



**LANCASTER**  
**CITY COUNCIL**

*Promoting City, Coast & Countryside*

# **COUNCIL MEETING**

**Wednesday, 14 December 2016 -  
6.00 p.m.  
Morecambe Town Hall**

Susan Parsonage,  
Chief Executive,  
Town Hall,  
Dalton Square,  
LANCASTER,  
LA1 1PJ



# LANCASTER CITY COUNCIL

*Promoting City, Coast & Countryside*

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 14 December 2016 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 9th November, 2016 (previously circulated).

3. **DECLARATIONS OF INTEREST**

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

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

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 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.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of questions to a Member of Cabinet or Committee Chairman.

7. **PETITIONS AND ADDRESSES**

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. **LEADER'S REPORT** (Pages 1 - 3)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

**MOTIONS ON NOTICE**

9. **MOTION ON NOTICE - BUS SERVICES BILL** (Page 4)

To consider the following motion submitted by Councillors Ronnie Kershaw, Carla Brayshaw, Rob Devey and John Reynolds:-

This council notes:

1. That the Bus Services Bill currently passing through Parliament includes Clause 21 that will effectively "prohibit a local authority from forming a company for the purposes of providing a local bus service".
2. That the Localism Act (2011) provides general powers of competence to local authorities.
3. That municipal bus companies like Reading and Nottingham provide some of the best bus services in the country and have a successful track record of increasing bus passenger numbers and providing high quality bus services.
4. That polling by We Own It found that a majority of the public (57%) oppose clause 21, whilst just 22% support it. The opposition to Clause 21 is consistent across voters from all political parties.

This council believes:

1. Clause 21 contradicts the general powers of competence and the spirit of the Localism Act 2011.
2. If there is a need and a demand from their public, then Councils should be able to provide their own bus services.
3. Should they wish, Councils should be legally able to follow the model developed by Reading and Nottingham.
4. Consequently Clause 21 should be omitted from the Bus Services Bill.

This council resolves:

1. To write to Lord Ahmad and to call on the Department for Transport to omit Clause 21 from the final legislation.
2. To write to local MPs Cat Smith and David Morris to ask them to oppose clause 21 when the Bus Services Bill reaches the House of Commons and ask them to write to Lord Ahmad and the Department of Transport to raise concerns about Clause 21.
3. To work with any organisations such as We Own It to publicise our opposition to clause 21 in local media.

An officer briefing note is attached.

## OTHER BUSINESS

10. **DRAFT STRATEGIC POLICIES & LAND ALLOCATIONS AND REVIEW OF DEVELOPMENT MANAGEMENT DEVELOPMENT PLAN DOCUMENTS [LOCAL PLAN FOR LANCASTER DISTRICT]** (Pages 5 - 25)

To consider the report of the Chief Officer (Regeneration and Planning)

***Councillors please note: Appendices 1 and 2 of this report and the policy maps are published electronically and can be found on the Council website at:***

**<https://committeeadmin.lancaster.gov.uk/ieListDocuments.aspx?CId=305&MId=6692&Ver=4>**

***Paper copies will be available in the Members' Rooms at Morecambe and Lancaster Town Halls. If you require your own paper copy please contact Democratic Services on 582132.***

11. **LOCALISED COUNCIL TAX SUPPORT SCHEME 2017/18** (Pages 26 - 50)

To consider the report of the Chief Officer (Resources)

12. **COMMUNITY POOLS UPDATE** (Pages 51 - 53)

To consider the report of the Chief Officer (Health & Housing)

13. **APPOINTMENT OF MAYOR ELECT**

To appoint a Mayor Elect to be put forward for election by the City Council in May 2017, for the municipal year 2017/18.

14. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12**

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days' notice, in writing, of the question to the Chief Executive.

15. **MINUTES OF CABINET** (Pages 54 - 64)

To receive the Minutes of Meeting of Cabinet held on 2<sup>nd</sup> November, 2016.



.....  
Chief Executive

Town Hall,  
Dalton Square,  
LANCASTER,  
LA1 1PJ

Published on 6 December, 2016.

**COUNCIL****Leader's Report****14 December 2016****Report of the Leader of the Council****PURPOSE OF REPORT**

To present the Leader's report to Council.

This report is public.

**RECOMMENDATIONS**

To receive the report of the Leader of Council.

**REPORT****1.0 Cabinet**

Information on Cabinet matters is provided in the minutes from the Cabinet meeting held on 2 November 2016 later in this agenda.

**2.0 Decisions required to be taken urgently**

There are no decisions to report since the last Leader's Report on 9 November 2016.

**3.0 Leader's Comments**

The opening of the new link road on 31 October was a major event of the last month and in fact, of the last decades. It is already proving to be very well received and should be a catalyst for future economic development and a tremendous boost to Morecambe and particularly to Heysham. When I think of the opposition to it in the past it is hard to believe that some political parties opposed it.

Light Up Lancaster took place on the 04 November. The weather was not kind, but a magnificent crowd turned out. Lancaster was buzzing. A Spanish contingent came to exhibit their equivalent "Fallas" and to build relationships with Lancaster. I thank our staff who worked hard to make their visit possible and to the Arts Partnership members who saw the possibilities. This is the fourth year of the

festival and it was one of the best. The whole area put on a variety of artworks, light, sound and food. The Arts Council supports us and is delighted with the work. My congratulations to all.

On the 21 November the Chief Executive and I went to Leyland to discuss the possible future for the Combined Authority. Updates on the five themes were given, as well as a presentation on “Devo Lite” and “Devo Max”. These were in the form of options and possibilities and it was the first time that the Leaders’ Group had seen them. We did not receive them in written form on the day. No votes were taken, but on the following day there was to be a meeting with the Minister and the Chair and he was pleased that Lancashire Leaders’ were working together and taking a measured approach to getting our governance arrangements agreed for the Combined Authority. In April 2017 the Lancashire Combined Authority will be formally established. The Leaders’ Group also discussed the Price Waterhouse Cooper Day and their report and the financial position of the County Council. The problem of social care underfunding nationally was recognised. It was extremely worrying that the Autumn Statement failed to even mention the problem.

On the 11 November the Mayor, Mayoress and I attended a Service of Remembrance held on behalf of the Regiment. It is usually held in Manchester and it was the first time that The Priory was the venue. It was a moving, well attended occasion and everyone was complimentary about the church and the organisation of the service.

On the 13 November our own Remembrance Services took place. I was at the Lancaster Service which continues to draw bigger and bigger crowds each year.

Councillor Hanson and I met the Leader and Deputy Leader of Barrow on the 15 November. This was the first time that we have met and we are to meet them again in Barrow in December. We have many things in common, especially work on The National Grid and a shared Hospital Service. It is always useful to speak to other leaders about common problems, but there is also some urgency about work on the Grid and officers will be coming with us in December.

The Museums Workshop on the 17 November was very interesting. This was a follow-up to the Consultant’s report. We were given a presentation on the context of the report and key issues facing the Museums Service and how they can be addressed. It was a very good presentation showing outline design responses to the Museums Service Challenges and the proposals looked at value for money, capital investment, revenue returns, improved collection management and forward-looking service. Some of the proposals are quite radical, but very imaginative. All parties were represented, as well as County members and officers, Friends of the City and Maritime Museums, and the Kings Own Royal Regiment Chair. Many questions were asked and I felt that the proposals were well worth considering if we want to keep our museums service alive for the future.

On the 24 November the Mayor and I attended the Inauguration of the new Vice Chancellor of the University of Cumbria at Carlisle Cathedral. It was a very pleasant occasion in a packed Cathedral and it is good to feel that Lancaster and Cumbria have this strong link. I have not yet met the new VC, but at the reception after the service, the Mayor and I met and talked to Archbishop Sentamu and

particularly his wife Margaret who sat with us and chatted about how they met and what they are working on. A delightful couple.

After a very busy month, I would like to wish everyone a very restful, happy and enjoyable Christmas.

#### **4.0 Other Matters**

Cabinet minutes are attached at the end of this agenda.

#### **5.0 Key Decisions**

The following Key Decisions were taken by Cabinet on 2 November 2016:

- (1) Storey Gardens Update

The following Officer Delegated Key Decisions were taken during this period:

- (1) Provision of Repairs to Void Council Housing Stock
- (2) Telephony, Call Centre, Unified Communications and Collaboration
- (3) Re-Roofing to Park House Mainway

#### **Background Papers**

Cabinet agenda and minutes of the meeting held on 2 November 2016.

## Officer Briefing Note – Bus Services Bill

**Motion proposed by Councillor Kershaw and seconded by Councillors Brayshaw, Devey and Reynolds:**

*This council notes:*

1. *That the Bus Services Bill currently passing through Parliament includes Clause 21 that will effectively “prohibit a local authority from forming a company for the purposes of providing a local bus service”.*
2. *That the Localism Act (2011) provides general powers of competence to local authorities.*
3. *That municipal bus companies like Reading and Nottingham provide some of the best bus services in the country and have a successful track record of increasing bus passenger numbers and providing high quality bus services.*
4. *That polling by We Own It found that a majority of the public (57%) oppose clause 21, whilst just 22% support it. The opposition to Clause 21 is consistent across voters from all political parties.*

*This council believes:*

1. *Clause 21 contradicts the general powers of competence and the spirit of the Localism Act 2011.*
2. *If there is a need and a demand from their public, then Councils should be able to provide their own bus services.*
3. *Should they wish, Councils should be legally able to follow the model developed by Reading and Nottingham.*
4. *Consequently Clause 21 should be omitted from the Bus Services Bill.*

*This council resolves:*

1. *To write to Lord Ahmad and to call on the Department for Transport to omit Clause 21 from the final legislation.*
2. *To write to local MPs Cat Smith and David Morris to ask them to oppose clause 21 when the Bus Services Bill reaches the House of Commons and ask them to write to Lord Ahmad and the Department of Transport to raise concerns about Clause 21.*
3. *To work with any organisations such as We Own It to publicise our opposition to clause 21 in local media.*

The City Council is not the transport authority for the district; that responsibility lies with the County Council. Because of this, the City Council does not employ officers with specialist expertise in transportation matters.

As a district council, there is no reason, procedurally, why the City Council should not raise issues relating to a transport bill with central government, as well as with the other individuals and agencies referred to in the motion, if the Council feels this issue may affect Lancaster district.

### Monitoring Officer Comments

The briefing note has been prepared by the Monitoring Officer in her capacity as Democratic Services Manager.

### Section 151 Officer Comments

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



**Council****14 December 2016****Draft Strategic Policies & Land Allocations and Review of  
Development Management Development Plan Documents  
[Local Plan for Lancaster District]****Report of the Chief Officer (Regeneration and Planning)****PURPOSE OF REPORT**

To seek a resolution from Council to undertake public consultation on the Strategic Policies & Land Allocations Development Plan Document and Review of the Development Management Development Plan Document. This will enable progress to be made on the preparation of a Local Plan for Lancaster District. The policies and allocations apply to the district's urban areas and rural areas, including the Forest of Bowland AONB, where the national landscape designation is the preeminent concern. A further development plan document, jointly prepared with South Lakeland District Council, for the Arnsdale & Silverdale AONB, has previously been reported to Council.

This report is public

**RECOMMENDATIONS****That the Council:**

- (1) **Resolves to undertake public consultation on the Strategic Policies & Land Allocations Development Plan Document and Review of the Development Management Development Plan Document.**
- (2) **Publishes background evidence and supporting material, including the consultants' interim reports on the Sustainability Appraisal and Habitats Regulations Assessment.**
- (3) **Delegates to the Chief Officer (Regeneration and Planning) the authority to make minor changes, to improve the clarity and internal consistency of the Draft Documents, prior to the intended period of public consultation, provisionally, from Friday 27<sup>th</sup> January to Friday 24<sup>th</sup> March 2017.**

## 1.0 Introduction

- 1.1 The preparation of a Local Plan is a responsibility of the Council in its role as local planning authority. A local plan establishes how much development is required and where that development should be. The plan must identify genuinely deliverable development opportunities for meeting the community's needs, most particularly for housing and employment. Following significant work over the last few years the Council is now approaching an important stage in the plan preparation process: the publication of draft development plan documents for public consultation.
- 1.2 When complete, the new Local Plan for Lancaster District will be made up of a number of separate Development Plan Documents, also known as DPDs. This report seeks a resolution to consult on the final and most significant elements of the Local Plan; the Strategic Policies and Land Allocations DPD and the Review of the Development Management (Planning Policies) DPD. The consultation would be for a two month period in early 2017 (provisionally; January 27<sup>th</sup> to March 24<sup>th</sup>). On 9<sup>th</sup> November 2016 Council resolved to undertake public consultation on a draft of the Arnsdale and Silverdale AONB DPD. This has been jointly prepared with South Lakeland District Council. Consultation for this DPD has commenced (10<sup>th</sup> November 2016 to 5<sup>th</sup> January 2017).
- 1.3 This report describes the process of preparing these DPDs, summarises some of the key content, and, anticipates how the DPDs will be advanced towards adoption in 2017 and 2018.
- 1.4 The process for preparing Development Plan Documents is set out in the National Planning Policy Framework (NPPF), supported by further on-line National Planning Practice Guidance. Preparation of a local plan is a statutory responsibility of local planning authorities. The Government has made it very clear that local plans must plan positively and proactively to meet the evidenced development needs of their areas. Local planning authorities must collate their own evidence and describe how, following cooperation in plan-making with neighbouring authorities, they have prepared a plan that provides the opportunities needed to achieve development that will meet these objectively assessed needs in full.
- 1.5 The draft plan reflects the requirements of the NPPF and other Government directions. Members should be aware that the Government has repeatedly warned local authorities to make swift and efficient progress to put a local plan in place or there may be consequences. The Government has stated that Councils should have prepared up-to-date Local Plans by "early 2017". Authorities delaying the preparation of a plan may face intervention, at the Council's expense, from the Government. This would take the form of the Government appointing other parties to use the existing evidence to prepare the local plan. Also, the Government has signalled the prospect of no further payments from the Government's New Homes Bonus until an up to date local plan is in place.
- 1.6 Officers have to advise that the Council does face a significant risk of Government intervention at this time. However, that risk will be mitigated if a decision is taken at this meeting to advance the plan in accordance with the recommendations. There would be little to gain from Government intervention following the March 2017 deadline, if the Council can demonstrate that a plan is already being prepared for submission and Examination.

## 2.0 Background

2.1 The new local plan will be made up of the following existing or advancing Development Plan Documents (DPDs):

- Strategic Policies and Land Allocations;
- Review of the Development Management;
- Arnsdale and Silverdale AONB; and,
- Morecambe Area Action Plan - already adopted [December 2014].

2.2 During 2017 the Council will also re-investigate if there is sufficient viability in development in this district to support the introduction of a Community Infrastructure Levy (CIL). A CIL allows a charge to be made on development (where viable) which can contribute towards funding new local infrastructure. A CIL Charging Schedule is established by setting the local tariff on development in a further Development Plan Document.

2.3 Also during 2017, the Council will continue to explore the need for additional accommodation for Gypsies, Travellers and Travelling Showpeople. The national definitions about who qualifies as a Gypsy or Traveller, for the purposes of planning for new accommodation, have been significantly revised. Therefore further work must now be done to decide how much unmet need there is in the district, and then whether this need should be addressed by preparing a specific DPD to meet the accommodation needs of Gypsies, Travellers and Travelling Showpeople.

