



**Committee: CABINET**

**Date: TUESDAY, 28 JUNE 2016**

**Venue: MORECAMBE TOWN HALL**

**Time: 6.00 P.M.**

**A G E N D A**

**1. Apologies**

**2. Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 26 April 2016 (previously circulated).

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

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

**4. Declarations of Interest**

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

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

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

**5. Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

**6. Review of Museums Service (Pages 1 - 66)**

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

Report of Chief Officer (Regeneration & Planning)

7. **Improving Morecambe's Main Streets - New Pedestrian Crossing Marine Road Central (Pages 67 - 70)**

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

Report of Chief Officer (Regeneration & Planning)

8. **Provisional Revenue, Capital and Treasury Management Outturn 2015/16 (Pages 71 - 101)**

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

Report of Chief Officer (Resources)

9. **Cabinet Liaison Groups and Appointments to Outside Bodies, Partnerships and Boards (Pages 102 - 111)**

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

Report of Chief Executive

10. **Urgent Business Report (Pages 112 - 113)**

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

Report of Chief Executive

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, James Leyshon, Karen Leytham, Margaret Pattison, David Smith and Anne Whitehead

**(ii) Queries regarding this Agenda**

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

**(iii) Apologies**

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

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<b>CABINET</b>
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## Review of Museums Service 28<sup>th</sup> June 2016

### Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To advise Cabinet on the findings of a high level review of the current museums service and to seek guidance on the overall strategy and actions which members may wish to pursue to develop a more sustainable museums service for the future.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	27 May 2016		
This report is public			

#### RECOMMENDATIONS OF Councillor Darren Clifford

It is recommended that:

- (1) The opportunity for a complete redesign of the museums service is developed and tested with a view to reducing overall costs, improving the care of collections, improving quality of service and increasing footfall and income;
- (2) Further feasibility work is undertaken to provide information on each of the proposed elements of the strategy, as detailed in this report;
- (3) A more detailed review of longer term management options is undertaken but that, in the meantime, the City Council requests that the two year notice period, as detailed in the existing Museums Service Partnership Agreement, is reduced to one year;
- (4) That the Chief Officer (Resources) be authorised to allocate up to a maximum of £138.5K from the Restructuring (Budget Support) Reserve in 2016/17 following the procurement of appropriate consultants / museum specialists and that the General Fund Revenue Budget be updated accordingly.

#### 1.0 Introduction

- 1.1 A high level study of the Council's museums was commissioned in December 2015 and a report is now presented to Cabinet that outlines headline options that could potentially improve the sustainability, resilience and impact of the museums service. The study, "Lancaster Museums Study, Future Scope and Benefits, June 2016", is presented as **Appendix A** to this Cabinet report.

- 1.2 At its meeting on March 2<sup>nd</sup> 2016, and as part of its budget setting process, the Council identified its museums as an area for potential future savings:

*“The future of the Maritime and Cottage Museums will be reviewed, alongside moves to encourage the County Council to explore community running of its Museums provision (potentially through a Trust), with the aim of securing the Museums’ future in this district. That said, the aim will be to significantly reduce or negate operating costs of all museums, and mothballing of the Maritime and Cottage Museums will also be an option for consideration.”*  
(Council, 2<sup>nd</sup> March 2016, minute 141, Annex 9 notes refers)

## **2.0 Background**

- 2.1 Lancaster City Council currently has three museums all based in Lancaster city centre. These include the City Museum in Market Square, the Maritime Museum on St George’s Quay and the Cottage Museum at St Mary’s Parade, adjacent to Lancaster Castle. The King’s Own Regimental Museum is located within the City Museum and whilst the regiment owns the collection, the City Council has provided accommodation and staffing for many years.
- 2.2 All three of the City Council’s museums have been managed by Lancashire County Council since 2003 as part of a Museums Service Partnership Agreement which was established initially for a ten year period but which is currently “holding over”. The current agreement is under review but it is important to note that, at the present time, a two year notice period is required and any options to develop new arrangements may have legal or human resource implications within the context of the current contractual agreement.
- 2.3 The County Council manages a museums service in Lancaster Castle and also owns and manages the Judges Lodgings museum on China Street, which has been identified as a service reduction as part of County Council’s budget process. Alternative management arrangements are being sought.
- 2.4 The current management fee paid to the County Council for management of the City Council’s museums is currently £516.1K (2016/17), which includes all on site costs and staffing, collections management, access to specialist curatorial and conservation services and a contribution to management, administration and storage costs. In addition to this, there are also notional costs totalling £166.7k (split £17.8K support recharges and £148.9K Capital Charges) accounted for separately by the City Council.
- 2.5 The City Council continues to own the buildings in which its museums are situated and takes responsibility for ongoing repairs and maintenance of the buildings. Average annual repairs and maintenance costs for the last three years for all of the Council’s museums are £33.3K (City Museum - £17.8K, Maritime - £11.2K, Cottage - £4.3K).
- 2.6 Footfall figures for the City Council’s museums for the full year 2015/16 were: City Museum (including the Kings own Royal Regimental Museum) – 46,620; Maritime Museums – 8038 (closed since October); Cottage Museum – 4,808
- 2.7 The current context for museums is shifting and over the last couple of years some important developments have occurred that significantly raise the importance and profile of the city and the wider district, in terms of visitors and quality of life for those who live and work here. In particular, two complementary destination brands have been identified by partners across the district for Lancaster (including the Lune Valley) with its nationally important heritage and vibrant arts and culture; and Morecambe Bay with its outstanding coastal landscapes, cultural heritage and outdoor recreation. Lancaster is now one of eleven of England’s Heritage Cities, opening up significant promotional opportunities at the national and international level.

- 2.8 Lancaster's museums buildings in themselves are important heritage assets within the city's wider heritage and culture offer. The City Museum, which at one time served as a butter market and was also the previous Town Hall, is Grade II\* listed and is an elegant Georgian building constructed in 1781 -1783 to the designs of Major Thomas Jarrett and Thomas Harrison. The Maritime Museum is Grade II listed and occupies two historic buildings on St. George's Quay, the city's main 18<sup>th</sup> century harbour, the former Customs House of 1764, designed by Richard Gillow and the adjacent Georgian warehouse. The Cottage Museum, a Grade II listed building situated adjacent to Lancaster Castle, is part of a 1739 house that was subdivided in about 1820.
- 2.9 All of the current museum buildings are within Lancaster's conservation area and sit alongside the city's other heritage assets including Lancaster Castle and Priory, the Judges Lodgings, the Storey, the Town Hall, the Ashton Memorial and a range of other interesting historic buildings and some potentially valuable archaeological sites close to Lancaster Castle.
- 2.10 The Council is now working with strategic partners to develop a new City Centre Masterplan and Vision and, as part of this, to take forward a Destination Management Plan to determine priority actions to develop Lancaster's visitor economy and its attractiveness for inward investors.
- 2.11 Lancaster district's visitor economy is increasing year on year and the most recent (2014) STEAM figures show over 7 million visitors, £416m visitor spend and 5,878 jobs in the district.
- 2.12 The Council's museums service is important in the context described, yet it is clear that the overall service is expensive, outdated and is not achieving its potential in terms of footfall and income. Effectively, this results in a service that does not maximise its economic impact and is unable to increase its sustainability in financial terms.
- 2.13 Local Authority budget pressures have continued to increase and hence Lancashire County Council has announced that it will close five of its museums including the Judges Lodgings in Lancaster. Alternative arrangements are being sought for the Judges Lodgings for the future but it seems clear that County Council will fully withdraw as soon as is feasible. Given the imminent reduction in scale of the County Council's museums service, the continuation of the current Museums Partnership Agreement, on its existing terms and conditions, seems very much in question.
- 2.14 At the same time the City Council, facing its own unprecedented financial challenges, has agreed to review its own museums service, with a view to reducing operating costs and considering opportunities for major changes.

### **3.0 The Museums Review**

- 3.1 Aitken, Prince and Pearce, the consultants commissioned to undertake the high level review, are independent specialist museum consultants with an extensive background in national and international museums, cultural and heritage projects over the last 30 years. During 2011, 2012 and 2013, Aitken Prince and Pearce provided the Council with a number of studies that have provided useful background for the current high level review.
- 3.2 For clarity, the purpose of the study was to review the current provision, identify and narrow down options for the future and make headline recommendations that could be tested and developed further during 2016. This will then help to take the Council towards the point where it can agree and implement a long term vision, a focused and resilient operational management model and business plan for the Council's museums if that is the direction it chooses to take.

- 3.3 The attached report at Appendix A considers strengths and weaknesses of the current offer. Strengths lie in the collections that are held; the prime location of the City Museum, in particular; and the district wide remit. Weaknesses include that permanent exhibitions are in urgent need of refreshment; physical access is poor; visitor numbers are low; collections storage is inadequate; and outreach and community involvement are not sufficiently taken up.
- 3.4 The net annual operating costs of the current service must also be added as a significant weakness and potential risk to the museums service, given the Council's pressing financial constraints.
- 3.5 Nevertheless there are also opportunities that lie in Lancaster's growing visitor economy and its status as a heritage city, the value of the existing collections and the undeveloped potential for income.
- 3.6 The identified options, as well as information relating to the feasibility work that is required to progress the options, are now presented to Cabinet for early consideration and to approve the necessary expenditure to undertake further feasibility and development work.

#### **4.0 Proposal Details**

- 4.1 In summary, options that have been considered are as follows:
- Close all of the museums
  - Do Nothing - continue with the current arrangement
  - Undertake a range of small scale changes
  - Redesign of the museums service, taking a bolder, more challenging but strategic, long term approach towards use of cultural/ heritage assets, estates and collections; funding, investment and income; and management of museums in the modern, competitive world
- 4.2 This latter option is recommended to Cabinet for consideration as it is the only option that retains a museums service for the district and potentially delivers what is required in terms of quality of service, sustainability and impact. The result should be a streamlined, much more sustainable museums service but one that is vibrant, engaging, captures the heritage of the whole district and which is fit for the future.
- 4.3 In terms of what this means in practice, a number of key proposals follow, all of which require further feasibility and the development of more detailed proposals for Cabinet's consideration later in 2016:
- Consolidating the Collections into a new Collections Store**
- 4.4 A new collections store is proposed to address a fundamental weakness of the current museums service, to address the need for the care and management of the district's valuable collections and as prerequisite to allow a number of museums buildings to be freed up for disposal or refurbishment.
- Comments and Additional Information**
- 4.5 Over the years, the City Council's museums collections have needed to be held within the existing buildings and, until recently, at St Leonard's House. Funding has never been available to invest in a more appropriate long term solution. However, use of premium but unsuitable city centre space is an expensive but inadequate solution for the care and conservation of valuable collections that also prevents other means of gaining a higher value return on those spaces.

- 4.6 The third floor of the Warehouse building section of the Maritime Museum provides almost 4,000 square feet of collections storage space, which is dry and warm but has severe limitations in terms of access, ceiling height and some floor load bearings. It is not possible to store larger items in this store and consequently some of the Council's larger items are held in Preston. To try to address this issue, an area within the ground floor of the Warehouse building was identified for storage but unfortunately was badly affected by the December floods, suggesting that is far from ideal for the storage of museums collections.
- 4.7 The King's Own Regimental Museum also requires a considerable amount of storage space and currently utilises space within the upper floors of the City Museum, which is highly unsuitable being damp, cold and difficult to access.
- 4.8 Further feasibility is required to scope the technical requirements of a new collections store; to consider options to deliver a cost effective property solution; to provide outline design and costs; and to investigate funding/financing options and income generating potential.

### **Redevelopment of the City Museum in the Old Town Hall**

- 4.9 The museums report proposes a redesign and redevelopment of the City Museum as the central hub of a new and reinvigorated museums service that can provide an enhanced cultural offer, much improved public access and commercial opportunities. A number of possible components are suggested, which collectively support a clear shift towards a customer focused and income generating mix of services with the collections at the heart of this offer. Potentially, the City Museum would act as a gateway to the city and the wider district and could comprise the Visitor Information Centre, retail and catering alongside frequently refreshed collections and exhibitions.

### ***Comments and Additional Information***

- 4.10 The City Museum building is in poor condition. Significant repairs and maintenance works are required that, at some point in the near future will require a closure of the building and temporary relocation of collections/exhibitions. Access to the building through the main entrance in Market Square is not suitable for disabled people and, although the entrance on New Street is at street level, it is often blocked by vehicles. There is no lift access to upper floors. A retail offer in the building generates a low level of income but, other than some sales of local artworks at times, there are no other income generating ancillary services. Very little investment in the displays and exhibitions has been possible for many years so there is little opportunity to use space flexibly, refresh exhibitions regularly and to engage visitors interactively.
- 4.11 The City Museum building, which is Grade II\* listed, must be recognised for its historic value in its own right. Suitable treatment to protect and conserve the building will create some constraints in terms of its redevelopment although a museums purpose seems very appropriate.
- 4.12 Nevertheless, the building is situated in a prime location in the city centre and already achieves in excess of 50,000 visitors per annum. The planned repairs and maintenance works are already budgeted for and so, subject to additional investment required, there is an opportunity to take a more holistic approach to the redesign, redisplay and rebranding of the museum, offering potential cost efficiencies and more effectively managing interruption to the service.

4.13 The Museums Steering Group has discussed redevelopment options for the City Museum although it is recognised that there is no real County Council capacity to take this forward as part of the current agreement.

4.14 Further feasibility work is proposed to develop an outline building and museum design and costs for the City Museum, taking account of optimum use of space and future uses; to test the feasibility of creating a link to the adjacent library and installing a lift; and to consider income potential related to the commercial elements of the proposals.

### **The Kings Own Regimental Museum.**

4.15 As part of the redevelopment the museums report recommends that the Kings Own Regimental Museum is relocated.

### ***Comments and Additional Information***

4.16 The KORR collection has been located in the City Museum since the 1920's and is owned by a registered charity with a Board of Trustees. The Regiment's history is an important part of the heritage of North Lancashire and Cumbria and, through family and military history, touches the lives of many in a way that is deeply personal.

4.17 The exhibitions occupy around 50% of the available exhibition space on the first floor of the City Museum as well as a substantial part of the building that is not accessed by the public and is used for collections storage. The current situation does not offer the potential to display KORR collections to advantage. A redevelopment of the City Museum is unlikely to offer the KORR museum exactly the same arrangements as at present and, at the very least, there would be some considerable disruption for a period of time. Potentially a relocation could offer advantages to the KORR Museum and allow for more flexible use of space within the remainder of the building as part of a redevelopment but requires testing.

4.18 It is proposed that temporary and permanent relocation options for the KORR Museum are investigated, in consultation with the KORR Trustees, with a view to providing appropriate exhibition space and storage, retaining the KORR museum within Lancaster.

### **Disposal of Maritime Museum - Warehouse and Customs House**

4.19 The museums report recommends that the Maritime Museum is closed and the buildings disposed of to produce a financial receipt for the Council.

### ***Comments and additional Information***

4.20 The Maritime Museum is comprised of two buildings, the Warehouse and the Customs House, connected by an external walkway. Part of the ground floor and first floor of the Warehouse building is leased by the Council to local businesses whilst the third floor of the Warehouse provides almost 4,000 square feet of collections storage space that is warm and dry but has limited and difficult access, no arrangements for large items and inadequate headroom in some parts.

4.21 The Maritime Museum is Grade II listed and, in its own right, has considerable heritage value.

4.22 No doubt partly due to its location, the Maritime Museum achieves low footfall, which seems unlikely to improve greatly in the near future in spite of local developments at Luneside East and West. A low level of income is achieved from retail and the café which also seems unlikely to increase significantly.



- 4.23 A large proportion of the collections within the Maritime Museum relate to Morecambe and the Bay area and there may be immediate opportunities for temporary exhibitions in venues such as, for example, the Platform in Morecambe, subject to conditions and costs.
- 4.24 The recent archaeological works on the site of the old Roman fort appear to be of some significance and a full evaluation will be necessary to ascertain what would be required to develop the potential of this site in the context of the history and heritage of Lancaster and its visitor economy. Bearing this in mind, Cabinet could consider mothballing the Customs House building until a later date rather than opting for immediate disposal in case the building is needed in connection with the interpretation of the Roman finds.
- 4.25 To take these proposals forward, further work is required to undertake a first review of the Warehouse and Customs House buildings to provide information on potential capital receipts or revenue income, suitable uses and relevant market factors.

### **Disposal of the Cottage Museum**

- 4.26 The museums report recommends that the Cottage museum is disposed of for alternative uses, as part of the overall consolidation of the museums service.

### ***Comments and Additional Information***

- 4.27 The Cottage Museum is extremely compact and is therefore very constrained in terms of its ability to increase footfall, with no real potential to achieve additional income at any scale.
- 4.28 That said, the Cottage Museum is also a Grade II listed, heritage building in its own right, sitting directly opposite the Castle within the city conservation area as an interesting example of a Georgian townhouse.
- 4.29 If this proposal is supported, an initial valuation and commercial analysis would provide information required to determine best potential uses for the building and/ or its disposal, bearing in mind its heritage value.

### **A new development on Morecambe Seafront**

- 4.30 The museums report proposes that the Council considers the longer term development of a new multi-use facility at Morecambe Seafront with a museums and cultural dimension, possibly within the framework of the Morecambe Area Action Plan (MAAP).

### ***Comments and Additional Information***

- 4.31 The cultural and heritage links between some aspects of the current museums collections and Morecambe are strong. Whilst this may not be the sole driver for the development of the MAAP, it does combine well with a range of other aspects of Morecambe and the Bay, bringing together the interests of many partners around culture, heritage, ecology, wildlife and outdoor pursuits that all feature strongly in the Morecambe Bay brand.
- 4.32 The MAAP, situated alongside the area that is historically associated with Morecambe's ship breaking industry, is long term and in its early stages with the expectation that the private sector will play a significant part in bringing forward key developments.
- 4.33 It is worth bearing in mind that, as the Council has agreed as part of the budget process to review its municipal buildings, the potential of Morecambe Town Hall could also be considered and evaluated as a future option for a Morecambe Seafront development that includes a museums and cultural dimension, although clearly this could well raise affordability and viability concerns, and other potential future uses for the building need to be explored.

4.34 No specific work is recommended as a result of the museums report, at this time. However, in the short term, readily available opportunities exist to use current collections in Morecambe and along the coastal front (for example, in the Platform), where conditions are acceptable and there are no additional cost implications for the Council.

4.35 To support this, it is recommended that an initial review of the collections is undertaken to begin to identify those with relevance to Morecambe and the Bay area and the conditions required to exhibit them in other locations.

### **Management arrangements**

4.36 The museums study highlights the need to consider future governance and management arrangements and staffing requirements for a museums service that is customer facing and income focused but which maintains the highest possible standards of museum practice. Three clear options are identified which, including in house management by the City Council; an outsourced arrangement (such as that existing) or management by a Trust, Community Interest Company or similar. All of these carry advantages, disadvantages and risks.

### **Comments and Additional Information**

4.37 It is important that the Council is able to respond positively to some of the major influences affecting museums presently, including the significant reduction in the County Council's level of provision across Lancashire. Although County Council has not given notice to withdraw from or requested changes to the current agreement, it seems likely that the reduction in scale of service will have implications. Therefore, this is a good time to consider options for management of the City Council's museums service of the future, taking into account the important shift towards customer focus and income.

4.38 It is proposed that future management options are considered in detail, as part of the feasibility work, with a view to ensuring a robust structure is in place that can meet the requirements to deliver the proposed museums service in the future. Appendix B provides some useful information on Trust Options but would require further detailed development for a real case scenario.

4.39 In the meantime, the existing management agreement has been considered in the light of current requirements and largely remains a reasonable basis upon which County and City Councils can work together. However, it is proposed in this report that the City Council requests that the current two year notice period is reduced to one year, giving both Councils more flexibility to respond to rapidly changing circumstances.

