.
- 2.4. Essential factors in sustaining this position will be good employee engagement, organisational development / change management and continuous improvement. Another important element will be effective management of the expectations of customers and communities, which will gain momentum as medium to longer term Government austerity measures become clearer and budget restrictions have an impact on the council's ability to deliver activities and services.
- 2.5. Proposals for the future development the Corporate Plan(s) will be with a view to supporting the council as it evolves into an ensuring council, taking into account the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the council faces. Members will be asked to consider these proposals and revised Corporate Plan (s) in due course as part of the strategic planning arrangements.

**RELATIONSHIP TO POLICY FRAMEWORK**

This report is a requirement of the council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework and specifically in the Corporate Plan 2014 -16.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly 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:**

References and any related implications contained within Appendix A

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

Corporate Plan 2014 - 16

**Contact Officer:** Bob Bailey, Performance Manager

**Telephone:** 01524 582018

**E-mail:** rbailey@lancaster.gov.uk

**Ref:** Cabinet 20/01/15

Measure	Comments
<b>Priority: Clean, Green &amp; Safe Places</b>	
<b>Outcome: Impact of crime and anti-social behaviour across the district will be minimised</b>	
Work with the Police and Community Safety Partners to minimise the impact of crime and anti-social behaviour	Lancaster City Council continues to act as a key partner in ensuring the Community Safety Partnership delivers on its strategic priorities, including making use of new powers to tackle Anti-Social Behaviour (ASB) and reduce domestic violence and abuse.
Reduce hate crime and the fear of crime felt by minority communities	As part of the wider community safety work a joint project with Wyre Borough Council aims to raising awareness of hate crime and how to report it through events, targeted campaigns and talks to schools and minority communities groups facilitated by the council, as well as investigating anti-social behaviour referrals of hate crime.
<b>Outcome: Local neighbourhoods are clean and safe and residents have a sense of pride in the district</b>	
Perception of people who live in, work in, or visit the district that the streets and public spaces are safe and clean is increased	This data is taken from the annual Living in Lancashire survey report which will be available at the end of the financial year.
Increased number of projects that directly involve local communities in improving local areas, parks and open spaces	Nineteen groups with a variety of projects are being supported including the development of play areas, allotments, Skateparks and parks. Groups include newly formed groups, Parishes and Friends groups. Other groups are supported through wider initiatives such as the Lancaster Greenspace Forum and consultation toolkits which have been developed in conjunction with Lancaster University. Four projects have been completed to date being: Langridge Play Area, Regent Park Play Area; Cinderlane Allotment and Yealand Parish play area.
<b>Outcome: The council's impact on the environment will be minimised</b>	
Energy strategy in place and agreed	Feasibility studies are currently being undertaken to explore key aspects of the strategy, the results of which will inform the contents of the final strategy. It is planned to have a final strategy in place by early 2015.
Annual reduction in energy used by the council's operations	Data on the council's energy consumption will be available at the end of the financial year and a year on year comparison will be available at this time. The recent changes in use at St Leonards House are expected to have a significant impact on the council's energy consumption.
Annual reduction in carbon emissions from the council's operations	Data on the council's carbon emissions will be available at the end of the financial year and a year on year comparison will be available at this time. The recent changes in use at St Leonards House are expected to have a significant impact on the council's carbon emissions.
Maintain and/or improve average Standard Assessment Procedure (SAP) rating in council homes to a high level	The conditions survey of the council's housing stock has recently been completed. Data from the detailed review is currently being analysed and will be reported at the end of the year
Amount of household waste reused, recycled or composted is maintained	This measure is reported 3 months in arrears – data for the second quarter will be validated at the end of December. The combined tonnage for the first quarter April to June 2014/15 is 46.3%. This is a small increase on same period in 2013/14 which was 45.6% due to an increase in green garden waste.
Increase income from energy and recycling projects	The council has recently added domestic sized solar photo-voltaic installations at two more council housing properties.

Measure	Comments
<p><b>Priority: Health &amp; Wellbeing</b></p>	
<p>Outcome: Enhanced quality of life of local residents through access to affordable, decent housing</p>	
<p>Increased number of improved homes</p>	<p>This measure reports on the number of homes improved in the private sector. It includes properties in the private rented sector that have been improved through the intervention of the Housing Standards Team and those improved in the owner occupied sector through the work of the council's Home Improvement Agency (HIA). 854 homes improved at the end of Quarter 2.</p>
<p>Improve access to housing</p>	<p>This is a new measure for 2014/15. The measure reports on the number of households that have been assisted in finding permanent accommodation into one of three categories of tenure, being: Council Housing, Private Registered Provider of Social Housing and Private Rented Sector At the end of Quarter 2, 417 households have been assisted by the Housing Options Team (Homelessness) and the Choice Based Lettings Team. It is anticipated that this level of support will be maintained for the rest of the year.</p>
<p>Increase number of affordable homes</p>	<p>Estimated completions for 2014/2015: 163 The estimated number of completed affordable homes in 2014/2015 coincides with the end of the Affordable Homes Programme 1 (AHP1 2011-2015), which is the grant funding provided by the Homes and Communities Agency to complete schemes by 31 march 2015. Four AHP1 funded schemes are now on site. A further two schemes with Affordable Homes Guarantees Programme funding available until 2017 are expected to be completed ahead of this deadline. Ten affordable housing units, secured through planning gain (a levy on the increased value of land) are close to completion at Moor Platt, Caton. Four other planned affordable housing schemes have not yet started on site. Of these two have 'live' planning permission and two are currently pending. A number of other housing developments with 'live' planning permissions for affordable housing are expected to come forward soon.</p>
<p>Outcome: Health and wellbeing of our citizens is improved</p>	
<p>Increased number of people participating in sports and leisure activities</p>	<p>This measure is currently being developed. It will monitor all throughput at Salt Ayre Sports Centre and the Community Swimming Pools at Heysham, Hornby and Carnforth. It will also provide data on a number of other programmes and events including: activities and events in communities; schools coaching; holiday activity and sports development Programmes and other events through the year. Work is underway to provide 'real time' performance data and information by the end of the year.</p>
<p>Maximise opportunities for access to innovative leisure activities by working collaboratively with public and private sector partners</p>	<p>Officers are currently undertaking soft market testing with a view to determining the potential for the procurement of a development partner that would enable redevelopment work to be undertaken at Salt Ayre Sports Centre. Ensuring facilities are in line with market demand is essential to improving financial performance and some of the current offer is dated. Officers have also negotiated and entered into a partnership with the University of Cumbria with the Council receiving a financial contribution in return for use of the facilities by students and staff.</p>

