



**Committee:** BUDGET AND PERFORMANCE PANEL

**Date:** TUESDAY, 23 FEBRUARY 2016

**Venue:** LANCASTER TOWN HALL

**Time:** 6.10 P.M.

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

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on 26<sup>th</sup> January 2016 (previously circulated).

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

4. **Declaration of Interests**

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

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

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

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

5. **Treasury Management Strategy**

Report of the Chief Officer (Resources).

The City Council's Treasury Adviser will give a presentation to the Panel.

Report to follow.

6. **Corporate Financial Monitoring Quarter 3 2015/16** (Pages 1 - 27)

Report of the Chief Officer (Resources).

Councillor Eileen Blamire, Leader of the Council and Councillor Richard Newman-Thompson, Cabinet Member for Finance and Revenues and Benefits have been invited to attend the meeting for this item.

7. **Presentation on Salt Ayre Development Proposals** (Pages 28 - 39)

Presentation by the Chief Officer (Health and Housing) and Sport and Leisure Manager.

The Cabinet report of the 19<sup>th</sup> January 2016 - Salt Ayre Sports Centre Development Project is attached for background information.

Councillor Darren Clifford, Cabinet Members for Leisure, Culture & Tourism and Climate Change has been invited to attend the meeting for this item.

8. **Voluntary, Community and Faith Sector Commissioning (VCFS) – Review of Activity** (Pages 40 - 53)

Report of the Chief Officer (Governance).

Councillor Margaret Pattison, Cabinet Member for Markets, Voluntary Sector, Older People and ICT has been invited to attend the meeting for this item.

9. **Review of Business Travel** (Pages 54 - 64)

Report of the Chief Officer (Environment).

10. **ICT - Bring Your Own Device**

Report of the Chief Officer (Resources).

Report to follow.

11. **Work Programme Report** (Pages 65 - 68)

Report of Chief Officer (Governance).

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Dave Brookes (Chairman), Phillippa Williamson (Vice-Chairman), Sam Armstrong, Claire Cozler, Andrew Gardiner, Janet Hall, Colin Hartley, Susan Sykes and Anne Whitehead

**(ii) Substitute Membership**

Councillors Alan Biddulph, Tracy Brown, Tim Hamilton-Cox, Nicholas Wilkinson, John Wild and Peter Williamson

**(iii) Queries regarding this Agenda**

Please contact Sarah Moorghen, Democratic Services - telephone 01524 582132 or email [smoorghen@lancaster.gov.uk](mailto:smoorghen@lancaster.gov.uk).

**(iv) Changes to Membership, substitutions or apologies**

Please contact Democratic Support, telephone 582170, or alternatively email [democraticsupport@lancaster.gov.uk](mailto:democraticsupport@lancaster.gov.uk).

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

Published on Thursday 11<sup>th</sup> February 2016.

<b>BUDGET AND PERFORMANCE PANEL</b>
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## Corporate Financial Monitoring 2015/16 – Quarter 3

**23 February 2016**

### Report of Chief Officer (Resources)

<b>PURPOSE OF REPORT</b>
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To present the corporate financial monitoring report for Quarter 3 of the 2015/16 monitoring cycle.

<b>This report is public</b>
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#### OFFICER RECOMMENDATIONS

- (1) That Budget and Performance Panel considers the Cabinet Report dated 16 February 2016 and attached appendices, making any comments and recommendations considered necessary.

#### 1. CORPORATE FINANCIAL MONITORING 2015/16 - QUARTER 3

- 1.1. The report attached at **Appendix A**, presented to Cabinet on 16 February 2016, provides a summary of financial monitoring for Quarter 3 of the 2015/16 performance monitoring cycle.
- 1.2. Budget and Performance Panel are asked to consider the Cabinet report and attachments in line with their Terms of Reference within the Constitution relating to the monitoring and review of the council's performance.

<b>OTHER RESOURCE IMPLICATIONS</b>
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**Human Resources / Information Services / Property / Open Spaces:** As set out in the relevant appendices.

<b>SECTION 151 OFFICER'S COMMENTS</b>
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The Section 151 Officer has been consulted and has no further comments.

<b>MONITORING OFFICER'S COMMENTS</b>
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The Monitoring Officer has been consulted and has no further comments.

<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Andrew Clarke, Financial Services Manager
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None.

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**Ref:** N/A

<b>CABINET</b>
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**Corporate Financial Monitoring 2015/16 – Quarter 3**  
**16 February 2016**  
**Report of the Chief Officer (Resources)**

PURPOSE OF REPORT			
To present the corporate financial monitoring report and supporting information for Quarter 3 of the 2015/16 monitoring cycle.			
Key Decision		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 financial monitoring report and appendices and makes any recommendations as appropriate.

#### 1. Corporate Financial Monitoring

- 1.1. The corporate financial monitoring report for Quarter 3 is attached at **Appendix A**, and the headline variances and projections are as following:
- Current General Fund projected underspend of £9K for the year.
  - Housing Revenue Account projected underspend of £108K for the year.
  - Council Tax surplus of £405K, of which the Council's share would be £53K.
- 1.2. In support, the latest update on Property matters is included at **Appendix B**, and the position with regards to treasury management activities is included at **Appendix C**.
- 1.3. This report is primarily for information and no specific actions are recommended. There are therefore no options presented.

**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 2015-18

**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 are contained within the report and related appendices.

**SECTION 151 OFFICER'S COMMENTS**

This report is in the name of the s151 Officer, in her capacity as Chief Officer (Resources).

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

**Contact Officers:** Corporate Financial Monitoring - Andrew Clarke, Financial Services Manager **Telephone: 01524 582138; E-mail: [acclarke@lancaster.gov.uk](mailto:acclarke@lancaster.gov.uk)**

**Ref:**

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# Corporate Financial Monitoring

## Quarter 3: October - December 2015

### HEADLINE INFORMATION:

- General Fund revenue budget has a projected underspend of £9K against the revised budget by the year end.
- Housing Revenue Account has a projected underspend of £108K against the revised budget by the year end.
- Estimated Council Tax surplus of £405K to date.

## 1. INTRODUCTION

This report provides a snapshot on the corporate financial position for the Council at the end of December. It looks at the latest spend and income collected against profiled revised budgets, and where appropriate it provides a forecast projection for the full year. In addition, there are sections covering income collection and procurement.

The report is split into the following areas:

- Revenue Monitoring – General Fund and Housing Revenue Account
- Capital Monitoring – General Fund and Housing Revenue Account
- Local Taxation – Council Tax and Business Rates
- Income Collection – General Fund Sundry Debts and Council Housing Rents
- Procurement

It should be noted that the Council has to operate two specific service related funds – General Fund and Housing Revenue Account (HRA). The latter covers all aspect relating to Council Housing, whilst the General Fund covers all other Council services.

In addition, there is also a Collection Fund where the Council acts as billing authority for all Council Tax and Business Rates income in the district. This is then shared between itself, the Government, Lancashire County Council, the Police and Crime Commissioner and the Fire Authority.

## 2. REVENUE MONITORING

This section covers both General Fund and the Housing Revenue Account (HRA), and reports on variances relating to the day to day income and expenditure of the Council. There are also two specific sections for salaries and the Repair and Maintenance Section (RMS).

### 2.1. Summary Position

The monitoring for Qtr 3 is compared to the revised budget and shows that for the General Fund there are no variances to report at the end of the quarter. However, there is a projected underspend of £9K by the year end. A summary of the projected variance is shown below:

<i>Employees</i>	<i>(£22K)</i>
<i>Revenues &amp; Benefits Shared Services Mgt Fee</i>	<i>(£13K)</i>
<i>Fees and Charges</i>	<i>+£26K</i>

For the HRA, again there are no variances to report for Qtr 3, but there is an estimated underspend of £108K being projected for the year end. A summary of the projected variance is shown below:

<i>Employees</i>	<i>(£12K)</i>
<i>Council Tax on Void Properties</i>	<i>+£6K</i>
<i>Saving on Cable Street Lease</i>	<i>(£28K)</i>
<i>Increased Court Costs</i>	<i>+£6K</i>
<i>Reduced revenue financing of capital programme</i>	<i>(£80K)</i>

A detailed analysis of all the variances at the end of Qtr 3, and projections for the year, is included at **Annex A**.

### 2.2. Salary Monitoring

At the end of December there are no current savings against the revised budget, however there are projected to be savings of £22K for General Fund and £12K for Council Housing by the year end.



### 2.3. Repair and Maintenance Section – Trading Position

The work of this section is predominantly on the Council Housing stock, with a small element on municipal buildings. The total budget for the section is around £9.5M, and covers both in-house and contracted out provision for all repair and maintenance and capital works.

The table to the right sets out the financial position at the end of December. This shows there is currently an underspend of £3K against the profiled revised budget, which is therefore within acceptable tolerances.

	TOTAL £
<b>INCOME</b>	<b>(1,968,800)</b>
EXPENDITURE	
Direct Labour	845,694
Direct Materials	360,327
Overheads	1,016,117
Recharged Revenue Work	1,318,910
<b>TOTAL EXPENDITURE</b>	<b>3,541,048</b>
<b>NET EXPENDITURE</b>	<b>1,572,248</b>
Profiled Budget	1,574,925
<b>Variance from Budget - Adverse/(Favourable)</b>	<b>(2,677)</b>

## 3. CAPITAL MONITORING

This section covers both General Fund and the HRA, again reporting on any changes to the programmes or key variances. This section includes both expenditure and financing.

### 3.1. General Fund Capital Programme

The latest gross capital programme stands at £8.543M for the current year. At the end of December there were spend and commitments of £4.839M leaving £3.704M still to spend. Details of spend against each scheme is shown in **Annex B**.

In terms of capital financing, £630K of the budgeted £641K has already been received with the balance due in February.

Also included in this report is a Property Group update which is attached at **Appendix B**.

### 3.2. HRA Capital Programme

The gross HRA Capital Programme currently stands at £4.831M. Against this there are spend and commitments of £3.803M leaving £1.028M still to spend. Details of spend against each scheme are again shown in **Annex B**.

In terms of financing, additional receipts of £80K from right to buy sales means a corresponding reduction in the amount of revenue financing required.

## 4. LOCAL TAXATION

### 4.1. Collection Fund Monitoring

#### 4.1.1. Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the following table. 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.

		£000's
<b>Collection Fund Surplus (December 2015)</b>		<b>(405)</b>
<i>Represented by In-Year Movements to Date:</i>		
Lower Council Tax Support than estimated	(497)	
Net of Higher Second Homes/Lower Empty Homes income	+58	
Other Movements in the Tax Base	+34	<b>(405)</b>
<i>Of which the City Council would retain 13%</i>		<i>(53)</i>

As at 31 December, there is an estimated surplus of £405K of which the City Council would retain £53K.

This year's position is made up of:

- £497K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in 2013, the trend is still that the total support being claimed is lower than expected;
- overall £58K lower than estimated income from second/empty homes (specifically identifiable);
- a balance of £34K relating to other movements in the tax base.

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.

#### 4.1.2. Business Rates Retention

The position relating to retained business rates at the end of December is shown in the following table.

	Original £000's	June £000's	Sept £000's	Dec £000's
Net Collectable Amount of Business Rates	(64.309)	(65.251)	(64.991)	(64.991)
Less: Provision for Appeals	3.109	7.771	5.302	5.267
<b>Net retained business rates</b>	<b>(61.200)</b>	<b>(57.480)</b>	<b>(59.689)</b>	<b>(59.691)</b>
Less: Central Government Share – 50%	30.600	28.740	29.845	29.846
Less: County Council & Fire Authority Share – 10%	6.120	5.748	5.969	5.969
<b>Lancaster's Retained Business Rates Share – 40%</b>	<b>(24.480)</b>	<b>(22.992)</b>	<b>(23.875)</b>	<b>(23.876)</b>
Less: Tariff payable to Central Government	19.763	19.763	19.763	19.763
Add: Small Business Rates Relief Grant	(1.408)	(1.390)	(1.408)	(1.439)
<b>Total Amount of Retained Business Rates</b>	<b>(6.125)</b>	<b>(4.619)</b>	<b>(5.520)</b>	<b>(5.552)</b>
Less: Lancaster's Baseline Funding Level	5.207	5.207	5.207	5.207
<b>Provisional Additional Income</b>	<b>(0.918)</b>	<b>-</b>	<b>(0.313)</b>	<b>(0.345)</b>
<b>Provisional Loss of Income</b>	<b>-</b>	<b>0.588</b>	<b>-</b>	<b>-</b>
Split as follows:				
<b>50% Levy Payable to Central Government</b>	<b>(0.459)</b>	<b>-</b>	<b>(0.157)</b>	<b>(0.173)</b>
<b>50% Retained by Lancaster</b>	<b>(0.459)</b>	<b>-</b>	<b>(0.156)</b>	<b>(0.172)</b>

*N.B. The Safety Net Threshold for 2015/16 is £4.816M*

The table shows that originally it was anticipated that there would be additional income of £918K, of which 50% (£459K) is payable to Central Government and 50% retained by the Council. At the end of December this is projected to be £345K, which is a reduction of £573K. The main reason for such fluctuations is a result of changes in the valuation of appeals, which can change for a variety of reasons – new appeals being lodged, appeals being settled, withdrawn, rejected or revalued. As the table above shows, the value of appeals can go up as well as down.

Such fluctuations highlight how uncertain forecasting business rates income can be and also the significant impact changes in appeals can have.

#### 4.2. Council Tax and Business Rates Collection

The percentages collected in year for both council tax and business rates are behind target at the end of December, although only Business Rates is of significance. Conversely, the cumulative collection for all years is behind for Council Tax but ahead for Business Rates. This cumulative Council Tax position to date reflects the relatively recent introduction of 12 monthly instalments, for which take-up is increasing.

