



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 1 February 2017 –
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, 1 February 2017 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 14th December 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.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

9. **BUDGET UPDATE 2017/18 TO 2020/21** (Pages 4 - 52)

Referral from Cabinet.

10. **ARRANGEMENTS FOR THE FUTURE APPOINTMENT OF AN EXTERNAL AUDITOR**
(Pages 53 - 74)

Referral from Audit Committee.

OTHER BUSINESS

11. **MEMBERS' ALLOWANCES SCHEME - REPORT OF THE INDEPENDENT REMUNERATION PANEL** (Pages 75 - 82)

To consider the report of the Chief Executive.

12. **ALLOCATION OF SEATS TO POLITICAL GROUPS** (Pages 83 - 89)

To consider the report of the Chief Executive.

13. **DESIGNATION OF MONITORING OFFICER** (Pages 90 - 92)

To consider the report of the Chief Executive.

14. **APPOINTMENTS TO OUTSIDE BODIES – LANCASTER UNIVERSITY COURT AND THE BOARD OF TRUSTEES OF THE LANCASTER CHARITY** (Pages 93 - 95)

To consider the report of the Chief Executive.

15. **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.

16. **MINUTES OF CABINET** (Pages 96 - 115)

To receive the Minutes of Meeting of Cabinet held on 6th December 2016 and 17th January 2017.



Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on 24th January 2017.

COUNCIL**Leader's Report****1 February 2017****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 6 December 2016 and 17 January 2017 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 14 December 2016.

3.0 Leader's Comments

At the Cabinet meeting on the 06 December 2016, the Cabinet agreed the development principles for Heysham Gateway as a guide for future Cabinet decisions affecting the area. Officers were authorised to incorporate these agreed principles into a joint marketing prospectus and to work with the other main stakeholders in promoting the area for high quality sustainable regeneration. They will be reporting back to us to obtain approval for any disposal. At the same meeting a Public Spaces Protection Order (PSPO) was approved to deal with issues such as street drinking and anti-social behaviour. The use of a PSPO will contribute to a number of the Council's priorities and officers will report to the Community Safety Partnership and to Overview and Scrutiny.

In line with the timetable, work has begun on the Budget Strategy, so that for the Cabinet meeting in January, Cabinet could determine its draft budget proposals for 2017/18 onwards.

Approval was also given for the Council's participation in a bid for European Structural and Investment Funds to be made by Lancashire Sport and for the council to act as a "cluster lead" to support the More Positive Together tackling worklessness project with social housing.

On the 13 December, the Deputy Leader and I met with a member of the Lancaster Grand Theatre Board to discuss some concerns about Canal Corridor. We assured him of support and we also received an overview of the proposals for the site.

On the 15 December I met Professor Julie Mennell, the new leader of the University of Cumbria. As it is also in my ward, it was a useful exchange of ideas about their plans and about general issues in the ward. We are lucky to have two universities in Lancaster that provide so much to our local economy.

Councillor Hanson, the Chief Officer (Regeneration and Planning), and I went to visit Barrow Council on the 16 December. This was a meeting to discuss the National Grid proposals and other common problems. It was agreed that the Barrow MP, John Woodcock, would facilitate a meeting in London with ministers to discuss the plans with officers from the two towns.

On the 19 December, I attended a District Leaders' meeting at Preston Town Hall followed by a Shadow Combined Authority meeting at County Hall. The District Leaders' are most concerned about the government's proposal to remove money from the New Homes Bonus to support Social Care. The question of how Business Rates will be split in future between districts and counties was raised. A discussion on the requirements of devolution took place. The second meeting presented various reports and updates on progress on the five themes and there was a Price Waterhouse Cooper presentation for a Public Service Model for Lancashire.

On the 20 December the Chief Executive and I met Professor Andrew Atherton at the University of Lancaster. He was keen to discuss a proposal that has come forward for the area and we will be meeting the proposers in January to discuss it further.

I am very pleased to read the retailers' comments on Christmas Trade in Lancaster. It was very upbeat and encouraging. Best of all was the local enthusiasm for the "Garden Village" success. This has been very well received in the *Lancaster Guardian* as a "game-changer for our area", and "an exciting opportunity" from the University. It will provide some financial support which will initially pay for a new Project Officer and much more. I think we should all congratulate the Planning Team who made this possible.

I wish you all a very Happy New Year.

4.0 Other Matters

Cabinet minutes for 6 December 2016 and 17 January 2017 are attached at the end of this agenda.

5.0 Key Decisions

The following Key Decisions were taken by Cabinet on 6 December 2016:

- (1) Heysham Gateway
- (2) Lancaster City Centre Public Spaces Protection Order 2016
- (3) Service Review – Council Housing
- (4) Lancashire ESIF Project – More Positive Together

The following Key Decisions were taken by Cabinet on 17 January 2017:

- (1) St Leonard's House
- (2) Budget and Policy Framework Update 2017 to 2021 – General Fund Revenue Budget and Capital Programme
- (3) Budget and Policy Framework Update 2017 to 2021 – Housing Revenue Account and Capital Programme

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

- (1) Lancaster City Council's Approach to Responding to Dangerous Buildings
- (2) Renewal of Railings, Concrete Repairs and Asbestos Removal – Gaskell & Wordsworth House
- (3) Morecambe Area Action Plan
- (4) Assembly Rooms Phase 2

Background Papers

Cabinet agenda and minutes of the meetings held on 6 December 2016 and 17 January 2017.

COUNCIL

Budget Update 2017/18 to 2020/21

01 February 2017

Report of Cabinet

PURPOSE OF REPORT

<p>To update Council and gain its feedback on the latest position regarding the development of the budget and policy framework for 2017/18 to 2020/21 and in that context, to seek approval of the level of council tax increase for 2017/18 together with targets for subsequent years, subject to local referendum thresholds.</p>
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This report is public.

RECOMMENDATIONS:

- (1) **That Council considers the information provided at Annexes A and B in respect of the budget and:**
- **approves the 2016/17 Revised Budget, with the net overspending of £39K reducing the in-year contribution to Balances from £56K to £17K.**
 - **approves a City Council tax increase of £5 for 2017/18, together with a year on year target of £5 for future years, subject to local referendum thresholds;**
 - **provides any other feedback as appropriate, to inform Cabinet’s final budget proposals.**

1 INTRODUCTION

- 1.1 Under the Constitution, Cabinet has responsibility for making proposals to Council each year in respect of the Budget and Policy Framework. In recent months much work has been done to progress this, in what are very challenging times.
- 1.2 Whilst this report seeks final decisions on council tax increases and this year’s Revised Budget, Cabinet’s detailed supporting proposals in respect of 2017/18 onwards are presented for initial consideration only. This is so that Council can feed its views and suggestions on budget matters back to Cabinet. Final proposals will be presented to Budget Council on 01 March.

- 1.3 To assist Council in its deliberations, the following are attached:
- The General Fund Budget update report as considered by Cabinet at its January meeting is attached in full at **Annex A**.
 - Extracts from the relevant resolutions arising from that Cabinet meeting are included at **Annex B**.
- 1.4 It should be noted from the attachments that various budget figures for 2017/18 onwards are still provisional. In particular, the Local Government Finance Settlement has not been finalised, nor has the review of Provisions, Reserves and Balances been completed.
- 1.5 At its meeting in January Cabinet also determined its budget proposals for the provision of council housing (as accounted for in the Housing Revenue Account or HRA). In line with the Welfare Reform and Work Act 2016, in general terms most council housing rents must reduce by 1% year on year and whilst that is good for tenants, it does not help the longer term financial viability of the service. A fuller update will be provided at Budget Council.

2 DETAILS OF CONSULTATION

- 2.1 Cabinet's General Fund budget proposals are to be considered by Budget and Performance Panel at its open meeting on 24 January. Any feedback will be fed into Council and Cabinet.

3 OPTIONS AND OPTIONS ANALYSIS

- 3.1 Options are very much dependent on Council's views regarding spending priorities balanced against council tax levels and what is affordable.
- Regarding the current year's budget (see section 2 of the report at Annex A), the recommendation reflects the culmination of work done to date, and so no alternative options are put forward.
 - Regarding council tax, the main options are set out at section 6 of the report at Annex A.
 - Regarding Cabinet's other budget proposals as reflected throughout Annex B, Council is requested to give feedback at this stage. No final decisions are sought. As such, Council may indicate general support or otherwise for the proposals, and/or request Cabinet to consider other specific proposals or alternatives, having regard to preferred council tax levels, affordability, prudence, financial sustainability and what is actually deliverable.
- 3.2 Depending on the nature of any alternative proposals put forward, Officers may need additional time to assess them fully prior to detailed consideration by Members. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision-making.

4 CONCLUSION

- 4.1 As concluded in the attached report, the Council's financial challenges continue and in order to protect our future viability, we have no real choice other than to focus on balancing our budget for the medium term.
- 4.2 This aim has been central to Cabinet's two-phased budget strategy. By continuing to make efficiency savings and increase income generation, and by keeping with steady annual increases in council tax, we are in a fortunate position to present balanced budget proposals for 2017/18 – allowing too for some modest growth in connection with predominantly statutory areas, but importantly, creating a reserve in the order of £500K to support economic strategy and growth, with scope to strengthen other reserves to support the development of future budget plans.
- 4.3 This is a favourable position for the Council currently to be in – but as the relentless Government funding cuts continue to bite, our future financial outlook still looks very challenging. By 2020/21, estimated annual savings of £2.1M are currently forecast, but the considerable uncertainties around these projections and the planned reforms of Local Government finance must also be recognised.
- 4.4 Cabinet aims to help tackle these challenges by starting the next phase of its budget strategy early in 2017/18. We need to be clear about what is more important to the Council medium to long term, to help inform investment – and any disinvestment – decisions. Cabinet aims to get that clarity by undertaking a strategic review of the Council's existing priorities and services, including performance, as well as looking at options to innovate and modernise. Through this, we will develop, prioritise and plan a programme of efficiencies, income generation and invest-to-save proposals, as not everything can and should be done at once. That would be imprudent, and we need to recognise and appreciate it as so. It is why prioritisation is so important.
- 4.5 Through the strategic review, we may also identify areas into which we think the Council should divert resources. Cabinet has already identified some potential areas (Appendix 2), but that list is by no means exhaustive. Again though, not everything can be high priority, and we should not expect everything to be affordable. That is not what our current financial outlook says. As much as we may want to save through being more modern and efficient, and through maximising income, there is no guarantee that we can balance our ongoing budget through such means. We may still need to cut back on services – or simply not be able to afford some things that ideally, we would like to do.
- 4.6 Cabinet still needs to work out the details of the strategic planning and budgeting approach outlined above, including how best to engage with other Members and stakeholders. There are many different models, and we need to pick the right one for the City Council, but we do envisage having some external facilitation to help us on our way.
- 4.7 Such a huge, complicated task is not easy and it will need to be re-visited year on year – but next year's progress should be something to build on.
- 4.8 All that said, Cabinet will continue to take easy, straightforward efficiency and income generation decisions in year, but invest-to-save proposals and any budget growth ideas will be considered alongside each other through the

strategic review, to feed into Council's decision-making. This is to make sure we take sensible, informed decisions where we can compare the relative merits of each case. We need to prioritise accordingly, with a keen eye on what is affordable and achievable – focusing first on what has greatest impact.

- 4.9 Through all that, we should not lose sight of the changing landscape of local authority finance. Cabinet will continue to monitor and respond to any changes in financial expectations, as Government's policies and plans for local government become clearer.
- 4.10 In that context, Cabinet is pleased to present its budget proposals to Council and welcomes constructive feedback.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

No additional impact identified – any specific issues have been (or will be) considered as part of the relevant aspect of the policy framework or individual budget proposals, etc.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.

FINANCIAL IMPLICATIONS

As referred to in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

Various budget proposals have resource implications and these have been taken account of in Cabinet's consideration of budget options. Their implementation would be in accordance with council policies and procedures, as appropriate.

SECTION 151 OFFICER'S COMMENTS

The Local Government Act 2003 placed explicit requirements on the s151 Officer to report on the robustness of the estimates included in the budget and on the adequacy of the Council's reserves. Previous Cabinet reports have already included some relevant details of this advice, together with the risks and assumptions underpinning the budget process so far.

Once full budget proposals are known, full formal advice on these aspects will be provided to Budget Council; this will allow the s151 Officer to consider whether there are any major shifts in the financial risks attached.

In addition, the s151 Officer is responsible for ensuring that when setting and revising Prudential Indicators, including borrowing limits, all matters to be taken into account are reported to Council for consideration. This too will be covered in the report to Budget Council.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer advises that, in accordance with Council Procedure Rule 19.7, (which reflects the legal requirements), a recorded vote should be taken in respect of recommendation 2, as this is a "budget decision" within the terms of the relevant legislation.

BACKGROUND PAPERS

None. Any public background information is already available through previous reports or the Government website.

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Ref:

CABINET

**Budget and Policy Framework Update 2017 to 2021 –
General Fund Revenue Budget and Capital Programme
17 January 2017**

Report of Chief Officer (Resources)

PURPOSE OF REPORT			
To provide information on the latest budget position for current and future years, to inform Cabinet's budget and policy framework proposals and to allow it to make final recommendations to Council regarding council tax levels for 2017/18.			
Key Decision	X	Non-Key Decision	Referral
Date of notice of forthcoming key decision	19 December 2016		
This report is public.			

OFFICER RECOMMENDATIONS:

1. That the 2016/17 Revised Budget be referred on to Budget Council for approval, with the net overspending of £39K being met by reducing the in-year contribution to Balances from £56K to £17K.
2. That Cabinet makes recommendations to Council regarding City Council tax increases for 2017/18 and targets for future years, subject to local referendum thresholds.
3. That Cabinet makes recommendations regarding its initial budget proposals for the period from 2017/18 onwards, in line with its budget strategy.
4. That the resulting budget position for 2017/18 onwards, together with Cabinet's detailed proposals, be referred on to Council for initial consideration as well as being presented for scrutiny by Budget and Performance Panel, in order that any feedback can be provided to Cabinet at its February meeting.

1 INTRODUCTION AND STRATEGIC CONTEXT

- 1.1 In strategic terms, the main challenge of budget setting is to match priorities and corporate planning objectives against what is affordable financially. Local Government continues to face major funding reductions year on year, meaning that it needs to innovate and modernise, if it is to minimise the impact on future service provision for communities.

- 1.2 This report covers the financial implications of that work to date and the recent announcement of the provisional Local Government Finance Settlement, and gives an update on other key elements of budget setting in order that Cabinet can develop further its budget proposals.

2 GENERAL FUND BUDGET: SUMMARY POSITION

- 2.1 The table below pulls together the latest draft budget position, allowing for various base budget changes and other matters as outlined in sections 3 to 6 of this report. Figures for future years are still subject to change. A more comprehensive summary is included at **Appendix A**.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Net Spending / draft budget forecasts as reported in December:	16,563	14,873	16,621	17,101	17,819
Further Base Budget Changes:					
New Homes Bonus Grant (Increases) or Reductions	-	84	(200)	(192)	276
Housing Benefit Administration Grant Reductions	-	77	75	73	104
Net (Savings)/ Increases in Pension Costs (Triennial Review)		(59)	(51)	(50)	295
Capital Financing Savings		(65)	(29)	(21)	(22)
Investment Interest Increases		(90)	(66)	(253)	(313)
Reduction in Contribution to Balances (down from £56K to £29K)	(39)	-	-	-	
Other Net Changes	(1)	47	(51)	(67)	(90)
Updated Draft Budget Forecasts (Prior to any savings or growth proposals)	16,523	14,867	16,299	16,591	18,069
Resulting in:					
Estimated Budget (Surplus) or Deficit/Savings Requirement	-	(991)	598	1,098	2,314

- 2.2 A number of key points are highlighted:

- The projections take account of the latest information or assumptions on various Government funding streams, such as Housing Benefit administration grant and New Homes Bonus. The main issues arising are expanded on later in section 3 of this report. From around 2020 onwards, changes to local authority responsibilities and various specific funding streams are expected as part of the overhaul of the local Government Finance system, but the development of options

is still in its early stages and therefore it is not clear what the potential impact might be, or when any changes might be implemented by Government.

- The forecasts take account of the recent triennial review of the Pension Fund. Through this, the contribution rates for the next three years are set; the Fund has very recently issued its Future Funding Strategy for consultation. Whilst future service contribution rates are expected to increase from 13% of salary costs to 15.5%, deficit contributions can reduce as the recovery period can be rolled forward to remain at 19 years, rather than it reducing to 16. In addition, by paying contributions up-front rather than spreading them over the next three years, the Council can make budget savings. Beyond 2019/20, it is assumed that the future service rate will remain at 15.5% and the deficit recovery period will again be rolled forward as 19 years, but that the Council's cash flow will not support up-front payment. There are clearly risks as longer term pensions funding strategy cannot be accurately predicted. The affordability of pensions continues to be contentious, with more reforms expected at some point in the future. In summary, the budgeted General Fund contributions are as follows.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Deficit Recovery Contribution	788	788	788	900
Future Service Contributions	1,656	1,673	1,692	1,965
Total Budgeted Contributions	2,444	2,461	2,480	2,865

- Investment Interest and capital financing costs have been reviewed, drawing on the latest advice on future interest rate expectations, cash flow and also on the latest review of the capital programme. The budget assumes that interest rates will start to increase during 2019/20, with the average interest rate being around 0.75% by 2020/21. More information on expectations will be presented to Cabinet in February, as part of the 2017/18 treasury management strategy.
- Various other base budget adjustments have been made, to reflect the estimated costs and income for current operations and policies.
- In the current year, the contribution to Balances has been reduced by £39K (down from £56K to £17K) as a result of the forecast minor net overspending. All significant variances within that figure have been reported previously. It is pleasing that overall, the revised budget is now broadly in line with original expectations.
- Finally, as yet no assumptions have been made regarding Cabinet's proposals for balancing the budget, or for the review of provisions and reserves more generally.

2.3 Cabinet is requested to refer the resulting 2016/17 Revised Budget to Budget Council for approval. The net overspending of £39K represents only 0.2% of the original net revenue budget. In recent years, the Council has typically experienced net underspending overall and so this year's experience goes against that trend.

2.4 Looking forward, in terms of council tax the budget forecasts assume a £5 year on year increase in line with current approved strategy. Options for council tax are set out in section 6 of this report.

- 2.5 The draft budget for 2017/18 currently stands at £14.867M, which gives one-off headroom estimated at £991K for helping to support Cabinet's budget proposals. That said, it is already known that significant cost pressures will come through if the Council is to take forward various known plans and commitments, such as Canal Corridor and the outstanding pay and grading review, aside from Cabinet's budget proposals more generally. Such pressures will involve upfront, one-off costs and for this reason, it is expected that the budget surplus currently forecast will be more than offset by the need to bolster specific earmarked reserves.
- 2.6 Thereafter, financial forecasts deteriorate. A savings requirement of £598K is forecast for 2018/19, rising to £2.314M by 2020/21.
- 2.7 To help tackle that outlook, there is a four-year focus for this budget strategy, phased in two parts; it is not simply about balancing next year. Despite the continuing progress in identifying savings and refining budget projections, a savings target well in excess of £2M, coupled with the huge uncertainties around future local government finance reforms, still represents a massive challenge for the authority.
- 2.8 As was reported last year, budget deficits of that magnitude will not be addressed simply through efficiencies, income generation and trimming of services. Fundamental changes and very difficult decisions are needed, focusing on what really is of high priority - and what isn't.
- 2.9 Whilst the Council does currently have a number of significant reserves and Balances available to it, these can only help during the period of transition and they do not provide a medium term or permanent solution. The Balances position is outlined later in section 4 of this report.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT

3.1 General Matters

- 3.1.1 Further to the Chancellor's Autumn Statement published on 23 November, the provisional Local Government Finance Settlement was announced on 15 December 2016 for consultation until 13 January. Detailed information and briefings are available on the various websites (www.gov.uk or www.lga.gov.uk). This section provides an overview of Government funding matters for Members' information.
- 3.1.2 As expected, the provisional Settlement sets out figures for Revenue Support Grant (RSG) and baseline Business Rates to 2019/20, in line with the multi-year Settlement offer recently confirmed by Government. That helps to give some certainty going forward, at least in the medium term. Nonetheless, the significant ongoing funding reductions built in should not be overlooked.
- 3.1.3 To recap, the headline Settlement figures to 2019/20 are provided overleaf, together with the assumptions made for 2020/21. It is not yet clear in what year Government is intending on introducing its major reforms to local government finance, including 100% business rates retention. Development of proposals is underway but as reported previously, it is a massively complex task, especially when factoring in the review of local government responsibilities and needs/funding redistribution. Government's aim is for the reforms to be 'fiscally neutral' with implementation 'by the end of this Parliament'. This could mean 2019/20 or 2020/21, but the risk of slippage should be acknowledged given Government's work programme for the period - including Brexit.

