



Committee: CABINET

Date: TUESDAY, 17 FEBRUARY 2015

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday 20th January 2015 (previously circulated).

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

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

4. **Declarations of Interest**

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

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

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

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

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Section 106 Agreement - Morecambe Sainsbury's** (Pages 1 - 6)
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of Chief Officer (Regeneration & Planning)
7. **Happy Mount Park- Masterplan-2015-2025** (Pages 7 - 13)
(Cabinet Member with Special Responsibility Councillor David Smith)
Report of Chief Officer (Environment)
8. **Corporate Performance and Financial Monitoring 2014/15 - Quarter 3** (Pages 14 - 55)
(Cabinet Members with Special Responsibility Councillors Blamire and Bryning)
Joint Report of the Chief Officer (Governance) and Chief Officer (Resources)
9. **Corporate Plan** (Pages 56 - 67)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of Chief Officer (Governance)
10. **Budget & Policy Framework Update 2015/16**
(Cabinet Members with Special Responsibility Councillors Blamire & Bryning)
Report of Chief Officer (Resources) - Report to Follow
11. **Budget and Policy Framework Update 2015/16 – Housing Revenue Account and Capital Programme** (Pages 68 - 85)
(Cabinet Member with Special Responsibility Councillor Leytham)
Joint Report of Chief Officer (Health & Housing) and Chief Officer (Resources)
12. **Treasury Management Strategy 2015/16**
(Cabinet Member with Special Responsibility Councillor Bryning)
Report of Chief Officer (Resources) – Report to Follow
13. **Exclusion of the Press and Public**

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item(s) in private. It should be noted that the reports for items 14 and 15 are public reports but contain exempt appendices and it will only be necessary to exclude members of the press and public if it is necessary to refer to the exempt appendices during consideration of these items.

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

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

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

14. **Energy Strategy**

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Chief Officer (Environment) – Report to Follow

15. **Proposed Redevelopment of St. Leonard's House**

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Chief Officer (Resources) – Report to Follow

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(ii) Queries regarding this Agenda

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

(iii) Apologies

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

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

Published on Thursday, 5th February 2015.

CABINET

**Section 106 Agreement – Morecambe Sainsbury’s
17th February 2015**

Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To obtain authority to utilise Section 106 contributions from the Morecambe Sainsbury’s development to improve pedestrian/cycle links in the vicinity of the store and to update the Council’s budget accordingly.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	20 th January 2015		
This report is public			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

- (1) That authority be given to utilise the £55,000 Section 106 monies from Sainsbury’s to improve pedestrian and cycle links in the area around the Morecambe store as detailed in the report.
- (2) That the General Fund Revenue Budget and Capital Programme be updated accordingly to reflect the additional expenditure and the contribution from the s106 reserve.

1.0 Introduction

- 1.1 In 2010, planning permission was granted for the redevelopment of Christie Park, former home of Morecambe Football Club, for a Sainsbury food store. Amongst the many conditions associated with the approval was a requirement to improve pedestrian and cycle links between the new store and the Lancaster to Morecambe “Greenway”. A commuted sum of £55,000 was negotiated with Sainsbury’s to pay for these works.
- 1.2 The original proposal was to construct a new route across the playing field of Lancaster Road Primary School. Unfortunately, it has not proved possible to obtain agreement to use this route which has meant that a revised proposal has had to be developed. This has delayed the project to the point where the money may have to be repaid if it is not spent by July 16th 2015.

2.0 Proposal Details

- 2.1 The planning requirement is to provide a direct foot/cycle path from the Lancaster – Morecambe cycle path (the “Greenway”) to the site. This is reflected in the Section 106 Agreement which requires the money to be spent on “the construction of a cycle path along a route to be determined by the Council between the Land (Sainsbury’s) and Greenway and then onto Bartholomew Road / Wingate Avenue”.
- 2.2 Improving the cycle/pedestrian network linking Morecambe’s residential areas and Sainsbury’s will encourage less use of the private car by shoppers and employees. Using the school playing field has not proved to be feasible due to the loss of outdoor playing space. Instead, it is proposed to improve the existing on-road cycle link between Lancaster Road and the “Greenway” via Christie Avenue which in turn opens up routes to the large residential area between the cycle route and Oxcliffe Road (see plan showing overall route).
- 2.3 This will involve improvements in the vicinity of the superstore, and a link between the cycle route and Bartholomew Road to facilitate access for cyclists, wheelchair users and pushchairs, through improvements to the existing footpath. Specifically, a new bridge will replace the existing wooden footbridge and a wider path will enable joint use between pedestrians and cyclists, with new and improved surfacing providing much safer access (see detailed plan).
- 2.4 As the proposal improves existing routes, there are no additional maintenance costs associated with the scheme. The new bridge will require less maintenance in the long term than the existing one as it will be constructed of more durable materials.

3.0 Details of Consultation

- 3.1 Extensive consultation took place during consideration of the planning application. Additional consultation will take place with ward members and any responses will be reported verbally.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Do not undertake the improvements	Option 2: Implement improvements as currently planned
Advantages	Existing staff resources can be utilised elsewhere	Achieves long held wish to improve links to Greenway. No additional cost to the Council other than existing staff time. <i>(see comment above re ongoing maintenance)</i>
Disadvantages	No improvements to greenway. Section 106 money repaid. Lost opportunity.	Some staff time involved.
Risks	Reputational risk with public and potential future funders. Would undermine future Section 106 negotiations.	Need to progress quickly to avoid “payback” scenario if scheme is not completed before July 16 th deadline. This is considered low risk given the nature of the works involved.

5.0 Officer Preferred Option (and comments)

5.1 Option 2 is the officer preferred option as it delivers highly desirable improvements to pedestrian and cycle network at no additional cost to the Council.

6.0 Conclusion

6.1 As detailed in paragraph 5.1 above.

RELATIONSHIP TO POLICY FRAMEWORK

The proposal will contribute to the Council's Clean, Green and Safe Places and Health and Wellbeing priorities.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising directly as a result of this report.

LEGAL IMPLICATIONS

The Section 106 Agreement is legally binding between the parties involved. The agreement requires the City Council to repay the money if it is not expended within 5 years of its receipt by the Council i.e. by 16th July 2015.

FINANCIAL IMPLICATIONS

There are no additional financial implications arising for the City Council as a result of the proposed improvements as the implementation costs will be 100% funded from external monies currently held in the s106 reserve for this purpose. It is expected that any ongoing revenue costs for maintenance and staff time will be contained within existing resources as the proposal covers the enhancement of an existing route, whilst using more durable materials.

It is re-iterated that any unspent monies will need to be returned to the Developer if the works are not commenced and completed by the deadline of July 16th 2015 and so there is a need to progress fairly quickly at this stage as the works (including appropriate planning and preparation time) are likely to take up to two months.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The project will be managed by the Engineering Team in the Regeneration and Planning Service utilising existing staff resources. This is manageable within existing workloads.

Information Services:

None

Property:

The land required for the improvements is owned by the City Council.

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

none

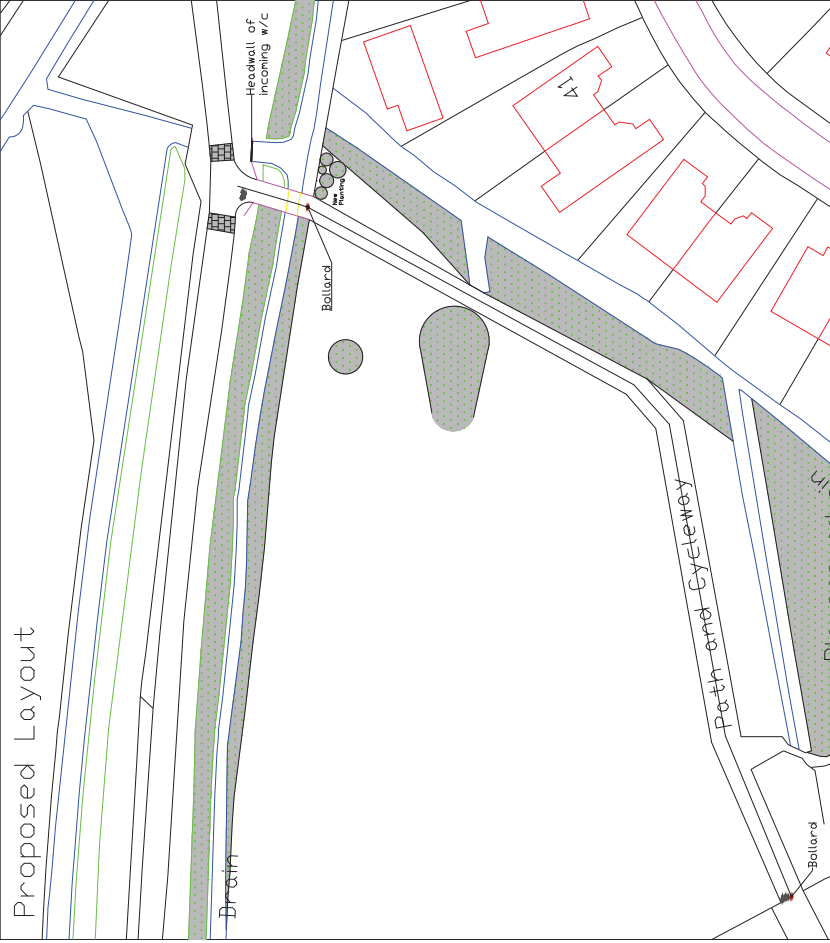
Contact Officer: David Lawson

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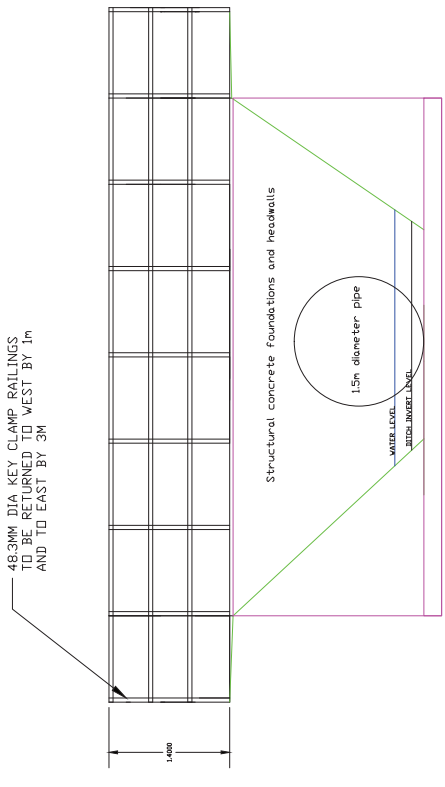
Proposed Layout



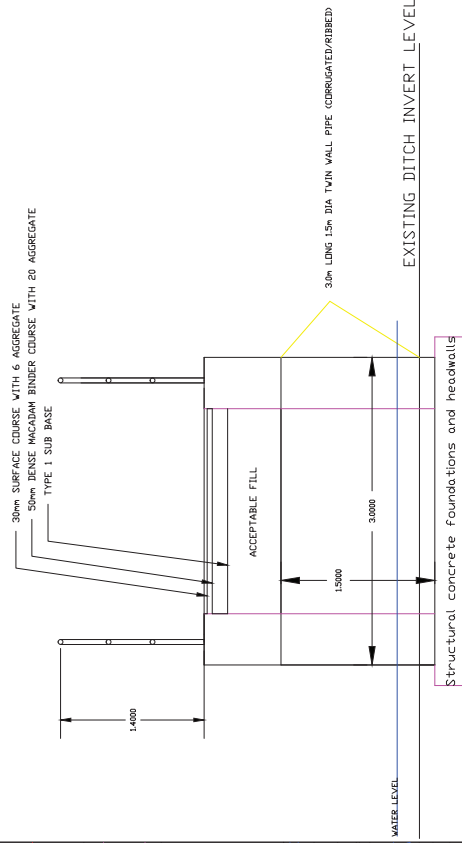
Existing Layout



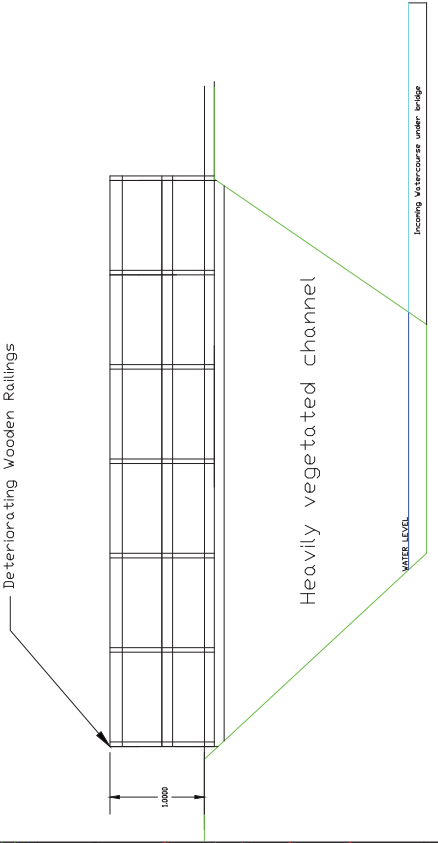
Proposed Downstream View



Proposed Side View



Existing Downstream View



CABINET

**Happy Mount Park – Master Plan 2015-2025
17th February 2015**

Report of Chief Officer (Environment)

PURPOSE OF REPORT			
To seek approval for the Happy Mount Park Master Plan 2015-2025			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	19 January 2015		
This report is public			

RECOMMENDATIONS

- (1) To approve the new master plan for Happy Mount Park 2015-2025.
- (2) To delegate decisions relating to the delivery of the master plan to Chief Officer (Environment), in line with financial regulations.
- (3) That where appropriate the City Council acts as accountable body for external funding that is raised to deliver the master plan and that the Chief Officer (Environment) is authorised to bid for, where appropriate, and accept external funding that contributes to the master plan in line with financial regulations.
- (4) To endorse the use of the renewals reserve for the replacement of paths in the park over a 5 year period.
- (5) That Cabinet notes the efforts of volunteers in Happy Mount Park and many other Parks and areas of open space in the District and expresses thanks for the ongoing contribution they make.

1.0 Introduction

1.1 Clean, Green and Safe places are a priority for the Council. A measure of success in this regard is the number of projects that directly involve local communities in improving local areas, parks and open spaces. This report will focus specifically on Happy Mount Park.

1.2 Happy Mount Park is an extremely popular park for both locals and tourists,

especially in warmer weather. Over the years, many improvements have been made, such as the introduction of the splash park and the natural adventure play area, which have led to the increasing popularity of the park. The effective management and maintenance of the park is recognised nationally by the fact the park consistently achieves Green Flag status.

In accord with best practice work has been taking place to develop a long term plan for the park. The purpose of the master plan is to ensure the council effectively manages the park over the next ten years through identifying the future direction of the park, key areas to focus on for preservation, and opportunities for additional funding.

- 1.3 Extensive consultation in development of the plan has established that the majority of people are very happy with the park and are keen to preserve it as it is. From the consultation a vision and key principles for the future development of park have been established.

The vision is-

To preserve Happy Mount Park as a green park which incorporates a mix of traditional and modern attractions, catering for visitors of all ages.

Key principles are;

Maintain the current character of the park and preserve it for future generations.

Develop the Park in such a way that the changes will be sustainable both financially and ecologically whilst allowing for maximum enjoyment of its beautiful wildlife and fun activities.

Respect the historic background of the park in its general design and layout.

2.0 Proposal Details

- 2.1 As outlined above over the last year a comprehensive consultation process has taken place to develop a long term master plan for Happy Mount Park. The master plan is attached at Appendix A. Cabinet should note that during the consultation process it has been made very clear that, due to the financial pressures facing the Council, delivery of the master plan is entirely dependent on accessing external funding.
- 2.2 It is extremely unlikely that the Council itself would be eligible for external funding. However, there is a well- established 'Friends of' group in the park. These volunteers have over a number of years now devoted many hours to improving the park. The combination of a long term vision for the park, Council commitment to the future of the Park and a thriving 'Friends of' group means that with ongoing support from the Council there is a realistic prospect of the master plan being delivered.

- 2.3 As would be expected the consultation process also highlighted three areas of operational concern- Lack of car parking, Lack of toilet facilities/condition of toilet facilities during busy periods and the condition of the footpaths.