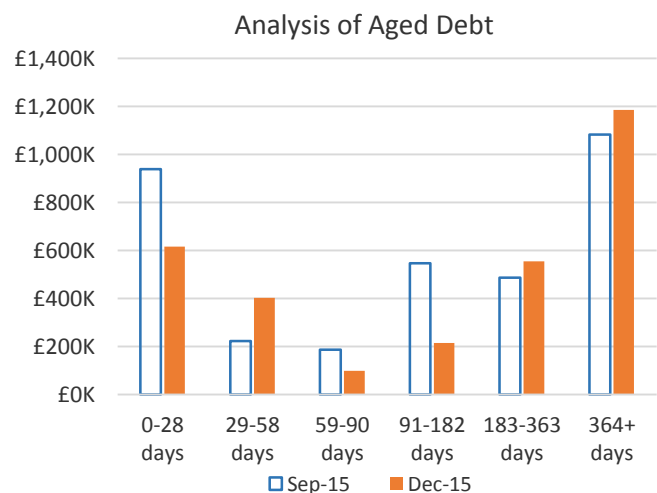
Percentage Collected	2014/15	2015/16	2015/16 Target	2015/16 Actual	Status
	All Years		In Year		
Council Tax	86.3%	84.5%	85.0%	84.9%	Slightly behind Target
Business Rates	81.6%	83.2%	82.0%	80.2%	Behind Target

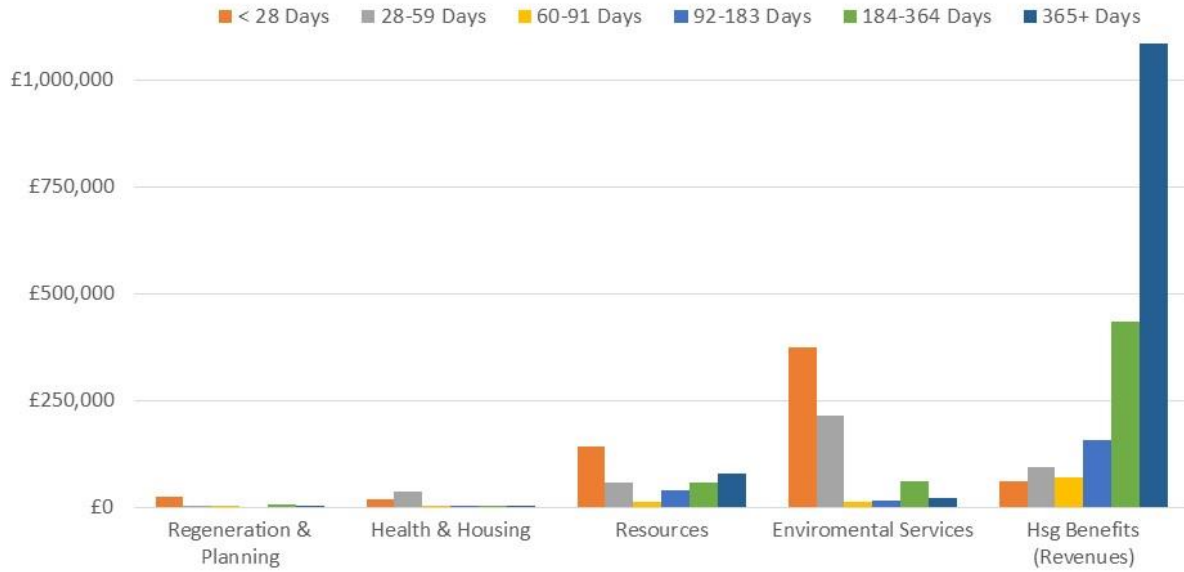
### 5. INCOME COLLECTION

#### 5.1. 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 £3.5M, which is £88K higher than the previous quarter. The majority (£1.9M) still relates to housing benefit overpayments. The bad debt provision currently stands at £1.388M which is under provided by £33K. A further review of the provision will be carried out at year end, with any additional contributions being made as part of that process.

	Sept 15	Dec 15
	£000's	£000's
0-28 days	939	616
29-58 days	222	403
59-90 days	186	99
91-182 days	547	215
183-363 days	487	555
364+ days	1,083	1,186
	<b>3,464</b>	<b>3,074</b>
Previous Year	3,295	3,061



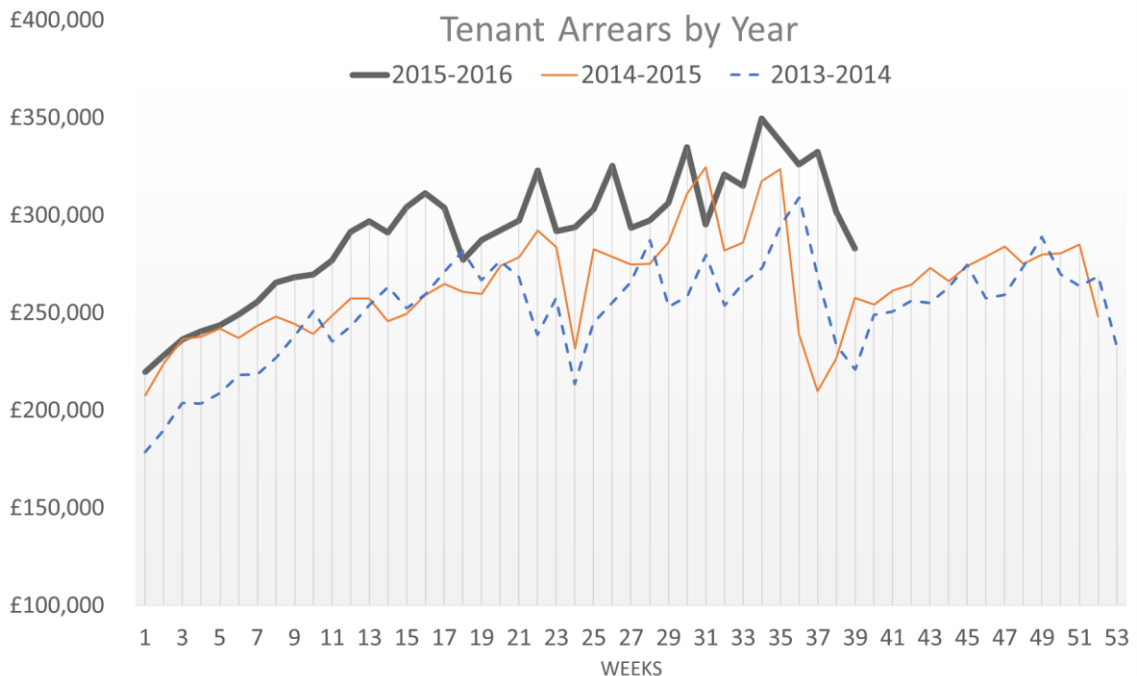


SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	TOTAL
	£	£	£	£	£	£	£
Environmental Services	373,158	213,537	13,132	16,009	59,629	21,964	697,429
Regeneration & Planning	23,180	1,673	2,683	-	4,680	342	32,557
Resources	140,806	58,868	10,724	39,094	55,960	79,504	384,956
Health & Housing	18,239	35,423	2,228	2,918	106	300	59,214
Hsg Benefits (Revenues)	60,243	93,596	69,817	157,182	434,175	1,084,006	1,899,019
	615,625	403,097	98,585	215,203	554,549	1,186,117	3,073,176

## 5.2. 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 2015/16 is £283K (2014/15 Qtr 3 £257K) which is £42K lower than the previous quarter this year. At this early stage, no specific actions are yet proposed (other than continuing to review and analysis).



## 6. CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

### 6.1. Exceptions to Tender

In accordance with the 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 were no exceptions to tender during the period.

## CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances		Projection for Year	
			Adverse / (Favourable)		Adverse / (Favourable)	
			£	£	£	£
Employees	Governance Services	Delays in formulating the Corporate Training plan will result in savings in the current year.	-		(10,000)	
	Resources	Delay in recruiting to the Information Manager post, plus other minor saving.	-	-	(11,800)	<b>(21,800)</b>
Supplies & Services	Resources	Projected underspend on Revenues & Benefits Shared Services	-	-	(12,900)	<b>(12,900)</b>
Fees & Charges	Environmental Services	Off street car parking income down in December due to floods.	7,500		7,500	
		Bins and boxes charging plus domestic collections exceeding budget projections.	(7,100)		(9,000)	
		Trade waste income slightly down.	9,700		10,000	
	Health & Housing	Charter Market income down due to less uptake of pitches and temporary loss of stalls due to museum works.	7,200		7,000	
		Cemetery fees down. Potentially due to a mild winter, however the wet weather has also prevented funerals from taking place. Fully year impact is unknown.	7,100		?	
	Regeneration & Planning	Pest control income down due to less call outs.	5,000		10,000	
		Development control - Section 106 income higher than anticipated however planning applications are below budget, but overall expected to be on budget by year end.	7,300		-	
Resources	Additional investment interest due to delays in the capital programme resulting in higher cash balances than anticipated.	(37,000)	<b>(300)</b>	?	<b>25,500</b>	
<b>TOTAL</b>				<b>(300)</b>		<b>(9,200)</b>

## CORPORATE FINANCIAL MONITORING: Housing Revenue Account

Subjective Area	Service	Reason for Variance	Current Variances		Projection for Year	
			Adverse / (Favourable)		Adverse / (Favourable)	
			£	£	£	£
Employees	Health & Housing	Projected Central Control staff savings	-	-	(11,600)	<b>(11,600)</b>
Premises	Health & Housing	Increased cost of council tax on void properties	-		5,500	
		Potential saving on lease of Cable Street due to flood	-	-	(28,200)	<b>(22,700)</b>
Supplies and Services	Health & Housing	Increase in court costs relating to rent arrear cases	-	-	6,000	<b>6,000</b>
Capital Financing	Health & Housing	Reduced revenue funding of capital programme due to increased capital receipts	-	-	(80,000)	<b>(80,000)</b>
<b>TOTAL</b>				-		<b>(108,300)</b>

## GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE / SCHEME	2015/16	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
	Gross Budget				
	£	£	£	£	£
<b>Environmental Services</b>					
Allotments	5,000	5,028	0	5,028	28
Bins & Boxes Scheduled Buy-out	21,000	0	0	0	(21,000)
Car Park Improvements Programme	92,000	11,448	3,542	14,990	(77,010)
District Playground Improvements	107,000	65,106	39,921	105,027	(1,973)
Middleton Solar Farm Study	0	0	23,855	23,855	23,855
Vehicle Renewals	721,000	575,911	55,062	630,973	(90,027)
<b>Health &amp; Housing Services</b>					
Disabled Facilities Grants	600,000	452,638	0	452,638	(147,362)
Warm Homes Scheme	6,000	1,911	0	1,911	(4,089)
<b>Regeneration &amp; Planning</b>					
Toucan Crossing - King Street	3,000	0	0	0	(3,000)
Dalton Square Christmas Lights (Renewal)	29,000	28,000	0	28,000	(1,000)
Sea & River Defence Works	1,396,000	431,524	53,917	485,441	(910,559)
Amenity Improvements (Morecambe Promenade)	22,000	6,870	0	6,870	(15,130)
Luneside East	50,000	18,925	0	18,925	(31,075)
Lancaster Square Routes	106,000	85,063	1,650	86,713	(19,287)
Morecambe THI2: A View for Eric	429,000	102,326	0	102,326	(326,674)
MAAP Improving Morecambe's Main Streets	132,000	14,751	13,404	28,155	(103,845)
MAAP - Connecting Eric	158,000	3,249	0	3,249	(154,751)
Albion Mills Affordable Housing s106 Scheme	40,000	39,750	0	39,750	(250)
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000	0	0	0	(90,000)
Middleton Nature Reserve	17,000	0	0	0	(17,000)
Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	59,000	3,769	0	3,769	(55,231)
Bold Street Housing Regeneration Site Works	24,000	26,312	0	26,312	2,312
Chatsworth Gardens	1,878,000	1,665,520	0	1,665,520	(212,480)
Lancaster District Empty Homes	100,000	0	0	0	(100,000)
AONB Vehicle Replacement	25,000	0	25,189	25,189	189
<b>Resources</b>					
Corporate Property Works	2,057,000	745,506	103,219	848,724	(1,208,276)
IT Systems, Infrastructure & Equipment	376,000	167,249	68,477	235,726	(140,274)
<b>Total Gross Programme</b>	<b>8,543,000</b>	<b>4,450,854</b>	<b>388,237</b>	<b>4,839,091</b>	<b>(3,703,909)</b>
<b>Grants &amp; Contributions</b>					
Capital Contributions Income	0	(108,887)	0	(108,887)	(108,887)
Capital Grants Income	(2,460,000)	(1,197,126)	0	(1,197,126)	1,262,874
<b>Total External Income</b>	<b>(2,460,000)</b>	<b>(1,306,013)</b>	<b>0</b>	<b>(1,306,013)</b>	<b>1,153,987</b>
<b>Total Net Programme</b>	<b>6,083,000</b>	<b>3,144,842</b>	<b>388,237</b>	<b>3,533,078</b>	<b>(2,549,922)</b>

## HRA CAPITAL PROGRAMME MONITORING REPORT

Health & Housing Services	2015/16	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
	Gross Budget				
	£	£	£	£	£
Adaptations	250,000	33,178	291	33,469	(216,531)
Energy Efficiency Boiler Replacement	655,000	283,107	14,128	297,235	(357,765)
Environmental Improvements	839,000	689,876	125,871	815,747	(23,253)
External Refurbishments	903,000	843,567	0	843,567	(59,433)
Fire Precaution Works	178,000	88,150	3,600	91,750	(86,250)
Kitchen Bathroom Replacement	1,018,000	631,531	163,632	795,163	(222,837)
Lift Replacements	96,000	36,648	0	36,648	(59,352)
Re-roofing & Window Renewals	797,000	801,100	0	801,100	4,100
Rewiring	83,000	63,409	12,801	76,210	(6,790)
Communication Equipment - High Rise Flats	12,000	12,173	0	12,173	173
<b>Total Gross Programme</b>	<b>4,831,000</b>	<b>3,482,739</b>	<b>320,323</b>	<b>3,803,062</b>	<b>(1,027,938)</b>

# Property Group Update

2015/16 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 2012 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 in its third year 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
<b>Minor Projects</b>				
Projects within 14 Buildings	£103K	Various	100%	Contained within the R&M revenue budget (i.e. not capital spend).
<b>Intermediate Projects</b>				
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 Intermediate General Projects (below)
The Dukes Playhouse	-	-	-	On hold pending a decision on Dukes

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
				development funding.
Williamson Park Phase 1	£122K	02/12/13	100%	
Assembly Rooms Phase 1	£100K	09/12/13	100%	
Storey Phase 1	£323K	03/02/14	100%	
Maritime Museum Phase 1	£390K	27/03/14	100%	Additional works identified including replacement boiler
Morecambe Intermediate General Projects; Morecambe Town Hall & Garages (60 Euston Road, Regent Road PC) Salt Ayre Sports Centre	£100K	Various	100%	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%	
<b>Major Projects</b>				
The Platform Phase 1	£413K	03/03/14	99%	Additional works identified including new roof edge protection, maintenance staircase to flat roof and fire compartmentalisation works.
Salt Ayre Sports Centre	-	-	-	Included in Morecambe Intermediate General Projects (above)
Mitre House Car Park	£115K	30/09/13	100%	Additional replacement sub-base was required.