Funding Forecasts	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Provisional Settlement:				
Revenue Support Grant (RSG)	1,605	941	200	0
Business Rates (Baseline Funding)	5,065	5,223	5,400	5,510
Settlement Funding Assessment	6,670	6,164	5,600	5,510
Year on Year Reductions in SFA (per Settlement):	£550K 7.6%	£506K 7.6%	£564K 9.1%	£90K 1.6%
Reduction in annual funding between 2016/17 and 2020/21: £1.710M or 23.7%				

- 3.1.4 It should be noted that the Council's budget continues to be based on business rate income at safety net, rather than the higher baseline figure shown above. This is predominantly because of the impact of recent successful appeals, notably for the power stations.
- 3.1.5 On the upside however, the budget also provides for extra retained rates income in relation to various renewable energy schemes. The estimates are currently the same as those reported in December.
- 3.1.6 Any further changes to business rate income forecasts will be reported in February, following the completion of statutory estimates and returns to Government due at the end of this month. In particular Government has made changes to the system of tariffs and top-ups, to help cancel out the impact of the 2017 Revaluation. This means that in theory there should be little or no 'bottom line' general impact from this major initiative, but this can only be confirmed once the relevant detailed calculations and Government returns have been completed.
- 3.1.7 Also there could be some further implications (either favourable or adverse) arising in connection with renewable energy and/or rating appeals. In addition, there is now the potential for claims arising in respect of the rating liability for some strands of the National Health Service (NHS). Business rates continues to become more and more complex, and of greater significance, in the run up to 100% rates retention.

3.2 New Homes Bonus

- 3.2.1 The most significant changes arising from the Settlement relate to New Homes Bonus. Cabinet may recall that consultation on the future of the scheme was undertaken early in 2016 but there had been no response issued by Government prior to the Settlement announcement.
- 3.2.2 Whilst the NHB scheme is set to continue until around 2020/21 (at least), funding allocations will reduce in future, as a result of Government diverting resources into adult social care. To demonstrate this, in the current year £1.485BN of funding is being allocated nationally through the scheme, but by 2020/21 that amount is forecast to reduce to £900M.

- 3.2.3 Alongside the overall quantum of NHB funding reducing, the payment methodology is also changing as follows:
- A national baseline for growth in housing stock has been introduced (at 0.4% for 2017/18, with Government having the option to adjust this in future). For growth below this level, authorities will not now receive NHB.
 - The number of years for which ‘legacy’ payments will be made is to reduce from 6 years currently, to 5 years for 2017/18 and 4 years from 2018/19.
- 3.2.4 On top of these changes, from 2018/19 Government “will consider withholding NHB payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth. To encourage more effective local planning [Government] will also consider withholding payments for homes that are built following an appeal”. In the meantime, Government has confirmed that it will not introduce measures “to withhold payments for areas without a local plan in 2017/18”.
- 3.2.5 All in all, there is much speculation about the future of NHB, with a general feeling within the local government finance profession that the scheme will cease at some point, most likely around 2020 or whenever the wider finance reforms are implemented. Also, huge demand and cost pressures still exist in functions such as adult social care and children’s services, with the chance that more funds could be diverted away into these areas. Whilst this is speculation, inevitably the future forecasting of NHB involves risk.
- 3.2.6 More information is being sought to inform modelling, but at present the Council’s budget projections are based predominantly on the provisional Settlement, with the assumption that NHB awards for housing growth up to 2019/20 will continue to flow through to the Council in some form or other. Note that this improves NHB expectations from those communicated to all councillors immediately after the Settlement.

	NHB Estimate per MTFS £’000	NHB Updated Forecasts £’000	Difference £’000
2017/18	1,938	1,854	84
2018/19	1,218	1,418	(200)
2019/20	1,168	1,360	(192)
2020/21	n/a	824	n/a

- 3.2.7 For February the Council’s core NHB planning assumptions may be updated again, if better information becomes available.

3.3 Other Government Funding Announcements

Housing Benefit and Council Tax Support Administration Grant

The draft budget takes account of the most recent grant notifications issued for benefits administration, together with assumptions that they will continue to reduce year by year by around 6% per year. In part this is linked to the implementation of Universal Credit (UC) in this district and there is now a downwards trend in caseload, as new working-age claimants move to UC. That said, there are also new work demands

being created during the transitional period and the Council still has its relatively new role of providing personal budgeting support to UC claimants, with specific funding for this being provided by Government. Overall the funding changes currently have a negative impact on the budget, however, and during 2017/18 the need to review staffing levels will continue, to ensure they remain appropriate for changing workloads.

Bailrigg Garden Village

Following on from the Council’s successful expression of interest in response to the Government’s Garden Villages, Towns and Cities prospectus, Ministers have announced that the City Council is due to receive funding in the region of £200K to help enable delivery, as well as professional and technical support from the Homes and Communities Agency. Once more information has been received, a Cabinet report will be presented regarding the governance for the project and any associated matters. At present, the funding is not reflected within the draft budget.

Community Housing Fund

The Council has also just received notification that it is due to receive almost £708K of the £60M Community Housing Fund for 2016/17, announced by Government as part of its 2016 budget. It appears that there may be more funds available in next year too. The funds have been allocated to authorities proportionate to the number of holiday homes in their local area, taking account of the affordability of housing to local people. The aim of the Fund is to “enable local community groups deliver affordable housing units of mixed tenure on sites which are likely to be of little interest to mainstream housebuilders and will thereby contribute to the overall national effort to boost housing supply.” The Council did not bid for this funding and it will need some time to explore Government guidance to determine options for how best the funds might be used. Again, a Cabinet report will be produced in due course and the funding is not yet reflected in budget.

4 PROVISIONS AND RESERVES (INCLUDING UNALLOCATED BALANCES)

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

	31 March 16 £'000	Net Movements £000's	31 March 17 £'000	Net Movements £000's	31 March 18 £'000
General Fund Balances	4,459	+17	4,476	+165	4,641
Earmarked Reserves	6,406	(1,108)	5,298	(318)	4,980
TOTAL	10,865	(1,091)	9,774	(153)	9,621

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

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

4.3.1 **General Fund Balances**

After allowing for this year’s forecast net overspending, balances would amount to £4.476M by 31 March 2016. If the existing minimum balance of £1.5M remained unchanged and the current year’s outturn is as expected, surplus balances in the region of £3M would be available to support future years’ budgets and provide capacity to help take the organisation forward.

These matters will be explored further in the coming weeks. As a recap and drawing on the Council’s existing Medium Term Financial Strategy (MTFS), in broad terms the working principle is that surplus Balances would be used to help manage the risks, lead-in times and up-front investment costs associated with implementing savings measures.

4.3.2 **Earmarked Reserves**

Various changes have been made to the transfers to and from these reserves in line with their current authorised use and as such, they are budget neutral. More substantial changes may be made in February. In particular, the Authority continues to hold substantial balances in the Invest to Save (£1.8M) and Restructuring (£0.5M). Advice and the adequacy and use of such reserves will also be influenced by Cabinet’s budget proposals.

5 **GENERAL FUND CAPITAL PROGRAMME**

5.1 Since December Cabinet, there have only been a few changes made to the overall capital programme. The resulting draft capital position is summarised as follows and a more detailed statement is included at **Appendix C**, for Cabinet’s consideration.

	Gross Programme £'000	Change in Underlying Borrowing Need: CFR £'000
Original 4-Year Programme (2016/17 to 2019/20)	36,939	+17,660
Changes reported to Cabinet 06 December	+2,694	+1,304
Further Changes:		
ICT infrastructure – additional cost of Firewall	+32	-
Luneside East – legal fees	+8	-
Vehicle Renewals	+15	-
Increase in estimated funding from capital receipts	-	(500)
Total Changes	2,749	+804
Resulting 5-Year Draft Programme (to 2020/21)	39,688	+18,464

- 5.2 Capital receipts expectations have been provisionally increased, reflecting the recent decisions of Cabinet on matters such as Heysham Gateway, ahead of formal negotiations and more detailed assessment of value.
- 5.3 The profiling of the draft programme has also been adjusted to reflect more up to date assessments of when spend is expected to be incurred. This, combined with increased capital receipts expectations, has result in capital financing costs reducing, as highlighted earlier in the revenue budget.
- 5.4 In due course there may other changes to consider with regard to the capital programme, linked to the consideration and development of Cabinet's budget proposals.

6 LOCAL TAXATION

6.1 Collection Fund Position

- 6.1.1 The Collection Fund is the account into which all council tax and business rate income is payable, and from which precepts and other relevant payments are made to the County, Police, Fire and the City Council's own General Fund, as well as to Government for its share of business rates.
- 6.1.2 Legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund are made each year for council tax (15 January) and business rates (by 31 January).
- 6.1.3 In respect of council tax, the review of the Collection Fund's financial position is still expecting the Fund to be broadly in balance and if confirmed, this would mean that there is no surplus or deficit to be declared.
- 6.1.4 It is well documented that for business rates, the calculation of any surplus or deficit is more complicated primarily because of the impact of appeals. The 2017 Revaluation adds further complexities, and opens up new risks. The final position will be determined in line with the 31 January deadline for reporting to Cabinet in February.

6.2 Council Tax: Options

- 6.2.1 Under the Localism Act, if an authority's council tax increase exceeds the principles set by the Secretary of State, then it must hold a local referendum.
- 6.2.2 Government has announced as part of the provisional Settlement that a general threshold of 2% will still apply for most local authorities. Furthermore, those authorities that have adult social care responsibilities may increase their council tax rates by up to a further 6% in total over the three-year period to 2019/20 (with the flexibility to front-load this, by increasing rates by 3% in each of the next two years).
- 6.2.3 For shire districts (such as the City Council) and Police and Crime Commissioners whose council tax currently falls within the lowest quartile, they may continue to increase their Band D tax rates by £5 – slightly more than the standard threshold. This is in line with the Council's existing financial strategy.

- 6.2.4 For 2017/18 an increase of £5 would increase the City Council's tax rate from £208.97 to £213.97 for a Band D property. The increase amounts to around 2.4% per year, or put another way, 10 pence per week. The Council has very recently decided to retain its existing Localised Council Tax Support Scheme, which provides up to full support to cover any increase, and this helps mitigate the impact on low income households.
- 6.2.5 Government had also consulted on introducing local referendum thresholds for larger town councils and parishes (with precepts of over £0.5M). It has deferred its plans, but in any event currently the district's local councils are nowhere near as large.
- 6.2.6 Drawing on the relevant points above, two basic options for council tax are presented, to demonstrate the impact of tax decisions. A 1% change in council tax would generally have around an £84K impact on the budget.

Council Tax Basic Options	2017/18	2018/19	2019/20	2020/21
Option 1: Retain existing strategy: maintain a steady increase of £5 per year to help protect service delivery, subject to confirmation of future referendum thresholds.				
<i>Resulting Band D Tax Rate</i>	£213.97	£218.97	£223.97	£228.97
<i>% Increase</i>	2.4%	2.3%	2.3%	2.2%
Net Savings Requirement or (Surplus)	(£0.991M)	£0.598M	£1.098M	£2.314M
Option 2: Change future strategy For example: freeze council tax year on year, increasing the pressure to make savings on service delivery				
<i>Resulting Band D Tax Rate</i>	£208.97	£208.97	£208.97	£208.97
Net Savings Requirement or (Surplus)	(£0.789M)	£1.007M	£1.721M	£3.156M
Net Difference between the two options	£202K	£409K	£623K	£842K
Total Difference over the 4- year period				£2.076M

- 6.2.7 The table shows that a council tax freeze would lose income of just over £200K in 2017/18, and this loss would continue to grow by a similar amount each year thereafter, for as long as rates continued to be frozen. By 2020/21, annual lost income would have increased to an estimated £842K. Across the whole four-year period, lost income would total over £2M.
- 6.2.8 In reality there are numerous other targets that may be considered for the period, but for simplicity the options presented just include the current MTFs assumptions of an annual £5 increase, and the impact of freezing council tax year on year.
- 6.2.9 Other options can be modelled, and Cabinet is requested to indicate in advance of the meeting if it requires this to be done.

6.2.10 Cabinet is now requested to decide what level of council tax increase to recommend for next year and what targets to propose for 2017/18 onwards. In doing so, Cabinet is advised to consider:

- the council tax threshold, above which a local referendum must be held;
- subsequent years' general Government funding reductions and the need to make huge savings in future;
- financial sustainability. In short, it is not possible to keep tax increases lower than planned, without increasing the budget shortfalls in 2018/19 and beyond. More savings cannot be delivered without having greater adverse impact on services and communities.

6.2.11 Cabinet is reminded that its council tax recommendation for 2017/18 will be final (subject to Government's final confirmation of the threshold), for subsequent consideration by Council. Targets for 2018/19 and beyond will be reviewed in future years, in accordance with the Medium Term Financial Strategy (MTFS).

7 **BALANCING THE BUDGET: CABINET'S BUDGET PROPOSALS**

7.1 Alongside council tax, Cabinet is also requested to make recommendations regarding its supporting budget proposals for initial consideration by Council, in line with the two-phased budget approach approved at its meeting back in December. As part of that, Officers were tasked by Cabinet Members to identify savings and potential options and they have been presented informally to the Leader's Briefings.

7.2 Cabinet's budget proposals should seek to put in place measures balance the medium term budget as far as possible, but there will be another opportunity at the February meeting to make some further changes. Importantly, the Council has a statutory obligation to set a balanced budget for 2017/18.

7.3 It is also important to appreciate that any decisions taken during this budget on recurring items will have a bearing in future years, and so emphasis should be on securing recurring annual savings, rather than one-off measures. This is reflected in the current financial strategy, as is the Council's position on growth, which is quoted below. Cabinet is advised to take account of this in deciding on whether to consider any growth requests.

Growth (Redirection of Resources)

Growth in a particular area will only be considered if it meets either of the following conditions:

- *it is needed to meet statutory service standards; or*
- *it is essential to meet a key objective within Corporate Plan proposals, for which there are no alternative providers or sources of funding available **and** sufficient progress has been made in adopting plans for addressing the medium term budget deficit, so as to consider any growth proposal affordable and sustainable in the medium to long term. This applies particularly to any recurring or high cost one-off growth proposals.*

- 7.4 Linked to this, the s151 Officer advises Cabinet (as she will advise Council) to work within existing financial strategy constraints and the approved budget strategy, to avoid adding unnecessary extra pressure onto the ongoing budget. There will then be time during next year to have a structured approach to determining what Cabinet's and the Council's) affordable proposed priorities for the budget are, and how resources should be allocated and/or redirected to maximise impact.
- 7.5 Separately, as touched on earlier there are a small number of items where the Council already has a specific commitment to consider various issues (good examples being Job Evaluation and Canal Corridor, and more recently Community Pools). Cabinet is advised to take into account such matters when developing its budget proposals.
- 7.6 Once Cabinet's budget proposals are determined they will be reflected in the draft budget framework, for Council's due consideration. Similarly the s151 Officer's formal advice will be finalised.

8 DETAILS OF CONSULTATION

- 8.1 Cabinet's budget proposals are due to be considered by Budget and Performance Panel at its meeting on 24 January, prior to February Council.

9 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 9.1 Options are dependent very much on Members' views on spending priorities balanced against council tax levels. As such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time to do this. Outline options are highlighted below, however.
- Regarding council tax, two basic options are set out at section 6 of the report. Other alternative options can be modelled at Cabinet's request.
 - With regard to including savings and growth options to produce a budget in line with preferred council tax levels, any proposals put forward by Cabinet should be considered affordable, alongside the development of priorities. Emphasis should be very much on the medium to longer-term position.
- 9.2 Under the Constitution, Cabinet is required to put forward budget proposals for Council's consideration, in time for them to be referred back as appropriate. This is why recommendations are required to feed into the Council meeting in early February, prior to the actual Budget Council in March.
- 9.3 The two-phased budget strategy adopted by Cabinet is considered to be an effective way of managing the main risks of budget affordability and financial sustainability, by allowing more time for prioritisation and planning.

10 OFFICER PREFERRED OPTION AND COMMENTS

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

- 10.2 In view of the level of savings still needed in future years, the ongoing impact that council tax freezes have, the Council’s current financial strategy and the fact that the Council is not yet clear about how and when it will achieve a financially sustainable budget, the Officer preferred option for council tax is to retain the existing £5 year on year increase, subject to confirmation of local referendum thresholds. Although a budget surplus is currently forecast in next year, one-off spending pressures could easily swallow that up.
- 10.3 The Officer preferred option would change only if the Council fundamentally reduces its ambitions regarding service delivery, evidenced through the adoption of a clear statement and strategy for doing so.

11 CONCLUSION AND IMPLICATIONS FOR THE FUTURE

- 11.1 The Council’s financial challenges continue and in order to protect its future viability, it has no real choice other than to focus on balancing its budget for the medium term. The two-phased budget strategy adopted is in support of this aim, as is the Council’s wider financial strategy. The approach also allows the Council to respond to new information and developments and this is crucial, given the forthcoming fundamental finance reforms underway and the huge inherent uncertainties that currently exist.

<p>RELATIONSHIP TO POLICY FRAMEWORK The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) See <i>Appendix D</i> for equality impact assessment. There are no other implications directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.</p>	
<p>FINANCIAL AND OTHER RESOURCE IMPLICATIONS As set out in the report.</p>	
<p>SECTION 151 OFFICER’S COMMENTS The section 151 Officer has prepared this report, and her comments and advice are reflected accordingly. Her advice on all relevant matters will be expanded upon once Cabinet’s budget proposals are known.</p>	
<p>LEGAL IMPLICATIONS Legal Services have been consulted and have made no comments.</p>	
<p>MONITORING OFFICER’S COMMENTS The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS None. Any public background information is already available through previous reports or the Government website.</p>	<p>Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail:nmuschamp@lancaster.gov.uk</p>

General Fund Revenue Budget 2016/17 to 2020/21
For Consideration by Cabinet 17 January 2017

		2016/17	2017/18	2018/19	2019/20	2020/21
		£'000	£'000	£'000	£'000	£'000
BUDGET PROJECTIONS	Original Revenue Budget / Forecast	16,258	15,180	17,221	17,427	
	<i>Allowing for budgeted contribution to Balances</i>	<i>56</i>	<i>165</i>			
	Changes to Budget Projections - <i>Cabinet 06 December</i>	305	(307)	(600)	(326)	17,819
	Base Budget Changes after Cabinet 06 December					
	New Homes Bonus	-	84	(200)	(192)	276
	Net Benefit Admin Grant reduction	-	77	75	73	104
	Pensions	-	(71)	(70)	(68)	295
	Loss of interest re Pensions	-	12	19	18	0
	Capital Financing - MRP changes		(65)	(29)	(21)	(22)
	Investment Interest	-	(90)	(66)	(253)	(313)
	Other net changes across all Services	(1)	47	(51)	(67)	(90)
	Reduced Contribution to Balances	(39)	-	-	-	-
	General Fund Revenue Budget	16,523	14,867	16,299	16,591	18,069
	Settlement Funding Assessment:					
	Revenue Support Grant	(2,652)	(1,605)	(941)	(200)	0
Retained Business Rates	(4,568)	(5,065)	(5,223)	(5,400)	(5,510)	
Business Rates - Safety Net Adjustment	0	401	413	427	441	
Renewable Energy Income	(947)	(966)	(994)	(1,025)	(1,046)	
Estimated Collection Fund Surplus	(60)	0	0	0	0	
Council Tax Requirement	8,296	7,632	9,554	10,393	11,954	
Target Council Tax Requirement	8,296	8,623	8,956	9,295	9,640	
Latest Budget Deficit / (Surplus)	0	(991)	598	1,098	2,314	

General Fund Unallocated Balance		£M
BALANCES	Original Projected Balance as at 31 March 2016	(4.128)
	Budgeted Contribution	(0.056)
	2015/16 Actual Underspend	(0.331)
	2016/17 Forecast Overspend	0.039
	Projected Balances as at 31 March 2017	(4.476)
	Budgeted Contribution	(0.165)
	Projected Balances as at 31 March 2018	(4.641)
	Less Agreed Minimum Level of Balances	1.500
	Available Balances	(3.141)

RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)