2.4 This report is about the Strategic Policies & Land Allocations DPD and the Review of the Development Management DPD. The Strategic Policies and Land Allocations DPD will replace the remaining policies of the 2008 Core Strategy and residual land allocation policies from the 2004 Local Plan. The Strategic Policies and Land Allocations DPD will:

- Set requirements, based on consideration of objective evidence, for the amount of development that is required to meet the needs of a growing economy and population for at least 15 years following the adoption of the plan;
- Set the spatial strategy for the distribution of development and regeneration;
- Allocate land, both brownfield and greenfield, for development and regeneration; and,
- Identify land to be protected from development because of its environmental, economic or social value.

2.5 The Review of the Development Management DPD updates the development management policies contained within the current document, which was adopted in December 2014. This ensures that the planning policies which are used to determine planning proposals take account of changed national guidance or new legislation, and are contemporary with the Strategic Policies and Land Allocations DPD.

2.6 Members will be well aware that this draft local plan has taken a long time to prepare. The Council consulted on a; draft Land Allocations Document, Development Management Document, and, Morecambe Area Action Plan in October 2012. The Development Management (planning policies) and Morecambe Area Action Plan documents were progressed, and, following independent Examination in April 2014, were adopted in December 2014. However, by 2012 the government was signalling its intentions to revoke the Regional Strategies that had set development

requirements, particularly for housing, and the NPPF directed local planning authorities to instead establish their own development requirements and prepare local plans to meet these needs in full. Instead of continuing with plans informed by the out-going Regional Strategies. The Council promptly commissioned independent consultants to determine and recommend new development requirements.

- 2.7 The consultants advised that this district had much greater development needs than had previously been required by the out-going Regional Strategy. In the summer of 2014, the Council consulted with the community on approaches in principle for finding further sites, in addition to those identified in the 2012 Draft Land Allocations Document, for these much greater development needs.
- 2.8 In autumn 2015, the Council consulted again on a range of specific strategic sites where these greater development needs could be met, again in addition to the significant opportunities previously consulted upon in the 2012 draft Land Allocations DPD. These consultations allowed the Council to advance a plan by exploring reasonable options for how development could be delivered in the district in order to help choose those which are the most suitable, available and achievable. Extensive consultation and wide local media coverage has meant that consideration of these options is widely known to the community. Although it has been very challenging for the Council's Officers to consult on these strategic options, the need to undertake a thorough exploration and assessment of all reasonable options is a core principle in demonstrating to an Inspector that a local plan has been soundly prepared.
- 2.9 Members are advised that the Council must be able to demonstrate that it has thoroughly investigated all options, most particularly if, by the time of submission, it is unable to demonstrate that there is sufficient opportunity to deliver the evidenced development needs in full.
- 2.10 Members are reminded that the consultants' 'Housing Requirements Study' was completed in October 2015. This recommended an Objectively Assessed Need housing figure (OAN) for between 13,000 to 14,000 new homes within the plan period, equivalent to the development of a (mid-point) average of 675 new homes per year. During the previous two years the veracity of the OAN recommendation has been thoroughly presented, interrogated, discussed and challenged. This process concluded, with a resolution at Council on 4<sup>th</sup> February 2016, that the evidence presented on development needs should indeed be used as the basis for advancing the local plan.
- 2.11 Council Officers, with support from independent consultants, have undertaken a review of the North Lancashire Green Belt. The outcomes of this review have informed the preparation of the draft local plan and the review is part of the published local plan evidence base. It is important to note that this review is evidence, whilst it can, and no doubt will be, commented upon, it reports the findings of professional assessments. It is not itself part of the local plan. The **decisions** made on changing or maintaining Green Belt boundaries are made by the local plan (particularly the Strategic Policies and Land Allocations DPD) in the context of the Green Belt Review findings. It is these decisions expressed through the local plan that are subject to public consultation.
- 2.12 Much other local plan evidence has been published on the Council's website. Evidence will continue to be updated throughout 2017 so that it is up to date prior to formal submission of the local plan to the Government. Evidence on viability in particular should be up to date at the time of the independent examination.

- 2.13 The DPDs must be accompanied by a Sustainability Appraisal and Habitats Regulations Assessment, that considers how well the policies and proposals perform against sustainability criteria. The DPDs will also be accompanied by an Infrastructure Delivery Plan (IDP) which will describe the infrastructure needed to facilitate development.

### 3.0 Content of the Draft Plan

- 3.1 Council is reminded that the purpose of the planning system is to contribute to the achievement of sustainable development. There are three dimensions/elements which contribute towards sustainable development: economic, social and environmental. The NPPF states that the planning system must perform;
- an **economic role** by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation;
  - a **social role** by providing the supply of housing required to meet the needs of present and future generations;
  - an **environmental role** by contributing to protecting and enhancing our natural, built and historic environment; helping to improve biodiversity and use natural resources prudently.
- 3.2 The NPPF states that “every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth” and should “set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities”.
- 3.3 The NPPF states that local plans must be aspirational but realistic. Objectives for the district and the specific development requirements advanced by the draft local plan are driven and supported by evidence. The primary evidence is about the prospects for economic growth in the district. The economic opportunity that could be realised, if the opportunities and right circumstances are delivered by the local plan, are described in the work undertaken by Turley Associates, in partnership with Development Economics and Colliers International. Turley Associates reported that the district’s prospects for growth are strong in their April 2015 report: “[Prospects and Recommendation for Achieving Economic Potential](#)”.
- 3.4 The findings of Turley Associates report are further corroborated by independent forecasts, which anticipate a net increase of 9,600 Full Time Equivalent (FTE) jobs over the plan period from 2011 to 2031. Whilst the district has this potential, Turley Associates have also identified a number of key weaknesses that may adversely impact upon achieving economic potential;
- An ageing workforce and population.
  - Low levels of entrepreneurship and new business formation.
  - Low representation of knowledge intensive businesses.
  - Limited university-to-business links.
  - Underperforming cultural assets.
- 3.5 Achieving the district’s economic potential requires these challenges to be addressed by putting in place positive planning policies. Specifically, Turley Associates recommend that consideration is given to the following spatial opportunities and potential locations for growth by the local plan;

- Growing the district's share of knowledge economy sectors.
- Investing in energy and environmental technologies.
- Supporting growth in port related logistics activity.
- Supporting growth in the visitor and cultural economy.
- Achieving the potential offered by Lancaster and Morecambe centres.

3.6 Addressing the challenges listed in paragraph 3.4 and achieving the potential identified in paragraph 3.5 will require much activity outside the local plan process, particularly; transport master-planning, city centre master-planning, action on education, training and apprenticeships, and an economic strategy. These matters are being progressed independently but in co-ordination with advancing the local plan. However, it is the local plan that is the vehicle that brings together the prospects for achieving the district's potential by providing the **opportunity** for growth and development. The local plan does not set out to prove that growth will happen, but, the potential cannot be realised unless the opportunity is provided. Members are strongly advised that to be found sound, the Council's local plan must demonstrate that the identified potential could be realised because the opportunity to grow the economy has been made available.

### Overall Development Strategy for the District

- 3.7 Through the 2015 *'People, Homes and Jobs'* consultation the Council set out a strategic vision about how to achieve greater growth within the district, stating that the *'Overall strategy to meet development needs is to continue with an urban-focussed approach to development that is supplemented with additional new large strategic development sites that can be developed for housing.'* This approach received general support through this consultation and has been incorporated into the strategy for the Strategic Policies & Land Allocations DPD.
- 3.8 The Strategic Policies and Land Allocations DPD seeks to build on the strong performance of securing development on brownfield land: Lancaster Moor Hospital and Nightingale Hall Farm are good examples. This approach is taken in the full knowledge that brownfield land itself is a finite resource and this resource will be insufficient to meet all the evidenced development needs of the district. Accordingly, there is a need to supplement brownfield development sites with new strategic greenfield sites on a significant scale.

### Economic Growth and Regeneration

- 3.9 Whilst much of the growth at strategic sites focusses on the delivery of residential development to meet evidenced housing needs, another key element of the local plan is to ensure that there are sufficient opportunities for economic growth. The draft local plan sets out flexible approaches to future economic growth, acknowledging that there is always uncertainty.
- 3.10 In the plan the Council makes it clear that it supports sustainable economic development through;
- Growth of the retail and cultural offers for Lancaster and Morecambe, including realising the potential of Lancaster Castle and Morecambe seafront.
  - Expansion of the facilities at the Port of Heysham to enable growth in freight operations. Heysham Gateway is identified as a key regeneration area, including the allocated employment areas in the South Heysham area and the expansion of Lancaster West Business Park, Major Industrial Estate

(Walkers Industrial Estate) and Heysham Industrial Estate. This will provide opportunities for the development of general employment growth and modern fit-for-purpose employment units. Activity at the Port and Gateway can now take advantage of reliable access to the national road network using the Bay Gateway.

- Growth within the environmental, health and energy sectors will further the district's already established role in these employment sectors. The Lancaster University Innovation Campus retains its allocation to enable the development of land for knowledge-based businesses with strong links to Lancaster University. The Campus will provide opportunities for a wide range and scale of business with a particular focus on research into elderly healthcare.

3.11 As previously mentioned, it is proposed that there will be elements of employment growth contained within the wider strategic growth sites in south and north Lancaster due to their ready accessibility to the motorway at Junctions 33 and 34 respectively. Additionally, due to their close proximity to proposed residential development these sites will be restricted to B1 office uses, to contribute towards meeting employment needs evidenced in the Employment Land Review for the district.

3.12 The local plan also includes a proposal for an Agri-Business Centre at Junction 33, south of Galgate. This will include the relocation of the current Farmers Auction Mart from Wyresdale Road, Lancaster to a new site which has greater access to the motorway network. Supplementing the Auction Mart use, the proposal will permit for further clusters of businesses which are ancillary to land-based uses such as agriculture and forestry.

### Strategic Growth Sites

3.13 Strategic development sites have been identified with reference to their suitability, availability and deliverability. A range of sites in the Lancaster and Carnforth area are proposed for development, these are described below.

#### **3.14 Bailrigg Garden Village**

Land at Whinney Carr & Burrow Heights, Bailrigg Lane, and Lancaster University is identified in the draft plan for strategic growth to accommodate in the region of 3,500 new homes and a range of employment opportunities including the delivery of the Lancaster University Health Innovation Campus (which has already received planning consent). New highways infrastructure is critical to this allocation if it is to be fully achieved. Delivery will need to be supported by the reconfiguration of Junction 33 of the M6. The reconfiguration of this junction will allow for direct motorway access into the south Lancaster area and provide a by-pass of Galgate, very significantly reducing the level of through traffic. It is important to note the scale of development in the Bailrigg Garden Village is vital to achieving development on a scale needed to ensure that the local plan has some prospect of being found sound. Without development on this scale in the south Lancaster area there is little likelihood that the Council could demonstrate to an Inspector that it has a prepared a plan that attempts to address the evidenced development needs.

#### **3.15 East Lancaster**

Land at Ridge Farm (Cuckoo Farm) is identified for strategic growth to accommodate up to 1,000 new homes. Development on this scale will require two points of access – the options being investigated are from Caton Road and Quernmore Road. To

achieve the new access from Caton Road a land-swap between the owners of Ridge Farm/Cuckoo Farm and Lansil Golf Club is required. It is the understanding that discussion between the two parties is positive and that such a land-swap is potentially achievable.

### 3.16 North Lancaster

Land at Hammerton Hall and Beaumont Hall is identified for strategic growth to accommodate in the region of around 1,000 new homes. This follows the completion of the Green Belt Review which has concluded that there has been a significant change in the landscape character of this area, due to the development of the Bay Gateway which has had a considerable effect on its contribution to Green Belt purposes. This will result in the land between the urban edge of Lancaster and the Bay Gateway being taken out of the Green Belt and replaced by a range of allocations, for land surrounding the A6 for a range of residential and employment uses.

### 3.17 South Carnforth

Land south of Windermere Road is identified for strategic growth to accommodate in the region of at least 500 new homes which will also be supplemented by a residential allocation on the brownfield site at Lundsfield Quarry (which currently has planning permission granted for 200 dwellings). As with North Lancaster, this proposal will require a change to the Green Belt designation. However, unlike at North Lancaster, the Green Belt Review has concluded that this area of land retains the purposes of Green Belt/Green Belt value, but, due to the limited opportunities for growth in Carnforth, the draft local plan takes the position that growth to the south of the Carnforth is the only viable opportunity. The allocation is therefore contrary to the findings of the Green Belt Review, but is made on the basis of the need for development.

3.18 The proposed development in South Carnforth is significantly smaller than that proposed in the 'People, Homes and Jobs' consultation and focusses on development to the eastern area of the site towards Back Lane. Development in this area will also permit improved access arrangements to Lundsfield Quarry, a stalled brownfield site which has an implementable permission but is yet to be developed – a contributing factor may be the poor access arrangements which currently exist. The local plan also anticipates that the release of greenbelt land can be accompanied by the provision of recreation facilities to meet existing deficits in Carnforth.

3.19 As part of the 2015 *"People, Homes and Jobs"* consultation the Council also investigated a number of other potential strategic development locations, these were described as;

- UE2 – East Lancaster on land to the east of the M6 Motorway;
- GB2 – East of Morecambe Green Belt;
- GB4 – Central area of Green Belt (Slyne with Hest); and,
- Village Expansion: Dolphinholme.

3.20 These potential strategic sites are not identified for development in the draft Local Plan on the basis that consideration of the responses to the consultation has



demonstrated that, on the balance of officers' assessments of suitability, availability and achievability, the strategic sites chosen and described in paragraphs 3.13 to 3.16 are the preferable options. Members are advised that the Council is being asked here for authority to publish a draft plan for consultation purposes. It is fully anticipated that the forthcoming consultation is an opportunity for challenges to be made to the Council's expectation on the ability of the selected sites to be delivered and, accordingly alternative development sites to be offered in their place. Officers may have to consider the robustness of current delivery expectations in light of such comments in preparing the version of the plan that will be formally submitted next year.

### Infrastructure Delivery

- 3.21 All development has an impact on local infrastructure, and it is important that the local plan ensures that new development addresses impacts on local infrastructure. This will be achieved in a number of ways:
- Infrastructure requirements, particularly for the larger strategic sites, have been clearly identified within the specific policies of the local plan.
  - The preparation of a number of site-specific development briefs, which will be prepared and published at the next stage of plan preparation.
  - The Council has prepared an Infrastructure Delivery Plan which sets out the infrastructure requirements within the district necessary to support development and also more aspirational infrastructure which the Council will seek to deliver through the plan period.
  - The investigation of whether the Community Infrastructure Levy (CIL) can be introduced to fund some of the infrastructure requirements.
- 3.22 It is important to note that the issues of infrastructure are continually evolving and as a result, dialogue with infrastructure providers will continue throughout, and beyond, the plan preparation process.