Proposals to tackle these issues are-

Car Parking- Additional signage is required to indicate Coastal Road Car Park is the identified car parking area for the park. The issue is mainly seasonal and additional parking cannot be made within the park. The only other option available to residents is to request the area to become a residential parking area, this had a mixed response.

Toilets- The toilets in HMP were fully refurbished only a few years ago. It is not cost effective to build additional toilets in the park when in reality additional toilet capacity would only be utilised for a few weeks of the year. Furthermore, it was found the main issues related to families with young people having to pack-up their stuff to go to the toilet as it is at the opposite end to the two main attractions, the splash park and play area. Also as there are no changing facilities in the splash park it appears people are using the toilets instead which means that on summer days the toilets get wet and messy quickly. On balance the best way of resolving this would be to look at installing some changing facilities in the Splash Park as part of the delivery of the master plan.

Pathways- many of the pathways within the park are either in very poor condition or are deteriorating. £13,500 has already been allocated for emergency repairs this financial year. However, to maintain the safety of the park all the pathways will need replacing over the next five years at a cost of approximately £100,000. Cabinet are requested to endorse a replacement programme using the existing renewals reserve.

3.0 Details of Consultation

- 3.1 Consultation has been undertaken at various stages throughout the process of developing the plan. This has involved reviewing previous questionnaire based consultation, meeting with officers and stakeholders, five advertised public consultation sessions in the park and a dedicated Facebook consultation group for the park.
- 3.2 Through the consultation process a group of interested people was formed to help develop the detail of the plan. This group 'Happy Mount Park Project Group' is now constituted and keen to start delivery of the master plan if approved.

Initial projects that already have potential funding / resources would be a) the Japanese gardens- as we have funding secured to design this element further as well as a keen volunteer group; b) The traditional area at the front of the park; c) the woodland area

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Approve the master plan for delivery	Option 2: Continue without a master plan
Advantages	<p>The master plan helps focus current and future resources on areas and attractions that will enhance the park. (I.e. the current balance of green space to hard landscape should be maintained or enhanced; Wildlife should be encouraged focusing on the areas identified within the plan; The park does not have capacity for an increase in users during peak times, therefore, additional events, etc. should focus on enhancing the length of the day (i.e. evening or morning usage or extending the season)</p> <p>The plan will also help support applications to external funders to preserve and enhance the park</p>	<p>The opportunities to preserve and enhance the park through additional funding support would be very much reduced.</p> <p>There would be no clear guidance to the development of the park. This can be particularly difficult when considering new opportunities.</p>
Disadvantages		Less potential for external funding opportunities
Risks	Funding for development is not secured. If the volunteer groups disband it would be difficult for the council to obtain funding from external sources.	The park may slip into decline without proper forward planning

5.0 Officer Preferred Option (and comments)

- 5.1 The preferred option is option 1. The park is very popular and well used it is importance to have a plan for the future to ensure it remains popular.
- 5.2 The three identified operational issues; toilets, car parking and pathways should be noted.

6.0 Conclusion

- 6.1 The master plan will assist in allocating current and future resources within the park, to both preserve the park and enhance its assets.
- 6.2 The plan will help support applications to external funders to preserve and enhance the park.
- 6.3 Three operational issues (car parking, pathways and toilets) have been identified as part of this process which should be noted.

RELATIONSHIP TO POLICY FRAMEWORK

As outlined in the report

CONCLUSION OF IMPACT ASSESSMENT

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

The master plan takes account of design issues relating to accessibility, community safety, sustainability etc. As the master plan is delivered individual elements will be assessed for impact.

LEGAL IMPLICATIONS

None as a result of this report

FINANCIAL IMPLICATIONS

If members approve the Officer recommendation (option 1) there will be capital costs of £100,000 over 5 years to be funded from the renewals reserve for replacement of pathways.

All other additional expenditure associated with implementing the master plan is expected to be met from external funding. The master plan contains a mixture of capital and revenue expenditure and where capital expenditure is incurred such as building of new changing facilities at the splash park, there will be on-going capital charges and revenue costs for maintaining newly generated assets which will have an impact on revenue budgets in future years. It is expected however, that the ongoing maintenance costs will be met from within existing resources.

Where proposals can be financed fully from external funding and/or existing budgets, then following appropriate due diligence the approved budgets would be updated to enable their implementation, under Officer delegations.

Should any proposals not be affordable in this way, then they would be referred back for Cabinet's initial consideration (ahead of potential referral to Council as part of the relevant year's budget process).

If option 2 is approved it is likely that the park will slip into further decline and revenue costs are likely to increase year on year to cover reactive repairs and maintenance which become necessary in order to keep the park in a safe and operational condition. Visitor numbers could also fall potentially resulting in reduced income from the café and concession facilities.

It is reiterated that the replacement of footpaths is essential for health & safety reasons and failure to carry out these works will put us at risk of claims for personal injury.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

As outlined in the report

Open Spaces:

As outlined in the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and her comments reflected in the report. She would add that on the basis that the park will continue as an attraction for the foreseeable future, the proposals represent a reasonable and efficient way forward to manage the financial sustainability, affordability and prudence aspects of its development. The application of the Financial Regulations provides for appropriate input from the s151 Officer and/or Accountancy and other professional support as appropriate.

MONITORING OFFICER'S COMMENTS

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

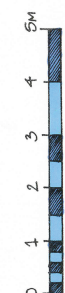
BACKGROUND PAPERS

None

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1:500 SCALE
April 2014
 *GOLF COURSE ACCESS
 CONSIDER SPEED
 BUMPS

© Peacock Design

MAIN ENTRANCE
 • SIGNATURE - RATIONALISE ON LINES
 • IMPROVE ROAD SIGNAGE TO PARK
 • CAR PARK SIGNAGE FROM
 FRONTENDE
 • CAR PARK SIGNAGE IN
 FRONT OF PARK FOR
 VISITORS

FRONTENDE
 • IMPROVE VISIBILITY
 • IMPROVE VISIBILITY
 • IMPROVE VISIBILITY

GRASS AREA
 • PLAYERS SPACE
 • SHADE & SHELTER CONSIDERED

BOWLING GREEN
 • ADDITIONAL SEATS
 • BOULES PITCHES ADDED

WOODLAND WALK
 1:15

PANDBAND
 • REDEVELOP ORIGINAL TERRACING
 TO INCLUDE NEW PANDBAND WITH CANOPY ROOF
 • SPACE TO MAINTAIN FLEXIBILITY OF USE
 • IMPROVE PLANTING AROUND FOR SHELTER
 • MAINTAIN TRADITIONAL GARDEN LAYOUT

CAFE & PRATES IN THE PARK
 • SOFTEN ORIGINAL APPEARANCE
 • LIGHTEN INTERIOR - PLANTING
 • POSSIBLE WITH OPPORTUNITY

TOILETS
 • ADD TOILETS - SEPARATE
 MENS & FEMALE
 • CHILD FRIENDLY FACILITIES

SECONDARY ENTRANCE
 • GATEWAY FEATURE
 • OPEN UP AREA
 • IMPROVE FOOTPATH SAFETY

ORIGINAL LAMPS
 • SIGNATURE LIGHTS
 • IMPROVE VISIBILITY
 • IMPROVE VISIBILITY
 • IMPROVE VISIBILITY

OVERALL CONCEPT IDEAS
 • MAINTAIN BALANCE OF HARD & SOFT LANDSCAPE
 • BALANCE OF ACTIVE & PASSIVE FEATURES
 • ENGAGE PEOPLE TO STAY LONGER
 • WILDLIFE FRIENDLY PARK - WOODLAND WALK AREA, NESTING TOWERS WITH WILDLIFE CONDITIONS REQUIREMENTS

WILDLIFE FRIENDLY PARK
 • WILDLIFE FRIENDLY PARK - WOODLAND WALK AREA, NESTING TOWERS WITH WILDLIFE CONDITIONS REQUIREMENTS

SLASH PARK
 • REDUCE PERMANENT COVER
 • IMPROVE VISIBILITY OF SOBS
 • ADDRESS CHANGING LEAVES
 • TOILETS REQUIRED

JAPANESE GARDEN
 • REDEVELOP WHOLE AREA
 • TERRAZZO BUILDING
 • ZEN KICK CHEDEN
 • UMBRE FOOD & BEVERAGES
 • ACCESS (WOOD, BAMBOO etc.)
 • MONADS
 • REMOVE MAJORITY OF TREES
 • PATHS & STEPPING STONES
 • DETAILED DESIGN TO BE DEVELOPED

WOODLAND WALK
 • SIMPLIFY LAYOUT
 • WILDLIFE FOND
 • OPEN UP SPACE
 • REMOVE CORNICES (LEGAND)
 • RECREATE NATIVE PLANTS GROWN
 • ENHANCE UNDERFORM - MONADS
 • ALL WILDLIFE LIVING PLANTS

ORCHARD
 • EXPAND UNMATURED CROWN
 • INTRODUCE SOFT FRUIT
 • EXPLORE BERRIES, CURRANTS
 • ADDITIONAL SEATS, PLANTING
 • IMPROVE VISIBILITY
 • FOCUS ON WILDLIFE OPPORTUNITIES

KICK ABOUT AREA
 • REPAIR CHANGING ROUND
 • GOWDS ADDED TO KICKABOUT AREA

WILLOW TUNNELS
 • RESTORE / REPLANT
 • WORKSHOPS

REVISION A
 286-01

Happy Mount Park - Master Plan

CABINET**Corporate Performance and Financial Monitoring
2014/15 – Quarter 3****17 February 2015****Report of the Chief Officer (Governance) and
Chief Officer (Resources)**

PURPOSE OF REPORT				
To present the corporate performance and financial monitoring reports and other supporting statements for Quarter 3 of the 2014/15 performance monitoring cycle				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A			
This report is public				

OFFICER RECOMMENDATIONS

- (1) That Cabinet considers the corporate performance and monitoring reports and appendices and makes any recommendations as appropriate.
- 1. Corporate Performance Monitoring**
- 1.1. On the 20 January 2015, Cabinet considered a review of performance and progress towards the achievement of corporate priorities at the mid-point of the first year of the life of the 2014 - 2016 Corporate Plan. This report provides a further update at the end of Quarter 3 covering the period 01 September 2014 – 31 December 2014.
- 1.2. 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. Details of measures that have been updated in Quarter 3 are set out in **Appendix A**
- 1.3. Set out at **Appendix B(i)** and **B(ii)** is the data for complaints received in in Quarters 1, 2 and 3 in line with the council's Complaints Policy. The tables indicate the number of: **Complaints by: Service** - Table 1; **Complaints by Stage** -Table 2 and **Complaints by Type** – Table 3.
- 1.4. In summary, the total number of complaints received to the end of Quarter 3 is 107. Of these, 42 have been upheld, 37 not upheld, 12 partially upheld and 16 still awaiting an outcome. Of particular note is the positive and significant reduction in the number of complaints received across all Services in Quarter 3 being 20, compared to Quarter 1 where 43 complaints were made and Quarter 2 with 44 complaints were received.
- 2. Corporate Financial Monitoring**
- 2.1. The Quarter 3 financial monitoring report attached at **Appendix C** sets out the latest position when compared to the revised estimate. The key points to note are:

- General Fund revenue budget underspend of £82K, projected to become £79K by the year end.
- Housing Revenue Account underspend of £13K, projected to remain the same.
- Council Tax surplus of £1M.
- Sundry Debt level at £3M of which £1.7M relates to Housing Benefit Overpayment recoveries. Overall a 7% reduction on the previous quarter.
- Council Housing Rent arrears circa £260K, a 9% reduction on the previous quarter.

2.2. Also attached at **Appendix D** is the latest Treasury Management report for Quarter 3, and at **Appendix E** the Property Group report.

3. Conclusions

3.1. This report and the **Corporate Plan 2014 – 2016 Quarter 3 Performance Summary Update** sets out the progress being made towards the delivery of the Corporate Plan 2014 – 16 as at 31 December 2014. Overall, the update at the end of Quarter 3 of the first year of the 2014 – 16 Corporate Plan provides an indication that the council is continuing to move forward well in the delivery of longer term corporate plan priorities.

3.2. An analysis of corporate complaints shows a marked reduction in the number received between Quarters 3 and that in both Quarters 1 and 2. This improvement can be partly attributable to a better understanding of complaint trends and types and continuous improvement enabling lessons to be learned from reasons why complaints arise and action being taken to address their root cause.

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

none

Contact Officer: Corporate Performance Monitoring - Bob Bailey, Performance Manager: **Telephone: 01524 582018;**
Email: rbailey@lancaster.gov.uk
Corporate Financial Monitoring - Andrew Clarke, Financial Services Manager
Telephone: 01524 582138; E-mail: aclarke@lancaster.gov.uk
Ref: Corporate Performance and Financial Monitoring 2014/15 Qtr 3

Measure	Comments
Priority: Clean, Green & Safe Places	
Outcome: Impact of crime and anti-social behaviour across the district will be minimised	
Work with the Police and Community Safety Partners to minimise the impact of crime and anti-social behaviour	<p>Half Yearly Measure – Quarter 2 Update: The 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.</p>
Reduce hate crime and the fear of crime felt by minority communities	<p>Half Yearly Measure – Quarter 2 Update: 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. A significant amount of work also involved carrying out thorough investigations into anti-social behaviour referrals relating to hate crime.</p>
Outcome: Local neighbourhoods are clean and safe and residents have a sense of pride in the district	
Perception of people who live in, work in, or visit the district that the streets and public spaces are safe and clean is increased	<p>Annual Measure: This data is taken from the annual Living in Lancashire survey report which will be available at the end of the financial year.</p>
Increased number of projects that directly involve local communities in improving local areas, parks and open spaces	<p>Quarterly Measure – Quarter 3 update: 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. The Friends of Greaves park have secured funding to develop a long term master plan for the park and. Ryelands Park friends have secured external support to take forward a BMX project. The council is supporting the Friends of Williamson Park to renew the play area.</p>
Outcome: The council's impact on the environment will be minimised	
Energy strategy in place and agreed	<p>Half Yearly Measure – Quarter 2 Update: 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.</p>
Annual reduction in energy used by the council's operations	<p>Annual Measure: 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.</p>
Annual reduction in carbon emissions from the council's operations	<p>Annual Measure: 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 made 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.</p>

Measure	Comments
<p>Priority: Clean, Green & Safe Places</p>	
<p>Outcome: The council's impact on the environment will be minimised (continued)</p>	
<p>Maintain and/or improve average Standard Assessment Procedure (SAP) rating in council homes to a high level</p>	<p>Annual Measure: 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</p>
<p>Amount of household waste reused, recycled or composted is maintained</p>	<p>Quarterly Measure – Quarter 3 update: This measure is reported 3 months in arrears – data for the third quarter will be validated in March. The combined tonnage for Quarter 2 (July to September) was 41.8% being 17.3% dry materials and 26.5% food/garden waste. This remains relatively high even though the economic downturn has had an impact on consumer spending which has reduced the volume of goods being replaced and disposed of, and a reduction by manufacturers and retailers in the amount of packaging used for food and consumer goods.</p>
<p>Increase income from energy and recycling projects</p>	<p>Half Yearly Measure – Quarter 2 Update: The council has recently added domestic sized solar photo-voltaic installations at two more council housing properties and is continuing to identify sites where solar photo-voltaic installations may be appropriate.</p>

Measure	Comments
<p>Priority: Health & Wellbeing</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>Quarterly Measure – Quarter 3 update: 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). 1343 homes have been improved at the end of Quarter 3.</p>
<p>Improve access to housing</p>	<p>Quarterly Measure – Quarter 3 update: 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 3, 649 households have been assisted by the Housing Options Team (Homelessness) and the Choice Based Lettings Team.</p>
<p>Increase number of affordable homes</p>	<p>Half Yearly Measure – Quarter 2 Update: 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 time. 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>Quarterly Measure – Quarter 3 Update: This measure monitors all throughput at Salt Ayre Sports Centre (SASC) and the Community Swimming Pools at Heysham, Hornby and Carnforth. Activities at SASC attracted over 84,000 people during the quarter whilst the community swimming pools were collectively attended by over 41,000 customers. A number of other programmes and events including: activities in communities; schools coaching and holiday activity and sports development programmes have also been run during the quarter which jointly involved over 1,100 participants.</p>
<p>Maximise opportunities for access to innovative leisure activities by working collaboratively with public and private sector partners</p>	<p>Quarterly Measure – Quarter 3 Update: Officers carried out 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 (SASC) in the short and medium term. In January 2015, Cabinet will be asked to consider options for the future of SASC with a view seeking a development partner to invest in and improve facilities at SASC. Note: At its meeting on 20 January 2015, Cabinet unanimous resolved that officers commence procurement work to select a development partner and report back on detailed proposals and financial implications prior to entering into a contractual agreement</p>