Measure	Comments
<p><b>Priority: Health &amp; Wellbeing</b></p>	
<p>Outcome: Health and wellbeing of our citizens is improved (continued)</p>	
<p>Increased number of vulnerable households benefitting from Warm Homes Initiative</p>	<p>289 households have benefited from Warm Home Initiatives at end of Quarter 2. This measure reports on the number of households - both owner occupiers and private tenants - benefitting from interventions to improve the level of affordable warmth in the homes of vulnerable residents. The schemes include a number of activities ranging from replacing inadequate boilers to the payment of fuel bills. The number of improvements to date are largely due to the completion of works approved during 2013/14 and through utilising funds allocated in that year. Additional funding has been secured from Public Health for 2014/15. Funding is no longer available for a scheme specifically targeting tenants in the private sector but vulnerable households are benefitting through the intervention of the Housing Standards Team in prioritising the elimination of the Category 1 hazard of 'Excess Cold'.</p>
<p>Facilitate long term improvements in transportation to improve local air quality</p>	<p>The council has formally approved its Local Air Quality Strategy. The Strategy focusses initially on behavioural change as the most critical factor to successful delivery of air quality improvements. Officers are now working with Public Health and Highways at Lancashire County Council, together with district council partners, to design the 'large-scale change' project commencing with an Air Quality Summit for influencers early in 2015. A specific study measuring emissions from taxis is underway – data has been gathered and is now being assessed.</p>
<p>Maintain percentage of 'broadly' compliant food businesses (category 3-5)</p>	<p>1,139 businesses are considered broadly compliant (3 rating or higher) representing 96% of all ratings issued. There has been a significant increase since 2011 in the number of 5 star (top) rating businesses, rising from 785 to 921. In the same period, the number of businesses considered to be non-compliant (2 or below) has dropped from 76 to 46. This has been achieved through a range of activities aimed at tackling unsatisfactory food hygiene standards in food business, including advice to Food Business Operators, formal improvement / prohibition notices and / or prosecution. Not all businesses receive a rating, only those food businesses that supply food direct to the public are included within the food hygiene rating scheme. Where a rating is issued, the business is encouraged to display the rating within the business, but there is no legal requirement to do so.</p>
<p>Maintaining adequate supply to reduce demand led unsustainable price rises in the housing market</p>	<p>The council needs to maintain a five-year supply of housing at all times. This is achieved by granting sufficient planning consents, or allocating enough sites in the local plan, so that the council can demonstrate that any point in time five-years' worth of deliverable housing sites are available to the development industry. The requirement specified with the council's adopted Core Strategy, is for 400 new homes per year, meaning that supply sufficient for 2000 new homes is needed, plus any backlog that has not been delivered to date. An additional buffer must also be added to ensure that in circumstances where delivery has been poor additional opportunities for development are given consent. Current supply is calculated to be equivalent to 3.2 years. It is anticipated that this will improve during the next twelve months as new sites are granted planning consent and developers expectations of the rate of development are changed. House prices continue to be high - the average cost now being £153,635. This is almost 50% higher than the average house price figure in Lancashire. The district has experienced exceptionally low levels of new housing build over the last five years. This is in the context of evidence that suggests that the district's housing needs are greater than anticipated in the adopted Core Strategy. Land suitable for further development will be identified in the Land Allocations document due to be adopted by late 2016 / early 2017.</p>



Measure	Comments
<b>Priority: Health &amp; Wellbeing</b>	
<b>Outcome: Health and wellbeing of our citizens is improved (continued)</b>	
<p>Improve the wellbeing of our residents through collaborative, preventative and reactive measures</p>	<p>Working in partnership with Lancashire County Council's Public Health Commissioners a comprehensive General Practitioner referral scheme is being delivered at Salt Ayre Sports Centre. Currently 157 clients are signed up to the scheme – a further 423 referrals have been received.</p> <p>A variety of low impact exercise classes to help vulnerable residents to improve their health and new cycling sessions to encourage people back into cycling in a safe environment have been well attended. A range of sports and leisure activities for adults with learning disabilities have also been developed including assisted cycling, multi-sports, and disability football. An exercise session was developed specifically for the blind. Collectively these activities have been attended by nearly 4,000 people.</p> <p>In developing this measure further performance on a number of supplementary environmental health actions will also be incorporated by the end of the year.</p>

Measure	Comments
<p><b>Priority: Community Leadership</b></p>	
<p><b>Outcome:</b> Communities are brought together and the major issues affecting the district are addressed through working in partnership</p>	
<p>Improve neighbourhood working by engaging with communities to understand their needs and empowering them to deliver services locally</p>	<p>These are annual measures intended to show how the council is making progress through working with a range of partner organisations and the wider community to deliver services and a number of initiatives are underway with partners, community groups and council tenants.</p>
<p>Maintain working arrangements with voluntary, community, faith, arts and culture groups to ensure important services are delivered</p>	<p>These, as well as a number of other measures, are contributing towards achieving the principal(s) of an Ensuring Council as approved by Cabinet and incorporated within the <i>Ethos</i> of the council in the Corporate Plan 2014 -2016 approved by Council in July 2014. Shortly after the Corporate Plan was approved, an independent Investors in People (IIP) assessment praised the council for its commitment to the future delivery of services as an Ensuring Council.</p>
<p>Continue to improve customer service, reduce waste and improve effectiveness through collaborative working with partners and service providers</p>	<p>As such, performance management, monitoring and reporting is developing to support staff and management in facing the challenges, and taking advantage of the many opportunities, facing the council as it makes its transition to becoming an Ensuring Council. This will involve incorporation of a 'continuous improvement plan', as recommended by the IIP, and linking existing and new measures to the eight principles and / or the ten related strategies – the formal reporting of which is planned by the end of the current financial year.</p>
<p>Ensure Ward Councillors feel supported in their Community Leadership role</p>	<p>Democratic Services continue to ensure that ward councillors feel supported in their community leadership role, by offering a range of training and development opportunities. Recently, North West Employers gave a seminar on the future role of councillors and addressing the changing role of local democracy and how elected members engage with their local communities. There has also been a recent session on neighbourhood planning, at which councillors discussed the power of local communities to form neighbourhood development plans and a briefing later in the year will highlight new community powers to tackle anti-social behaviour. Plans are being made for Members Induction following the 2015 local elections, including community leadership training for new and returning Members.</p>
<p><b>Outcome:</b> Well run, value for money services are valued by the public and demonstrate good governance, openness and transparency will be delivered</p>	
<p>Gain an 'unqualified' value for money conclusion from our External Auditors</p>	<p>The council was given an unqualified value for money opinion in the External Auditors Opinion on the 2013/14 Annual Accounts, issued on 17th September 2014.</p>
<p>Deliver quality services through a skilled and motivated workforce supported by learning opportunities and ways of working that are accessible to all</p>	<p>Real benefits to be gained from a better alignment of the business critical functions of human resources, organisational development and performance management led to the formation of Human Resources and Organisational Development in early 2014. This provides opportunities to flexibly manage and reinforce change through new ways of working. Involving staff in the change process and supporting them in gaining the skills and knowledge necessary to solve problems and take advantage of these opportunities will help to achieve and sustain high performance and productivity, support continuous improvement and deliver quality services. Business improvement is becoming an established part of the council's commitment to developing a skilled workforce, providing a more flexible, coordinated and innovative approach to meeting business needs. Business improvement projects are underway in key areas of work that have been chosen to maximise added value and drive out waste.</p>