## Summary of feasibility works required

Redevelopment of Museums Service – Stage 1 requirements	
Proposed option for development	Feasibility work/ further information required
Collections Store	<ul style="list-style-type: none"> <li>- Review of collections</li> <li>- Scoping of technical requirements and property options</li> <li>- Outline design and costs for a cost effective property solution</li> <li>- Identification of funding/ financing options and income generating potential</li> </ul>
City Museum	<ul style="list-style-type: none"> <li>- Outline building and museum design and costs</li> <li>- Technical feasibility of creating a physical link to the library and installing a lift</li> <li>- Income potential for commercial elements of the proposals</li> </ul>
King's Own Regimental Museum	<ul style="list-style-type: none"> <li>- Identification of temporary and permanent relocation options for exhibition space (collections storage requirements likely to be addressed by the collections store)</li> </ul>
Maritime Museum <ul style="list-style-type: none"> <li>- Warehouse</li> <li>- Customs House</li> </ul>	<ul style="list-style-type: none"> <li>- Valuation and review of commercial potential, suitable uses and market factors</li> </ul>
Cottage Museum	<ul style="list-style-type: none"> <li>- Valuation and review of commercial potential, suitable uses and market factors</li> </ul>
Links with Morecambe Seafront	<ul style="list-style-type: none"> <li>- Initial review of collections to identify those relevant to Morecambe and the Bay and to identify the conditions required to exhibit them</li> </ul>
Management arrangements	<ul style="list-style-type: none"> <li>- Review of options for future management arrangements, including governance, structures and skill requirements</li> </ul>
Consultation	<ul style="list-style-type: none"> <li>- Consultation and engagement with partners, funders and communities to inform the development of detailed proposals</li> </ul>

**Note:** Attention is drawn to the comments of the section 151 Officer (/Chief Officer Resources). The scope and need to undertake each specific piece of work would be reviewed as the project moves along and appropriate consultation would be undertaken with the relevant portfolio holder/s as works are to be commissioned, to ensure value for money. The budget would be updated in a phased manner by the Chief Officer (Resources), to reflect this approach.

## 5.0 Details of Consultation

5.1 The proposals in this report represent headline options for Cabinet's consideration. Consultation will be required on the shape of the future museums service, if Cabinet wishes to progress this further.

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

	Advantages	Disadvantages	Risks
<p><b>Option 1:</b> Close all museums</p>	<p>Significant revenue savings</p> <p>Potential capital receipts and revenue income from the existing buildings</p>	<p>Museums service ceases to exist</p> <p>Negative impact on quality of life in the district through the loss of community, education and visitor services</p> <p>Negative impact on the visitor economy</p> <p>Strongly undermines Lancaster's national status as a heritage city</p> <p>Reputational damage for the Council in terms of funders, partners and the community</p> <p>Transfer of part or all of the museums service into a different delivery vehicle once the service has closed down</p> <p>No alternative provider currently available</p>	<p>Legal risk - current management agreement requires two years notice</p> <p>Delivery risk - no clear solutions for the disposal of valuable collections although the Council has the responsibility to safeguard these. All options would have cost and resource requirements</p>
<p><b>Option 2:</b> Continue with current arrangements (Do Nothing)</p>	<p>Continues to provide a museums service for the district</p>	<p>Ongoing revenue costs are high and likely to increase</p> <p>Existing museums are underperforming in terms of footfall and income and do not therefore achieve optimum results for economic impact or improved financial sustainability</p> <p>Collections management arrangements are expensive and inadequate</p> <p>Current displays/exhibitions urgently</p>	<p>Delivery risk - maintaining a status quo situation for management arrangements seems unlikely to be a long term option due to imminent changes within Lancashire County Council's museums service</p> <p>Financial risk - the City Council's budgets face ongoing pressure over the next few years</p>

		require investment to refresh and present to today's audiences	
<b>Option 3:</b> Undertake a range of small scale changes	Some small improvements could improve footfall and income to a limited extent	<p>Ongoing revenue costs are high and likely to increase</p> <p>Very limited opportunity to increase income or gain capital receipts</p> <p>Investment required to deliver small scale changes although the business case to invest in some elements of the current museums service is weak</p> <p>Less likely to attract external funding</p> <p>Limited potential to achieve significant benefits</p> <p>Will not future proof the museums service for the long term</p>	Without significant change the ability to increase footfall might be impeded as the overall impression could be that nothing has really changed.
<b>Option 4:</b> Investigate the feasibility of complete redesign of museums service	<p>Potential to significantly reduce ongoing revenue and repairs and maintenance costs by the reduction in the number of museum buildings</p> <p>Likely to produce capital receipts or revenue income from buildings no longer required as museums</p> <p>Potential increase in income from ancillary services</p> <p>Improved long term arrangements for the care and management of collections in appropriate space</p>	<p>Loss of Maritime and Cottage Museums</p> <p>Temporary interruption to the museums service in order to undertake works required</p> <p>Need to identify capital costs for injection of investment and have confidence about potential income generation.</p>	<p>Legal and HR risks – implications relating to the current management arrangements and in respect of County Council staff need to be clarified and managed</p> <p>No certainty regarding outcome of feasibility, including affordability and sustainability.</p> <p>Risk of abortive feasibility costs.</p>

	<p>A more vibrant and engaging museums service with the potential to considerably increase footfall at the City Museum and through exhibitions and events in other locations</p> <p>Improved links with other heritage buildings in Lancaster plus existing spaces in Morecambe and the coastal area</p> <p>Increased potential to engage external funders as this approach safeguards collections and offers long term strategic change</p>		
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**7.0 Officer Preferred Option (and comments)**

7.1 The Officer Preferred Option is **Option 4**, which enables the council to investigate whether there is a long term strategic approach to delivery of the museums service; safeguards and protects the existing collections; improves engagement with visitors and communities; and creates opportunities to generate income and therefore reduce net costs. It fits with the actions approved at Budget Council.

**8.0 Conclusion**

8.1 The current museums service is structured in a way that is inevitably expensive and yet under achieves, in certain respects. The City Council’s budget pressures mean that it is more important than ever that services are cost effective and, as far as possible, financially sustainable. Lancashire County Council which manages the Council’s museums service, has recently announced a number of major changes that potentially have implications for future arrangements.

8.2 As part of its own budget process the City Council has agreed to review the museums service. An initial high level review of headline options has now been undertaken to provide Cabinet with an outline proposal that has both challenges and opportunities. The opportunity to reduce the cost base at the same time as improving and revitalising the museums service and potentially increasing both footfall and income is highlighted in this report. Further feasibility work, design and costings are required to test the proposals more fully to establish that they offer the long term benefits anticipated.

**RELATIONSHIP TO POLICY FRAMEWORK**

The proposals with this report support the Council's Corporate Priorities of Sustainable Economic Growth and Community Leadership, contributing to the attractiveness and offer of the district, as a place to visit or invest in; rationalising the Council's property portfolio to deliver better value for money; and improving efficiency and effectiveness through re-shaping services.

**CONCLUSION OF IMPACT ASSESSMENT**

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

No direct impact at this stage but all relevant impact assessments will be undertaken as part of feasibility and development works.

**LEGAL IMPLICATIONS**

None at this stage but legal implications of the proposals will be assessed in detail as part of the feasibility works.

**FINANCIAL IMPLICATIONS**

Financial implications at this stage relate to the estimated costs of feasibility and development work as professional museums, property and architectural design advice will be required to complete the works identified and in some cases will need to be separately procured. It is proposed that such costs are funded from the Restructuring (Budget Support) Reserve at this stage up to a maximum of £138.5K and that a further report is brought back to Cabinet once the feasibility work is complete setting out the detailed financial implications of the various options (including any VAT implications, if there are any). This will then need to feed into the 2017/18 Budget Process to be considered alongside all other competing priorities.

It should be noted that at present, some of the assumptions within the capital and revenue funding model set out in the attached report may not fit entirely with the Council's current approved financial strategy, but aspects such as this, and the overall financial viability (prudence, sustainability and affordability) would be explored further as part of future appraisal and budget setting.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

Given Lancashire County Council's current rate of change and financial pressures, it is not possible for them to provide the resources necessary to lead the museums development work as part of the existing agreement. On that basis, it is assumed that the City Council will take that role working with the County's Museums Service and other partners as appropriate.

Coordination and project management for the feasibility works can be provided by the Council's Regeneration and Planning Service within existing resources, subject to the availability of the professional expertise referred to above. However, the project team will need to include Joint Property Services, ICT, Financial Services and Human Resources.

**Information Services:**

Some input into design of the ICT element of the new service will be required.

**Property:**

Direct involvement in work associated with building disposals and refurbishment

**Open Spaces:**

No direct implications at this stage.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted. In view of the relatively large cost of feasibility works proposed, and to ensure value for money, a phased approach would be adopted for authorising the works and this is referred to at the foot of the summary table included in the report.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

**Contact Officer:** Anne Marie Harrison

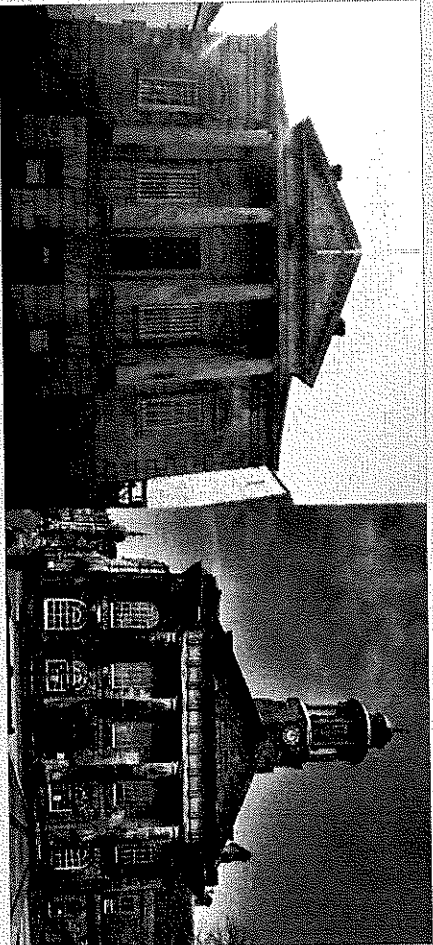
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# APPENDIX A



LANCASTER CITY COUNCIL  
LANCASTER MUSEUMS STUDY  
FUTURE SCOPE AND BENEFITS

JUNE 2016

LANCASTER CITY COUNCIL'S MUSEUM STUDY PROJECT

Prepared for

Lancaster City Council  
Economic Development, Regeneration and Planning

June 2016

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Acknowledgements

Robert Aitken Museum Design and Prince+Pearce Ltd (AP+P) acknowledge with thanks all those who have made a contribution to this report. In particular, we are grateful to Anne Marie Harrison and Paul Rogers of the Economic Development, Regeneration and Planning Department of the City Council.

Status of Document

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**1 THE BRIEF**

Lancaster City Council is considering options to review, rationalise and improve its museums offer in order to create a focused service that will:

- appeal to a wide range of audiences;
- protect and develop the collections;
- strongly support the development of the visitor economy;
- develop the District's attractiveness as a place to live and work;
- become financially more efficient and sustainable;
- maintain and enhance professional standards.

Aitken, Prince + Pearce (AP+P) have been asked to review their earlier recommendations set out in an options appraisal for Lancaster City Museum prepared in 2012, and to address the new brief by producing further options for the District museums service for the Council's consideration.

The detailed brief, issued by Lancaster City Council in December 2015, called for consideration of the following issues, all of which relate to the future of the District's Museum Service:

- value for money assessments;
- current and potential use of existing buildings and spaces;
- strengths and limitations of the current collections;
- requirements relating to management, storage and display of the current collections;
- audience development opportunities;
- collaborative opportunities with other organisations;
- links to other locations including Morecambe;

- investment requirements to deliver options;
- funding opportunities;
- future management requirements, including critical skills;
- marketing and promotional opportunities and requirements;
- impact of options on wider visitor economy-economic impact, visitor number and spend, jobs;
- impact of options on visitor numbers/audiences;
- impact of options on educational and community benefits;
- impact of options on income generation potential;
- impact of options on management and property costs;
- further consultation recommendations;
- success factors for potential future arrangements.

Following discussion, these eighteen issues were distilled into three overarching concerns:

- what will be the future Lancaster City Council's museums offer?
- what is the likely impact on revenue costs and income, reinvestment and funding requirements?
- ... and ... what are the audience development and funding opportunities?

The concerns can be further described as:

- what's good for Lancaster City and District?
- how can it protect and best use its collections?
- how can it use these assets to contribute to the future development and well-being of the local economy?
- how can it achieve the above with minimum opposition and

maximum acceptance?

This report addresses these concerns and presents a clear and coherent way forward for the Museum Service as a whole.  
In so-doing it:

- takes on board the previous work undertaken by AP+P together with a consideration of all pertinent background documents and discussions;
- takes into account the prevailing budgetary constraint for local authorities;
- considers all the current, and potential, assets held by the City regarding its heritage and cultural past;
- presents a unified and coherent way forward that preserves the collections and makes best use of them in terms of their role as both a visitor attraction and local community resource;
- comments on the potential economic impact for the City and District.

The report also makes the following assumptions:

- that the scope of this stage of the museums study is an appraisal of a number of options, all of which will need to be tested and verified by subsequent feasibility and other studies before they become firm recommendations;
- that the scope of this options appraisal is limited to the City Museum, the Maritime Museum and the Cottage Museum, albeit within the context of the broader cultural offer of Lancaster, Morecambe and the District.

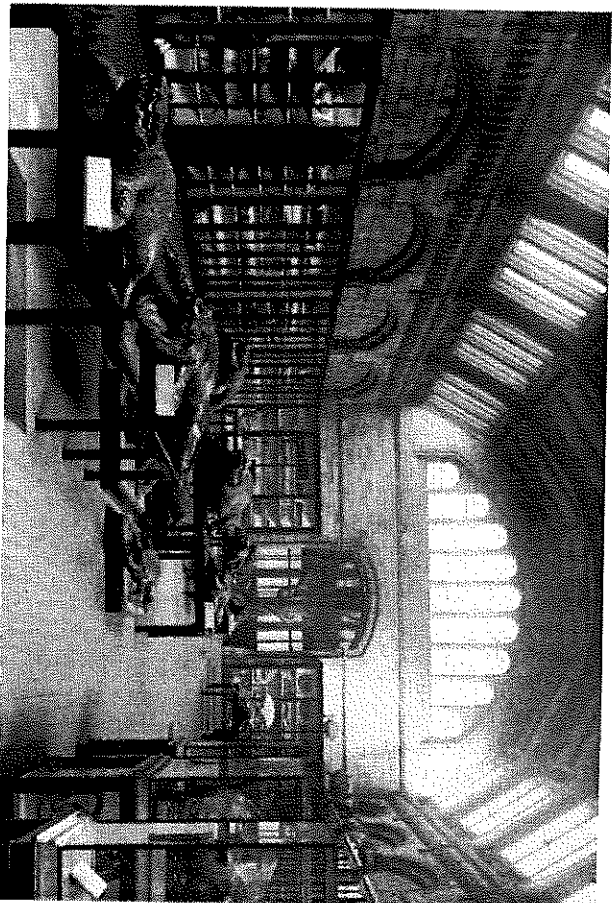
Approaching this review from a District-wide perspective will be critical to its success as the geographical, socio-economic and cultural relationship between Lancaster and Morecambe is unparalleled in the UK and contributes significantly to its appeal as a place in which to live and visit.

The historic city of Lancaster, on the river Lune, and the unique natural environment of Morecambe and the Bay, as one conurbation, constitutes an attractive and diverse cultural offer with traffic-free cycle paths (the Lancaster–Morecambe Greenway) and walkways linking the two centres. Adopting a cohesive outreach policy which initiates and supports complementary cultural elements across the District will build on this interdependence whilst improving the efficiency of the service.

## 2 THE CHANGING ROLE OF MUSEUMS

Over the years museums have changed their roles, the ways in which they present the material they hold and the ways in which they engage with their public.

For nearly 300 years since the mid 18<sup>th</sup>C to the early 1970s museums acted, essentially, as 'cabinets of curiosity' in which highly academic interpretations were given to restricted audiences seen as being capable of appreciating the objects on display. 'Public engagement' was actively discouraged. The long-established norm for displays was as a work of scholarship that barely communicated anything of relevance or understanding to the general visitor.

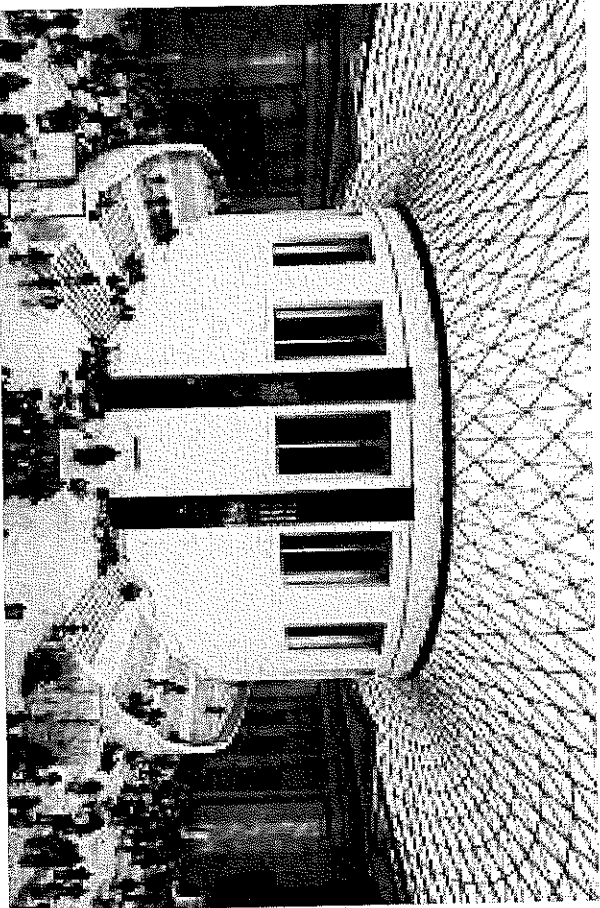


*The Natural History Museum in the 19th Century*

From the early 1970s to, roughly, the end of the 20<sup>th</sup>C museums (lead by the British Museum, the Natural History Museum and the Science Museum) began to be more user-friendly in terms of their exhibitions, often using social history collections as a way of engaging visitors and adopting 'hands-on' methods of interpreting scientific and technical subjects. The emphasis was on telling a story through lucid interpretation, communication and interaction: essentially, getting the visitor involved. As a result, attendances shot up and museums became a popular destination for families and friends. During this period many museums went in for large-scale redisplay of their collections, often enabled by Heritage Lottery funding. The primary purpose remained the display of material for, essentially, educational purposes: they remained object-led.

Whilst retaining a permanent presence in existing buildings, things had to change. New displays had to adapt to the technological advances and be flexible enough to allow changes to keep up with these advances.





*The new Central Court at the British Museum created to provide a modern social and retail space for the visitor.*

They had to have the ability to quickly renew displays to retain continuing interest in the venue. The venues themselves had to widen their appeal through the introduction of other leisure and retail attractions as part of the overall package, again to create a communal space, increase visitor levels and provide financial benefits.

Over the last twenty or so years the most successful museums have re-invented themselves as places of social interaction by combining constantly-changing exhibitions with a mix of leisure, retail and catering opportunities that have attracted and sustained new audiences and created new opportunities for generating income. (The Great Court at the British Museum, completed in 2000, is a prime example, albeit on a national scale).

Latterly came the realisation that as well as visitors actually visiting the venues, to increase visitor numbers and penetration, the museum had to 'go out to the people' through modern media and physically sharing their collections through travelling exhibitions. This activity, 'outreach', has become one of the most important factors in the success of numerous museums around the country in increasing visitors and in generating revenue for their respective hosts.

The emphasis is thus now on managing and encouraging change, both in terms of exhibitions (on average, most UK museums attract well over half their visitors to special or temporary exhibitions) and in using outreach programmes to take the museum to where the public actually is. The modern realisation is that museums do not need to be exclusively in buildings to satisfy their cultural ambitions.

The present financial climate is demanding change in all aspects of Local Authority activity, with museums being no exception. The District now has a once-in-a-generation opportunity to re-invent its museums offer in ways that are fit-for-purpose in the 21<sup>st</sup> C and which sit alongside the District's Cultural Heritage Strategy, adopted as policy in 2011, which recognises the key links between the arts, retail and the heritage assets as part of the District's overall visitor offer.

### 3 THE CURRENT CLIMATE

Recent and continuing cuts to public sector spending, particularly since 2010, are having a major impact on cultural services in Lancashire and specifically those attractions that are either owned or managed by the County in Lancaster. However, and despite this, Lancaster City Council's outlook remains positive with respect to the District's visitor economy and there is a strong will to both consolidate and improve the cultural offer in the Lancaster and Morecambe District in the face of this adversity.

It is thus important to recognise at the outset that any new developments in the District will find themselves subject to the overarching pressures that are affecting cultural planners, in the widest sense, in the UK as a whole. These are rooted in the unprecedented cuts to Government expenditure across nearly all sectors, including Local Authorities which have experienced a 40% cut in funds since 2010 with a further 30% to be delivered by 2017.