Measure	Comments
<p>Priority: Health & Wellbeing</p>	
<p>Outcome: Health and wellbeing of our citizens is improved (continued)</p>	
<p>Increased number of vulnerable households benefitting from Warm Homes Initiatives</p>	<p>Quarterly Measure – Quarter 3 update: 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 for 2014/15, including a further £7,000 during Quarter 3. LESS have been commissioned to promote the work of the Housing Improvement Agency and the council is working with other authorities in Lancashire to promote the Cosy Homes in Lancashire (CHIL) scheme. 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'. Over 600 households had benefited from Warm Home Initiatives by the end of Quarter 3.</p>
<p>Facilitate long term improvements in transportation to improve local air quality</p>	<p>Half Yearly Measure – Quarter 2 Update: 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>Quarterly Measure – Quarter 3 Update: 1,147 businesses are considered broadly compliant (3 rating or higher) representing 97% of all ratings issued. There are a total of 1,210 registered businesses in the Lancaster district, 24 of which are awaiting inspection being new businesses or under new ownership. There has been a significant increase since 2011 in the number of 5 star (top) rating businesses, rising from 785 to 927. In the same period, the number of businesses considered to be non-compliant (2 or below) has dropped from 76 to 39. 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, as yet, there is no legal requirement to do so.</p>

Measure	Comments
<p>Priority: Health & Wellbeing</p>	
<p>Outcome: Health and wellbeing of our citizens is improved (continued)</p>	
<p>Maintaining adequate supply to reduce demand led unsustainable price rises in the housing market</p>	<p>Half Yearly Measure – Quarter 2 Update: 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>
<p>Improve the wellbeing of our residents through collaborative, preventative and reactive measures</p>	<p>Quarterly Measure – Quarter 3 Update: 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 158 clients are signed up to the scheme with over 300 referrals received in the last quarter. 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 with nearly 1,000 people taking part in Quarter 3. A range of sports and leisure activities for adults with learning disabilities have also been developed including assisted cycling, multi-sports, and disability football, attracting nearly 500 people in the quarter. 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>Priority: Community Leadership</p>	
<p>Outcome: 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>Annual Measure: These measures are 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>Half Yearly Measure – Quarter 2 Update: 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>Outcome: 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>Annual Measure: 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>Annual Measure: 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>Priority: Community Leadership</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>Half Yearly Measure – Quarter 2 Update: 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. 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>Annual Measure: 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. 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>Priority: Sustainable Economic Growth</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>Half Yearly Measure – Quarter 2 Update: 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>Half Yearly Measure – Quarter 2 Update: 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. (Note: These were approved) 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>Half Yearly Measure – Quarter 2 Update: 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>Priority: Sustainable Economic Growth</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>Half Yearly Measure – Quarter 2 Update: 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. 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. 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. 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>Half Yearly Measure – Quarter 2 Update: 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. 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. 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. 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. At the end of the project a detailed scheme evaluation report will be produced.</p>

Measure	Comments
<p>Priority: Sustainable Economic Growth</p> <p>Outcome: The attractiveness and offer of the district, as a place to visit or invest in, will be improved</p>	<p>Half Yearly Measure – Quarter 2 Update:</p> <p>Lancaster: 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>Central Morecambe: 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>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>Quarterly Measure – Quarter 3 update:</p> <p>A number of Service Level Agreements with local arts organisations are in place - the individual performance of which will, in the main, be assessed at the end of the year. Some in year reviews have, however, been carried out with those organisations assessed being well on the way to delivering agreed outcomes.</p> <p>The role of the Storey as a centre for creative arts is growing and additional income has been generated as a result with the building now developing a reputation as a good venue for many activities. 79% of the managed workspace is now occupied and work continues to secure additional tenants during Quarter 4.</p> <p>The Platform in Morecambe provides a full programme of activities that by the end Quarter 3 included 36 professional acts/performance and almost 100 private bookings covering a wide variety of entertainment from live music/theatre to tea dances and, coffee mornings. Attendances at events held at The Platform have topped 16,500 to date.</p>

Measure	Comments
<p>Priority: Sustainable Economic Growth</p> <p>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations</p> <p>Destination brands for Lancaster and the Lune Valley and Morecambe Bay will be developed with partners to establish these areas as important visitor destinations</p>	<p>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations</p> <p>Quarterly Measure – Quarter 3 update: The Lancaster and Morecambe Bay destination brands have now been successfully launched at two high profile events in November and January. Press coverage has been very good and partner involvement is high. Work will now continue to further develop and implement the brands and undertake destination marketing at a national and international level. Lancaster has now achieved membership of the English Heritage Cities Group and the team is engaging with international Group Tour Operators to bring their client groups into the district as visitors.</p>
<p>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations (continued)</p> <p>Visitor numbers and spend will be increased</p>	<p>Outcome: Lancaster and Morecambe Bay will be recognised as important destinations (continued)</p> <p>Quarterly Measure – Quarter 3 update: At the end of Quarter 3 over 179,000 unique visits were made to the council’s visitor website, up from around 157,000 at the same period in 2013/14. Arrangements are in now in place to utilise Marketing Lancashire’s website, <i>visitlancashire</i>, for the council’s online destinations promotion which has seen a dramatic increase in unique website visitors in the last year reaching over 812,000 at the end of Quarter 3. An estimated 21,500 people attended Light up Lancaster 2014 over the two nights, up from 19,850 last year. An independent evaluation of this event, recently published, estimates that that Light up Lancaster generated around £573,000 of economic activity. The final economic evaluation for the Vintage Festival, which attracted 40,000 visitors to Morecambe, is due to be published soon. Around a quarter of those visiting had never been to Morecambe before and feedback on the event has been very positive. The Vintage Festival attracted significantly more people than the similar Seaside Festival, which attracted an around 16,000 people. Plans are now underway for Vintage and Light Up festivals for 2015. The VIC Team have reached the Lancashire Tourism finals most years and this year are proud to be representing Lancashire in the Visit England National Tourism Awards 2015 Customer Care category. Total visitor enquiries for April to December 2014 have exceed 100,000 – a little lower than at the same period last year – but still a significant number considering a reduction in opening hours for both VIC’s and the closure of the footpath outside the Storey between July and September. 86% of enquiries are face to face reflecting the role VIC’s play in dealing with visitors when they arrive in the district. Gross income at the VIC’s has increased from £231,000 to £239,000 in the period from April to December 2014.</p>

Appendix B (i): Complaints Data 01 April - 31 December 2014

Table 1: Complaints by Service

Status by Service	Environmental Services			Total by Status
	Quarter 1	Quarter 2	Quarter 3	
Not upheld	7	5	5	17
Partially upheld	2	2	0	4
Upheld	17	15	5	37
Open Cases	1	4	1	6
Total by Service by Quarter	27	26	11	64

Status by Service	Governance			Total by Status
	Quarter 1	Quarter 2	Quarter 3	
Not upheld	2	0	0	2
Partially upheld	0	0	0	0
Upheld	0	0	0	0
Open Cases	1	1	0	2
Total by Service by Quarter	3	1	0	4

Status by Service	Health & Housing			Total by Status
	Quarter 1	Quarter 2	Quarter 3	
Not upheld	2	3	2	7
Partially upheld	1	2	0	3
Upheld	0	2	0	2
Open Cases	2	1	0	3
Total by Service by Quarter	5	8	2	15

Status by Service	Regeneration & Planning			Total by Status
	Quarter 1	Quarter 2	Quarter 3	
Not upheld	1	3	2	6
Partially upheld	1	2	1	4
Upheld	0	0	0	0
Open Cases	0	1	1	2
Total by Service by Quarter	2	6	4	12

Status by Service	Resources			Total by Status
	Quarter 1	Quarter 2	Quarter 3	
Not upheld	3	0	2	5
Partially upheld	0	0	1	1
Upheld	1	2	0	3
Open Cases	2	1	0	3
Total by Service by Quarter	6	3	3	12

Total by Quarter - All Services	43	44	20	107
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Appendix B (i): Complaints Data 01 April - 31 December 2014

Table 2: Complaints by Stage

Status by Stage	Stage 1	Stage 2	Ombudsman	Total by Status
Not upheld	31	3	3	37
Partially upheld	9	1	2	12
Upheld	41	0	1	42
Open Cases	8	0	8	16
Total by Stage	89	4	14	107

Table 3: Complaints by Type

Status by Complaint Type	Environmental	Governance	Health & Housing	Regeneration & Planning	Resources	Total by Status
Failure to follow procedure	19	1	3	2	2	27
Failure to take account of relevant matters	7		2	5	1	15
Malice, bias or discrimination	1				0	1
Neglect or unjustifiable delay	21		1	2		24
Unhelpful attitude of employee	14		6	1	6	27
Open Cases	2	3	3	2	3	13
Total by Service	64	4	15	12	12	107

Corporate Financial Monitoring

Quarter 3: October – December 2014

HEADLINE INFORMATION:

- General Fund revenue budget underspend of £82K, projected to become £79K by the year end.
- Housing Revenue Account underspend of £13K, projected to remain the same.
- Council Tax surplus of circa £1M.
- Sundry Debt level at £3M of which £1.7M relates to Housing Benefit Overpayment recoveries. Overall a 7% reduction on the previous quarter.
- Council Housing Rent Arrears circa £260K (9% reduction on previous quarter).

Report of: Financial Services Manager

1 Introduction

This monitoring report for 2014/15 sets out an indicative corporate picture of the Council's financial performance for the period ending 31 December 2014.

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

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

2 General Fund Revenue Monitoring

1.1 General Fund Summary Position



The current overall General Fund summary position shows that at the end of December there is a net underspend of **£82K** against the revised budget. This is forecast to increase slightly to **£79K** by the end of the year, allowing for known, quantified variances.

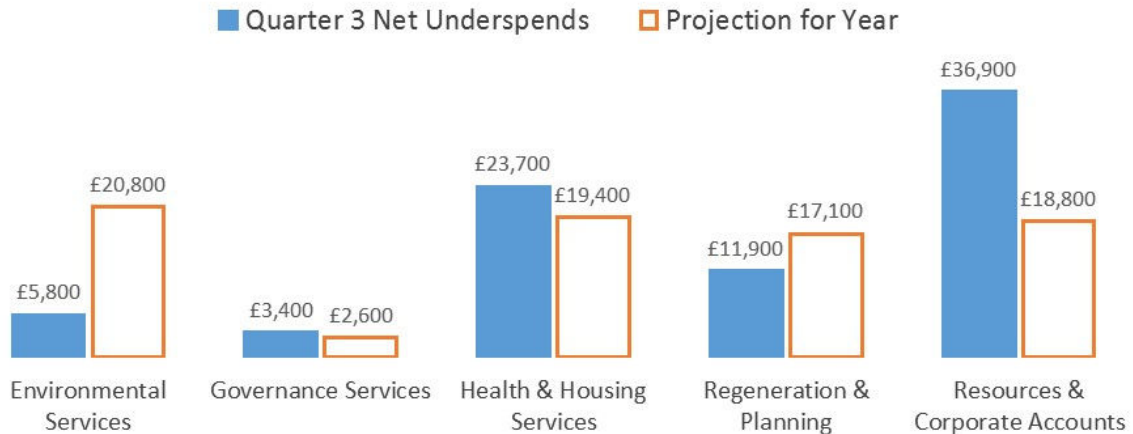
The underspend of £661K previously forecast at Qtr2 increased to £816K as part of the revised estimate process, and has been transferred into general balances. Full details of the underspend have been reported to Cabinet during the current budget process. The latest forecast underspend is in addition to the £816K; it follows the pattern of services achieving savings where they can.

	Annual Budget £000's	Current Variance £000's	Full Year Projection £000's
Salaries	19,508	(39)	(53)
Transport	1,771	-	-
Premises	9,670	(21)	(23)
Supplies & Services	15,302	3	(10)
Fees & Charges	(15,790)	(25)	7
Grants & Contributions	(3,784)	-	-
Other Net Budgets	(8,137)	-	-
Total	18,540	(82)	(79)

1.3 Main Budget Variances

Annex A details the major true variances identified to date that have been included within individual services' monitoring reports. The variances reported cover employees, premises, transport, supplies and services and general income; some adverse impact in respect of

treasury management (exchange rate risks) may come through at year end, but this is not yet certain or quantifiable . A service by service picture in the following graph.



2 General Fund Capital Programme

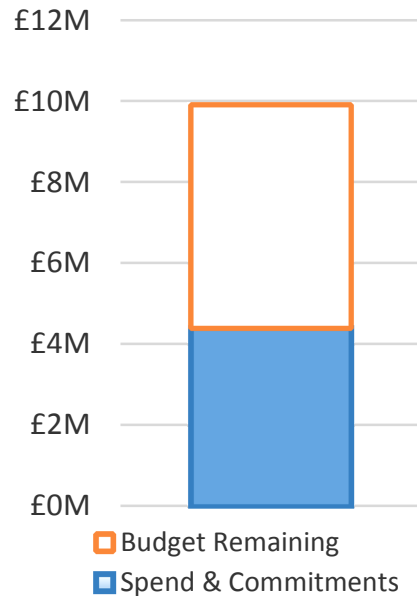
2.1 Capital Expenditure & Financing

The capital programme has been updated and reported to Members as part of the current budget process.

The latest gross programme stands at £9.8M which is reduction of £400K from the original estimate.

At the end of December there were spend and commitments of £4.4M against the latest approved programme leaving £5.4M still to spend. Details of spend against each scheme is shown at **Annex B**.

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



3 Revenue Collection Performance

3.1 Collection Fund Monitoring

3.1.1 Council Tax Yield (Total Collectable)

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

The table goes on to compare budgeted council tax yield, or total amount collectable, with the yield position as at 31 December:

	£000's
Collection Fund Surplus (December 2014)	(990)
Represented by:	
2013/14 Collection Fund Surplus higher than forecast	(568)
<i>In-Year Movements to Date:</i>	
Lower Council Tax Support than estimated	(290)
Net of Higher Second Homes/Lower Empty Homes income	+38
Other Movements (net increases) in Tax Base	(170)
	(990)
<i>Of which the City Council would retain 13%</i>	
	(129)

Note:	Budgeted Projection £000's	Actual Position £000's	
Total Council Tax Collectable (Yield)	59,105	59,804	
Actual amount collected	(50,873)	(50,873)	85%
Amount Outstanding	8,232	8,931	

As at 31 December, there is an estimated surplus of £990K (*Qtr2* £1.129M), which is £139K less than the last period.

This year's position is made up of:

- additional surplus brought forward from 2013/14 of £568K;
- £290K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in the autumn/winter of 2012, the trend is still that the total support being claimed is lower than expected;
- overall £38K lower than estimated income from second/empty homes (specifically identifiable);
- a balance of £170K (*Qtr2* £373K) relating to other movements in the tax base or other factors which have still to be substantiated.

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

3.1.2 Business Rates Retention

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

The table shows provisional additional income of £1.624M, of which 50% (£812K) is payable to Central Government and 50% retained by the Council. However, it should be noted that this position could change significantly depending on the outcome of appeals.

At present, a total provision of £9M has been made for appeals prior to 31 March 2014, which includes £7M in respect of a number of very large appeals. However, latest projections estimate potential liabilities at £12.6M to 31 March 2014. Separately, a further £2.8M is currently provided for appeals after 01 April 2014.

Due to the uncertainty surrounding appeal valuations, it would not be prudent to assume this is all guaranteed additional income to the Council until these appeals have been settled. New indications are that the larger appeals may be settled by 31 March 2015.