### Protection of the Natural and Historic Environment

- 3.23 The local plan is not just about meeting development needs. Whilst this element is the most controversial, the local plan also performs a wider range of functions which are particularly important to protecting the environment which surrounds us.
- 3.24 The local plan identifies and protects areas which are of historical value, for example the identification of Conservation Areas and other heritage assets, and areas which are of natural value, for example the identification of Sites of Special Scientific Interest and Biological Heritage Sites. These are key elements of the plan and ensure that the right balance is struck between meeting development needs and protecting features which are unique and important to the district.

### Review of the Development Management DPD

- 3.25 The Council has already adopted a Development Management DPD (in December 2014). However, since its adoption there have been changes in the planning system. This is particularly the case in relation to the Council's approach to housing and ensuring that the Government's requirements for starter homes are fully addressed (and their impacts on wider deliver of affordable housing understood).
- 3.26 Whilst the revised Development Management document is advancing, the adopted DPD remains fully in force and provides a robust suite of policies for determining

planning applications.

## Neighbourhood Plans

- 3.27 Members will be aware that since 2014 eight local communities have made successful requests for Neighbourhood Plan Area Designations. To date none of the eight designated areas has advanced a Neighbourhood Plan to completion. The process requires the local authority to have sight of a Neighbourhood Plan to check compliance with strategic planning policies, then it would be subject to an examination, then put to a local referendum and, if there is a majority in favour, finally it will be “made” part of the local development plan by the Council. The draft Local Plan does not make allocations in the designated Neighbourhood Plan areas. The Neighbourhood Plan groups are strongly encouraged to make progress on their Neighbourhood Plans in the next twelve months. The Council will need to take account of the progress made by the Neighbourhood Plan groups in advancing the local plan to the publication and submission stage.

## **4.0 Consultation Arrangements**

- 4.1 Provisional arrangements have been made for public consultation, should the Council resolve that the Strategic Policies & Land Allocations DPD and Review of the Development Management DPD, be published for consultation.
- 4.2 It is expected that consultation would commence on Friday 27<sup>th</sup> January 2017 for an eight week period, concluding on Friday March 24<sup>th</sup> 2017. Exhibition and drop-in events are planned, particularly where major development sites are proposed.

## **5.0 Next Steps**

- 5.1 Should consultation on the draft Local Plan be successful, the Council should be in a position to make swift progress in moving to the next stage of plan preparation. Officers will spend the spring and summer of 2017 considering all the comments made on the draft plan and refining the document to ensure that any outstanding relevant issues are fully addressed, and, also update the evidence base.
- 5.2 It is anticipated that a further report will be brought to Council towards the end of 2017 to seek authority to publish and submit the Local Plan documents to government. The documents are formally published to allow the community and stakeholders the opportunity to comment on the soundness of the Local Plan. The documents, the plan evidence and the comments received following publications are then all sent to Government, via the Planning Inspectorate.
- 5.3 The Inspectorate will then start the process of independent Examination to test the soundness of the plan. The Inspector will test if the plan has met all the relevant legislative requirements and has been prepared in accordance with national planning policy. The Inspector will decide what issues he or she will need to explore in testing the soundness of the plan and invite relevant people to local hearing sessions.
- 5.4 The Inspector will then send the Council a report in which he or she will conclude on whether the submitted plan is sound. Most often a finding of soundness is accompanied by a series of binding recommendations. The Council can adopt the Local Plan documents, incorporating the binding recommendations. The adopted documents will replace the 2008 Lancaster District Core Strategy and any residual saved policies of the 2004 Lancaster District Local Plan. Should the plan not be found sound then there would be a need to prepare a new or revised plan, this would take

much time to achieve. It is therefore essential that the Council has confidence in submitting a local plan that it believes to be sound.

- 5.5 Subject to a positive recommendation from the Planning Inspector, it is anticipated that formal adoption of the plan will not take place until late 2018.
- 5.6 The Local Plan Local Development Scheme (LDS) [Local Plan timetable] has been updated to ensure that it remains current. Preparation of LDS updates is delegated to the Chief Officer (Regeneration and Planning). The Portfolio Holder has endorsed the updated document plan timetable and the revised document has been published on planning policy area of the Council's website.
- 5.7 The Local Plan Statement of Community Involvement (SCI) which describes in advance how the Council engages with the community and stakeholders has also been updated. To ensure that there is an opportunity for the community and stakeholders to comment on how the forthcoming consultation is conducted the SCI was published on the planning policy pages of the Council's website for four weeks from 29<sup>th</sup> October 2016. Amendments have been made and the updated SCI is now the effective edition.

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

	<b>Option 1:</b> Publish and Consult on the Draft DPDs	<b>Option 2:</b> Do not publish or on the Draft DPDs	<b>Option 3:</b> Delay Publication and consultation
Advantages	Make progress towards the adoption of an up to date Local Plan as set out in the published Local Development Scheme and thus address the need to meet development requirements and environmental protection	None	None
Disadvantages	None	Contrary to Council's timetable for preparing its Local Plan as set out in the published Local Development Scheme. The Council will not make progress on addressing its development needs.	Contrary to Council's timetable for preparing its Local Plan as set out in the published Local Development Scheme. The Council will not make progress on addressing its development needs.
Risks	None	<ul style="list-style-type: none"> <li>- Effort and resources wasted in getting to this stage.</li> <li>- Development pressures will</li> </ul>	<ul style="list-style-type: none"> <li>- Effort and resources wasted in getting to this stage.</li> <li>- Development pressures will</li> </ul>

		<p>continue and may focus on land not being advanced through the plan.</p> <ul style="list-style-type: none"> <li>- Prospect of Government intervention to prepare DPD in light of failure of Council to make speedy progress</li> <li>- Reputational damage to the Council from not following through with a consultation on a draft plan</li> <li>- Evidence will become out dated and will need to be refreshed incurring further costs and delays.</li> </ul>	<p>continue and may focus on land not being advanced through the plan.</p> <ul style="list-style-type: none"> <li>- Prospect of Government intervention to prepare DPD in light of failure of Council to make speedy progress</li> <li>- Reputational damage to the Council from not following through with a consultation on a draft plan</li> <li>- Evidence will become out dated and will need to be refreshed incurring further costs and delays.</li> </ul>
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6.1 The officer's recommendation is Option 1.

## 7.0 Conclusion

7.1 After a long period to allow extensive scrutiny of challenging evidence base documents officers have now prepared drafts of key Local Plan documents. The Council is under considerable pressure to advance a local plan and must at least, illustrate good progress to satisfy the government's exhortations to prepare a plan or face consequences. The plan has been prepared to ensure that the community can have access to jobs that can be created if opportunities are available and homes that will meet the need of a growing, but more importantly, a rapidly ageing, population. Having a plan in place will give the community and development industry greater certainty about where development is and is not anticipated. Having policies in place that allocate land to meet the objectively evidenced development requirements whilst protecting identified environmental assets from development gives the Council the ability to retain decision making at the local level.

### RELATIONSHIP TO POLICY FRAMEWORK

**National Planning Policy Framework (2012)** – Requires all Local Authorities to prepare a Local Development Plan for their area setting out how objectively assessed development needs will be met and clear planning policies on what or will not be permitted.

**National Planning Practice Guide (2014)** – Provides guidance for Local Authorities and other interested parties on how the detail of the National Planning Policy Framework should be implemented in practice.

**Lancaster District Corporate Plan** – Development Plan Documents adopted by the Council form part of the Local Plan for Lancaster District and are part of the corporate policy framework. Policies within the Local Development Plan seek to deliver the Council's priorities as described in the corporate plan. Actions within the already adopted Morecambe Area Action Plan have corporate priority.

**Regeneration and Planning Business Plan** – Commits the service to the preparation of Development Plan Documents.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

There are no adverse health and safety, human rights or community safety implications arising from this proposal. The Draft DPDs apply to both urban and rural areas, including the protected landscape of the Forest of Bowland. The DPDs contain policies that are designed to ensure that opportunity exists for development that will deliver new jobs in accordance with evidence on the district's economic prospects, and housing to meet to the needs of a community that will grow and change in the context of a developing economy.

The Equality Impact Assessment Form is attached. This concludes that there will be no adverse impacts on any protected groups, but that there are some potential but unavoidable adverse implications for sections of the rural communities, including people on low incomes, mostly as a result of the limited development opportunities identified in rural areas. The Draft DPDs will be subject to public consultation, allowing for feedback on these matters to be incorporated into the final version.

#### **LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.

#### **FINANCIAL IMPLICATIONS**

It is not expected that there will be any additional financial implications arising from the preparation of the DPDs as costs connected with the preparation of the documents, public consultation, publication and submission, public examination and adoption have already been accounted for within the Local Plan revenue budget.

There is the prospect of additional unanticipated costs arising, however, potentially from legal challenges to the adoption of a DPD, usually as a result of actions from affected parties. It is very difficult to pre-empt whether there will be any future challenges, which could come from, for example, disaffected residents who do not wish proposed development allocations to be confirmed, or alternatively from disaffected land owners or developers with an interest in land that has not been proposed for development in the plan. However, if they did, then the associated costs and implications will be reported and dealt with as appropriate at the appropriate time.

Adoption of these local plan documents gives the Council's greater surety in decisions to refuse development proposals and defend refusals at appeal where these are contrary to an adopted local plan, thereby better achieving the aim of securing the most sustainable forms of development, thereby reducing the prospect of costs claims due appeals being upheld through planning inquires.

Additionally, earlier this year the Government consulted on the future of the New Homes Bonus (NHB) scheme. Options involved linking an authority's progression with its Local Plan to its NHB award. (For example, one option was based on whether a local authority that has not submitted a Local Plan should not receive new NHB allocations until such time as it has submitted).

At the time of writing this report the outcome of Government's consultation was not yet known, and so this risk is highlighted.

## **OTHER RESOURCE IMPLICATIONS**

### **Human Resources:**

The local plan has to date been prepared using existing staff (and budgetary resources) though recruitment to a number of permanent and temporary vacancies has proved difficult during the past 18 months, recruitment process are not yet complete on a number of vacant posts. Continuing the development of the local plan will require resources commensurate with the challenge of preparing a plan that is sufficiently well researched and evidenced to be found sound.

### **Information Services:**

The information services implications of the proposal will be met within existing resources.

### **Property:**

The policies and allocations of the local plan documents apply to all land and property including that which is owned by the Council.

### **Open Spaces:**

The proposal makes provision to protect open spaces from development and anticipates the creation of further open spaces associated with development proposals but does make assumptions about future maintenance.

## **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**

### Local Plan for Lancaster District: Consultation Documents

Part One: Strategic Policies and Land Allocations DPD *Full Council Edition* December 2016

**Attached as Appendix 1**

Part Two: Development Management Policies (Refresh) *Full Council Edition* December 2016

**Attached as Appendix 2**

[Local Plan Policies Map](#) (Large file size – view-able via weblink)

1. District Wide
2. Main Urban Area
3. Town Centre Insets and Galgate

Key Evidence Reports (all the following are available on the Council's website)

[Prospects and Recommendations for Achieving Economic Potential \(Turley Economics, April 2015\)](#)

[Lancaster Independent Housing Requirements Study \(Turley Economics, October 2015\)](#)

[Lancaster Retail Review \(White Young Green, December 2015\)](#)

[North Lancashire Green Belt Review Report](#)

[Draft Infrastructure Delivery Plan](#)

[Previous Consultation Stages on Strategic Policies and Land Allocations Development Plan Document including Consultation Responses and Strategic Environmental Assessment and Sustainability Reports](#)

**2015:** *"People, Homes and Jobs"* Consultation 19 October 2015 to 30 November 2015 (Options & Issues).

**2014:** Meeting Future Housing Needs Consultation 2 June 2014 to 31 July 2014 (issues & options)

**2012:** Land Allocation Draft Preferred Options Consultation October to December 2012

Local Development Scheme [LDS] (Project Timetable)

[Revised LDS October 2016](#)

Statement of Community Involvement [SCI] (Planning Consultation Methods)

[Revised SCI October 2016](#)

[Interim Statements on Sustainability Assessment and Habitats Regulation Assessment](#)

To follow (on the Council's website)

**Contact Officer:** Maurice Brophy

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### Lancaster City Council's Equality Impact Assessment Guidance and Form

An equality impact assessment is a way of understanding the impact that a new way of doing things might have on members of our community, in particular people from protected groups. This could be a new service, practice, policy, strategy, project or decision.

Protected groups include age, disability, faith, religion or belief, gender (including marriage, pregnancy and maternity), gender reassignment, race and sexual orientation (including Civil Partnership). The impact on rural communities and people on low incomes must also to be considered.

#### **Section 1: Details**

<b>Service</b>	Regeneration & Planning
<b>Title and brief description (if required)</b>	The Lancaster District Local Plan proposed by Lancaster City Council for the period up to the early 2030s.  1. Strategic Policies & Land Allocations Development Plan Document (DPD) 2. Development Management Development Plan Document (DPD)
<b>New or existing</b>	1. New policy document - Strategic Policies & Land Allocations Development Plan Document (DPD) 2. Existing policy document - Development Management Development Plan Document (DPD)
<b>Author/officer lead</b>	Maurice Brophy
<b>Date</b>	24 <sup>th</sup> November 2016

#### **Does this affect staff, customers or other members of the public?**

Yes

#### **Section 2: Summary**

##### **What is the purpose, aims and objectives?**

The need for new housing, employment, community facilities and other development that is needed to ensure that future generations have places to live and work within the district have never been greater. As society continues to evolve, with people living longer and living in their own homes for longer, and younger people choosing to live on their own more the need for new housing to meet all peoples aspirations has only grown stronger.

The objective is to undertake public consultation on the Draft Development Plan Documents (DPDs). When adopted, the two DPDs will form part of the City Council's Local Plan. The documents will seek to achieve the following aims and objectives:



1. Identify how development needs will be met within the district in relation to housing, employment, retail and leisure matters and identify land which should be protected for its environmental, economic and community value.
2. Update a series of planning policies on specific topic areas which will assist the council in determining future planning applications.

The local plan will be prepared by using a range of evidence and prepared in accordance with national planning policy, in particular the National Planning Policy Framework.

### **Who is intended to benefit and how?**

Ideally, a well prepared balanced plan will achieve the best outcomes possible for the local community and local businesses. However, development is an emotive subject because it has a physical impact on where people live and work. It is therefore likely that those living and working the closest to any of the development locations identified in the plan may well feel that they have been unfairly harmed by it.

Landowners, where sites are identified, will benefit disproportionately from the plan due to the uplift in land values that a planning designation can bring about. In order to ensure the benefits of such proposals are more widely spread, contributions towards infrastructure from developers may be sought. This should assist in alleviating some of the harm caused to nearby residents and businesses.

The New Local Plan will help to deliver the spatial elements of other strategies and policies that the Council has, or is in the process of preparing. The New Local Plan will also help deliver spatial elements of other strategies and policies prepared by other organisations and partnerships working with the community of the Lancaster District.

### **Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?	<b>Yes</b>	No
• Discriminate unlawfully against any protected group?	Yes	<b>No</b>
• Affect the relations between protected groups and others?	Yes	<b>No</b>
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?	Yes	<b>No</b>
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?	Yes	<b>No</b>

### **If yes, please provide more detail of potential impact and evidence including:**

- A brief description of what information you have and from where e.g. getting to know our communities data, service use monitoring, views of those affected i.e. discussions or consultation results?
- What does this tell you i.e. negative or positive affect?