Councils up and down the country are looking at ways to reduce expenditure whilst striving to ensure that services remain relevant and fit-for-purpose. In these circumstances it is likely that many so-called 'non-essential' services – of which museums and other cultural offers are examples – will need to redefine their relationship with the publics they serve in order to survive and continue to offer a valuable service.

Such circumstances present local authorities, such as Lancaster, with the opportunity to look across-the-board at their museum offer, to see where operational synergies can be realised and to

realign delivery on facilities that offer real value-for-money and contribute demonstrably to the local economy, both directly and indirectly.

The days when local authorities ran museums because they were 'a good thing' are over: they must now be part – and be seen to be a part – of a new model for local authorities in which delivery adds to the 'economic, social and environmental wellbeing of their area' (Local Government Act, 2000). Thus, every new proposal must be viewed with caution against a rigorous appraisal of investment, viability and sustainability.

The current museums offer exhibits strengths but also weaknesses. Its strengths lie in the collections it holds, the prime location of the City Museum and the fact that it has a District-wide remit.

Its weaknesses – which are addressed in this report – are that the permanent exhibitions are in urgent need of refreshment, physical access is poor (particularly to the City Museum), visitor numbers are low, collections storage is inadequate and opportunities for outreach programmes and community involvement are not being taken up sufficiently.

#### 4 SUCCESSFUL MUSEUMS

Whilst every museum is unique, the successful ones (in terms of finance, motivated staff and public use and appreciation) share characteristics which help to define the future direction for Lancaster District. They:

- focus on the public they wish to attract and serve rather than the objects in their possession;
- use their collections in various ways and for various ends;
- use their buildings and other assets in the most appropriate ways for the benefit of the public rather than simply 'because they are there';
- have long-term strategies that see museums not as collections or assemblages of buildings but as usable and re-usable resources;
- respond to changes of public mood, perception and need;
- are flexible, versatile and dynamic;
- seek new audiences by going out to the public rather than expecting the public to come to them.

In addition, successful museums have acted, and continue to act, as drivers of the local economy, both as attractions in their own right and as part of a larger, wider cultural or heritage offer.

Historically, the ability of cultural ventures to enhance, and be seen to enhance, the local economy (and, through this, to aid their own self-sufficiency and long-term support) is generally regarded as being related to a number of broad factors, all of which help to set the development framework for Lancaster:

- the nature and demonstrable appropriateness of any new

- development in the context of the wider economy and, particularly, the sectors in which it will operate – economic development, leisure, tourism, education, conservation;
- its ability to attract inward investment for both development capital and revenue support;
  - its ability to penetrate, year-on-year, the tourism and day-trip catchment markets, bearing in mind the level of local and regional competition within a (generally) static overall market;
  - its ability to create new jobs and to provide new services which then energise other initiatives.

In the UK, several cultural developments have been cited as economic regenerators through their direct contribution to tourism and through the ways in which they act as catalysts for subsequent commercial development and other inward investment.

These include Ironbridge (Telford), Beamish (Durham), Merseyside Maritime Museum and the Tate of the North, Albert Dock (Liverpool), Wigan Pier (Wigan), the National Museum of Film and Photography (Bradford), and the Greater Manchester Museum of Science and Industry (Manchester). Whilst very different in scale, all these developments display similar characteristics with implications for the development of the offer in Lancaster:

- capital investment involving partnerships between local authorities economic development agency support and the private sector;
- commitment to ongoing revenue and professional support from a 'parent' or lead organisation;
- major efforts by the management boards (or trustees) to ensure

- continued fund raising and visitor development campaigns;
- they occupy sites of considerable and acknowledged historical importance or are prominent sites capable of being an attraction in their own right;
- they have benefited from being close to, or part of, sites characterised by large scale development work and infrastructure improvements for access, the cost of which has (usually) been borne by others;
- locations near large centres of population and/or large tourism markets;
- carefully structured admission policies to maximise gain from the tourism market whilst minimising the impact on the local community.

Looking at Lancaster District, these factors are in place, either actually or potentially:

<p><b>FACTOR</b> capital investment involving partnerships  commitment to ongoing revenue and professional support</p>	<p><b>LANCASTER DISTRICT</b> the potential exists if a unified development case can be presented with specific funding opportunities identified  the District is potentially committed to long-term support if value-for-money benefits can be clearly demonstrated</p>
--	---

<p><b>FACTOR</b> major efforts by management boards/trustees to continued fund raising</p>	<p><b>LANCASTER DISTRICT</b> the District is committed to long-term support if value-for-money benefits can be clearly demonstrated</p>
<p>they occupy sites of considerable and acknowledged historical importance or prominent sites capable of being attractions in their own right</p>	<p>self-evident in both Lancaster and Morecambe</p>
<p>close to, or part of, sites characterised by large scale development work and infrastructure investment by others</p>	<p>large-scale transport infrastructure works (Link Road) are in hand for both Lancaster and Morecambe, other initiatives (such as Square Routes) are on-going</p>
<p>locations near large centres of population and/or large tourism markets carefully-structured admission policies</p>	<p>7.2 million visits made to Lancaster, Morecambe and the District each year should form part of any future feasibility study</p>



## 5 THE MUSEUMS IN LANCASTER DISTRICT

Currently, Lancaster City Council's museum collections reside in:

- the City Museum located in the Old Town Hall in the Market Square;
- the Cottage Museum adjacent to the Castle;
- the Maritime Museum in the Port of Lancaster Custom House and adjacent Warehouse on St George's Quay;
- an out-of-District store in Preston.

The three museums (the City, the Cottage and the Maritime) are managed by Lancashire County Council under an agreement with the City although the buildings and the objects (with the sole exception of those of the King's Own Regimental Museum which occupies space within the City Museum) remain the property of the City Council.

The material in the City Museum relates the history and heritage of Lancaster and the District from the Neolithic to 1937, the year in which Lancaster achieved city status. The interpretation currently ends over three generations ago, and is thus in need of bringing up-to-date urgently.

The Regimental Museum represents the history of the Army in Lancaster<sup>1</sup>. The material in the regimental museum would be better curated and exhibited elsewhere in the City. In all, that museum's collections cover 120 separate units, including the 59 battalions formed by the antecedent Lancashire regiments and all associated Militia, Rifle Volunteers, Territorials, Home Guard and Cadet units. The museum's displays include uniforms, weapons, medals, regalia, paintings, silver, musical instruments, flags and photographs and is thus an ideal venue for the King's Own material.

<sup>1</sup> The Duke of Lancaster's Regiment, formed in 2006 by the amalgamation of the King's Own Royal Border Regiment, the King's Regiment and the Queen's Lancashire Regiment has its HQ in Fulwood Barracks, Preston, a possible esport-de-corps location for the material currently on display at the City Museum.

Whilst both the City and Regimental museums' exhibitions are worthy they do not in themselves constitute a significant attraction for today's visitor and need urgent renewal and a renewed sense of purpose.

The collections in the Maritime Museum tell the history of the Port of Lancaster, the fishing industry, the Lancaster Canal and the ecology of Morecambe Bay.

Knowledge of the natural and cultural heritage of the district continues to evolve with archaeological excavations, currently underway, revealing fresh evidence of the Roman port of Calunium and yielding new material for interpretation.

The consolidation of these collections and the rationalisation of the District's museum offer will embrace opportunities as well as offering operational efficiencies and new business and funding possibilities.

Notwithstanding the cohesive, District-wide approach proposed above, Lancaster and Morecambe each have their own individual identities, derived from their inherent cultural strengths and capabilities on the one hand and the particular geography of the District on the other.

These differences create the opportunity to establish two distinct (Lancaster and Morecambe) conceptual frameworks for sustainable development with cultural heritage, and the museum collections in particular, providing an inspirational gateway.

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During the financial year 2015-2016 the three museums recorded the following visitor numbers (as supplied and verified by Lancashire County Council):

The City Museum	46,620	includes the KORR
The Cottage Museum	4,800	
The Maritime Museum	8,038	closed since Oct 2015

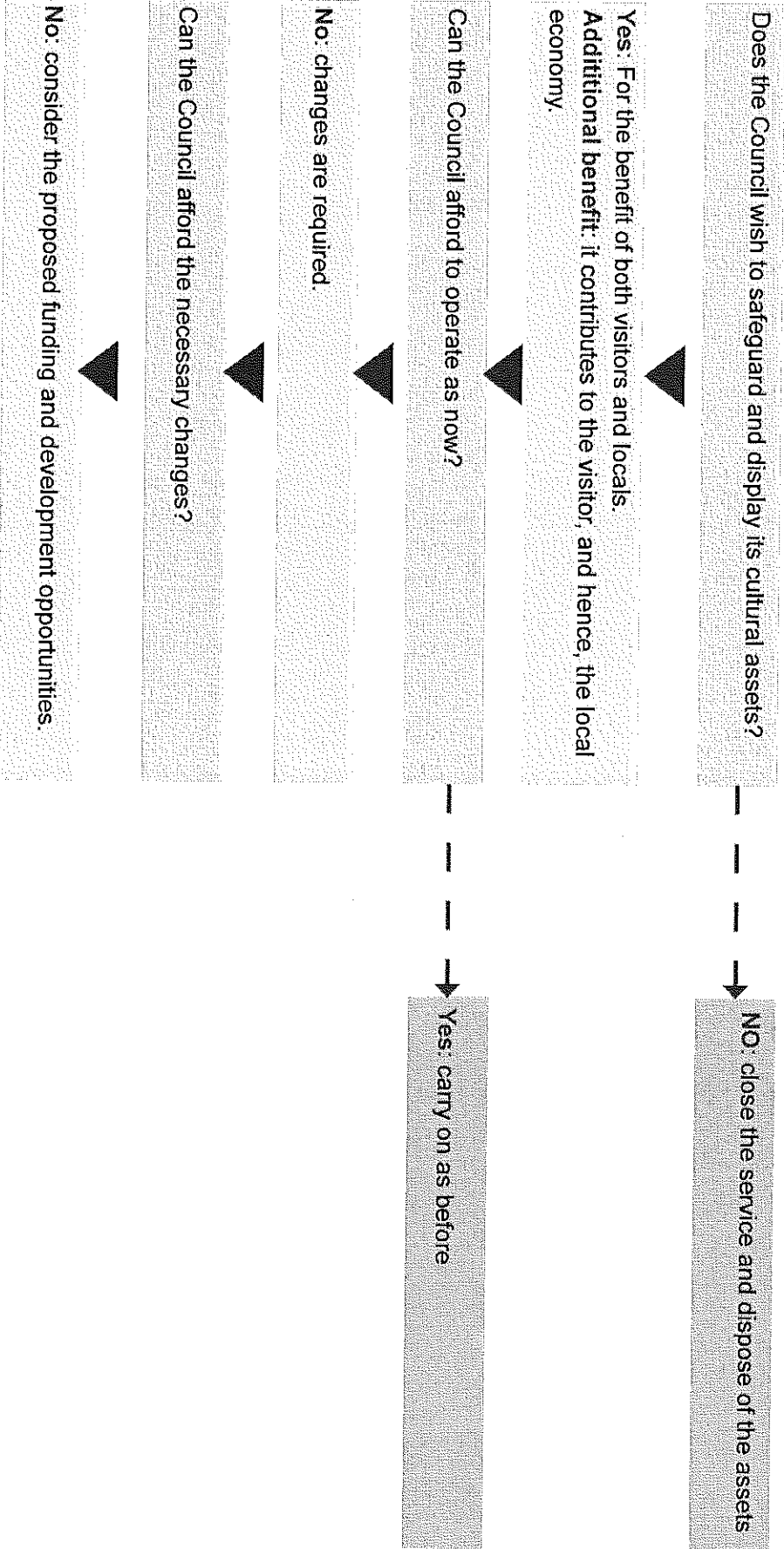
**6 HEADLINE OPTIONS FOR THE MUSEUMS SERVICE**

The headline options for the District in terms of its future museums offer are fourfold:

<b>OPTIONS</b>	<b>OUTCOME AND RISK</b>	<b>RECOMMENDED</b>
Close all the Museums	Immediate operational savings; potential capital returns from the sale of buildings and collections; loss of goodwill and face both locally and nationally; is at odds with the notion of an 'National Heritage City', a once-and-for-all abandonment of the District's aspirations in terms of its physical cultural heritage	No
Do nothing/ the status quo	Continued decline in performance across-the-board; fewer visitors; unmotivated staff; compounded lack of relevance; lack of a Lancaster District-wide focus; reduced and reducing contribution to the economic well-being of the District; a downward spiral	No

OPTIONS	OUTCOME AND RISK	RECOMMENDED
Individual, small-scale changes	Easy to do, easy to understand, but cosmetic and knee-jerk at best and lacking an overall concept of the role of the District's cultural resources in its economic and developmental future at worst, an edge-chipping solution that will eventually lead to moribund decline	No
A New Way	A bold vision; the use of heritage assets in the real world to solve real world problems; underlines the very notion of an 'England Heritage City'; is aspirational and forward-looking; sees cultural heritage as a positive contributor to the local economy – a prime mover not an afterthought; requires visionary management and a highly motivated workforce; the keys are a realistic view of the assets to hand and their effective, long-term, management	Yes

These previous four options are rooted in the following logic:



## ROBERT AITKEN - MUSEUM DESIGN

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2. Alongside Bath, Cambridge, Carlisle, Chester, Durham, Greenwich, Lincoln, Oxford, Stratford-upon-Avon and York, and produced as a marketing exercise by the Tourist Authorities of the places involved under the banner 'Heritage Cities Group'.

Hence, if Lancaster is serious about (a) the role of its museums as part of a wider cultural-tourism offer that chimes with both economic development and social well-being, and (b) it wishes to maintain its position as one of 'England's Heritage Cities'<sup>2</sup>, then the last option (A New Way) is the only one that makes sense in terms of its ability to deliver what is needed.

Thus, a new operational, development and funding model is required across the entire Service covering all aspects – capital, revenue, facilities, staffing and delivery – the purpose of which is to use the cultural and heritage assets currently held by the Council for the future well-being of the local community by way of it making a significant and demonstrable impact on the visitor economy.

If this is accepted as a guiding principle, then a way forward can be envisaged, rooted in the twin aspirations of 'City of Heritage' and the 'City of Great Outdoors' encapsulated by the strap-line 'Small City Big Story', one of the main outcomes of a recently-completed, major re-branding and communication exercise for both Lancaster and Morecambe Bay ... and a progressive museums service must be part of this forward-looking initiative that is firmly part of the consumer economy.

All cities, local authorities and national bodies are grappling with similar problems: Lancaster is not unique. Cities – and local authorities – live and work in a highly competitive world where assets must be used for maximum benefit against minimum risk.

The key question for Lancaster is therefore how it can most effectively use its historic assets and museum estate as a central contributor to the continuing economic development of the District for the long-term well-being of its citizens.

## 7 THE MUSEUMS SERVICE - STRATEGIC OPTIONS

The strategic options for the District's museum offer, as set out in Section 5 (page 16), lead to a series of conclusions and recommendations for the future of the service as a whole. These are explored in the remainder of this report which sets out a new way forward for the entire museum estate in Lancaster District. A phased approach is recommended, with each phase being underpinned by secured finance.

As a crucial first step, decanting the various collections into a new, consolidated storage facility will enable the existing museum buildings to be refurbished, converted or disposed of, whilst the collections themselves are re-evaluated, a conservation programme is instigated, new acquisitions and disposal policies are drafted, and future governance and management options are considered.

### 7.1 RECOMMENDATION 1 - CONSOLIDATION OF THE COLLECTIONS INTO A NEW COLLECTIONS STORE

Centralising museum collections in a single storage facility, generally in a suburban or semi industrial location where property values are relatively low, is a strategy common to many of the UK's national and regional museums where access to these collections, under mainly supervised means, is actively encouraged as part of the wider 'cultural entitlement' agenda<sup>3</sup>.

<sup>3</sup> See, for example, the Collections of the Future report by The Museums Association (2005).

As well as making economic sense, there are a number of benefits and efficiencies to adopting this policy, particularly in the over-arching recognition that the collections are not the primary purpose of maintaining



museums – engaging with the public, wherever they are, certainly is.

The advantages and opportunities presented can be summarised as offering:

- a complete review and analysis of the collections and their relevance to the conceptual development framework options for Lancaster and Morecambe;
- the opportunity to re-evaluate and plan the cultural offer of the District;
- an opportunity to fully catalogue the collections using a modern digital data base such as ADLib software;
- the detailed examination of individual objects in the collection for conservation work;
- an opportunity to rearrange and classify the collections on a more accessible curatorial basis;
- the disposal and acquisition of items in accordance with new disposal and acquisition procedures;
- the possible provision of 'visible storage' by providing accessible, supervised public areas for research purposes by students, organised educational groups and occasional planned open days for visits by the public by appointment. This policy would go a long way towards filling the cultural gap between the closing of the existing venues and the opening of new ones. It would also increase the chances of attracting Heritage Lottery funding;
- greater flexibility whilst opening up the opportunity for servicing the various cultural venues around the District with permanent displays, visiting exhibitions as stand-alone attractions or supporting local events.

In the past, historic buildings have been used for such stores.

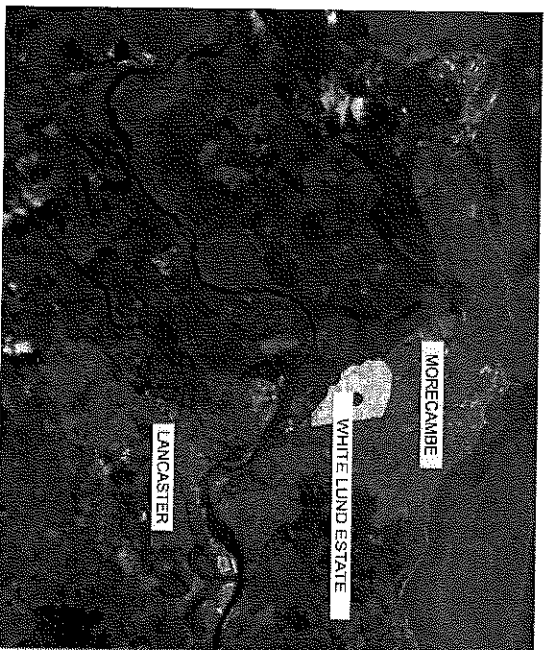
Of those under the District's control the Maritime Museum (Warehouse), the Customs House, the Cottage and Old Town Hall have been considered. However, locating the collection store in any of these locations is highly undesirable as their development would add significant and unnecessary cost due to the fact that:

- floor loadings are likely to be inadequate;
- installing the necessary environmental services and controls would be difficult and costly due to the Listed status of the buildings;
- internal spaces are small and thus object handling and access would be problematic at best, impossible at worst;
- access by large vehicles to all four venues is poor;
- the opportunity cost of using the buildings in this way is huge.

Thus, for ease of access, operation and security purposes an existing light-industrial building on, for example, the White Lund Estate could prove suitable.

Wherever the location, the building would need to be modified internally to achieve recognised standards for the storage of valuable and sensitive objects with the necessary climatic conditions and security measures being established. These are described in the British Standards Institution's PAS 198:2012 'Specification for managing environmental conditions for cultural collections' which set standards for, amongst others, conservation, environmental management, long-term storage, preservation, damage prevention and materials handling.

Many of these standards can now be met by automated and/or remotely-



*The White Lund Estate provides, geographically, a central location in which to serve the whole district.*

monitored systems thereby minimising curatorial costs and thus offering substantial operational savings.

It is recommended that the feasibility of establishing such a store is investigated as an urgent priority since it frees up the District's museum buildings for other uses, of which more below.

## 7.2 RECOMMENDATION 2 - REDEVELOPMENT OF THE CITY MUSEUM IN THE OLD TOWN HALL

Lancaster's Old Town Hall, a Grade II\* Listed building, creates a strong sense of place in Market Square which is itself a focal point and meeting place at the pedestrianised heart of the city. But the classical façade of the Town Hall currently presents an unwelcoming barrier to the general public and, for many years, the main entrance steps have attracted anti-social behaviour and vandalism which has been a recurring problem for the museum service.

At present, the entire building is given over to museum use with inadequate temporary galleries at ground floor level and permanent exhibitions relating to local history and the King's Own Royal Regiment at first floor level. The King's Own material is owned by the Regiment which operates the museum under a lease arrangement with Lancaster City Council. The roof space serves as an inadequate collections store whilst providing access to the lantern for servicing and viewing purposes. The vaulted basement contains a boiler room and services pipework but is otherwise unused.