	2014/15 £000's
Net Collectable Amount of Business Rates	68.358
Less: Provision for Appeals	(6.376)
Less: Cost of Collection	(0.229)
Net retained business rates	61.753
Add:	
Less: Central Government Share – 50%	(30.877)
Less: County Council & Fire Authority Share – 10%	(6.175)
Lancaster's Retained Business Rates Share – 40%	24.701
Less: Tariff payable to Central Government	(19.392)
Add Back: Cost of Collection	0.229
Add: Small Business Rates Relief Grant	1.195
Total Amount of Retained Business Rates	6.733
Less: Lancaster's Baseline Funding Level	(5.109)
Provisional Additional Income	1.624
Split as follows:	
50% Levy Payable to Central Government	0.812
50% Retained by Lancaster	0.812

3.2 Council Tax and Business Rates Collection

The percentage collected for council tax is in line with the target. However, for Business Rates the actual collection is much lower than the target. This is due to businesses opting to pay by 12 instalments instead of the previous 10. The impact of this option was unknown when the target was set, but it is anticipated that the overall position will be in line by the end of the year.

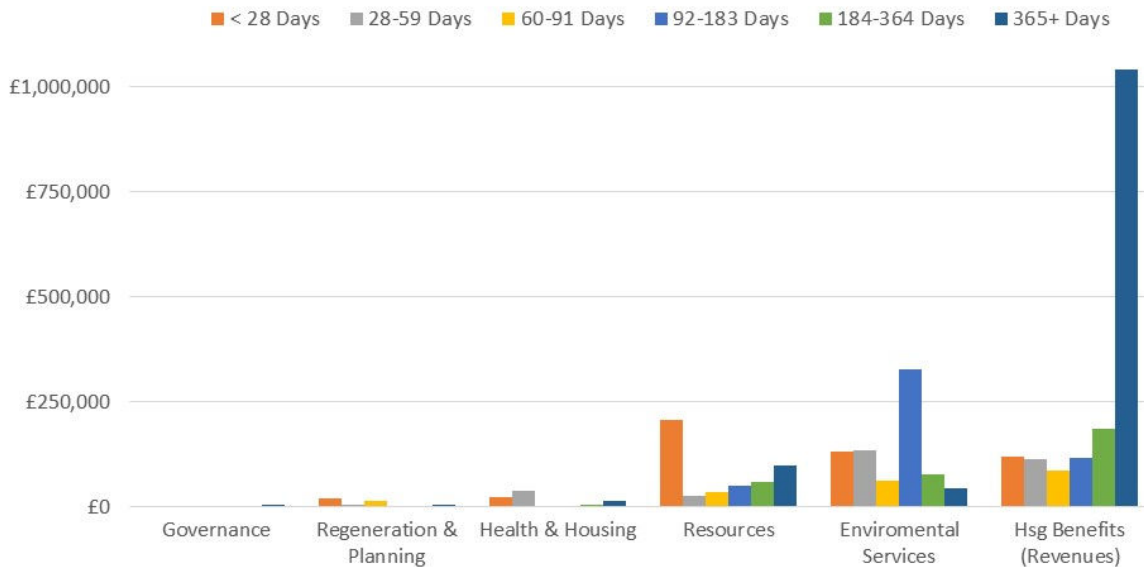
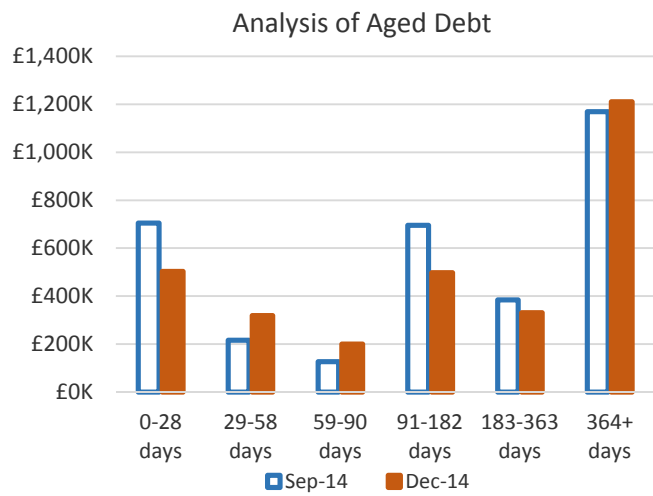
Percentage Collected	2013/14	2014/15	2014/15 Target	2014/15 Actual	Status
	All Years		In Year		
Council Tax	78.3%	77.8%	85.2%	85.1%	On Target
Business Rates	89.1%	81.6%	87.6%	82.0%	Behind

					Target
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3.3 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of December the total debt outstanding was just under £3.1M, which is a reduction of £234K on the previous quarter.

	June 14	Sept 14
	£000's	£000's
0-28 days	704	503
29-58 days	216	319
59-90 days	127	200
91-182 days	695	498
183-363 days	384	331
364+ days	1,170	1,210
	3,295	3,061
Previous Year	2,753	3,035



SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	TOTAL
	£	£	£	£	£	£	£
Enviromental Services	132,428	134,049	63,762	327,898	76,984	44,618	779,739
Governance	-	-	-	350	3,641	4,824	8,815
Regeneration & Planning	19,171	5,164	13,001	1,696	-	3,968	43,001
Resources	207,758	27,601	34,823	50,024	58,939	100,187	479,334
Health & Housing	22,657	37,839	1,299	1,479	5,903	15,084	84,262
Hsg Benefits (Revenues)	120,897	114,319	86,784	116,676	185,651	1,041,125	1,665,453

4 Housing Revenue Account (HRA)

4.1 HRA Revenue Position

i At the end of December the position for the HRA shows a net underspend of **£13K** against the revised budget, which is currently projected to remain the same until the year end. Details of the variances are as follows:

Employees **Current (£9,300)** **Forecast (£16,300)**
 There have been further turnover savings within management and administration.

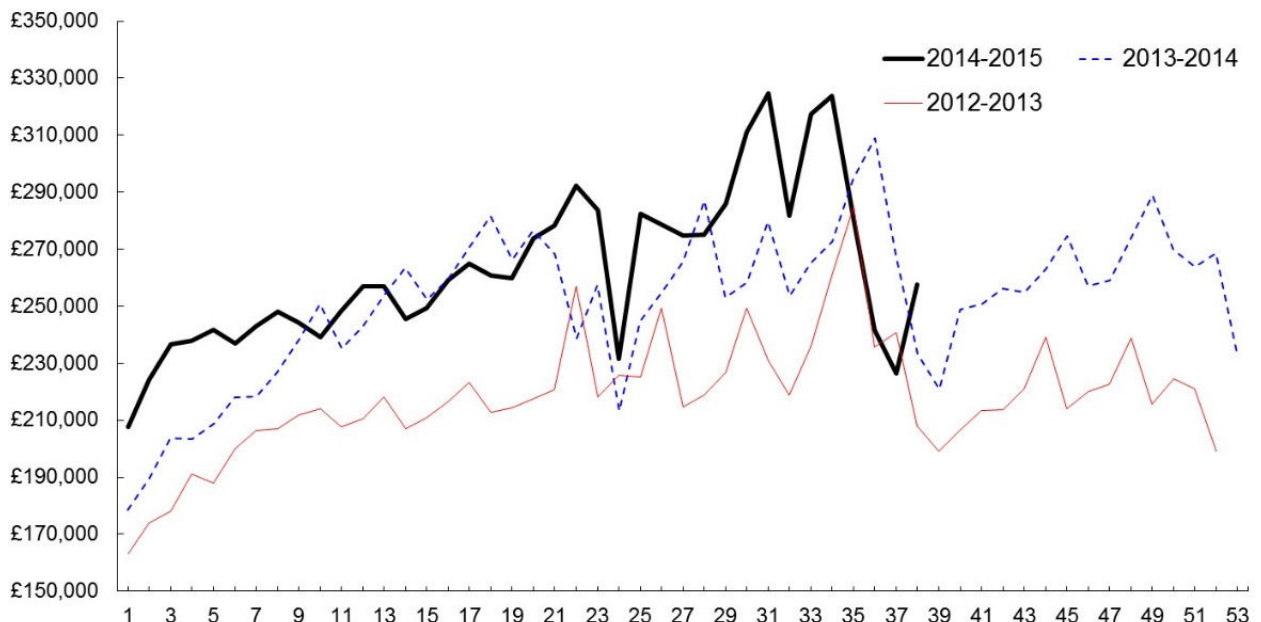
Income **Current (£3,500)** **Forecast +£2,800**
 Net additional income projected to become a shortfall, mainly as a result of reduced income from Lifelines and Telecare.

4.2 Council Housing Rent Arrears

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

The following chart shows the current level of arrears compared to the previous 2 years. At the end of December, the level of arrears for 2014/15 is £257K (Qtr 2 £282K) which is £25K less than the previous quarter this year.

Tenant Arrears by Year



4.3 HRA Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme at the end of December. To date spend and commitments total £3.313M against the programme of £4.861M leaving a balance of £1.548M.

	Current Approved Programme £000's	Spend & Commitments to Date £000's	Budget Remaining £000's
Adaptations	320	200	120
Energy Efficiency / Boiler Replacement	720	473	247
Bathroom / Kitchen Refurbishment	1,294	803	491
External Refurbishments	958	832	126
Environmental Improvements	890	537	353
Rewiring	64	35	29
Fire Precaution Works	268	146	122
Lift Replacement	60	0	60
Re-roofing / Window Renewals	287	287	0
TOTAL	4,861	3,313	1,548

5 Provisions and Reserves

This section provides an update on key provisions and reserves.

5.1 Insurance Provision

The current balance on the insurance provision is £250K, after making net payments of £68K in settlement of claims made. The estimated value of claims outstanding is £216K, which is £34K less than the current provision.

5.2 Bad Debt Provision

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

Period	Debt £000's	% Cover Required	Value £000's
Up to 1 Month	382	1%	4
1 Month to 3 Months	318	5%	16
3 Months to 365 Days	527	10%	53
Over 365 Days	169	50%	84

HBen Overpayments	1,665	60%	999
TOTAL	3,061		1,156

The current balance on the General Fund Bad Debt provision is £1.150M which is £6K less than the requirement indicated. A formal assessment has been undertaken as part of the current budget process and a further £100K added to the provision on top of the £100K already budgeted for. Any shortfall between now and the end of the financial year will be addressed as part of the closedown process.

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

6 Contract Procedure Rules and Other Exceptions to Tender

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

There is one exception to report for this quarter relating to Electoral Management Software (£60K contract over 5 years), which was granted on the grounds that there was only one software provider that could satisfy the statement of needs provided by Governance Services.

CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances	Projection for Year
Employees	Environmental Services	Turnover savings	-	(4,700)
	Governance Services	Turnover savings	(1,900)	(1,500)
	Health & Housing	Turnover savings	(16,100)	(21,900)
	Regeneration & Planning	Turnover savings	(6,900)	(24,500)
	Resources	Additional turnover savings pending ICT restructure	(14,000) ↑	(38,900) ↑
Premises	Health & Housing	Salt Ayre Sports Centre - net reduced gas cost / increased electricity costs	800	(400)
	Regeneration & Planning	Reduced energy costs at the Platform due to new heating system	(1,000)	(3,900)
	Resources	Additional savings in connection with St.Leonard's House	(20,900) ↑	(18,800) ↑
Supplies & Services	Environmental Services	Increased waste disposal charges	1,500	2,200
	Governance	Members allowances & subscriptions/legal costs	(1,500)	(1,100)
	Health & Housing	Increase in number of funerals having to be paid for by the Council	4,200	4,200
	Regeneration & Planning	Underspend on Christmas Lights maintenance	-	(9,100)
			Underspend on Platform general expenses and marketing	(800) ↓
Fees & Charges	Environmental Services	Increased income at nursery & Williamson Park venue hire	(1,100)	(9,300)
		Sale of surplus stone at auction	(1,500)	(1,500)
		Sale of vehicle plus increased income from domestic collections & bin deliveries	(4,700)	(7,500)
	Health & Housing	Salt Ayre Sports Centre - net reduction in income, mainly Reflexions	3,300	11,900
		Carnforth Pool - net additional income	(5,700)	(3,000)
		Increased pest control income and additional Environment Protection Certificates	(10,200)	(10,200)
	Regeneration & Planning	Capital salaries down more than expected due to delayed recruitment	-	29,900
		Additional easement income from energy supplier	(3,200)	(3,200)
	Resources	Treasury Management	(2,000) ↑	? ↓
				7,100
TOTAL			(81,700)	(78,700)

	Environmental Services			Governance Services			Health & Housing Services			Management Team			Regeneration & Planning			Resources & Corporate Accounts		
	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Variance £	Annual Budget £	Total Variance £
EXPENDITURE																		
Employees	8,078,500	-	1,280,900	(1,900)	3,377,000	(16,100)	591,700	-	2,434,600	(6,900)	3,745,500	(14,000)	19,508,200	▲	(38,900)			
Transport Related Expenditure	1,477,300	-	27,200	-	201,200	-	4,600	-	49,500	-	10,900	-	1,770,700		-			
Premises Related Expenditure	6,554,000	-	14,300	-	813,700	800	-	-	675,200	(1,000)	1,612,600	(20,900)	9,669,800	▲	(21,100)			
Supplies and Services	3,987,500	1,500	1,105,200	(1,500)	1,236,200	4,200	4,900	-	2,219,400	(800)	6,748,500	-	15,301,700	▲	3,400			
Recharges	1,111,700	-	11,200	-	29,300	-	-	-	-	-	-	-	1,152,200		-			
Debt Premia	-	-	-	-	-	-	-	-	-	-	16,700	-	16,700		-			
Housing Benefit Payments	-	-	-	-	-	-	-	-	-	-	43,253,000	-	43,253,000		-			
Interest Payments	-	-	-	-	-	-	-	-	-	-	3,103,900	-	3,103,900		-			
TOTAL EXPENDITURE	21,209,000	1,500	2,438,800	(3,400)	5,657,400	(11,100)	601,200	-	5,378,700	(8,700)	58,491,100	(34,900)	93,776,200	▲	(56,600)			
INCOME																		
Customer Fees and Charges	(6,416,800)	(7,300)	(607,700)	-	(2,017,600)	(12,600)	(3,700)	-	(1,070,900)	(3,200)	(5,673,400)	(2,000)	(15,790,100)	▲	(25,100)			
Government Grants	-	-	(146,700)	-	(150,400)	-	-	-	(90,200)	-	(46,034,700)	-	(46,422,000)		-			
Interest	(3,900)	-	-	-	(200)	-	-	-	-	-	(189,800)	-	(193,900)		-			
Other Grants and Contributions	(1,550,400)	-	(13,800)	-	(475,000)	-	-	-	(996,100)	-	(748,900)	-	(3,784,200)		-			
Capital Financing Income	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)		-			
Recharges	(10,986,200)	-	(104,500)	-	(52,000)	-	-	-	(35,800)	-	(618,300)	-	(11,796,800)		-			
TOTAL INCOME	(18,957,300)	(7,300)	(872,700)	-	(2,695,200)	(12,600)	(3,700)	-	(2,193,000)	(3,200)	(53,415,100)	(2,000)	(78,137,000)	▲	(25,100)			
NET APPROPRIATIONS	(2,900)	-	(27,600)	-	(23,100)	-	-	-	60,900	-	2,893,500	-	2,900,800		-			
NET TOTAL	2,248,800	(5,800)	1,538,500	(3,400)	2,939,100	(23,700)	597,500	-	3,246,600	(11,900)	7,969,500	(36,900)	18,540,000	▲	(81,700)			

GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SCHEME	2014/15 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
	£	£	£	£	£
Environmental Services					
Allotment Improvements	27,000	19,862		19,862	(7,138)
Bins & Boxes Lease Buy-out	12,000	12,215		12,215	215
Car Park Improvements Programme	385,000	219,503	6,284	225,787	(159,213)
District Playground Improvements	125,000	95,842		95,842	(29,158)
Vehicle Renewals	798,000	36,112	557,211	593,323	(204,677)
Vehicle Tracking System	105,000	-	105,049	105,049	49
Toilet Works	126,000	98,143		98,143	(27,857)
Health & Housing Services					
Disabled Facilities Grants	869,000	509,367		509,367	(359,633)
Warm Homes Scheme	37,000	31,486		31,486	(5,514)
Regeneration & Planning					
Amenity Improvements	31,000	-		-	(31,000)
Bold Street Housing Regeneration Site Works	391,000	143,532		143,532	(247,468)
Brindle Close Affordable Housing s106 Scheme	80,000	80,000		80,000	-
Chatsworth Gardens	1,878,000	-		-	(1,878,000)
Improving Morecambe`s Main Streets	120,000	1,785	7,235	9,020	(110,980)
Lancaster Square Routes	1,317,000	1,175,832	1,000	1,176,832	(140,168)
Luneside East	25,000	15,633		15,633	(9,367)
Middleton Nature Reserve s106 Scheme	11,000	-		-	(11,000)
Aldcliffe Road Canal Side Access s106 Scheme	20,000	18,927		18,927	(1,073)
King St/Wellington Terrace Affordable Housing s	90,000	-		-	(90,000)
Adactus Top Up Grants	159,000	-		-	(159,000)
Morecambe TH12: A View for Eric	432,000	14,904		14,904	(417,096)
Riversview s106 Scheme	132,000	132,400		132,400	400
Sea & River Defence Works	325,000	14,180	7,493	21,673	(303,327)
Toucan Crossing King Street	13,000	9,659		9,659	(3,341)
Resources					
Corporate Property Works	1,910,000	699,516	101,499	801,015	(1,108,985)
ICT Systems, Infrastructure & Equipment	399,000	141,363	111,328	252,691	(146,309)
Total Gross Programme	9,817,000	3,470,261	897,099	4,367,360	(5,449,640)

Grants & Contributions

Capital Contributions Income	(43,000)	-	-	-	43,000
Capital Grants Income	(2,637,000)	(1,692,012)	-	(1,692,012)	944,988
Total External Income from Grants & Contributions	(2,680,000)	(1,692,012)	-	(1,692,012)	987,988

Total Net Programme	7,137,000	1,778,249	897,099	2,675,348	(4,461,652)
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2014/15 Treasury Management Progress Report

For Consideration by Cabinet 17 February 2015

Report of Chief Officer (Resources)

1. Introduction

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

Council approved the 2014/15 Treasury Strategy, which incorporates the Investment Strategy, at its meeting on 26 February 2014. This report outlines activities undertaken in pursuance of those strategies during the financial year up to the end of Qtr 3.