Measure	Comments
<p><b>Priority: Community Leadership</b></p>	<p>Outcome: Well run, value for money services are valued by the public and demonstrate good governance, openness and transparency will be delivered (continued)</p>
<p>Improve standards of equality and diversity</p>	<p>In May, Business Council acknowledged the council's statutory requirement to meet the Public Sector Equality Duty (PSED) and approved five equality objectives and an equality and diversity action plan developed in response to requests for action from the Equality and Human Rights Commission (EHRC). The equality objectives were subsequently incorporated into the Corporate Plan 2014 -2016 approved by council in July.</p> <p>Since then extensive work has been carried out - and is ongoing - towards compliance with the PSED and its core purpose of integrating consideration of equality and good relations into day-to-day business. Good progress has been made that serves to demonstrate the council's commitment and leadership on equality and diversity, but more work needs to be done to embed and incorporate this into policy development, decision making and service delivery. Overall progress will be reported to Council in May 2015.</p>
<p>Improve our understanding of the needs of our communities and provide equality of access to our services and employment opportunities</p>	<p>This is linked to, and will be informed by, the developing measures for the Community Leadership outcome: <i>Communities are brought together and the major issues affecting the district are addressed through working in partnership</i> which will improve the council's understanding of the needs of our communities.</p> <p>The council was one of the first in the North West to successfully adopt a Local Development Core Strategy which demonstrates that the council understands the relationships between its communities and the local economy and is able to plan effectively for the development of sustainable growth and job creation.</p>

Measure	Comments
<p><b>Priority: Sustainable Economic Growth</b></p>	<p>Outcome: Sustainable economic growth and jobs will be created in key sectors, including energy, knowledge, health and visitor economy</p>
<p>New and improved employment sites and premises will become available in key business locations targeting key sectors</p>	<p>Work has continued to bring forward key sites which are particularly suitable for the target sectors of the Knowledge Economy and Energy.</p> <p>In partnership with Lancaster University and Lancashire the County Council, the Lancaster University Health Innovation Campus (formerly known as the Lancaster University Science Park) has moved forward to the point where development should commence in mid-2015. This has been made possible by an award of £17M from the Lancashire Economic Partnership's Growth Deal and funding from Lancaster University, Higher Education Funding Council and the private sector. When fully operational, there will be the capability to more than 2,000 jobs and an annual economic impact of nearly £100M.</p> <p>The District's other key future employment location is Heysham Gateway. This will benefit significantly from the improved accessibility provided by the Heysham/M6 link road and is particularly suited to development in the energy sector as well as development generated by investment associated with the Port of Heysham. The council is working in partnership with Lancashire County Council, Carillion and key businesses in the area to ensure a co-ordinated approach is adopted for bringing sites forward and delivering infrastructure and environmental improvements.</p> <p>Looking ahead, the forthcoming Land Allocations Development Plan Document (part of the Local Plan) will review the need for, and supply of, employment sites and determine whether additional sites are needed in the future.</p>
<p>A Local Plan for the district adopted</p>	<p>The council's Local Plan adopted in 2004 coincided with changes to the Planning system, which required a two stage approach for the replacement Local Plan, being a Core Strategy followed by other subsidiary documents. The council adopted its Core Strategy in 2008, however, the national guidance changed again in 2013 resulting in work being focussed on five Development Plan Documents (DPDs) that together will form the council's new Local Plan and supersede the Core Strategy.</p> <p>All five of the DPDs need to be prepared and adopted. It is intended that two of these, Development Management [Planning Policies] and the Morecambe Area Action Plan will be considered for adoption at full Council on the 17th December 2014. The remaining three DPDs are all being worked on with a planned adoption date of late 2016 / early 2017 - these are: Land Allocations; Arnsdale Silverdale AONB; and Gypsy, Traveller, and Travelling Show people Accommodation.</p>
<p>Inward investment opportunities will be maximised by working with key partners, including the universities of Lancaster and Cumbria, University Hospitals Morecambe Bay and British Land</p>	<p>Work is ongoing to support the development of the Health Innovation Campus at Lancaster University, which has just received £17M of Growth Deal funding, and to work with British Land to bring forward plans for a city centre redevelopment. To support further investment from indigenous businesses, the council is beginning work with partners to further understand the long term skills required to underpin growth and to position the district as a good place to live and work to attract key workers in the future.</p>

Measure	Comments
<p><b>Priority: Sustainable Economic Growth</b></p>	
<p>Outcome: Sustainable economic growth and jobs will be created in key sectors, including energy, knowledge, health and visitor economy (continued)</p> <p>Level of support for business growth and skills development will be maximised</p>	<p>Assisted Area Status was successfully obtained permitting the granting of extra public financial support to enterprises in economically disadvantaged locations, including six Lancaster Wards; Poulton, Westgate, Overton, Bulk, Castle and Dukes.</p> <p>Input into the successful Lancashire Economic Partnership Growth Deal submission to Government secured the largest single project allocation of £17M for Lancaster University Health Innovation Campus to establish new facilities and a test space for companies carrying out product and service development in collaboration with the university and healthcare bodies.</p> <p>Work is progressing on the review of employment land which is providing an analysis of the district's underlying local economic conditions and business activity profile; future economic growth forecast and implications for the availability of the supply of business premises, employment land and workforce skills. When complete, the findings will help shape policy, set actions to take advantage of future opportunities and remove / mitigate constraints to business growth, local skills and employability needs.</p> <p>To date, District based companies have secured a total of £220k investment from the Lancashire Regional Growth Fund, generating matching private investment of £880k for new manufacturing based growth. A strategic principle has been adopted for promoting the use of local people and business through the construction and implementation stages of major development proposals.</p>
<p>Supporting small business as important components of thriving retail centres</p>	<p>The council's key role as levy payer / collector and supporter of the Lancaster Business Improvement District (BID) is continuing with £198k of levy funds successfully collecting by the end of September 2014.</p> <p>Agreement to a proposal from the Lancaster District Chamber of Trade to support a feasibility study for a Morecambe Business Improvement District resulted in £40k being made available to contribute to the investigative work and plans to secure a BID ballot in 2016.</p> <p>Provision as the accountable body in support of the Portas Pilot Initiative led by Morecambe Town Council and the Morecambe Town Team, where various initiatives are progressing with around £17k remaining of the original £100k to commit to projects.</p> <p>As part of the Townscape Heritage Initiative (THI) 2 – A View for Eric a pilot business support and advice scheme has been initiated in the THI area of central Morecambe. This is assisting up to 19 businesses in the area and the project will be used to develop other small business support initiatives where funding and support is available. The project supports bespoke from a professional business adviser; diagnostic business analysis and action planning, and the opportunity to apply for a small cash grant to initiate identified actions.</p> <p>At the end of the project a detailed scheme evaluation report will be produced.</p>