Age including older and	The district has an ageing population, with the 65 years plus age group forecast to grow by 62% and the 86 years plus age by 138% in the period 2008 to 2033.
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<p>younger people and children</p>	<p>The draft Local Plan policies consider the needs of older people, for example the policy on accommodation for vulnerable communities looks to support proposals for new accommodation to be situated in accessible locations close to existing services including healthcare facilities, public transport routes and shops and other services in order that residents can live as independently as possible. The public realm and civic space policy encourages that provision should also be made for communal open space in order to promote health and wellbeing of residents.</p> <p>Transport policies seek to ensure improvements to public transport and interchange facilities to benefit this group, and the town centres policies which protect shops and services close to homes will be beneficial in terms of ensuring easy access to shopping and other facilities, particularly to meet day to day needs, as well as cultural and entertainment facilities locally. Younger people are more likely to walk, cycle or use buses than other groups, so transport policies which encourage these forms of sustainable transport are considered to particularly benefit this group.</p> <p>Employment and skills policies are considered to be beneficial for younger people wishing to enter the workforce. Employment policies encourage modern methods of working such as co-working and flexible workspace which are likely to be more attractive to the younger generation.</p>
<p>Disability</p>	<p>In terms of disability a number of policies are considered to have positive impacts. For example the Council will ensure that new development is proposed in locations that are sustainable and accessible and well-connected to existing services. Developments should have access to a wide range of sustainable transport methods without being limited to the use of private cars to access the site (see enhancing accessibility and transport linkage policy).</p> <p>Policy on Housing Standards requires at least 10% of new housing to meet Building Regulation M4(2), which seeks to make housing accessible and adaptable which enables people including those with disabilities to remain in their own homes.</p> <p>The Council will seek to ensure that all new developments are fully accessible to all members of the community and therefore compliant with the most relevant and up-to-date legislation. This is particularly important for public buildings and those that would generate significant footfall.</p>
<p>Faith, religion or belief</p>	<p>Lancaster's percentage of residents who claim no religion is second highest among authorities in Lancashire, while the Muslim population of 1.3% is well below the 6.6% average for Lancashire</p> <p>Policies of the local plan including key design of development, development in green belt, climate change, town centres, housing, employment and local economy and transport are considered to have a neutral impact on religious or faith groups.</p>
<p>Gender including marriage,</p>	<p>The LGBT group Out in the Bay suggest that Lancaster could have the second-highest LGBT population in Lancashire (second to Blackpool), along with a 3% transgender population.</p>

pregnancy and maternity	<p>Women generally have lower levels of access to private cars than men and are more likely to travel by public transport, particularly buses, to access local services. Women may also be pregnant and/or accompanied by children, perhaps in buggies.</p> <p>For these groups as a whole, some policies within the Local Plan are considered to have a positive impact, for example promoting a safe pedestrian network within the district. A safe network means safety from other road users such as cars, vans, HGVs, buses and cyclists. Management of other road users including speed restrictions, sufficient widths, and segregation where appropriate and well designed and positioned crossing facilities can reduce conflicts between users. Well-designed pathways, natural surveillance, appropriate levels of lighting, CCTV and good levels of maintenance can improve actual and perceived security.</p>
Gender reassignment	
Race	<p>The Lancaster district has a high proportion of White British residents: 91.5% compared to 79.8% in England. This represents an increase in ethnic diversity though as the corresponding figure in 2001 was 95.8%.</p> <p>Hate crime recorded by the police in England and Wales increased by over 6% from 2011/12 to 2013/14, of which 84% were race, 0% were sexual orientation, 5% were religion, 4% were disability and 1% were transgender.</p> <p>The policies within the Local Plan generally encourage equality and inclusivity and are not considered to have any negative impacts on the LGBT group. For example well designed pathways, natural surveillance, appropriate levels of lighting, CCTV and good levels of maintenance can improve actual and perceived security.</p> <p>There are currently over 19 Gypsy and Traveller sites in the district and policies in the Local Plan support proposals that would create new Gypsy and Traveller and Travelling Showpeople sites provided that there is an evidenced need.</p>
Sexual orientation  Including Civic Partnership	<p>The 2011 Census did not have a specific question regarding sexual orientation. Estimates of the prevalence and incidence of transgender people are difficult to quantify due to the lack of robust national data.</p>

<p>Rural communities and People on Low Incomes</p>	<p>The evidence in relation to rural communities suggest that, in general, house prices in these areas are higher than the district average, that job opportunities are fewer than average and are often for low-skilled work, that services including buses, health provision, shops and libraries are under threat of closure or service reduction.</p> <p>There are unmet needs for affordable housing both in rural communities and on low incomes. The DPDs will seek to address such inequalities where it is possible to do so. Whilst there will be challenges to achieving this, whether through development viability or through direction of national planning policy, the DPDs will set a positive and proactive course in the attempt to meet such needs.</p> <p>Although rural communities and people on low incomes are not protected groups, the public consultation process is designed to engage with rural residents and other stakeholders, and take account of their comments and feedback in developing the final draft.</p> <p>The Local Plan policy will encourage the enhancement of the delivery of Starter Homes and Affordable Housing and the telecommunications and broadband improvement policy will support the improvement and extension of telecommunication and broadband coverage and broadband speeds, particularly in rural areas which have poor or no service provision at all.</p> <p>The Local Plan seeks to direct some new development to sustainable villages in rural areas which helps to maintain vitality and indirectly protect services such as schools and transport services.</p>
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#### **Section 4: Next steps**

##### **Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?**

Extensive consultation has been carried out as part of the plan making process. The approach has been consistent with proposals set out in the Statement of Community Involvement and has adhered to requirements set out in Town and County Planning and Compulsory Purchase Act 2004 and The Town and Country Planning (Local Planning) (England) Regulations 2012. An equality monitoring form has been used to collect information when consultees make responses order to assess whether the community engagement process are reaching all sectors of the community.

The use of Equality Impact Assessments will be carried out at the forth coming public consultation process

##### **How have you taken/will you take the potential impact and evidence into account?**

To mitigate against any potential negatives a key recommendation is that equality impact assessments should be carried out at a localised/project delivery level. Efforts should be made to work with developers/organisations on this to ensure this process occurs and also to encourage this as a condition through proposals and planning applications.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Once adopted, the final DPDs will be subject to formal monitoring and review, as set out in the document. When a further review of the Lancaster District Local Plan takes place, it would be appropriate to carry out an Equality Impact Assessment, to assess any policies changes and their effects.

The use of Equality Impact Assessments carried out at a project/planning application level locally. These could be monitored on a two yearly basis; due to the 15-20 year life span of the Local Plan document.

Thank you for completing this equality impact assessment form, please submit your completed form as an appendix to your committee reports for monitoring and publishing purposes to [‘report clearance’](#) (please refer to report writing guidance).



## Localised Council Tax Support Scheme 2017/18 14 December 2016

### Report of Chief Officer (Resources)

#### PURPOSE OF REPORT

To seek a decision from Council on its Localised Council Tax Support (LCTS) scheme for 2017/18.

**This report is public.**

#### RECOMMENDATIONS

- (1) That Council determines whether to retain its existing Localised Council Tax Support Scheme for 2017/18 (Option 1), or to amend it for minor changes to entitlement (Option 2).
- (2) That the Chief Officer (Resources) be authorised to finalise and publish the Council's approved Scheme for 2017/18 in line with (1) above and make all other necessary arrangements for its implementation in next financial year.

#### 1 BACKGROUND

- 1.1 Following the abolition of the national Council Tax Benefit (CTB) system back in April 2013, each billing authority now has a legal duty to adopt a Localised Council Tax Support (LCTS) scheme.
- 1.2 Each authority is also under a legal obligation to consider, for each year, whether to revise its scheme or to replace it with another scheme. The history of the Council's arrangements is summarised below:
  - The first local scheme was adopted in January 2013 for implementation in 2013/14. The Council chose not to reduce support levels at that time, unlike most other local authorities (268 or 82% of all 326 billing authorities chose to reduce support for that year, in some way).
  - In reviewing its scheme each year since then, Council has decided to retain basic council tax support levels, meaning that working age claimants on low incomes may still be awarded support to cover up to 100% of their council tax bills.

- The Council has applied some comparatively minor changes however, on the basis that entitlement criteria for LCTS should remain in line with other key benefits, most notably Housing Benefit (HB) and Universal Credit (UC).
- 1.3 If any council does wish to alter its scheme, it must approve any changes by 31 January. There is currently no provision for changing a scheme in-year.
- 1.4 As part of the last budget, Council approved that “public consultation on the LCTS scheme options for 2017/18 onwards will be undertaken during summer 2016, to meet legal requirements, ahead of a report being considered by Council.” This report is in line with that requirement.
- 1.5 Separately, Members may be interested to know that the outcome of the three-year independent review of LCTS, led by Eric Ollerenshaw OBE, was published back in March of this year. A summary of the key recommendations is attached at **Appendix A**. It is not yet known what Government’s response to that review might be. If changes arise to the legislative framework, they could have implications for the Council’s future decisions regarding its scheme and the associated consultation arrangements. The position will be monitored.

## 2 OVERVIEW OF THE COUNCIL’S CURRENT SCHEME

- 2.1 As laid down by Government, there are three general principles that all Local Council Tax Support (LCTS) schemes must follow:
  - pensioners should be fully protected;
  - vulnerable groups should be protected as far as possible, as determined locally; and
  - local schemes should support the positive work incentives being introduced through Universal Credit for working age people.
- 2.2 The Council’s existing scheme meets these principles, giving protection for certain groups and helping to support work incentives. It provides additional protection for vulnerable people through other income disregards, premiums and allowances. It also provides for annual uplifts associated with inflation, etc.
- 2.3 It is worth reiterating that under legislation, pensioners are protected from any locally driven scheme changes. This means that any Council decisions can impact only on working age claimants.
- 2.4 As Council has so far maintained general support levels, this means that if entitled, a claimant would receive 100% support to cover their council tax bill. Of the 326 schemes in operation nationally, currently the Council is one of only 67 councils that still provide that full level of council tax support for working age claimants, depending on their circumstances.
- 2.5 The Council has established an Exceptional Hardship Scheme in relation to council tax support, although given that general support levels have been maintained, demand against this continues to be minimal.

- 2.6 More information on the Council's LCTS scheme principles is set out in **Appendix B**. In particular, the Department for Work and Pensions (DWP) has now gone live with full Universal Credit in this district, and the Council's existing LCTS scheme accommodates this new legislation.
- 2.7 With those points in mind, as is usual Officers consulted with the Portfolio Holder to inform the scope of the consultation to be undertaken on scheme options for 2017/18. As a result the exercise has focused on only minor amendments, rather than on any fundamental changes. There are two options for Council to consider and these are now presented for Council's consideration.

### 3 OPTIONS AND OPTIONS ANALYSIS

#### 3.1 Option 1:

**Retain the existing Localised Council Tax Support (LCTS) scheme, making no changes.**

Key Considerations
<ul style="list-style-type: none"> <li>• Reflects a small change in policy principles. Previously Council has kept various entitlement provisions for LCTS in line with other key welfare benefits, most notably housing benefit and also Universal Credit (UC) – which is growing in significance. This option would break that link, and introduce some inequalities.</li> <li>• As such this option is expected to create more confusion for claimants, rather than less (and welfare benefits are already very complicated). This is expected to add slightly to the administrative burden in dealing with claims and queries from claimants.</li> <li>• May result in a very slight increase in costs.</li> </ul>

#### 3.2 Option 2:

**Make minor technical changes to the existing Localised Council Tax Support (LCTS) scheme, to keep various entitlement criteria the same as for other key benefits (e.g. Housing Benefit and Universal Credit).**

- The Government continues to make announcements on a number of measures affecting housing benefit and universal credit to encourage work and reduce the level of benefit available. Some of these have affected entitlement criteria for housing benefit and universal credit, as examples. Under this option, the Council's LCTS scheme criteria would be similarly updated, to keep entitlement in line, and help ensure equality.
- The specific changes for consideration by Council are identified under **Appendix C**. It is expected that any new impact on claimants, and the financial impact for the Council, would be very small. In view of this, they are presented as a package of measures.



- Some components (linked to backdating and the removal of family premium) were implemented in last year's scheme – and based on feedback gained through the consultation there is no case for revisiting those decisions – but all those shown in Appendix C are new initiatives. It is understood that most if not all Lancashire Councils are now looking to replicate all such changes in their LCTS schemes for next year onwards.

Key Considerations
<ul style="list-style-type: none"> <li>• Retains existing policy principle of keeping various entitlement provisions for LCTS in line with other key welfare benefits; promotes equality.</li> <li>• Would help to lessen confusion for claimants – entitlement to welfare benefits is considered complex enough.</li> <li>• Following on, would also help prevent an increase in administration, in dealing with claims and claimant queries.</li> <li>• Some aspects would impact adversely on a very small number of households now and in the future. In context, however, the Council continues to offer a favourable scheme when compared nationally and it still has in place an Exceptional Hardship Scheme to provide additional support should the need arise.</li> <li>• Would result in some minimal savings.</li> </ul>

## 4 CONSULTATION

- 4.1 Legislation requires the Council to consult with its major precepting authorities and such persons that it considers likely to have an interest in the operation of its LCTS scheme.
- 4.2 The Council has consulted with its major precepting authorities (County, Fire, Police) on the basic scheme options for next year, acknowledging that they share in the financial cost attached to any LCTS scheme. A response was received from the Fire Authority, who confirmed that they *"support the principle of linking changes to those associated with Housing Benefits [Option 2]."* They go on to say that *they "would obviously be more interested in any changes which impacted on our precept"*.
- 4.3 A wider public consultation has also been undertaken, the key findings of which are set out at **Appendix D**. In very simple terms, the majority of respondents are in favour of the minor scheme changes being implemented (i.e. Option 2).

## 5 CONCLUSION

- 5.1 The Council's existing LCTS scheme works well in terms of providing support. To date the Council has attached a high priority to maintaining the council tax support available to working age claimants (pensioners being unaffected by Council's decisions), and so it has not sought to make any significant savings through reducing its scheme. It has previously made minor technical changes to keep LCTS entitlement

criteria in line with other welfare benefits, however.

- 5.2 Officers consider that there are positives to be gained by keeping entitlement provisions in line and as such, Option 2 is preferred. Most importantly, this option should help maintain some consistency and equality, and avoid extra confusion for claimants and administrators alike. The financial impact on claimants is expected to be very small, given that the Council continues to offer up to 100% support and in any event, it also operates an Exceptional Hardship Scheme to provide additional support should claimants' circumstances warrant it. From an Officer perspective therefore, under Option 2 the Council's LCTS scheme provisions would remain comparatively generous (in national terms) and administratively efficient.
- 5.3 In future, as a principle it would be the intention to continue to reflect new minor technical changes coming through in future years' schemes (from 2018/19 onwards), with consultation only being undertaken if Council was minded to consider more fundamental changes. It is hoped that Government's response to the 3-year review outlined at Appendix A would facilitate such an approach.
- 5.4 All that said, the 2017/18 LCTS scheme is a matter for Member decision and it is open to Council to approve either of the options presented.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

Either option fits with the Council's Corporate Plan, which includes a success measure of working in partnership to optimise access to welfare benefits and related support.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

An Equality and Human Rights Impact assessment has been undertaken and can be found as part of Appendix C.