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

2. Summary: Headline Messages

- **Icelandic Investments** – A further £20K was received in relation the claim with the Icelandic Bank KSF. This represents 1% of the claim with only 2.75% remaining to be collected.
- **Borrowing Activities** – no new borrowing has been undertaken during the first quarter of the year.
- **Investment Activities** – investment interest is £2K ahead of target for the third quarter.

3. Economic update (*provided by Capital Asset Services*)

After strong UK GDP growth in 2013 at an annual rate 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a

major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently predicted that the first increase in the Fed. rate will occur by the middle of 2015.

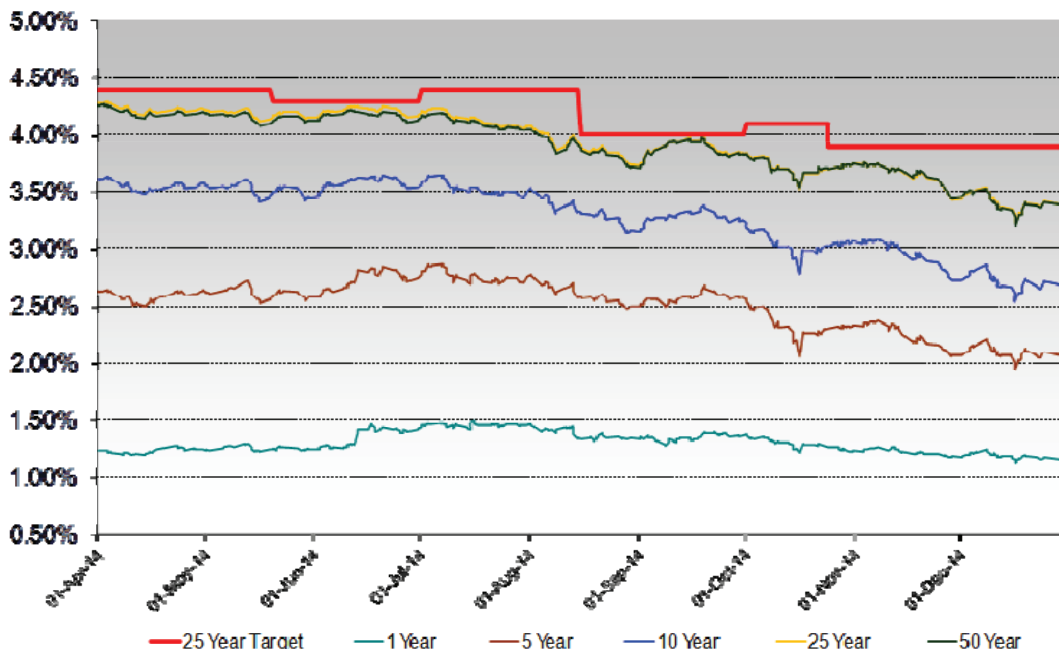
The Eurozone is facing an increasing threat from deflation. In November the inflation rate fell to 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB did take some rather limited action in June and September to loosen monetary policy in order to promote growth and is currently expected to embark on quantitative easing early in 2015 to counter this threat of deflation and to stimulate growth.

4. Icelandic Investments Update

There was a further distribution associated with the Council's only outstanding claim (with KSF), which equated to 1% of the claim (£20K). The outstanding money associated with Glitnir is slightly different in that the original claim has been repaid but is being held in an Icelandic bank escrow account, none of which can be repatriated as yet. These funds are held in Icelandic Kronur (ISK), however; it is likely that some further adjustment to their value in £ sterling will be needed, in closing the accounts.

5. Borrowing Activities

No new borrowing was undertaken during Qtr 3. The following graph shows the PWLB rates for the last three quarters ending 31 December 2014.



Early Repayment of Debt

Officers continue to monitor potential saving opportunities associated with the early repayment of existing debt, taking into account the premiums or discounts associated with early repayment and the projected cost of refinancing or loss in investment interest. No reasonable opportunities arose in Qtr 3.

6. Investing Activities

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

The impact of business rates retention has had a marked positive impact on the Council's cash flow so far this year.

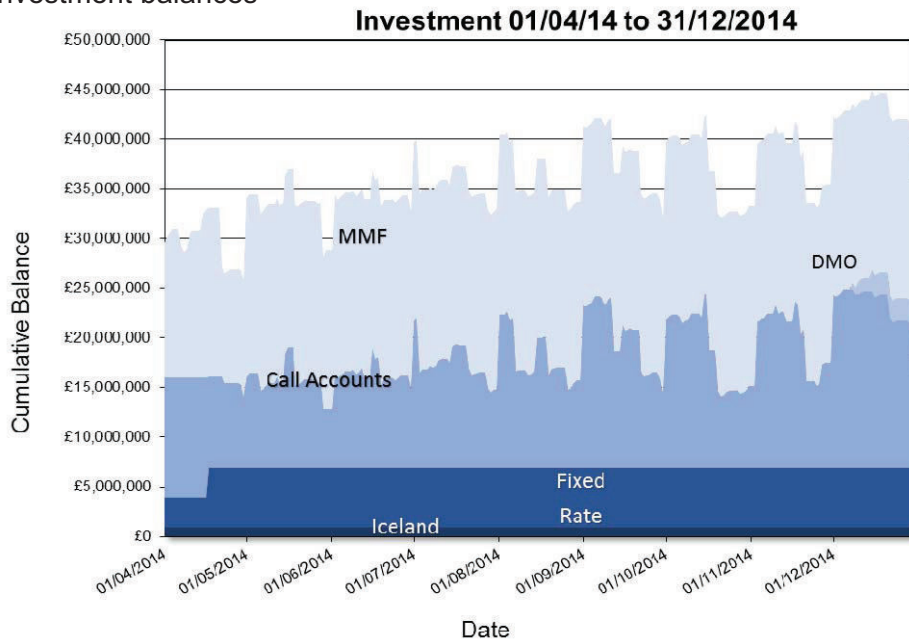
All investment activity has been in line with the approved Treasury Strategy for 2014/15. A full list of the investments at the end of Qtr 3 is shown below (Table 6.1):

Table 6.1 Counterparty balances

Other Investments	Opening £	Min £	Max £	Closing £	Indicative Rate	Cumulative Interest £
Call: RBS	0	0	0	0	0.25%	0
Call: Lancashire County Council	8,891,000	1,376,000	12,000,000	3,837,000	0.25%	12,082
Call: Svenska Handelsbanken	5,944,000	5,500,000	5,944,000	5,568,000	0.30%	15,109
DMADF	0	0	2,225,000	1,638,000	0.25%	306
Government Liquidity MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.27%	11,825
Liquidity First MMF.	6,000,000	6,000,000	6,000,000	6,000,000	0.40%	17,981
Insight MMF	6,000,000	6,000,000	6,000,000	6,000,000	0.37%	16,549
Lloyds	6,000,000	6,000,000	6,000,000	6,000,000	0.60%	25,519
Sub-total	38,835,000			35,043,000		99,371

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

Graph 6.1 Investment balances



Two £3M fixed term investments have been placed with Lloyds Bank for a period of 3 months at a rate of 0.57%. The first matures on 09 January and the second on 19 January, and it is anticipated that these will be invested for 6 months upon maturity and attract 0.7% interest. Lloyds is still part nationalised and therefore continues to meet the criteria of 'Other Institutions' and the associated limits stated within the Treasury Management Strategy (reported to Council on 26th February 2014).

The recently opened account with Svenska Handelsbanken offers a dealing facility which is available until 3 pm, which is later than all other counterparties currently used. This enables the Council to sweep the cumulative balance held with The Cooperative Bank to ensure this balance is as close to zero by the end of the day.

Summary of Budget Position and Performance

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

Base Rate	0.500%
7 day LIBID	0.354%
Lancaster City Council investments	0.375%

The return is below base rate and above the 7 day LIBID benchmark. Investment returns in percentage terms are lower than those used in the budget, but larger cash balances have negated this impact.

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

	Budget to Date £000's	Actuals to Date £000's	Variance £000's
Icelandic Credits	21	21	0
Cash Interest	97	99	(2)
Total	118	120	(2)

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

7. Risk management

There has been no material change in the policy or operation of the treasury function over the quarter, in recognition of the considerable uncertainty that exists within the economy and financial sector. The view is, therefore, that residual counterparty risk exposure for investment remains low.

The biggest impact on investment returns has been the shortage of suitable counterparties that fulfil the Council's approved credit criteria, especially with cash balances being higher than expected. The Strategy for 15/16 will address these restrictions by adopting a new methodology but retaining a low-risk appetite.

The funds being held in Iceland still expose the Council to exchange rate risks, but these are unavoidable. It is anticipated that some financial provision will be made for covering these risks, in preparing this year's accounts.

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

Cash balances held with The Cooperative Bank continue to be monitored on a daily basis following the bank's crisis in relation to its funding gap; this will be undertaken until such time as the transfer to the Council's new bank, Natwest, is complete.

8. Prudential Indicators

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

Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Call account** – instant access deposit account.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They analyse credit worthiness under four headings:
 - **Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
 - **Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
 - **Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
 - **Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.
See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Money Market Fund (MMF)** – Type of investment where the Council purchases a share of a cash fund that makes short term deposits with a broad range of high quality counterparties. These are highly regulated in terms of average length of deposit and counterparty quality, to ensure AAA rated status.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Capita Asset Services** – are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

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

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
AFFORDABILITY						
PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	64.4%	14.8%	17.0%	17.0%	17.8%
	HRA	23.3%	22.6%	22.0%	21.1%	20.3%
	Overall	42.7%	18.2%	19.3%	18.8%	18.9%
PI 2: Actual ratio of financing cost to net revenue stream	Reported after each financial year end					
PI 3: Estimates of the incremental impact of new Capital Investment decisions on the Council Tax This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		£18.36	£1.26	£15.24	£7.22	£3.25
		-9.4%	-0.6%	-7.5%	3.5%	1.5%
PI 3A: Illustrative Impact of Additional Borrowing £1 million		Repayment Period				
		5 Years	10 Years	25 Years		
	Increase in Council Tax (£)	£4.83	£2.57	£1.29		
	Increase in Council Tax (%)	2.47%	1.31%	0.85%		
PI 4: Estimates of the incremental impact of Capital Investment on Housing Rents		Nil	Nil	Nil	Nil	Nil
CAPITAL EXPENDITURE						
PI 5: Estimates of capital expenditure	Non - HRA	15,950	9,820	8,110	5,790	4,700
	HRA	4,285	4,967	5,123	4,882	4,882
	Total	20,235	14,787	13,233	10,672	9,582
PI 6: Actual capital expenditure	Reported after each financial year end					
PI 7: Estimates of Capital Financing Requirement	Non - HRA	33,976	35,902	38,834	39,398	38,353
	HRA	44,473	43,432	42,391	41,349	40,308
	Total	78,449	79,334	81,225	80,748	78,661
PI 8: Actual Capital Financing Requirement	Reported after each financial year end					
EXTERNAL DEBT						
PI 9: Authorised Limit	Authorised Limit for Borrowing	95,000	95,000	95,000	97,000	96,000
	Authorised Limit for Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
	Authorised Limit for External Debt	96,000	96,000	96,000	98,000	97,000
PI 10: External Debt: Operational Boundary		78,226	79,111	81,002	80,525	78,438
PI 11: Actual external debt	Reported after each financial year end					
PI 12: HRA limit on indebtedness						
PRUDENCE						
PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council has adopted the updated Treasury Management code of practice (2011).					
PI 14: Net debt and the capital financing requirement	Anticipated indebtedness	68,800	67,571	66,417	65,249	64,208
	CFR	78,449	79,334	81,225	80,748	78,661
	Under/over borrowed (-/+)	9,649	11,762	14,808	15,498	14,453

Property Group Update

2014/15 Quarter 3:
October – December

Report from: Senior Property Officer

1.0 Introduction and Background

This Quarter 3 report is intended to provide an update on previously reported projects and initiatives and to highlight any significant emerging property related issues. This report is not intended to provide in depth updates on all ongoing individual property cases.

2.0 Corporate Non-Housing Property Portfolio Delivery Programme

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

It has been reported on a number of occasions and is worthy of note again here that budget flexibility between individual projects is essential. This is because the costs taken from the condition survey data to build up the original five-year budget were purely indicative, having been estimated based upon non-invasive surveys. As such, the levels of work required at each property have increased or decreased as detailed specification work for the procurement process has progressed.

2.1 Delivery Programme

The delivery programme is now approaching the end of Year 2 and the following tables provide a summary of progress to date for information purposes:

2.1.1 Year 1 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Minor Projects				
Projects within 14 Buildings	£103K	Various	100%	Contained within the R&M revenue budget and not capital spend.
Intermediate Projects				
White Lund Depot	£113K	27/01/14	100%	
Lancaster Cemetery Chapels	£175K	27/01/14	100%	
Lancaster Town Hall Railings	£47K	02/10/13	100%	
Lancaster Town Hall Paving	£28K	07/10/13	100%	
Morecambe Town Hall	-	-	-	Included in Morecambe General (below)
The Dukes Playhouse	-	-	-	On hold pending Dukes development funding bid.
Williamson Park	£80K	02/12/13	100%	

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Assembly Rooms	£100K	09/12/13	100%	
Storey	£323K	03/02/14	99%	
Maritime Museum	£328K	07/07/14	100%	
Morecambe Intermediate General Projects; Morecambe Town Hall & Garages (60 Euston Road, Regent Road PC) Salt Ayre Sports Centre	£100K	Various	85%	Additional works identified including re-plastering MTH stairwell, Euston Road reroofing and Stone Jetty external works.
Lancaster Intermediate General Projects; Bridge End Depot, Ryelands Changing Rooms, Old Man's Rest, Cottage Museum, King George Playing Fields	£98K	Various	100%	
Intermediate Demolition Projects (Ryelands Park Pavilion)	TBA	TBA	0%	AMP received and planning approval being sought.
Major Projects				
Williamson Park	TBA	07/02/15	0%	Stone paving specification delays.
The Platform	£413K	03/03/14	99%	Additional works identified including new roof edge protection, maintenance staircase to flat roof and fire compartmentalisation works.
City Museum	£105K	TBA	0%	Total budget being considered as match funding for potential HLF bid – £105K covers essential repairs only.

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Salt Ayre Sports Centre	-	-	-	Included in Morecambe General projects
Mitre House Car Park	£115K	30/09/13	100%	Replacement sub-base required.
Banqueting Suite Ceilings	TBA	TBA	0%	Extra Works -not included in original condition survey.