## 2.1.2 Year 2 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Ashton Memorial – Internal & External Works	£585K	16/02/15	90%	This project has been delayed due to a supplier shortage of matching stone paving flags.
Lancaster Town Hall – Replacement Lift	£180K	02/02/15	98%	
Salt Ayre Sports Centre – urgent works	£36K	7/09/15	40%	
Scotforth Cemetery	£33K	27/01/15	95%	Retention stage
City Lab	£48K	06/01/15	99%	
White Lund Depot greenhouse electrical works	£26K	03/02/15	99%	

## 2.1.3 Year 3 Delivery Programme

Property	Estimate / Agreed Maximum Price	Proposed / Actual Start Date	Percentage Complete	Notes
Maritime Museum & 26 St. Georges Quay Phase 2	£151K	26/10/15	60%	On Site
The Storey - Phase 2	£126K	29/07/15	95%	Retention stage
The Storey - Phase 3 (gallery roof)	£482K	18/01/16	0%	Additional works identified, AMP at approval stage.
Lancaster Williamson Park - Phase 2	£134K	27/04/15	95%	
Ashton Memorial - Dome Ceiling	£100K	TBA	0%	Awaiting specialist conservation reports.

Restoration				To be programmed 2016/17
Lancaster Town Hall – Lift Associated Works	£408K	16/06/15	80%	On site
Lancaster Town Hall – Banqueting Ceilings	£270K	28/09/15	25%	Extra Works - not included in original condition survey. Phase 1 complete September 2015 Phase 2 to start December 2015
Williamson Park Butterfly House Phase 1 Essential Works	£134K	21/08/15	45%	
King Street Covered Yard	£65K	06/07/15	100%	Brought forward for H&S Reasons – extra works identified.
Old Fire Station Boiler	£100K	02/10/15	99%	Brought forward the replacement of the boiler as existing boiler had reached the end of its serviceable life.
Ryelands House Boiler	£150K	20/1/16	0%	Existing boiler at end of serviceable life but not included in original budget. Programmed to start January 2016.
Assembly Rooms Phase 2	£135K	12/03/16	0%	
The Platform Phase 2	£100K	20/02/16	0%	
Intermediate Demolition Projects (Ryelands Park Pavilion)	£48K	23/11/15	99%	
City Museum – Essential Works	£140K	14/01/16	10%	Total budget being considered as match funding for potential HLF bid – £140K covers essential repairs only. Project to start January 2016

## 2.2 Methodology

The focus of year 1 was to deal with category D urgent works across the property portfolio. The works now completed in years 1 & 2 has allowed the focus to shift 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 and three delivery programmes 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

No capital receipts in this quarter.

### 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.

	2015/16 Quarter 3	2015/16 Quarter 2	2015/16 Quarter 1	2014/15 Quarter 3	2014/15 Quarter 2	2014/15 Quarter 1
<b>Number of Properties</b>	<b>60</b>	60	60	60	60	60
<b>Occupation by Floor Area</b>						
Total Let (m2)	<b>17,339</b>	17,130	17,265	17,287	17,161	17,403
Total Vacant (m2)	<b>1,193</b>	1,402	1,267	1,395	1,521	1,639
Total Area (m2)	<b>18,532</b>	18,532	18,532	18,682	18,682	18,682

There have been some minor changes in current occupation across the City Council's total commercial property portfolio and as a result the percentage let figure has increased from 92% to 94%. The remaining 6% of vacant space now amounts to the equivalent of 1,193m2, 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 85%. Of the remaining 15%, we have now let the first 3 units in the newly developed artists' studios, which with further interest in the remaining units. This has and will continue to substantially reduce the vacant space, as

well as interest in other accommodation within the building.

2. **Citylab:** The total commercial occupation within this building is currently running at 81%. The remaining 19% equates to a vacant floor area of 229m<sup>2</sup>.

Other buildings currently contributing to the total vacant space include:

- Edward Street Dance Studio (159m<sup>2</sup>) – This building has remained vacant for some time due to its inclusion in the Canal Corridor Development Agreement. The building is now in a very poor state of repair and it is difficult to maintain adequate security. As a result we are currently looking at options for demolition of the building along with its associated outbuildings.
- Regent Park Café – This building became vacant in November although new interest in the building has been received from a number of parties.
- 8 Ridge Square, Lancaster – This is a Council Housing property that has remained vacant for some time.
- 5A King Street – This was formerly let with 5 King Street (GF Shop), but has been split up and is due to be developed into separate office accommodation.
- 5 Cheapside – Improvement work to the internal layout and staircase are being considered to make this property a more practical proposition.

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 6% 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.

## 2015/16 Treasury Management Progress Report October to December 2015 (Quarter 3)

### 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 2015/16 Treasury Strategy, which incorporates the Investment Strategy, at its meeting on 4 March 2015. 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. Economic update (provided by Capital Asset Services)

*During quarter 1 of 2015 the growth rate was weak at +0.4% though there was a slight increase in quarter 2 to +0.5% before falling back to +0.4% in quarter 3. Growth is expected to improve to about +0.6% in quarter 4 but the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the November autumn statement.*

*Despite these headwinds, the Bank of England November Inflation Report included a forecast for growth over the three years of 2015, 2016 and 2017 to be around 2.7%, 2.5% and 2.6% respectively, although statistics since then would indicate that an actual outturn for 2015 is more likely to be around 2.2%. Nevertheless, this is still moderately strong growth which is being driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth.*

*The November Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could*

*be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.*

*There are, therefore, considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the Bank of England to make a start on raising Bank Rate as soon as had been expected in early 2015, especially given the subsequent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets during 2015, which could potentially spill over to impact the real economies rather than just financial markets.*

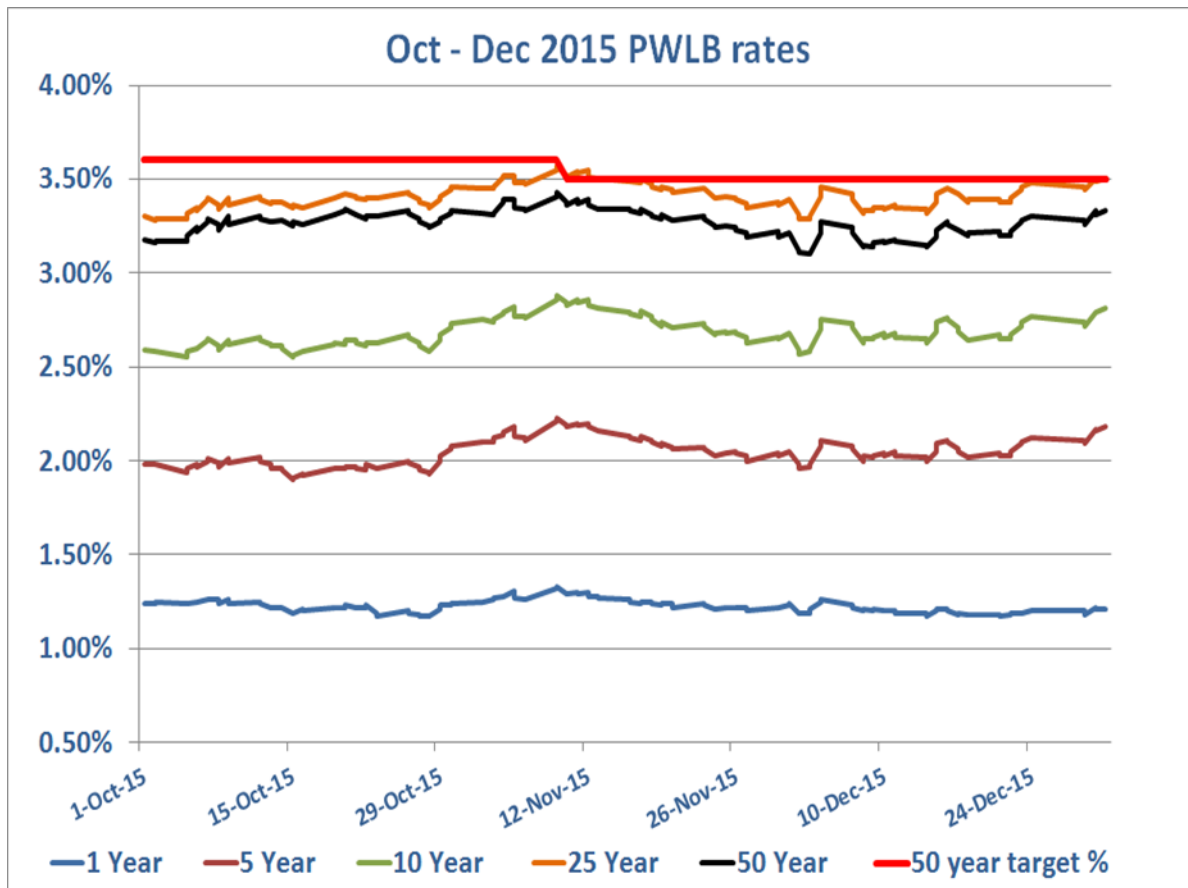
*The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015 before easing back to +2.0% in quarter 3. While there had been confident expectations during the summer that the Federal Bank could start increasing rates at its meeting on 17 September, downbeat news during the summer about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Bank's decision to pull back from making that start. The nonfarm payrolls figures for September and revised August, issued on 2 October, were also disappointingly weak. However, since then concerns on both the domestic and international scene have abated and so the Bank made its long anticipated start in raising rates at its December meeting.*

*In the Eurozone (EZ), the European Central Bank (ECB) declared a massive €1.1 trillion programme of quantitative easing (QE) to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 but has then eased back to +0.4% in quarter 2 and to +0.3% in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.*

### **3. Borrowing Activities**

No new borrowing was undertaken during Qtr3. The loan balance with the Public Works Loans Board (PWLB) at the end of September was £66.811M, and the annual cost of borrowing is £3.071M. The following graph shows the PWLB rates for the third quarter of this year.





**Early Repayment of Debt**

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

**4. Investing Activities**

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

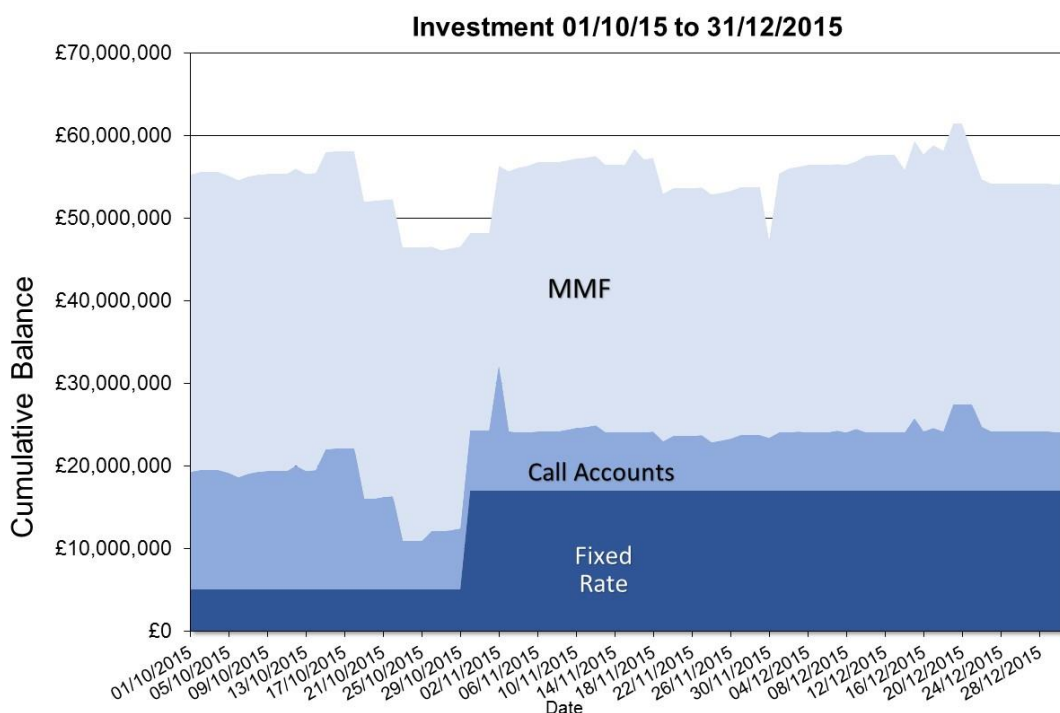
All investment activity has been in line with the approved Treasury Strategy for 2015/16. A summary of the investments at the end of Qtr 3 is shown in the following table (Table 6.1):

Table 6.1 Counterparty balances

Other Investments	Term	Maturity Date	Opening £	Min £	Max £	Closing £	Indicative Rate (YTD)	Current Fixed Rate	Interest for Q3 £	Cumulative Interest (YTD) £
<b>Call Accounts</b>										
Natwest (Cash Manager Plus)			7,307,200	10,470	9,991,833	633,428		0.25%	1,139	7,893
Lancashire County Council			0	0	5,000,000	0		0.25%	212	5,004
Santander			2,000,000	500,000	2,000,000	2,000,000		0.40%	1,840	5,500
Lloyds			0	0	0	0		0.40%	0	2,060
<b>Notice Accounts</b>										
Svenska Handelsbanken (35 day)			3,000,000	3,000,000	3,000,000	3,000,000	0.40%	0.45%	3,403	8,954
<b>Money Market Funds</b>										
Blackrock Government Liquidity			6,000,000	0	6,000,000	480,000	0.35%		2,636	13,081
Insight			6,000,000	0	6,000,000	6,000,000	0.40%		6,115	18,116
Blackrock Liquidity First			6,000,000	0	6,000,000	6,000,000	0.44%		6,674	19,929
Goldman Sachs			6,000,000	6,000,000	6,000,000	6,000,000	0.44%		6,659	10,336
LGIM			6,000,000	6,000,000	6,000,000	6,000,000	0.47%		7,099	7,876
Ignis			6,000,000	6,000,000	6,000,000	6,000,000	0.48%		7,484	21,885
<b>Fixed Term Deposits</b>										
Barclays	6 months	15/04/2016	2,000,000	2,000,000	2,000,000	2,000,000		0.64%	3,226	9,153
Lloyds	6 months	20/01/2016	2,000,000	2,000,000	2,000,000	2,000,000		0.70%	3,529	18,353
Birmingham City Council	6 months	29/04/2016	0	0	12,000,000	12,000,000		0.47%	9,735	9,735
<b>Sub-total</b>			<b>52,307,200</b>			<b>52,113,428</b>			<b>59,751</b>	<b>157,876</b>
								Budgeted income	42,459	120,513
										<b>37,363</b>

During the period, officers have placed an investment of £12M with Birmingham City Council (BCC) for 6 months at a rate of 0.47%. Investing with BCC offers a highly secure investment as it carries the same credit rating as the Government, and provided a return above those offered by MMFs and call accounts.