For Consideration by Cabinet 17 January 2017

GENERAL FUND	2016/17			2017/18			2018/19			2019/20			2020/21								
	Balance as at 31/03/16	Contributions		Balance as at 31/03/17	Contributions		Balance as at 31/03/18	Contributions		Balance as at 31/03/19	Contributions		Balance as at 31/03/20	Contributions		Balance as at 31/03/21					
	£	From Revenue £	To Capital £	To Revenue £	£	From Revenue £	To Capital £	To Revenue £	£	From Revenue £	To Capital £	To Revenue £	£	From Revenue £	To Capital £	To Revenue £	£				
General Fund Balance	(4,459,000)	(17,400)		(4,476,400)	(164,900)			(4,641,300)				(4,641,300)					(4,641,300)				
Earmarked Reserves:																					
Apprenticeships	(39,700)			39,700																	
Business Rates Retention	(381,500)			(381,500)				(381,500)				(381,500)					(381,500)				
Capital Support	(526,500)		8,000	248,800	(269,700)			(269,700)				(269,700)					(269,700)				
Corporate Property	(328,100)	(54,100)	59,000	17,700	(305,500)		100,000	(205,500)				(205,500)					(205,500)				
Elections		(40,000)			(40,000)	(40,000)		(80,000)	(40,000)		(120,000)	(40,000)	160,000		(40,000)		(40,000)				
Highways	(219,600)			219,600																	
Homelessness Support	(76,500)			(76,500)	(3,100)			(79,600)	(9,800)		(89,400)	(10,100)		(99,500)	(10,100)		(109,600)				
Invest to Save	(1,469,600)	(350,700)	6,000		(1,814,300)			(1,814,300)			(1,814,300)			(1,814,300)			(1,814,300)				
Local Plan	(71,600)	(40,100)			(111,700)		87,400	(24,300)			(24,300)			(24,300)			(24,300)				
Markets	(54,100)			54,100																	
Morecambe Area Action Plan (MAAP)	(114,500)		80,900	28,600	(5,000)			(5,000)			(5,000)			(5,000)			(5,000)				
Renewals (all services)	(812,400)	(402,800)	420,000	142,600	(652,600)	(479,300)	240,000	33,700	(858,200)	(479,300)	382,000	46,400	(909,100)	(479,300)	114,000	102,900	(1,171,500)				
Restructuring / Budget Support	(602,900)	(333,600)		357,800	(578,700)		48,500	(530,200)			(530,200)			(530,200)			(530,200)				
S106 Commuted Sums - Open Spaces	(104,000)			22,500	(81,500)		20,900	(60,600)		16,600	(44,000)		15,600	(28,400)		11,800	(16,600)				
S106 Commuted Sums - Affordable Housing	(261,800)		90,000		(171,800)			(171,800)			(171,800)			(171,800)			(171,800)				
S106 Commuted Sums - Highways, crossing & cycle paths	(844,100)	(79,600)	413,100	1,500	(509,100)	(50,000)	352,500	6,800	(199,800)	(75,000)	75,000	6,700	(193,100)	(75,000)	75,000	4,400	(188,700)				
Welfare Reforms	(396,300)	(23,500)		190,000	(229,800)			(229,800)			(229,800)			(229,800)			(229,800)				
Youth Games	(32,900)			32,900		(41,800)	41,800														
Reserves Held in Perpetuity:																					
Graves Maintenance	(22,200)			(22,200)				(22,200)			(22,200)			(22,200)			(22,200)				
Marsh Capital	(47,700)			(47,700)				(47,700)			(47,700)			(47,700)			(47,700)				
Total Earmarked Reserves	(6,406,000)	(1,324,400)	1,077,000	1,355,800	(5,297,600)	(614,200)	592,500	339,100	(4,980,200)	(604,100)	457,000	69,700	(5,057,600)	(604,400)	189,000	282,900	(5,190,100)	(529,400)	38,000	40,000	(5,641,500)

Provisions	Balance as at 31/03/16	Transfers In	Expenditure	Balance as at 31/03/17
	£	£	£	£
Bad Debts	1,898,830	390,000	(175,000)	2,113,830
Legal	128,191			128,191
Insurance	341,564	170,000	(100,000)	411,564
Total	2,368,585	560,000	(275,000)	2,653,585

GENERAL FUND CAPITAL PROGRAMME - For Consideration by Cabinet 17 January 2017

Service / Scheme	2016/17			2017/18			2018/19			2019/20			2020/21			5 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Environmental Services	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Vehicle Renewals	1,160,000		1,160,000	1,685,000		1,685,000	984,000		984,000	971,000		971,000	1,509,000		1,509,000	6,309,000	0	6,309,000
Bins & Boxes Scheduled Buy-Outs	74,000		74,000	50,000		50,000			0			0			0	124,000	0	124,000
Car Parks Improvement Programme	57,000		57,000	27,000		27,000			0			0			0	84,000	0	84,000
Middleton Solar Farm Feasibility Study	0		0			0			0			0			0	0	0	0
Happy Mount Park - Pathway Replacements	43,000		43,000	23,000		23,000	23,000		23,000	23,000		23,000			0	112,000	0	112,000
Langridge Way Play Area	23,000	16,000	7,000			0			0			0			0	23,000	16,000	7,000
Health and Housing																		
Disabled Facilities Grants	850,000	850,000	0	2,511,000	2,511,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	7,750,000	7,750,000	0
Warmer Homes Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Salt Ayre Sports Centre - Redevelopment	4,405,000		4,405,000	340,000		340,000			0			0			0	4,745,000	0	4,745,000
Regeneration and Planning																		
Sea & River Defence Works & Studies	3,780,000	3,780,000	0	2,860,000	2,860,000	0	1,221,000	1,221,000	0	25,000	25,000	0	25,000	25,000	0	7,911,000	7,911,000	0
Amenity Improvements (Morecambe Promenade)	24,000		24,000			0			0			0			0	24,000	0	24,000
Luneside East	30,000		30,000			0			0			0			0	30,000	0	30,000
Lancaster Square Routes	30,000	11,000	19,000			0			0			0			0	30,000	11,000	19,000
Morecambe TH12: A View for Eric	477,000	359,000	118,000	271,000	206,000	65,000	135,000	103,000	32,000			0			0	883,000	668,000	215,000
MAAP Improving Morecambe's Main Streets	527,000	9,000	518,000	258,000		258,000	150,000		150,000	150,000		150,000			0	1,085,000	9,000	1,076,000
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000		90,000			0			0			0			0	90,000	0	90,000
Middleton Nature Reserve s106 Scheme	4,000		4,000			0			0			0			0	4,000	0	4,000
Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Lancaster District Empty Homes Partnership	200,000		200,000			0			0			0			0	200,000	0	200,000
Bay Arena Improvements	50,000	50,000	0			0			0			0			0	50,000	50,000	0
S106 Highways Works	319,000		319,000	301,000		301,000			0			0			0	620,000	0	620,000
Resources																		
ICT Systems, Infrastructure & Equipment	799,000		799,000	227,000		227,000	908,000		908,000	93,000		93,000	292,000		292,000	2,319,000	0	2,319,000
Corporate Property Works	2,314,000	8,000	2,306,000	2,746,000		2,746,000	1,113,000		1,113,000			0			0	6,173,000	8,000	6,165,000
Energy Efficiency Works	40,000		40,000	1,080,000		1,080,000			0			0			0	1,120,000	0	1,120,000
GENERAL FUND CAPITAL PROGRAMME	15,298,000	5,083,000	10,215,000	12,379,000	5,577,000	6,802,000	5,997,000	2,787,000	3,210,000	2,725,000	1,488,000	1,237,000	3,289,000	1,488,000	1,801,000	39,688,000	16,423,000	23,265,000
Financing :																		
Specific Grants and Contributions	5,083,000			5,577,000			2,787,000			1,488,000			1,488,000			16,423,000		
General Capital Grants	1,000			0			0		0	0		0			1,000			
Capital Receipts	1,219,000			870,000			0		0	0		0			2,089,000			
Direct Revenue Financing	363,000			50,000			0		0	0		0			413,000			
Earmarked Reserves	1,010,000			632,000			445,000		173,000	173,000		38,000			2,298,000			
	7,676,000			7,129,000			3,232,000		1,661,000	1,661,000		1,526,000			21,224,000			
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	7,622,000			5,250,000			2,765,000		1,064,000	1,064,000		1,763,000			18,464,000			
TOTAL FINANCING	15,298,000			12,379,000			5,997,000		2,725,000	2,725,000		3,289,000			39,688,000			
SHORTFALL / SURPLUS (-)	0			0			0		0	0		0			0			

Equality Impact Assessment

Appendix D

Section 1: Details

Service	Corporate
Title and brief description (if required)	General Fund Budget 2017 to 2021, including council tax.
New or existing	Existing
Author/officer lead	Chief Officer (Resources)
Date	13 January 2017

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

Yes

Section 2: Summary

What is the purpose, aims and objectives?

To review/determine the Council's council rates for next year and targets for future years, and to review/determine the allocation of resources across Council functions and services.

Who is intended to benefit and how?

The district as a whole, although various groups may be affected (positively or negatively) depending on specific budget proposals.

Note that any specific budget proposals will have a separate EIA undertaken and therefore the predominant focus of this EIA is council tax.

Council tax decisions impact on the level of resources generally available for the provision of council services and therefore, as well as the financial impact, decisions may impact indirectly on the community/different groups, although it is not possible to be specific about this, other than through consideration of specific budget proposals.

Section 3: Assessing impact

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

If yes, please provide more detail of potential impact and evidence including:	
<ul style="list-style-type: none"> - A brief description of what information you have and from where eg getting to know our communities data, service use monitoring, views of those affected ie discussions or consultation results? - What does this tell you ie negative or positive affect? 	
Age including older and younger people and children	By law, nobody under the age of 18 is liable for council tax. No other evidence or expectation of any specific impact.
Disability	No evidence or expectation of any specific impact.
Faith, religion or belief	No evidence or expectation of any specific impact.
Gender including marriage, pregnancy and maternity	No evidence or expectation of any specific impact.
Gender reassignment	No evidence or expectation of any specific impact.
Race	No evidence or expectation of any specific impact.
Sexual orientation Including Civic Partnership	No evidence or expectation of any specific impact.

Rural communities	No evidence or expectation of any specific impact.
People on low incomes	Potentially any increase in council tax could impact on low income households. This impact is demonstrated and mitigated by the existence of Council's Localised Council Tax Support Scheme (LCTS). As the Council has very recently reviewed its scheme and continues to offer up to full support, low income households would generally see an increase in their LCTS and this may cover up to 100% of any council tax increase.

Section 4: Next steps

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

No.

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

Through Member decision-making - the existence of the LCTS scheme is highlighted in the Cabinet report.

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

Through general collection / caseload monitoring, as appropriate.

**Budget and Policy Framework Update 2017 to 2021-
General Fund Revenue Budget and Capital Programme**

Recommendations of Cabinet 17 January 2017:

- 1 That the 2016/17 Revised Budget be referred on to Budget Council for approval, with the net overspending of £39K being met by reducing the in-year contribution to Balances from £56K to £17K.
- 2 That Council be recommended to approve a City Council tax increase of £5 for 2017/18, together with a year on year target of £5 for future years, subject to local referendum thresholds.
- 3 That Cabinet approves its initial budget proposals as set out in the following Appendices:
 - Appendix 1:** Savings and growth for implementation following approval at Budget Council.
 - Appendix 2:** Savings and growth options to be developed and considered during 2017/18, to inform corporate planning, prioritisation and budget setting for 2018 to 2022.
- 4 That the above proposals and the resulting Revenue Budget position and Capital Programme for 2017/18 onwards, as set out at **Appendices 3 and 4** respectively, be referred on to Council for initial consideration as well as being presented for scrutiny at the open meeting of Budget and Performance Panel, in order that feedback can be provided to Cabinet at its February meeting.
- 5 That drawing on the above, it be noted that:
 - currently the revenue budget proposals for 2017/18 are balanced, allowing for a net contribution to earmarked reserves in next year, but some key figures (such as the provisional Settlement) are still subject to change;
 - there is still a need to make estimated savings of £414K in 2018/19, rising to £2.117M by 2020/21,
 - the planned local government finance reforms scheduled for 2020 create huge uncertainties, and it is essential that the Council develops its understanding and monitors the potential implications in order that it can respond positively and appropriately, as Government's plans become clearer.
- 6 That at its February meeting Cabinet considers the use of available Reserves and Balances in support of finalising its Budget and Medium Term Financial Strategy (MTFS) proposals to 2021, having regard to the advice of the section 151 Officer.

Notes to the Savings and Growth Proposals at Appendix 1

- a. In line with the approved budget strategy, Cabinet is taking a two-stage approach to budget development, to help achieve financial sustainability over the medium term. In doing so it has focused on :
 - putting forward readily implementable efficiency savings and income generation options for 2017/18;
 - keeping growth to a minimum, linked to covering statute-backed needs; and
 - identifying other potential savings and growth options to feed into a much more fundamental review of the Council's services, priorities and resource allocation to be commenced in April 2017, to inform corporate planning and budget setting for 2018 to 2022.
- b. Ahead of next year's review, Cabinet considers that there is an urgent need to help progress the development, co-ordination, promotion and delivery of future Economic Strategy, and this should take priority now. Accordingly, at its February meeting, Cabinet will allocate at least £500K of earmarked reserves specifically for this purpose, with the use of such a reserve being the subject of a report to Cabinet early in the new financial year. This is provided for as growth within Cabinet's proposals.
- c. In terms of other growth, reasonable assumptions have been made that some budget proposals will be cost neutral, although for the pilot to help tackle Anti-Social Behaviour (ASB), this is dependent upon the success of an external funding bid. In the event that it is not successful, it is proposed that earmarked reserves be used instead. The ASB pilot is subject to an interim evaluation after 12 months (and then as part of the 2019/20 budget process, ahead of any decision regarding its future).
- d. With regard to Community Pools, any growth need cannot yet be quantified as further information is awaited. The position will be updated prior to Cabinet submitting its final proposals to Budget Council on 01 March. It is proposed that any growth need would be met from reserves.
- e. For CCTV, to allow more time to explore whether the scheme can and should be redesigned at no or little cost to the Council, an extension of the current scheme to September 2017 is provided for, at an estimated one-off cost of £50K.
- f. Beyond 2017/18 all other growth proposals are to be met from a combination of reserves and the need for services to make compensating ongoing savings. For example, property growth is to be covered through future property rationalisation savings, and accountancy growth is to be covered through finance-driven savings (be they income related or efficiency/modernisation measures).

- g. The review of provisions, reserves and balances to be undertaken by the s151 Officer will take account of the above, as well as the need to ensure sufficient resources are available to undertake any up-front development and feasibility work associated with the Council's existing commitments and other potential budget proposals outlined at Appendix 2.
- h. In terms of savings, any new charging policies associated with the budget proposals would be incorporated into the Council's Fees and Charges Policy as appropriate, with the detailed arrangements for implementation being delegated to the relevant Chief Officer, with the agreement of the relevant Portfolio Holder/s and the Chief Officer (Resources).

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21

SUMMARY OF SAVINGS AND GROWTH PROPOSALS - CABINET 17 JANUARY 2017

		2017/18	2018/19	2019/20	2020/21
		£	£	£	£
PHASE 1 - 2017/18 SAVINGS AND GROWTH PROPOSALS					
SAVINGS PROPOSALS					
EFFICIENCY SAVINGS	No.				
Environmental Services					
Street Cleaning - working pattern (overtime saving)	1	(60,000)	(80,000)	(80,800)	(81,600)
		(60,000)	(80,000)	(80,800)	(81,600)
INCOME GENERATION					
Environmental Services					
Kingsway overspill car park (incl £15K upfront cost in 17/18 funded from reserves)	2	7,000	(10,200)	(10,400)	(10,600)
Health & Safety Training (to external clients)	3	1,000	(6,000)	(12,200)	(12,400)
Health & Housing					
Increase burial charges for out of district residents	4	(13,000)	(13,300)	(13,600)	(13,900)
Increased charge for ashes internment	5	(5,500)	(5,600)	(5,700)	(5,800)
3% increase in cemetery fees	6	(7,900)	(8,100)	(8,300)	(8,500)
"Safer Food Direct" service	7	(3,000)	(3,100)	(3,200)	(3,300)
Regeneration & Planning					
Pre-application advice fee schedule changes	8	(39,500)	(44,700)	(45,800)	(46,900)
Resources (Property Group)					
Review of room hire policy	9	(13,000)	(13,300)	(13,600)	(13,900)
		(73,900)	(104,300)	(112,800)	(115,300)
TOTAL SAVINGS		(133,900)	(184,300)	(274,400)	(278,500)
REDIRECTION OF RESOURCES OR "GROWTH"					
STATUTORY BASED GROWTH	No.				
Governance - Democratic					
Parishes Review	10	10,000	25,000	-	-
Regeneration & Planning					
Temporary conservation assistant post	11	16,300	22,900	6,000	0
Resources (Financial Services)					
Accountancy capacity	12	43,400	50,200	51,900	0
		69,700	98,100	57,900	0
OTHER PROPOSALS					
Environmental Services					
Extension of CCTV (to September 2017)	13	50,000	-	-	-
Health & Housing					
Community Pools	-	TBC	-	-	-
Pest Control Operative post (budget neutral)	14	0	0	0	0
Anti-Social Behaviour Team (budget neutral)	15	0	0	0	-
Regeneration & Planning					
Canal Corridor North Project Officer	16	29,200	40,500	42,100	44,000
Empty Homes Officer (budget neutral)	17	0	0	0	0
Resources (Property Group)					
Property Service Restructure	18	23,600	37,100	0	0
		102,800	77,600	42,100	44,000
SUPPORT FOR ECONOMIC GROWTH					
Regeneration & Planning					
Creation of Earmarked Reserve		500,000	-	-	-
TOTAL COST		672,500	175,700	100,000	44,000

See attached sheets for more detail. Note that the above estimates now include an allowance for inflation (the individual sheets currently do not, but will be updated in due course).

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

Service: Environmental Services

Service / Policy Area

Public Realm - Clean, Green and Safe Places

Brief Description of Budget Option

Street Cleaning overtime - the working pattern of the current workforce is Monday to Friday and weekend schedules are supplemented through overtime. The proposal is to change the existing employees contracts to working 5 days out 7 day thus giving the flexibility to utilise the workforce at the weekend at no extra cost.

Proposed Implementation Date

Jul-17

Estimated Lead-In

3 months

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A more flexible presence will provide benefits for businesses, residents and visitors to the district.

Other Issues – e.g. Impact on internal services, potential risks etc.

Some residual overtime would still be expected to cover peak demands e.g leaf clearance however schedules are being reviewed to minimise this.

Up-front Investment Needed (provide details below)

Amount:

£ 0

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Overtime Savings - Street Cleaning	-£ 60,000	-£ 80,000	-£ 80,000	-£ 80,000
Total	-£ 60,000	-£ 80,000	-£ 80,000	-£ 80,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

Service: Environmental Services

Service / Policy Area

Public Realm - Sustainable Economic Growth

Brief Description of Budget Option

To incorporate the former Kingsway Overspill Car Park next to Bridge End Depot into the public car parks portfolio to provide a managed car park with an appropriate level of parking charges aimed at shoppers and leisure users.

Proposed Implementation Date

Apr-17

Estimated Lead-In

1 month

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Supports the corporate priority of Sustainable Economic Growth. The proposal would be included in the Annual Fees and Charges 2017/18 Cabinet report and stakeholders would be consulted.

Other Issues – e.g. Impact on internal services, potential risks etc.

The proposal would be introduced within service, Lancashire County Council has been consulted and the appropriate notices or Amendment Order would be published or introduced through Legal Services. Other administrative and enforcement arrangements would be incorporated into existing operational arrangements and managed within current budgets.

Up-front Investment Needed (provide details below) Amount:

£ 15,000

Some improvement works are required and the installation of a power supply, signage and pay and display machine is required.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 8,000	-£ 10,000	-£ 10,000	-£ 10,000
Initial costs	£ 15,000			
Total	£ 7,000	-£ 10,000	-£ 10,000	-£ 10,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

Service: Environmental Services

Service / Policy Area

Safety - Sustainable Economic Growth

Brief Description of Budget Option

To assess the viability of providing Health & Safety training to external clients including other local authorities and private business.

Proposed Implementation Date

Apr-18

Estimated Lead-In

12 months

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

New area of business potentially impacting on local competition.

Other Issues – e.g. Impact on internal services, potential risks etc.

This would utilise the time of an existing staff member which could potentially result in a shortfall to the available resources currently being dedicated to the safety levels across the Council. However, this could be addressed by introducing this proposal in phases whilst reviewing the impact on service needs.

Up-front Investment Needed (provide details below)

Amount:

£ 1,000

Investment required in new material (e.g. DVD's and flipcharts) to provide a professional service.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income		-£ 6,000	-£ 12,000	-£ 12,000
Total	£ 0	-£ 6,000	-£ 12,000	-£ 12,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

4

Service: Health and Housing

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

The Council does not charge additional fees for the burial of persons who, at the time of death, do not reside in our district. Most councils charge at double the normal rate. It is proposed that the council introduce 'doubled up' charges (across the range of interment fees) from 01 April 2017. It is estimated that there will be 15 adult burials and 20 ashes interments a year. This would equal £654 per burial and £157 per ashes interment. In some cases extra income may be made by the sale of 'Exclusive Rights of Burial', but this has not been incorporated in this proposal as it cannot be guaranteed.