#### **FINANCIAL IMPLICATIONS**

The financial aspects of LCTS impact on all tiers of local government in the district, not just the City Council - and so the County, Police and Fire Authorities (as "major precepting authorities") are also affected, as are parish and town councils (as "local councils"). The County Council has the greatest exposure.

As context, currently the LCTS system is estimated to cost £9.5M each year, but this is affected by council tax rates and claimant caseload, as well as the decisions of Council. Of this estimated cost, approximately £1.2M falls to the City Council, with remainder being covered by the other precepting authorities and councils. Indicative proportions are summarised as follows:

	<b>£'000</b>
City Council	1,230
County Council	6,850
Fire Authority	380
Police and Crime Commissioner	960
Parish/Town Councils	80
<b>Total Estimated Cost</b>	<b>9,500</b>

To help offset these costs, authorities receive some funding through the general Finance Settlement, but this can be interpreted/presented in different ways. Parish and town councils do not receive any additional funding, however. In recent years Government has urged local authorities to 'pass on' funding to parishes, but there is no statutory obligation to do so and in light of authorities' wider financial challenges and constraints, not all do (likewise the City Council doesn't).

Should Council approve Option 1, there would be no real impact on the budget, as it is already assumed that the existing scheme will continue to apply in next year and beyond. There may be some minimal costs arising, but in budgetary terms they would be negligible.

Should Council approve Option 2, there would be some minimal savings to the Council and major preceptors (County, Fire, Police), with an estimated nominal value of around £13K in total, with the City Council's share being less than £2K. Any impact on parishes would be negligible.

Whilst Option 1 is likely to create a slightly higher administrative burden, this cannot be readily quantified.

The limited consultation exercise has cost in the region of £3K. Council will note from the comments in Appendix A that there is a lack of clarity regarding the circumstances in which the statutory requirement to consult applies. Given that no consultation exercise was undertaken last year and more technical changes are proposed for next year, it was considered appropriate to undertake a limited consultation. This is in view of Council's earlier budget decisions, and the inherent risk of legal challenge, borne from other councils' experiences. Hopefully, greater legal clarity will be gained for forthcoming years.

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

The Section 151 Officer has contributed to the production of this report, which is in her name (as Chief Officer (Resources)).

#### **LEGAL IMPLICATIONS**

As set out in the report. Legal Services have no further comments.

#### **MONITORING OFFICER'S COMMENTS**

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

#### **BACKGROUND PAPERS**

2016/17 LCTS Scheme.

Three Years on; An Independent review of Local Council Tax Support Schemes (March 2016).

Feedback on 2016/17 Scheme changes.

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**[nmuscamp@lancaster.gov.uk](mailto:nmuscamp@lancaster.gov.uk)**

**APPENDIX A**

**Three Years On  
An Independent Review of Local Council Tax Support Schemes  
Completed March 2016**

**Recommendations to Government:**

1. Government should remove the January 31st deadline for schemes to be agreed on, and replace it with a condition that councils have an LCTS scheme agreed and in place by the end of March each year.
2. Multi-year or rolling schemes should be allowed. Councils should be required to review their schemes at Full Council only when changes are being proposed.
3. The statutory consultation requirements should be clarified by Government, so that councils can take a less risk-averse approach. This should make consultations less burdensome on councils, and more engaging to residents.
4. DCLG should issue updates to the prescribed regulations sooner in the year, so as to inform local consultation. This could be a two-stage process, with policy intent provided in summer, and details and updates to regulations confirmed after the Autumn Statement.
5. Government should enable LCTS recipients to pay off arrears through a voluntary attachment to benefits agreed with the council, without the requirement to obtain a liability order. Safeguards should be put in place to ensure that individuals have had the time, information and capacity to consider the option and make an informed decision.
6. Government should work closely with councils to rectify data-sharing issues between council systems and Universal Credit systems, and to address concerns about how critical Government-held data will be shared with councils as Universal Credit is rolled out to LCTS recipients.
7. Government should consider localising at least part of the LCTS scheme for pensioners, allowing councils to decide how much support they wish to provide for all low-income residents.
8. Government should consider granting more local flexibility over other nationally-set council tax discounts, such as the single person discount.
9. Government should take steps to better understand the impact of LCTS on individuals and councils, widening the data it holds on LCTS. This will enable future policy evaluation.
10. Government should commission in-depth academic research on the impact of LCTS within the wider context of other welfare and socioeconomic changes.
11. Government should be transparent about how much funding for LCTS is paid through Revenue Support Grant, and it should be explicit about the future funding of LCTS schemes, including any expectations on how LCTS should be locally funded.
12. Government should require councils to clearly state how much funding they intend to pass on to parishes as part of their consultation on LCTS schemes.

13. Government should improve its engagement and ongoing dialogue with local government on LCTS. This could be done via an updated and more transparent Council Tax Partnership Forum, or by setting up another forum for this purpose.
14. Government should confirm that LCTS will remain a local discount scheme for a local tax, and that it will not be rolled into Universal Credit.

### **Recommendations to Councils**

1. Where possible, councils should work in partnership in designing future schemes. Councils should consider options around joint procurement of software providers, and joint schemes with neighbouring councils, where appropriate.
2. Councils should ensure their debt collection practices remain in line with latest Government guidance, and that their processes are proportionate to the debt involved. Councils should consider signing up to the Citizens Advice “Council Tax Arrears: Good Practice Protocol”, developed in partnership with the Local Government Association.
3. Departments and teams within councils should work closely with each other and with partner organisations to develop a holistic approach to LCTS council tax collection, identifying and supporting people who are struggling to pay.

Review Conducted by: Eric Ollerenshaw OBE

**Lancaster City Council  
Summary Principles of the Council Tax Support Scheme**

The Council Tax Support Scheme is based upon the following principles and will:

1. be calculated as a means tested discount, defined primarily by the terms of the former Council Tax Benefit (CTB) Scheme;
2. match/reflect as appropriate specific wider welfare reforms introduced by the Government, such as those that impact upon housing benefits and/or universal credit as examples;
3. protect pensioners (a Government requirement);
4. help protect the most vulnerable members of society as far as possible, as determined locally;
5. retain a local arrangement for war pensions to be disregarded in full;
6. support positive work incentives that are built in to benefit those who find work;
7. include a hardship fund to help claimants who suffer exceptional hardship as a result of council tax support changes; and
8. not include a second adult rebate reduction for working age claimants.

**Class of persons**

The scheme sets out rules for working age claimants. Regulations prescribe a scheme for claimants of state pension credit age and prescribe certain classes of persons who are not eligible to claim council tax support.

Eligibility for council tax support is determined by reference to means testing i.e. the income and capital of the claimant and any partner; and by the income and number of non-dependants in the household.

Eligibility for council tax support is defined by the terms of this scheme. The scheme sets out how council tax support is claimed, calculated and paid, except where amendments are required by statute under the Local Government Finance Act 2012 and/or accompanying legislation.

**Class of reductions**

The scheme aligns with the basic principle of the need to create work incentives.

The scheme is based on the system of making deductions from the eligible council tax for each non-dependant person in the household. The categories of non-dependency are set out in the scheme. Income brackets may be altered in line with the general up-rating arrangements in the scheme.

Changes will be reflected in the scheme, as considered appropriate, to reflect the Government's ongoing welfare benefits reforms, such as those affecting housing benefit and universal credit as examples.

### **Applications**

An application will be required for all new claims. An appropriate means of application will be decided by the authority and may be revised as required. A review process may be implemented by the local authority for new and existing awards. Awards may be reviewed in a time period to be determined by the authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

### **General administration of the scheme**

Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The authority reserves the right to include additional notifications.

### **Changes in Circumstances**

Matters relating to the duty for a claimant to notify the Local Authority of a change in circumstances shall generally replicate those that applied to the former CTB Scheme.

### **Appeals process**

Claimants will submit any appeals to the Council in the first instance for a reconsideration of a relevant decision. Once notified of the outcome of this review, the claimant will have a period of two months from the date of the notification to submit an appeal to the Valuation Tribunal.

### **Backdating**

An award of support may be backdated for a maximum of one calendar month from the date that the claim for backdating is made, providing continuous good cause is shown for the delay in claiming.

### **Up-rating**

Following commencement of the scheme, with effect from 1st April each year any figures set out in the scheme may be up-rated by the consumer price index, retail price index or other rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit, or as decided by the authority.

If the local authority does not revise the scheme for the new financial year, the parameters for the current year will continue to apply for subsequent years.

### **Other Matters**

The scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, or other means.

**Government Welfare Reforms**  
**Option 2 Proposals/ Impact on Localised Council Tax Support from April 2017**

Government Changes 2017/18	Proposal / Impact on LCTS
<p>From April 2017 the period for which a person can be absent from Great Britain and still receive Housing Benefit (HB) will be reduced to 4 weeks.</p>	<p>Change to be mirrored in LCTS scheme (so that Housing Benefit and LCTS schemes are in line, to help avoid unnecessary confusion). The current LCTS scheme allows 13 weeks absence, the proposed changes would allow only 4 weeks.</p> <p><b>Indicative Impact:</b>            Very small. Drawing on experience, it is estimated that on average, 30 claimants would be affected annually, losing an average 4 weeks' entitlement, at £18 per week.</p> <p>Estimated annual reduction in LCTS = £2.2K, of which around £300 would be attributable to the City Council.</p>
<p>From April 2017 the element of a Work Related Activity Component in the calculation of the current scheme will be removed for new Employment and Support Allowance (ESA) applicants.</p> <p>Affected claimants' ESA entitlement reduces by £29.05 per week.</p>	<p>Change to be mirrored in LCTS scheme (so that Housing Benefit and LCTS schemes are in line, to help avoid unnecessary confusion). The change would maintain affected claimants' LCTS entitlement at current levels – they would not experience any reduction. (Without the change, LCTS entitlement would actually increase.)</p> <p><b>Indicative Impact:</b>            Very small. Drawing on experience, it is estimated that around 16 cases would be affected by this change (avoiding extra LCTS awards estimated at around £300 per year per case).</p> <p>Estimated annual saving in LCTS = £4.8K, of which around £600 would be attributable to the City Council.</p>
<p>From April 2017 the number of dependent children within the calculation for housing benefit will be limited to a maximum of two for any new children born on or after 1 April 2017.</p>	<p>Change to be mirrored in LCTS scheme (so that Housing Benefit and LCTS schemes are in line, to help avoid unnecessary confusion).</p>



	<p><b>Indicative Impact:</b>          Unable to quantify the number of claimants who may be affected - unknown factor of how many additional children will be born into existing “two-children households” of working age Council Tax Support recipients from April 2017 onwards.</p> <p>That said, any impact of this reduction would be mitigated in part by a number of proposed exceptions including circumstances such as multiple births.</p> <p>Note that existing claimant households with more than two dependent children would be unaffected.</p>
<p>From April 2017 the entitlement to the Severe Disability Premium within the calculation for housing benefit will be removed, where another person is paid Universal Credit (Carers Element) to look after them.</p>	<p>Change to be mirrored in LCTS scheme (so that Housing Benefit and LCTS schemes are in line, to help avoid unnecessary confusion). The change would ensure that Housing Benefit and Universal Credit claimants are treated equitably. The change would maintain LCTS entitlement at current/pre-UC levels for affected claimants. (Without the change, LCTS entitlement would actually increase.)</p> <p><b>Indicative Impact:</b>          No firm information on likely numbers affected, although experience indicates that this would be no more than 10 or so (avoiding extra LCTS awards estimated at up to £640 per year per case).</p> <p>In effect, the change prevents the doubling up of an element of financial support being awarded where Universal Credit applies. It should be neutral therefore for most affected claimants.</p> <p>Estimated annual saving in LCTS = £6.4K, of which £800 would be attributable to the City Council.</p>

Note that currently, total caseload for LCTS is around 11,000, of which over 6,000 are of working age.



**Lancaster City Council's Equality Impact Assessment**  
**Council Tax Support Scheme 2017/18**

**Section 1: Details:**

<b>Service</b>	Revenues & Benefits Shared Service Resources
<b>Title and brief description (if required)</b>	Council Tax Support Scheme
<b>New or existing</b>	Existing
<b>Author/officer lead</b>	Lead – Adrian Robinson (Head of Shared Service)
<b>Date</b>	28th November 2016

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary:**

**What is the purpose, aims and objectives?**

The Government's focus on localisation and creating incentives for work underpinned the rationale to introduce a localised Council Tax Support ("LCTS") scheme.

The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year. The main aims of the changes proposed for the LCTS scheme for 2017/18 are to ensure equality and consistency, thereby saving additional confusion for claimants. The proposals for change match the measures introduced by the Government for Housing Benefit and Universal Credit, to encourage work and reduce the levels of benefit available.

**Who is intended to benefit and how?**

Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances.

For working age claimants, Councils can choose – through the design of their scheme – whether to alter awards in some way. This may help with equality and social responsibility, in terms of 'who pays' for public services.

In October 2016 a consultation exercise was undertaken, covering the proposed changes:-

- **Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks;**
- **Removing the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.**
- **Limiting the number of dependent children within the calculation for Council Tax Support to a maximum of two.**
- **Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them;**

Including the wider Government welfare reform changes in the Council's LCTS scheme makes it easier for customers to understand and ensures a consistent and more equitable approach across the different benefits customers may be receiving.

Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and DWP guidance.

## **Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?	Yes	No
• Discriminate unlawfully against any protected group?	Yes	No
• Affect the relations between protected groups and others?	Yes	No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?	Yes	No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?	Yes	No

<p>The draft LCTS scheme for 2017 has been subject to a public consultation ending on 13 November 2016 covering a number of technical changes listed in this Equality Impact Assessment. The results form part of the Council Report recommending the final LCTS scheme for 2017/18. The consultation was open to everyone in the community.</p> <p>We have access to wider population statistics and can assess equality monitoring data available as part of the survey.</p>	
Age including older and younger people and children	<p>Positive re: pensioners - as they are protected from the changes by the Government. The elderly make up approx. 44% of the caseload.</p> <p>However, a small number of working age customers will face more difficulties under the new scheme. Working age claimants make up approx. 56% of the caseload.</p>
Disability	The proposals would retain existing LCTS levels (preventing any increase) in the main and so this group would not be adversely affected by the proposed changes, and would not be not disadvantaged in comparison to other groups.
Faith, religion or belief	Neutral.

Gender including marriage, pregnancy and maternity	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Gender reassignment	We do not anticipate this policy will have a particular equality impact on this protected group.
Race	Potentially – BME populations seem to be overly represented in unemployment figures and this may feed through into LCTS claims and entitlement.
Sexual orientation (Including Civic Partnerships)	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Rural communities	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
People on low incomes	The scheme relates predominantly to this group, but numbers affected by the specific proposals are expected to be very low.

#### **Section 4: Next steps:**

**Do you need any more information/evidence e.g. statistics, consultation? If so, how do you plan to address this?**

No further evidence required.