A review of the use of the building and the means of access is necessary

to ensure its sustainable future with an enhanced cultural offer and commercial opportunities which will stimulate economic growth.

Proposals for the redevelopment of the Old Town Hall were drawn up by the same consulting team in 2011 under the title Lancaster City Museum Study: Final Report. The bulk of the recommendations made in that report remain valid.

Key issues and opportunities are therefore:

**Ground Floor**

- permeating the Old Town Hall by opening the West entrance doors will provide level, public access into and through the building at ground floor level. This will not only encourage increased footfall through the building (which at present presents an unattractive and unwelcoming façade) but will also reinforce the pedestrian link and conceptual connection between The Storey and the City Museum, and the Museum and China Street, whilst adding a further element to the Square Routes initiative in Market Square. Such a link could be developed further by a (possibly later) direct, internal connection to the Library; the ground floor spaces, essentially two relatively small rooms off the central area, are inadequate for all but the smallest temporary exhibitions. However, these spaces offer prime retail opportunities being at ground floor level and located at the heart one of Lancaster's central, pedestrianised shopping areas;
- we recommend that the VIC is moved from the Storey to the City Museum at ground floor level to reinforce the proposed 'gateway' nature of the venue;
- rental income could be obtained by the District from the



The front entrance to the City Museum

4 A well-run, appropriately-stocked 'museum-type' shop should be capable of generating an annual turnover of approximately £350-£400 per square foot of retail space per year if open to the general public without an entry charge. Some do much better. Unlicensed cafes are approximately half that at, say, £175-£200 per square foot per year. Licensed restaurants are more. Thus, the ground floor of the City Museum in the Old Town Hall (at around 400 ft<sup>2</sup> net retail space should be capable of (say) an annual turnover of £140,000+ gross as retail and (say) £75,000+ gross as a cafe. Assuming a headline 'profit' of 25% across-the-board would produce net incomes of around £35,000 and £18,000 respectively for retail and catering. This points to the observation that specialist retail, in association with the VIC, might be the preferred option.



A view of one of the rooms



A view of the Education Room

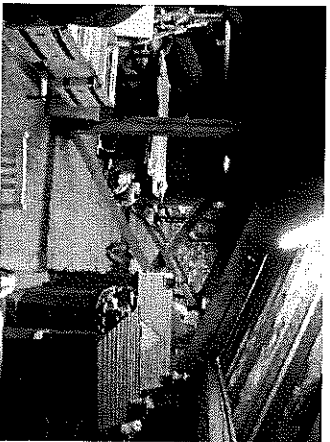
- letting of the non-VIC space to retailers with a combination of appropriate merchandise and good covenants. Whilst CBRE can provide detailed advice on this, examples include Early Learning Centres (now owned by Mothercare and listed on the FTSE SmallCap Index, with their nearest shop in Preston) and specialist heritage and cultural retailers such as The National Trust which operates non-property-based shops throughout England and Wales (but none in Lancashire)<sup>4</sup>. Such high-profile brands would also attract additional, and new, visitors to the building through the increased footfall they would generate; such uses would also be entirely compatible with any future proposals link between the Old Town Hall and the Library;
- the ground floor of the adjoining building, currently used as a meeting/education room with ancillary facilities (for which it is manifestly not suited) could be the subject of a self-contained commercial let either for office or retail space, thus providing an additional (and separate) income stream. CBRE can advise on the prospects;
- the installation of a passenger lift is essential if the upper floors are to be used for museum purposes. A design study will be required.

**First Floor**

- we recommend that a museum presence is maintained in the Old Town Hall to provide an interpretive 'gateway' to the City and its District;
- relocating the KORR collections to another location within the City, will provide the opportunity to reorganise and redisplay the collections in this double-height space with an emphasis on both permanent and temporary (special) exhibitions drawn from

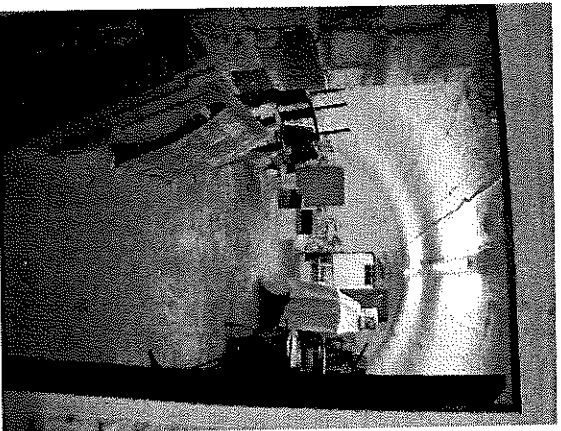


*The existing displays in the museum are 'lodged' in the 1980's with visual overload. A problem that deters the visitor from fully absorbing the information placed in front of them. The displays are in need of bringing into the 21st century and giving a new direction.*

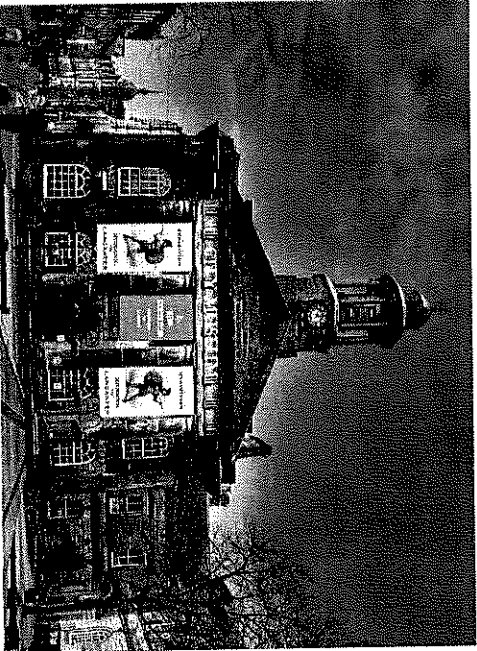


*The roof space which has problems in terms of public access.*

- the collections held by the City and currently exhibited in the Old Town Hall and elsewhere;
  - the 2011 Report made a number of recommendations (which remain valid) for re-interpretation and re-display and included the possibility of creating three 'interpretive zones' (orientation, narrative, and insight) all using original material from the City's collections and organised in such ways as they provide a 'gateway experience' for Lancaster, Morecambe and the District as a whole;
  - the emphasis of the interpretation (which we recommend is free-to-enter) is thus to act as the first port-of-call for visitors to the City and its District whereby, through exposure to the history, ecology and character of the place encourages visits to, for example, Morecambe, the Lune Valley, the Castle, the Roman remains (and quayside) and the District's various nature reserves, parks, gardens and archaeological sites;
  - the aim here is to increase dwell-time in the District, thus adding to its overall direct and indirect income-generating potential.
- Roof Space**
- this floor presents considerable issues relating to access and health and safety;
  - the 2011 Report suggested that his floor could be used for 'open storage' and additional exhibition space. However, we have reviewed this recommendation and have come to the settled view that (for development-cost and access purposes) it remains essentially undeveloped with occasional, supervised access to the lantern and clock being made available on a pre-booked basis to interested parties.
- Basement**
- the basement contains the boiler room and services but is otherwise unused. However, it is accessible by an external



A view of the basement



- stairway on the Library-side of the building thus offering, potentially, a self-contained space;
  - the space is not suitable for exhibitions due to low ceiling height, small rooms and poor ambient environmental conditions;
  - the 2011 Report made the recommendation that this space offers a real possibility for a third-party commercial let and suggested its use as a wine bar with tasting rooms;
  - at the time, initial discussions with a local restaurateur indicated keen interest although this remains to be tested in current circumstances. CBRE can advise on the prospects;
  - additional advantages are that an out-of-hours presence would be maintained and that a different, and additional, footfall would be attracted to the building;
  - the basement's use as, essentially, retail space also accords with the history of the building itself.
- External Spaces: The existing Library and Street Presence**
- most of the recommendations set out above will add considerably to both the street presence of the Old Town Hall and to its viable economic future;
  - however, the building itself needs re-presenting to its public: after all, it occupies a space that has – for at least 800 years – been used for civic assemblies;
  - the 2011 Report made a number of recommendations (which remain valid) including using banners to announce what the building contains and what it has to offer, together with an 'outreach programme' in the Market Square (particularly on market days) that by its very presence, invites people into the building;
  - a new brand for the entire enterprise should be considered.

- In addition to the above, an opportunity presents itself to capitalise on the physical links to the adjacent Library. This would depend, in addition to other considerations, on a structural survey.

### 7.3 RECOMMENDATION 3 - DISPOSAL OF THE WAREHOUSE AND CUSTOMS HOUSE

The Maritime Museum occupies the former Port of Lancaster Custom House of 1764, a Grade II\* Listed building, designed by Richard Gillow, and the adjacent historic Warehouse on St George's Quay. Both the collections and the narrative in the museum relate to the fishing industry and the ecology of Morecambe Bay as well as the history of the port of Lancaster.

These topics could be dealt with elsewhere, most appropriately on Morecambe Seafront where they could provide the intellectual basis for a new centre for eco-tourism and the wider issues of environmental sustainability and climate change, of which more below. Ancillary material would move to the proposed Collections Store.

A recommendation following the rationalisation process as far as the Maritime Museum is concerned is for the museum as a whole (in both the Warehouse and the Customs House) to close with the buildings disposed of to produce a financial receipt (capital and/or revenue) for the Council.

Additional reasons for this recommendation are that the location of the Maritime Museum is problematic in terms of generating footfall, and hence ancillary income. The buildings themselves will be difficult to develop due to their Listed status and the opportunity cost of using them to store collections rather than for commercial use is unacceptably large.



#### **7.4 RECOMMENDATION 4 - DISPOSAL OF THE COTTAGE MUSEUM**

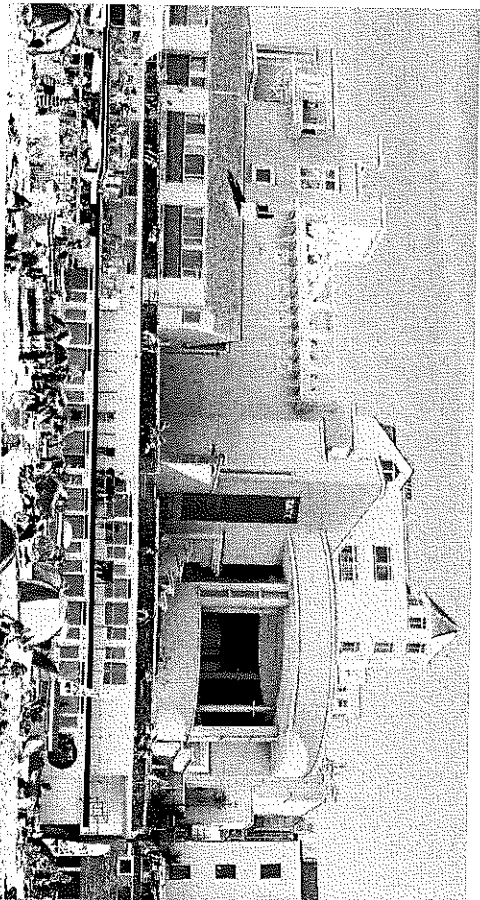
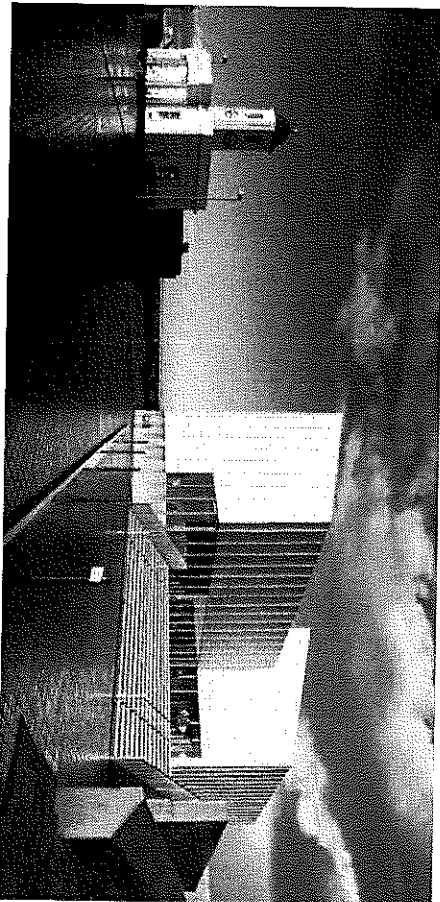
The Cottage Museum offers a collection of, essentially, Victorian material over five floors in a tiny cottage in Castle Hill opposite the Castle itself and a stone's throw away from the Storey and the Judge's Lodgings.

The cost of maintaining the Cottage as a museum is thus an unnecessary burden on the District and hence the recommendation is that it ceases to be a museum and alternative uses – such as a holiday let – are considered. An alternative would be its sale as a private residence. The collections and associated material would be moved to the Collections Store for use in other, perhaps temporary, venues, and elsewhere as appropriate.

#### **7.5 RECOMMENDATION 5 - A NEW DEVELOPMENT ON MORECAMBE SEAFRONT**

If the recommendations made in this report for the rationalisation of the District's museums are carried forward, the service's public face will be restricted, in the immediate future, to the City Museum following the proposed closure of both the Maritime Museum and the Cottage Museum. The collections of all the District's museums would be consolidated and conserved in a new store and the City Museum would be redisplayed with new exhibitions on, primarily, the first and ground floors.

This rationalisation creates the opportunity – in the longer term – for the District to consider the development of a new, purpose-built, multi-use facility on Morecambe Seafrost to augment the Council's policies as set out in the Morecambe Area Action Plan (MAAP). The MAAP, adopted in December 2014, sets out a vision for the future of central Morecambe and creates a framework for the development, conservation and change



*Two extremely successful 'seaside' museums. The Turner Museum in Margate at the top and the Tate in St Ives below. Each with a local association with its subject matter but which also has a nation-wide appeal. Morecambe could consider a similar approach with maybe, comedy to attract a wider spectrum of visitors to the resort.*

needed to secure lasting regeneration gains for the town. This report argues that the type of development described in the remainder of this Section would add considerable value to these plans as well as underlining the District's long-term commitment to providing a forward-looking museum service.

Morecambe Bay is the largest multi-estuary (of the rivers Leven, Kent and Lune) expanse of intertidal mudflats and sands in the UK and is now part of Britain's Energy Coast. Much of it is designated as a Special Area of Conservation (SAC), a Site of Special Scientific Interest (SSSI) or as a Ramsar (wetland) site. It therefore comprises a wildlife habitat of recognised and significant international importance and covers an area of some 120 square miles.

A range of informal recreational activities takes place in the Bay including casual walking, angling (both boat and shore), windsurfing, bird watching and the 'Cross-Bay Walks' led by the Queen's Guide to the Sands.

The Bay also exhibits significant examples of renewable energy projects: the off-shore, West of Duddon Sands Wind Farm and the two advanced gas-cooled nuclear reactors (Heysham 1 and 2), both of which have been earmarked by the Government for future expansion, are examples.

The combination of the District's social and economic history, advanced energy-sourcing and environmental quality affords Morecambe a unique opportunity to create a visitor experience which, whilst rooted in some of the material currently exhibited at the Maritime Museum, is focused on eco-systems, climate change and their combined effect on the future well-being of the local economy. Of the five threats emerging from a considered and settled view of climate change related to the UK (and

reported recently by the BBC and others), all have relevance to the District and each of which can be used as a focal point for interpretation: heavier rainfall, hotter weather, rising sea levels, threats to wildlife and long-term health challenges for the population as a whole.

The key with this proposal in Morecambe is to use the artefacts from a previous age as both the anchor and the springboard for new interpretations relevant to the choices to be made for the future well-being of both the natural environment and the people who will be exposed to it. Whilst this may present a considerable challenge in terms of design, the potential attractiveness of the venue, and its impact on both locals and visitors, is one that should be embraced.

In addition to the general population and Lancaster City Council as a corporate body, many organisations have a legitimate and long-term interest in the future of the Bay including Associated British Ports, Barrow Borough Council, Cumbria County Council, English Nature, the Environment Agency, Heysham Port Authority, the Lake District National Park Authority, Lancashire County Council, the North Western and North Wales Sea Fisheries Committee, South Lakeland District Council, United Utilities, Wyre Borough Council and the Morecambe Bay Partnership. In addition, Morecambe Bay Nature is a network of over 100 local businesses passionate about nature that is establishing Morecambe Bay as one of the UK's top places to experience wildlife.

These organisations, and others, can form the underlying fabric for a re-development model that accounts for all (as far as they are relevant) 'cultural heritage' assets in the District.

The seafront at Morecambe provides an excellent, potential location for a mixed cultural and commercial development based around the following

elements:

- the non-traditional re-display of the maritime collection from the museum on St George's Quay to act as the focus of a social history- based interpretation of the District's seafaring and trading heritage;
- the use of the same collections to underpin an interpretation of the ecology of Morecambe Bay and the way this ecology has (a) changed over the centuries, (b) what the future holds by way of global warming etc and (c) what can be done to offset the predictions evolved from 'b';
- the use of created external spaces as part of the interpretation;
- the creation of internal space to Government-indemnity standards for temporary and special exhibitions on a variety of themes and topics;
- the creation of multi-use educational and community space with possible revenue-return opportunities;
- the creation of commercial space (retail and licensed catering) leased to third parties under commercial agreements to underwrite part of the revenue costs;
- the potential for the creation of a performance (comedy) space or similar venture (operated by a third party under a commercial lease to underwrite part of the revenue costs) evolved from the comedy and performance history of Morecambe;
- the potential future opportunity to use the old lifeboat station as an interpreted bird watching facility, although it is recognised that, at present, the station is operating a rigid two-man lifeboat from there, together with an RNLl shop;
- build upon the many local initiatives such as the RSPB's Morecambe Bay Futurescapes, which aims to benefit the

environment, wildlife and the local economy in south Cumbria and north Lancashire.

The key underlying principles of such a development are that it should:

- add demonstrably to the visitor and tourist economy of the District;
- at worst, be cost-neutral to the District;
- add a new Lancaster-Morecambe link in the eyes of both locals and visitors;
- provide a new and much-needed venue and resource for visitors to Morecambe;
- provide a new opportunity for private sector investment in the MAAP project.

## 8 THE DEVELOPMENT MODEL - COMPONENTS

In overview, the key to all this is to present a coherent package of development works that 'solve' the cultural, curatorial and custodial issues currently faced by the Council over the entire District.

These issues include:

- the under-use of the collections as part of the wider 'cultural entitlement' agenda which encapsulates the belief that everyone – locals, visitors and tourists – has the right to a level of professional cultural provision;
- inadequate and dispersed collections storage, with some material out-of-District;
- the lack of a complete catalogue of the collected material, plus an assessment of their conservation needs;
- unsuitable access arrangements, particularly to the City Museum;
- the inefficient use of premium, potential income-generating spaces, particularly in the City Museum and the Warehouse;
- the unnecessary separation of the VIC (in the Storey) from the proposed 'gateway' facility in the City Museum;
- the under-use of the Storey's excellent exhibition facilities as special and temporary exhibition spaces for use by the museums service;
- the under-use of the New Town Hall in Dalton Square as a place for interpretation, guided tours and temporary exhibitions;
- the lack of a landmark venue within the District for museum-related activity.

A piecemeal approach would, in our view, not only be problematic but might actually increase the pressure on the Council's finances, particularly

in the short and medium terms:

What is required is a considered, justified and – above all – bold statement of intent that recognises the importance of the collections and the way in which they can be used for the future benefit of locals and visitors, and hence the economy of the District.

Heritage, in this very real and important sense, is thus used as the backdrop, as the scene-setter for a new way forward. The collections and their associated museum material are thus not an end in themselves: they must contribute, and be seen to contribute, to the growth of the visitor economy and hence to the quality of economic life of the District.

The diagram overpage shows the key components of the plan.

Those facilities show in blue boxes are the primary focus of the current brief, specifically the City Museum in the Old Town Hall, the Cottage Museum, the Warehouse and the Customs House.

Those in green show two new development opportunities, specifically the Collections Store and the development of Morecambe Seafront.

Those in yellow show ancillary facilities that will, or might, have an impact or bearing on the development of the proposals either because of their proximity (such as the Library) or because they offer potential interpretive space (such as the Castle, the Platform and the Storey) to enhance the wider cultural offer

Clearly, these developments (if approved in principle) will take time to (a) determine their feasibility, (b) to fund, and (c) to implement.

What the diagram overage does not show is the order in which these physical developments should, ideally, take place.