The Council continues to hold very high cash balances, caused primarily by the provision being held for repaying Business Rates transitional protection monies due back to the Government. The timing and mechanism for repayment is yet to be confirmed however, and so to manage this uncertainty the majority of the Council's balances are held in highly liquid MMFs and call accounts. The distribution of the Council's balances are displayed in the following graph:



Graph 6.1 Investment balances

**Summary of Budget Position and Performance**

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

Base Rate	0.500%
7 day LIBID	0.360%
Lancaster City Council investments	0.405%

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

	<b>Budget to Date £000's</b>	<b>Actuals to Date £000's</b>	<b>Variance £000's</b>
<b>Cash Interest</b>	121	158	37
<b>Total</b>	<b>121</b>	<b>158</b>	<b>37</b>

Investment returns exceed the budgeted level by £37K. This is due to cash balances being larger than expected as a result of delays within the capital programme.

**5. Risk management**

The investment matrix, as approved by Council on 04 March, has increased the pool of counterparties that can be used and the term over which an investment can be placed, whilst still keeping risk appetite low. Given the very high cash balances being held currently, officers are keeping capacity under review, and have set up new MMFs and inter-authority investments as a result.

There is financial risk attached to the longer term debt portfolio (associated with interest rate exposure) as all of the debt is on fixed interest but 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, however this is not a financially viable option at present due to the penalties associated with early repayment.

## 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.
- **Nonfarm Payroll Employment** - is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, or non-profit organization employees.
- **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*.



**CABINET**

**Salt Ayre Sports Centre Development Project  
19 January 2016**

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

<b>PURPOSE OF REPORT</b>			
To seek support from Cabinet for the redevelopment of Salt Ayre Sports Centre, in partnership with a development partner, and to include it in their budget proposals.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		18 December 2015	
<b>This report is public.</b>			

**RECOMMENDATIONS OF COUNCILLOR DARREN CLIFFORD**

- (1) That Cabinet supports the redevelopment of Salt Ayre with the development partner Alliance Leisure Services Limited, and includes it in its budget proposals for referral onto Budget Council.
- (2) Subject to approval being granted at Budget Council, it be noted that officers will use existing delegated authority to award the contract to Alliance Leisure Services Limited and implement the development plan accordingly. In addition, any subsequent contractual decisions, not covered by delegated authority, will be brought back to Cabinet for approval.
- (3) That it be noted that progress on the development be covered through normal quarterly performance and financial monitoring arrangements and regular updates are provided to the Cabinet Portfolio holder.

**1.0 Introduction**

1.1 In January 2015, Cabinet agreed to approve in principle to seeking a development partner to invest and improve facilities at Salt Ayre Sports Centre (SASC) recognising that this would give the council the opportunity to assess how a partner could improve the facilities, enable a more secure financial operation and prepare the council for a more sustainable model of sport and leisure provision for the future. It was also agreed that the outcome of this piece of work be reported back to Cabinet with more detailed proposals, associated financial implications and to seek authority to proceed prior to entering in to any contractual arrangement (minute 74 refers).

- 1.2 A development partner works with the council to provide expertise, capacity, project management (including all construction aspects), marketing and finance if required but the council still retains full control of the policy issues and operational management of the sports centre.

### **2.0 Proposal Details**

- 2.1 A comprehensive procurement exercise has taken place involving a cross service panel of officers. Having initially received interest from six companies, the number was reduced to two following the pre-qualification stage. The companies were then invited to tender on a 70% quality / 30% price basis with primary aims of the project listed as:

- To encourage partnerships which deliver increased participation, enable the promotion of broader social and health outcomes and achieve financially sustainable leisure provision.
- To improve the public's health and wellbeing, and reduce health inequalities.
- Reduce operating costs to the council.
- To enhance the customer engagement with SASC services in line with the council's business and digital agendas.
- To provide computer systems for the day to day running of the leisure services and produce accurate reporting for management and marketing purposes.

- 2.2 A wide range of financial, economic and technical considerations have been taken into account during the selection process. These included:

- Consideration of Business Impact.
- Main Contractor Procurement and Staffing Resources.
- Innovation.
- Meeting the councils Priorities.
- Financial Information and Proposals.

- 2.3 The award criteria was based on value for money issues and the applicant's technical submissions with more emphasis placed on quality over price. Finally, the assessment included an evaluation of the written proposals, quality of presentation, performance at interview and overall consistency of responses.

### **2.4 Evaluation Results**

The results of the scoring exercise undertaken by the evaluation panel are as follows:



		Tender 1		Tender 2		
		Weighting	Average Mark out of 10	Weighted Scored	Average Mark out of 10	Weighted Scored
1	Consideration of Business Impact	30%	8.3	24.9	7.9	23.6
2	Main Contractor Procurement and Staffing Resources including CV's	10%	8.4	8.4	8.0	8.0
3	Innovation	30%	8.5	25.5	8.4	25.1
4	Meeting the Council Priorities	30%	9.0	27.0	8.0	24.0
<b>Weighted Totals</b>				<b>85.8</b>		<b>80.6</b>
<b>Normalised to 70%</b>				<b>60.1</b>		<b>56.5</b>
5	Financial Information & Proposals	100%	8	8	8	8
<b>Normalised to 30%</b>				<b>24</b>		<b>24</b>
<b>Total Scores</b>				<b>84.10</b>		<b>80.50</b>

2.5 The panel felt that overall the standard of submissions was high and fully met expectations and in the opinion of the panel either company would make a credible development partner. Both companies demonstrated that they could fulfil the requirements of the council's ambition in relation to transforming the sport and leisure offer, delivering first class improved facilities which will improve footfall to the sports centre and there was supporting evidence from both of the potential additional income generated This has made the decision challenging and the result very close. However, the submission from Alliance Leisure was determined as being stronger in relation to the published evaluation criteria.

**2.6 Summary of Proposed Changes to Facilities**

The successful tenderer proposes the following introduction of new or replacement facilities. These would be implemented in phases over a period of up to 5 years but with substantial changes occurring in years 2 and 3. *(Photographs for illustrative purposes).*

*Outdoor Facilities* - Cease operating the outdoor artificial turf pitch and replace with a new high ropes thrill tower. Provide new (design to be agreed) BMX track. Provide new fitness training facilities.



*Reception Refurbishment* - To provide for remodelling of the building entrance and refurbishment of the reception area including for fast access turnstile system.



*Booking System* - To provide new / replacement of computerised booking system including facility to book online. Improvement of direct debit systems

*Café* - Complete refurbishment of cafeteria area including provision of specific birthday party facilities for children



*Adventure Play and VertGo* - Provision of three storey adventure play area within half the sports hall. Further provision of a clip and climb facility (VertGo) which is suitable for young people and adults.



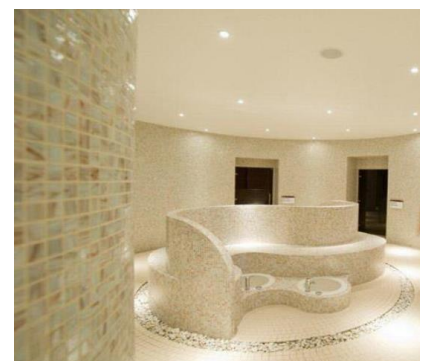
*Sports Hall* - Half the sports hall remains for sporting use e.g. five a side football, badminton.

*Projectile Hall* - This facility is transformed to a multi-functional training room, complementing the new fitness suite.



*Fitness Suite* - Expansion of existing fitness suite to allow for circa 100 fitness stations and a dedicated 'spinning studio'.

*Existing Sauna and Steam Suites* - Replaced by extension of fitness suite.



*Spa facility* - New build which would provide spa facilities, health and beauty treatment areas and toning tables.

*Community Facilities* – It is envisaged that within the spa complex, there would be additional community meeting rooms and areas for clubs and groups to make use of.



*Rehabilitation* - Also within the spa building complex would be further provision for rehabilitation classes thus improving the options for the current partnership agreement with the University of Cumbria.

*General* - All changing rooms and toilets would be refurbished and numerous improvements made to building finishes

### Asset Management

The project allows for a building condition survey to be undertaken with provision for equipment replacement / renewals and building maintenance included for. This will be the first time SASC has had such a plan.

### Council Priority: Health and Wellbeing

The project meets requirements within the Corporate Plan relating to Health and Wellbeing, in particular the extract '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 ...'. The project similarly delivers against the outcome 'Health and wellbeing of our citizens is improved' and success measures of:

- 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.

## 3.0 Financial Implications

3.1 Should Members approve the appointment of a Development Partner and the proposed budgetary implications are approved by Budget Council, it is envisaged that the project will commence early in the new financial year (2016/17). During this implementation year there will be a number of major building works to various aspects of the current facility with some closure periods required to enable work to progress.

3.2 The overall indicative cost of the proposed changes is approximately £5M. This covers the design and build, equipment, fees and contingencies. It

should be noted that this may change once the exact design of each phase is agreed with the development partner. However, this will be a maximum cost for budget approval purposes.

3.3 Financing the cost of the new capital works will be incorporated into the update of the Medium Term Financial Strategy (MTFS) for consideration at Budget Council, and would subsequently be determined by the Section 151 Officer in accordance with that MTFS under her delegated powers. For the purposes of costing the net revenue savings, it has been assumed the scheme will be funded via unsupported borrowing with the relevant annual borrowing cost being charged to revenue. However, the final decision will need to satisfy the Prudential Code requirements in terms of prudence, affordability and value for money.

3.4 A summary of the net revenue impact of the proposed developments are shown in the following table, together with relevant financing costs and renewals requirements, which are then compared to the current estimated operating costs.

	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
<b>Development Partner</b>				
Expenditure	2,939	3,121	3,314	3,372
Income	(1,167)	(2,149)	(2,448)	(2,522)
Renewals	0	77	77	77
Financing Costs	7	249	352	352
<b>Net Operating Cost</b>	<b>1,779</b>	<b>1,298</b>	<b>1,295</b>	<b>1,279</b>
<b>Continue Current Operation</b>				
Expenditure	2,761	2,812	2,864	2,919
Income	(1,092)	(1,114)	(1,119)	(1,140)
<b>Net Operating Cost</b>	<b>1,669</b>	<b>1,698</b>	<b>1,745</b>	<b>1,779</b>
<b>INDICATIVE NET COST/(SAVING)</b>	<b>110</b>	<b>(400)</b>	<b>(450)</b>	<b>(500)</b>

3.5 The overall payback period for the £5M investment is estimated to be 12 years.

3.6 The assumptions made in producing the estimates are as follows:

- The income projections are based on the development partners' experience of operating similar operations throughout the country, together with officers' local experience.
- Expenditure estimates are based on current forecasts updated for the

new staffing and operating costs of the new developments.

- Renewals have been included to ensure the standard of equipment is regularly maintained and renewed, which is essential if income projections are to be achieved.
- Finally, as mentioned in section 3.3 above, the financing costs are based on unsupported borrowing and represent the charge to revenue together with the loss in investment interest associated with using £5M of internal financing. The cost could be reduced if the Invest to Save Reserve were to be applied or alternatively the development partner can provide financing. As there are other invest to save proposals still to be considered as part of the budget process, the final financing decision will be determined at a later date based upon the most prudent option.

3.7 Whilst the intention is to implement the project in distinct phases in order to minimise the impact on the business, there remains the related loss of income associated with the closures. Officers have worked on a worst case scenario and therefore allowed for a period of up to seven months before the new facilities begin to make a positive return. This period allows for the associated pre sales opportunities and a comprehensive marketing and promotional campaign. In addition, it may be necessary to back fill certain key posts during the implementation phase, which has also been factored in. Overall, it is estimated there will be an initial cost of £110K in 2016/17, as shown above.

3.8 It should be noted that the intention is for the project to minimise service disruption and wherever possible continuum of service will be achieved. The phases of building work will be confirmed post contract award, however, it is envisaged that works could commence on the outdoor facilities as soon as possible. Should Members approve the recommendations, a project executive team made up of council officers and the Development Partner will meet at the earliest opportunity in order to agree build phases and associated interruption to service delivery. A further project implementation team will similarly work closely with the partner protecting council interests and maximising the potential benefits of the project.

## 4.0 Options

There are essentially two options to consider:

### 4.1 **Option 1 - Do not appoint a development partner but continue to invest in line with current budgets with replacement and repair as necessary but with no major improvements**

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

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

should be noted that no provision for this cost has been included in the table under section 3.3 as investment needs for the project will be different to that of continuing with the current operation.