Proposed Implementation Date Apr-17

Estimated Lead-In n/a

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000
Total	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

5

Service: Health and Housing

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

An increase is proposed for the cost of providing an ashes interment but this will remain considerably below the minimum level charged by Lancaster Crematorium. The overall council fee for this service is made up of several elements so it is proposed to increase, in isolation, the fee for a Granite Memorial by £136 (rounded down). The number of interments is estimated at 40 per year.

Proposed Implementation Date

Apr-17

Estimated Lead-In

n/a

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of ashes interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)

Amount:

£ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 5,500	-£ 5,500	-£ 5,500	-£ 5,500
Total	-£ 5,500	-£ 5,500	-£ 5,500	-£ 5,500

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

6

Service: Health and Housing

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

The council's fees and charges are increased each year in April. This includes all Cemetery fees. This proposal is to increase all cemetery fees by an additional 3% on top of the annual general increase.

Proposed Implementation Date Apr-17

Estimated Lead-In N/A

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 7,900	-£ 7,900	-£ 7,900	-£ 7,900
Total	-£ 7,900	-£ 7,900	-£ 7,900	-£ 7,900

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

7

Service: Health & Housing

Service / Policy Area

Environmental Health - Food & Safety team (Health policy area)

Brief Description of Budget Option

Cornwall Council has developed a range of innovative products under the umbrella name 'Safer Food Direct'. These offer local authority business regulatory expertise in a commercial, discretionary offer (over and above the help already provided by councils) in the interests of protecting consumers, supporting and advising individual local businesses, and more broadly to promote local economic confidence and growth.

This proposal is that we introduce Cornwall's 'Safer Food Direct' services and make good income-generating use of expert business advice and support on regulatory and technical food safety matters to commercial food businesses:

1. New business start-up advice and support.
2. Pre-inspection 'audit' advice and support.

These services would aim to help businesses to gain or retain a published full 'five-rating for food hygiene, helping them to attract more customers.

Proposed Implementation Date

Apr-17

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Closer working with businesses. Greater buy-in and motivation for food safety compliance. Income from discretionary chargeable business advice & support services over and above our continuing regulatory service delivery. Note: Piloting underway and due to be completed by 31st March 2017.

Other Issues – e.g. Impact on internal services, potential risks etc.

Conflict of interest managed through a firm operational policy.

Up-front Investment Needed (provide details below) Amount:

£ 0

Licensing costs of £2k per year are expected to be waived in view of the council's special collaborative partner status with Cornwall Council.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Income	-£ 3,000	-£ 3,000	-£ 3,000	-£ 3,000
Total	-£ 3,000	-£ 3,000	-£ 3,000	-£ 3,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

8

Service: Regeneration & Planning

Service / Policy Area

Development Management

Brief Description of Budget Option

(a) Revisions to the existing pre-application advice fee schedule, including the introduction of a new tier of pre-application advice (to be known as level three advice)

(b) Two new chargeable elements are also sought – the introduction of fees for separate heritage-related advice (advice from the Council's Conservation Officers regarding works to listed buildings, works within conservation areas and works within areas of article 4 direction); and the introduction of a new post-application meeting charge (to assist applicants and developers with discharging planning conditions or addressing reasons for refusal).

Proposed Implementation Date

Apr-17

Estimated Lead-In

3 months

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pre-

Application advice is already charged; those affected by the changes to the suggested pre-application advice system will be planning applicants and developers.

Other Issues – e.g. Impact on internal services, potential risks etc.

(a) There will be a time-element impact here for Members, regarding the (relatively few) level three pre-application proposals that would be received per year. It is envisaged that a small group of Members (provisionally identified as those who attend Monthly Planning Briefing, which is one Member per political group represented on Planning Committee) would be required to attend a pre-application presentation by the developer

(b) The impact of charging for heritage advice will be likely to result in a much-needed reduction in the number of (currently) non-fee earning queries for the Council's Conservation Officers. By offering a new opportunity for all parties to discuss planning conditions and reasons for refusal, the workload of the 2 Planning Enforcement Officers may witness a modest fall.

Up-front Investment Needed (provide details below)

Amount:

£ 0

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 39,500	-£ 43,700	-£ 43,700	-£ 43,700
Total	-£ 39,500	-£ 43,700	-£ 43,700	-£ 43,700

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

9

Service: Resources (Property Group)

Service / Policy Area

Property Services - room hire

Brief Description of Budget Option

To undertake a review of the room hire policy, with a view to promoting greater consistency and transparency, as well as increasing the current level of income generated.

Proposed Implementation Date Apr-17

Estimated Lead-In

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A review of the policy is aimed at promoting greater consistency and transparency for customers, as well as increasing income.

Other Issues – e.g. Impact on internal services, potential risks etc.

There is a risk that if charges are increased too much it could result in fewer customers. The review therefore needs to ensure charges are competitive. and the packages offered are attractive.

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional income	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000
Total	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

DEMOCRATIC SERVICES : ELECTIONS TEAM - COMMUNITY GOVERNANCE REVIEW

Brief Description of Budget Option

To carry out a community governance review (CGR) of the whole district in 2017-2019. This would start in September 2017 and take 12 months, being ready for implementation in April 2019. A CGR is an opportunity for a principal council such as Lancaster City Council to consult with residents to review and make changes to the parish and town councils ('community governance') in its area and consider creating new parish and/or town councils.

The power to undertake these reviews is set out in Section 100 of the Local Government and Public Involvement in Health Act 2007 and Section 100(4) of the Act requires the Council to have regard to guidance issued in 2010 by the Secretary of State and the Local Government Boundary Commission for England which states that it is good practice for a principal Council to undertake a review every 10-15 years. The Act came into force almost nine years ago and the Council has not yet carried out a full review, although community governance reviews have been undertaken to set up Morecambe Town Council (2008) and Aldcliffe with Stodday Parish Council (2016). Officers feel it is now time for a full review, as interest has been expressed in forming a Parish Council for Heysham and this seems an ideal time, with no major elections planned for 2018.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The bulk of the work would be carried out by the elections team, led by the Elections Manager. There is likely to be an impact on colleagues who arrange precepting and bill residents for council tax although that impact can not be accurately predicted as it will depend on the outcome of the review. If a new Council is established for Heysham, for example, there will be a significant impact as it will affect a large number of households. If there are no changes at all after carrying out the review, there will be no impact.

No major elections are planned for May 2018, so this is the ideal time to undertake a review, as it will be a major piece of work, possibly including polls not just consultation work, and could not be undertaken in parallel with an election without extra staff resources. The next year with no planned elections is 2022.

Other Issues – e.g. Impact on internal services, potential risks etc.

The impact on the elections team - consultation work, reporting to members at various stages and possibly running polls (if required) - could be significant, and for this reason the work has been scheduled for a year with no planned elections. The greatest risk - unlikely but still a risk - is that a snap Parliamentary Election could be called and this would mean that the review would have to either be put on hold, or additional staff resources would be needed. There is also a risk, if the review is delayed or put on hold, that the Council has not given due regard to the timescales in the guidance document.

The costs that are given in this growth bid are initial estimates, and may ultimately be lower; they cannot be firmed up until the outcome of the public consultation and whether polls are going to be necessary or not (the polls and the fees that might be paid to the software supplier to adjust the Council Tax system are the most costly elements, the initial consultation can be carried out at minimum cost using press releases and the Council website). If no polls are needed, the cost will be much lower.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Fees for system changes		15,000		
Possible polls (may not be needed)	10,000	10,000		
Total	10,000	25,000	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Conservation (Built Heritage)

Brief Description of Budget Option

To create a new temporary post of Conservation Assistant (Standards, Compliance and Enforcement). The post would be for two years and would permit a qualified but probably fairly inexperienced conservation graduate to support the work of the conservation officers.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The council has legal responsibilities for ensuring that heritage assets are identified and protected. The council also has intentions to promote economic growth on the basis of this cultural offer: the Corporate Plan identifies one of the main prospects for economic growth is the potential to capitalise on the district's "outstanding arts and cultural heritage". Presently, the council manages all built heritage with only two conservation officers. Much of the officers' valuable professional time is lost to addressing enforcement matters, often relating to occurrences where property owners do not implement what they have obtained consent for, or, make changes to heritage assets without seeking consent. The need to delay other work to address non-compliance issues prevents positive conservation policy work being undertaken. Insufficient resource to address incidences of non-compliance have wider ramifications: members of the community who follow process can be discouraged whilst other community members may be encouraged to follow suit. Establishing and publicising clear intentions to ensure that conservation standards are complied to whilst non-compliance issues will be addressed raises expectation and ultimately standards. An additional resource with a focus on compliance will greatly assist.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Planning (Listed Buildings and Conservation Areas) Act 1990 places specific duties and obligations on local authorities to ensure that heritage assets are conserved. Having the support of an assistant will enable the Conservation Officers to focus their experience and their valuable officer time on addressing the substantive challenges and processes including deadlines associated with the delivery of the local plan. A dedicated and knowledgeable resource to address issues of standards and compliance specifically with regard to development affecting heritage assets will support the work of the small planning enforcement team who are obliged to prioritise enforcement case work and establish better expectations on development compliance.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Conservation Assistant Grade 3	16,200	22,400	5,800	
Total	16,200	22,400	5,800	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Financial Services

Brief Description of Budget Option

Establishment of a new post of Accountancy Manager (Grade 8). The creation of this post will provide the necessary capacity within accountancy to ensure key projects, such as Canal Corridor & Salt Ayre Sports Centre redevelopment, are supported with the appropriate level of financial advice and support, and that the accountancy section can successfully adapt to future changes in accounting requirements and early closure timescales, as well as resourcing the implementation of replacement financial and non-financial IT systems. The post would also create capacity for aspects of accountancy work that have been put on hold due to a lack of resources, i.e. a full review of internal recharges and implementation of monthly financial monitoring amongst other areas of work. It would also provide the Financial Services Manager with much needed capacity to allocate more time to managing and developing the exchequer, procurement and risk management/insurance sections, as well as being able to support more strategic financial issues such as 100% Business Rates Retention and New Homes Bonus etc.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

None directly other than the service.

Other Issues – e.g. Impact on internal services, potential risks etc.

Creation of the post will ensure key council projects and initiatives can be supported with the appropriate level of advice and support. It will provide services with another level of strategic and operational financial advice and support, and will create capacity to enable future financial developments to be planned and resourced appropriately.

If the post is not created the service will not have the capacity to meet future changes and developments, i.e. implementation of a replacement IT system, changes in accounting requirements and the requirement to close accounts earlier. In addition, there will be insufficient capacity to support key corporate initiatives and projects. There is also a risk that increased pressure on the accountancy section will result in an increase in the likelihood of errors, failure to meet internal and external deadlines and generally have a negative impact on the Council and its services, and staff generally.

The cost of the post from 2020/21 onwards will be covered by finance-driven savings (be they income related or efficiency/modernisation measures).

As well as the wide ranging statutory obligations that the post would help fulfil, under section 114 of the Local Government Finance Act 1988 (and as set out in the Council's Constitution), the authority must provide the Section 151 Officer with *sufficient staff*, accommodation and resources, to carry out the duties under that section. This is a key governance requirement to ensure the S151 officer can provide a finance function with the resources, expertise and systems necessary to perform its role effectively.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Accountancy Manager - Grade 8	36,100	49,200	50,400	51,600
External Recruitment Costs	7,000			
Target Savings				-51,600
Total	43,100	49,200	50,400	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

13

Service: **Service / Policy Area**

Clean and Green Places

Brief Description of Budget Option

Council's decision (March 2016) with regards to CCTV was to cease provision 31/03/17 but work with interested parties to establish if it could be provided in a different way at no cost to the Council. Work is ongoing to look at the business case for a 're-purposed' public CCTV system that acts a tool to 1) contribute to safety 2) help reduce fly tipping and vandalism 3) help manage other functions provided by the Council eg events, Licensing.

The current system is in need of upgrade however so capital expenditure would be required besides ongoing revenue funding. A project group consisting of City Council, Lancaster BID, Morecambe BID, Chamber, Police is looking at the best options going forward - including working with other Councils. In order to allow time for the viability of the business case to be determined the Council will continue to run the system from April to September 2017, but without staffing. The one-off costs to support this extension are indicative at this stage.

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

Supports corporate priorities of Community Leadership, Clean and Green Places, Sustainable Economic Growth.

Other Issues – e.g. Impact on internal services, potential risks etc.

No other key issues at this stage.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Cost of extension April to Sept 2017	50,000			
Total	50,000	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Environmental Health - Pest Control (Health policy area)

Brief Description of Budget Option

This proposal creates additional staffing capacity to maximise the prospects for delivering required levels of income from our Pest Control service. It is linked to existing income targets for 2017/18 and beyond which we are taking forward through a commercialisation and marketing project which has already begun, targeting higher value commercial contract clients.

We propose the establishment of a grade 2 post of Assistant Pest Control Operative for a fixed term of 2 years to:

- a) free up existing highly experienced staffing capacity to service new, high value contract clients
- b) secure succession planning to sustain the service's expertise, efficiency, effectiveness and viability.

In order to recruit and train the new post holder in time for the main income-generating wasp season, assistance for timely recruitment is proposed at a cost of £3,600 which will be met from corporate turnover savings in 2016/17.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pest Control is currently working at full stretch to service existing workloads. Based on existing staffing levels we would have to drop some existing, lower-earning work in order to achieve future year income targets.

This proposal creates additional staffing capacity so that we would continue to service existing clients and workloads without loss of lower-earning work, whilst also maximising prospects of winning and successfully servicing higher-earning commercial contracts. Once the time has been spent upfront winning the higher value contracts, workload can be managed thereafter without the additional resource.

Other Issues – e.g. Impact on internal services, potential risks etc.

Pest Control cannot guarantee delivering existing income targets but is in a strong position in terms of service expertise, customer-base awareness and customer satisfaction.

The additional costs of employing and training the proposed Assistant Pest Control Operative would be added to our income targets. Without that post we risk not being able to capitalise on strong income-generating prospects that would help to assure the future financial sustainability of the service and seek to generate a surplus.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x Assistant Pest Control Operative	19,300	19,300		
Target income supported by this proposal	-19,300	-19,300		
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Environmental Health (Health and Clean-Green-Safe policy areas)

Brief Description of Budget Option

Establishment of a fixed term 2 year pilot Anti-Social Behaviour team dedicated to investigating, confronting and tackling (using formal enforcement powers where necessary) anti-social behaviour. We anticipate but cannot at this stage confirm likely support with the costs of running this unit from Transformational Challenge Award (TCA) funding. We would make a bid to the County Council for an element of their TCA grant allocation, the aims of which are closely aligned with the growth proposal.

Proposed Implementation Date

Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Anti-social behaviour is a significant problem in parts of the Lancaster district (including council estates) in terms of neighbour-on-neighbour problems, litter and fly-tipping, drug-related problems affecting residential streets, alcohol and the night-time economy, and aspects of hate crime-related anti-social behaviour falling outside the criminal remit of the Police. Anecdotally some of these are growing problems.

One part-time (2 days a week) permanent ASB Officer post, formed from part of a pre-existing post, is currently (December 2016) being recruited to. The growth proposal here is to more fully establish a small unit of two dedicated ASB officers and a fully operational ASB lead officer. Working highly flexible hours to target peak times and maximise impact, this pilot if approved will run from June 2017 to May 2019. We believe this is the minimum size of unit to efficiently and effectively manage and fulfil a demanding caseload. It will be necessary to strictly prioritise individual cases and align with the needs of any funding sources.

A dedicated anti-social behaviour unit will help to offer cost effective and coordinated joined-up enforcement when compared with a single dedicated service on a wider anti-social matter such as litter / fly-tipping.

Other Issues – e.g. Impact on internal services, potential risks etc.

This proposed anti-social behaviour unit will enable some existing demands on council services to be delivered in more efficient and targeted ways. In several areas (Environmental Health, Council Housing) the detail in this proposal already reflects some diversion of resources. There are several other anticipated funding sources - each likely to be conditional to specific geographical areas or types of problem - and these would once approved be brought on stream as additional posts.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x additional ASB officer (grade 4)	22,800	28,300	4,900	
1 x lead ASB officer (grade 5)	27,100	33,600	5,800	
Use of 2 x marked vehicles	8,300	10,000	1,700	
Equipment, tools, clothing & training	3,500	2,000	500	
TCA Funding - to be confirmed	-46,700	-55,900	-9,900	
HRA contribution to anti-social behaviour	-15,000	-18,000	-3,000	
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Regeneration/Development Control

Brief Description of Budget Option

Appointment of Project Officer to support the Regeneration Manager with the delivery of the Canal Corridor North Regeneration project.

Time limited contract (5 years)

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The Canal Corridor North project is a major priority for the City Council. It will be complex in terms of balancing the councils regulatory role with its regeneration and economic development activities. The City Council is both a landowner, investor, and regulator in this project.

This is one of the most important regeneration projects in a generation and has game changing potential to elevate Lancaster to deliver its true potential in terms of a visitor destination, student experience and becoming a top location to live and work.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Canal Corridor North project is now moving into a phase where it is capable of consuming a disproportionate amount of the Regeneration Manager's time handling routine but important project management duties. To redress this balance throughout the delivery phase of the project dedicated project support is needed to ensure the Regeneration Manager can offer the appropriate direction whilst carrying his other managerial and professional duties. Considerable work is still being done as part of due diligence to assess whether the project can commence to the delivery stage. No recruitment to this key delivery post would take place until there was more certainty over commencement.

Recruitment in the planning and regeneration sector is becoming increasingly difficult and it is by no means certain that the appropriate expertise can be acquired through traditional recruitment methods.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Project Officer Grade 6	29,000	39,700	40,900	42,200
Total	29,000	39,700	40,900	42,200

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Regeneration - Empty Homes

Brief Description of Budget Option

Redirecting savings from the retirement of an existing post holder to make the Empty Homes Officer post permanent (current contract expires 31st March 2017). This is in line with an October 2014 Cabinet decision (minute 47 refers). This will be accompanied by a refresh of the Empty Homes Strategy (to be reported to Cabinet in February 2017) and an internal reorganisation to ensure sufficient capacity is in place to cover this important area of work. The overall impact of these changes will be cost neutral at worst with potential for a small overall saving.

Proposed Implementation Date

Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

This is a high profile area of work with significant community impact. Empty Homes are a visible sign of an area's wellbeing and a deterrent to investment. They are also a wasted resource at a time of housing shortages. Bringing empty homes back into use directly contributes to the corporate priorities of health and wellbeing and economic regeneration and has a positive financial impact on the council.

Other Issues – e.g. Impact on internal services, potential risks etc.

A successful empty homes program helps address housing need and improves the economic prospects of an area. It also complements other regeneration initiatives (such as S215 untidy land and building work) and ongoing enforcement work through planning and housing legislation. It is proposed to improve co-ordination between these functions to provide the most efficient service possible.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Empty Homes Officer salary and on-costs	34,600	35,700	36,700	37,500
Retiring Officer salary and on-costs	-44,500	-44,500	-44,500	-44,500
Net Saving	-9,900	-8,800	-7,800	-7,000
Note: Use of savings to be considered as part of wider restructure	9,900	8,800	7,800	7,000
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Resources / Property

Brief Description of Budget Option

Implementation of a new Property Group staff structure which includes increased staff levels to address resourcing gaps in critical areas. The key growth area is asset management to create capacity for strategic property management and ensure the City Council obtains best value for money from its property holdings.

Another key area being addressed through the restructure is that of facilities management creating a clear split between room bookings & events management (a potential growth area for the Council) and reducing the number of traditional facilities support officers but increasing the hours to increase flexibility and reduce overtime payments.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Builds capacity for strategic property management.

Delivers a more focused approach to room booking and event management. Potentially creates a foundation for a more corporate approach to room bookings and cafe management in the future. Improves flexibility within the facilities support to reduce overtime and thus improve financial certainty going forward.

Other Issues – e.g. Impact on internal services, potential risks etc.