Measure	Comments
<p>17 December 2014</p>	

<p><b>Priority: Sustainable Economic Growth</b></p>	
<p><b>Outcome:</b> The attractiveness and offer of the district, as a place to visit or invest in, will be improved</p>	
<p>Lancaster and Morecambe urban centres will be enhanced by investment in the built environment, heritage assets and the public realm</p>	<p><b>Lancaster:</b> Working in partnership with Lancashire County Council the second phase of works to deliver improvements to streets and spaces through the Lancaster Square Routes project has been completed. This comprised of works to significantly upgrade the fabric of Cheapside, Horseshoe Corner, Penny Street, Market Square and part of Market Street with careful design to create much more spacious, less cluttered streetscapes. This integral work will improve the economic performance and environmental quality of the city.</p> <p>In the second half of the year works to the same standard of improvement will be carried through to the back of the Museum and the length of Market Street to its junction with King Street.</p> <p>As part of the partnership arrangements now in place, work with Lancashire County Council is being taken forward to explore options for the development of the museums offer in Lancaster city centre, in line with the city's new status as one of England's 11 heritage cities.</p> <p>Proposed changes and improvement for the outdoor Charter Market and the management of traffic within the pedestrian zone are planned in the second half of the year, subject to council decisions. This will enhance how streets and spaces are managed, maximising the benefit of the investments made and making the city centre as sociable and economically successful.</p> <p>Complementary to all of this work is the ongoing delivery of services by the council to manage, maintain and improve the public realm.</p> <p><b>Central Morecambe:</b> The Morecambe Area Action Plan (MAAP) sets out a real focus on streets and spaces within the central area that require a combination of works to reconfigure certain elements and improve and better manage key locations.</p> <p>Cabinet set priorities for improvement in April 2013 and proposals are now being worked up. Whilst, funding the environmental works is very challenging, focus is currently on making the best possible use of the resources already committed.</p> <p>Approved and due to be implemented in 2015 is a significant project to uplift the condition of main streets focusing on interlinking parts of Euston Road, Market Street and Victoria Street. Other improvements deliverable in 2015 should include changes to car parks either side of 'Eric' to provide a better balance between the use of space for leisure and car parking and making these areas better and safer for pedestrian movement. These changes should help to increase footfall in the town centre.</p> <p>Across much of central Morecambe, however, significant improvements to public realm is heavily dependent on securing new investment and development, the prospects for which are very uncertain at present.</p> <p>A number of Service Level Agreements with local arts organisations are in place - the individual performance of these organisations in delivering agreed outcomes will be assessed at the end of the year. In November, Cabinet approved an update on the existing service level agreement with the Dukes Playhouse to take account of new lease and rent arrangements. Occupation and footfall at The Storey continues to improve with 71% of the managed workspace now occupied and attendances increasing through a variety of functions, events and exhibitions, notably as part of the Light up Lancaster and Lancaster Music Festivals and the booking of live theatre productions which have already doubled compared to 2013/14</p>
<p>Economic impact of the arts in the district will be measured with the Council moving towards an ensuring role to support a range of delivery partners</p>	<p>A number of Service Level Agreements with local arts organisations are in place - the individual performance of these organisations in delivering agreed outcomes will be assessed at the end of the year. In November, Cabinet approved an update on the existing service level agreement with the Dukes Playhouse to take account of new lease and rent arrangements. Occupation and footfall at The Storey continues to improve with 71% of the managed workspace now occupied and attendances increasing through a variety of functions, events and exhibitions, notably as part of the Light up Lancaster and Lancaster Music Festivals and the booking of live theatre productions which have already doubled compared to 2013/14</p>

Measure	Comments
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<p><b>Priority: Sustainable Economic Growth</b></p>	
<p><b>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations</b></p>	<p>Two new destination brands have been developed in partnership with a wide range of partners that will allow Lancaster and Morecambe Bay to be promoted to visitors on a much wider scale than was previously achieved.</p> <p>The launch of the Lancaster destination brand took place on Thursday 27<sup>th</sup> November 2014. This will be followed by the launch of the Morecambe Bay brand on the 15<sup>th</sup> January 2015. Business training workshops, developed in partnership with Lancaster District Chamber of Commerce and Bay Tourism Association took / will take place on the launch day of each brand.</p>
<p><b>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations (continued)</b></p>	<p>In the first half of the year, nearly 130,000 unique visits were made to the council's website, up from around 119,000 for the same period in 2013/14.</p> <p>An arrangement has been made with Marketing Lancashire to promote the destinations of Lancaster and Morecambe via the <i>visitlancashire</i> website which currently has 800,000 unique visitors a year.</p> <p>The council continues to work in partnership to deliver major festivals and events, notably the Vintage Festival and Light Up Lancaster 2014.</p> <p>An estimated 40,000 visitors attended this year's Vintage Festival, of which a quarter had never visited Morecambe before. This is significantly more than those attending the similar Seaside Festival, which attracted an estimated 16,000 people.</p> <p>An estimated 21,500 people attended Light up Lancaster 2014 over the two nights, up from 19,850 last year. The economic impact figures for both of these festivals will be available soon.</p> <p>Numbers attending shows at The Platform will be available at the end of the year.</p> <p>The total number of enquiries at the Lancaster and Morecambe Visitor Information Centres in the first half of the year has increased compared to the same period last year (up to 82,500 from 80,000 in 2013/14), but visitor income is slightly down (£183,000 in 2013/14 and £182,000 so far in 2014/15) due to a reduction in opening hours and significant disruption resulting from the footpath closure outside Lancaster VIC</p>
<p><b>Visitor numbers and spend will be increased</b></p>	

**CABINET**

**Information Governance and Assurance Update  
20 January 2015**

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

<b>PURPOSE OF REPORT</b>			
To seek Cabinet's approval for strengthening the Council's information governance and other assurance arrangements (covering Information and Communications Technology (ICT), information management, corporate anti-fraud and internal audit generally), using budgetary growth approved back in February 2014.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		19 December 2014	
This report is public.			

**RECOMMENDATIONS**

- 1) That Cabinet approves the development of the ICT service and the corporate information governance function as outlined in the report, to be financed from within existing budgets.
- 2) That Cabinet supports the setting-up of a corporate anti-fraud team in collaboration with Preston City Council and Fylde Borough Council on the basis outlined in the report, subject to it being at least cost neutral.
- 3) That Cabinet notes the proposed widening of the Internal Audit service's remit, subject to consideration by Audit Committee at its next meeting.

**1 Introduction**

1.1 As part of the 2014/15 budget, Cabinet supported an outline investment plan and associated growth estimated at £120K per year for ICT security and Public Services Network (PSN) compliance. The growth was duly approved at Budget Council on 26 February 2014, its future use being subject to a further report to Cabinet.



1.2 Linked to this, the Council's position regarding information governance has been commented on in the last two Annual Governance Statements. The 2013/14 statement, approved by Audit Committee in September 2014, acknowledged that following a significant body of work surrounding the Public Services Network (PSN), further actions were still required *"to ensure that the council's arrangements for collecting, storing, using and sharing information are robust and enable the most efficient and effective use of that information"*.

1.3 In addition to addressing those needs from both ICT and general information governance perspectives, this report takes the opportunity to consider the Council's response to other recent developments regarding anti-fraud arrangements.

## 2 Information Security and Governance

### 2.1 Information and Communications Technology (ICT)

2.1.1 Sound ICT is essential for effective service delivery and as such, any delays, outages or other difficulties in the supply of the ICT service can have significant adverse impact, potentially across the whole organisation. This is recognised, hence the approval of the budget growth almost a year ago.

2.1.2 In terms of the PSN, after a very difficult exercise under a very stringent regime, compliance was first gained in May 2014. Nationally, the arrangements have been the subject of criticism, because of inconsistencies in assessment experiences of various councils to some degree but more fundamentally, because of an imbalance in the absolute need for addressing real and perceived security risks at the expense of service provision – with the latter losing out significantly in some cases. Moreover, indications are that it has proved a very expensive exercise for local government as a whole.