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

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

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

In terms of the revised budget position, the estimated cost of operating Salt Ayre in 2015/16 is £1.625M (£938K excluding notional capital charges). This assumes customer numbers remain static, therefore any drop in numbers would increase this cost further.

**4.2 Option 2 – Appoint Alliance Leisure as the development partner and confirm Cabinet’s commitment to including the necessary funding to deliver the project in its draft budget proposals for 2016/17 and beyond.**

The appointment of Alliance Leisure as the council’s development partner to deliver the planned improvements is supported by a robust business case which shows a reduction in subsidy whilst greatly improving the sport, leisure and visitor attraction offer. The financial appraisal has been extremely thorough and officers have scrutinised Alliance Leisure’s finance projections and undertaken our own financial projections.

Although projects as significant as this cannot be risk free, officers have been conservative in projecting costs and income so as to minimise the risk to the council. Officers have visited several councils and trusts where similar developments have taken place and made extensive enquiries about the robustness of income targets and costs. Alliance Leisure have an excellent track record of working with clients, project managing capital works, delivering high specification facilities and keeping within budget and delivering on time.

**5.0 Details of Consultation**

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

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

	<b>Option 1:</b> Continue to invest in line with current budgets with replacement and repair as necessary but with no major	<b>Option 2:</b> Appoint Alliance Leisure as the development partner and confirm Cabinet’s commitment to including the
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	improvements.	necessary funding to deliver the project in its draft budget proposals for 2016/17 and beyond
Advantages	None	<p>Provide a more secure future for the continuation of Salt Ayre by reducing the ongoing net operating cost.</p> <p>Provides a planned programme of works over a period of years as summarised in 2.6.</p> <p>Provides facilities which meet current customer expectations as well as all H&amp;S standards.</p> <p>Would position SASC as a premier sport and leisure facility in the North West providing a diverse range of activities on one site whilst retaining a community hub for continuation of active health and other targeted health programmes for more vulnerable citizens.</p> <p>Position the council well for delivery of public health commissioned activities that cut across a range of council delivered services such as leisure, housing and environmental health.</p> <p>Is a good example of the municipal entrepreneurialism theme of the ensuring council ethos enabling the council to translate its policy objectives into practice.</p>
Disadvantages	<p>Opportunity to reduce operating subsidy as well as refurbishing an outdated facility are missed.</p> <p>Ultimately the financial viability of the centre would need to be reconsidered.</p>	<p>Upfront investment is required to facilitate these improvements.</p> <p>Officer capacity to oversee the programme is required.</p>
Risks	Operating costs increase to such a point that the facility becomes no longer viable to subsidise in the context of	Failure to secure a suitable development partner and establish a successful working relationship – this risk is

	<p>reducing resources. This could lead to decisions about closure.</p> <p>Lack of investment in new facilities will increase the repair costs and potentially lead to unforeseen costs due to meeting health and safety standards.</p> <p>Increasingly poor equipment and buildings could lead to unsafe conditions and risk of injury to staff and public.</p>	<p>mitigated by the fact that our soft market testing has shown there are a few experienced companies with a track record of success. In addition, the procurement process has determined the most suitable partner.</p> <p>Income projections do not materialise and savings targets are not achieved. This is mitigated by the fact that a robust procurement exercise has been carried out to select a development partner who has suitable experience and expertise. In addition, income projections have been robustly assessed by officers.</p> <p>The investment required is substantial and a return on this isn't generated until year 2 onwards.</p> <p>Officer capacity to oversee the programme may be insufficient – this risk is mitigated by the fact that the sport and leisure restructure built in some capacity to progress projects such as this as well as day to day management. In addition, the council adopts a cross service project team approach to large scale projects such as this similar to the solar PV project. Costs for additional capacity required have been included in the project costs.</p>
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**7.0 Officer Preferred Option (and comments)**

7.1 Option 2 is the officer preferred option. Subject to Budget Council approving the financial proposals, the appointment of a development partner, and delivery of the improvements will give the council the opportunity to significantly reduce operating costs (see financial implications). In addition, it will provide a building asset management plan for the future and generate considerably more use of the facility thus increasing people's participation in leading healthy lifestyles. Improving the offer will further enhance the district as a place to live and visit whilst remaining entirely well placed to deliver on our health and wellbeing objectives particularly still providing for our more vulnerable citizens. The council will retain responsibility for programming of the facilities and setting the associated pricing policy. The existing 'Go Card'



scheme offering reduced rates to local residents in receipt of various benefits will continue.

**8.0 Conclusion**

8.1 There is a clear requirement to address the medium and long term future of SASC. This report recommends the award of contract for the provision of sport and leisure development partner to Alliance Leisure as the most economically advantageous tender submitted.

8.2 The financial return to the council that this project provides at a time when identifying savings and protecting services is of paramount importance would seem a prudent and sensible way forward. Taking this route does not preclude any future option of considering transferring to a Not for Profit Distributing Organisation (NPDO or Trust).

**RELATIONSHIP TO POLICY FRAMEWORK**

This report supports the council's ensuring council ethos, particularly relating to municipal entrepreneurialism. In addition, it is directly related to the health & wellbeing corporate plan priority and aligns with the council's key objective of ensuring value for money in delivering services. It also meets the council's ethos of collaboration – working with a range of service providers on a collaborative basis rather than through competition and social justice – ensuring the values of local government are founded on equality and meeting community needs.

**CONCLUSION OF IMPACT ASSESSMENT**

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

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

**LEGAL IMPLICATIONS**

The contractual documentation has been based on the Sport England's Procurement Toolkit document for a design, build and maintain contract. Local Authorities are encouraged to use this Toolkit as the templates have been based on best practice in relation to projects of this nature. The contract will need to be modified by legal so it is fit for purpose for the successful bidder's specific proposal.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:** Officer capacity to oversee the project has been accounted for within the project costings or existing resources, however, the improvements may require a different staffing structure and/or a change in skillsets for staff which will need to be addressed at the time.

**Information Services:** There are considerable implications for IT which have been assessed as far as possible during the procurement phase, however, further IT support will

be necessary to deliver the project.

**Property:** As the project involves alterations and improvements to the council's assets, property services will be involved in the delivery phase of the project.

**Open Spaces:** No specific impact identified.

**SECTION 151 OFFICER'S COMMENTS**

Cabinet is advised to consider carefully the financial implications of the options, in context of the budget update elsewhere on the agenda, its proposed priorities, the need to make savings and other competing spending/investment.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

none

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**Ref:** C129

**BUDGET AND PERFORMANCE PANEL****Voluntary, Community and Faith Sector  
Commissioning (VCFS) – Review of Activity****23 February 2016****Report of Chief Officer (Governance)****PURPOSE OF REPORT**

To provide the panel with feedback on the current commissioned contracts within the Voluntary, Community and Faith Sector (VCFS) outlining performance towards the delivery of outcomes and the analysis and evaluation of trends and issues arising from the regular monitoring of the commissioning arrangements.

**This report is public**

**RECOMMENDATIONS**

- (1) **That the Panel note and comment on the activities and outcomes achieved by partners working on the council's behalf as part of the Voluntary, Community and Faith Sector (VCFS) commissioning arrangements**
- (2) **That the Panel note for comment the changes in the sector in light of any future commissioning arrangements that the Council may wish to undertake beyond 2016 / 2017**

**1 Introduction**

1.1 The council has a number of contracts with VCFS partners, as part of commissioning arrangements for the delivery of the following main areas of investment which were the result of engagement with a range of stakeholders and a subsequent procurement exercise in 2012:

- **Advice and Information** - specialist advice and information services to help reduce levels of debt, poverty, personal distress and isolation; increase access to existing services and help reduce the need for other crisis services. The main aims being to focus on early intervention and prevention, helping to avoid crisis needs and the associated effect on the lives of families and individuals, and reduce the potential need for mainstream and crisis services.
- **Infrastructure Support** - to help secure the future capacity of the VCFS to deliver important services in the district by supporting VCFS organisations as a contribution to the development and resilience of the sector as a whole and to deliver assured services that are relevant to the needs of the district.
- **Volunteering Coordination** - to increase levels of volunteering in order to: increase the capacity of the VCFS to deliver services in the district and provide effective coordination of volunteers at a central point in support of VCFS organisations.

- **Small Grants** – for the support and development of VCFS organisations and community groups; to protect or develop critical local services and test the feasibility of new local initiatives. An underpinning objective was the achievement of improved social capital in the district by supporting local people, groups and organisations to take an active part, and influence what happens, in their local area.
- 1.2 On 06 October 2015, Cabinet considered a detailed report setting out various options for the provision of VCFS services beyond 31 March 2016 and an option to withdraw funding after that date. At that time, Cabinet resolved unanimously *‘That approval be given to invest in the delivery of key services by the Voluntary, Community and Faith Sector through a one year extension to existing commissioning contracts to 31 March 2017, subject to budget requirements’*.
  - 1.3 This option provided the advantage of VCFS services continuing for another year whilst further consideration is given to the advantages and disadvantages of commissioning versus grant funding in the context of the Ensuring Council. This will be principally around how grant funding rather than service level agreements contribute to the Council’s Stewardship of the local area in terms of the social wellbeing of the district supported by social capital and aspects of social justice relating to equality and meeting community needs. This will play into a broader view of the Council’s value for money obligations by ensuring the wellbeing of the area.

## 2 Details

- 2.1 In reviewing the performance of VCFS partners, Organisational Development (OD) team have contacted organisations through performance reporting and monitoring around the management of each contract and overall activity in line with outcomes and measures set out in the contracts agreed in 2013/14, and planned and ad hoc meetings and conversations with partners.
- 2.2 *Appendix A* provides a review of activity for the delivery of advice and information services, infrastructure support and volunteering, setting out achievements, issues raised and progress made for the period April 2015 to December 2015.
- 2.3 Table 1 on the following page sets out VCFS funding in 2015 / 2016, the estimated budget for 2016 / 2017 and forecasted VCFS grants to 2019 / 2020 subject to the annual budget process.
- 2.4 The Community Advice Network now provide disability advice services following the winding up of a previous VCFS partner (One Voice) receiving the same amount of funding in 2015/16. This was the subject of an Individual Cabinet Member decision by the Cabinet Portfolio Holder for the Voluntary Sector and implemented with effect from 19 August 2015.
- 2.5 On 06 January 2016, LESS advised that they have taken a decision to wind up provision of Energy Services from 31st March 2016. This included the Home Energy Advice Service, the outcomes and success measures of which forms a significant part of the current contract. Given these circumstances and based on an assumption that advice on the availability of grants and managing fuel bills can be provided by the Citizens Advice Bureau, who already receive a significant amount of VCFS funding, Cabinet have recently proposed to withdraw the grant to LESS of £4,300 from 2016 / 2017 as part of the annual budget process.

- 2.6 The management and administration of small grants funding is carried out on the Council's behalf by the Community Foundation for Lancashire. Recently, by agreement with the Chief Executive, a sum of £10k was transferred to the Lancashire Flood Recovery Fund Appeal from which grants to help local victims of the recent flooding are now being processed and awarded.

**Table 1: VCFS Funding 2015 / 2016 – 2019 /2020**

VCFS Partner	Service Provision	2015/16 Revised	2016/17 Estimate	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast
Community & Voluntary Solutions (CVS)	Infrastructure Support / Volunteering Coordination	36,700	37,300	0	0	0
Community Advice Network (CAN)	Advice and Information	14,500	14,700	0	0	0
Age UK	Advice and Information	7,200	7,300	0	0	0
Samaritans	Advice and Information	2,000	2,000	0	0	0
Citizens Advice Bureau (CAB)	Advice and Information	170,800	173,400	0	0	0
LESS	Advice and Information	4,200	0	0	0	0
Victim Support	Advice and Information	5,200	5,300	0	0	0
Small Grants	Various Discretionary Services	12,200	12,400	0	0	0
Unallocated VCFS grants		0	0	261,800	267,100	272,400
<b>TOTALS</b>		<b>£252,800</b>	<b>£252,400</b>	<b>£257,500</b>	<b>£262,700</b>	<b>£267,900</b>

### 3 Conclusions

- 3.1 Activities and experiences of partners commissioned for the delivery of services has identified a number of common themes that have had an impact on people's lives, with increasing numbers of people finding themselves in difficult circumstances and needing to access the services provided by VCFS partners.
- 3.2 The implications and impact of welfare reform and the introduction of Universal Credit in the district from December 2014 have resulted in increased and changing demand with the nature and type of information and advice evolving to deal with a widening range of inter-related needs as people make necessarily adjustments to their lifestyles.
- 3.3 Given these challenging circumstances VCFS partners have performed reasonably well with some notable achievements. Going forward, should funding continue beyond 2016/17 it may be necessary to reassess need to ensure that outcomes and measures remain relevant and provide value for money in the investments made.

**CONCLUSION OF IMPACT ASSESSMENT**

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

Equality and diversity was carefully considered as part of the framework for the commissioning of partners to ensure that appropriate policies were in place. No other impact arising directly from this report, but will need further consideration subject to commissioning continuing beyond March 2017.