Increased capacity in asset management will deliver a more strategic approach to management of the Council's property holdings. It will also allow Property Group to increase its corporate landlord responsibilities thus reducing the time other services spend on property related matters.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Increase to staff structure	23,400	36,100	41,400	42,600
Total	23,400	36,100	41,400	42,600

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21

SUMMARY OF SAVINGS AND GROWTH OPTIONS - 2018/19 ONWARDS

SERVICE	PROPOSAL
PHASE 2 - 2018/19 SAVINGS AND GROWTH OPTIONS TO BE EXPLORED	
POTENTIAL SAVINGS	
Budget Proposals Arising From 2016/17 Budget	
Governance	Civic Regalia
Environmental Services	Electric Car Charging Points
Regeneration & Planning	Platform Review
Regeneration & Planning	Museums Review
Regeneration & Planning	VIC's Rationalisation
Regeneration & Planning	Arts Grants Review
Resources (Financial Services)	Reduction of Credit Card Charges
New Budget Proposals	
Resources (Property Group)	Office Accommodation Rationalisation / Corporate Property Strategy Review
Environmental Services	Fleet Management Review
Environmental Services	Trade Waste Scoping Exercise to Determine Expansion
Environmental Services	Various Morecambe Concessions Review
Environmental Services	Williamson Park Café (includes capital growth)
Environmental Services	Car Parking Charges Review
Environmental Services	Advertising on Council Vehicles
Governance	Voluntary, Community & Faith Sector - Review of Funding
Health & Housing	Licensing Service Review
Health & Housing	Salt Ayre - New facility for gymnastics, indoor ski/surfing (includes capital growth)
Revenues (Financial Services)	Centralised Payroll Function
Resources (Revenues)	Review of Benefits Service (particularly Housing Benefit in light of Universal Credit roll-out)
Resources (Revenues)	Review of Council Tax Discretionary Discounts and Exemptions
POTENTIAL GROWTH	
Governance - HR	Learning & Development Capacity
Governance - HR	Job Evaluation Review
Environmental Services	New CCTV System (includes capital growth)
Environmental Services	Improve Lower Storey Garden (includes capital growth)
Environmental Services	Route Optimisation Software
Environmental Services	"Pay on Foot" parking in St Nicholas Arcades Car Park (includes capital growth)
Regeneration & Planning	MAAP - Making the Heart of Morecambe (includes capital growth)
Regeneration & Planning	MAAP - Improving Approach to Morecambe (includes capital growth)
Regeneration & Planning	Lancaster Square Routes - Sun Square (includes capital growth)
Resources (ICT)	Geographic Information Systems (GIS) Support & Development
Resources (ICT)	Corporate Digital Projects (including mobile working and ICT modernisation strategy)
All Services	Corporate Cultural Change

General Fund Revenue Budget 2016/17 to 2020/21
As Recommended by Cabinet 17 January 2017

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Original Revenue Budget / Forecast	16,258	15,180	17,221	17,427	
<i>Allowing for budgeted contribution to Balances</i>	<i>56</i>	<i>165</i>			
Changes to Budget Projections - <i>Cabinet 06 December</i>	305	(307)	(600)	(326)	17,819
Base Budget Changes after Cabinet 06 December					
New Homes Bonus	-	84	(200)	(192)	276
Net Benefit Admin Grant reduction	-	77	75	73	104
Pensions	-	(71)	(70)	(68)	295
Loss of interest re Pensions	-	12	19	18	0
Capital Financing - MRP changes	-	(65)	(29)	(21)	(22)
Investment Interest	-	(90)	(66)	(253)	(313)
Other net changes across all Services	(1)	47	(51)	(67)	(90)
Phase 1 Savings Proposals (please see attached for details)					
Efficiency Savings	-	(60)	(80)	(81)	(82)
Income Generation	-	(74)	(104)	(113)	(115)
Phase 1 Growth Proposals (please see attached for details)					
Statutory Based	-	70	98	58	0
Other Proposals	-	103	78	42	44
The above to be funded from Reserves (after 2017/18)	-	-	(176)	(100)	(44)
Support for Economic Growth	-	500	-	-	-
Additional Contribution to Reserves	-	452	-	-	-
Reduced Contribution to Balances	(39)	-	-	-	-
General Fund Revenue Budget	16,523	15,858	16,115	16,397	17,872
Settlement Funding Assessment:					
Revenue Support Grant	(2,652)	(1,605)	(941)	(200)	0
Retained Business Rates	(4,568)	(5,065)	(5,223)	(5,400)	(5,510)
Business Rates - Safety Net Adjustment	-	401	413	427	441
Renewable Energy Income	(947)	(966)	(994)	(1,025)	(1,046)
Estimated Collection Fund Surplus	(60)	-	-	-	-
Council Tax Requirement	8,296	8,623	9,370	10,199	11,757
Target Council Tax Requirement	8,296	8,623	8,956	9,295	9,640
Latest Budget Deficit / (Surplus)	0	0	414	904	2,117

General Fund Unallocated Balance	
	£M
Original Projected Balance as at 31 March 2016	(4.128)
Budgeted Contribution	(0.056)
2015/16 Actual Underspend	(0.331)
2016/17 Forecast Overspend	0.039
Projected Balances as at 31 March 2017	(4.476)
Budgeted Contribution	(0.165)
Projected Balances as at 31 March 2018	(4.641)
Less Agreed Minimum Level of Balances	1.500
Available Balances	(3.141)

GENERAL FUND CAPITAL PROGRAMME - As Recommended by Cabinet 17 January 2017

Service / Scheme	2016/17			2017/18			2018/19			2019/20			2020/21			5 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Environmental Services	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Vehicle Renewals	1,160,000		1,160,000	1,685,000		1,685,000	984,000		984,000	971,000		971,000	1,509,000		1,509,000	6,309,000	0	6,309,000
Bins & Boxes Scheduled Buy-Outs	74,000		74,000	50,000		50,000			0			0			0	124,000	0	124,000
Car Parks Improvement Programme	57,000		57,000	27,000		27,000			0			0			0	84,000	0	84,000
Middleton Solar Farm Feasibility Study	0		0			0			0			0			0	0	0	0
Happy Mount Park - Pathway Replacements	43,000		43,000	23,000		23,000	23,000		23,000	23,000		23,000			0	112,000	0	112,000
Langridge Way Play Area	23,000	16,000	7,000			0			0			0			0	23,000	16,000	7,000
Health and Housing																		
Disabled Facilities Grants	850,000	850,000	0	2,511,000	2,511,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	7,750,000	7,750,000	0
Warmer Homes Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Salt Ayre Sports Centre - Redevelopment	4,405,000		4,405,000	340,000		340,000			0			0			0	4,745,000	0	4,745,000
Regeneration and Planning																		
Sea & River Defence Works & Studies	3,780,000	3,780,000	0	2,860,000	2,860,000	0	1,221,000	1,221,000	0	25,000	25,000	0	25,000	25,000	0	7,911,000	7,911,000	0
Amenity Improvements (Morecambe Promenade)	24,000		24,000			0			0			0			0	24,000	0	24,000
Luneside East	30,000		30,000			0			0			0			0	30,000	0	30,000
Lancaster Square Routes	30,000	11,000	19,000			0			0			0			0	30,000	11,000	19,000
Morecambe TH12: A View for Eric	477,000	359,000	118,000	271,000	206,000	65,000	135,000	103,000	32,000			0			0	883,000	668,000	215,000
MAAP Improving Morecambe's Main Streets	527,000	9,000	518,000	258,000		258,000	150,000		150,000	150,000		150,000			0	1,085,000	9,000	1,076,000
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000		90,000			0			0			0			0	90,000	0	90,000
Middleton Nature Reserve s106 Scheme	4,000		4,000			0			0			0			0	4,000	0	4,000
Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Lancaster District Empty Homes Partnership	200,000		200,000			0			0			0			0	200,000	0	200,000
Bay Arena Improvements	50,000	50,000	0			0			0			0			0	50,000	50,000	0
S106 Highways Works	319,000		319,000	301,000		301,000			0			0			0	620,000	0	620,000
Resources																		
ICT Systems, Infrastructure & Equipment	799,000		799,000	227,000		227,000	908,000		908,000	93,000		93,000	292,000		292,000	2,319,000	0	2,319,000
Corporate Property Works	2,314,000	8,000	2,306,000	2,746,000		2,746,000	1,113,000		1,113,000			0			0	6,173,000	8,000	6,165,000
Energy Efficiency Works	40,000		40,000	1,080,000		1,080,000			0			0			0	1,120,000	0	1,120,000
GENERAL FUND CAPITAL PROGRAMME	15,298,000	5,083,000	10,215,000	12,379,000	5,577,000	6,802,000	5,997,000	2,787,000	3,210,000	2,725,000	1,488,000	1,237,000	3,289,000	1,488,000	1,801,000	39,688,000	16,423,000	23,265,000
Financing :																		
Specific Grants and Contributions	5,083,000			5,577,000			2,787,000			1,488,000			1,488,000			16,423,000		
General Capital Grants	1,000			0			0		0	0		0	0		0	1,000		
Capital Receipts	1,219,000			870,000			0		0	0		0	0		0	2,089,000		
Direct Revenue Financing	363,000			50,000			0		0	0		0	0		0	413,000		
Earmarked Reserves	1,010,000			632,000			445,000		173,000	173,000		38,000	38,000		2,298,000			
	7,676,000			7,129,000			3,232,000		1,661,000	1,661,000		1,526,000	1,526,000		21,224,000			
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	7,622,000			5,250,000			2,765,000		1,064,000	1,064,000		1,763,000	1,763,000		18,464,000			
TOTAL FINANCING	15,298,000			12,379,000			5,997,000		2,725,000	2,725,000		3,289,000	3,289,000		39,688,000			
SHORTFALL / SURPLUS (-)	0			0			0		0	0		0	0		0			

COUNCIL**Arrangements for the Future Appointment
of an External Auditor****01 February 2017****Report of Audit Committee****PURPOSE OF REPORT**

To seek Council's approval for proposals relating to the future appointment of an external auditor to the Authority, as required by the Local Audit and Accountability Act 2014.

This report is public

RECOMMENDATIONS

- (1) **That full Council approves the proposal that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the future appointment of external auditors.**

1.0 Introduction

- 1.1 At its meeting on 18 January 2017 the Audit Committee considered a report from the Chief Officer (Resources) setting out options relating to the future appointment of an external auditor to the Authority.
- 1.2 Following the abolition of the Audit Commission, new arrangements are needed for the appointment of external auditors to local authorities. The Local Audit and Accountability Act 2014 requires authorities to either opt in to an "appointing person regime" or to establish an auditor panel and conduct their own procurement exercise.
- 1.3 The date by which authorities need to opt in to the appointing person arrangements has now been set as 09 March 2017 and, in accordance with the Regulations, the decision to become an opted-in authority must be taken by full Council.
- 1.4 A copy of the report to Audit Committee is attached as Annex 1.

2.0 Proposal Details

- 2.1 In accordance with the Audit Committee's recommendation (Minute no 31, 18th January 2017), Council is requested to approve the proposal that the Council opts-in to the "appointing person regime" provided by Public Sector Audit Appointments (PSAA).

3.0 Details of Consultation

- 3.1 No additional consultation has been undertaken in compiling this report.

4.0 Options and Options Analysis

4.1 The options available are as set out in the annexed report.

5.0 Conclusion

5.1 In accordance with the Local Audit and Accountability Act 2014, the Council is required to make a decision on its preferred arrangements for appointing an external auditor for the audit of the 2018/19 accounts onwards. Council’s approval of the proposed opt-in to the “appointing person regime” will enable the Council to fulfil that legal requirement and meet the deadline established for this purpose, in support of achieving value for money through the procurement of external audit services.

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

Risk Management:

As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

LEGAL IMPLICATIONS

The process set out in the report to Audit Committee and the recommendation made to full Council should ensure compliance with the Local Audit and Accountability Act 2014.

FINANCIAL IMPLICATIONS

If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct a separate procurement. Until either procurement exercise is completed it is not possible to state whether, or what, additional financial resource may be required for audit fees for 2018/19 onwards, although it is anticipated that any increase will be minimised through using PSAA.

OTHER RESOURCE IMPLICATIONS

Human Resources; Information Services; Property; Open Spaces
None.

SECTION 151 OFFICER’S COMMENTS

The report to Audit Committee was produced by the Chief Officer (Resources) in her capacity as Section 151 Officer; she has no further comments.

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

PSAA Prospectus
PSAA – Appointing Person – Frequently Asked Questions
Equality Impact Assessment

Contact Officer: Nadine Muschamp
Telephone: 01524 582117
E-mail: nmuschamp@lancaster.gov.uk
Ref: CO(Res)/LW

AUDIT COMMITTEE

18th January 2017

Appointment of External Auditor

Report of Chief Officer (Resources)

PURPOSE OF REPORT
To seek the Committee's backing for proposals to secure the future appointment of an external auditor for the Council and ask that the Committee recommends the proposals for approval by Full Council.
This report is public

RECOMMENDATIONS

- (1) That the Audit Committee recommends to Full Council that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.**

1.0 Background

- 1.1 Following the abolition of the Audit Commission new arrangements were needed for the appointment of external auditors to local authorities. The Local Audit and Accountability Act 2014 requires authorities to either opt in to an "appointing person regime" or to establish an auditor panel and conduct their own procurement exercise.

2.0 Report

- 2.1 As part of closing the Audit Commission the Government novated external audit contracts to a newly established body, Public Sector Audit Appointments (PSAA) on 1 April 2015. At that point, external audit contracts were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
- 2.2 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.
- 2.3 There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an "appointing person" under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA).

2.4 The date by which authorities need to opt in to the appointing person arrangements has now been set as 9th March 2017 and, in accordance with the Regulations, the decision to become an opted-in authority must be taken by full Council. It is therefore proposed that this decision is referred for consideration by full Council at its meeting on 1st February 2017.

3.0 Details of Consultation

3.1 The Chief Officer (Resources) is a member of the Lancashire Chief Financial Officers group and has consulted on this matter with other Section 151 Officers. Sector advice and guidance on the matter has been provided by the Local Government Association.

4.0 Options and Options Analysis (including risk assessment)

4.1 **Option 1:** The objectives of the PSAA and the advantages of using it are set out in its prospectus (attached as Appendix A) and are summarised below.

- a) Assure timely auditor appointments
- b) Manage independence of auditors
- c) Secure highly competitive prices
- d) Save on procurement costs
- e) Save time and effort needed on auditor panels
- f) Focus on audit quality
- g) Operate on a not for profit basis and distribute any surplus funds to scheme members.

4.2 A further document produced by the PSAA, setting out Frequently Asked Questions regarding the process and the appointing person role is attached as Appendix B.

4.3 **Option 2:** The alternative option to signing up to the service provided by the PSAA is for the Council to undertake its own, individual procurement exercise. Whilst this option would give the advantage of more direct control over the appointment, the advantages for the PSAA (listed above) can also be viewed as the disadvantages or risks associated with the Council undertaking its own procurement.

4.4 For reasons of efficiency in procurement and the minimisation of risk, the preferred option being recommended is to sign up to the service available via the sector-led body Public Sector Audit Appointments.

5.0 Conclusion

5.1 In accordance with the Local Audit and Accountability Act 2014, the Council is required to make a decision on its preferred arrangements for appointing an external auditor for the audit of the 2018/19 accounts onwards. The preferred option being recommended is to sign up to the service available via the sector-led body Public Sector Audit Appointments.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Risk Management:

As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

FINANCIAL IMPLICATIONS

If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state whether, or what, additional financial resource may be required for audit fees for 2018/19 onwards, although it is anticipated that any increase will be minimised through using PSAA.

SECTION 151 OFFICER'S COMMENTS

The report has been produced by the Chief Officer(Resources) in her capacity as Section 151 Officer; she has no further comments.

LEGAL IMPLICATIONS

The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

PSAA Prospectus

PSAA – Appointing Person – Frequently Asked Questions

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

E-mail: nmuschamp@lancaster.gov.uk


Ref: CO(Res)/LW



Developing the option
of a national scheme for
local auditor appointments

www.psa.co.uk


Public Sector
Audit Appointments



“The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in.”

– Lord Porter CBE, Chairman,
Local Government Association

www.psaa.co.uk

Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It aims to be designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at generalenquiries@psaa.co.uk

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.

The LGA is supporting PSAA in its application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.

PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA wishes to be selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.

“Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions.”

– Norma Atlay, President,
Society of District Council Treasurers

“Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency.”

– Sean Nolan, President,
Police and Crime Commissioners
Treasurers’ Society (PACCTS)

The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body’s arrangements for securing value for money, dealing with electors’ enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years, subject, of course, to the terms of specification by DCLG.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.

“Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process.”

– Steven Mair, City Treasurer,
Westminster City Council

“In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with.”

– Charles Kerr, Chair,
Fire Finance Network

www.psaa.co.uk

PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.

The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive, and will continually engage with stakeholders to ensure we achieve it.

How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

Please reply to: generalenquiries@psaa.co.uk

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

BOARD MEMBERS

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

CHIEF OFFICER

Jon Hayes, former Audit Commission Associate Controller

“Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues.”

– Andrew Burns, Director of Finance and Resources,
Staffordshire County Council

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www.psaa.co.uk



Public Sector
Audit Appointments

Appointing person: Frequently asked questions

Question	Response
1. What is an appointing person?	<p>Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the Local Audit (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of the accounts from 2018/19 on behalf of principal local government bodies that opt in, in accordance with the Regulations. Eligible bodies are principal local government bodies listed in schedule 2 of the Local Audit and Accountability Act 2014. This includes county councils, district councils, London Borough councils, unitary authorities, metropolitan councils, police bodies, fire and rescue authorities, joint authorities, combined authorities, national park authorities, conservation boards, PTEs, waste authorities, and the GLA and its functional bodies.</p> <p>The 'appointing person' is sometimes referred to as the sector-led body.</p> <p>PSAA is a company owned by the LGA's Improvement and Development Agency (IDeA) and was established to operate the transitional arrangements following closure of the Audit Commission.</p>
2. When will invitations to opt in be issued?	<p>The date by which principal authorities will need to opt into the appointing person arrangement is not yet finalised. The aim is to award contracts to audit firms by June 2017, giving six months to consult with authorities on appointments before the 31 December 2017 deadline. We anticipate that invitations to opt in will be issued before December 2016 at the latest.</p>

Question	Response
	<p>Authorities will have a minimum period of eight weeks to respond to the invitation.</p> <p>In order to maximise the potential economies of scale from agreeing large contracts with firms, and to manage any auditor independence issues, PSAA needs as much certainty as possible about the volume and location of work it is able to offer to firms. Our provisional timetable suggests that we will need to start preparing tender documentation early in 2017, so we will need to know by then which authorities want to be included.</p>
<p>3. Who can accept the invitation to opt in?</p>	<p>In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a principal authority will need to make the decision to opt in at full council (authority meeting as a whole), except where the authority is a corporation sole (such as a police and crime commissioner), in which case the function must be exercised by the holder of the office.</p>
<p>4. Can we join after it has been set up or do we have to join at the beginning?</p>	<p>The Regulations require that once the invitations to opt in have been issued, there will be a minimum period of eight weeks for you to indicate acceptance of the invitation. One of the main benefits of a an appointing person approach is the ability to achieve economies of scale as a result of being able to offer larger volumes of work. The greater the number of participants we have signed up at the outset, the better the economies of scale we are likely to achieve. This will not prevent authorities from joining the sector-led arrangements in later years, but they will need to make their own arrangements to appoint an auditor in the interim. In order to be in the best position we would encourage as many authorities as possible to commit by accepting the invitation within the specified timeframe.</p>

Question	Response
5. Will membership be free for existing members of the LGA?	The option to join the appointing person scheme will be open to all principal local government authorities listed under Schedule 2 of the Local Audit and Accountability Act 2014. There will not be a fee to join the sector-led arrangements. The audit fees that opted-in bodies will be charged will cover the costs to PSAA of appointing auditors and managing the arrangements. We believe that audit fees achieved through large contracts will be lower than the costs that individual authorities will be able to negotiate. In addition, by opting into the PSAA offer, authorities will avoid the costs of their own procurement and the requirement to set up an auditor panel with independent members.
6. How will we be able to influence the development of the appointing person scheme and associated contracts with audit firms?	We have not yet finalised the governance arrangements and we are considering the options, including how best to obtain stakeholder input. We are considering establishing a stakeholder engagement panel or advisory panel which can comment on our proposals. PSAA continues to work in partnership with the LGA in setting up the appointing person scheme and you can feed in comments and observations to PSAA by emailing generalenquiries@psaa.co.uk and via the LGA and their Principal Advisors.
7. Will there be standard contract terms and conditions?	The audit contracts between PSAA and the audit firms will require firms to deliver audits compliant with the National Audit Office (NAO) Code of Audit Practice. We are aware that authorities would like to understand how performance and delivery will be monitored and managed. This is one of the issues that could be discussed with the stakeholder advisory panel (see Q6).
8. What will be the length of the contracts?	The optimal length of contract between PSAA and firms has not been decided. We would welcome views on what the sector

Question	Response
	considers the optimal length of audit contract. We anticipate that somewhere between three and five years would be appropriate.
9. In addition to the Code of Audit Practice requirements set out by the NAO, will the contract be flexible to enable authorities to include the audit of wholly owned companies and group accounts?	<p>Local authority group accounts are part of the accounts produced under the CIPFA SORP and are subject to audit in line with the NAO Code of Audit Practice. They will continue to be part of the statutory audit.</p> <p>Company audits are subject to the provisions of the Companies Act 2006 and are not covered by the Local Audit (Appointing Person) Regulations 2015. Local authority companies will be able to appoint the same audit firm as PSAA appoints to undertake the principal body audit, should they so wish.</p>
10. Will bodies that opt in be able to seek information from potential suppliers and undertake some form of evaluation to choose a supplier?	PSAA will run the tendering exercise, and will evaluate bids and award contracts. PSAA will consult authorities on individual auditor appointments. The appointment of an auditor independently of the body to be audited is an important feature of the appointing person arrangements and will continue to underpin strong corporate governance in the public sector.
11. Will the price be fixed or will there be a range of prices?	The fee for the audit of a body that opts in will reflect the size, audit risk and complexity of the work required. PSAA will establish a system for setting the fee which is fair to all opted-in authorities. As a not-for-profit organisation, PSAA will be able to return any surpluses to participating authorities after all costs have been met.
12. We have shared service arrangements with our neighbouring bodies and we are looking to ensure that we share the same auditor. Will the appointing person scheme allow for this?	PSAA will be able to make appointments to all principal local government bodies listed in Schedule 2 of the Local Audit and Accountability Act 2014 that are 'relevant authorities' and not excluded as a result of being smaller authorities, for example parish councils.