2.1.3 That is not to say that there have been no benefits derived from the experience, however. On a more positive note, the Council does have a far more robust ICT network and Officers have already learned much, in getting this far. It is also apparent that Government has recognised councils' difficulties and it is committed to improving arrangements.

2.1.4 Unfortunately though, this was not in time to influence the timing of the Council's subsequent PSN assessment, as this still had to be completed and submitted last August, only 3 months after gaining the last accreditation. Once again this tied up resources and resulted in additional costs, although by no means to the extent as experienced on the previous occasion. Nonetheless, it did result in further delays in progressing the more proactive work to develop service restructure proposals for the future. The £120K additional budget available in this year has been spent on putting in place infrastructure and interim consultancy support to resolve outstanding tasks from the first PSN assessment, as well as dealing with the requirements of the second one.

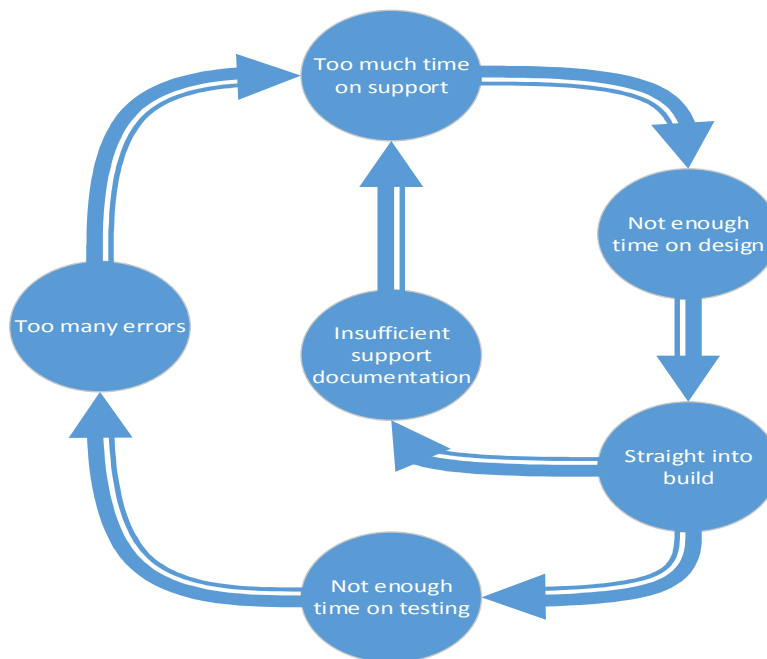
2.1.5 Government's change in stance has influenced its response to the second assessment, however. Officers have only very recently received any actual feedback; initial indications are encouraging and it is hoped that confirmation of compliance will be received sometime this month.

2.1.6 More specifically, Government has now brought in significant changes for the governance for PSN. For example, it has established a PSN Programme Board to help improve the compliance process and capitalise on the opportunities that PSN presents, such as supporting the joining up of public services in an efficient and effective manner. The Local Government Association (LGA), the public sector

based Society of IT Management (SOCITM) and other local authority representatives are included on the Board. Furthermore, the Council's ICT Manager is currently the Regional Chair for SOCITM in the North West, which gives a good opportunity to both contribute to and keep abreast of future developments.

2.1.7 Whilst undertaking the network security remediation work in order to meet PSN requirements, it became very clear that ways of working and skills levels within ICT required strengthening to meet and keep up to date with industry standards. Developing appropriate plans to tackle this takes time, however – especially as day to day service provision must continue. An external company was engaged to undertake a skills review, in order to inform restructuring proposals.

2.1.8 As background, the current structure of three teams within ICT, (these being Service Desk, Technical Support and Applications Support), has been in place for at least the last 15 years. Staff in each section have to prioritise their work between support and development and often, as a result, areas of development including design, testing, and hand-over to Service Desk, are sacrificed. Instead, just trying to get and keep systems up and running becomes the priority. With the focus being on resolving issues that arise from this, there has been inadequate time to devote to strategy. The following diagram sums up the service's way of working, which in the industry is referred to as a "circle of too much support".



2.1.9 In short, the key findings of the external review were as expected, in that the ICT service is understaffed and under-skilled in critical areas. Furthermore, the service also needs to draw on external support where this is more cost-effective to do so, for example in the provision and support for wi-fi and other aspects where 24/7 cover is needed.

2.1.10 To address this position, ICT service restructuring proposals will be presented to Personnel Committee shortly. In the current climate of rapidly increasing change both from technology and as a result of different ways of working brought about by budget pressures, the Council needs an ICT service that provides reliable systems, manages a wide variety of technologies and is able to plan for and respond to change in an agile manner. Use of the previously approved budget growth will enable this. Current estimates indicate that costs for 2015/16 will be in the region of £50K, although with the potential outcome of job revaluation and incremental

progression, these may rise to a maximum of £69K. Full details will be included in the report to Personnel Committee.

## 2.2 Information Governance

2.2.1 In parallel with addressing ICT related vulnerabilities, it has been acknowledged that the Council also needs to develop and improve its standards of information governance generally throughout the organisation.

2.2.2 The key components of the Council's current information governance arrangements are:

- Information Management Officer
- Information Management Group
- Existing policies and procedures
- On-line training resources

2.2.3 A self-assessment of the Council's current position has been carried out using the National Archive's information management self-assessment tool. A summary chart and headline results coming out of this review are set out in **Appendix A**.

2.2.4 The conclusion from this analysis is that corporately, resources and arrangements currently devoted to information management are insufficient to address the development issues identified in this review and to maintain appropriate standards into the future. Key areas for development are therefore identified as being:

- Raising understanding of the importance of 'Knowledge and Information Management' (KIM)
- Identifying and managing significant information management risks
- Raising understanding of the information needs of the Council and putting in place standards and procedures to ensure these are met
- Establishing clear roles and responsibilities for information management and ensuring that staff and elected Members receive appropriate training, guidance and support
- Developing a culture which ensures a commitment to high standards of information management and to identifying and taking advantage of information sharing opportunities

2.2.5 Given the nature of information developments, particularly those relating to digital information and the associated technology, the expectation is that resources will be required not just in the immediate term, to address the gaps identified and raise standards to an acceptable level, but also to maintain those standards into the future. Furthermore, drawing on the arrangements that other local authorities have in place, buying in support, either through collaboration with other authorities or from the private sectors, is not considered to be a viable, cost effective option, at least for the medium to longer term.

2.2.6 Accordingly, it is proposed that the in-house corporate information governance function be expanded and developed; an increase of one post is envisaged. Allowing for overheads, at maximum the annual cost would be approaching £50K per year, subject to grading confirmation. In next year costs may be in the region of £40K, depending on the recruitment process. Should Cabinet support the proposal, arrangements for establishing the post would be made under delegated authority. It is proposed that managerial responsibility for Information Governance would transfer to Internal Audit.

2.3 **Options and Options Analysis (for ICT/Information Governance)**

2.3.1 **Option 1** – Approve Officer proposals (covering ICT and Corporate Information Governance)

2.3.2 **Option 2** – Do not approve Officer proposals and require alternatives to be developed.