2.1.2 Year 2 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Maritime Museum & 26 St. Georges Quay Phase 2	£151K	22/09/14	0%	AMP part submitted for additional boiler
The Storey - Phase 2	£143K	15/04/15	0%	
The Storey - Phase 3 (gallery roof)	£55K	10/03/15	0%	
Lancaster Williamson Park - Phase 2	£134K	23/03/15	0%	AMP being processed.
Ashton Memorial – Internal & External Works	£585K	TBA	0%	AMP being processed.
Ashton Memorial - Dome Ceiling Restoration	£100K	TBA	0%	Awaiting specialist conservation reports.
Lancaster Town Hall – Replacement Lift	£180K	02/02/15	50%	
Lancaster Town Hall – Electrical & Building Works	£408K	TBA	0%	AMP being processed.
Lancaster Town Hall – Banqueting Ceilings	£148K	TBA	0%	AMP received but awaiting English Heritage approval.
Salt Ayre Sports Centre	£36K	27/01/15	0%	£30K accounts for just urgent works pending results of energy investment survey and service lead review of the facility.

Scotforth Cemetery	£33K	27/01/15	0%	
City Lab	£48K	06/01/15	0%	
White Lund Depot greenhouse electrical works	£26K	03/02/15	0%	
Williamson Park Butterfly House	£121K	06/03/15	0%	

2.2 Methodology

The focus of year 1 was to deal with category D urgent works across the property portfolio. The works undertaken in year 1 has now allowed the focus to shift in year 2 towards working on individual buildings rather than spreading our available resources too thinly over numerous sites. The rationale behind the development of the year two delivery programme was to select buildings with a secure future and complete all category A – C works.

Once capital works have been completed on a particular building that building will then be allocated a planned maintenance schedule and added to the growing planned maintenance programme. The goal for the remainder of this delivery programme is to complete the required work across the property portfolio, facilitating the move from the current emphasis on an expensive reactive approach, to a more financially sustainable planned maintenance ethos.

Finally, it should be understood that the estimated budget costs have been taken from the 2012 non-invasive condition survey and as such the possibility exists that unit costs will increase due to inflationary pressures and further deterioration of components within identified works.

3.0 Capital Receipts

Capital receipts for Lancashire Leisure Park and Quernmore Road progressed during December 2014 but completion notices had not been received at the time of writing. Completion notices for both are anticipated in Quarter 4.

4.0 Performance of Commercial Buildings (Occupancy)

As can be seen from the table below there have been some significant changes since the closing position of the commercial property portfolio over the last 12 months.

	2013/14 Quarter 4	2014/15 Quarter 1	2014/15 Quarter 2	2015/15 Quarter 3
Number of Properties	61	60	60	60
Occupation by Floor Area				
• Total Let (m2)	18,053	17,043	17,161	17,287
• Total Vacant (m2)	3,658	1,639	1,521	1,395
• Total Area (m2)	21,711	18,682	18,682	18,682

St. Leonard's House is now closed and has therefore been removed from these statistics. The Stage 2 report for the building prepared by the Lancashire Regeneration Property Partnership (LRPP) was received during December 2014. A report will be presented to Cabinet in February (elsewhere on the agenda) seeking to determine the way forward based on the development proposals included within the Stage 2 report.

There have been further gains in current occupation across the City Council's total commercial property portfolio resulting in the percentage let figure increasing from the 92% reported in Quarter 2 to 93% in Quarter 3. The remaining 7% of vacant space now amounts to the equivalent of 1395m², the majority of which is attributable to the following 2 buildings:

1. **The Storey:** The total commercial occupation within this building is currently running at 71% which represents no change over the previous quarter. The remaining 29% equates to a vacant floor area of 467m².
2. **Citylab:** The total commercial occupation within this building is currently also running at 71% which again represents no change over the previous quarter. The remaining 29% equates to a vacant floor area of 376m².

Despite some good progress this year at both the Storey and Citylab the two buildings account for 60% of the total 1395m² vacant commercial property. Other buildings currently contributing to the total vacant space include:

- Edward Street Dance Studio (159m²) – This building is vacant due to its inclusion in the Canal Corridor Development Agreement.
- 56-58 Euston Road – Marketing of this building continues and some positive interest in the unit has been expressed.
- 8 Ridge Square – This is a Council Housing property that has been vacant for some time.

Since Quarter 2 progress with other buildings has been made including:

- Old Man's Rest, Ryelands House (115m²) – A tenant has been secured but has not taken occupation of the building at the time of writing.
- Stone Jetty Café – This premises was let on the 1st of November 2014 and the new tenant hopes to open in spring 2015 following some renovation works.

Property Group continues to work towards reducing the vacancy rates in the commercial property portfolio although considering that supply is currently outstripping demand in the commercial office rental market, an overall 7% vacancy rate across the whole portfolio represents a relatively healthy position.

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

CABINET

Corporate Plan 2015 - 18

17 February 2015

Report of Chief Executive

PURPOSE OF REPORT			
This report is to enable Cabinet to consider the draft Corporate Plan 2015 - 18 with a view to recommending the Corporate Plan to Council for approval.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Cabinet Member	<input type="checkbox"/>
Date of notice of forthcoming key decision		19 January 2015	
This report is public			

RECOMMENDATION OF THE LEADER OF THE COUNCIL

- (1) That Cabinet considers the draft Corporate Plan 2015 – 2018 and makes recommendations to full Council

1 Introduction

- 1.1 The Corporate Plan sets out the role of the Council – *Our Core Purpose* and *Our Vision* for the district, 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. The Corporate Plan also reflects the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the council faces.
- 1.2 In the last few years, the corporate priorities have remained largely the same, being: *Clean, Green and Safe Places; Health and Wellbeing; Community Leadership* and *Sustainable Economic Growth*, whilst the focus of the priorities has narrowed as resources have reduced.
- 1.3 .In February 2014, Council approved that these priorities be underpinned by an ethos of an 'Ensuring Council' – a model of local government developed by the Association of Public Service Excellence (APSE) – which is consistent with the way the council has developed over the last few years and also supports the delivery of the *Vision* for the council agreed in July 2013.
- 1.4 In approving the budget timetable for 21015/16 and plans for future years, Cabinet acknowledged that the focus of any budget and planning proposals would be to redefine and reduce activities against existing priorities, rather than any fundamental changes being developed.
- 1.5 Cabinet has recognised that the major financial challenges and reductions in Government funding that still lie ahead will have a significant impact on the delivery of each of the council's priorities going forward. Cabinet also acknowledged that the budget decisions of other authorities (Lancashire County Council, Fire Service and Police and Crime Commissioner) and stakeholders are expected to have major direct implications for the district, with knock on consequences for Council in the delivery of its own services.

2 Proposal Details

- 2.1 It is important that the council is able to adapt to changes in a planned and considered way. To facilitate this the Corporate Plan is refreshed annually in the context of changing needs and aspirations in the district, financial forecasts and desired council tax targets and other relevant resource implications.
- 2.2 The outcomes and measures identified in the Corporate Plan 2015 -18 have been shaped and informed, as far as is possible at this stage, by the allocation of resources included in the council's budget and Medium Term Financial Strategy and other strategies and planned priorities.
- 2.3 In reviewing and refreshing the draft Corporate Plan other measures of progress have been identified that will be tracked to provide a more detailed understanding of the factors that may have an impact on achieving corporate priorities. Provision has also been made for any:
- Legislative and regulatory changes
 - National policy changes and funding prospects
 - Changing needs of the district, its residents and visitors
 - Recent performance and experience, and;
 - Local views and perceptions
- 2.4 Subject to consideration by Cabinet the draft Corporate Plan will be completed and presented to Budget Council on 04 March 2015.

3 Details of Consultation

- 3.1 Consultation and engagement on a number of key council activities have been undertaken throughout 2014/15. Along with more general consultation including customer satisfaction surveys, these have helped to inform the strategic planning and decision making process and are reflected in the draft Corporate Plan.

4 Options and Options Analysis (including risk assessment)

	Option 1: Recommend to Council the draft Corporate Plan as presented or recommend with minor amendments	Option 2: Corporate Plan not recommended to Council at this stage
Advantages	Assuming no significant impact on resources and forward planning arrangements minor amendments can be managed without interruption to the strategic planning cycle and the Corporate Plan can be submitted for consideration by full council	A revised Corporate Plan will reflect any significant changes recommended by Cabinet
Disadvantages	None identified	This option is likely to lead to delays in publication of the Corporate Plan leading to uncertainty regarding the council's intentions and possible interruptions to delivery of some services and activities

	Option 1: Recommend to Council the draft Corporate Plan as presented or recommend with minor amendments (continued)	Option 2: Corporate Plan not recommended to Council at this stage (continued)
Risks	Objectives and funding may change during the year that will have an impact on needs, aspirations, financial forecasts and other resource implications	May have an impact on the strategic direction for the delivery of council services and the achievement of corporate priorities. The budget has been approved in line with the priorities set out in the Corporate Plan and significant changes at this stage may have budget implications that would need to be considered further

5 Officer Preferred Option (and comments)

- 5.1 The Officer preferred Option is Option 1 as this will underpin council activities, business and resource planning from an early point in the municipal year. Additionally, local residents, communities and partners will be clear about the priorities and outcomes the council wishes to achieve in the coming three years.

6 Conclusion

- 6.1 The Corporate Plan is a central part of the council's Budget and Policy Framework stating the key priorities, outcomes and measures that the council hopes to achieve for the district. The Corporate Plan forms part of the Policy Framework, and, as such, must be approved by Council.
- 6.2 The strategic planning arrangements create an opportunity each year to consider the changing needs and aspirations of local communities and the shifting priorities, opportunities and challenges that the council faces. These are reflected in the draft Corporate Plan for 2015 - 2018 taking into account recommendations by Council and Cabinet, consultation and engagement with residents and visitors and budget information and options that have been set out in various Budget and Policy Framework updates during 2014/15.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Plan is a central part of the policy framework stating the priorities and key outcomes that the council hopes to achieve for the district and as such must be approved by Council.

CONCLUSION OF IMPACT ASSESSMENT

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

The Corporate Plan is complementary to key policies, strategies and plans. The council has responsibilities and plans for some activities not directly included in the Corporate Plan but which are managed as part of ongoing service delivery and / or day-to-day council business.

LEGAL IMPLICATIONS

None directly arising as a result of this report

FINANCIAL IMPLICATIONS

The draft Corporate Plan for 2015 -18 has been developed alongside the Council's budget processes and takes account of budget limitations and challenges in the coming financial years as far as is possible at this stage, but clearly the Council still has a significant and increasing budget shortfall from 2016/17 onwards. Tacking this position is also reflected in the draft Corporate Plan, at a high level.

OTHER RESOURCE IMPLICATIONS

Human Resources: None at this stage although the council's workforce planning and service reviews will need to be aligned with the Corporate Plan.

Information Services: No additional requirements for ICT support at this stage but the council's ICT Strategy will need to be aligned with the Corporate Plan.

Property: No additional implications at this stage although the council's Medium Term Corporate Property Strategy will need to be aligned with the Corporate Plan.

Open Spaces: No additional implications at this stage

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

none

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Ref: Corporate Plan 2015 - 18

Corporate Plan 2015 - 2018

Our Core Purpose

The role of the council is to:

- Provide the democratic leadership, with high ethical standards, needed to help the district address the major issues facing it.
- Bring communities and agencies together to work in partnership to address the major issues affecting the district.
- Provide a range of customer focused services, offer value for money and meet the needs of people who live, work and visit the district.
- Maintain a cohesive community by ensuring we understand the needs of our communities and provide equality of access to our services and employment opportunities.

Our Ethos

- **Stewardship** – ensuring the social, economic and environmental wellbeing of the local area.
- **Core capacity** – maintaining the strategic advantages of in-house services to meet local needs.
- **Municipal entrepreneurialism** – capturing opportunities for collaborative innovation and income generation.
- **Collaboration** – working with a range of service providers on a collaborative basis rather than through competition.
- **Policy** – grounding local decision making in political accountability.
- **Social justice** – ensuring the values of local government are founded on equality and meeting community needs.
- **Sustainability** – ensuring that the council contributes positively to the challenge of climate change and the need to manage our environment
- **Value for Money** – focusing on economy, efficiency and effectiveness

Our Vision

A sustainable self-contained and varied group of communities with a population remaining in balance to support its local economy, comprising:

MORECAMBE AND HEYSHAM - a confident community with a regenerated living, working and leisure environment, acting as a focal point on Morecambe Bay to enjoy and interact with the wider landscape;

LANCASTER - a prosperous historic city with a thriving knowledge economy;

CARNFORTH - a successful market town and service centre for North Lancashire and South Cumbria, and;

A conserved, enhanced and diversified **COAST AND COUNTRYSIDE** with a network of vibrant rural communities; which will lead the North West in its quality of life and environmental and design standard and within which sustainable housing, economic and retail development to meet local needs will be supported.

Our Priorities

Our outcomes are supported by headline success measures that identify the best overall measures of progress towards delivering our outcomes in line with our priorities and ethos. In addition we will track other indicators and measures of our progress so that we have a detailed understanding of the factors that impact on achieving our priorities.

The intention to protect the most vulnerable in our society will be a thread that runs through all of our priorities.

Priority: Clean, Green & Safe Places

Lancaster district has much to offer. To ensure that it maintains and builds upon its reputation of being clean, green and safe, the council will encourage local communities and individuals to take pride in their local area and become involved in protecting and improving the quality of local areas, parks and public spaces in a way that is sustainable.

The council will continue to undertake activities to maintain levels of recycling and composting. It is developing an energy strategy as a means of planning to reduce the overall amount of energy used in the delivery of its service, increase the use of energy from renewable sources, reduce carbon emissions and generate income and efficiencies.

The council will work together with partners and communities to deliver a range of community safety initiatives aimed at making our streets clean and safe and meeting its responsibilities to preserve and enhance the special protected landscapes.

Outcomes

Success Measures

Impact of crime and anti-social behaviour across the district will be minimised

- Work with the Police and Community Safety Partners to minimise the impact of crime and anti-social behaviour
- Reduce hate crime and the fear of crime felt by minority communities

The council's impact on the environment will be minimised

- Annual reduction in energy consumption used by the council's operations
- Annual reduction in carbon dioxide emissions from the council's operations
- Increased proportion of the council's energy needs generated from renewable sources
- Increased proportion of council business travel mileage provided by electric or ultra-low emission vehicles
- Maintain and /or improve average Standard Assessment Procedure (SAP) rating in council homes to a high level
- Amount of household waste reused,

The council’s impact on the environment will be minimised (continued)

recycled or composted is maintained

- Increase income from energy and recycling projects

Local neighbourhoods are clean and safe and residents have a sense of pride in the district

- Perception of people who live in, work in, or visit the district that streets and public spaces are safe and clean is increased
- Increased number of projects that directly involve local communities in improving local areas, parks and open spaces

Priority: Health & Wellbeing

A range of actions to support the positive health and wellbeing of residents in the district have been identified. This includes continuing work to improve the quality and availability of housing, including council housing stock and building new one-bedroomed properties, housing renewal, particularly in the West End of Morecambe and improvements in the private rented sector. We will work to ensure the standard of new and existing housing meets current regulations and promotes safe, high quality, energy efficient housing.

As part of the statutory planning process, the council will allocate land for housing purposes, to meet the challenges of finding space for sustainable growth to address the need to alter the course of demographic change. It will seek opportunities to include new affordable housing as part of the development plans and champion the need for younger generations in our community to have access to their own homes.

The council will continue to work with partners as part of the health and wellbeing partnership to improve the health outcomes for our citizens. The council intends to take action to improve health; for example, by enabling access to sports and leisure activities and supporting measures to keep vulnerable people warm in their homes. Actions to tackle homelessness and rough sleeping in the district will continue. The council will also continue to work with partners to help manage the implementation of ongoing welfare reforms and their impact.

Outcomes

Success Measures

Enhanced quality of life of local residents through access to affordable, decent housing

- Increased number of improved homes
- Improve access to housing
- Increase number of affordable homes

Health and wellbeing of our citizens is improved

- Maintaining adequate supply to reduce demand led unsustainable price rises in the housing market
- New build council social housing is energy efficient

Health and wellbeing of our citizens is

- Improve the wellbeing of our residents through collaborative, preventative and

improved (continued)

reactive measures

- Increased number of people participating in sports and leisure activities
- Maximise opportunities for access to innovative leisure activities by working collaboratively with public and private sector partners
- Increased number of vulnerable households benefiting from Warm Homes Initiative
- Facilitate long term improvements in transportation to improve local air quality
- Maintain percentage of “broadly” compliant food businesses (category 3-5)
- Work in partnership to optimise access to welfare benefits and related support

Priority: Community Leadership

The council continues to face up to the challenges presented by the current economic climate by placing an increased emphasis on the things that matter most to people of the district and by rationalising and developing its use of resources, be they staff, property or technology – and of course, finance. As community leaders, we are committed to working with those public services who can help us to have a positive impact on life in the district. This will help us to support our key partnerships to ensure they are really effective and can deliver the outcomes the district needs.