**LEGAL IMPLICATIONS**

None directly arising from this report

**FINANCIAL IMPLICATIONS**

This report sets out the performance of the VCFS commissioned contracts which have been extended following Cabinet approval to 31 March 2017. As such this report does not have any further financial implication, any costs incurred having been met within existing budgets. A further report will be presented to Cabinet later in the year setting out options for any ongoing investment in Voluntary, Community and Faith Sector from April 2017 through commissioning or a grant programme dependent on available budget and outcomes in terms of their value against competing pressures on the council.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:** None directly arising from this report but will need to be taken into consideration subject to the commissioning of services from April 2017.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and would highlight that the future reports on VCFS will need to incorporate other associated funding such as that provided to some community centres.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

Delivering and Commissioning Plan and monitoring information and data

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**Ref:** VCFS monitoring 31/12/2015

Lancaster District Community and Voluntary Solutions: Infrastructure Support	
Outcome: Resilience of VCFS is improved	
Success Measure	Comments
Organisations are supported to improve resilience	LDCVS has worked with nearly 60 organisations providing support in improving their resilience in difficult economic times. The nature of support provided has changed noticeably with an increasing split within the sector between the larger organisations – who are more likely to win tenders for contracts and funding - and the smaller, community based organisations that are more reliant than ever on volunteers. An increasing number of organisations are experiencing the impact of welfare reform resulting in higher demand for services
Organisations are supported to develop income generating options	Organisations receive annual direct enterprise support (Nine in 2015) through a programme of workshops and accounting support for accounting – including workshop delivered by Shared Future CIC entitled " <i>Your Chargeable Services – getting the costings right</i> ".
VCFS contacts have access to appropriate information	The monthly LDCVS e-bulletin is currently circulated to 720 contacts, including information on funding, local events and resources.
80% of organisations responding to a survey report they feel better able to cope	Specific information against this measure has not been collected for this reporting period. However, over 70% of respondents to a recent survey indicated that they had used the information provided to apply for funding, with 13% of these successful in obtaining total additional funding of £65,450.
Outcome: VCFS organisations are working together to deliver services/share costs and resources	
Success Measure	Comments
A minimum of 4 forum/network events are held	LDCVS held bi-monthly Morecambe Interagency Group meetings in May, July and September, with 48 attendees in total; a Volunteer Coordinators meeting in July with 11 attendees; and a Meet Your MP event in September with 12 attendees.
At least 5 organisations benefit from collaborative initiatives	Case studies show LDCVS works with at least 20 organisations, providing networking opportunities (for example the Morecambe Interagency Group meetings) and comprehensive support.
5 training sessions are run benefitting at least 50 individuals	Training courses entitled 'Your Chargeable Services', 'Introduction to Managing Volunteers', 'Emergency First Aid', 'Volunteers and the Law', 'Building on Community Strengths' were held including 56 delegates from at least 9 different organisations.
At least 40 organisations are supported to improve organisational/service quality	Support to improve organisations' service and quality includes support around governance, volunteer policies, advice and support, and training with accounts; this support was provided to 36 organisations during the reporting period.

<b>Lancaster District Community and Voluntary Solutions: Volunteering Support</b>	
<b>Outcome: VCFS organisations are working together to deliver services/share costs and resources (continued)</b>	
At least 50 VCFS individuals report improved knowledge, confidence and skills	See above Success Measure '5 training sessions...' benefitting 56 individuals.
90% of organisations responding to a survey report a high level of satisfaction with this service	Specific survey information was not available for the reporting period but numerous feedback quotes were provided expressing a very positive view of the service.
<b>Outcome: VCFS capacity to deliver services in the district is improved by increased levels of volunteer support</b>	
<b>Success Measure</b>	<b>Comments</b>
Production of an up-to-date marketing plan with a minimum of 6 promotional/marketing activities per year	12 marketing activities were carried out during the reporting period, including drop-in sessions, presentations to students, hosting the Lancaster Volunteer Awards and attending local events.
By the end of year 3, an average of 300 up-to-date volunteering opportunities available on the District database at any one time	The average number of volunteering opportunities available on the database was 251 for the reporting period.
By the end of year 3, 150 volunteers provided with entry-level training	The proposed 'Step Up to Volunteering' initiative did not receive the anticipated take-up, so the volunteering strategy has been revised, with 50 volunteers receiving training.
<b>Outcome: impact of welfare reforms and economic challenges is mitigated</b>	
<b>Success Measure</b>	<b>Comments</b>
33% of volunteers signposted/placed in Volunteer Involving Organisations (VIOs) provide services for individuals impacted by welfare reforms and economic austerity	Information was not available for the reporting period but will be provided at the end of year 3.
<b>Outcome: quality of life for individuals in the District is improved by access to important services</b>	
<b>Success Measure</b>	<b>Comments</b>
Each year at least 100 VIOs (providing front-line services) are supported with good practice development/capacity building support	The information collected for this measure has changed to include only 1-to-1 support given to organisations specifically around volunteering, where previously it was combined with more general support; during the reporting period 13 VIOs received 1-to-1 input.
By the end of year 3, an evidence based policy event is run to influence partners to support the future development of volunteering	To be completed by end of year 3.



<b>Lancaster District Community and Voluntary Solutions: Volunteering Support</b>	
<b>Outcome: cost and resources required to recruit and manage volunteers are reduced</b>	
<b>Success Measure</b>	<b>Comments</b>
95% of VIO survey respondents report a positive impact upon their own costs and resources	This information was not collected during the reporting period.
The service receives a high level of client satisfaction	Specific survey information was not available for the reporting period but numerous feedback quotes were provided expressing a very positive view of the service.
<b>Outcome: local people and communities are engaged in what happens in their areas</b>	
<b>Success Measure</b>	<b>Comments</b>
200, 250, 300 (per year respectively) individuals are signposted/placed with a VIO	A change to the Do-It website has resulted in decreased use of the site, with 224 individuals using the site to access volunteering opportunities during the reporting period.
1000 individuals per year visiting a Volunteer Lancaster website	1,936 page views occurred during the reporting period.
An annual Volunteer Achievement Award ceremony	The Lancaster Volunteer Awards are held by LDCVS annually.
By the end of year 2, an action plan for developing volunteering opportunities including profiles of volunteers locally, identifying gaps in respect of groups that are currently under-represented in the volunteering community	This is undergoing development along with a wider LDCVS strategy and business plan.

<b>Age UK Lancashire</b>	
<b>Outcome: impact of welfare reforms is managed well</b>	
<b>Success Measure</b>	<b>Comments</b>
Older people report being aware of the changes and the impact on them following contact with the service	The recently-introduced feedback process indicates 25 clients reported receiving useful benefits advice that met their expectations.
More older people claim the benefits they are entitled to	61 benefit checks were conducted with new clients during the reporting period, resulting in an annual total of £236,222 successful benefit claims and only two claims rejected.

## Age UK Lancashire

## Outcome: quality of life for individuals in the District is improved

Success Measure	Comments
Older people report increased independence	41 clients reported that their independence has increased along with an improvement in their health and wellbeing.
Older people report decrease in social isolation	47 clients reported a decrease in social isolation; this was often due to the funds claimed through welfare benefits enabling travel and other social activity.
Number of older people receiving advice and information	The organisation supported 317 clients during the reporting period including 171 new customers, many of whom received support with multiple issues.

## Outcome: efficiency of advice and information is improved

Success Measure	Comments
Evidence of working collaboratively with other advice providers to ensure clients have access, choice and control	Age UK work alongside various other local agencies including Welfare Rights, Job Centre, CAB, the Pension Service, Lancaster City Council housing and benefits departments, Lancashire Fire and Rescue, Lancashire Police.
More volunteers are recruited and trained enabling the service to support more people	There is currently one active volunteer supporting the Information & Advice Support Worker, particularly with completing welfare benefit claim forms. The part-time (14 hours per week) nature of the Information & Advice Support position means further recruitment and management of volunteers is not viable at this time.
The service receives a high level of client satisfaction	There were no complaints received during the reporting period and survey evidence shows a high level of positive feedback.

## Outcome: advice and information providers are working together to deliver assured and effective services

Success Measure	Comments
Referral proves in and out of the service is improved	The introduction of the Personal Advisor Service offered an opportunity to improve referral processes and increase the scope of support provided.

## Outcome: advice and information providers are working together to deliver assured and effective services

Evidence of a holistic approach to each client	The Engagement, Personal Advisor and Information & Advice teams work closely together to provide a holistic approach to assessing and meeting clients' needs.
Evidence of working as part of the CAN partnership	The partnership with CAN ceased due to the end of the ASTF funding during the reporting period.

## LESS

## Outcome: quality of life for individuals in the district is improved

Success Measure	Comments
Energy efficiency advice is delivered to at least 200 homes in the district each year, benefitting over 400 people per year.	151 households have received advice during the year to date via visits, calls, one-to-one and written advice. The period April - September represents by far the quietest period for referrals due to the summer months.
20 bill clinics are run per year delivering money saving advice.	Held bill clinics and complementary sessions with CAB, providing advice and support to nearly 50 people, helping them to save over £6,000 per annum in total.
At least 40 people receive utility bills advice saving them an average of £140 per year.	Bills clinics are generally held in October / November details of which will be available by the end of year 3. Only one household received a reduced bill (for a saving of £247) in this reporting period, however the previous period assisted 106 households so a much higher return would be expected during the winter period.
Vulnerable people receive independent advice on energy saving and tariffs, and report that they are empowered to take action on their energy bills.	Improved the tracking of support provided to vulnerable households - including multiple interventions and how to address these - with a view to integration with the CAN online referral system
Increase in referrals of vulnerable people to other agencies for specialised advice such as benefit entitlement.	

## Outcome: advice and information providers are working together to deliver assured and effective services

Success Measure	Comments
10 training sessions per year are delivered to community organisations working with vulnerable people.	Training opportunities are reduced during the summer months and so only one session was delivered during the reporting period, however 27 sessions were delivered during the previous period and more will be delivered by the end of year 3.
Advice and Information providers in the district report feeling more confident and informed about energy efficiency grants.	LESS has expanded its work across North Lancashire setting up a referral system for the whole county as part of the 'Cosy Homes in Lancashire' scheme and the latest tables on fuel poverty provided by the Department of Energy and Climate Change has seen a significant improvement, with the Lancaster district no longer being in the Top 10 worst areas.  Changes in government policy and direction on the Energy Company Obligation (ECO) scheme is causing some uncertainty with funders, in particular. A LESS consultancy report on Green Deal and ECO for Lancashire Authorities has been published.
Advice and information providers in the district know how to recognise fuel poverty and can refer people to the Home Energy Service.	

<b>LESS</b>	
<b>Outcome: efficiency of advice and information services is improved</b>	
<b>Success Measure</b>	<b>Comments</b>
Number of agencies successfully collaborating on referral system.	LESS collaborated with 7 other agencies during the reporting period: the Wellbeing Service, North Lancs CAB, HIA, the Housing Standards team, DISC, Lancaster CVS and the NHS.
<b>Outcome: impact of welfare reforms is managed well</b>	
<b>Success Measure</b>	<b>Comments</b>
Local people report that they feel better equipped to manage fuel bills and experience reduced levels of fuel debt and poverty.	Not reported for this period
The service receives a high level of client satisfaction.	Not reported for this period
<b>North Lancashire Citizens Advice Bureau</b>	
<b>Outcome: impact of welfare reforms is managed well</b>	
<b>Success Measure</b>	<b>Comments</b>
Work with at least 10,000 clients in year 3	During the reporting period (Q1 2015/16 April to July only) the service worked with a total of 1,755 unique clients face to face, by telephone or email. There were also 2,780 unique visitors to the service's website representing a 39% increase on the previous year.
Increase total volunteer numbers to 150 by year 3	6 new volunteers proceeded to training (from 16 enquiries) during the reporting period.
<b>Outcome: quality of life for individuals in the district is improved</b>	
<b>Success Measure</b>	<b>Comments</b>
Improvements achieved in terms of advice, support and referral processes, informed by the findings of the Health and Wellbeing survey	The telephone Advice Line service is now available from 9am to 5pm during the week, alongside a new One Service strategy to drive continuous improvement across areas within the organisation. The increased traffic to the advice website is a result of a site update in December 2014.
At least 40% of volunteers who move on go on to education and/or employment.	50% of volunteers who left the service went into employment, education or training.

North Lancashire Citizens Advice Bureau	
Outcome: advice and information providers are working together to deliver assured, effective and efficient services	
Success Measure	Comments
All CAN partners hold the Advice Service Alliance General Help Quality Mark	A decision has been made to use the Skills for Justice Quality Standard rather than the ASA Quality Mark. Each of the 35 new members of staff & volunteers are on target to attain this accreditation.
Emergencies dealt with across partnership within one working day.	100% of emergencies were dealt with within one working day through the online referral process.
Repeat clients accessing the bureau decreased by 10% – (proxy measure around “getting it right first time” by linking into partners agency support for wider needs.)	Not reported for this period.
Completed/successful referrals increased by 100%	The report does not state a percentage increase for referrals due to the annual nature of the measure, however 70 referrals were received during the reporting period.
100% increase in partnership grant applications/bids to bolster local service provision	As above, this is an annual measure so the percentage increase was not specified, however one new grant application was submitted during the reporting period with a further four bids in the planning stage.
Outcome: the most vulnerable members of society are supported	
Success Measure	Comments
48% of clients are from the district’s six most deprived wards (Poulton, Harbour, Heysham North, Skerton East, Skerton West, Westgate).	39.9% of clients lived in the six most deprived wards during the reporting period.
100% of clients assessed as an emergency receive assistance within one working day.	Assessment of clients was carried out within one working day on 100% of clients, with 100% of emergencies dealt with within one working day through the online referral process.
Polish and Black and Minority Ethnic (BME) engagement increases from 7.4% to 9% of the total number of clients.	10.5% of clients were of Polish or BME origin during the reporting period.
Outcome: quality of information provision is improved	
Success Measure	Comments
Maintain a score of 80% or above in Citizens Advice Quality of Advice Assessment.	The highest rating of ‘green’ is achieved each month.
Achieve Specialist Quality Mark Accreditation.	Achieved, with renewal to occur September 2016.

Samaritans	
Outcome: impact of welfare reforms is managed well	
Success Measure	Comments
Numbers of callers signposted to other organisations	Information awaited at the time of writing – will be reported by the end of year 3.
Anecdotal and anonymous feedback from people experiencing distress due to financial worry	There has been a notable increase in the number of callers experiencing distress through financial difficulties, mostly to do with benefits and a substantial number who have taken out and having difficulty repaying pay-day loans.
Outcome: quality of life for individuals in the district is improved	
Success Measure	Comments
The service improves its accessibility to people in need	Dealt with over 5,000 calls which is consistent with the previous year due, in the main, to the way in which the national telephone distribution system and 'cloud' software works to keep to a minimum the chance of a caller not getting through to a Samaritan representative. The system has been a success and is making more efficient use of volunteers time but callers can come from outside of the Lancaster district, as well as in - no record is kept of this information to protect confidentiality.
An increase in the number of calls handled by the centre	The overall trend of the calls received represents an increase in the number of callers with 'multiple problems', mainly around money worries and issues with benefit cuts leading to debt which, in turn, is causing health issues and people increasingly struggling to "see a way out". Lancaster has become a 'texting' branch which required all staff to be trained.
Outcome: efficiency of advice and information services is improved	
Success Measure	Comments
Evidence of ongoing improvement of service via the internal Samaritans quality assurance processes	The overall trend of the calls received represents an increase in the number of callers with 'multiple problems', mainly around money worries and issues with benefit cuts leading to debt which, in turn, is causing health issues and people increasingly struggling to "see a way out".
Outcome: advice and information providers are working together to provide assured and effective services	
Success Measure	Comments
An increase in the numbers of new partnerships formed with other local organisations	The local branch worked closely with Network Rail following a national review which identified Lancaster as a 'suicide' hotspot. Training developed locally with Network Rail locally has subsequently been engaged by Samaritans at a national level.