Question	Response
	<p>In setting up the new arrangements, one of our aims is to make auditor appointments that take account of joint working and shared service arrangements. Requests for the same auditor as other authorities will need to be balanced with auditor independence considerations. As we have set out in our prospectus, auditors must be independent of the bodies they audit. PSAA will have an obligation under the provisions of the Local Audit and Accountability Act 2014 and in compliance with the Ethical Standards issued by the Financial Reporting Council to ensure that every auditor appointment it makes passes this test. We will need information from opted-in authorities on potential independence considerations and joint working arrangements, and will also need information on independence issues from the audit firms. Risks to auditor independence include, for example, an audit firm having previously been engaged to advise on a major procurement which could, of course, later be subject to audit.</p>
<p>13. We have a joint committee which no longer has a statutory requirement to have an external auditor but has agreed in the interests of all parties to continue to engage one. Is it possible to use this process as an option to procure the external auditor for the joint committee?</p>	<p>The requirement for joint committees to produce statutory accounts ceased after production of the 2014/15 accounts and they are therefore not listed in Schedule 2. Joint committees that have opted to produce accounts voluntarily and obtain non-statutory assurance on them will need to make their own local arrangements.</p>
<p>14. How will the appointing person scheme ensure audit firms are not over-stretched and that the competition in the market place is increased?</p>	<p>The number of firms eligible to undertake local public audit will be regulated through the Financial Reporting Council and the recognised Supervisory Bodies (RSBs). Only appropriately accredited firms will be able to bid for appointments whether that is through PSAA or an auditor panel. The seven firms appointed by PSAA and the Audit Commission generally</p>

Question	Response
	<p>maintain a dedicated public sector practice with staff trained and experienced in public sector work.</p> <p>One of the advantages of the appointing person option is to make appointments that help to ensure that each successful firm has a sufficient quantum of work to make it possible for them to invest in public sector specific training, maintain a centre of excellence or hub that will mean:</p> <ul style="list-style-type: none"> • firms have a regional presence; • greater continuity of staff input; and • a better understanding the local political, economic and social environment.
<p>15. Will the appointing person scheme contract with a number of different audit firms and how will they be allocated to authorities?</p>	<p>PSAA will organise the contracts so that there is a minimum number of firms appointed nationally. The minimum is probably four or five (depending on the number of bodies that opt in). This is required, not just to ensure competition and capacity, but because each firm is required to comply with the FRC's ethical standards. This means that an individual firm may not be appointable for 'independence' reasons, for example, because they have undertaken consultancy work at an audited body. PSAA will consult on appointments that allow each firm a balanced portfolio of work subject to independence considerations.</p>
<p>16. What will be the process to feed in opinions from customers of current auditors if there are issues?</p>	<p>PSAA will seek feedback on its auditors as part of its engagement with the sector. PSAA will continue to have a clear complaints process and will also undertake contract monitoring of the firms it appoints.</p>
<p>17. What is the timetable for set up and key decisions?</p>	<p>We expect the key points in the timetable to be broadly:</p>

Question	Response
	<ul style="list-style-type: none"> • establish an overall strategy for procurement - by 31 October 2016; • achieve 'sign-up' of scheme members - by early January 2017; • invite tenders from audit firms - by 31 March 2017; • award contracts - by 30 June 2017; • consult on and make final auditor appointments - by 31 December 2017; and • consult on, propose audit fees and publish fees - by 31 March 2018.
18. What are the terms of reference of the appointing person?	PSAA is wholly owned by the IDeA (the IDeA is wholly owned by the LGA). PSAA will continue to operate as an independent company, although there will be changes to its governance arrangements and its founding documents to reflect the fact that it will be an appointing person rather than a transitional body.
19. Will the appointing person take on all audit panel roles and therefore mitigate the need for there to be one in each individual authority?	Opting into the appointing person scheme will remove the need to set up an auditor panel. This is set out in the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

Question	Response
<p>20. What will be the arrangements for overseeing the quality of audit work undertaken by the audit firms appointed by the appointing person?</p>	<p>PSAA will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.</p> <p>PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the NAO to help ensure that guidance to auditors is updated when necessary.</p>

COUNCIL**Members' Allowances Scheme - Report of the
Independent Remuneration Panel
1 February 2017****Report of the Chief Executive****PURPOSE OF REPORT**

To enable Council to consider members' allowances for 2017/18, in the light of a report from the Independent Remuneration Panel.

This report is public

RECOMMENDATIONS

- (1) **Council is asked to consider the Independent Remuneration Panel's recommendation of no change to the scheme for 2017/18.**

1.0 Introduction

- 1.1 The Council is required by the Local Authorities (Members' Allowances) (England) Regulations 2003 to make an allowances scheme for each year. The Regulations require that before an authority makes or amends a scheme, it must have regard to the recommendations made to it by an independent remuneration panel
- 1.2 The report of the Independent Remuneration Panel is attached to this report for consideration by the Council.

2.0 Proposal Details

- 2.1 The recommendation of the Independent Remuneration Panel is set out in its report, and the Chairman and other members of the Panel have been invited to attend the meeting to present the report and to answer any questions.
- 2.2 Members will note that the report recommends no change to the Members' Allowances scheme.

3.0 Details of Consultation

- 3.1 The attached report presents the recommendations of the Independent Remuneration Panel, which the Council is required to have regard to in making any decisions about the allowances scheme. Councillors were consulted on the draft report on 21 December 2016. Comments were submitted from five Elected Members and the Panel subsequently met again on 16 January 2017 to discuss the feedback received and finalise its report.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 It is open to Council to accept the Panel's recommendation or to make its own proposals. Council does not have to accept the recommendations of the Panel, but the Regulations require that it must have regard to them in making its

decision.

5.0 Conclusion

5.1 Council is asked to approve a Members' Allowances Scheme for 2017/18, to take effect from 1 April 2017.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None directly arising from this report (EIA is attached).

LEGAL IMPLICATIONS

The relevant regulation is set out in the report.

FINANCIAL IMPLICATIONS

If the recommendation of the IRP is approved, there will be no additional cost to the Council for 2017/18. For comparison purposes, if a 1% increase to the basic allowance were to be proposed in line with the staff pay award, that would carry an additional cost of £2k for 2017/18 and future years, noting that the funding for any increase would need to be identified and to be built into future years budgets.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and as no comments other than to highlight the need for Council to have due regard to the Panel's recommendations.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has prepared this report as the officer supporting the Independent Remuneration Panel.

BACKGROUND PAPERS

None

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Equalities Impact Assessment Form

Service	Governance
Title and brief description (if required)	Members' Allowances Scheme – Report of the Independent Remuneration Panel
New or existing	Existing scheme
Author/officer lead	Deborah Chambers
Date	11 January 2017

Does this affect staff, customers or other members of the public? No
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Report To: Lancaster City Council

From: The Independent Remuneration Panel

Recommendations for the Municipal Year 2017/2018

Report to Council on 1 February 2017



1. PANEL REMIT

- 1.1 The Lancaster City Council Independent Remuneration Panel was established in accordance with Local Authorities (Members' Allowances) (England) Regulations 2003 (the Regulations).
- 1.2 A local authority is required to establish and maintain an Independent Remuneration Panel to provide it with recommendations on a scheme of allowances to be paid to members and others. The authority must have regard to the recommendations of the Panel before it makes or amends its members' allowance scheme.
- 1.3 The allowances payable under a local authority scheme of allowances are as follows:
- **Basic Allowance** *(Each local authority **must** make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority which must be the same for each member).*
 - **Special Responsibility Allowance** *(Each authority **may** also make provision for payment of special responsibility allowances for those members who have significant responsibilities e.g. leader of the council, member of the executive/cabinet, presiding at meetings of committees, acting as spokesperson for a political group).*
 - **Dependents' Carers' Allowance** *(Each authority **may** also provide for the payment of a dependents' carers' allowance to those members who incur expenditure for the care of children or other dependents whilst undertaking particular duties).*
 - **Travelling and Subsistence Allowance** *(Each authority **may** also provide for the payment of a travelling and subsistence allowance to its members, including co-opted members).*
 - **Co-optees' Allowance** *(Each authority **may** also provide an allowance to any co-opted and appointed members of a council's committees or sub committees).*

2. PANEL MEMBERSHIP

- 2.1 There are currently four members on the Panel, all of whom were appointed by Council on the 15th July 2015:

Kirsten McAteer (Chairman) is a solicitor who has worked locally in private practice and for the Crown Prosecution Service, and she is now a Deputy District Judge of the County Court and a First-Tier Tribunal Judge sitting in the Social Entitlement Chamber.

Neil Harris is the Registrar and Secretary of the University of Cumbria, and has previously held posts in other Higher Education Institutions, the Department of Education and Science, and the National Curriculum Council.

Ian Johnson is a solicitor, who has worked in leading City law firms and as a General Counsel and Company Secretary in a FTSE100 company. He is currently chairman of the Blackpool Teaching Hospitals NHS Foundation Trust.

Harsha Shukla MBE is Chairman of Communities Together, President of Lancaster and Morecambe Hindu Society, and a member of the Faith in Lancaster Group.

3. BACKGROUND TO LANCASTER CITY COUNCIL SCHEME OF ALLOWANCES

- 3.1 The Members Allowances Scheme is reviewed on a regular basis with a major review every four years, before the Council elections. The current Scheme took effect in May 2015, and was approved by Council in December 2014, following a review in autumn 2014. It will therefore be due for a full review prior to the municipal year 2019/20.



- 3.2 However, it is good practice for the Panel to consider the Scheme on an annual basis and to recommend the Scheme to Council for the forthcoming year, with or without amendment.
- 3.3 The Regulations require an authority before the beginning of each year to 'make' the scheme for the payment of allowances in that year.
- 3.4 The Regulations require an authority to publish the payment of allowances.

4.0 SUMMARY OF RECOMMENDATIONS

- 4.1 The Panel has considered the current Scheme, including some specific areas set out below, and recommends that it remain unchanged for the next municipal year.

5.0 CARERS ALLOWANCES AND TRAVELLING EXPENSES FOR WARD/CHAMPIONS WORK

- 5.1 The Panel met on 24 October 2016 to consider a matter raised by Councillor Cozler relating to payment of carer's allowance and travelling expenses for ward work, and for work as a Champion. Councillor Cozler is one of the Council's two Champions for the Disabled.
- 5.2 Councillor Cozler attended that meeting and subsequently the panel asked the Democratic Services Manager to look at current practice in other local authorities in relation to the matters raised. The Panel met again on 18 November 2016 to consider the matter further.
- 5.3 The Panel had been asked to look at the carers' allowance scheme and whether this, and travelling expenses, could be extended to cover ward work and the 'casework' duties of non-executive Champions.
- 5.4 The carers allowance is only payable in respect of 'approved duties' which are set out in Annex 1 and Annex 2 of the Members' Allowance Scheme. These are the same duties for which Members can claim travelling expenses: formal meetings of Council, Committees and Task Groups and some other specified duties (attendance at Conferences/Seminars, Media Receptions, Scheduled formal meetings with the Chief Executive, Chief Officers or Trade Unions, Mayoral and public ceremonies approved by Council or one of its Committees).
- 5.5 In March this year, Councillor Joan Jackson had queried why Councillors could not claim for travelling expenses to attend parish council meetings in their wards. This was a similar issue to the one raised by Councillor Cozler, because attendance at parish council meetings is not on the list of 'approved duties' so expenses cannot be reimbursed.
- 5.6 The Panel noted that the list of 'approved duties' was for Council to determine and Panel members did not feel it was appropriate to make recommendations for changes to the list. Panel Members were informed that the role of a Champion had been created to raise the profile of a particular subject area, not to provide a direct service to members of the public. Councillor Cozler had reported that a significant amount of her 'casework' was assisting claimants to complete their Personal Independent Payments (PIPs) forms. The Panel recognised that the role definition of the Council's Champions was not within the remit of the IRP and that the Democratic Services Manager would be best placed to report to Council with options to clarify the parameters of the Champions' roles. The Panel were unable to make any recommendations regarding the extension of the carer's allowance scheme and the payment of travelling expenses to cover the duties of Champions until it was clear that such duties were within the parameters of the Champions' Roles.
- 5.7 The Panel asked whether consideration had ever been given to creating a Special Responsibility Allowance (SRA) for Champions. The Democratic Services Manager informed members that this had been considered by a previous IRP, who had decided not to recommend an allowance



but that could be reviewed. To assist the Panel to consider the creation of a Champions SRA, officers sought information from other councils and found that only three of the fifteen councils who responded to the request for information paid a SRA to their Champions. Of those three, only two were district councils, the other was Lancashire County Council. In view of this, and their concerns about the type of work being carried out, panel members decided not to recommend to Council that an allowance be paid to Champions.

6.0 ANNUAL INFLATIONARY INCREASE

- 6.1 The Panel considered information gathered from other local authorities regarding annual increases for inflation to basic and special responsibility allowances. Some councils had updated their scheme in line with National Joint Pay Award for employees; others had fixed the rate for four years from the date of the major review. One council had an annual adjustment mechanism of applying the staff pay award or the Consumer Price Index, whichever was the lower. Last year, the CPI was lower than 1% and Councillors at that authority agreed not raise their allowances.
- 6.2 The Panel debated recommending that the scheme be updated in line with the increase to staff pay, however they noted that the money paid to Councillors was an allowance, not a salary, and was intended to recognise a time commitment expected of Members and cover incidental costs. In view of this, Panel members did not feel it was appropriate to recommend an increase in Members' allowances for 2017/18.

7.0 CONSULTATION WITH MEMBERS

- 7.1 Panel Members wanted to seek feedback from Councillors on their report and draft recommendation not to propose any changes any changes to the scheme for 2017/18.
- 7.2 On 21 December 2016, the Democratic Services Manager emailed the draft report to all Elected Members for comments. Five Councillors responded in total, four with points about an annual increase, and one with comments about the role of Member Champions. Three Councillors were in favour of a 1% increase to the basic allowance with the possibility of incorporating an automatic annual increase equal to the lower of either the Consumer Price Index or the staff pay award. One Councillor appeared to be in favour of no change to the basic allowance. It was noted that the three Councillors in favour of an increase agreed that the allowance felt like a wage, with indications that this was heightened by the deduction of tax and national insurance payments (where applicable).
- 7.3 The Panel met again on 16 January 2017 to consider the feedback received and finalise their report. The Councillor who had commented about Member Champions was in favour of the Council tightening up the parameters of the role so that the Panel could then properly assess whether it merited a small special responsibility allowance. This comment was in tune with Panel members' recognition that the role definition of the Council's Champions was not within their remit and was an issue for Council to redefine.
- 7.4 Regarding an automatic annual increase, this was not a suggestion which had been put forward during the year and only three Councillors had responded to the draft report to raise the issue. It was again noted that the basic allowance paid to Councillors, although subject to deductions of tax and national insurance where applicable, was very defiantly an allowance and not a wage. In view of this, Panel Members felt that it was still appropriate to recommend to Council that no changes be made to the scheme for 2017/18. However, the Panel was required to carry out a full review of the Scheme in 2018 and intended, at that point, to look at the possibility of introducing a mechanism to review the basic allowance each year, in line with inflation.



7.5 Panel Members were keen to involve Elected Members in the review from the earliest stages, to listen to their suggestions and views on an annual increase as well as more fundamental issues such the structure of the special responsibility allowances. The Panel would be particularly keen to hear views about whether the current scheme could be improved to encourage candidates from under-represented groups to stand for election.

8.0 RECOMMENDATIONS

8.1 For the reasons set out above, the Panel recommends to Council that no changes be made to the Members Allowances Scheme for 2017/18.

COUNCIL

Allocation of Seats to Political Groups 1 February 2017

Report of Chief Executive

PURPOSE OF REPORT

To advise Council of the calculations relating to the allocation of seats in accordance with the Local Government and Housing Act 1989 and the Council's agreed protocol, following a recent by-election.

This report is public

RECOMMENDATIONS

- (1) That in accordance with Section 15 of the Local Government and Housing Act, 1989 and Part 4 of the Local Government (Committees and Political Groups) Regulations, 1990, the City Council approves the calculations and allocation of seats set out in Appendices B and C of the report.
- (2) That the adjustments required to the Overview and Scrutiny Grouping of committees, detailed in paragraph 3 and Appendix C of the report, be approved.
- (3) That the Conservative Group pass a place on either the Overview and Scrutiny Committee or the Budget and Performance Panel to the Green Group.

1.0 Introduction

- 1.1 Members will be aware that a by-election was held on 8 December 2016 to elect a member to the seat left vacant by former Councillor Matt Mann in the University and Scotforth Rural Ward. Councillor Nathan Burns was appointed, a member of the Labour Group, and this requires a report on the recalculation of the proportional representation arrangements to the first available Council meeting in accordance with the Local Government and Housing Act 1989.
- 1.2 Members are requested to approve the calculation in order to make the necessary adjustments to the Overview and Scrutiny bodies, which reflect the revised make-up of the Council.

2.0 Political Composition of the Council

- 2.1 Following the by-election, the Council now has a full complement of 60 Members, with the PR balance as shown overleaf:-

Labour	30
Conservatives	18
Green	8
Independent	2
Free Independent	1
Non-aligned Independent	1
	<hr/>
	60
	<hr/>

2.2 Attached appendices give full details of the calculations: **Appendix A** shows the methodology of Council’s agreed calculation of PR; the calculations in relation to numbers from 1 to 20 are attached at **Appendix B** and **Appendix C** gives the grouping calculations used in this report.

3.0 Adjustments

3.1 The only adjustments necessary are to the Overview and Scrutiny grouping. The regulatory and other standing committee groupings are unchanged by the new calculation.

3.2 Appendix C sets out the detail behind the adjustments necessary as a result of the calculation. In short, the Conservative group will be required to give up a place on either the Overview and Scrutiny Committee or the Budget and Performance Panel to the Green Group. [This is because the figures for the Conservative and Green Groups are 5.4 and 2.4 respectively. As each group has the same residual, one Conservative place on the Overview and Scrutiny Grouping should go to the Green Group as the largest under-represented group.]

4.0 Conclusion

4.1 Members are requested to approve the calculations to enable the necessary adjustments set out in 3.2 to be made at this meeting.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

There are no direct implications as a result of this report.

FINANCIAL IMPLICATIONS

There are no financial implications as a direct result of this report.

LEGAL IMPLICATIONS

This report has been prepared in accordance with the provisions of Section 15 of the Local Government and Housing Act, 1989 and Part 4 of the Local Government (Committees and Political Groups) Regulations 1990.

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 drafted this report in her role as Democratic Services Manager.