The role of our ward councillors is vital in engaging with communities and working with community groups and individuals to make a difference through a wide range of initiatives in local areas and the council’s process will be strengthened to support this. Community pride is a key theme that has emerged from our local engagement work and the council wishes to support local groups and communities to become involved locally, improving where they live in many ways so that they can Take Pride in their local areas and the communities around them.

The council will work with partners to achieve efficiencies and protect the services that matter by taking a collaborative approach where this is effective. The council continues to support voluntary, community, faith, arts and culture groups and will work with these sectors to consider how together we can ensure important services for the district are delivered.

Outcomes

Communities are brought together and the major issues affecting the district are addressed through working in partnership

Well run, value for money services that are valued by the public and demonstrate good governance, openness and transparency

Success Measures

- Improve neighbourhood working by engaging with communities to understand their needs and empowering them to deliver services locally
- Ensure Ward Councillors feel supported in their Community Leadership role
- Maintain working arrangements with voluntary, community, faith, arts and culture groups in support of key service delivery
- Improve our understanding of the needs of our communities to inform our service delivery, improving standards of diversity and equality
- Deliver quality services through a skilled and motivated workforce
- Rationalise our property holdings, to deliver better value for money
- Improve efficiency and effectiveness, reduce waste and develop customer service through re-shaping our services, using technology and collaborative working as appropriate
- Gain an 'unqualified' value for money conclusion from our External Auditors

Priority: Sustainable Economic Growth

Lancaster district has exceptional opportunities and a pressing demographic need to develop its economy. The main prospects for economic growth relate to energy including nuclear and renewable energy; the knowledge sector developing around Lancaster's two universities; and the Visitor Economy, capitalising on the district's outstanding arts and cultural heritage and entertainment offer, its beautiful coastline and stunning natural landscapes.

The council's actions for the coming years, in collaboration with Lancashire County Council, will seek to develop these opportunities and help to secure economic benefits through new jobs and business growth, including support for new energy and transport infrastructure and the nuclear nomination for Heysham. Work to improve the attractiveness of central Morecambe and Lancaster's heritage assets, public spaces and retail offer is underway. In the district's rural areas, the aim will be to improve the focus of their tourism identities linked to the branding of Morecambe Bay and Lancaster. A few high impact festivals and events will provide economic stimulus to help local businesses across the district. The council will continue to engage with economic partners, including

the Lancaster District Chamber of Commerce and the Lancashire Enterprise Partnership, to develop the economy of the district. The council will continue to set an example by paying a living wage to its employees, and by supporting the principles of Fairtrade.

Outcomes

Success Measures

Sustainable economic growth and jobs will be created in key sectors, including energy, knowledge, health and the visitor economy

- New and improved employment sites and premises will become available in key business locations targeting key sectors
- Regeneration of central Morecambe supported by the Morecambe Area Action Plan
- Land Allocations, Arnside and Silverdale AONB and Gypsy and Traveller Accommodation Development Plan documents completed and adopted
- 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
- Level of support for business growth and skills development will be maximised
- Supporting small businesses as important components of thriving retail centres
- The development of the Assembly Rooms as an important visitor destination and enhancer of the local economy

The attractiveness and offer of the district, as a place to visit or invest in, will be improved

- Lancaster and Morecambe urban centres will be enhanced by investment in the built environment, heritage assets and the public realm
- 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

Lancaster and Morecambe Bay will be recognised as important visitor destinations

- Destination brands for Lancaster and the Lune Valley and Morecambe Bay will be developed with partners to establish these areas as important visitor destinations
- Visitor numbers and spend will be increased

Delivering the Corporate Plan

The Corporate Plan sets out the council's four priorities, but it also needs to make sure it has the resources to deliver them, which is an increasing challenge. The council's Medium Term Financial Strategy supports and informs the Corporate Plan, and sets out how it will manage its finances in order to deliver these priorities. Local Government however, continues to face major funding reductions year on year, meaning that a lesser range of services will be provided at some point in the future. To help demonstrate this challenge, the Council's forecasts indicate that it will need to save around £1.6 million in 2016/17 and £2.0 million in 2017/18; thereafter these targets look set to increase still further.

Balancing the Budget

Nonetheless, each year the council must deliver a balanced, robust budget that matches and realigns resources to its priorities and statutory needs. One of the key objectives is to ensure it gives value for money. This means getting the most from council assets and resources, maximising the potential of staff, increasing income, reducing waste and improving effectiveness without raising costs. Value for money is regarded as a priority over reducing services when savings are required

Service Reviews and Organisational Change

To achieve this approach, the council will complete a programme of organisational change across all services over the coming years, to achieve better value for money for the community as a whole, but also to balance its budget. Such reviews and organisational change will continue to form the basis for tackling the medium to longer term budget funding gap, as well as being informed by (and helping to embed) the council's ethos. Service reductions are to be expected as part of this programme.

Governance

Another key element in ensuring successful delivery of the Corporate Plan is having sound governance arrangements in place. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with control and the management of risk.

The council has a governance framework that brings together an underlying set of legal requirements, ethical and behavioural principles and management processes. Each year the council reviews these arrangements, and amongst other things, will measure the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and represent the best use of resources and value for money. The results of the review are published in an Annual Governance Statement.

Council Tax

The council aims to keep council tax increases to 1.99% year on year , subject to the future thresholds for holding local referendums, which are set by Government. These targets apply to the basic city council tax rate across the district excluding parish precepts.

Rather than reverting back to freezing council tax, the council has kept with the difficult decision of increasing the tax rate and targets for future years, as a way of helping to mitigate the impact of Government funding reductions. To some extent, increasing council tax will help protect key services. To help the most vulnerable households, the council has retained its existing local scheme for providing council tax support in 2015/16, and this will be kept under annual review.

Business transformation and improvement

The council will continue to develop its skilled workforce with a more flexible, coordinated approach to working across services, through the delivery of a new People Strategy. This will support continuous improvement, help build partnership working, increase shared service and support more devolved services.

We will champion a high performance culture throughout the council and continue the delivery of high quality services through continued modernisation of back office services as well as explore the potential for new delivery models, early intervention and capacity to reduce costs and provide further savings.

CABINET

**Budget and Policy Framework Update 2015/16 –
Housing Revenue Account and Capital Programme
17 February 2015**

**Joint Report of Chief Officer (Health and Housing)
and Chief Officer (Resources)**

PURPOSE OF REPORT			
This report provides an update on the council housing budgetary position and seeks Cabinet's decisions on council housing rent levels for 2015/16 together with targets for future years. It also seeks approval of Cabinet's supporting revenue budget and capital programme proposals for referral on to Council, in order to complete the HRA budget setting process for 2015/16.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of Notice of Forthcoming Key Decision	19 December 2014		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR LEYTHAM:

- 1 That the Housing Revenue Account Revised Budget for 2014/15, as set out at Appendix A, be referred on to Council for approval.
- 2 That the minimum level of HRA unallocated balances be retained at £350,000 from 01 April 2015, and that the full Statement on Reserves and Balances be endorsed and referred on to Council for approval.
- 3 That the current rent setting policy be reaffirmed for the medium term, in that:
 - an average rent of £71.31 for 2015/16 be approved, representing an increase of 2%, and
 - for 2016/17 onwards target rent increases be set at 3% per annum, and the revenue budget forecasts be updated accordingly.
- 4 That the resulting Housing Revenue Account budget for 2015/16 be referred on to Council for approval.
- 5 That the Capital Programme as set out at Appendix D be referred on to Council for approval.
- 6 That the above recommendations for the Housing Revenue Account be reflected within the Council's draft Medium Term Financial Strategy as appropriate.

1 INTRODUCTION

- 1.1 The Council is required under statutory provisions to maintain a separate ring-fenced account for the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock.
- 1.2 At its meeting in February 2013, Cabinet approved the key principles and broad financial targets for managing the HRA over the medium term, to give a strategic financial context for council housing.
- 1.3 In line with that context, Cabinet is now required to set the level of housing rents in sufficient time for the statutory notice of rent variations to be issued to tenants by 01 March, and make recommendations to Council regarding the HRA's budget.
- 1.4 The draft MTFs will also be updated to reflect Cabinet's HRA budget proposals, for consideration at Budget Council.

2 2014/15 REVISED BUDGET

- 2.1 A review of the current HRA budget has been undertaken and during the year, a net surplus of £104K is forecast, which is £31K higher than originally forecast. A summary statement is set out at **Appendix A** and the main variations are shown below. This focuses on the 'cash' or bottom-line variances, excluding any notional charges:

SUMMARY OF MAIN 'CASH' VARIANCES ON HRA	£'000
Operational Variances: (+)Adverse / (-)Favourable	
Reduction in Rental and Other Income	+41
Additional spend on Repairs and Maintenance	+351
Increase in Bad Debt Provision	+16
Net Increase in Revenue Financing of Capital Programme (either directly or from Reserves)	+61
Other minor variances (net)	-55
Sub-total	+414
Review of Reserves (see section 3)	
Net Reduction in transfer to Major Repairs Reserve	-255
Net Reduction in transfers to other Earmarked Reserves	-190
Net Surplus Forecast for Year	-31

- 2.2 A number of key points are highlighted:

- Assumed annual Right to Buys have increased from 5 to 12 in the current year, thereby reducing the annual rental income receivable. This trend is expected to continue in future years.
- A review carried out of Repairs and Maintenance has determined that ongoing annual costs are increasing in line with those reported at 2013/14 outturn and

consequently these have been built into both current and future years' expenditure forecasts.

- 2.3 Taking account of the overall revised budget outlined above, HRA Balances at the end of this year are expected to be around £271K lower than originally forecast, as shown in the following table:

	2014/15 Original Budget £'000	2014/15 Revised Budget £'000
Original Estimated Balances as at 31 March 2015	776	776
Less: Transfer of 2012/13 surplus to Business Support Reserve	--	-426
Add: Underspending in 2013/14, at outturn	--	51
Add: Forecast surplus in current year	--	104
Forecast Balances as at 31 March 2015	776	505
Of which:		
Surplus Balances (above minimum £350K)		155

- 2.4 Cabinet is recommended to refer the HRA Revised Budget for 2014/15 to Council for approval.

3 PROVISIONS, RESERVES AND BALANCES

- 3.1 The Section 151 Officer is required to undertake a formal review of general reserve levels. In assessing the adequacy of such balances, the Chief Officer (Resources) takes account of the strategic, operational and financial risks facing the authority. The effectiveness of internal financial and other controls are also taken into account; assurance on these can be taken from the respective formal Statements and external assessments. Consideration has also been given to the specific risks and assumptions underlying the HRA as set out in **Appendix B**.
- 3.2 After reviewing the Housing Revenue Account and General Fund in comparative terms and considering the key issues, assumptions and risks underlying the budget projections, the Section 151 Officer advises retaining the minimum level of HRA Balances at £350K to support the budget forecasts, as part of the overall medium term financial planning for the HRA. This level has presented no difficulties in previous years and furthermore, the HRA has other substantial reserves available, to support the condition of the housing stock and manage other current service risks.
- 3.3 The Business Support Reserve has a current unallocated balance of £8.5M. Until future plans for increasing the stock of one bedroom accommodation are developed no further contributions are being made into this reserve. It is currently anticipated that detailed proposals (taking into account the impact on the HRA 30-year Business Plan) will be brought back to Cabinet during 2015/16. Cabinet still have authority to allocate this reserve, but any future contributions would be approved by Council as part of the overall budget process. This still gives Cabinet the flexibility to develop and refine its plans.

- 3.4 There has been less call on the Major Repairs Reserve in the current year than originally assumed, mainly due to more capital receipts being received and applied as a result of increased Right to Buys and also use of earmarked reserves for specific Schemes.
- 3.5 An interim review of other earmarked reserves for next year has also identified that not all in year contributions are needed for the forthcoming year, although they will still be required over the 30 year period. A more detailed review will be undertaken during 2015/16 to inform future levels, however.
- 3.6 In terms of provisions, the annual contribution to the bad debts provision has increased slightly from those planned a year ago and will continue to be closely monitored.
- 3.7 A draft statement on all reserves is attached at **Appendix C (i)** and **Appendix C (ii)**. The latter details the purpose and application of each reserve together with relevant recommendations on current use. These reserves are viewed as adequate for the period covered, but will need to be reviewed in more detail as highlighted above. Cabinet is asked to endorse this information, with the Statement being referred on to Council as part of the HRA budget proposals.

4 **2015/16 BASE BUDGET AND FUTURE YEARS' PROJECTIONS**

- 4.1 The draft budget has now been prepared for 2015/16 together with projections for 2016/17 and 2017/18. The budgets are set out in line with Accounting Requirements and they take account of the usual pay and price inflation assumptions. Specific aspects of the budget are outlined in more detail below.
- Provision continues to be made for repayment of the self-financing debt over the next 28 year period. No provision has been made as yet in respect of the £15.3M HRA share of earlier years' debt, but this is the same approach that applied under the former subsidy system.
 - With regard to financing investment needs for the existing housing stock, the budget has been prepared on the basis that if there is a shortfall in the funding required to support the capital programme, then a top up should be charged to the revenue account (through increasing the contribution to the MRR).
 - In terms of revenue savings and growth no proposals have been put forward at this time.

5 **CAPITAL PROGRAMME 2014/15 TO 2019/20**

- 5.1 The City Council has a statutory duty to ensure that all of its council housing stock meets the Decent Homes Standard. In addition, the Council has set its own higher standard for improvement works known as the "Lancaster Standard", and this has been agreed with the District Wide Tenants' Forum.
- 5.2 The Council has a long-term investment programme, which identifies the indicative resources needed to maintain a viable 30-year Business Plan taking account of the agreed housing standards. This has been incorporated in the Council's self-financing business plan.
- 5.3 **Appendix D** sets out the overall capital programme for consideration by Cabinet and referral on to Council. More details are provided in the sections below.

5.4 2014/15 Revised Capital Programme

5.4.1 The 2014/15 Council Housing Capital Programme was set at £4.790M by Council on 26 February 2014. This programme has since been updated after taking into account preliminary results from the recent stock condition survey undertaken during 2014 to give a revised programme of £4.861M.

5.5 2015/16 to 2019/20 Capital Programme

5.5.1 One of the outcomes from the Stock Options Appraisal was that future years' programmes should be set in line with the HRA Business Plan wherever possible. Drawing on information from the 2014 Stock Condition Survey and allowing for revenue funded maintenance, the draft programme included at Appendix D would enable the housing stock to continue to meet both the Decent Homes Standard and the Lancaster Standard.

5.5.2 In terms of future investment, options are still being formulated and will be presented to Members in due course. As such, no assumptions on future new build have been included in the current programme. See also comments provided under sections 6.3 and 9.1.

5.5.3 The total draft five year programme for 2015/16 onwards now stands at £24.253M, the majority of which will be financed from revenue sources. There is no prudential borrowing requirement. The HRA is therefore still in a reasonably strong position financially, subject to the officer preferred option being implemented regarding future rent levels, noting that consideration of further investment must still ensure that long-term financial sustainability is not compromised.

6 RENT SETTING POLICY

6.1 In September 2012, Cabinet adopted a HRA medium term financial strategy and rent policy that supported the future needs of the HRA housing stock, whilst enabling the Council to consider using HRA funding in a wider regeneration context.

6.2 Subsequent to that at its meeting on 12 February 2013, Cabinet approved a rent setting policy for the medium term for years 2014/15 to 2016/17 of 1%, 2% and 3% respectively.