Victim Support	
Outcome: impact of welfare reforms is managed well	
Success Measure	Comments
An increase in the number of outreach meetings held	Outreach work has also been undertaken with HM Prison Lancaster Farms with a change in focus on adults, rather than youth offenders, with 'listeners' training being enhanced to help them consider different issues they might be approached about. This was one of a series of twelve outreach meetings that the local branch holds in the community each year.
Retention of core funding in the transition from national to local (PCC) commissioning to secure the service in Lancaster District	An increased risk for Victim Support was the new process for securing funding following a change in control of Criminal Justice by the Police & Crime Commissioners which now requires organisations to bid for financial support. This change meant that the local branch had to bid for the provision of domestic abuse services in Lancaster and, like other organisations, led to a review of the existing organisation and management structure. This has resulted in improved and more coordinated work with the Youth Offending teams and the introduction of new and extended services that are important locally.
Increase in partnerships formed within a) criminal justice sector and b) other welfare organisations e.g. Health, Housing and Social Care	Partner in the Victims' Services Alliance - a network of third sector agencies - who are committed to working together to improve services to victims of crime, their families and others who have been affected. This is achieved through collaboration; influencing and engaging with government and key decision makers, sharing of ideas, resources and good practice across the member organisations. The Alliance aims to bring together a sector that has been historically disparate, creating a new partnership to underpin the development of services and representation of victims' interests.
An increase in the range and number of collaborative services and projects delivered by formal and informal partnerships	
Outcome: quality of life for individuals in the district is improved	
Success Measure	Comments
Number of clients providing positive feedback on service provision	Of the number of cases dealt with (see measure below) around two-thirds of clients said they were 'very satisfied' and a quarter 'satisfied' with the service received.

Outcome: efficiency of advice and information services is improved	
Success Measure	Comments
An increase in number of cases managed	Number of cases increased to almost 900 community cases and over 500 Witness cases of which around two-thirds of clients said they were 'very satisfied' and a quarter 'satisfied' with the service received. There was also an increase in the number of cases referred to other agencies and organisations to nearly 350. In line with national trends, crimes of violence represented the largest number of crimes with domestic violence crimes increasing. Whilst the numbers of victims being supported has reduced slightly, the seriousness of cases are increasing and are longer term and more complex requiring intensive use of resources.
Improvement in the range of service delivery methods, particularly IT and new media related	Additional volunteers have been recruited and trained and specific training has been provided in safeguarding vulnerable victims; homicide support, sexual and domestic violence, disability awareness and Race / hate crime awareness.
Outcome: advice and information providers are working together to provide assured and effective services	
Success Measure	Comments
An increase in the number of organisations working in partnership with Victim Support	Victim Support allocated resources to support the start-up Victims Services Alliance and has facilitated its growth and development since. The Alliance offers membership to all organisations working with victims of crime providing a platform for stronger collaboration and a united voice for improving services to victims of crime. Its objectives include:
An increase in the number of 'signposted' referrals to partnership organisations	<ul style="list-style-type: none"> <li>• Working together for the improvement of services to victims, victims' families and others affected, through the sharing of knowledge, information and good practice across member organisations;</li> <li>• Provide a forum for networking across member organisations, with swift communication of key information;</li> <li>• Support and strengthen the position of victims in the criminal justice process;</li> <li>• Seek to be a united voice for victims, including influencing and engaging with government and wider stakeholders;</li> <li>• Work together in a positive and respectful way to improve outcomes for victims, victims' families and for others affected</li> </ul> <p>Victim Support is also a partner in the Hate Crime Network which focus on the needs of victims affected by hate crime. The network comprises of a consortium of organisations working on the behalf of victims and families affected by crime, including Citizens Advice Bureau, Disability Hate Crime Network, menCap; Mind; Equality Advisory Support Service, Faith matters. The of the Hate Crime Network is to bring these, and other, organisations together in a structured and supportive network, to share information and facilitate stronger partnership working, acting as a united voice to improve services to victims.</p>



**BUDGET AND PERFORMANCE PANEL****Review of Business Travel****23 February 2016****Report of Chief Officer (Environment)****PURPOSE OF REPORT**

To present, as requested by Budget and Performance Panel, details of the extensive business improvement work that was undertaken by Human Resources and Organisational Development on the council's business travel arrangements. The report also outlines initial plans to realise benefits and efficiencies from service improvements going forward.

**This report is public**

**RECOMMENDATIONS**

- (1) **That Budget and Performance Panel considers the report and appendix, making any comments and recommendations for officer consideration as necessary**
- (2) **That progress on plans in place and being developed around business travel be reported to a future meeting of the Budget and Performance Panel**

**1 Introduction**

- 1.1 The Council's energy strategy recognises the importance of practical and obvious ways of reducing energy usage, and as such includes a review of business travel in the agreed action plan. During 2014/15 a major business improvement review was undertaken to determine the extent of business travel across the council and to gain a clear understanding of current business travel needs from both an operational and customer perspective.
- 1.2 Detailed process analysis of the council's business travel arrangements has been undertaken. This has led to the setting out of numerous options and solutions that could be considered and implemented by individual members of staff and/or at an operational and corporate level to reduce and, in some cases, eliminate business travel.
- 1.3 It is recognised that much needs to be done and that strong leadership will be essential to fully realise the benefits of the review and deliver efficiencies and service improvements. Chief Officers undertook to take a lead on reassessing business travel when reviewing service provision and structures to make best advantage of the options and opportunities set out in the review.

**2 Details**

- 2.1 *Appendix A* sets out the detailed activities and findings resulting from the business travel review identified under four distinct themes:
  - **Right People** – are the right members of staff generally undertaking travel and is there a business need from an operational and customer perspective?
  - **Right Places** – covered a number of issues around staff work bases; places visited in carrying out work, location of assets / materials needed in the conduct of work and how that generates travel, and travel to and from home

- **Right Reasons** – considered business travel generated from proactive, planned and reactive work
  - **Right Approach** – looked at route mapping, vehicle usage, fleet management and potential alternatives to car travel
- 2.2 The completed review identified a large number of potential opportunities and options for reducing or eliminating business travel when undertaking work through:
- alternative transport arrangements;
  - increased / better use of technology and mobile and remote working;
  - better understanding of customer demand and considering opportunities to change customer expectations of the services the council provides;
  - business improvement techniques and the redesigning of work activities and travel planning;
  - better use of business intelligence and analytics;
  - improved communications to provide a 'one-stop-shop' of information on work travel; journey planning; available technology (i.e. audio and video conferencing), guidance and policy;
  - reviewing the council's fleet management and use of telemetry
- 2.3 Organisational Development have recently worked with officers from Regeneration and Planning Services on a service modelling review of the Development Management function in which actions were agreed to, amongst other things:
- undertake a trial of remote networking tablet devices when on planning visits to aid mobile working;
  - trial online route planning software to help assess the most efficient route for all trips taken and;
  - work up more formal arrangements for sharing workloads when officers are on site visits in an area where other work is also required
- 2.4 Supplementary to the business travel review, arrangements have been made with the agreement of Chief Officers, for the phased cessation of the essential car user designation and allowances by 31 March 2016, based on a consideration and analysis of the characteristics of officers work activities and related mileage data.
- 2.5 Arising from the business travel review and in line with the Council's stated aim of *'no employee being under any obligation to use their own vehicle for business use'*, Organisational Development took a lead on arrangements to establish the management and administration of a pool of vehicles for business use.
- 2.6 Based on an initial assessment of need, six vehicles – three in both Lancaster and Morecambe - were acquired on a flexible hire agreement from suppliers who already provide hire vehicles to the Council. The current agreement runs until the end of February 2016, at which point there will be the potential to consider other opportunities (including an assessment of the potential use of electric vehicles in the future).
- 2.7 The current arrangements commenced on 01 July 2015. Based on an assumption that officers with essential car user allowance will either use the pool cars provided, or their own vehicle and claim casual rather than essential user mileage rates, savings of between £7,200 and £10,700 in 2015/16 and £55,000 and £93,900 in subsequent years have been projected.

- 2.8 The use of pool cars is being monitored and the initiative is proving to be popular with a good level of utilisation against availability so far. Each vehicle is fitted with a vehicle tracker which provides useful data that is helping to understand and inform business travel and flag up potential efficiencies. A detailed report, specifically on the use of the pool cars will be presented after 31 March 2016.
- 2.9 Vehicle trackers are now fitted to nearly all of the council's fleet, including refuse collection vehicles, panel vans, large goods vehicles, road sweepers and various grounds maintenance equipment, providing data on the number of journeys made, when the vehicles/units are in operation and the amount of time taken on each journey, routes travelled and driver behaviour (i.e. instances of speeding and inefficient braking).
- 2.10 Monitored centrally by Organisational Development the data and information has resulted in a greater understanding of the reasons for business travel using the Council's fleet and has led to some immediate efficiency changes in how work is undertaken and improved utilisation of the fleet.
- 2.11 It is recognised that there are opportunities for further efficiencies to be made connected to the strategy and management of the Council's fleet and related work. This work is being picked up as part of other wider service reviews, including the Repairs and Maintenance Service.
- 2.12 Arising from the business travel review, recent budget proposals and changes for 2016/17 – 2019/20 considered by Cabinet, Budget and Performance Panel and subsequently full Council have included '*use of the vehicle [sic] tracking system to improve the management of the Council's fleet*' with estimated savings of over £56k. Plans are also being made for a project to consider the installation of electric charging points from 2017 / 18 that has the potential to generate £30k in additional income to 2019 / 20, and also the viability of use of electric vehicles within the Council's own fleet.

### **3 Conclusion**

- 3.1 The review of council business travel focused on gaining a clear and broad understanding of the work and related needs and demands, from both an operational and customer perspective, that generates necessary travel in order to fulfil officer responsibilities and deliver services.
- 3.2 The review covered all Services and identified numerous opportunities to achieve wide ranging efficiencies and savings from the reduction, or elimination of business travel that can be achieved through changing customer expectations and the way that work is carried out. Efficiencies can also be realised through more investment in information technology, like the introduction of In-cab technology in refuse collection vehicles that will provide the added benefit of real time data that will provide useful information, such as the reasons for bins not being collected.
- 3.3 In order to achieve these benefits, it will be important for options to be considered and/or tested as part of service remodelling and effectively coordinated and managed where solutions to reduce travel across the Council are identified.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly arising from this report but improvements in driver behaviour and reduce any risks to driver safety.

**LEGAL IMPLICATIONS**

None arising from this report.

**FINANCIAL IMPLICATIONS**

Outline information is contained in the report. There is the potential to realise further substantial savings through a coordinated approach to reducing and/or eliminating business travel across the Council.

**OTHER RESOURCE IMPLICATIONS**

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

Investment in information technology as part of the review of the needs of Services and exploitation of the digital workplace programme will realise further improvements and efficiencies.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and at this stage, all she would add is that there is a need to ensure that savings are monitored and captured within future budget updates.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

Business Travel Review

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## 1. Right People

Activity	Findings	Options
Right staff undertaking travel	<p>Senior officers undertake certain tasks and journeys that could be fulfilled through alternative means</p> <p>Staff acknowledge that, wherever possible, alternative and existing arrangements could / should be used and / or that such journeys should be part of other activities being undertaken at the time</p>	<p>1) Consider whether journeys need to be made or could be fulfilled through alternative means (i.e. use of technology / courier)</p> <p>2) Consider whether certain activities can be carried out by other members of staff within the Service and / or as part of other activities being undertaken that are close to the destination</p> <p>3) Set up a mechanism that will enable staff to carry out certain tasks on behalf of others from across the council where they are planning travel to, or are located nearer to, the required destination</p>
	Operational services staff travel to meet officers in support services at Lancaster Town Hall	4) Consider whether travel could be reduced by support staff temporarily working in another location and for a set period where the work demands it
	Staff undertaking travel that could fit better with officers in other work areas	5) Consider scope for better communication and understanding of work across the council
Customers	The business travel review has helped to develop an understanding of current business need from both an operational and customer perspective	6) With the support of the Organisational Development team carry out Service specific reviews of business travel and transport from the perspective of customers and operational needs
	There is an improved understanding and acceptance that work should be considered from the perspective of the customer and based on an analysis of demand.	7) Develop and establish business improvement and demand management across the council relating to the work and its impact on business travel
	Staff accept that more efficiencies could be made through managing customer expectations and whilst not yet widespread across the council this is starting to develop.	<p>8) Develop opportunities to change customer expectations in the delivery of Services to reduce business travel and operational need (See also 45) below)</p> <p>9) Review and communicate statutory duties and responsibilities and the operational work of Services to improve understanding across the council and to help reduce the risk of managing customer expectations having a negative impact on other Services (See also 28) below)</p> <p>10) Encourage all staff, no matter where they work, to suggest ways in which the council could manage customer expectations and realise efficiencies in business travel</p>