The order is:

**ORDER DEVELOPMENT**

- 1a the Collections Store.
- 1b the disposal of the Maritime Museum (Customs House and Warehouse) and the disposal of the Cottage Museum.
- 1c the conversion of the Old Town Hall, including the refurbishment and redisplay of the City Museum
- 2 the development of the proposed new facility on Morecambe seafront

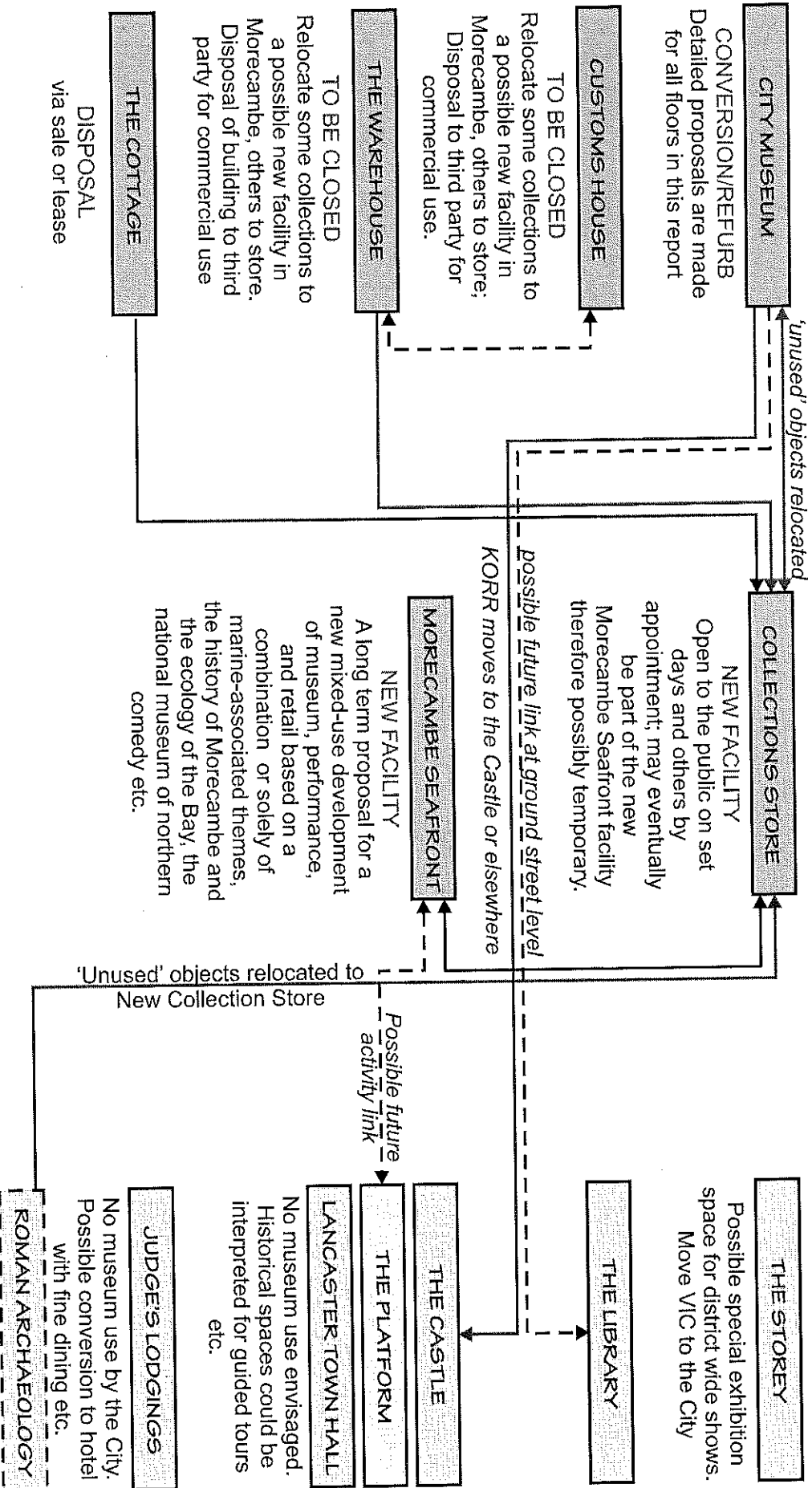
Items 1a to 1c inclusive should be the subject of a single feasibility study.



**THE FOCUS OF THE BRIEF**

**NEW DEVELOPMENTS**

**ANCILLARY FACILITIES THAT WILL AFFECT THE PROPOSALS**



## 9 CAPITAL AND REVENUE FUNDING

The diagram overpage sets out the areas in which capital receipts can be obtained [£C], where capital expenditure is required [£C], and from where capital and where revenue income can be anticipated [£R].  
In summary these are:

Capital Receipts [£CR] can be made, depending on end-use, from:

- the Maritime Museum (Warehouse and Customs House);
- the Cottage Museum.

Capital Expenditure [£CE], at levels to be determined, is needed for:

- the proposed Collections Store;
- the conversion of the Old Town Hall City Museum;
- the Roman quayside excavations (shown in broken outline because the extent of any finds remains unknown);
- the proposed development on Morecambe Seafront, at a later date.

Revenue Receipts [£RR], at levels to be determined, can be anticipated from:

- the City Museum;
- the proposed Collections Store;
- the Roman quayside excavations;
- the Morecambe Seafront development.

Depending on the policy(ies) to be adopted by the Council, the underlying principles and assumptions of the funds-flow model are that:

- net receipts from the disposal of the assets identified above are nominally assigned to the development of the overall 'cultural offer' for the District to act as match-funding for grant and other third-party capital funding;
- hence, overall capital expenditure on any new item or set of items (such as refit, redisplay, new build etc.) should be at a net zero cost to the Council and thus funded on a project-finance basis;
- the net revenue cost to the Council across the entire model should offer a saving on current revenue expenditure whilst offering demonstrably enhanced services.

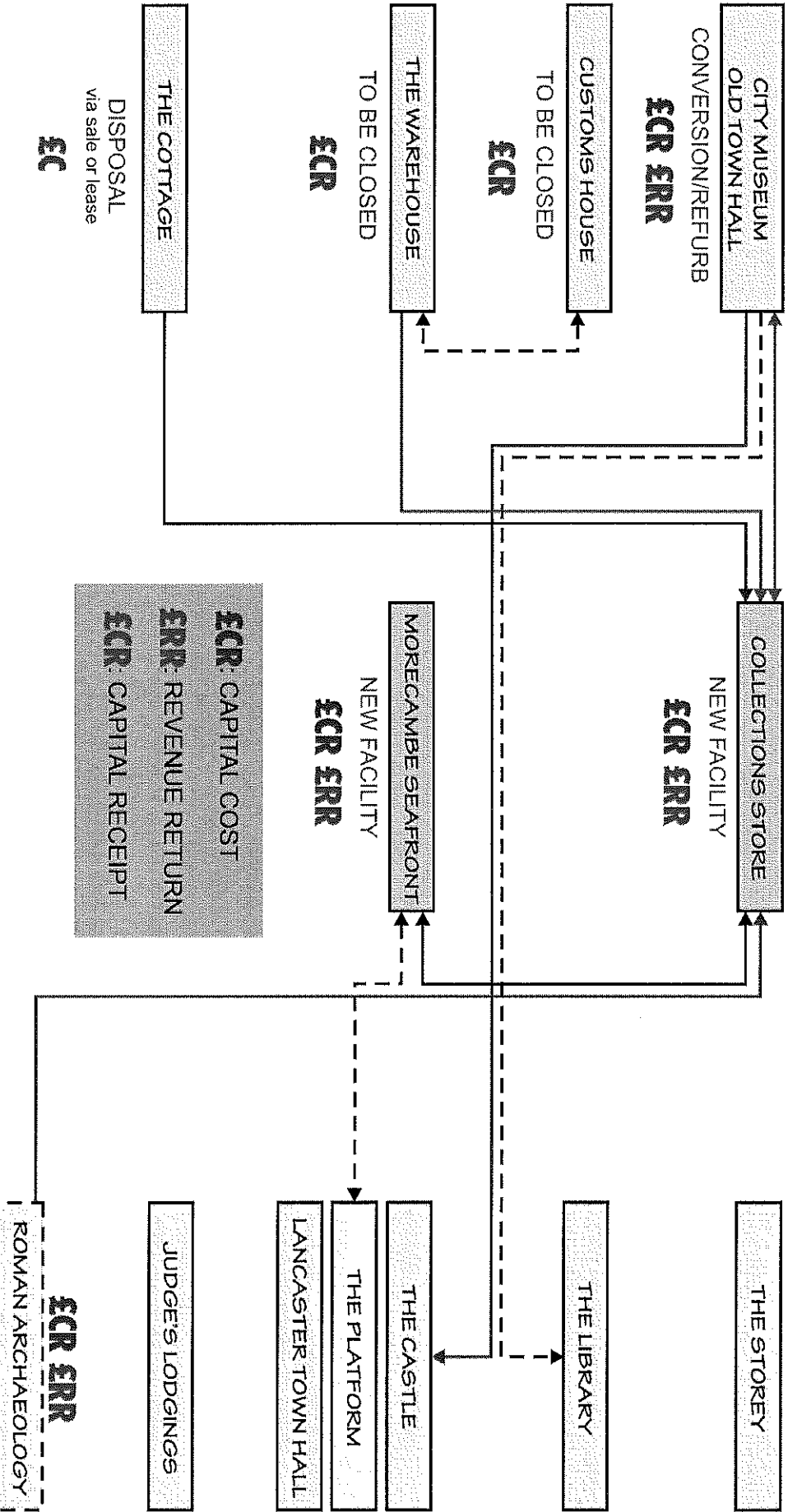
The initiatives in this report call for capital expenditure on a number of either new or refurbished items. Such capital funds could be secured from a variety of sources including, but not restricted to the Heritage Lottery Fund and commercial sponsorship by way of the various international (and £-multi-billion) companies operating in the area such as EDF Energy, Scottish Power/Iberdrola, E.On/Masdar based in Abu Dhabi.

Depending on the detailed nature of the commercial offer in the context of what will eventually be proposed for the various developments, we are convinced that a joint public and private project-finance deal could be assembled either as a collective development or as individual projects to cover at least the capital cost with a possible retention for some of the operational costs.

THE FOCUS OF THE BRIEF

NEW DEVELOPMENTS

ANCILLARY FACILITIES THAT WILL AFFECT THE PROPOSALS



One element of the proposals as far as being able to secure capital funding and generate operational revenue is scale. The project as a whole needs to be sufficiently large and high-profile to:

- attract interest from potential capital funders from the private sector by way of sponsorship and inward investment;
- offer a year-long footfall of tourists and locals large enough to make commercial leases for part of the operation (retail and catering, for example) viable;
- offer a range of both indoor and outdoor experiences (bike hire, bird watching, rambling) that reduce individual operational risk; balanced against
- the need to create a facility which will not be an additional burden on the District's revenue budget; and
- be capable of attracting grants from the HLF and others.

We recommend that this overall approach should be the subject of a detailed market and financial feasibility study since it underpins much of the way forward, at least in capital terms.

For example, it may be that by offering a 'complete package', third party private funders may be attracted since they can buy into an integrated, overall cultural/environmental offer as opposed to a series of one-off developments. This, for example, raises the possibility of branding such sponsors as 'cultural' or 'environmental benefactors', or some such phrase. A number of potential, comparator models exist. The up-front requirement is the buy-in by the Council to a set of development and partnership-funding principles with which they are, in a very real sense, prepared to go to market.

## **10 GOVERNANCE, MANAGEMENT AND STAFFING**

The proposals set out in this report call for a radical re-appraisal of the cultural offer in the District, not just physically but in terms of the way(s) in which the proposed facilities are to be governed, managed and staffed. The ways in which wider partnerships, such as with the university and volunteer and community-involvement sectors need to be explored.

The over-arching message is that the 'new service' must be (a) customer-facing and (b) income-focused whilst maintaining (c) the highest professional standards of museum practice set in the context of the role of museums as not only guardians of the past but as engines of future change.

These opportunities already exist, the key is to recognise them and to act on them.

There are many ways in which the service can be delivered, governed and managed in the future, ranging from (a) in-house (City-delivered), (b) under a management contract (such as that which currently exists with Lancashire County Council), or (c) via a trust either created specifically for the purpose or via one already in existence.

All these arrangements have advantages, disadvantages and risks associated with them.

Earlier reports by AP+P rehearsed the possibility of a trust or similar vehicle being established that would operate at arms-length from the local authority to manage the District's cultural assets. Further work is required in this area. Some trusts have been successful, some less so with the Local Authority being put in the position of 'funder of last resort'.

It is clear, however, that, taken together, the proposals set out in this report create the opportunity to re-assess the skill-sets needed of the staff to develop and manage the rejuvenated facilities.

With an emphasis on outreach, fast-changing exhibitions and an eye for revenue income a re-appraisal of the staffing needs of the new facilities is needed. This may be easier given the fact that the proposals call, in effect, for the rolling closure of all the current museum assets as the developments come on stream.

Clearly, a study into this aspect is needed, culminating in the production of specifications and job descriptions for the staff required.

## 11 NEXT STEPS

This report has made a number of high-level recommendations for the future development and well-being of the District's Museum Service as an income-generator in a time of severe financial constraint.

A number of areas require further work, all of which relate to the key issues of financial viability and sustainability.

In essence, the voracity of the Development Model, as described, needs to be tested through an integrated and coordinated feasibility study.

Because the central proposal around which the others orbit is the creation of a consolidated Collections Store this should be the focus of the first part of the study.

Hence, it is suggested that the following feasibility study is urgently needed from which District-wide decisions can be made:

- 1 the feasibility of developing the Collections Store (including conceptual, financial and design appraisals);
- 2 the feasibility of closing and disposing of the Maritime Museum (including the Warehouse and the Customs House) and the Cottage Museum;
- 3 the feasibility of developing the proposals for the rejuvenation of the City Museum in the Old Town Hall (including conceptual, financial and design appraisals);
- 4 consideration of future long-term governance and management options for the Service, and their associated staffing requirements.

Initial work has already been undertaken by AP+P on items 3 and 4 and has been reported formally to the Council.



## A SUMMARY OF PRIMARY QUESTIONS, ISSUES AND RECOMMENDATIONS

PAGE 3

- appeal to a wide range of audiences;
- protect and develop the collections;
- strongly support the development of the visitor economy;
- develop the District's attractiveness as a place to live and work;
- become financially more efficient and sustainable;
- maintain and enhance professional standards.

PAGE 7

Approaching this review from a District-wide perspective will be critical to its success as the geographical, socio-economic and cultural relationship between Lancaster and Morecambe is unparalleled in the UK and contributes significantly to its appeal as a place in which to live and visit.

PAGE 10

The present financial climate is demanding change in all aspects of Local Authority activity, with museums being no exception. The District now has a once-in-a-generation opportunity to re-invent its museums offer in ways that are fit-for-purpose in the 21<sup>st</sup> C and which sit alongside the District's Cultural Heritage Strategy, adopted as policy in 2011, which recognises the key links between the arts, retail and the heritage assets as part of the District's overall visitor offer.

PAGE 12

Its present weaknesses – which are addressed in this report – are that the permanent exhibitions are in urgent need of refreshment, physical access is poor (particularly to the City Museum), visitor numbers are low, collections storage is inadequate and opportunities for outreach programmes and community involvement are not being taken up sufficiently.

PAGE 13

In addition, successful museums have acted, and continue to act, as drivers of the local economy, both as attractions in their own right and as part of a larger, wider cultural or heritage offer.

PAGE 23

Hence, if Lancaster is serious about (a) the role of its museums as part of a wider cultural-tourism offer that chimes with both economic development and social well-being, and (b) it wishes to maintain its position as one of 'England's Heritage Cities', then the last option (A New Way) is the only one that makes sense in terms of its ability to deliver what is needed.

PAGE 23

The key question for Lancaster is how it can most effectively use its historic assets and museum estate as a central contributor to the continuing economic development of the District for the long-term well-being of its citizens.

PAGE 24

As a crucial first step, decanting the various collections into a new, consolidated storage facility will enable the existing museum buildings to be refurbished, converted or disposed of, whilst the collections themselves are re-evaluated, a conservation programme is instigated, new acquisitions and disposal policies are drafted, and future governance and management options are considered.

PAGE 27

It is recommended that the feasibility of establishing such a store is investigated as an urgent priority since it frees up the District's museum buildings for other uses.

PAGE 32

A recommendation following the rationalisation process as far as the Maritime Museum is for the museum as a whole (in both the Warehouse and the Customs House) to close with the buildings disposed of to produce a financial receipt (capital and/or revenue) for the Council.

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The cost of maintaining the Cottage as a museum is an unnecessary burden on the District and hence the recommendation is that it ceases to be a museum and alternative uses – such as a holiday let – are considered. An alternative would be its sale as a private residence. The collections and associated material would be moved to the Collections Store for use in other, perhaps temporary, venues, and elsewhere as appropriate.

PAGE 39

What is required is a considered, justified and – above all – bold statement of intent that recognises the importance of the collections and the way in which they can be used for the future benefit of locals and visitors, and hence the economy of the District.

PAGE 48

In essence, the voracity of the Development Model, as described, needs to be tested through an integrated and coordinated feasibility study.

PAGE 48

NEXT STEPS

- 1 the feasibility of developing the Collections Store (including conceptual, financial and design appraisals);
- 2 the feasibility of closing and disposing of the Maritime Museum (including the Warehouse and the Customs House) and the Cottage Museum;
- 3 the feasibility of developing the proposals for the rejuvenation of the City Museum in the Old Town Hall (including conceptual, financial and design appraisals);
- 4 consideration of future long-term governance and management options for the Service, and their associated staffing requirements.



**CABINET**

**IMPROVING MORECAMBE'S MAIN STREETS – NEW  
PEDESTRIAN CROSSING MARINE ROAD CENTRAL  
28 June 2016**

**Report of CHIEF OFFICER, REGENERATION AND  
PLANNING**

<b>PURPOSE OF REPORT</b>			
As part of improvements to Morecambe's main streets to decide whether to fund a new designed pedestrian crossing at the seafront to Euston Road.			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input checked="" type="checkbox"/> <b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	n/a		
<b>This report is public</b>			

**RECOMMENDATIONS OF COUNCILLOR HANSON**

That Cabinet approve the use of the Morecambe Area Action Plan Implementation Reserve to supplement the budget for the 'Connecting Victoria Street' project in order to provide the new crossing at Marine Road as set out in the report.

**1.0 Introduction and background**

- 1.1 The Morecambe Area Action Plan (MAAP) sets to better connect the seafront with the town centre to increase pedestrian footfall and support investment. Work towards this include the 'Connecting Eric' project that has opened up the seafront facing to Euston Road and, improvements underway through the 'Connecting Victoria Street' project.
- 1.2 The 'Connecting Victoria Street' project includes at Marine Road for a 6m wide Zebra crossing set in an extended raised table. This is to complete the planned improvements and make the route up Euston Road as inviting and accessible as possible to pedestrians.
- 1.3 Officers tendered for the main works with the crossing as an optional element depending on whether this would prove affordable within the project budget. As the works have proved to be tight on budget officers have not yet committed to the crossing element, waiting on seeing how costs outturn and to date, trying to secure some additional external funding – but without success.
- 1.4 This report is to ask Cabinet to decide how to proceed.

**2.0 Proposal Details**

- 2.1 The ‘Connecting Victoria Street’ project gives opportunity to provide the designed crossing and so complete the seafront to town centre pedestrian connection. It is estimated that the new crossing will cost up to £55K. This could be funded via a combination of monies unspent as part of the ‘Connecting Victoria Street’ project and topped up by a contribution from the MAAP Reserve.
- 2.2 £20k as a minimum is available for expenditure on the crossing, this being the balance remaining in the ‘Connecting Victoria Street’ project budget after accounting for all expenditures both made and still planned on the project. This estimate is informed by a full consideration of the cost risks remaining for the project.
- 2.3 This leaves a funding gap to provide the crossing estimated at up to £35k.
- 2.4 As there is a similar unallocated amount remaining in the MAAP Implementation Reserve and this is consistent with its use, it is proposed that officers are authorised to use the reserve to provide the crossing and complete the improvements.

**3.0 Details of Consultation**

- 3.1 Consultation for the ‘Connecting Victoria Street’ project covers. Officers have worked closely with county council officers to make it possible to deliver the crossing as part of the project.