	Option 1 – Approve Officer Proposals to develop functions as proposed	Option 2- Do not approve proposals: require Officers to develop alternative proposals.
Advantages	<p>Will enable and support better service provision through the development of ICT, corporate policies, procedures and standards of information governance</p> <p>Will enable exploration of options for better use and sharing of information</p> <p>Provision of greater assurance regarding information management and security; reduce the risks of inappropriate disclosure and any associated penalties</p>	None identified.
Disadvantages	Costs associated with additional resources (although these are already budgeted for)	<p>Further delays in improving service areas.</p> <p>Inability to develop standards and respond to future development challenges in the interim.</p> <p>Unable to provide assurance regarding the security and effective management/use of information.</p> <p>No suitable alternatives identified to date.</p>
Risks	Inability to recruit the requisite resources	<p>Increasing risk of information security incidents and associated penalties/adverse publicity</p> <p>Inability to respond to change and to take advantage of opportunities for better information sharing arrangements</p> <p>Risk of wasting time and resources, with no prospect of identifying a better solution for the medium term.</p>

**Officer Preferred Option**

2.3.3 Option 1 is preferred. Dedicated resources are required to provide the expertise, capacity, and guidance necessary to enable the Council to fulfil its information governance responsibilities and to make the best possible use of ICT and information in service delivery.

### 3 Corporate Anti-Fraud Arrangements

#### 3.1 Background

3.1.1 The National Fraud Authority (“NFA”) estimates that fraud in local government amounts to at least £2.2 billion. In its publication “Protecting the Public Purse 2013”, the Audit Commission identified a number of areas of fraud as being those that local authorities are typically likely to be subject to, other than Housing/Council Tax Benefit.

3.1.2 The Audit Commission goes on to say:-

*“Councils face reduced funding and new national counter-fraud arrangements. They need to assess fraud risks effectively to target resources where they will produce most benefit. They should:*

- *Maintain their capacity to investigate non-benefit fraud following the introduction of the Single Fraud Investigation Service (“SFIS”);*
- *Follow the lead of London Boroughs and focus more effort on detecting non-benefit fraud, which directly affects their revenue; and*
- *Ensure they have the right skills to investigate all types of fraud, which vary in complexity.”*

3.1.3 The public is entitled to expect the City Council to conduct its business with integrity, honesty and transparency and demand the highest standards of conduct from those working for it. Local authorities have a duty to safeguard public funds and take responsible steps to ensure this. If fraud is suspected, authorities are tasked with actively investigating allegations.

3.1.4 Historically both Lancaster and Preston City Councils have, with great success, concentrated their counter fraud work around the prevention and detection of housing benefit /council tax benefit related fraud, with occasional cases relating to other fraudulent activity or irregularity being referred to the team for further investigation.

3.1.5 The DWP contributes financially (through Housing Benefit Administration Grant) to facilitate the fraud prevention and detection work directly linked with benefit fraud.

3.1.6 Recently, however, Government has confirmed that all Local Authority Fraud Investigators will transfer to the Department of Work and Pensions (DWP) in a phased process, thus creating a Single Fraud Investigation Service (SFIS).

3.1.7 As part of these arrangements, shared service staff currently employed by Preston City Council are scheduled to transfer to DWP from 1 June 2015. This move will result in a loss of specialist resources, funding and skills. At the same time, the Council will continue to be required to participate in the National Fraud Initiative (“NFI”).

3.1.8 Additionally, the landscape in which the Councils operate is changing as a result of:

- them now being responsible for determining their own Localised Council Tax Support (LCTS) Schemes;
- Business Rates administration changes, with the potential for increased rate avoidance tactics and increased local impact; and
- there being a higher profile regarding fraud and its impact on public funds generally, at a time when councils and other public bodies are facing huge financial challenges.

3.1.9 These factors impact directly on the scale and range of risks inherent within the Authority and its future capacity and resources. With all of these issues in mind, there is a business need to determine a suitable framework that ensures the Council is still reasonably able to prevent fraud from occurring, following the creation of SFIS. Where prevention is not possible, there should be a systematic and proportionate response, enabling the timely and effective detection, investigation and prosecution of fraudsters.

### 3.2 **Current Position**

3.2.1 The Council's Financial Regulations and the Anti-Fraud, Bribery and Corruption Policy assigns responsibility for the corporate reporting and investigation of fraud and other financial irregularities to the Council's Internal Audit function. In recent years, the majority of fraud cases detected (other than benefits) have tended to be relatively low level theft or other impropriety. There have been no cases over £10,000 requiring a report to the Audit Commission.

3.2.2 The existing shared Benefits Fraud Team consists of 10.6 full time equivalent staff operating over 3 sites. It includes counter fraud officers/managers accredited through the DWP's Professionalism in Security ("PinS") qualification. In addition several team members hold BTEC Professional Certificates in investigation.

3.2.3 In terms of the team's costs, these are split 50/50 between Preston City Council and Lancaster City Council, after allowing for Fylde Borough Council making a separate contribution as part of a Partnership Agreement. Lancaster City's share is currently estimated at £127K per year.

3.2.4 To help offset this, DWP funding estimated at £74K per year is receivable, meaning that the City Council's current net cost for the shared function is £53K per year.

### 3.3 **Proposal**

3.3.1 The potential for establishing a corporate Anti-Fraud Team under a collaborative arrangement with existing partners, Preston City Council and Fylde Borough Council, has been developed for Cabinet's consideration.

3.3.2 The scope of this corporate function would include business rates, council tax discounts and significantly, council tax support cases, which will not be covered by the Single Fraud Investigation Service.

3.3.3 Furthermore, under the Prevention of Social Housing Fraud Act 2013, local authorities have been given powers to investigate and prosecute tenancy fraud, providing a further opportunity to explore partnership working arrangements in social housing. This is relevant to Lancaster in relation to its own Council Housing service and in Preston, the Community Gateway Association has expressed an early interest in discussing service provision, should a shared Corporate Fraud Team be established.

3.3.4 The team would also be tasked to investigate alleged fraud, bribery and corruption by any employees, councillors, contractors, consultants, suppliers, service users and members of the public who have dealings with the Council. In summary the section will be responsible for:

- Prevention, detection, investigation and prosecution of all fraud against the Council
- Assisting with any appropriate disciplinary matters
- Providing assurance that the risk of fraud is minimised wherever possible
- Working with Internal Audit on any other matters regarding fraud, bribery and corruption risks affecting the Council.

- 3.3.5 If this approach were to go ahead, the team would seek to work closely with other interested stakeholders, including Housing Associations and Lancashire County Council, to help detect fraud in other prime areas.
- 3.3.6 It is currently envisaged that a new Corporate Fraud Team established on this basis would consist of 4 posts. They would continue to be employed by Preston City Council and there would be a further partnership agreement put in place.
- 3.3.7 Where possible, the new Corporate Fraud Team would be staffed from the existing shared Benefit Fraud Team, ahead of the transfer to SFIS.
- 3.3.8 There are several options for service location and management, ranging from a virtual team located in several places, or a single unit based in one location, or a hybrid arrangement. At this stage, regardless of location, it is proposed that the Corporate Fraud Team forms part of Internal Audit resources. Officers from the partner authorities would agree the exact arrangements in due course.