BACKGROUND PAPERS

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Appendix A

METHOD OF CALCULATION

- 1 The following is provided as a reminder for Members of the method used to calculate proportional representation (PR) at Lancaster City Council:-
- 2 At its meeting on 11th May 2006 Council agreed the following protocol and groupings for the calculation of PR on the Council's Cabinet*, Overview & Scrutiny and Committees:
 - (i) the calculation be undertaken using 4 decimal places;
 - (ii) the allocation of a final seat to a Group with the same residual be to the largest under-represented Group provided that this does not result in the largest over-representation; and
 - (iii) In the event that the foregoing rules do not resolve the situation, either because of a tie, or because the allocation would result in the largest over-representation, the seat be allocated by drawing lots under the supervision of the Mayor.
 - (iv) the calculation should be undertaken in relation to the following groupings:
 - Overview and Scrutiny (2 x 9)
 - Regulatory and other timetabled Committees (1 x 20(Planning)*, 1 x 15 (Licensing Act), 1 x 9 (Licensing Regulatory) and 2 x 7 (Personnel and Audit)
 - Remaining Standing and Joint Committees to be calculated separately and individually.

**The Cabinet is no longer a PR Cabinet, and the composition of the Planning Committee has since reduced to 15 Members.*

Appendix B

PR CALCULATION

		Labour	Conservative	Green	Independent	Free Independent (Cllr Woodruff)	Non-aligned Independent (Cllr Scott)
1	=	1	-	-	-	-	-
2	=	1	1	-	-	-	-
3	=	2	1	-	-	-	-
4	=	2	1	1	-	-	-
5	=	2	2	1	-	-	-
6	=	3	2	1	-	-	-
7	=	4	2	1	-	-	-
8	=	4	3	1	-	-	-
9	=	5	3	1	-	-	-
10	=	5	4	1	-	-	-
11	=	6	4	1	-	-	-
12	=	6	4	2	-	-	-
13	=	7	4	2	-	-	-
14	=	7	4	2	1	-	-
15	=	7	5	2	1	-	-
16	=	8	5	2	1	-	-
17	=	9	5	2	1	-	-
18	=	9	6	2	1	-	-
19	=	9	6	3	1	-	-
20	=	10	6	3	1	-	-

Labour	30
Conservative	18
Green	8
Independent	2
Free Independent	1
Non-aligned Independent	1
TOTAL	60

As at 4 January 2017

COMMITTEE GROUPING CALCULATIONS

1 OVERVIEW AND SCRUTINY GROUPING

The PR Calculation for a single 9 Member Committee is 5:3:1:0:0:0 and the grouping of Overview & Scrutiny Committee and Budget & Performance Panel is as follows:-

$9 + 9 = 18 (-: - 60) = 0.3$ seats per Member.

L	30	x 0.3	=	9	=	9
C	18	x 0.3	=	5.4	=	5
G	8	x 0.3	=	2.4	=	2
I	2	x 0.3	=	0.6	=	1
FI	1	x 0.3	=	0.3	=	0
NAI	1	x 0.3	=	0.3	=	0

Using the PR calculation for two single 9 Member Committees, the Labour Group would have had 10 seats overall. The grouping gives the Labour Group 9 seats overall so the Labour Group has been required to 'give up' one seat on the grouping to the Independent Group and that has not changed, (Councillor Ashworth sits on, and Chairs, the Overview and Scrutiny Committee). The current labour membership of 4 members on the Overview and Scrutiny Committee and 5 members on the Budget and Performance Panel will remain unchanged.

The Conservative Group would have had 6 seats overall using the PR calculation for two single 9 Member Committees. However, the grouping gives the Conservative Group 5.4 seats, making a tie for the final seat between the Conservative and the Green groups who have the same residual of .4. The allocation of the final seat in this grouping should be passed from the Conservative Group to the Green Group as the largest under represented group. The Conservative Group can choose to pass a seat on either body to the Green Group.

2 REGULATORY AND STANDING COMMITTEES OF COUNCIL GROUPING

The PR calculation for 15 Member Committees (Planning and Highways Regulatory and Licensing Act) is 7:5:2:1:0:0. The 9 Member Licensing Regulatory Committee is 5:3:1:0:0:0 and the 7 Member Committee calculation (for Personnel and Audit) is 4:2:1:0:0:0. The total seats to be allocated for the grouping comprising Planning and Highways Regulatory, Licensing Act, Licensing Regulatory, Personnel and Audit Committees is:-

$15 + 15 + 9 + 7 + 7 = 53 (-: - 60) = 0.8833$ seats per Member.

L	30	x 0.8833	=	26.4990	=	26
C	18	x 0.8833	=	15.8994	=	16
G	8	x 0.8833	=	7.0664	=	7
I	2	x 0.8833	=	1.7666	=	2
FI	1	x 0.8833	=	0.8833	=	1
NAI	1	x 0.8833	=	0.8833	=	1

PR for this group of committees is unchanged. If calculated on the basis of single committees, the Labour Group would have 27 seats and the Conservative Group 17 seats. However, when grouped, the Labour Group receive 26 seats and the Conservative Group receive 16 seats, requiring the Labour Group and the Conservative Group to “give up” one seat each in this grouping. The seats given away were: to Councillor Woodruff on Licensing Act Committee (from the Labour Group) and Councillor Scott on Audit Committee (from the Conservative Group).

3 OTHER COMMITTEES/PANELS

Remaining Standing Committees currently constituted with a PR of 7 are the Appeals, Council Business and Standards Committees. The PR calculation for these is unchanged at 4:2:1:0:0:0.

The Appraisal Panel is a member panel of seven members appointed on a PR basis, although not a formal Committee of Council. The PR calculation for the Panel is unchanged at 4:2:1:0:0:0.



Designation of Monitoring Officer 1st February 2017

Report of the Chief Executive

PURPOSE OF REPORT

To enable the Council to designate an officer to be Monitoring Officer with effect from 1st March 2017.

This report is public

RECOMMENDATIONS

- (1) That the interim Legal Services Manager, Anne Streeter, be designated as the Council's Monitoring Officer with effect from 1 March 2017.**

1.0 Introduction

- 1.1 The Council has a duty under Section 5(1) of the Local Government and Housing Act 1989 to designate one of its officers as the Monitoring Officer. The Monitoring Officer may not be the Head of Paid Service or the Section 151 Officer.
- 1.2 Section 5(7) provides for the duties of the Monitoring Officer to be performed by that officer personally or, where he/she is unable to act owing to absence or illness, personally by such member of his/her staff as he/she has for the time being nominated as their deputy.
- 1.3 The Monitoring Officer has a duty under Section 5(4) of the Act to report to Council if it appears that any proposal, decision or omission by the Council constitutes, has given rise to, or is likely to give rise to a contravention of the law or maladministration.
- 1.4 Under the Localism Act 2011, the Monitoring Officer has statutory duties in respect of the registration of Members' interests.
- 1.5 Further, the Council's Constitution provides for the Monitoring Officer to support the work of the Standards Committee, to maintain the Constitution, to ensure that agendas and decisions are published, to advise whether Cabinet decisions fall within the budget and policy framework, and to provide advice to all councillors.
- 1.6 Following the retirement of the Chief Officer - Governance on 29th February

2016, the Democratic Services Manager has been temporarily undertaking the duties of Monitoring Officer.

- 1.7 As the Democratic Services Manager is not legally qualified, arrangements were put in place to provide legal advice and support to the Monitoring Officer by Preston City Council. This arrangement ceased in January 2017, with legal support for the Monitoring Officer being provided now by the interim Legal Services Manager; Mrs Anne Streeter.
- 1.8 The Democratic Services Manager has confirmed that she does not wish to extend the period as Monitoring Officer beyond the current end date of 28th February 2017.

2.0 Proposal Details

- 2.1 A report is scheduled for the Cabinet meeting in February to discuss a more permanent proposal around the Monitoring Officer role. In the meantime, it is proposed that Mrs Anne Streeter be designated as the Monitoring Officer from 1st March 2017. As an interim Legal Services Manager, Mrs Streeter is not an employee of Lancaster City Council, but there is legal authority from the High Court that this is not a bar to appointment.
- 2.2 Whilst there is no statutory requirement for the Monitoring Officer to be legally qualified, Mrs Streeter is a solicitor who has been qualified for over 30 years and has been employed in senior legal roles in the public sector for more than 25 years.

3.0 Conclusion

- 3.1 Council is asked to approve this designation.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>No equality impact assessment required</p>
<p>LEGAL IMPLICATIONS</p> <p>The Legal implications are referred to in this Report</p>
<p>FINANCIAL IMPLICATIONS</p> <p>There are no additional implications as a result of this report – it is still the case that any remuneration costs will be met from savings arising from the currently vacant post of Chief Officer (Governance). That post remains budgeted for, which provides for ongoing capacity subject to confirming future permanent arrangements regarding the role.</p>

OTHER RESOURCE IMPLICATIONS

Human Resources:

There is a statutory requirement for the role of the Monitoring Officer to be filled. This arrangement ensures continuity of Monitoring Officer provision by a solicitor with significant public sector experience, pending more permanent arrangements being made in respect of this function.

Information Services:

No comment from Information Services

Property:

No comment from Property and Land

Open Spaces:

No comment from Open Spaces

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted. It remains her view that to help protect the Council's financial and other interests, it is essential for the Council to have suitably qualified and experienced legal and other governance support in place, and the Monitoring Officer role is central to this. This proposal fits with that view, on an interim basis, but there remains the need to determine permanent arrangements going forward.

MONITORING OFFICER'S COMMENTS

Legal Officers at Preston City Council have been consulted on the content of the report and have no further comments to make.

BACKGROUND PAPERS

None

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Ref:



Appointments to Outside Bodies – Lancaster University Court and the Board of Trustees of the Lancaster Charity

**1 February 2017
Report of the Chief Executive**

PURPOSE OF REPORT

To consider appointing to two vacancies, one which has arisen at Lancaster University Court and one on the Board of Trustees of the Lancaster Charity.

This report is public

RECOMMENDATION

- (1) That Council notes that one vacancy has arisen on the Lancaster University Court and one vacancy has arisen on the Board of Trustees of the Lancaster Charity, and;**
- (2) That nominations for each vacancy be made and voted upon at this meeting.**

1.0 Introduction

- 1.1 Councillor Matt Mann was appointed by Council to Lancaster University Court when appointments were made to outside bodies following the 2015 election. His appointment was re-confirmed at the Annual Council Meeting 16 May 2016. The Council makes appointments to five places on the Court.
- 1.2 A vacancy for one of the places has arisen following Councillor Mann's resignation from the Council.
- 1.3 Councillor Tracy Brown was appointed to the Board of Trustees of the Lancaster Charity following the 2015 election and her appointment was re-confirmed at the Annual Council meeting on 16 May 2016. The Council makes appointments to six places on the Board of Trustees. Councillor Brown is no longer able to attend meetings of the Board and has therefore resigned.

2.0 The Lancaster University Court

- 2.1 The Court offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of Court can raise any matters about the University. The Court has an annual meeting at which it receives reports on the working of the University, discusses any matters relating to the University, and conveys its views to the Council or the Senate of the University.
- 2.2 A majority of the members of the Court are from outside the University, representing the local community and other designated bodies, such as the Council, with an interest in the work of the University. The membership also

includes representatives of the staff of the University (both academic and non-academic) and the student body. The Court meets once a year on either the last Saturday in January or the first Saturday in February.

3.0 The Board of Trustees of the Lancaster Charity

3.1 Lancaster Charity, which dates from 1860 and arose from a bequest in the will of notable Lancaster gentleman William Penny, provides affordable, comfortable homes for local people in need.

3.2 It is managed by a board of Trustees, and registered with the Charity Commission and is also a member of the National Association of Almshouses.

3.3 It may be useful to provide information on the time commitment for this appointment: there are four full Trustee Meetings which are always held on the second Tuesday of January, April, July and October. Meetings are held at William Penny's, Regent Street, Lancaster and commence at 10.30am. They last usually no more than 90 minutes. In addition there are two Trustee inspection visits which take place during the year, one in Lancaster and one in Morecambe, which Trustees are asked to attend., The Lancaster visit is always the first Tuesday in July, commencing 2pm at Penny's Hospital, King Street Lancaster and closing with afternoon tea at William Penny's. The event is usually completed by 4.30pm. The Morecambe visit to Platten and Benson Almshouses varies dependent on when Easter falls, but is always towards the end of April. This year it is due to take place on Tuesday 25 April, commencing 11am at Platten Grove, and lasts no more than an hour.

3.4 Trustees are also encouraged to participate in Resident events held during the year, such as our traditional summer outing (August), trip to Blackpool Lights (November), and Christmas Lunch (December).

4.0 Proposal Details

4.1 Council has previously decided that the five appointments to Lancaster University Court, and the six appointments to the Board of Trustees of the Lancaster Charity, should be filled by way of nominations and voting at full Council.

5.0 Conclusion

5.1 Council is asked to consider appointing to the vacant places on the Lancaster University Court and Board of Trustees of the Lancaster Charity.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None directly arising from this report.</p>
<p>LEGAL IMPLICATIONS</p> <p>None directly arising from this report.</p>
<p>FINANCIAL IMPLICATIONS</p> <p>Members of Outside Bodies are entitled to travel expenses which will be met from within existing democratic representation budgets.</p>

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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Ref:

CABINET

6.00 P.M.

6TH DECEMBER 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
Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Mark Davies	Chief Officer (Environment)
Andrew Dobson	Chief Officer (Regeneration and Planning)
Suzanne Lodge	Chief Officer (Health and Housing)
Liz Bateson	Principal Democratic Support Officer

34 MINUTES

The minutes of the meeting held on Wednesday 2nd November 2016 were approved as a correct record.

35 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chairman advised that there was one item of urgent business. This was with regard to the Lancashire ESIF Project (Minute 41 refers).

36 DECLARATIONS OF INTEREST

No declarations were made at this point.

37 PUBLIC SPEAKING

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

38 HEYSHAM GATEWAY

(Cabinet Members with Special Responsibility Councillors Hanson and Leytham)

Cabinet received a joint report from the Chief Officers (Regeneration) and (Resources) to enable consideration and agreement of an overall strategy for the development of Heysham Gateway to guide future decisions affecting council assets in the area.

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

Heysham Gateway Development Principles

	Option A1: Do not agree development principles for the	Option A2: Agree principles for Heysham Gateway (as set out in section	Option A3: Develop an alternative set of principles for Heysham Gateway
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	area and deal with enquiries on a reactive basis	3.6 of the report) as the main guide for future Council decisions affecting the area (planning policy, site development, marketing and funding bids etc)	
Advantages	Provides maximum flexibility and allows for the widest possible range of potential end uses.	Provides certainty and guidance for planning, development, land disposal and infrastructure decisions. Provides opportunity to co-ordinate development with environmental improvements. Provides vehicle for bringing on board partners and stakeholders to jointly promote regeneration of Heysham Gateway.	Could widen the range of uses deemed appropriate for the site and provide more flexibility in terms of utilising assets.
Disadvantages	Does not provide guidance or certainty for potential developers and the local community. No real basis for determining development proposals / land disposals. Makes marketing the area and attracting investment and/or grant funding more difficult. Difficult to co-ordinate investment in infrastructure.	Would limit the type of uses deemed appropriate for the area and potentially miss out on investment. Restricts options for land disposals.	Would require more time and could delay planning and land decisions. Would create period of uncertainty. Difficult to market area without clear agreed principles.

Risks	Increase possibility of proposals for inappropriate uses. Would prejudice opportunity to promote a comprehensive redevelopment of the area including environmental improvements.	May not be possible to get all parties to agree principles. Decisions could be delayed and opportunities lost if this is not secured quickly. May restrict options for land disposals with associated risks in achieving best consideration.	Risks losing momentum and potentially urgent enquiries / offers. Could also restrict options for land disposals with associated risks in achieving best consideration.
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Use of Council assets at the Heysham Gateway

	Option B1: Do nothing further – continue to hold land for the time being	Option B2: Dispose of land drawing on principles at section 4.11 of the report, using the preliminary ground and ecology survey work to assess value.	Option B3: Look to develop necessary infrastructure and undertake development on a design and build basis subject to securing pre-let / sales	Option B4: Look to develop necessary infrastructure and develop units on a speculative basis
Advantages	Retains the site in Council ownership – could be some other (currently unforeseeable) use found at a later date.	Brings an underutilised asset back into use Delivers a capital receipt with knock on savings for revenue budget Regeneration and job creation / retention De-risking contributes to obtaining best consideration A long lease would retain	Aims to bring an underutilised asset back into use Should deliver capital receipt / revenue savings. Regeneration and job creation / retention. Retains a high level of control over the design of the development	Aims to bring an underutilised asset back into use Should deliver capital receipts / revenue savings. Regeneration and job creation / retention. Retains a high level of control over the design of the development

		some limited control over the site.		
Disadvantages	Retains the ongoing management costs of this currently underutilised asset. Would miss the opportunity to deliver a timely capital receipt with knock on savings for revenue budget	Loss of full control over site.	Higher level of initial investment required – may prevent other investment priorities. Requires further appraisal and would take much longer to implement. Very uncertain financial outcome.	Much higher level of initial investment required – may prevent other investment opportunities. Requirements further appraisal and would take much longer to implement. Very uncertain financial outcome.
Risks	Could be seen a missed opportunity by not taking advantage of the publicity and increased demand created by the completion of the M6 link road.	Risk in finding the balance between the levels of up-front investment in de-risking (survey work) required to obtain best consideration for a particular plot. In the future potentially there could potentially be greater opportunity for the land – missed opportunity.	Potentially less attractive to those who would wish to develop the site themselves. Higher financial risk exposure – though potentially lost opportunity to reap greater financial benefits. Harder to deliver – skills and capacity risk.	Potentially less attractive to those who would wish to develop the site themselves Lack of demand for the units provided – with resulting in much higher financial risk exposure. Harder to deliver – skills and capacity risk.

With regards to the development principles for Heysham Gateway the Officer preferred option is to approve Option A2 i.e. to agree development principles for Heysham Gateway as the main guide for future Council decisions affecting the area, as this presents an informed and clear way forward, drawing on the views of other key stakeholders. If approved, Cabinet is requested to authorise Officers to incorporate the agreed principles into a joint marketing prospectus for Heysham Gateway and to work with the other main stakeholders in promoting the area for high quality sustainable regeneration.

With regards to the use of council assets the Officer preferred option is to approve Option B2, i.e. to dispose of land in line with the principles at section 4.11 of the report, using the preliminary ground and ecology survey work to assess value. If approved, Cabinet is requested to recognise that land is surplus to its own operational requirements. In terms of the other options, it is considered that there is little point in simply holding on to the land (option B1). In terms of Options B3 and B4, as referred to in paragraph 4.9 of the report, these options are not considered to be worth the risk, and this has already been accepted in principle by the County Council.

Officers consider their preferred options would provide a clear guide for future strategic development of the Heysham Gateway site, achieving financial benefits from disposal through long leasehold but still retaining some limited control over its current landholdings.

Councillor Hanson proposed, seconded by Councillor Leyshon:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the development principles for Heysham Gateway (in line with Option A2 and as set out in paragraph 3.6 of the report) be approved as the main guide for future Council decisions affecting the area.
- (2) That Officers be authorised to incorporate the agreed principles into a joint marketing prospectus for Heysham Gateway and to work with the other main stakeholders in promoting the area for high quality sustainable regeneration.
- (3) That approval be given to dispose of City Council land at Heysham Gateway (in line with option B2 and the principles at section 4.11 of the report) using the preliminary ground and ecology survey work to assess value and in support of this:
 - a. the City Council land shown edged in red on the plan attached to the report (Appendix A) be declared surplus to requirements;
 - b. Cabinet authorises Officers to negotiate with interested parties and report back to Cabinet with the results of the negotiations on any parcel of relevant land owned by the City Council to obtain final approval for any disposal.

Officers responsible for effecting the decision:

Chief Officer (Resources)
Chief Officer (Regeneration & Planning)

Reasons for making the decision:

Sustainable Economic Growth is one of the Council's four priorities and Heysham

Gateway is identified as a Regeneration Priority in the Core Strategy and emerging Local Plan. The development principles agreed will provide the basis for actions in the immediate future by the Council, its partners and other stakeholders seeking to capitalise in a sustainable way on the opportunities presented by the opening of the Bay Gateway. Beyond these and building on the effects of inward investments both on development sites, and within the Port itself, work will continue on formulating an ambitious and high profile vision for Heysham Gateway over the next decade.

39 LANCASTER CITY CENTRE PUBLIC SPACES PROTECTION ORDER

(Cabinet Member with Special Responsibility Councillor Hughes)

Cabinet received a report from the Chief Officer (Environment) which sought approval to make a Public Spaces Protection Order covering the Lancaster City Centre.