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

	<b>Option 1:</b> Do not provide the new pedestrian crossing until sufficient external funding can be secured.	<b>Option 2:</b> Provide the new crossing as part of the ‘Connecting Victoria Street’ project, supplementing the project budget with funding from council reserves.	<b>Option 3:</b> Decide not to provide the new pedestrian crossing
<b>Advantages</b>	Leaves open the prospect of providing the crossing. No expenditure by the council.	Consistent with the MAAP, completes the set of improvements to better connect the seafront and town centre at Euston Road.  Early implementation offers best value as it utilises the works capacity of Lancashire county council’s local highways team, - available this summer.	No expenditure by the council.
<b>Disadvantages</b>	No certainty as to when the crossing might be provided.	Involves use of council reserves budgeted for MAAP implementation but not yet allocated to any MAAP project.	Not consistent with the MAAP. Improvements for pedestrians are incomplete and not optimal.
<b>Risks</b>	That funding can’t	Early benefits for	Fails to maximise

	<p>be secured and the crossing is not provided. This would fail to maximise the potential for increased footfall into the town centre and consequential benefits for trading. Delay in securing the funding needed would have similar if temporary effects. This does not best present the town and centre for new customers with opening of the new M6 Link.</p>	<p>pedestrians and maximises the potential for increased footfall into the town centre and consequential benefits for trading. Best presents the town and centre for new customers with opening of the new M6 Link.</p>	<p>the potential for increased footfall into the town centre and consequential benefits for trading. Does not best present the town and centre for new customers with opening of the new M6 Link.</p>
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**5.0 Officer Preferred Option (and comments)**

5.1 Option 2 is preferred as this is consistent with the MAAP and makes appropriate use of funds in the MAAP Reserve. It means the designed crossing can be provided this summer to the benefit of the town centre. Lancashire county council’s local highways team has the capacity to undertake the works this summer. This offers best value and as a delivery approach is preferable to delivery via a stand- alone works contract.

**6.0 Conclusion.**

6.1 The MAAP sets that Euston Road should be the main route for pedestrians between the seafront and the town centre. A new designed crossing at Marine Road Central is desirable for this and the report sets out options.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> The Morecambe Area Action Plan is part of the corporate policy framework and the proposal relates to a key element in the spatial approach and Action Set 8.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b> Health and Safety. Works design and implementation would meet regulatory requirements. Sustainability. The project should encourage walking and increased footfall should support town centre trading. Community Safety. Increased footfall should benefit community safety.</p>
<p><b>LEGAL IMPLICATIONS</b> No implications.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p>

As the main project is now nearing completion, there is a significantly reduced risk of unexpected costs arising, therefore the projected outturn position (supported by the project risk register) is considered to be a reasonable estimate. The current unallocated balance remaining in the MAAP Implementation Reserve is £35.9K and so the estimated additional costs arising from option 2 as set out in the body of the report should be able to be covered from this and the unspent project contingency budget without any additional call on other Council resources.

If approved, the General Fund Revenue Account and Capital Programme will need to be updated accordingly.

Subject to whether or not all of the remaining reserve balance needs to be allocated in full to complete the Marine Road Central pedestrian crossing works, any remaining balance for allocation for alternative projects will be subject to further Cabinet reports for approval.

**OTHER RESOURCE IMPLICATIONS**

None.

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

none

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<b>CABINET</b>
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**Provisional Revenue, Capital and Treasury Management  
Outturn 2015/16  
28 June 2016  
Chief Officer (Resources)**

PURPOSE OF REPORT				
This report provides summary information regarding the provisional outturn for 2015/16, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.				
Key Decision	<b>X</b>	Non-Key Decision		Referral from Cabinet Member
Date of Notice of Forthcoming Key Decision			27 May 2016	
This report is public.				

**RECOMMENDATIONS:**

1. That the provisional outturn for 2015/16 be endorsed, including the transfers to provisions and Balances actioned by the Chief Officer (Resources), and the position regarding overspendings.
2. That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendix G be approved.
3. That the Annual Treasury Management report and Prudential Indicators as set out at Appendix H be noted and referred on to Council for information.
4. That the implications of renewable energy business rate income be noted, with them being fed into the next update of the Council's Medium Term Financial Strategy (MTFS).

**1 BACKGROUND**

- 1.1 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. By the time of the Cabinet meeting, the work required to close the Council's 2015/16 accounts will be substantially complete and the draft Statement of Accounts is expected to be signed off by the Chief Officer (Resources) on 30 June, to meet the statutory deadline. The draft Statement will be freely available on the Council's website.
- 1.2 This report provides Cabinet with an update on the provisional outturn, including treasury management, and seeks approval for certain matters. If there are any further updates to the position these will be fed into the Cabinet meeting. The Council's

financial performance is integral to its service performance overall and Members are advised to consider this report in that context.

1.3 Note that larger copies of the appendices are available on request.

**2 PROVISIONAL REVENUE OUTTURN: SUMMARY**

2.1 A summary of the revenue outturn position for the main service accounts of the Authority is set out below.

	<b>Revised Budget Position</b>	<b>Provisional Outturn</b>	<b>Variance (Favourable) / Adverse</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Revenue Account (HRA) – relates to Council Housing services	(303)	(651)	(348)
General Fund Council Tax Requirement – covers all other Council services (but excludes parish precepts)	7,853	7,522	(331)

**3 HOUSING REVENUE ACCOUNT (HRA)**

3.1 The Housing Revenue Account was underspent in last year by approximately £348K net (2014/15 comparative: £536K underspend).

3.2 A summary of the HRA provisional outturn is included at **Appendix A**. Discounting any notional and presentational variances, the main items of interest are as follows:

- reduced revenue funding requirement for capital, mainly shown as a lower call on the Major Repairs Reserve (£47K net saving overall);
- reduced spend on repairs and maintenance of £242K;
- additional contribution to bad debt provision of £20K;
- a variety of underspendings on supervision and management, amounting to £79K. These include salaries and reduced flood recovery costs relating to Cable Street, plus additional income from fees and charges.

3.3 With regard to repair and maintenance, Members will be aware that various actions are underway to understand and improve the service’s performance and management reporting. Budget and Performance Panel are due to consider a recent external review (undertaken by APSE) and it is intended that proposals for further commissioning of external advice will be brought forward for Cabinet’s consideration in due course.

3.4 At outturn the HRA’s financial standing remains sound. As at 31 March its Balances stood at £1.692M, this being £348K higher than budgeted. A summary of all its Balances, reserves and provisions is included at **Appendix D**.

## 4 GENERAL FUND

### 4.1 Revenue Outturn

4.1.1 The 2015/16 financial year saw further substantial reductions in Government funding, amounting to around £1.7M or 16%. The outturn for General Fund should be considered in this context.

4.1.2 After allowing for various year-end adjustments, there has been a net underspending of £331K against the Revised Budget for 2015/16 and a summary statement is included at **Appendix B**. The underspending represents 1.9% of the Council's net revenue budget (2014/15 comparative: £553K underspend, 3% of budget) or 4.2% of the council tax requirement (i.e. the amount raised from council tax; this measure is growing in prominence). If compared with the Council's gross budget, however, which is in the region of £100M+, the level of net underspending is very minor.

4.1.3 Variance analysis is provided at **Appendix C**, the key elements of which are summarised below:

Main Areas for variances	Gross Budget (For comparison) £'000	Value (Favourable) / Adverse £'000
<b>Operational:</b>		
Employee Related	19,599	(79)
Premises Related	9,677	(95)
Transport and other Supplies and Services	14,170	(15)
General Income	(16,185)	(164)
Other minor variances		19
<b>Other Areas:</b>		
Capital Financing Costs		(57)
Extra Contributions to Provisions		60
<b>Net Total</b>		<b>(331)</b>

4.1.4 Underspending is encouraged where it does not damage performance; indeed current financial strategy is still based on taking proactive management decisions to save money during the year. Other reasons for underspending do occur though and so it is important that appropriate analysis is undertaken. This will be undertaken as normal alongside monitoring arrangements, with the aim of drawing out further savings and any service performance or financial improvements needed. Any budgetary matters arising will be reported through corporate monitoring and incorporated into the half-yearly Medium Term Financial Strategy (MTFS) review.

4.1.5 This process will lead into the 2017/18 budget and planning process, for which the timetable and other arrangements are due to be considered by Cabinet over the summer.

## 4.2 Provisions, Reserves and Balances

4.2.1 In closing the accounts for last year the Council's reserves and provisions have been reviewed; this is in accordance with the policy and schedule approved by Council back in March. A full statement is attached at **Appendix D** and the main issues and transfers regarding General Fund are highlighted specifically below:

- An additional contribution of £60K has been made into the Bad Debts provision following a reassessment of sundry debts – particularly those in relation to housing benefit (HB) overpayment recoveries. Typically the Council deals with HB recoveries in excess of £1.2M per year, not all of which prove collectable. Currently £1.9M remain outstanding (cumulatively, covering many previous years) and the Bad Debts provision now provides cover for 70% of this, as well as covering other sundry debts.
- Following the outcome of appeals regarding Luneside East, the Council must recognise any estimated income due to it in relation to the recovery of costs, but the associated risks of recovery also need to be recognised and therefore the net estimated income of £544K has been used to increase the Bad Debts provision for the time being. As these items offset each other, there is no bottom-line impact on the outturn position. This does not reflect the outcome of recovery action, however, as this has not yet been concluded.

4.2.2 The transfers have already been reflected in the General Fund summary position outlined earlier, hence Cabinet is asked to endorse them.

4.2.3 After allowing for these transfers, the General Fund net underspending of £331K has been transferred into Balances by the Chief Officer (Resources). This means that as at 31 March 2016 Balances amount to £4.459M, as compared with the budgeted figure of £4.128M. Similar to the HRA, the General Fund's financial standing is currently sound but as Members know, General Fund still has big challenges and much uncertainty ahead.

## 5 'CARRY FORWARD' OF UNDERSPENDINGS AND OVERSPENDINGS

5.1 Under the financial strategy, provisions exist to adjust budgets between years by carrying forward under- or over-spending. These arrangements help to:

- provide some flexibility in delivering the Council's stated objectives
- remove the incentive to spend up budgets unnecessarily by year end, and
- promote good financial management.

5.2 With regard to the carry forward of revenue underspend, there are no requests for Cabinet to consider.

5.3 With regard to overspendings, arrangements require that:

- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Chief Officer (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Chief Officer and the s151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.

- The s151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspendings occurring and details of any actions taken to prevent the situation recurring.

5.4 There are only a small number of revenue overspendings occurring and given their nature, Officers have agreed that there is no case for carrying these forward to reduce the current year's budgets. **Appendix E** sets out the relevant details, for Cabinet's consideration and endorsement.

5.5 Capital related carry forward matters are covered later in section 7 of this report.

## 6 **COLLECTION FUND**

6.1 The Collection Fund deals with local taxation matters and as such, its performance has a direct bearing on General Fund services. For this reason, a high level review of its outturn is presented for Members' information.

### 6.2 **Council Tax**

6.2.1 At the end of the financial year there was a surplus of £219K in relation to council tax, which is less than the £500K estimated surplus declared in January earlier this year. This has resulted from a reduction of approximately 177 chargeable dwellings (*0.5% of the estimated Tax Base*) from when the estimate was set to the end of March. As the City Council retains 13% of the surplus this would mean a potential shortfall of £32K in 2016/17 from the budgeted position. This will be monitored and reported to Members as part of the quarterly financial monitoring process.

### 6.3 **Retained Business Rates**

6.3.1 The position for business rates is again somewhat more complicated. A further major appeal has been made together with increases in estimated settlements on other appeals. This has meant that the overall position has gone from an estimated surplus of £8M to a deficit of £35M at the end of 2015/16.

6.3.2 Of the £35M deficit, the City Council's share is £14M. The complexities of the Business Rates Retention Scheme mean that this will not be recouped for some time but very importantly, any adverse impact is restricted through the operation of a 'safety net'. This guarantees a minimum level of rating income for General Fund services each year.

6.3.3 In terms of the 2015/16 General Fund outturn therefore, fortunately there is no bottom-line impact as the City Council is now due £9.8M back from the Government to bring net income back up to the safety net. Unfortunately, however, the settlement of the appeals does mean that the City Council has again lost the opportunity to retain growth in other business rate income, originally estimated to be £459K in last year.

6.3.4 Furthermore, an increase of £288K to the tariff payment to the Government has had to be allowed for.

- 6.3.5 On a much more positive note, however, last year's outturn has seen the realisation of some renewable energy business rate income from 2014/15, amounting to £662K. For renewable energy schemes approved by the Council as planning authority, the current regulatory framework provides for the City Council retaining 100% of such business rate income, outside of the operation of the main rates retention system and the safety net. The realisation of income regarding 2014/15 (albeit with a year's delay before recognition, as required by the accounting framework) is very important, as it should also feed into subsequent years for the medium term at least.
- 6.3.6 With regard to 2015/16, renewable energy rates income of over £900K has been identified, and subject to the provisional outturn being confirmed and there being no successful rating appeals coming through, this income should become available for use during the current financial year, as flagged within the latest Medium Term Financial Strategy (MTFS).
- 6.3.7 Furthermore, subject to the same caveats and Government not changing the current regulatory framework, this income stream should remain until at least 2020 and this would help significantly with addressing the Council's budget gap. Beyond 2020, it is not known whether the current renewable energy scheme provisions will still apply under the wider reforms regarding full business rates retention. From a professional viewpoint it is difficult to envisage that they will be retained fully in their current form, but clearly this is an area to keep under close review. Whatever the longer term position, the scheme should deliver significant financial benefits for the medium term. Cabinet is recommended to note this positive development.
- 6.3.8 In summary, the main business rate transactions are presented below.

	<b>2015/16 Estimate £'000</b>	<b>2015/16 Outturn £'000</b>	<b>Variance £'000</b>
Retained Business Rates	(24,480)	(24,480)	0
Central Government Tariff	19,763	20,051	288
<b>Net Retained Business Rates</b>	<b>(4,717)</b>	<b>(4,429)</b>	<b>288</b>
Small Business Rate Relief Grant	(1,408)	(1,240)	168
2015/16 Estimated Surplus	(3,123)	(3,123)	0
2015/16 Actual Deficit (in total)	-	14,008	14,008
Transfer Estimated Surplus & Growth to Reserves	3,582	0	(3,582)
2014/15 Renewable Energy realised in 2015/16	0	(662)	(662)
Growth Levy payable to Central Government	459	0	(459)
Safety Net Payment from Central Government	0	(9,766)	(9,766)
<b>Net Revenue Funding from Business Rates</b>	<b>(5,207)</b>	<b>(5,212)</b>	<b>(5)</b>

- 6.3.9 The upshot from all of the above is that whilst the Council had budgeted for business rate income at the higher baseline level, even though that income has fallen to safety net, it has not had to draw on the Business Rates Retention Reserve in order to cover the shortfall (of approaching £400K).

## 7 CAPITAL OUTTURN

7.1 **Appendix F** includes a provisional capital expenditure and financing statement for the year, which is summarised in the following table:

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000	£'000	£'000	%
Council Housing	4,831	4,875	44	0.9
General Fund	7,695	7,522	(173)	(2.2)
Total Programme	12,526	12,397	(129)	1.0

### 7.2 Capital Slippage

7.2.1 Details of individual slippage (i.e. carry forward) requests from services have been received, a schedule of which is attached at **Appendix G**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual carry forward of slippage can be a formality. If Members have any questions on particular requests and/or are minded to refuse any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.

7.2.2 Information on recent years' slippage is also included below for comparison. It is pleasing to note that slippage has significantly reduced when compared to the previous two years.

	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000
Council Housing	36	95	0	16	160
General Fund	<u>576</u>	<u>2,526</u>	<u>1,706</u>	<u>438</u>	<u>1,828</u>
Total Slippage Requested	<u>612</u>	<u>2,621</u>	<u>1,706</u>	<u>454</u>	<u>1,988</u>

### 7.3 Capital Overspends / Accelerated Spending

7.3.1 The requirements relating to revenue overspends (as set out in section 5) also apply to capital overspends. At the end of 2015/16 there were two HRA schemes and three General Fund schemes where overspends exceeded £10K:

#### Housing Revenue Account

- External Refurbishments £31K
- Fire Precaution Works £29K

#### General Fund

- Salt Ayre Sports Centre £255K
- Wave Reflection Wall £126K
- Corporate Property Works £55K

- 7.3.2 The HRA overspends are due to slippage from 2014/15 schemes being removed (in error) from last year’s revised budget. This has been addressed in terms of monitoring arrangements, but other than that no further budget adjustments are warranted.
- 7.3.3 The Salt Ayre Sports Centre apparent overspending is actually accelerated spending (ahead of schedule) on the main £5M redevelopment project, which therefore needs a corresponding reduction in the 2016/17 budget. The same applies to the Wave Reflection Wall and again a corresponding reduction will be made to the 2016/17 budget. Other than these adjustments, which are reflected in Appendix G, no further action is required.
- 7.3.4 The overspending on corporate property works is reflective of the fact that the estimates are based on surveys undertaken in 2012. As a result, there will inevitably be changes in pricing and further deterioration and/or further works required following more intrusive surveys being undertaken. Given this and the comparatively small scale of overspending against the overall budget of £1.843M, no further action is recommended.

**7.4 Summary Position**

- 7.4.1 The following table pulls together the financing position after allowing for slippage and budget adjustments in respect of accelerated spending. Overall, the overspendings are minor when compared with the programme as a whole.

<b>Capital Programme</b>	<b>Revised Estimate</b>	<b>Comparative Adjusted Expenditure</b>	<b>Overspend Or (Underspend) - Rounded</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Housing	4,831	4,911	80
General Fund	7,695	7,717	22

**8 TREASURY MANAGEMENT**

- 8.1 The annual treasury management report is attached at **Appendix H** and sets out the performance of treasury operations for 2015/16 in terms of long and short term borrowing, investment activities and relevant borrowing limits and prudential indicators. This must be referred on to Council for information.
- 8.2 Whilst the topic is complex, it does have strong linkages with other aspects of the outturn, for example the capital position and business rates income.



**9 TIMETABLE FOR COMPLETION OF ACCOUNTS AND ASSOCIATED MATTERS**

9.1 As in previous years, key aspects of the outturn will be made available to Members and other stakeholders for their due consideration, in line with the following timetable:

Friday 01 July	Commencement of 30 working day period for public inspection, questioning and objecting to unaudited accounts (change to previous requirements).
Monday 11 July	Audit of accounts commences.
Tuesday 12 July	Budget and Performance Panel: consideration of outturn.
Wednesday 13 July	Council: annual Treasury Management report for information.
Wednesday 07 September	Audit Committee: consideration of audited accounts.

During July the first quarterly monitoring report for 2016/17 will be produced. This will draw on the outturn for last year, to identify any implications for current and future years.

**10 DETAILS OF CONSULTATION**

10.1 As reflected in section 9 above, the statutory arrangements regarding the public's rights in relation to the accounts have now changed. Legislation now requires a fixed 30 working day period, to commence on 01 July for this year.

**11 OPTIONS AND OPTIONS ANALYSIS**

11.1 The City Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Officer (Resources), and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

11.2 The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:

- Approve any number of the items / requests, in full or part.
- Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
- Request further information regarding them, if appropriate.

**12 OFFICER PREFERRED OPTION AND JUSTIFICATION**

12.1 The Officer preferred options are as set out in the recommendations, on the assumption that Members continue to support their previously approved spending plans.

**13 CONCLUSION**

13.1 Although the General Fund budget and associated Government funding reduced again in 2015/16, the Council continued to manage the financial pressures well, and has again improved the Fund's overall financial standing as at 31 March 2016. Similarly, the HRA's standing is sound. Whilst net revenue underspendings were experienced on both General Fund and HRA, their scale was lower than in previous years, perhaps reflecting the much tighter financial environment within which the Council is working. Although various actions have been outlined in the report, there are no wholly new matters arising that have not previously been reported or highlighted in some form, and this should give some comfort with regard to the Council's financial planning and monitoring arrangements. This is especially so, given that local government finance appears to be getting more complex. It will be important that capacity is in place to address the various actions highlighted, however, and this is becoming increasingly difficult given the resource pressures that exist.