#### 3.4 Financial Implications

- 3.4.1 In essence, initially the proposed creation of a shared Corporate Fraud Team would be funded through redirecting the savings anticipated from the transfer of the bulk of benefit anti-fraud work to SFIS, as shown in the table below:

	2015/16	2016/17	2017/18	2018/19
<b>Savings:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fraud Staff TUPE – saving in LCC contribution to the Shared Service	(95)	(127)	(127)	(127)
<b>Additional Costs</b>				
Contribution to the Corporate Fraud Team	41	53	53	53
Administration Grant Reduction	-	74	74	74
<b>Net Cost / (Saving)</b>	<b>(54)</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 3.4.2 Financial arrangements for sharing/allocating costs and savings would be developed further, drawing on the principle that the function should be self-financing, i.e. the money the team prevents being lost through fraudulent activity should more than offset the cost of running the team. The evaluation of this would be developed and monitored on an ongoing basis, to ensure that value for money is being achieved. At present, the proposal does not assume any direct savings from the team's prevention work.
- 3.4.3 In addition to the above, Government recently challenged Councils to use innovative financial management to tackle fraud. It set up a £16M funding pot (covering a two year period), with the purpose of encouraging bids from local authorities, working in partnership, to recoup money owed and tighten safety nets to prevent crime.
- 3.4.4 Preston City Council, with support from its existing local authority fraud partners (Lancaster CC & Fylde BC), submitted a successful bid for funds and it has been awarded £125,750 to help the partnership establish an investigative capacity over a 2 year period. At the time of writing this report, the use of these funds had not yet been determined, but they should also mean that additional savings can be gained.

3.4.5 Separately, Officers have signed up to Government's recently announced Fraud and Error Reduction Incentive Scheme (FERIS) that runs until the end of 2015/16. This should provide financial rewards for authorities that further tackle fraud and error within their housing benefit caseload (rather than corporate fraud). The resources for participating in this will also be managed jointly, through shared arrangements.

3.4.6 As indicated earlier, the work of the proposed team will cover both General Fund and Housing Revenue Account services and each account will therefore be expected to bear an element of the Council's share of the cost. It is too early to estimate the split, however, and so all costs are assumed to be General Fund.

### 3.5 Options and Options Analysis

3.5.1 **Option 1:** To approve the proposals for establishing a Corporate Fraud Team on a collaborative basis with the Council's partners (Preston CC and Fylde BC).

3.5.2 **Option 2:** Not to approve the proposal, and require Officers to develop alternative proposals for meeting the Council's residual obligations for tackling fraud, on transfer of staff to SFIS in June 2015.

	Option 1 – Approve the establishment of a Corporate Fraud Team on a collaborative basis with Preston CC and Fylde BC	Option 2- Do not approve the proposal / seek alternatives.
Advantages	<p>Objective would be for the team to be self-financing</p> <p>Opportunity to make use of existing staff capacity and expertise</p> <p>Benefits from larger scale of operation</p> <p>Would enable links and collaboration to be maintained with Internal Audit.</p> <p>Flexibility and responsiveness to changing levels of demand/need within the partner organisations.</p> <p>Benefits from Central Government funding which has been awarded.</p> <p>Has the resource to engage with other interested parties.</p>	None identified.
Disadvantages	Additional managerial oversight to ensure that partners' priorities and calls on the team are managed effectively.	<p>Shortage of specialist anti-fraud skills within current Internal Audit resource.</p> <p>Lost opportunity for tackling fraud in a cost-effective, collaborative manner.</p>
Risks	<p>Failure to achieve self-financing objective.</p> <p>Success dependent on retaining / recruiting suitably experienced skilled staff.</p>	<p>Linked to uncertainty. In the interim:</p> <p>Inability to respond effectively to a significant incident.</p> <p>May not be able to provide an effective level of deterrence.</p> <p>High demand on anti-fraud matters could adversely affect core audit work, or incur more costs.</p> <p>Reputational risks with partners.</p>



**3.6 Officer Preferred Option**

3.6.1 Option 1 is preferred. This provides a number of opportunities to take advantage of existing strengths and expertise within the current Revenues and Benefits Shared Service and the availability of external funding. It is stressed that the overall financial objective of the proposal is that the corporate team would be self-financing and this must be regarded as an immutable principle. Arrangements would be put in place for ongoing monitoring and review of performance.

3.6.2 Given that the formation of a Corporate Fraud Team requires decisions from other partners and recruitment arrangements being resolved before 01 June, a final decision is being sought now, rather than it being subject to the budget process. This fits with financial strategy, given that no additional budgetary pressures are involved.

**4 Internal Audit and Assurance**

4.1 Cabinet will note that the proposals contained within this report fit with establishing a wider 'assurance' role being built in to the existing remit of Internal Audit.

4.2 The Internal Audit section currently has a vacancy in the post of Principal Auditor; this has been held vacant pending the proposals contained in this report being developed and considered.

4.3 Constitutionally, the Audit Committee has delegated responsibility for considering and commenting on the adequacy of Internal Audit and options for its delivery. Proposals for the future shape and organisation of Internal Audit are therefore being covered in a report to the Audit Committee later this month.

4.4 In essence, however, Officers consider it appropriate to widen Internal Audit's role, linked to providing assurance regarding the Council's wider governance arrangements.

4.5 Given the corporate nature of the work, specific responsibilities for fulfilling this wider role would be attached to the senior members of the team, i.e. the Internal Audit Manager and Principal Auditor.

4.6 This may require some relatively minor changes to job roles within the function, but any costs involved would be minor and would be contained within existing budgets (and the figures quoted earlier).

**5 Details of Consultation**

5.1 Where appropriate, consultation has been undertaken with the Council's partner authorities. Any specific staffing consultation would be undertaken in accordance with the Council's protocols, where the Council is the employing authority.

**6 Conclusion**

6.1 Much work has been done to develop proposals that strengthen the Council's service provision, whilst containing costs within existing budgets and/or providing opportunities to secure savings. Whilst the service areas may not necessarily be appreciated directly by the public, nonetheless they are essential for effective service delivery and the safeguarding of resources.

**RELATIONSHIP TO POLICY FRAMEWORK**

As stated in the Corporate Plan, a key element in ensuring its successful delivery is having sound governance arrangements in place. The proposals also fit with the Council's ethos.

**CONCLUSION OF IMPACT ASSESSMENT**

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

Any impacts would be addressed through the delivery of particular services.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have no observations to make in respect of the proposed anti- fraud provisions and with regards to ICT/Information Management proposals they are acceptable subject to appropriate consultation with the affected staff.

**FINANCIAL IMPLICATIONS**

As set out in the report.

In summary, if all the proposals were approved, savings of at least £84K would be achieved next year, with the potential for this to increase, predominantly through the results of anti-fraud work.

Although savings should accrue from such activity in subsequent years, at present, for prudence the anti-fraud proposals are assumed to be budget neutral. There would be savings of between £10-20K each year in connection with ICT and Information Governance, however.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources/ Information Services / Property / Open Spaces:**

As referred to in the report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has contributed to the production of this joint report, which is in her name as Chief Officer (Resources) together with the Chief Officer (Governance)'s.