## 2. Right Places

Activity	Findings	Options
Consideration of staff 'main work base' and where this is in relation to their work	<p>The main work base for a number of staff is not the nearest location to where the majority of their work currently is.</p> <p>An analysis of travel data identified that an offer based at WLD rather than his current work base would reduce annual mileage by 811 miles. Similarly another officer could reduce travel from 1578 to 973 miles by being based at WLD.</p> <p>Conversely, there are staff located at WLD and MTH whose work is predominantly in Lancaster and rural districts</p> <p>Planned work is predominantly located in one geographical area of the district, away from the officers main work base.</p>	<p>11) Provide staff with the flexibility to work from any of the councils buildings and to consider this as their 'main office base' where it is practicable and more efficient to do so</p> <p>12) Any such plans should involve Property Group (as well as other officers as necessary) and be cognisant of any planned accommodation and service reviews</p>
Use of other premises for planned work	<p>Some officers working on council projects have 'temporarily based' themselves at a council building other than their 'main work base'</p> <p>Other officers regularly travel to undertake work on council projects, sometimes travelling from MTH to the project site on two or three occasions a day. This has included visits where travel to the project site was the only purpose of the journey</p> <p>Officer's travel to one location for planned work from their main work base and return after reason for the visit</p>	<p>13) Actively encourage staff to manage planned working arrangements such that council buildings and external partners premises are used as the work demands and for the duration of the work / activity</p> <p>14) Build travel plans into project management arrangements and service / work reviews</p> <p>15) Manage officer expectations and review corporate policy (staff contracts / T&amp;C's) regarding any premises being considered as the work base for the period of the work</p>
Staff travel to carry out work and return to their main work-base on a number of occasions in a day	A number of staff have outward and inward journeys to their main base on numerous occasions during a day's work.	16) Review the root cause / reasons why staff return to their main work base several times a day and consider alternatives that will reduce mileage and save time travelling, whilst adding value to customers
Staff travel to carry out work and return to their main work-base on a number of occasions in a day (continued)	<p>A number of staff have outward and inward journeys to their main base on numerous occasions during a day's work</p> <p>Staff gave a number of reasons why they have to return to their main work base including: the work demands it and there is no viable alternative ; it is a short trip back to the workplace and the officer has not been out for very long; to have a break; to collect equipment; to complete paperwork / use office systems; it is custom and practice</p>	<p>17) Review the root cause / reasons why officers need to travel to merchants and suppliers and, where practicable, consider alternative means</p> <p>18) Consider this review and any impact it may have on the Stores review being undertaken as part of the work of the Can we fix it? Project Group</p>

## 2. Right Places

Activity	Findings	Options
Sites, locations and premises visited	Staff visit the same location on numerous occasions	19) Review the root cause / reasons for repeat visits to certain locations with the aim of avoiding / reducing the number of visits and related business mileage  20) Consider more effective data analysis and use of Geographic Information System (GIS) with a view to identifying location 'hotspots' in order to understand the reasons for business travel and to identify areas where specific / alternative action would create efficiencies and improve service delivery  21) Use telemetry software / data to identify and inform decisions on reducing repeat / regular visits to the same location (See also 31) below)  22) Consider whether there is a viable alternative to regular travel to Lancaster University as part of the Active Health Program
	Nature of some work means that visits will be concentrated in one area / location.  The work of the Home Improvement Agency is to actively generate repeat visits (based on an initial assessment) to build a relationship with vulnerable persons and as a requirement of funding	See 19); 20) and 21) above
	There are occasions when staff have had an abortive journey that has required a return visit to the same location	23) Pre-plan journeys and carry out checks before travel to avoid / reduce the incidence of unproductive journeys  24) Develop internal communications to ensure that staff across the council whose work may be impacted by any changes are informed so that alternative arrangements can be made and abortive journeys avoided
Travel to / from home	Staff generally plan journeys to coincide with travel to and from home which they consider to be beneficial to the council	25) Review work journeys where they have been planned to coincide with inward and onward travel to / from the officers home to ensure that this is advantageous to the council and has no negative impact on customer demand
Location of assets/materials and travel generated as a consequence	Additional travel is generated on some journeys by a requirement to collect equipment from other council buildings	26) Review working arrangements and the location of assets to establish the frequency of usage and any possible alternatives that will reduce / avoid unproductive travel and 'lost time'

### 3. Right Reasons

Activity	Findings	Options
Statutory	<p>Some travel is generated to fulfil statutory requirements</p> <p>Notwithstanding statutory responsibilities staff consider that a physical presence is 'highly desirable' where the council is answerable to the public, demonstrating that the council takes its responsibilities and the public's concerns seriously</p>	<p>27) Review and proactively communicate the council's statutory responsibilities (See also 9) above)</p> <p>28) Review work in light of a clear understanding of statutory functions to determine whether it would be advantageous to make changes to the work that will realise efficiencies and reduce business travel</p>
Proactive / planned or scheduled work	<p>Environmental Services supervisors schedule daily visits to check that work is being carried out safely and to the required standards and quality, and staff have the right and adequate equipment to do the job</p>	<p>29) Review supervisory visits to work sites with a view to determining the necessity to do these daily or whether efficiencies can be made without any negative impact on the work and / or the customer</p>
	<p>There are wide variations in the number of visits made in a single journey</p>	<p>30) Review work to gain a greater understanding of the flow and to identify any advantages and efficiencies from alternative arrangements such as visits carried on particular and specified day(s) rather than spread across the whole working week</p> <p>31) Use telemetry software/data to determine how much of the overall journey is spent travelling and to inform any decisions on how this could be reduced (See also 21) above)</p>
	<p>Data highlights predictable peaks in demand for travel in terms of location and possible seasonal variations.</p>	<p>32) Analyse travel data to identify and predict peaks (and troughs) in demand to inform work planning and related business travel.</p> <p>33) Take advantage of predictable travel and any trends to highlight any opportunities for visits to be combined with other business needs and travel within the Service and / or across the council</p>
	<p>Some instances where work is planned around 'evening meetings' based on customer requirements / circumstances.</p>	<p>34) Review flexitime arrangements and, specifically, consider whether it would be beneficial to give staff the flexibility to stagger their working day to meet business needs</p> <p>35) Review work to determine the extent to which customer expectations can be 'nudged' into accepting reduced services and changes to the work that is more in line with the council's capacity and business needs</p>
	<p>Number of visits generated from direct and immediate response to 'complaint(s)' including requiring direct council action (i.e. noisy neighbours and dangerous buildings) and those specifically against the council.</p>	<p>36) Review customer complaints to consider whether this is as a result of failure demand with a view to addressing the causes</p> <p>37) Consider whether an investigation into the complaint requires a journey and the extent to which this can be done through other means (i.e. photographic evidence) or as part of other planned</p>



**3. Right Reasons**

Activity	Findings	Options
		business travel
Reactive	Some staff commented that there can be a frequent need to have immediate and unrestricted access to a car due to the nature of the work being occasionally urgent / reactive	38) Review the cause of reactive work to determine opportunities to 'switch off' failure demand and determine ways in which reactive work can be reduced or changed to make efficiencies  39) Review data input of business travel through <i>My View</i> to enable an assessment to be made of reactive work and related business travel data
	Some travel appears to have been caused through apparent poor planning / organisation	40) Wherever possible take time to consider ways in which the causes of unnecessary journeys could be eradicated

## 4. Right Approach

Activity	Findings	Options
Route mapping – Geographical split of duties	Some work is based on geographical area rather than workload / demand.	41) Review work and available travel data and other relevant intelligence / software to determine whether there are any advantages and efficiencies to be gained from work being allocated on geographical area
Route mapping – scheduling beyond current day	Little evidence of work being actively planned and combined beyond a single day with a view to consolidating visits into more efficient journey planning	42) Plan journeys with the aim of reducing the number of journeys made including looking at ways in which work activity can be combined with other planned travel across the working week
	Large number of claims made for a single journeys in a day over a number of consecutive days from office base to location and return	
	Travel to council estates and other locations have been visited on concurrent days	43) Review work with a view to avoiding travel at peak times including changing the work and staggering start and finish times (See also 34) above)
Route mapping – use of technology (Google Maps/ GIS)	Trips are made with little or no route planning to make optimum use of journey time and a reduction in mileage	44) Plan visits using Google Maps or equivalent free software to determine optimum routes to reduce travel time and mileage.
	Route mapping becomes more important where numerous sites are visited to seek ways in which time lost travelling between locations can be minimised (i.e. more value time at sites rather than unproductive time travelling)	45) Review work to establish what triggers the way and order in which visits are made and whether customer expectations can be changed to avoid travel at peak times (See also 8) above) 46) Consider whether work can be managed to identify an optimum 'round(s)' where regular visits to the same location are made
Vehicle usage and fleet management	Council fleet vehicles could be utilised more effectively and made more accessible for staff to use	47) Undertake a full review of the council's fleet and its management to determine what efficiencies can be made
	Instances where car share could have been organised	48) Develop a Car-sharing scheme for the council and / or consider signing up to <i>Shared Wheels</i> a scheme developed in partnership by Blackpool Council, Blackburn with Darwen Borough Council, Lancashire County Council and Lancaster University. 49) Improve internal communications within the council with a view to identifying opportunities for car sharing locally and to events / conferences wider afield where public transport is not beneficial
Alternative to car travel	Claims made for short journeys	50) Potential to further promote walking / cycling for short journeys and / or as part of a Healthy Living Campaign
	Little evidence of teleconferencing and video conferencing technology across the council. There is a clear appetite for IT solutions to help reduce travel in the future particularly to facilitate home and mobile working.	51) Review arrangements and use of teleconferencing and videoconferencing and hot-desking facilities. 52) Consider further investment in other IT solutions aimed at reducing business travel and providing the same or better level of service

## 4. Right Approach

Activity	Findings	Options
Alternative to car travel (continued)	Staff generally feel that the PCSN restrictions has led to an increase in travel and removed the flexibility of home-working	53) Raise awareness of what IT options are available and are being planned for the future and provide necessary training
	Some staff undertake travel by bicycle rather than car	54) Review the cycling policy to ensure that this is encouraged where appropriate but also takes account of the time a journey by cycle may take
Quality of Information (claiming process)	There is an inconsistency in the level of detail provided when making mileage claims with little commentary about the purpose and/or details of the journey	55) Provide guidance and training as necessary on the level of information expected / required to assist with the analysis of business travel and efficiency  56) Ensure that management regularly check business travel data and purpose of journeys, supporting and challenging these as necessary when authorising mileage claims
	Over processing due to multiple claims made on the same day.	57) Raise awareness of best practice for making claims for business travel
Guidance and principles	Staff expressed the view that existing travel policies (largely incorporated in the <i>Employee Expenses and Benefits Guide</i> ) are out-dated.	58) Develop business travel guidance and policy and carry out a campaign to change staff culture on alternatives to business travel

**BUDGET AND PERFORMANCE PANEL****Work Programme Report****23rd February 2016****Report of the Chief Officer (Governance)****PURPOSE OF REPORT**

To update Members on the Panel's Work Programme.

This report is public.

**RECOMMENDATIONS**

- (1) That Members note the Work Programme, as detailed in Appendix A to the report.
- (2) That Members consider whether they would like to include any further items in the Work Programme.
- (3) The Panel is asked to consider paragraph 2 of the report.

**1.0 Introduction**

- 1.1 Members are requested to consider the updated Work Programme.
- 1.2 The Budget and Performance Panel is responsible for setting its own annual Work Programme within the terms of reference, as set out in Part 3, Section 13 of the Constitution.
- 1.3 Members of the Budget and Performance Panel are entitled to give notice to the Chief Executive that they wish an item relevant to the Terms of Reference of the Committee to be included on the agenda for the first available meeting and the meeting will determine whether the issue should be included in its Work Programme based on its relevance as compared to the priorities as set out in the Scrutiny Work Programme (Part 4, Section 5 of the Constitution).
- 1.4 The Panel's Work Programme is attached at Appendix A.

**2.0 Report****2.1 APSE Report and Action Plan**

At its meeting on the 15<sup>th</sup> December 2015 the Panel requested a report on the APSE Report and Action Plan, arising from the review of Environmental Services, Repairs and Maintenance. This item will be reported to the Panel at its 12<sup>th</sup> July 2016 Meeting.

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**BUDGET & PERFORMANCE PANEL WORK PROGRAMME 2015/2016**

<b>Matter for consideration</b>	<b>Officer responsible/ External</b>	<b>Expected date of meeting</b>
Financial Monitoring	Chief Officer (Resources)	(1) Quarter 1 – September 2015. (2) Quarter 2 – November 2015. (3) Quarter 3 – February 2016
Corporate Performance Monitoring	Chief Officer (Governance)	(1) Quarter 1 – September 2015 (2) Quarter 2 – November 2015 (3) Quarter 3 – February 2016
Treasury Management Strategy	Chief Officer (Resources)	February 2016
Voluntary, Community and Faith Sector (VCFS) – Review of Activity/ Support of the Citizens Advice Bureau	Chief Officer (Governance)	February 2016
ICT – Bring your own Device	Chief Officer (Resources)	February 2016
Business Travel Plans	HR and OD Manager	February 2016
APSE report and Action Plan, arising from the review of Environments Services, Repairs and Maintenance Service	Chief Officer (Environment)	July 2016
Budget Overspends/Variance	Chief Officer (Resources)	As required
Procurement Strategy	Chief Officer (Resources)	Prior to the updated Strategy being presented to Cabinet.
Update on wider implementation of the CorVu System	HR and OD Manager	As required

**Invitations to Cabinet Members**

<b>Cabinet Member and area of responsibility</b>	<b>Issue</b>	<b>Expected date of meeting</b>
Councillor Blamire, Leader of the Council	Corporate Performance Monitoring	Various – as set out in the Work Programme Report
All Members of Cabinet	Various. Invitations to be extended to Cabinet Members to coincide with issues relevant to their respective portfolios.	Various

**Briefing Notes**

<b>Matter for Consideration</b>	<b>Date Requested</b>	<b>Officer Responsible</b>	<b>Date Circulated</b>
Expenditure on Venues and Facilities in Lancaster and Morecambe	21.07.2015	Financial Services Manager	TBC
Statutory and non-statutory duties.	15.12.2015	Chief Officer (Governance)	25.01.2016
Court Cases, cost, success rates and the income raised from on the spot fines	15.12.2015	Chief Officer (Governance)	TBC
Information on the Salt Ayre POV Panels output and the original estimates set out in the Business Plan	15.12.2015	Chief Officer (Health and Housing)	TBC
Expenditure on Venues and Facilities in Lancaster and Morecambe.	21.07.2015.	Financial Services Manager.	TBC.