Consultation closed 13 November 2016. Results to be considered as part of the Council report submitted to full Council, meeting scheduled for 14 December 2016.

**How have you taken/will you take the potential impact and evidence into account?**

Through Council decision-making and options analysis.

To date working age claimants on low incomes continue to benefit from support covering up to 100% of their council tax liability, as is afforded to pensioners under national provisions. It is considered that in light of that, the small scale of these proposals, and the recent consultation, there is enough information to enable meaningful consideration in the decision making process. This Equality Impact Assessment forms part of the Council report to be presented to Member at full Council in December 2016.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

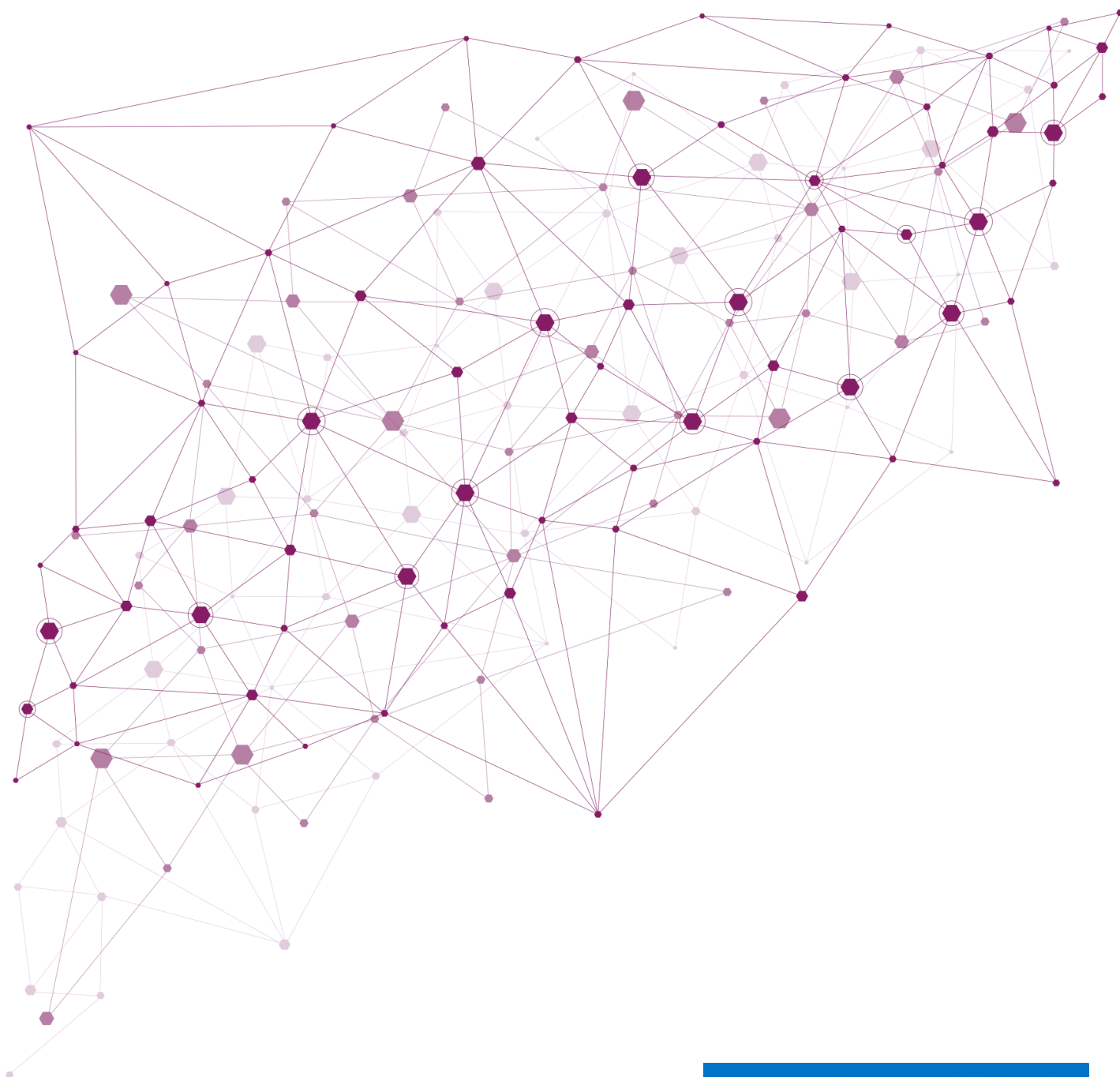
If the proposals for change are implemented effective from 1 April 2017 customer feedback will be monitored to identify any adverse impacts. The reasons for applications to the Discretionary / Exceptional Hardship Funds will be analysed to establish if any group is experiencing inequitable treatment under the new LCTS scheme, to enable action to be taken.

For customers affected by these changes in the short term the council has an Exceptional Hardship Fund with an indicative value of £30K, available to assist vulnerable customers, experiencing difficulty in meeting their Council Tax liability.

# Lancaster City Council

## Council Tax Support Scheme

### Consultation 2016



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Project Title:	Lancaster City Council Tax Support Scheme Consultation 2016
Date:	5 December 2016
Report Status:	Final
Approved By:	N/A
Authors:	Adam Pearson
Comments To:	<a href="mailto:adam.pearson@blackpool.gov.uk">adam.pearson@blackpool.gov.uk</a>

## 1. Executive Summary

Between 17 October and 13 November 2016, **246 responses were received to a public consultation** on proposals relating to Lancaster City Council's Council Tax Support (CTS) Scheme. 213 postal surveys were returned from a random household mail out as well as 33 online submissions.

These responses were received from residents across the borough, with a broadly even split of males and females. A range of age groups were represented, although there were more responses from those residents aged 45 or over compared to younger age groups. Nearly half of responses were from residents with a limiting long-term health condition or disability.

The views of both residents in receipt of Council Tax Support and those residents not in receipt have been captured through this consultation.

### Proposed changes to Council Tax Support

- Overall, more consultation respondents agree than disagree with all proposed changes to the Council Tax Support Scheme
- However, those respondents receiving support had lower levels of agreement than those people not in receipt

**Figure 1.1: Percentage of respondents who agree with the different consultation proposals**

Consultation Proposal	All respondents	In receipt of CTS	Not in receipt of CTS	Don't know if in receipt of CTS
Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks	73%	67%	85%	46%
Remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants	55%	38%	71%	54%
Limit the number of dependent children within the calculation for Council Tax Support to a maximum of two	68%	56%	80%	62%
Remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them	48%	35%	64%	23%

## 2. Background and Methodology

### Background

In April 2013 Council Tax Benefit was abolished by the Government. Local councils had to introduce their own “Council Tax Support” (*‘CTS’*) schemes to help working age people on low incomes pay their Council Tax. At the same time, instead of funding the full level of Council Tax Benefit that councils paid out, support for the new scheme was reduced.

As part of its welfare reform agenda the Government announced a number of measures affecting Housing Benefit and Universal Credit, to encourage work and reduce the levels of benefit available. The Council is considering matching these measures in the CTS scheme so that from 1 April 2017 it is more aligned with the Housing Benefit Scheme and Universal Credit, to ensure consistency and save additional confusion for claimants. This formed part of the consultation process.

The scheme for pensioners is set by government and they were not affected by this consultation.

### Methodology

The Council Tax Support consultation survey was sent out to a random sample of 1,000 Support claimants and 1,000 general tax payers on Monday 24 October 2016. The survey questions and samples were provided by the Council.

Moreover, an online survey was designed and hosted on the Council website from Monday 17 October 2016, giving anyone an opportunity to take part in the consultation. The online survey was promoted via the Council website homepage and social media accounts. The consultation closed on Sunday 13 November 2016.

In total, 246 responses were received to the Council Tax Support consultation. Of these, 213 were postal returns and 33 were online submissions. The findings within this report are based on the combined total.

All respondents to the consultation were provided with background information on the Council Tax Support Scheme and details on what the various proposed changes mean for residents. 217 of the 246 respondents confirmed that they had read the background information before completing the survey. Moreover, 235 of the 246 respondents indicated that their name appears on the Council Tax Bill for their household.

Please note that where total percentages are above 100%, this is due to rounding. Additionally, it is important to note that the findings within this report are analysed using the ‘base’ total. This is the total number of responses to each individual question and ensures that any non-responses are excluded from the analysis.



### 3. Who responded?

The map below indicates where respondents to the consultation live based on valid postcodes received. Some respondents either provided a partial postcode or chose not to provide one altogether. Responses have been received from residents of Lancaster, Morecambe and Carnforth, as well as a spread of rural areas in the borough.

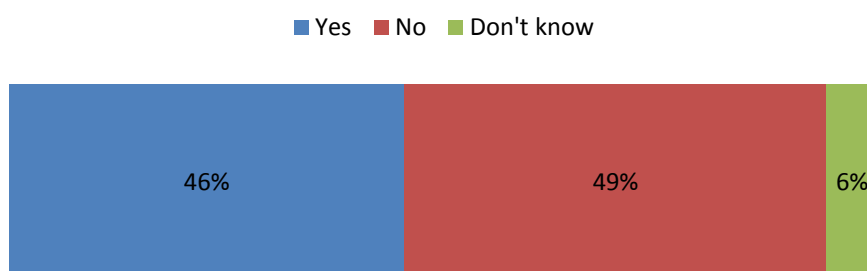
**Figure 3.1: Map of postcode responses to consultation (base – 206)**



*Map accessed from BatchGeo on 23 November 2016*

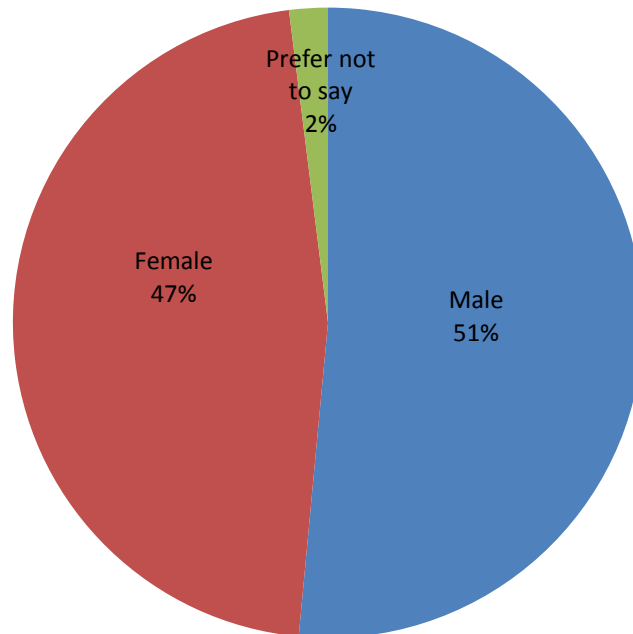
There was a broadly even split of responses from residents who do and do not receive Council Tax Support. 15 of 125 respondents (12%) who do not currently receive Council Tax Support have received it in the past.

**Figure 3.2: Households in receipt of Council Tax Support (base – 233)**



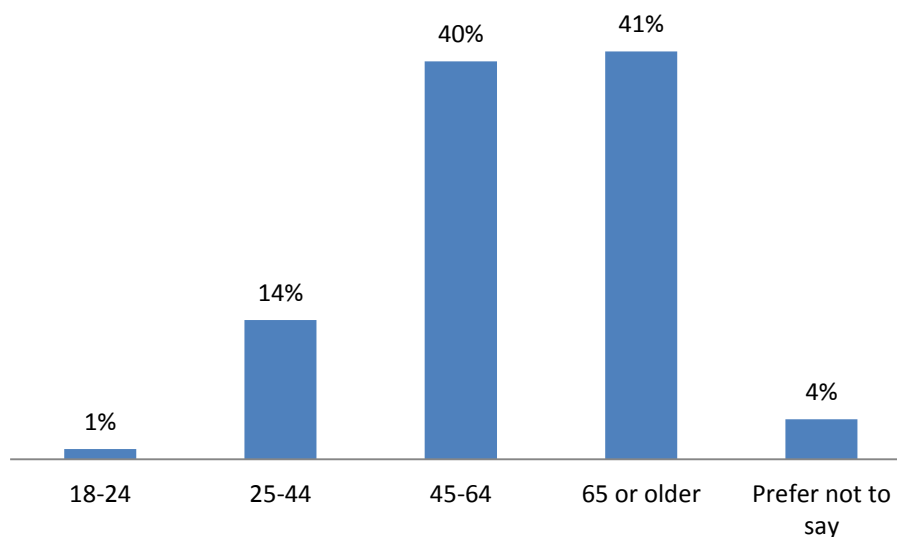
More males than females responded to the consultation, whilst a small proportion (2%) preferred not to indicate their gender.

**Figure 3.3: Gender of respondents (base – 237)**



Two in five (40%) of responses to the survey came from people aged 45 to 64, and a further two in five (41%) from those aged 65 or older.

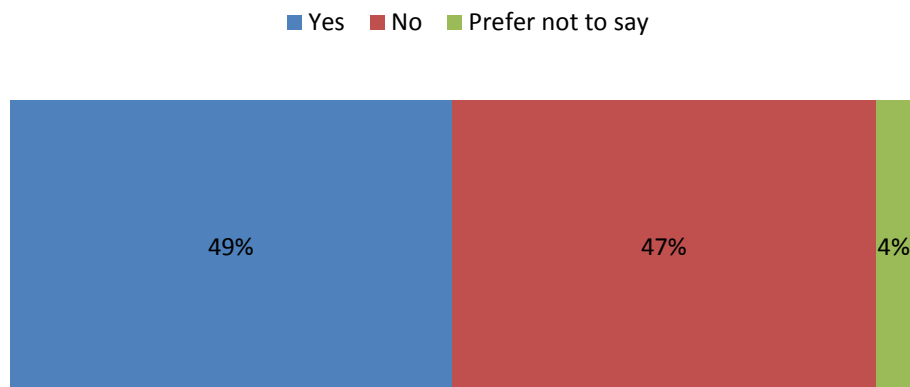
**Figure 3.4: Age of respondents (base – 242)**



The majority of responses (92%) were from residents of White British ethnicity, with a further 5% preferring not to say.

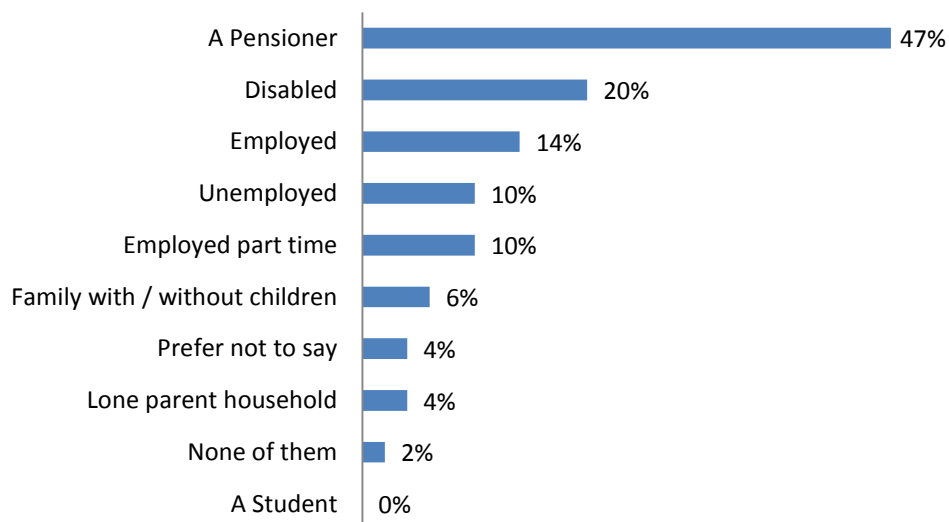
49% of respondents indicated that they have a long term physical, mental health or health condition or disability.