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

	Option 1: To approve the introduction of a Public Spaces Protection Order covering Lancaster City Centre	Option 2: To take no action
Advantages	The introduction of a PSPO will provide a clear message about the type of behaviour which is not acceptable within the City Centre, and will provide additional powers to tackle any anti-social behaviour as described in the Order. The introduction of an Order responds to public concerns about behaviour within the City Centre. Reinforces the council's commitment to partnership working.	None
Disadvantages	Raises public expectation. The PSPO is a tool that can be used by authorised officers. However there is no additional staff resource being allocated to this.	<p>The current City Centre no outside drinking rules will no longer be able to be enforced as the DPPO expires in 2017.</p> <p>The Police has requested that as partners in the CSP we take out a PSPO. To taken no action would demonstrate a lack of support.</p> <p>Does not demonstrate the council's commitment to community safety and addressing residents'</p>

		legitimate concerns.
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Option 1 is the preferred officer option, and has the support of the Community Safety Partnership and the local community.

Councillor Hughes proposed, seconded by Councillor Clifford:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the making of a Public Spaces Protection Order covering the designated area of Lancaster City Centre, as set out in Appendix A to the report, be approved.

Officer responsible for effecting the decision:

Chief Officer (Environment)

Reasons for making the decision:

The decision supports the Council’s priorities of Clean, Green and Safe Places and Community Leadership. The making of a Public Spaces Protection Order covering the designated area of Lancaster City Centre should enable the better policing of this public space and bring relief to local residents.

40 BUDGET AND POLICY FRAMEWORK UPDATE 2017 TO 2021

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Officer (Resources) which sought approval for the 2017/21 budget strategy and timetable, and provided an update on the Council’s financial position to help inform development of Cabinet’s planning and budget proposals.

In term of the actual budget position, the report was primarily for information, to assist Cabinet in its budget deliberations. No specific decisions were sought at this time.

Regarding the budget strategy and timetable, Cabinet may approve the proposals as set out in the report, or require changes to be made to the suggested approach. The overriding aim of any budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council’s corporate and service objectives. The proposed approach is in line with that broad aim, drawing on the time and other resources available to the Council, to help ensure a robust approach. Any changes that Cabinet puts forward should also be framed in that context.

The Council remains well placed to address future financial challenges, but the scale of those challenges will be influenced by forthcoming Government announcements and future policy. Budget work has progressed well to date, and the outlook for next year means that the Council has time to focus on more strategic planning and its future direction ahead of the 2018/19 budget, and reassessing its resource needs accordingly.

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 Cabinet approves the budget strategy and timetable as summarised in Appendices A and B to the report.
- (2) That the draft budgetary position for current and future years be noted, accepting that this is an interim update, but taking account of Government’s confirmation of the 4-year Settlement up to 2019/20.
- (3) That for the next Cabinet meeting in January, Cabinet determines its initial draft budget proposals for 2017/18 onwards, drawing on information from this report, any budget options currently being developed by Officers, and Government’s announcements regarding the Spending Review and the Settlement.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

Draft budget proposals will be considered by Cabinet on 17th January and presented to the Budget and Performance Panel on 24th January 2017.

41 ITEM OF URGENT BUSINESS - LANCASHIRE ESIF PROJECT - MORE POSITIVE TOGETHER

(Cabinet Member with Special Responsibility Councillor Leytham)

In accordance with Part 4, Section 7, Urgent Business Procedure Rules and S100B(4) of the Local Government Act 1972, Cabinet received a report from the Chief Officer (Health & Housing) to approve the Council’s participation in a bid for European Structural and Investment Funds being made by Lancashire Sport and for the Council to act as a ‘cluster lead’ to support the More Positive Together tackling worklessness project within social housing in the district. An urgent decision was required to enable the Council to assess the ESIF funding.

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

	Option 1: Not accept the bid and funding being sought by Lancashire Sport for European Structural and Investment Funds and not to	Option 2: To accept the bid and funding being sought by Lancashire Sport for European Structural and Investment Funds and to act as a “cluster lead” for
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	act as a “cluster lead“ for the More Positive Together programme within this district.	the More Positive Together programme within this district.
Advantages	Any internal resources released through not participating in the programme could be deployed on other activities	Additional outside funding would be made available in this district to assist in reducing worklessness. Social housing tenants would be provided with the opportunity to enhance their employability, and potentially reduce the need for welfare benefits.
Disadvantages	Additional outside funding would not be made available in this district to assist in reducing worklessness.	Accessing ESIF funding presents organisational and bureaucratic demands.
Risks	Reputational risk of not being part of a pan-Lancashire funding programme.	Reputational risk though possible inability to bring together a programme to be delivered through delivery partners. Financial risk of ESIF claims not being accepted.

The Officer preferred option was for Cabinet to accept the bid and funding being sought by Lancashire Sport for European Structural and Investment Funds and to act as a “cluster lead” for the More Positive Together programme within this district.

Councillor Leytham proposed, seconded by Councillor Pattison:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That approval is given to the Council’s participation in a bid for European Structural and Investment Funds being made by Lancashire Sport, and for the Council to act as a “cluster lead” to support the More Positive Together tackling worklessness project within social housing in this district.

Officer responsible for effecting the decision:

Chief Officer (Health & Housing)

Reasons for making the decision:

Supporting the bid is compatible with the Council’s core purposes to:

- “bring communities and agencies together to work in partnership to address the major issues affecting the district”, and

- “maintain a sustainable and cohesive community by ensuring we understand the needs of our communities and provide equality of access to our services and employment opportunities.”

If the bid is successful the funding will enable the Council to support households with multiple and complex barriers to participation in work and to address the underlying issues to enable them move closer to or into the labour market.

42 EXCLUSION OF THE PRESS AND PUBLIC

The Chairman asked for any further declarations of interest from Cabinet Members regarding the exempt report.

It was moved by Councillor Clifford and seconded by Councillor Blamire:-

“That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraphs 1 and 2 of Schedule 12A of that Act.”

Members then voted as follows:-

Resolved unanimously:

- (1) That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraphs 1 and 2 of Schedule 12A of that Act.

43 SERVICE REVIEW – COUNCIL HOUSING

(Cabinet Member with Special Responsibility Councillor Leytham)

Cabinet received a report from the Chief Officer (Health & Housing) which sought approval for proposals to restructure the housing management service of the Council and for the budgetary provision to support the proposed restructure. The report was exempt from publication by virtue of paragraphs 1 and 2 of Schedule 12a of the Local Government Act 1972.

The options, options analysis, including risk assessment and officer preferred option, were set out in the exempt report.

Councillor Leytham proposed, seconded by Councillor Clifford:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That subject to consultation and (2) below, the proposed approach, as set out in Option 1 in the exempt report, be approved and implementation of the specific

restructure proposals are reported to Personnel Committee for approval as appropriate.

- (2) That implementation of the above is subject to the required funding being identified and ensuring that it fits in with the overall 30 Year HRA Business Plan and Medium Term Financial Strategy (MTFS), for approval as part of the 2017/21 Budget Process.

Officers responsible for effecting the decision:

Chief Officer (Health & Housing)

Chief Officer (Resources)

Reasons for making the decision:

The decision will enable the Council to provide a modern, high quality and improved housing management service to tenants and leaseholders and is consistent with the Council's core purposes to:

- bring communities and agencies together to work in partnership to address the major issues affecting the district.
- provide a range of customer-focussed services that deliver our statutory responsibilities, offer value for money and meet the needs of people who live in, work in and visit the district.
- maintain a sustainable and cohesive community by ensuring we understand the needs of our communities and provide equality of access to our services and employment opportunities.

Chairman

(The meeting ended at 6.28 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - telephone (01524) 582047 or email
ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON FRIDAY 9TH DECEMBER, 2016.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
MONDAY 19TH DECEMBER, 2016.**

CABINET

6.00 P.M.

17TH JANUARY 2017

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

Apologies for Absence:-

Councillor Karen Leytham

Also present: Councillor Caroline Jackson (Minute 48)

Officers in attendance:-

Susan Parsonage	Chief Executive
Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Mark Davies	Chief Officer (Environment)
Suzanne Lodge	Chief Officer (Health and Housing)
Liz Bateson	Principal Democratic Support Officer

44 MINUTES

The minutes of the meeting held on 6th December 2016 were approved as a correct record.

45 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

46 DECLARATIONS OF INTEREST

No declarations were made at this point.

47 PUBLIC SPEAKING

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

48 REPORTS FROM OVERVIEW AND SCRUTINY

(Cabinet Member with Special Responsibility Councillor Hanson)

Councillor Caroline Jackson presented a report from the Overview and Scrutiny Committee which advised Cabinet of the outcome of the call-in of the Cabinet decision in relation to the Heysham Gateway (Cabinet Minute 38) and requested Cabinet to consider the recommendations of the Overview and Scrutiny Committee, as follows:

- (1) Our belief that understanding of Cabinet's decisions in relation to property development and disposal will be enhanced and the need for calling-in decisions will be reduced if additional information is shared with Overview and Scrutiny Members.

Therefore, when Cabinet is asked to approve the disposal of each parcel of land on Heysham Gateway, such additional information should include presentation of the development appraisals for purchasers.

- (2) Our interpretation of the reference in resolution 3 to “the principles at section 4.11 of the report” is that this is equivalent to “a decision in principle” and that it is therefore not a mandatory decision to follow the section to the letter in every case.

This interpretation is based on information – not spelled out in the original report to Cabinet but - provided to Overview and Scrutiny Members during a site visit to the Heysham Gateway on 3rd January 2017.

- (i) That key larger plots will be sold on long leasehold (rather than as freeholds) to allow both local authorities to retain sufficient control over the site to maintain over a long period the environmental and other standards expected in a quality industrial park.
- (ii) That in line with option B3, smaller plots will be disposed of in ways that will accommodate the differing needs of smaller and start-up businesses that may require 25 year leases or licences to occupy developed sites for short periods subject to costs of remediation of the land not inhibiting such development.
- (iii) That Cabinet will receive an accurate acreage of its landholding in the area, both total and developable.
- (3) That opportunities may arise for sharing of heating or power supplies within an integrated business/industrial park and that nothing in Cabinet’s December 2016 decision would prevent the City Council from developing units within the Heysham Gateway for short term occupational lease should it decide to emphasise obtaining future revenue from the site, rather than using its landholdings to generate capital receipts as is the current focus of the County Council.

Councillor Hanson proposed, seconded by Councillor Leyshon:-

“That the report be noted.”

Councillors then voted:-

Resolved unanimously:

- (1) That the report be noted.

49 ST. LEONARD'S HOUSE

(Cabinet Member with Special Responsibility Councillor Leyshon)

Cabinet received a report from the Chief Officer (Resources) which sought a decision on a proposed variation to the draft heads of terms for the disposal of St. Leonard’s House, as previously submitted to Cabinet in the report dated 29 March 2016.

The options, options analysis, including risk assessment and officer preferred option,

were set out in the report as follows:

	Option 1: Do nothing	Option 2: Approve the deed of variation
Advantages	Keeps the Council's buy-back provision in place and unchanged.	Removes a significant unforeseen financial liability from the redevelopment that would impact on its overall financial viability.
Disadvantages	Introduces a significant unforeseen financial liability to the redevelopment that would impact on its overall financial viability.	Some potential still remains for delay between the signing of the building contract and work starting on site. By approving this deed of variation the Council waives its right to buy back the freehold interest in the event of significant delay during that period.
Risks	<p>As outlined earlier.</p> <p>The impact of the additional Stamp Duty Land Tax could affect the scheme to the extent that it may not be financially viable to proceed and the ongoing costs, risks and liabilities for the building would remain with the Council, at least for a time.</p> <p>This risk is not worth taking, given the deed of variation now proposed.</p>	<p>As outlined earlier.</p> <p>Although a legally binding building contract would be in place prior to freehold transfer the Council would not be party to it and therefore would have no rights to enforce it beyond its existing planning powers from that point onwards.</p> <p>The risks involved are considered small and acceptable however, given progress being made and the commitment being demonstrated by Robertsons.</p>

With regards to the proposed deed of variation, the officer preferred option is to approve Option 2 i.e. approve the deed of variation. Officers consider that doing so will protect the financial viability of the redevelopment proposal and that the existence of a signed legally binding copy of the building contract for the development provides enough certainty to be comfortable that the building work will proceed, especially when combined with the significant time and financial investment Robertson has already put into the scheme.

The report provided a solution to a technical Stamp Duty Land Tax implication of the buy-back clause introduced during the drafting of the heads of terms that has only become apparent through process as the project has developed. The acceptance of the deed of variation would give the redevelopment of St. Leonard's House and all the advantages associated with it the best chance of success by simply adjusting the point at which the Council waives its right to buy-back the freehold interest in the building.

Councillor Leyshon proposed, seconded by Councillor Hanson:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Officers be authorised to incorporate the proposed deed of variation, as set out in section 2 of the report, into the conditional purchase contract for Robertsons to acquire St. Leonard’s House.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

Robertsons have already committed significant resources into this project, both in time and financial terms and are currently targeting a start date of April 2017 with a view to the building opening in time for the start of the University year in 2018. With any new student accommodation development it is essential that they are open for business at the start of a new University year and therefore any significant delays at this point could potentially push the opening back to the start of the following University year in 2019 – and have implications for the scheme’s viability.

50 BUDGET & POLICY FRAMEWORK UPDATE 2017-21 - GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Officer (Resources) which provided information on the latest budget position for current and future years, to inform Cabinet’s budget and policy framework proposals and to allow it to make final recommendations to Council regarding council tax levels for 2017/18.

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

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

- Regarding council tax, two basic options are set out at section 6 of the report. Other alternative options can be modelled at Cabinet’s request.
- With regard to including savings and growth options to produce a budget in line with preferred council tax levels, any proposals put forward by Cabinet should be considered affordable, alongside the development of priorities. Emphasis should be very much on the medium to longer-term position.

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

The two-phased budget strategy adopted by Cabinet is considered to be an effective way of managing the main risks of budget affordability and financial sustainability, by allowing more time for prioritisation and planning.

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

In view of the level of savings still needed in future years, the ongoing impact that council tax freezes have, the Council's current financial strategy and the fact that the Council is not yet clear about how and when it will achieve a financially sustainable budget, the Officer preferred option for council tax is to retain the existing £5 year on year increase, subject to confirmation of local referendum thresholds. Although a budget surplus is currently forecast in next year, one-off spending pressures could easily swallow that up.

The Officer preferred option would change only if the Council fundamentally reduces its ambitions regarding service delivery, evidenced through the adoption of a clear statement and strategy for doing so.

The Council's financial challenges continue and in order to protect its future viability, it has no real choice other than to focus on balancing its budget for the medium term. The two-phased budget strategy adopted is in support of this aim, as is the Council's wider financial strategy. The approach also allows the Council to respond to new information and developments and this is crucial, given the forthcoming fundamental finance reforms underway and the huge inherent uncertainties that currently exist.

Councillor Whitehead proposed, seconded by Councillor Pattison:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the 2016/17 Revised Budget be referred on to Budget Council for approval, with the net overspending of £39K being met by reducing the in-year contribution to Balances from £56K to £17K.
- (2) That Council be recommended to approve a City Council tax increase of £5 for 2017/18, together with a year on year target of £5 for future years, subject to local referendum thresholds.
- (3) That Cabinet approves its initial budget proposals as set out in the following Appendices to the supplementary information report:

Appendix 1: Savings and growth for implementation following approval at Budget Council.

Appendix 2: Savings and growth options to be developed and considered during 2017/18, to inform corporate planning, prioritisation and budget setting for 2018 to 2022.

- (4) That the above proposals and the resulting Revenue Budget position and Capital Programme for 2017/18 onwards, as set out at Appendices 3 and 4 of the supplementary information report respectively, be referred on to Council for initial consideration as well as being presented for scrutiny at the open meeting of Budget and Performance Panel, in order that feedback can be provided to Cabinet at its February meeting.
- (5) That drawing on the above, it be noted that:
- regard to the advice of the section 151 Officer. currently the revenue budget proposals for 2017/18 are balanced, allowing for a net contribution to earmarked reserves in next year, but some key figures (such as the provisional Settlement) are still subject to change;
 - there is still a need to make estimated savings of £414K in 2018/19, rising to £2.117M by 2020/21,
 - the planned local government finance reforms scheduled for 2020 create huge uncertainties, and it is essential that the Council develops its understanding and monitors the potential implications in order that it can respond positively and appropriately, as Government’s plans become clearer.
- (6) That at its February meeting Cabinet considers the use of available Reserves and Balances in support of finalising its Budget and Medium Term Financial Strategy (MTFS) proposals to 2021, having regard to the advice of the section 151 officer.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

The decision enables Cabinet to make recommendations back to Council in order to complete the budget setting process for 2017/18.

51 BUDGET & POLICY FRAMEWORK UPDATE 2017-21 - HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Leytham)

Cabinet received a joint report from the Chief Officer (Health and Housing) and Chief Officer (Resources) which provided an update on the council housing budgetary position and sought Cabinet’s decisions on council housing rent levels for 2017/18 and targets for future years. It also sought approval of Cabinet’s supporting revenue budget and capital programme proposals for referral on to Budget Council, in order to complete the HRA budget setting process for 2017/18.

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

There is currently no other alternative available in respect of 2017/18 housing rent setting, given legislative requirements.

In terms of garage rents, options are presented in order to be comparable with other providers whilst remaining competitive, as set out in section 2 of the report. Cabinet may either choose to support the Officer preferred option for a phased increase to help smooth the impact, or retain existing rents, or introduce increases sooner, although the latter may generate more customer resistance.

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

The options available in respect of the minimum level of HRA balances are to set the level at £500,000 in line with the advice of the Section 151 Officer, retain at £350,000 or adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting and it could have implications for the Council's financial standing, as assessed by its external auditor.

With regards to the growth proposals as set out in section 6 of the report, Cabinet should consider the costs and benefits of the proposals and whether they are affordable, in particular over the medium to longer term.

The options available in respect of the Capital Programme are:

- i) To approve the programme in full, with the financing as set out;
- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

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

The Officer preferred options are to:

- Set housing rent levels in line with Government legislation.
- Approve the changes to garage rents as proposed in the report.
- Approve / refer on the provisions, reserves and balances position as set out.
- Use balances to help fund the ASB growth item, subject to the associated General Fund proposal being approved.
- Approve / refer on other revenue and capital budget proposals as set out.

Councillor Whitehead proposed, seconded by Councillor Clifford:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the Housing Revenue Account Revised Budget for 2016/17, as set out at Appendix A to the report, be referred on to Council for approval, with the net overspending of £143K being met from Balances.
- (2) That the minimum level of HRA unallocated balances be increased from £350,000 to £500,000 from 01 April 2017, and that the full Statement on Reserves and Balances as set out at Appendix C to the report (as updated to reflect Cabinet's final budget proposals) be endorsed and referred on to Budget Council for approval.
- (3) That council housing rents be set in accordance with statutory requirements as follows:
 - for general properties let as at 01 April 2017, average rent be set at £71.69 for 2017/18, representing a reduction of 1% from the previous year;
 - for sheltered and supported housing properties let as at 01 April 2017, average rent be set at £66.97 for 2017/18, representing a reduction of 1% from the previous year,
 - for 2018/19 to 2019/20 further average rent reductions be set at 1% year on year; and
 - for any relevant property becoming void the following policy be re-affirmed, in that they continue to be re-let at 'formula rent' less the relevant cumulative year on year % reduction applicable (i.e. generally 2% for 2017/18 rising to 4% in 2019/20).
- (4) That beyond 2019/20, it be noted that the HRA Business Plan forecasts assume that council housing rents revert to increasing by 2% year on year, but this is subject to annual review and any future determinations that may be issued by Government from time to time.
- (5) That for 2017/18, all garage rents be increased by the Consumer Price Index (CPI) plus £1, with an additional CPI + £1 increase in each subsequent year until 2019/20, with CPI increases thereafter.
- (6) That subject to approval of a fixed term growth item for tackling anti-social behaviour, the associated HRA contribution be met from Balances.
- (7) That the resulting Housing Revenue Account budget for 2017/18 onwards as currently set out in Appendix A to the report, but subject to any changes arising from the above, be referred on to Budget Council for approval.
- (8) That the Capital Programme as set out at Appendix D to the report be referred on to Budget Council for approval.
- (9) That the above recommendations for the Housing Revenue Account be reflected within the Council's draft Medium Term Financial Strategy (MTFS) as

appropriate.

Officers responsible for effecting the decision:

Chief Officer (Resources)
Chief Officer (Health & Housing)

Reasons for making the decision:

The Council is required under statutory provisions to maintain a separate ring-fenced account for all transactions relating to the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock. The decision ensures there are sufficient resources to maintain and manage the Council's Housing Revenue Account (HRA) assets.

Chairman

(The meeting ended at 6.50 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - telephone (01524) 582047 or email
ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON THURSDAY 19 JANUARY, 2017.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
FRIDAY 27 JANUARY, 2017.**

**MINUTE 48 – CALLED-IN CABINET MINUTE 38 IS NOT SUBJECT TO CALL-IN AND MAY BE
IMPLEMENTED WITH IMMEDIATE EFFECT.**