6.3 The table below shows that the current rent setting policy (Option 1) is the only viable option available to Members at this time. The combined effect of a reducing income base and increasing repairs and maintenance costs (as highlighted under section 2.2) has had the overall impact of reducing the cumulative 30-year balance by £86.3M compared with projections presented to Cabinet last February. That said, the current rent setting policy will still provide for the current stock to be maintained to the required standards. Whilst the 30-year Business Plan does not appear to be as healthy as it did in the previous year, it is anticipated that this position will improve once all capital works have been fully detailed and completed in the short to medium term as it should naturally follow that the responsive repairs and maintenance side reduces with the overall financial position improving over the longer term. This will be reviewed more fully over the coming 12 month period and be fed into future updates of the Business Plan.

6.4 For information, the table (in line with the decision made in February 2013) also shows the impact of further delaying the increase in rent by another year, i.e. 1% for 2015/16 then 2% and 3% thereafter for subsequent years (Option 2). This still seeks to phase in the increase, in line with the rent setting policy, but delays the

implementation. The overall impact is to reduce the cumulative 30-year balance by a further £13.1M compared with Option 1, and will mean that the Business Plan is no longer sustainable towards the end of the 30-year period and is therefore not considered a viable option.

30 Year Business Plan – Business Support Reserve & Unallocated Balances	2014/15	2015/16	2016/17	2017/18	30 Year Cumulative Total
Projections as at February 2014	£9.036M	£9.060M	£9.541M	£10.173M	£94.749M
Option 1 – 2% then 3% thereafter	£9.093M	£9.008M	£9.140M	£9.324M	£8.434M
Option 2 - Re-phasing of increases, 1%, 2% then 3% thereafter	£9.093M	£8.873M	£8.732M	£8.636M	-£4.664M

6.5 Any rent increases above those set out under Option 1 would also clearly be sustainable and would generate further investment opportunity. However, any proposals less than Option 1 would need to be modelled to determine their impact on the overall business plan and assessed against the current rent setting policy.

6.6 For information, 2015/16 will be a 52 week rent year, which will be collected over the standard 48 weeks with 4 non-collection weeks.

7 DETAILS OF CONSULTATION

7.1 The draft Revenue Budget and Capital Programme was presented to the District Wide Tenants' Forum on 14 January 2015, and relevant minutes from the meeting are attached at **Appendix E**. These show continued support for a 2% increase in rents for 2015/16.

8 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

8.1 With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long their financing is considered and addressed.

8.2 The options available in respect of the minimum level of HRA balances are to set the level at £350,000 in line with the advice of the Section 151 Officer, or to adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting and it could have implications for the Council's financial standing, as assessed by its external auditors.

8.3 There is only one sustainable option available in respect of the 2015/16 rent increase and this is set out in section 6 of the report and is in line with the current rent setting policy.

8.4 The options available in respect of the Capital Programme are:

i) To approve the programme in full, with the financing as set out;

- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

8.5 Any risks attached to the above would depend very much on what measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known, and Officers may require more time in order to do this.

9 OFFICER PREFERRED OPTION AND COMMENTS

9.1 The Officer preferred options are to:

- Approve / refer on the provisions, reserves and balances position as set out;
- Set rent levels to ensure that current stock levels continue to be maintained to required standards, i.e. a 2% increase in 2015/16 and 3% thereafter, noting that any detrimental impact associated with any future accounting / regulatory / welfare reform changes will need to be addressed at that time;
- Note that if future investment opportunity is to be maximised, then as referred to in section 6.3, this can only really be properly considered once there is a better understanding of the total maintenance requirements and its impact on the viability of the 30-year Business Plan.
- Approve / refer on the revenue and capital budget proposals as set out.

<p>RELATIONSHIP TO POLICY FRAMEWORK The budget represents, in financial terms, what the Council is seeking to achieve through its approved Housing Strategy in relation to council housing.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) No significant implications directly arising.</p>	
<p>FINANCIAL IMPLICATIONS As set out in the report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS The s151 Officer's comments and advice is reflected in this report (acknowledging also her role as Chief Officer (Resources)).</p>	
<p>LEGAL IMPLICATIONS There are no legal implications arising from this report.</p>	
<p>MONITORING OFFICER'S COMMENTS The Monitoring officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS None</p>	<p>Contact Officer: Nadine Muschamp/Suzanne Lodge Telephone: 01524 582117 / 582701 E-mail: nmuschamp@lancaster.gov.uk</p>

HOUSING REVENUE ACCOUNT DRAFT BUDGET

For Consideration by Cabinet 17 February 2015

	2014/15 Budget £	2014/15 Revised £	2015/16 Budget £	2016/17 Forecast £	2017/18 Forecast £
INCOME					
Rental Income - Council Housing (Gross)	-13,545,600	-13,495,700	-13,707,200	-14,084,000	-14,467,200
Rental Income - Other (Gross)	-208,700	-210,400	-203,600	-207,300	-211,000
Charges for Services & Facilities	-1,823,600	-1,830,700	-1,866,900	-1,888,900	-1,925,100
Grant Income	-7,700	-7,700	-7,700	-7,700	-7,700
Contributions from General Fund	-87,400	-87,500	-80,700	-82,600	-84,300
Total Income	-15,673,000	-15,632,000	-15,866,100	-16,270,500	-16,695,300
EXPENDITURE					
Repairs & Maintenance	4,189,800	4,541,100	4,693,900	4,686,000	4,821,900
Supervision & Management	3,313,700	3,244,100	3,389,200	3,440,200	3,502,800
Rents, Rates, Taxes & Other Charges	144,700	155,900	170,500	199,300	228,200
Increase in Provision for Bad and Doubtful Debts	175,000	191,200	190,400	195,600	195,600
Depreciation & Impairment of Fixed Assets	1,715,900	1,988,700	1,984,000	1,974,700	1,974,500
Debt Management Costs	1,100	1,100	1,100	1,100	1,100
HRA Self Financing Loan					
Total Expenditure	9,540,200	10,122,100	10,429,100	10,496,900	10,724,100
NET COST OF HRA SERVICES	-6,132,800	-5,509,900	-5,437,000	-5,773,600	-5,971,200
Interest Payable & Similar Charges	2,041,300	2,041,300	2,006,600	1,967,000	1,931,100
Amortisation of Premiums & Discounts	-600	-600	-600	-600	0
Interest & Investment Income	-27,400	-25,300	-33,300	-43,300	-43,300
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,400	1,041,400	1,041,400
(-)SURPLUS OR DEFICIT FOR THE YEAR	-3,078,100	-2,453,100	-2,422,900	-2,809,100	-3,042,000
Adjustments to reverse out Notional Charges included above	-32,700	-32,200	-27,500	-18,200	-18,000
Transfers to/(-)from Major Repairs Reserve	2,850,100	2,322,600	2,517,500	2,457,300	2,638,900
Transfers to/(-)from Earmarked Reserves	-22,400	-355,400	-386,600	-66,200	1,200
Capital Expenditure funded from Revenue (Reserves)	210,000	414,400	366,500	265,000	195,000
TOTAL (-)SURPLUS / DEFICIT FOR THE YEAR	-73,100	-103,700	47,000	-171,200	-224,900
Housing Revenue Account Balance brought forward	-400,896	-400,896	-504,596	-457,596	-628,796
HRA BALANCE CARRIED FORWARD	-473,996	-504,596	-457,596	-628,796	-853,696



2015/16 BUDGET
HOUSING REVENUE ACCOUNT – RISK & ASSUMPTIONS
FOR CONSIDERATION BY CABINET 17 FEBRUARY 2015



RISK AREA	NOTES/DETAILS
Self financing	<p>Sufficient funds need to be set aside within the Revenue Budget / Major Repairs Reserve in order to ensure that the 30 Year HRA Capital Programme can continue to be financed.</p> <p>Sufficient funds need to be set aside within the Business Support Reserve in order to ensure that the Council's programme for new build council housing and scheme of acquisition of ex-council housing can be fulfilled.</p> <p>Any significant reduction in available capital financing (e.g. through revenue growth) could have an adverse impact on the position.</p> <p>Robust business planning arrangements will need to be maintained that take into account debt financing, stock condition, service budgetary needs, and ongoing Government policy, around rents and inflation.</p>
Rent policy	<p>The Council has adopted a medium term financial strategy and has agreed to set a rent policy that supports the future investment needs of its HRA housing stock, and will enable the Council to consider council housing in a wider regeneration context. The Council is committed to maintaining decent homes, and to building and acquiring new homes.</p> <p>The Government assumed, in its calculation of the debt settlement for self financing, the council will increase its rents in accordance with Government guidelines.</p> <p>The Government is also assuming that from 2015/16 that rents in the social rented housing sector would increase by CPI (at September of the previous year) + 1 percentage point annually, for ten years. Under the Government policy they see the majority of existing rented properties in the social housing sector being let at social rents.</p> <p>Setting levels of rent below Government guidelines will reduce the amount of money available for future investment. If rent levels are set significantly below the guideline levels the Council would not be able to maintain the reserves to properly fund the future investment needs of the stock, or its new build programme.</p>
Income recovery	<p>The Government welfare reforms will present a higher risk to levels of rent collection and that the council may need to increase the contribution to the Bad Debts Provision to reflect future arrears trends. There is a negative effect on future years' budgets if income recovery deteriorates and a positive effect if it improves.</p> <p>The income management team has been strengthened. Adequate Bad Debts Provision will be provided for within the HRA. This will be kept under review.</p>
Void levels	<p>Stock turnover has increased over the last twelve months. If this level of turnover is maintained greater allowance may need to be made within the budget for loss of rental income due to voids. Rent loss through void properties in previous years has been maintained at a low level.</p>
Reduced demand	<p>Overall demand for council housing remain high, and is particularly high for one and two bedroom properties. This demand has informed the Council's decision to give priority to building one bedroom accommodation in any new build programme or acquisition scheme Demand across the council housing stock is monitored and informs the asset management plans.</p>

Stock reductions	<p>The rate of sales in 2014/15 has increased however the numbers are still low compared with historic levels of sales. However it is anticipated that this trend is likely to continue in the medium term leading to future projected rental income levels being reduced. Low sales levels leads to lower levels of capital receipts. Sales impact on the revenue position as income is reduced but many costs are fixed.</p> <p>The Government's objective is to increase the number of sales through the Right to Buy, and continues to promote the RTB Scheme. Significant increase in RTB sale would reduce rental streams that would lead to deterioration in the HRA budgetary position, and the viability of the HRA, unless measures could be taken to reduce costs within the HRA.</p>
Additional capital requirements	<p>Legislation, changes in health and safety standards or the discovery of previously unknown defects may require additional capital expenditure. This is exemplified by the need to increase expenditure on fire precaution works, asbestos management, and the managing the risk of legionella. These have been reflected in the capital programme. However, the Council is finalising the analysis of the stock condition survey to ensure the asset register and asset management plans correctly identifies the investment needs and programmes. Early indications are that there will be an increased investment needs above and beyond the currently budgeted for capital programme. These requirements will be reviewed and reflected in the 30 year HRA Business Plan.</p>
Major disasters	<p>Major disasters are generally covered by insurance. The Government also provides support for uninsurable losses incurred by local authorities through the Bellwin scheme.</p>
Effect of Legislation /Regulation	<p>Effective processes are in place to ensure that implications are identified and raised. The Council has processes in place to manage the demands of local and national housing agendas, including the Corporate Plan, MTFS and HRA Business Plan</p> <p>Risks; Implications of new legislation / regulation or changes to existing are not identified; funding is not identified to meet the costs associated with changes in statutory requirements; HRA Debt Settlement could be re-opened by Government.</p>
Other events	<p>Lancashire County Council are continuing to reconfigure their commissioning strategy for older people service, and The County have indicated that they are considering ceasing funding sheltered housing from 2017/2018. Over the next two years they are proposing a reduction in the contract values of at least 14% for 2015/2016 for our 3 contracts providing support services in sheltered housing and community alarm support. The City Council will need to reassess the service provision and funding relating to sheltered housing if these funding cuts are implemented.</p>

RESERVES AND PROVISIONS- For Consideration by Cabinet

APPENDIX C (ii)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
<p>Capital Reserves Major Repairs Reserve (MRR)</p>	<p>Set up following the introduction of Resource Accounting in the HRA. Credited with the amount of depreciation charged to the HRA and topped up with additional funds required to finance the capital programme in-year.</p>	<p>Can be applied to capital improvements to HRA housing stock (specifically excluding demolition) and, additionally from 1st April 2004, repayment of HRA debt and credit liabilities (including premia on early repayment of PWLB loans).</p>	<p>Health & Housing /Resources</p>	<p>Budget & Outturn</p>	<p>To provide in-year funding for the capital programme as budgeted.</p>
<p>Business Support Reserve</p>	<p>Established to provide support to additional business plan commitments and planned investment opportunities.</p>	<p>Use of the reserve to be approved by Cabinet. Contributions to the reserve to be approved annually as part of the budget.</p>	<p>Health & Housing /Resources</p>	<p>Budget & Outturn</p>	<p>Retain as budgeted.</p>

RESERVES AND PROVISIONS- For Consideration by Cabinet

APPENDIX C (ii)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Revenue Reserves					
Flats – Planned Maintenance Reserve	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in flats.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.

RESERVES AND PROVISIONS- For Consideration by Cabinet

APPENDIX C (ii)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Telecare	Established to smooth the costs of renewal or replacement of Telecare Equipment.	N/A	Health & Housing /Resources	Budget & Outturn	Retain as budgeted – Budget to be reviewed once County Council’s commissioning strategy and future contracting arrangements are clear.
Non-sheltered scheme equipment	Established to fund purchases of equipment for non-sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for non-sheltered schemes.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.

RESERVES AND PROVISIONS- For Consideration by Cabinet

APPENDIX C (ii)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
IT Replacement	Established to fund future IT systems and equipment replacement.	To be applied to future replacements.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.
Office Equipment Reserve	Established to fund purchases of major office furnishings.	Used to fund ad-hoc purchases of major office furnishings resultant from health & safety legislation and risk assessments (desk, chairs, cabinets etc) and minor office equipment items.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted
Sheltered Equipment Reserve	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for common area services for Sheltered schemes.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.
Sheltered – Planned Maintenance	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.

RESERVES AND PROVISIONS- For Consideration by Cabinet

APPENDIX C (ii)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Sheltered – Support Grant Maintenance	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges, but classed as Support Costs under County Guidelines.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Health & Housing /Resources	Budget & Outturn	Retain as budgeted.
JE Reserve	Established to fund the support of the pay structure. The reserve is currently empty.	Contribution to the reserve to be approved by Cabinet. Use of the reserves to be determined (and agreed) by both the Head of Governance and Head of Resources.	Health & Housing /Resources	Budget & Outturn	Reserve still retained pending the outcome of the second job evaluation review.

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Provisions					
Bad Debts	This provision is used to write off all Housing Revenue Account bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Resources	Budget & Outturn	To be reviewed following an assessment of the impact of Welfare Reforms.

District-wide Tenants' Forum: Wednesday 14th January 2015**Item 5. Financing of council housing: Delivering the business plan****i. Proposed capital and planned maintenance programme 2015/2016 and beyond**

“The Repair and Maintenance Manager and Technical Manager updated the Forum on the main elements and revisions that had taken place to the 2014/2015 capital programme, and outlined the proposed capital and planned maintenance programme for 2015/2016 to 2019/2020. The Forum was taken through the detail of the 2015/2016 programme, and overall increased investment in the maintenance of the council housing stock. Particular attention was brought to the continuing investment in energy efficiency and renewable technologies measures, the spending of essential health and safety works, and the programme that had been established to upgrade the communal areas of the general needs flats.

The Forum was advised of the continuing work that was being undertaken in analysing the information from the stock condition survey and that this would be fed through the next budget cycle and would identify any revisions required to the future Capital and Planned Maintenance Programmes.

Having asked questions and discussed the programmes the Forum welcomed the proposals, and supported the proposed 5 year HRA Capital Programme and Planned Maintenance Programmes.

ii. Rent increase 2015/2016

The Forum considered the proposed rent increase for 2015/2016 and were advised that the recommendation of Councillor Leytham was that rents should increase by 2% in 2015/2016 in-line with the Cabinet resolution made in February 2013.

The Forum were advised that there was still an expectation by Government the rents in the social rented sector should increase by CPI plus 1% in future. If Government guidelines were implemented this would mean a 2.2% increase. The Forum was reminded that the council had the freedom to set its rent levels, and that the proposed 2% increase for 2015/2016 would still ensure that the current 5 year capital programme was funded.

The views of the Forum were sought and the view of the Forum was that the recommended 2% increase in rent should be supported.”