**Figure 3.5: Long term physical, mental health or health condition or disability (base – 233)**



When asked what best describes them, 47% indicated that they are a Pensioner whilst 14% are employed and a further 10% employed part time. 10% are unemployed.

**Figure 3.6: How respondents would describe themselves (base – 241)**

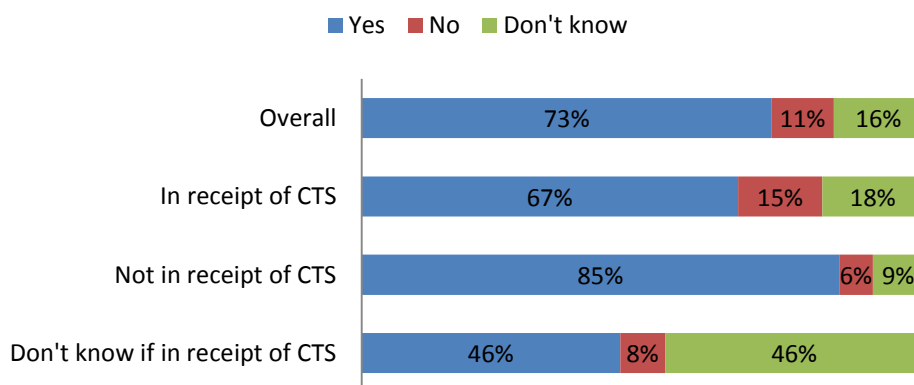


## 4. Findings

### Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks

Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than four weeks, their benefit will cease. The Council is proposing to amend the Council Tax Support Scheme to reflect this change. More than seven in ten (73%) consultation respondents agree that the temporary absence rule should be limited to four weeks, rising to 85% of those people not in receipt of Council Tax Support.

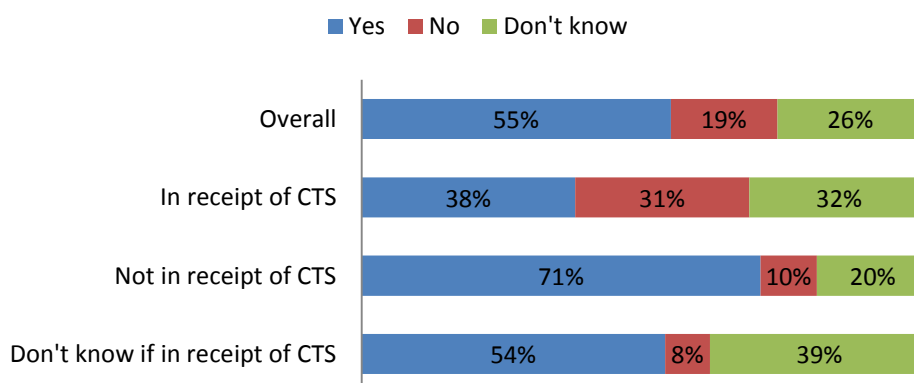
**Figure 4.1: Do you agree that the temporary absence rule should be limited to four weeks? By whether or not the household receives Support (base – 239)**



### To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity payment in their ESA. The Council is proposing that the Council Tax Support Scheme is amended to reflect the changes. 55% of respondents agree with the proposal, with 19% disagreeing. 26% do not know.

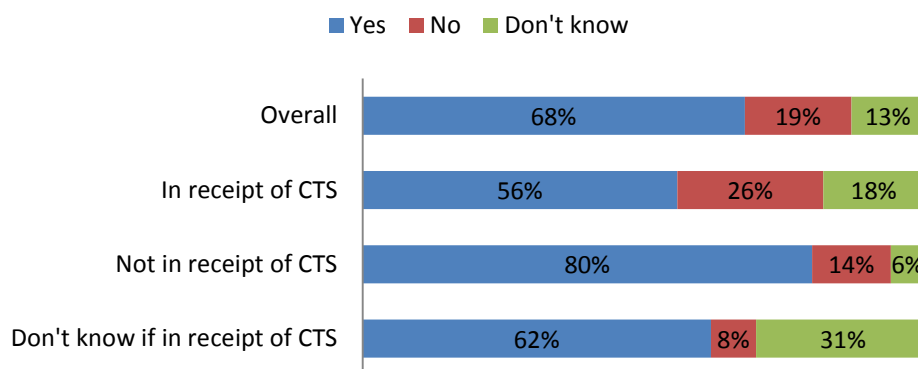
**Figure 4.2: Do you agree that the elements of a Work Related Activity Component should be removed from the scheme for new Employment Support Allowance applicants? By whether or not the household receives Support (base – 237)**



### To limit the number of dependent children within the calculation for Council Tax Support to a maximum of two

From April 2017 Central Government will be limiting the number of dependant additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two, affecting households who have a third or subsequent child on or after 1 April 2017. The Council is proposing that the Council Tax Support Scheme is amended to reflect these changes. 68% of respondents agree with the proposed changes, rising to 80% amongst non-claimants.

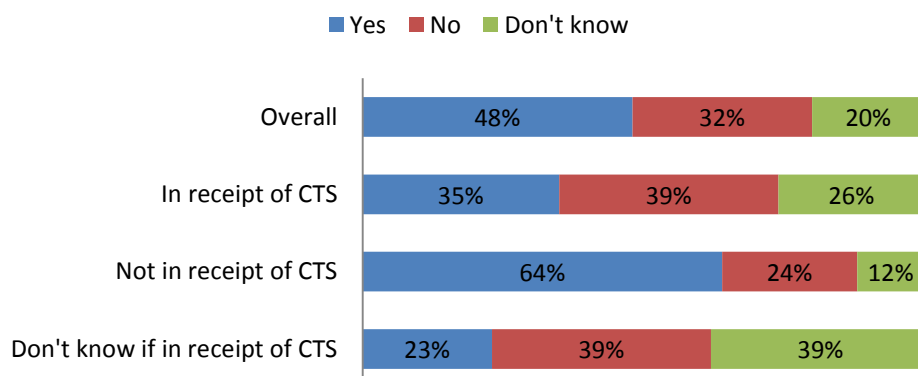
**Figure 4.3: Do you agree that the number of dependent children should be limited to a maximum of two, within the calculation for Council Tax Support? By whether or not the household receives Support (base – 234)**



### To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them

The Council is proposing to treat persons who receive Universal Credit (Carers Element) in the same way as anyone receiving Carers Allowance which would align the Council Tax Support Scheme with Housing Benefit. 48% of respondents agree with the proposal, whilst 32% disagree and a further 20% do not know. Like other proposals, people not in receipt of Council Tax Support have higher levels of agreement than those receiving Support.

**Figure 4.4: Do you agree that the entitlement to the Severe Disability Premium should be removed from the calculation where another person is paid Universal Credit (Carers Element) to look after them? By whether or not the household receives Support (base – 232)**



Finally, the survey gave respondents the opportunity to make any comments about the consultation, including anything else the Council should consider in reviewing its Council Tax Support Scheme.

40 comments were received with topics and suggestions including:

- Specific suggestions relating to individual proposals, including means testing and the circumstances which any calculations must be based on
- Some comments referred to the impact that any changes could have on families and other households who may already be vulnerable
- A couple of comments about how the scheme should consider individual circumstances such as employment situation or health/ disabilities which could impact on some proposals
- Some comments supporting any changes which are perceived to make the system fairer for residents who work and do not receive support
- A few general comments about support for a system which is fair and efficient

**COUNCIL****COMMUNITY POOLS UPDATE  
14 DECEMBER 2016****Report of Chief Officer (Health and Housing)****PURPOSE OF REPORT**

To update Members as requested on progress with the potential asset transfer of the community pools.

**This report is public**

**RECOMMENDATIONS**

- 1. That the report be noted.**

**1.0 Introduction**

- 1.1 At budget Council on 2<sup>nd</sup> March 2016, Members resolved:-

That Full council recognises the health and wellbeing benefits of maintaining operation of the community pools in Heysham, Carnforth and Hornby and the value of those pools as recreation hubs in their local communities. Accordingly, full council mandates officers to engage with users of the pools, Lancashire county council officials, county councillors for the respective divisions, city ward councillors, local schools and community organisations over a period of 6 months to ascertain whether realistic plans for transition of the individual pool assets to community ownership are feasible and to report back to full council on or before 9th November 2016.

**2.0 Progress to date**

- 2.1 Officers from both city and county council have met with representatives from Heysham and Carnforth pool to explore possible transfer and to share information about our costs, income and staffing structures.
- 2.2 Each of the 3 schools (Heysham, Carnforth and Hornby) has registered their interest with county council as part of the community asset transfer opportunity. Officers have also contacted Sport England, Lancashire Sport and the Amateur Swimming Association for further support and advice.
- 2.3 Sport England have agreed to fund a piece of work in conjunction with each school to assist with business plan preparation and provide advice with

regard to asset transfer.

- 2.4 A meeting was held on 29<sup>th</sup> November with representatives from the schools, City Council, County Council, Consultants, Sport England, Lancashire Sport and the Amateur Swimming Association. The basis of the discussion was to agree scoping of the work and timescales.
- 2.5 There is, at this stage, a strong commitment and willingness from all partners to try and secure the future of the pools although achieving this outcome won't be easy and cannot be guaranteed. In terms of community interest in asset transfer, only the schools have expressed an interest in potentially taking over the pools.
- 2.6 Therefore, should the asset transfer not go ahead, discussions will be required in due course between County and City Council officers with regard to handover procedures and responsibilities.
- 2.7 It is anticipated that on completion of the work funded by Sport England, the schools should be in a much better position to assess whether they will be able to take over the pools. That piece of work should be completed by the end of January. Should the schools want to progress with asset transfer, it is unlikely however that they would be ready by April 2017, due to the necessary legal, financial and staffing issues they would need to undertake. If the schools are committed to taking on the pools but need more time, an option would be for the council to continue to operate the pools beyond April 2017 for a limited period.
- 2.8 The position is being monitored, in light of the council's ongoing 2017/18 budget process. If need be, officers will undertake further analysis of the financial and staffing implications and present relevant options for Cabinet's initial consideration as appropriate.

### **3.0 Details of Consultation**

- 3.1 Discussions have been held with the schools, Sport England, Amateur Swimming Association, county council and Lancashire Sport. The Sport England study will include interviews with users.

### **4.0 Conclusion**

- 4.1 This report is to note the current position in relation to possible asset transfer of the community pools.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

Enabling the continued operation of the pools for community benefit would mean greater access to leisure facilities for as many residents as possible.

#### **LEGAL IMPLICATIONS**

At this stage none in relation to this report



## FINANCIAL IMPLICATIONS

There is currently no budget provision for the pools beyond 1 April 2017. Should Members ultimately decide to continue to operate the pools for a further limited period in order to facilitate any transfer to the schools, e.g. up to end of September 2017, then indicative running costs could be in the region of £80K, based on current income performance. Detailed costs would be worked up as part of the budget process, if necessary, and officers would also look to discuss further with County in order to seek a financial contribution towards ongoing costs in an attempt to reduce the additional financial implications arising for the City Council with the caveat that securing a contribution is by no means guaranteed.

## OTHER RESOURCE IMPLICATIONS

### Human Resources:

There will be staffing implications which will be addressed as part of any asset transfer.

### Information Services:

None directly arising from this report.

### Property:

The pools are owned by Lancashire County Council and operated by the city council. The property implications of a potential asset transfer are being progressed.

### Open Spaces:

None directly arising from this report.

## SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments.

## MONITORING OFFICER'S COMMENTS

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

## BACKGROUND PAPERS

None

**Contact Officer:** Suzanne Lodge

**Telephone:** 01524 582701

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

**Ref:** CL5

## CABINET

6.00 P.M.

2ND NOVEMBER 2016

**PRESENT:-** Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, Brendan Hughes, James Leyshon, Karen Leytham, Margaret Pattison and Anne Whitehead

Officers in attendance:-

Susan Parsonage	Chief Executive
Mark Davies	Chief Officer (Environment)
Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Stephen Metcalfe	Principal Democratic Support Officer

### 28 MINUTES

The minutes of the meeting held on Tuesday 3<sup>rd</sup> October 2016 were approved as a correct record.

### 29 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chairman advised that there were no items of urgent business.

### 30 DECLARATIONS OF INTEREST

No declarations were made at this point.

### 31 PUBLIC SPEAKING

Members were advised that there had been no requests to speak at the meeting in accordance with Cabinet's agreed procedure.

### 32 STOREY GARDENS UPDATE

#### **(Cabinet Members with Special Responsibility Councillors Hanson and Leyshon)**

Cabinet received a report from the Chief Officer (Environment) which provided an update on progress with the Storey Tasting Garden project.

The options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows: -

**Option 1** - that the scope of the project is broadened to one that includes the whole of the Storey garden space and that the Council provides active direction of this project. This will allow the Friends Tasting Garden restoration project to continue but with officer support.

**Option 2** - that the current Friends of Group project is given a further 12 months to continue with minimal officer time allocated to their efforts. The group has made excellent progress to date but without greater input from the Council as landowner there is a risk the project may become disjointed and not provide the best outcome.

The Officer preferred option was option 1.

Councillor Leyshon proposed, seconded by Councillor Hughes: -

“That the recommendation, as set out in the report, be approved.”

Councillors then voted: -

***Resolved unanimously:***

- (1) That the scope of the project is broadened to one that includes the whole of the Storey garden space and that the Council provides active direction (in partnership with the Friends group) of this project, thereby allowing the Tasting Garden restoration project development and fund-raising to continue but with officer support.
- (2) That Cabinet thanks the Friends of Storey Gardens for their efforts to date and recognises this by the provision of greater support.
- (3) That Cabinet delegates authority to the Chief Officer (Environment), in agreement with the Chief Officer (Resources) /Section 151 Officer, to approve the making and acceptance of external funding bids above the key decision threshold for this project, where it can be contained within the budget and policy framework and would not require redirection of resources between service areas, functions or activities on an ongoing basis.
- (4) That Cabinet delegates authority to the Chief Officer Resources / Section 151 Officer, in agreement with the Chief Officer (Environment), to adopt the role of “accountable body” where appropriate, in order to support the partnership with the formally constituted Friends of Storey Gardens group, subject to any due diligence and any financial implications being contained within the budget and policy framework.
- (5) That that above delegations remain in place until March 2018 and be subject to review at that time.

**Officers responsible for effecting the decision:**

Chief Officer (Environment)

Chief Officer (Resources)

**Reasons for making the decision:**

The decision is consistent with the City Council’s ‘Clean and Green’ Corporate Priority. It will enable the provision of greater support to the efforts of the Friends of group and ensure that, if progressed, the gardens are developed in a way that will best support the wider business plans for the Storey.