<b>RELATIONSHIP TO POLICY FRAMEWORK</b>	
The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.	
<b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</b>	
None directly identifiable, due to the high level nature of this report.	
<b>FINANCIAL IMPLICATIONS</b>	
As set out in the report.	
<b>SECTION 151 OFFICER'S COMMENTS</b>	
This report forms part of the section 151 officer responsibilities, with the outturn being subject to external audit.	
<b>LEGAL IMPLICATIONS</b>	
There are no legal implications directly arising.	
<b>MONITORING OFFICER'S COMMENTS</b>	
The Monitoring Officer has been consulted and has no further comments to add.	
<b>BACKGROUND PAPERS</b>	<b>Contact Officer: Nadine Muschamp</b>
None.	<b>Telephone: 01524 582117</b>
	<b>E-mail: nmuschamp@lancaster.gov.uk</b>

## HOUSING REVENUE ACCOUNT OUTTURN 2015/16

For Consideration by Cabinet 28 June 2016

	Original Budget £	Revised Budget £	Actual £	Variance £	Adjusted Variance £
<b>INCOME</b>				(Favourable) / Adverse	(Favourable) / Adverse
Rental Income - Council Housing	(13,707,200)	(13,681,200)	(13,685,589)	(4,389)	(4,389)
Rental Income - Other (Shops and Garages etc.)	(203,600)	(213,100)	(209,866)	3,234	3,234
Charges for Services & Facilities	(1,866,900)	(1,810,400)	(1,780,133)	30,267	30,267
Grant Income	(7,700)	(7,700)	(7,736)	(36)	(36)
Contributions from General Fund	(80,700)	(88,100)	(88,644)	(544)	(544)
<b>Total Income</b>	<b>(15,866,100)</b>	<b>(15,800,500)</b>	<b>(15,771,968)</b>	<b>28,532</b>	<b>28,532</b>
<b>EXPENDITURE</b>					
Repairs & Maintenance	4,697,000	4,736,800	4,494,560	(242,240)	(242,240)
Supervision & Management	3,208,100	3,175,200	3,114,537	(60,663)	(95,959)
Rents, Rates & Insurance	170,500	175,100	179,345	4,245	4,245
Contribution to Provision for Bad and Doubtful Debts	190,400	144,800	164,741	19,941	19,941
Depreciation & Impairment of Fixed Assets	1,984,000	2,015,300	8,612,836	6,597,536	846,871
Debt Management Costs	1,100	1,100	1,100	0	0
<b>Total Expenditure</b>	<b>10,251,100</b>	<b>10,248,300</b>	<b>16,567,119</b>	<b>6,318,819</b>	<b>532,858</b>
<b>NET COST OF HRA SERVICES</b>	<b>(5,615,000)</b>	<b>(5,552,200)</b>	<b>795,151</b>	<b>6,347,351</b>	<b>561,390</b>
Capital Grants and Contributions Receivable	0	0	(116,352)	(116,352)	(116,352)
Interest Payable & Similar Charges	2,006,600	2,006,600	2,004,510	(2,090)	(2,090)
Premiums & Discounts from Earlier Debt Rescheduling	(600)	(600)	(573)	27	27
Interest & Investment Income	(33,300)	(63,600)	(76,974)	(13,374)	(13,374)
Pensions Interest Costs & Expected Return on Pensions Assets	178,000	178,000	448,546	270,546	0
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,367	(33)	(33)
<b>(SURPLUS) OR DEFICIT FOR THE YEAR</b>	<b>(2,422,900)</b>	<b>(2,390,400)</b>	<b>4,095,675</b>	<b>6,486,075</b>	<b>429,568</b>
Adjustments to reverse out Notional Charges included above	(27,500)	(27,600)	(6,580,533)	(6,552,933)	0
Net Charges made for Retirement Benefits	0	0	496,426	496,426	0
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(47,000)	0	0	0	0
Capital Expenditure funded from Major Repairs Reserve	2,517,500	2,333,500	1,490,721	(842,779)	(842,779)
Transfer from Earmarked Reserves - for Capital Purposes	(386,600)	(544,300)	(525,837)	18,463	18,463
Financing of Capital Expenditure from Earmarked Reserves	366,500	325,400	372,501	47,101	47,101
<b>TOTAL (SURPLUS) / DEFICIT FOR THE YEAR</b>	<b>0</b>	<b>(303,400)</b>	<b>(651,047)</b>	<b>(347,647)</b>	<b>(347,647)</b>
Housing Revenue Account Balance brought forward	(1,041,017)	(1,041,017)	(1,041,017)	0	0
<b>HRA BALANCE CARRIED FORWARD</b>	<b>(1,041,017)</b>	<b>(1,344,417)</b>	<b>(1,692,064)</b>	<b>(347,647)</b>	<b>(347,647)</b>

Note: The shaded items relate directly to financing the capital programme, and comprise depreciation on Council Dwellings, grants and contributions, use of the Major Repairs Reserve and specific Earmarked Reserves.

The first variance column includes notional variances mainly relating to pensions charges and revaluations that have to be included within the relevant service areas, but they are then reversed out and so do not impact on the 'bottom-line' outturn position. The adjusted variance column excludes these items and therefore shows a clearer outturn position.

**GENERAL FUND REVENUE BUDGET SUMMARY**

For Consideration by Cabinet 28 June 2016

	Original Budget £	Revised Budget £	Actuals £	Variance £ (Favourable) / Adverse	Adjusted Variance £ (Favourable) / Adverse
<b>Management Team</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(966)</b>
<b>Environmental Services</b>					
Service Support	0	0	0	0	32,736
Public Realm	2,523,800	2,265,700	2,372,634	106,934	14,670
Repairs & Maintenance	0	0	0	0	(25,738)
Safety	170,100	188,300	187,437	(863)	(9,347)
Waste / Recycling	2,857,200	2,676,100	2,711,340	35,240	(35,828)
	<b>5,551,100</b>	<b>5,130,100</b>	<b>5,271,411</b>	<b>141,311</b>	<b>(23,507)</b>
<b>Governance Services</b>					
Democratic Services	1,592,900	1,574,900	1,590,294	15,394	7,813
Human Resources & Organisational Development	263,800	259,700	256,428	(3,272)	(17,792)
Legal	(70,700)	(89,400)	(98,226)	(8,826)	(9,776)
Licensing	(5,300)	14,000	13,057	(943)	(3,595)
	<b>1,780,700</b>	<b>1,759,200</b>	<b>1,761,553</b>	<b>2,353</b>	<b>(23,350)</b>
<b>Health &amp; Housing Services</b>					
Environmental Health	1,412,500	1,344,200	1,374,379	30,179	(5,033)
General Fund Housing	152,600	190,700	178,215	(12,485)	(13,769)
Sport and Leisure	1,871,900	2,104,400	2,186,879	82,479	41,645
Strategic Housing	874,600	841,600	773,903	(67,697)	(44,666)
	<b>4,311,600</b>	<b>4,480,900</b>	<b>4,513,376</b>	<b>32,476</b>	<b>(21,823)</b>
<b>Regeneration &amp; Planning</b>					
Development Management	764,600	454,900	430,916	(23,984)	(49,590)
Economic Development	1,749,500	1,783,200	1,777,294	(5,906)	(20,091)
Regeneration	3,154,900	3,341,300	4,434,191	1,092,891	(670,274)
Service Support	66,600	51,900	50,791	(1,109)	(9,299)
	<b>5,735,600</b>	<b>5,631,300</b>	<b>6,693,192</b>	<b>1,061,892</b>	<b>(749,254)</b>
<b>Resources</b>					
Audit	69,100	65,600	62,121	(3,479)	(27,789)
Financial Services	0	0	13,684,955	13,684,955	(22,607)
ICT	0	0	0	0	(15,209)
Property Group	(237,700)	(191,700)	(158,537)	33,163	(9,336)
Revenues and Benefits	1,228,800	1,057,600	917,656	(139,944)	(122,058)
	<b>1,060,200</b>	<b>931,500</b>	<b>14,506,195</b>	<b>13,574,695</b>	<b>(196,999)</b>
<b>Corporate Accounts</b>					
Capital Financing	2,730,100	2,415,000	2,358,033	(56,967)	(56,967)
Other Corporate Costs	1,594,800	1,869,500	(13,799,229)	(15,668,729)	616,617
Reversal of Notional Charges	(3,896,700)	(4,161,000)	(4,569,665)	(408,665)	0
Treasury Management	1,018,400	1,062,800	1,898,464	835,664	(29,721)
Other Government Grants	(1,380,400)	(1,427,200)	(1,419,665)	7,535	7,535
Appropriations (to / (-) from Reserves)	(453,300)	(143,000)	9,625	152,625	152,625
Appropriations (to / (-) from Balances)	(1,000,000)	(497,000)	(497,000)	0	0
	<b>(1,387,100)</b>	<b>(880,900)</b>	<b>(16,019,437)</b>	<b>(15,138,537)</b>	<b>690,089</b>
<b>Net Revenue Budget</b>	<b>17,052,100</b>	<b>17,052,100</b>	<b>16,726,290</b>	<b>(325,810)</b>	<b>(325,810)</b>
<b>Financed by:</b>					
Retained Business Rates	(24,969,700)	(24,969,700)	(24,974,765)	(5,065)	(5,065)
Less Business Rates Tariff	19,762,900	19,762,900	19,762,945	45	45
Baseline Funding Level	(5,206,800)	(5,206,800)	(5,211,820)	(5,020)	(5,020)
Revenue Support Grant	(3,861,500)	(3,861,500)	(3,861,474)	26	26
<b>Total Settlement Funding</b>	<b>(9,068,300)</b>	<b>(9,068,300)</b>	<b>(9,073,294)</b>	<b>(4,994)</b>	<b>(4,994)</b>
<b>Council Tax Surplus</b>	<b>(131,000)</b>	<b>(131,000)</b>	<b>(131,000)</b>	<b>0</b>	<b>0</b>
<b>Council Tax Requirement</b>	<b>7,852,800</b>	<b>7,852,800</b>	<b>7,521,996</b>	<b>(330,804)</b>	<b>(330,804)</b>

Note the underspend of approx £331K will be transferred to Unallocated Balances to balance off the Fund accounts.

The first variance column includes notional variances relating to numerous capital and pensions charges that have to be included within the relevant service areas, but they are then reversed out (within the Corporate Accounts section) and so do not impact on the 'bottom-line' outturn position. The adjusted variance column excludes these items and therefore shows a clearer outturn position - the full analysis of this is shown at Appendix C.

# GENERAL FUND VARIANCE ANALYSIS

For Consideration by Cabinet 28 June 2016

2015/16 Outturn  
Compared to Working  
Budget

(Favourable) / Adverse  
£ £

<b>COUNCIL TAX REQUIREMENT</b>		<b>7,852,800</b>
<b>EXPENDITURE</b>		
<b>Employee Savings</b>		
Management Team	(5,445)	
Environmental Services	(4,475)	
Governance	(15,157)	
Health & Housing - Redundancy Costs, Additional Training and Swimming/Lifeguard Costs	43,436	
Regeneration & Planning	(30,890)	
Resources	(66,430)	<b>(78,961)</b>
<b>Premises</b>		
Williamson Park - Grounds Maintenance	(16,088)	
Public Realm - Repair and Maintenance	(15,068)	
Middleton Reserve Pumping Station - Repair and Maintenance	(16,324)	
Salt Ayre - Energy Savings	(30,331)	
White Lund Depot - Repair and Maintenance, Utility Savings	(17,059)	<b>(94,870)</b>
<b>Transport Expenses</b>		
Three Stream Waste - Increased Repair and Maintenance Costs	31,244	
Grounds Maintenance - Reduced Repair and Maintenance Costs	(20,842)	
Street Cleansing - Reduced Repair and Maintenance Costs	(8,348)	<b>2,054</b>
<b>Supplies &amp; Services</b>		
Three Stream Waste - Mainly Less Requirement for Bins and Boxes	(25,993)	
Waste Disposal Charges	40,678	
Townscape Heritage Initiative 2 - Reduced take up of scheme by Property Owners	(26,123)	
Environmental Protection - Delay in partnership agreement for Air Quality Assessments	(12,625)	
St. Leonard's House - Development Fees (to be offset by capital receipt in 2016/17)	80,815	
Property Services - Reduced need for external surveyors and other professional fees	(21,343)	
Benefits Administration - Grant towards web serve software	(6,237)	
Council Tax Administration - Reduced legal fees	(18,137)	
Housing Benefits	(27,825)	<b>(16,790)</b>
<b>INCOME</b>		
Net Investment Interest and Bank Charges	(38,148)	
Waste Collection - new properties bins/boxes, special collections	(16,501)	
Bulky Waste Collections	(7,991)	
Off Street Parking	44,294	
Williamson Park Café	(18,665)	
Development Control - Planning Application Fees	(27,849)	
Cemeteries	31,110	
Salt Ayre Sports Centre - Swimming	18,773	
Legal Services - Additional Court Costs Recovered	(8,695)	
Search Fees	(12,050)	
Commercial Properties - Rental Income	(56,666)	
Council Tax Administration - Additional Court Costs Recovered	(25,199)	
Housing Benefit Overpayment Recoveries	(46,529)	<b>(164,116)</b>
<b>Other Net Service Variances</b>		<b>18,846</b>
<b>SPECIFIC VARIANCES NOT INCLUDED ABOVE:</b>		
Bad Debt Provision - Additional Contribution		<b>60,000</b>
Capital Financing - Minimum Revenue Provision		<b>(56,967)</b>
<b>TOTAL VARIANCES</b>		<b>(330,804)</b>
<b>PROVISIONAL OUTTURN 2015-16</b>		<b>7,521,996</b>

# RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)

For consideration by Cabinet 28 June 2016

	31/03/15				31/03/16				AS CURRENTLY BUDGETED				31/03/19			
	Contributions to Reserve				Contributions to Reserve				Contributions to Reserve				Contributions to Reserve			
	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue
<b>GENERAL FUND</b>																
<b>General Fund Balance</b>	4,625,207	(166,196)	(19,600)	4,449,011	56,400				164,900				4,680,313			
<b>Earmarked Reserves:</b>																
Apprenticeships	38,054		21,200	(39,654)												
Business Rates Retention	381,458			381,458									381,458			
Capital Support	296,767		235,687	(6,000)									277,654			
Corporate Property	342,885			323,106	54,600	(59,000)							323,706			
Elections	0		0	0	40,000								80,000	40,000		
Highways	279,390			219,603									10,203			
Homelessness Support	16,285			76,460									66,260			
Invest to Save	1,501,412		(23,855)	1,469,557	350,700	(6,000)							1,314,257			
Local Plan	42,167		29,407	71,574									16,674			
Markets	59,639		23,855	54,099									54,469			
Morecambe Area Action Plan (MAAP)	223,803		(90,000)	114,469									18,574			
Performance Reward Grant	19,060			0									0			
Renewals (all services)	707,661		605,400	812,262									653,562			
Restructuring/Budget Support Reserve	602,922			602,922									760,022			
S106 Commuted Sums - Open Spaces	329,448			104,010									81,510			
S106 Commuted Sums - Affordable Housing	235,632		109,250	196,075									196,075			
S106 Commuted Sums - Highways, crossing & cycle paths	833,680		66,909	309,775									261,775	75,000	(75,000)	261,775
Welfare Reforms	307,996		107,315	396,264									229,784			
Youth Games	21,514		15,000	32,914									0			
<b>Reserves Held in Perpetuity:</b>																
Graves Maintenance	22,201			22,201									22,201			
Marsh Capital	47,677			47,677									47,677			
<b>Total Earmarked Reserves</b>	6,160,242		1,274,196	5,405,554	1,205,200	(1,180,000)	(1,094,967)	5,335,738	519,300	(280,000)	(102,600)	5,472,488	594,300	(355,000)	(64,900)	6,146,838

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

Provisions	31/03/15				31/03/16			
	Contributions to Reserve				Payments from Reserve			
	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue
Bad Debts	1,174,523		954,096	1,969,915			168,704	
Legal	175,000		147,506	164,468			(158,038)	
Insurance	369,608		149,216	499,617			(109,207)	
<b>Total Provisions</b>	1,709,131		1,250,818	2,524,000			(435,949)	

**HOUSING REVENUE ACCOUNT**

	31/03/15				31/03/16			
	Contributions to Reserve		Contribution from Reserve		Contributions to Reserve		Contribution from Reserve	
	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue
<b>HRA General Balance</b>	1,051,017	651,049			1,692,066			
<b>Earmarked Reserves:</b>								
Business Support Reserve	6,612,720			(175,839)	6,436,881			
Major Repairs Reserve	0	4,339,300	(4,339,300)		0			
Flats - Planned Maintenance	922,460		(231,723)		690,737			
Central Control Equipment / Telecare	40,000		(40,000)		0			
Non-Sheltered Scheme Equipment	16,260	4,447	(20,707)		0			
IT Replacement	891,195				891,195			
Office Equipment Reserve	40,271	3,000	(7,262)		36,009			
Sheltered - Equipment	368,021			(125,087)	242,934			
Sheltered - Planned Maintenance	224,475	42,318	(140,779)		126,014			
Sheltered Support Grant Maintenance	279,299	163,776			443,075			
<b>Total Earmarked Reserves</b>	<b>11,092,701</b>	<b>4,554,840</b>	<b>(4,711,802)</b>	<b>(368,876)</b>	<b>10,566,864</b>			

<b>Provision</b>	
Bad Debts	515,987

	AS CURRENTLY BUDGETED											
	31/03/17				31/03/18				31/03/19			
	Contributions to Reserve		Contribution from Reserve		Contributions to Reserve		Contribution from Reserve		Contributions to Reserve		Contribution from Reserve	
£	£	To Capital	To Revenue	£	£	To Capital	To Revenue	£	£	To Capital	To Revenue	
	275,700			1,967,766	120,900			2,088,666	(338,500)			1,750,166
	4,152,400	(4,152,400)		3,968,500	(3,968,500)			3,357,967		4,171,400	(4,171,400)	8,357,967
	133,000	(167,000)		666,737	133,000	(200,000)		589,737		133,000	(200,000)	522,737
				0				0		0		0
				0				0		0		0
	57,000			643,195	57,000			705,195				705,195
	3,000			39,009				39,009				39,009
	80,700	(60,000)		189,753	28,000	(38,000)		179,753		28,100	(40,700)	167,153
	27,100			138,714	56,800	(55,000)		118,514		57,200	(20,000)	155,714
				472,175	28,000			500,175		28,100		528,275
	<b>4,453,200</b>	<b>(4,369,400)</b>	<b>(110,800)</b>	<b>10,540,054</b>	<b>4,291,300</b>	<b>(4,243,800)</b>	<b>(97,500)</b>	<b>10,489,364</b>	<b>(60,700)</b>	<b>4,417,800</b>	<b>(4,371,400)</b>	<b>10,476,064</b>

## Carry Forward of Controllable Overspends

For Consideration by Cabinet 28 June 2016

Services and Detail of Overspend		Revised Budget £	Actual £	Variance £	Comments
<b>GENERAL FUND REVENUE</b>					
<b>Environmental Services</b>					
Waste Collection	Vehicle R&M	223,200	257,811	34,611	Higher levels of repairs were required in year due to an ageing fleet following the rescheduling of renewals due to the uncertain direction of the service. This was partly offset by £17K savings within other vehicle R&M areas of the service. This may be ongoing whilst ongoing budget reviews are underway.
Nurseries	Nursery Income	-75,200	-66,390	8,810	The nursery has previously supplied plants, hanging baskets etc. to other local authorities but this has reduced significantly in the last year due to the budget pressures faced within local government. This was managed through an £8K reduction in materials purchased. The future income projections of the nursery have been reduced due to the cessation of winter bedding and this will be monitored closely.
Street Cleaning	Salaries - Overtime	84,700	94,622	9,922	Increased overtime to clean up after floods, events, one offs. Shift patterns to be reviewed during 2016/17 and organisers of events to be responsible for cost of any additional cleansing.
	Materials	30,400	36,944	6,544	
Car Parking	Off Street Car Park Income	(2,251,700)	(2,207,940)	43,760	Income ahead of target to December allowing 2 free Saturdays post floods, however impact of flooding period greater than anticipated compounded with poor Christmas and winter thereafter. The flooding was an exceptional one-off event and it is difficult to predict the impact of weather conditions, therefore no future budgetary action is required.
Markets	Charter Market Income	-78,200	-70,593	7,607	Fewer adhoc bookings taken following floods compounded with poor weather combined with essential works on museum resulting in 5 "out of action" pitches. As above no future budgetary action is required.
<b>Resources</b>					
Information, Communications & Technology	Infrastructure - Update & Maintenance	66,600	80,186	13,586	Offset by underspends on consultancy. Pilot scheme in partnership with Lancaster University for free Public Wi-Fi to determine whether to roll out on a permanent basis. Storage support extension costs arising from delay in capital project to take advantage of rapidly reducing storage costs. These are one-off overspends and therefore no future budgetary action is required.
<b>Governance</b>					
City Council Elections	Printing & Stationery / Election Fees / Postages	179,300	192,496	13,196	Additional costs mainly relating to Carnforth Bye-Election due to death of Councillor. This was a one-off cost and therefore no further budgetary action is required.