**MONITORING OFFICER'S COMMENTS**

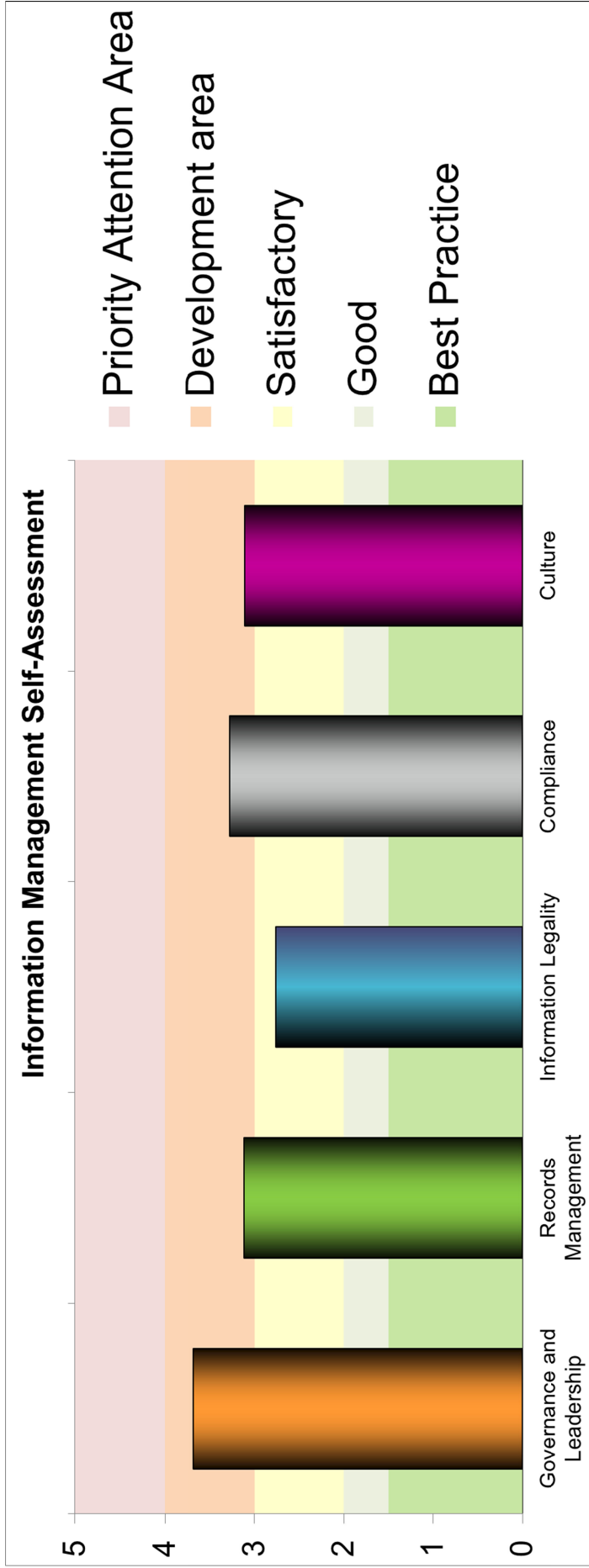
The Monitoring Officer has been consulted and has no comments to add.

**BACKGROUND PAPERS**

None.

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**Ref:**

Result Chart - National Archive's Information Management Self-Assessment



Mean score per section

Framework category	Mean score per section
1 Governance and Leadership	3.68
2 Records Management	3.11
3 Information Legality	2.77
4 Compliance	3.29
5 Culture	3.11

## Information Management Self-Assessment – Headline Messages

1. 4 out of the 5 categories covered in the assessment are classed as 'development areas'.
2. With the objective of meeting at least a 'Good' standard in all areas, investment is particularly required in:
  - **Governance and leadership:**
    - Strategic management of 'Knowledge and Information Management' (KIM)
    - Management understanding of the importance of KIM
    - Full identification, registration and defined ownership of information assets
    - Understanding and management of the costs of KIM
    - Identification and assessment of risks to information management
  - **Records management:**
    - Full understanding of the information needs of the Council and of its users
    - Establishment and implementation of clear corporate standards
    - Raising standards regarding storage, access to, and the retention and disposal of information (on both digital and physical media)
    - Developing arrangements to ensure 'digital continuity' in line with business change policies and procedures
    - Quality control and verification processes
  - **Compliance:**
    - Creating clarity in roles and responsibilities for information management
    - Development of information management skills and understanding
    - Inclusion of information management considerations in change management programmes
    - Development of suitable training programmes
    - Comprehensive policies covering both digital and physical records
  - **Culture:**
    - Developing management and staff commitment to high standards of information management
    - Developing understanding of KIM procedures, tools and techniques
    - Identifying and taking advantage of information sharing opportunities.

<b>CABINET</b>
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**Urgent Business Report**  
20 January 2015  
**Report of Chief Officer (Governance)**

PURPOSE OF REPORT			
To advise Members of actions taken by the Chief Executive, in consultation with the relevant Cabinet Members.			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
<b>Referral from Officer</b>			<b>X</b>
<b>Date of notice of forthcoming key decision</b>	n/a		
<b>This report is public</b>			

**RECOMMENDATION**

- (1) That the actions taken by the Chief Executive, in consultation with the relevant Cabinet Members in accordance with the Scheme of Delegation, in respect of the following, be noted:-

**1.0 VARIATION TO CONTRACTUAL TERMS FOR CHATSWORTH GARDENS HOUSING REGENERATION PROJECT**

- (1) *That a working amendment to the Heads of Terms for the project be agreed and incorporated in the final contract documentation, so as to provide for the transfer of the freehold ownership of the Phase 1 properties to PlaceFirst to occur once the developer has incurred expenditure of £1.25M in relation to the project, rather than upon the completion of the refurbishment works.*
- (2) *That consultation is undertaken with a view to waiving call-in, in accordance with Overview and Scrutiny procedure rule 17, to enable the decision to be implemented immediately.*

**2.0 Background**

The Chief Executive consulted with the Leader and Cabinet Member with Special Responsibility for Economic Regeneration and Planning, to take the Urgent Business Decision set out above. The decision authorised working amendments to the Heads of Terms agreed by Cabinet on 5<sup>th</sup> November 2013 to facilitate legal requirements associated with external funding streams. The reason for the urgency in this case was that the amendment needed to be included in the contract documentation which had to be completed before the developer was able to commence on site early in the New Year. The Chairman of the Overview

and Scrutiny Committee was consulted and agreed to waive the five day call-in period in accordance with Overview and Scrutiny Procedure Rule 17.

### 3.0 Conclusion

Approval was given to the above action, which is reported to this meeting in accordance with the City Council's Constitution, Part 4, Section 4 – Cabinet Procedure Rule 1.10(b).

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>Comments were contained in the original report.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b></p> <p>Comments were contained in the original report</p>	
<p><b>LEGAL IMPLICATIONS</b></p> <p>Comments were contained in the original report</p>	
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>Comments were contained in the original report</p>	
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p>Comments were contained in the original report</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b></p> <p>Comments were contained in the original report</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b></p> <p>Comments were contained in the original report</p>	
<p><b>BACKGROUND PAPERS</b></p> <p>none</p>	<p><b>Contact Officer:</b> Liz Bateson  <b>Telephone:</b> 01524 582047  <b>E-mail:</b> ebateson@lancaster.gov.uk  <b>Ref:</b> UB93</p>