**33 CORPORATE FINANCIAL MONITORING QTR2 2016/17 (Pages 5 - 12)**

**(Cabinet Member with Special Responsibility Councillor Whitehead)**

Cabinet received a report from the Chief Officer (Resources) which provided an overview of the City Council's financial position for Quarter 2 of the 2016/17 monitoring cycle and the supporting actions underway.

The report was primarily for information and therefore no options were presented.

Councillor Whitehead proposed, seconded by Councillor Leytham: -

"That the recommendations, as set out in the report, be approved."

Councillors then voted: -

***Resolved unanimously:***

- (1) That the report and supporting actions be noted.
- (2) That the Treasury Management report attached at Appendix C to the report (now appended to the Cabinet minutes) be noted and referred on to Council for information.

**Officer responsible for effecting the decision:**

Chief Officer (Resources)

**Reasons for making the decision:**

The City Council's Performance Management Framework requires the regular reporting of operational, as well as financial performance. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly to help demonstrate transparency and promote accountability. It is a requirement that this half yearly update be referred onto Council for information.

---

Chairman

(The meeting ended at 6.18 p.m.)

**Any queries regarding these Minutes, please contact  
Stephen Metcalfe, Democratic Services - telephone (01524) 582073 or email  
sjmetcalfe@lancaster.gov.uk**

**MINUTES PUBLISHED ON TUESDAY 8<sup>TH</sup> NOVEMBER 2016.**

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:  
WEDNESDAY 16<sup>TH</sup> NOVEMBER, 2016.**

**Treasury Management Update  
Quarter Ended 30 September 2016  
Report of Chief Officer (Resources)**

# Treasury Management Update

Quarter Ended 30 September 2016

## 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (through the reporting of the Treasury Management Strategy, and annual and midyear reports). This report is in line with best practice in accordance with that Code, to help demonstrate transparency and promote accountability. As such, it is a requirement that this half yearly update be referred onto Council for information.

## 2. Economic Background (provided by Capita Asset Services)

*The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.*

*The Bank of England meeting on August 4<sup>th</sup> addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.*

*The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years.*

*In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.*

### 3. Interest Rate Forecast

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

*Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.*

### 4. Annual Investment Strategy

The Treasury Management Strategy (TMS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 02 March 2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short to cover cash flow needs, but also if and where appropriate, to seek out value available in periods up to 12 months with highly credit rated financial institutions, using the adopted creditworthiness approach, including minimum sovereign credit ratings and Credit Default Swap (CDS) overlay information.

Officers confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 September 2016.

Investment rates dropped significantly following the base rate cut on 04 August 2016. Whilst investment interest is still in line with the budget at this point in time there is estimated to be a shortfall of £63K by the year end. This is because, at the time the budget was set,

forecasts originally predicted an increase in base rate to 0.75% by the end of this financial year.

The average level of funds available for investment purposes during the quarter was £49M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

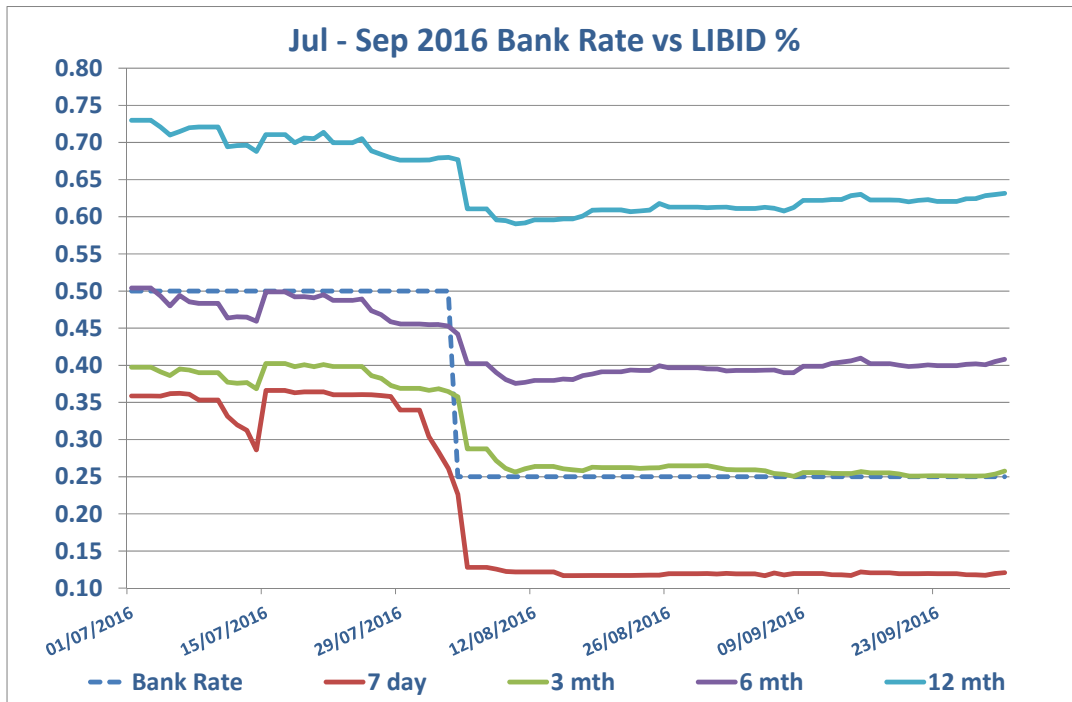
In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates at the end of the period is as follows. This is viewed as reasonable performance, given the need to prioritise security of investments, and liquidity (i.e. making sure that the Council's cashflow meets its needs):

Base Rate	0.25%
7 day LIBID	0.12%
Lancaster City Council investments	0.30%

### Investment performance against budget for quarter ended 30 September 2016

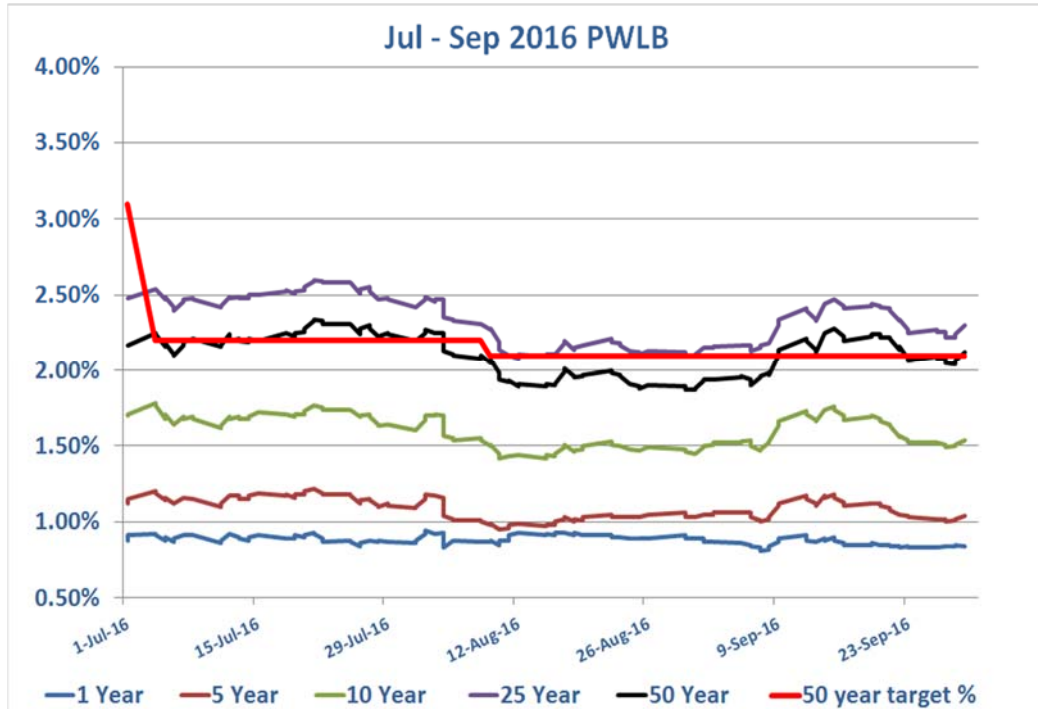
Other Investments	Term	Maturity Date	Opening £	Closing £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
<b>Call Accounts</b>							
Natwest (Cash Manager Plus)			38,555	70,444		0.25%	202
Santander			0	0		0.15%	281
Lancashire County Council			0	0		0.15%	413
<b>Notice Accounts</b>							
Svenska Handelsbanken (35 day)			6,000,000	6,000,000		0.34%	12,875
<b>Money Market Funds</b>							
Insight			470,000	6,000,000	0.30%		9,311
Blackrock Liquidity First			6,000,000	4,800,000	0.37%		13,505
Blackrock Sterling Govt Liquidity Fund			0	60,000	0.21%		1,198
Goldman Sachs			0	6,000,000	0.31%		3,271
LGIM			6,000,000	6,000,000	0.37%		14,027
Ignis			6,000,000	6,000,000	0.39%		14,515
<b>Fixed Term Deposits</b>							
Barclays	6 months	15/04/2016	0	0		0.69%	529
Barclays	3 months	01/07/2016	1,000,000	0		0.48%	1,197
Barclays	3 months	15/07/2016	2,000,000	0		0.48%	2,393
Lloyds	6 months	20/07/2016	2,000,000	0		0.75%	4,521
Lloyds	3 months	30/06/2016	1,000,000	0		0.57%	1,405
Birmingham City Council	6 months	29/04/2016	0	0		0.47%	4,326
Birmingham City Council	6 months	28/10/2016	12,000,000	12,000,000		0.48%	24,302
<b>Sub-total</b>			<b>42,508,555</b>	<b>46,930,444</b>			<b>108,271</b>
						<b>Budgeted income</b>	<b>108,900</b>
							<b>-629</b>





## 5. Borrowing (commentary provided by Capital Asset Services)

During the quarter ended 30 September 2016, the 50 year PWLB target (certainty) rate for new long term borrowing started at over 3.1% and ended at 2.1%. All other rates remained relatively stable.



Due to the overall financial position there is no new underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), therefore no new borrowing was undertaken.

## **6. Debt Rescheduling**

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, because of the high penalties associated with early repayment.

## **7. Compliance with Treasury and Prudential Limits**

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy and in compliance with the Council's Treasury Management Practices.

It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) as at 30 September are attached at Annex A. No changes are proposed as so the information is only for noting.

## **8. Risk Management (Key Aspects)**

### **Investment Security:**

There is still significant inherent risk generally affecting counterparties (i.e. who investments are placed with). These are considered to be managed effectively through the creditworthiness framework currently applied.

### **Liquidity:**

The Council has higher risk that might be considered normal for a council of its size - cash balances remain extraordinarily high, but they are expected to reduce by well over £20 million in or around January 2017 (linked to business rates). Nonetheless liquidity risks are considered to be managed effectively, through cash flow monitoring arrangements and the periods chosen for investment, to help ensure that the Council will have sufficient cash available to meet its payment obligations and deal with the resulting impact on its cashflow.

### **Interest Risk:**

Investment Returns are low and will reduce further. The Council has risk exposure because all of its borrowings are long-term/fixed, and inevitably its investments are shorter term, meaning that generally they are more affected or influenced by the Bank Rate. There is little that can be done to mitigate this risk at this point. That said, with the current Bank Rate being so low, there is not much further for interest rates to fall and so it is considered that the Council's net interest rate exposure (i.e. the difference between its borrowing and investment interest rates) cannot increase significantly.

Counterparty investment capacity (the counterparties and their combined investment limits currently available to the Council) is currently tight, and this can affect investment rates available, but this risk will reduce once cash balances have reduced as expected, and so no changes are proposed at this time.

### **Other general risks:**

Treasury management staffing has now stabilised following restructuring, turnover and other vacancies. This, together with ongoing training for Officers and Members, will assist in the management of treasury related risk more generally. The need for any further measures will be considered during the budget, to ensure that treasury management is not compromised by other work demands.

## PRUDENTIAL INDICATORS - MID YEAR REVIEW

*There are no policy changes required to the Treasury Management Strategy; the details in this annex provisionally updates relevant prudential indicators in light of capital expenditure and financing changes to date.*

### Prudential Indicator for Capital Expenditure

This table shows the current estimates for the General Fund and Housing Revenue Account capital programmes, compared to the original estimates.

Capital Expenditure by Service	2016/17	
	Original Estimate £m	Quarter 2 Position £m
Environmental Services	1.37	1.43
Health & Housing	4.88	4.64
Regeneration & Planning	6.04	5.90
Resources	4.51	4.68
<b>Total for General Fund</b>	<b>16.79</b>	<b>16.64</b>
<b>Council Housing (HRA)</b>	<b>4.51</b>	<b>4.54</b>
<b>Total Capital Expenditure</b>	<b>21.29</b>	<b>21.18</b>

### Changes to the Financing of the Capital Programmes

This table shows the changes in the financing of the capital programmes, and the level of borrowing required. The latter has reduced mainly due to the anticipated extra £850K general fund capital receipts.

Capital Expenditure	2016/17	
	Original Estimate £m	Quarter 2 Position £m
<b>Total capital expenditure</b>	<b>21.29</b>	<b>21.18</b>
Financed by:		
Capital receipts	0.52	1.51
Capital grants	6.42	6.25
Capital reserves	5.53	5.52
Revenue	0.34	0.34
<b>Total Financing</b>	<b>12.81</b>	<b>13.62</b>
<b>Borrowing Requirement</b>	<b>8.48</b>	<b>7.56</b>

### Changes to the Capital Financing Requirement

The following table shows that the capital financing requirement (CFR) is currently slightly lower than the original estimate due to changes in expenditure and financing of the capital programmes. As there is very little change in the CFR at this point in time, no formal changes are being recommended.

Capital Financing Requirement	2016/17	
	Original Estimate £m	Quarter 2 Position £m
General Fund	57.72	57.29
HRA	26.03	25.96
<b>Total Capital Financing Requirement</b>	<b>83.75</b>	<b>83.25</b>
<b>Net movement in CFR</b>	<b>5.82</b>	<b>5.36</b>

### Limits to Borrowing Activity

A key control over treasury management activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total capital financing requirement.

The tables below shows that no extra debt is being taken on, and therefore total debt will not exceed borrowing need (CFR), the operational boundary or authorised external debt limit. As a result, there are no formal changes being recommended to the original approved indicators.

External Debt v Borrowing Need (CFR)	2016/17	
	Original Estimate £m	Quarter 2 Position £m
External Debt	65.25	65.25
Other long term liabilities	0.09	0.09
<b>Total Debt</b>	<b>65.34</b>	<b>65.34</b>
<b>Compared to current approved:</b>		
Capital Financing Requirement	83.75	83.75
Operational Boundary	83.53	83.53
Authorised Limit	100.00	100.00

#### Definitions:

##### Operational Boundary

The limit beyond which external debt is not normally expected to exceed is known as the operational boundary.

##### Authorised Limit for External Debt

A further prudential indicator controls the overall level of borrowing. This is the authorised limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but it is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. There are no proposals to change the limit.