**Officer Decisions:** That no further action be taken as all overspends are offset by other savings. On-going implications still being reviewed as appropriate, as referred to above.



## Lancaster City Council - Capital Expenditure 2015/16

For consideration by Cabinet 28 June 2016

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2015/16	Expenditure to be financed in 2015/16	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>COUNCIL HOUSING</b>										
Bathroom Kitchen Refurbishment	1,018,000	996,073.97	996,073.97					791,427.74	791,427.74	204,646.23
External Refurbishment	903,000	1,002,689.97	1,002,689.97	68,247.29				934,442.68	1,002,689.97	0.00
Re-roofing / Window Renewals	797,000	822,220.08	822,220.08	16,183.75				806,036.33	822,220.08	0.00
Environmental / Crime Prevention Works	839,000	851,522.77	851,522.77	21,839.02		166,745.00		662,938.75	851,522.77	0.00
Energy Efficiency Works	655,000	650,566.21	650,566.21	1,215.79		121,698.72		527,651.70	650,566.21	0.00
Rewiring	83,000	90,216.54	90,216.54					90,216.54	90,216.54	0.00
Adaptations	250,000	138,383.11	138,383.11					138,383.11	138,383.11	0.00
Fire Precaution Works	178,000	216,348.97	216,348.97	8,865.90		84,057.52		123,425.55	216,348.97	0.00
Lift Replacement	96,000	94,529.81	94,529.81					94,529.81	94,529.81	0.00
Communication Equipment - High Rise Flats	12,000	12,173.12	12,173.12					12,173.12	12,173.12	0.00
<b>TOTAL - HRA</b>	<b>4,831,000</b>	<b>4,874,724.55</b>	<b>4,874,724.55</b>	<b>116,351.75</b>	<b>0.00</b>	<b>372,501.24</b>	<b>0.00</b>	<b>4,181,225.33</b>	<b>4,670,078.32</b>	<b>204,646.23</b>

GENERAL FUND	Revised Estimate	Expenditure in 2015/16	Expenditure to be financed in 2015/16	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>ENVIRONMENTAL SERVICES</b>										
Allotments	5,000	5,028.00	5,028.00					0.00	5,028.00	
Vehicle Renewals	697,000	625,740.89	625,740.89					0.00	625,740.89	
Vehicle Tracking System	24,000	15,378.00	15,378.00			15,378.00		15,378.00	0.00	
Bins & Boxes Scheduled Buy-Outs	21,000	21,556.42	21,556.42				21,556.42	21,556.42	0.00	
Car Park Improvement Programme	82,000	80,171.84	80,171.84					0.00	80,171.84	
Middleton Solar Farm	24,000	23,855.30	23,855.30			23,855.30		23,855.30	0.00	
Williamson Park Improvements & Enhancements	107,000	109,876.79	109,876.79	30,000.00			2,876.79	32,876.79	77,000.00	
<b>Sub-Total</b>	<b>960,000</b>	<b>881,607.24</b>	<b>881,607.24</b>	<b>30,000.00</b>	<b>0.00</b>	<b>39,233.30</b>	<b>24,433.21</b>	<b>0.00</b>	<b>93,666.51</b>	<b>787,940.73</b>
<b>HEALTH &amp; HOUSING</b>										
Disabled Facilities Grants	600,000	557,436.69	557,436.69	557,436.69				557,436.69	0.00	
Warmer Homes Scheme	6,000	4,278.41	4,278.41		4,278.41			4,278.41	0.00	
Salt Ayre Sports Centre - Redevelopment	0	254,885.41	254,885.41					0.00	254,885.41	
<b>Sub-Total</b>	<b>606,000</b>	<b>816,600.51</b>	<b>816,600.51</b>	<b>557,436.69</b>	<b>4,278.41</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>561,715.10</b>	<b>254,885.41</b>
<b>REGENERATION &amp; PLANNING</b>										
Toucan Crossing - King Street	3,000	3,000.00	3,000.00			3,000.00		3,000.00	0.00	
Dalton Square Christmas Lights (Renewal)	29,000	28,960.00	28,960.00			27,960.00	1,000.00	28,960.00	0.00	
Sea & River Defence Works & Studies	905,000	1,017,371.88	1,017,371.88	1,014,371.88			3,000.00	1,017,371.88	0.00	
Amenity Improvements (Morecambe Promenade)	7,000	7,107.86	7,107.86	3,107.86				3,107.86	4,000.00	
Luneside East	50,000	42,552.89	42,552.89					0.00	42,552.89	
Lancaster Square Routes	103,000	86,712.75	86,712.75	26,307.40				26,307.40	60,405.35	
Morecambe THI 2: A View for Eric	313,300	192,893.93	192,893.93	145,183.92			47,710.01	192,893.93	0.00	
MAAP - Improving Morecambe's Main Streets	127,000	112,680.62	112,680.62			42,000.00	3,623.18	45,623.18	67,057.44	
MAAP - Connecting Eric	158,000	159,383.70	159,383.70			90,000.00	1,000.00	91,000.00	68,383.70	
Albion Mills Affordable Housing s106 Scheme	40,000	39,750.00	39,750.00			39,750.00		39,750.00	0.00	
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000	0.00	0.00					0.00	0.00	
Middleton Nature Reserve s106 Scheme	17,000	17,056.76	17,056.76			17,056.76		17,056.76	0.00	
Pedestrian/Cycle Links - Sainsbury's Morecambe s106 Scheme	59,000	57,692.89	57,692.89			55,000.00		55,000.00	2,692.89	
Bold Street Housing Regeneration Site Works	24,000	26,603.30	26,603.30				26,603.30	26,603.30	0.00	
Chatsworth Gardens	1,878,000	1,878,287.00	1,878,287.00	287.00				287.00	1,878,000.00	
Lancaster District Empty Homes Partnership	50,000	0.00	0.00					0.00	0.00	
AONB Vehicle Replacement	25,000	25,388.00	25,388.00			14,388.00		14,388.00	11,000.00	
S106 Highways Works	32,000	31,800.00	31,800.00			31,800.00		31,800.00	0.00	
<b>Sub-Total</b>	<b>3,910,300</b>	<b>3,727,241.58</b>	<b>3,727,241.58</b>	<b>1,189,258.06</b>	<b>0.00</b>	<b>320,954.76</b>	<b>82,936.49</b>	<b>0.00</b>	<b>1,593,149.31</b>	<b>2,134,092.27</b>
<b>Resources</b>										
ICT Systems, Infrastructure & Equipment	376,000	198,554.51	198,554.51			198,554.51		198,554.51	0.00	
Corporate Property Works	1,842,600	1,898,006.14	1,898,006.14	1,691				1,691.25	1,896,314.89	
<b>Sub-Total</b>	<b>2,218,600</b>	<b>2,096,560.65</b>	<b>2,096,560.65</b>	<b>1,691.25</b>	<b>0.00</b>	<b>198,554.51</b>	<b>0.00</b>	<b>0.00</b>	<b>200,245.76</b>	<b>1,896,314.89</b>
<b>TOTAL - GENERAL FUND</b>	<b>7,694,900</b>	<b>7,522,010</b>	<b>7,522,010</b>	<b>1,778,386.00</b>	<b>4,278.41</b>	<b>558,742.57</b>	<b>107,369.70</b>	<b>0.00</b>	<b>2,448,776.68</b>	<b>5,073,233.30</b>

GENERAL FUND HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2015/16	Expenditure to be financed in 2015/16	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>GENERAL FUND</b>	7,694,900	7,522,009.98	7,522,009.98	1,778,386.00	4,278.41	558,742.57	107,369.70	0.00	2,448,776.68	5,073,233.30
<b>HOUSING REVENUE ACCOUNT</b>	4,831,000	4,874,724.55	4,874,724.55	116,351.75	0.00	372,501.24	0.00	4,181,225.33	4,670,078.32	204,646.23
<b>TOTAL CAPITAL EXPENDITURE &amp; FINANCING</b>	<b>12,525,900</b>	<b>12,396,734.53</b>	<b>12,396,734.53</b>	<b>1,894,737.75</b>	<b>4,278.41</b>	<b>931,243.81</b>	<b>107,369.70</b>	<b>4,181,225.33</b>	<b>7,118,855.00</b>	<b>5,277,879.53</b>

2015/16 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
<b>Amounts to be financed by General Capital Resources</b>			<b>204,646.23</b>	<b>5,073,233.30</b>	<b>5,277,879.53</b>
<b>Financed by:</b>					
<b>Underlying Borrowing Need - Increase in Capital Financing Requirement</b>			<b>0.00</b>	<b>4,417,305.92</b>	<b>4,417,305.92</b>
<b>Usable Capital Receipts</b>			<b>204,646.23</b>	<b>655,927.38</b>	<b>860,573.61</b>
<b>General Grants Unapplied</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Financing from General Capital Resources</b>			<b>204,646.23</b>	<b>5,073,233.30</b>	<b>5,277,879.53</b>



## Appendix H

# **Annual Treasury Management Report**

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2015/16

For Noting by Cabinet 28 June 2016

# Annual Treasury Management Review 2015/16

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## Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 04 March 2015)
- a mid-year (minimum) treasury update report (Council 16 December 2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, Members have received quarterly treasury management update reports on which were presented to Cabinet and Budget and Performance Panel.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny (by Budget and Performance Panel) to all of the above treasury management reports before they were reported to the full Council. Member training on treasury management issues was undertaken in February 2016 in order to support the scrutiny role.

## Introduction and Background

This report summarises the following:-

- Capital activity during the year;
  - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
  - The actual prudential and treasury indicators;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
  - Summary of interest rate movements in the year;
  - Detailed debt activity; and
  - Detailed investment activity.
-

## 1. The Council's Capital Expenditure and Financing 2015/16

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- if insufficient financing is available from the above sources, or a decision is taken not to apply such resources, the capital expenditure will give rise to a borrowing need (also referred to as "unfinanced", within the tables and sections below).

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund (GF) £M	2014/15 Actual	2015/16 Estimate	2015/16 Actual
<b>Capital expenditure</b>	<b>5.717</b>	<b>7.695</b>	<b>7.522</b>
Financed in year	5.424	3.373	3.105
<b>Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)</b>	<b>0.293</b>	<b>4.322</b>	<b>4.417</b>

HRA £M	2014/15 Actual	2015/16 Estimate	2015/16 Actual
<b>Capital expenditure</b>	<b>4.709</b>	<b>4.831</b>	<b>4.875</b>
Financed in year	4.709	4.831	4.875
<b>Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## 2. The Council's Capital Expenditure and Financing 2015/16

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2015/16 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury function organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

**Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to

make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs in purpose from other treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2015/16 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2015/16 on 04 March 2015.

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which effectively increase the Council's borrowing need. No borrowing is actually required against these schemes, however, as a borrowing facility is included in the contract (if applicable).

CFR (£M): General Fund	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
<b>Opening balance</b>	<b>33.975</b>	<b>32.681</b>	<b>32.681</b>
Add unfinanced capital expenditure (as above)	0.293	4.322	4.417
Less MRP	(1.383)	(1.513)	(1.456)
Less finance lease repayments	(0.204)	(0.095)	(0.113)
<b>Closing balance</b>	<b>32.681</b>	<b>35.395</b>	<b>35.529</b>

CFR (£M): HRA	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
<b>Opening balance</b>	<b>44.473</b>	<b>43.432</b>	<b>43.432</b>
Add unfinanced capital expenditure (as above)	0.000	0.000	0.000
Less Debt Repayment	(1.041)	(1.041)	(1.041)
<b>Closing balance</b>	<b>43.432</b>	<b>42.391</b>	<b>42.391</b>

CFR (£M): Combined	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
<b>Opening balance</b>	<b>78.448</b>	<b>76.113</b>	<b>76.113</b>
Add unfinanced capital expenditure (as above)	0.293	4.322	4.417
Less Debt Repayment, Finance Leases and MRP	(2.628)	(2.649)	(2.610)
<b>Closing balance</b>	<b>76.113</b>	<b>77.786</b>	<b>77.920</b>

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
Gross borrowing position	£67.572M	£66.659M	£66.418M
CFR	£76.113M	£77.786M	£77.920M

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16
Authorised limit	£104.000M
Maximum gross borrowing position	£67.572M
Operational boundary	£87.020M
Average gross borrowing position	£66.995M
Financing costs as a proportion of net revenue stream - GF	15.8%
Financing costs as a proportion of net revenue stream - HRA	21.9%

### 3. Treasury Position as at 31 March 2016

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2015/16 the Council's treasury (excluding borrowing relating to finance leases) position was as follows:

	31 March 2015 Principal	Average Rate	Average Life yrs	31 March 2016 Principal	Average Rate	Average Life yrs
Fixed rate funding:						
PWLB	£67.332M	4.56%	38	£66.291m	4.59%	37
<b>Total debt</b>	<b>£67.332M</b>			<b>£66.291M</b>		
<b>CFR</b>	<b>£76.113M</b>			<b>£77.920M</b>		
<b>Over / (under) borrowing</b>	<b>(£8.781M)</b>			<b>(£11.629M)</b>		
<b>Total investments</b>	<b>£35.800M</b>	<b>0.39%</b>		<b>£39.216M</b>	<b>0.47%</b>	

All investments were placed for under one year.

The loan repayment schedule is as follows:

	31 March 2015 actual	31 March 2016 actual
Under 12 months	£1.041M	£1.041M
12 months and within 24 months	£1.041M	£1.041M
24 months and within 5 years	£3.124M	£3.124M
5 years and within 10 years	£5.207M	£5.207M
10 years and within 20 years	£10.414M	£10.414M
20 years and within 30 years	£7.290M	£6.249M
More than 30 years	£39.215M	£39.215M

The average rate of interest payable on PWLB debt in 2015/16 was 4.59%. A total of £3.071M interest was incurred during the year, of which £2.004M was recharged to the HRA.

#### *Interest Payable*

	2015/16
Estimate	£3.071M
Actual	£3.071M

Prudential Indicators also provide exposure limits that identify the maximum limit for variable / fixed interest rate exposure, based upon the debt position. The table below shows that the outturn position was within the limits set by Members at the beginning of the year. The Council currently only has fixed interest rate debt, although again this could change in future if market conditions warrant or facilitate it.

#### *Fixed/Variable rate limits*

	Prudential Indicator (%)	Actual (%)
Fixed Rate	100	100
Variable Rate	30	0



## 4. The Strategy for 2015/16

The expectation for interest rates within the treasury management strategy for 2015/16 anticipated a low but rising Bank Rate, and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

## 5. The Economy and Interest Rates (supplied by Capita Asset Services)

*Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.*

*These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.*

*The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.*

*The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.*

*The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.*

*As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.*

*On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative*

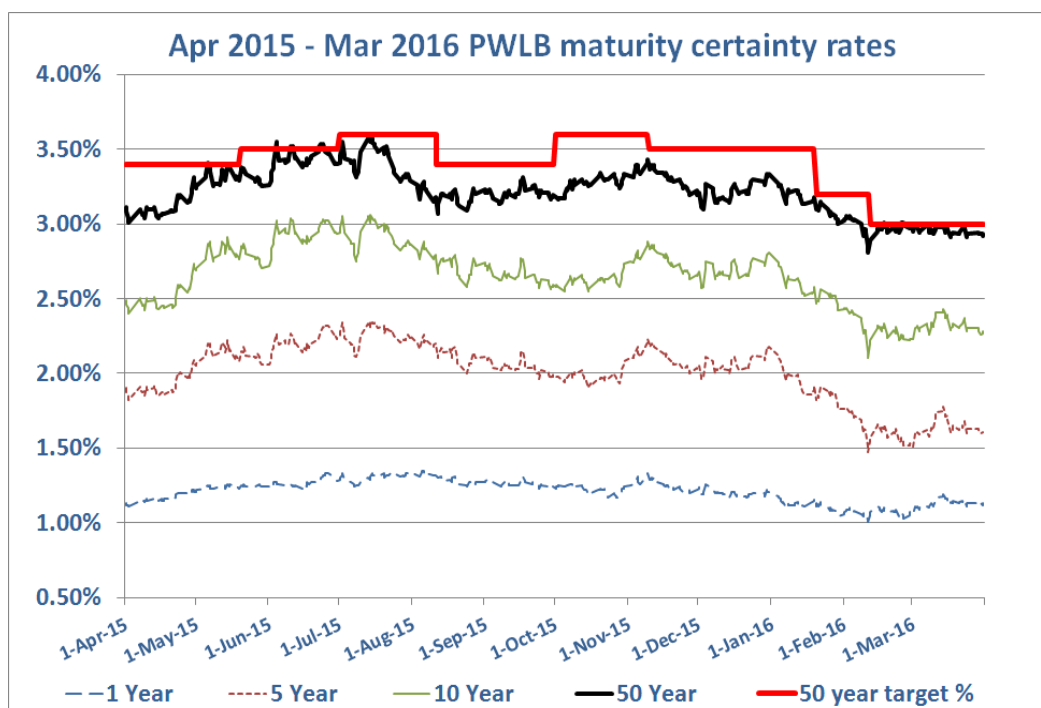
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easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

## 6. Borrowing Rates in 2015/16

**PWLB certainty maturity borrowing rates** - the graphs and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



## 7. Borrowing Outturn for 2015/16

### Borrowing

No actual borrowing was undertaken during the year.

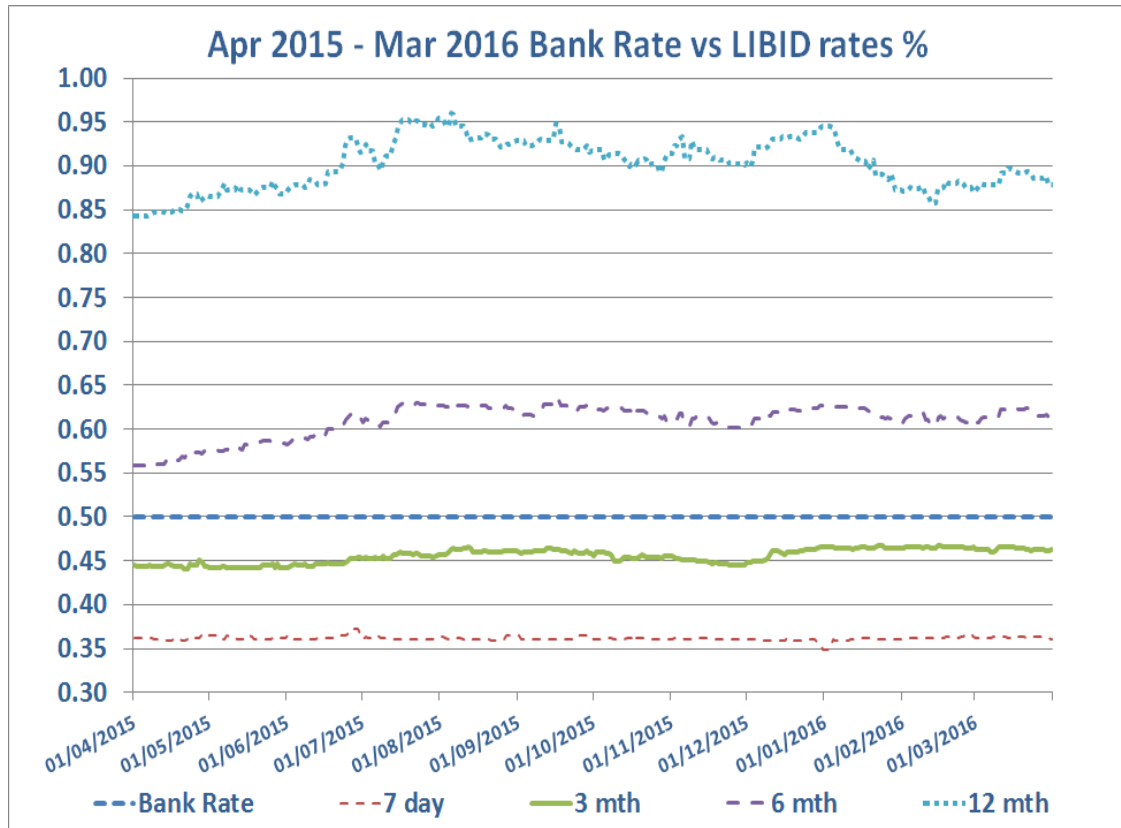
### Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

## 8. Investment Rates in 2015/16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at Quarter 1 2016 but then moved back to around Quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year,

primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.



## 9. Investment Outturn for 2015/16

**Investment Policy** – the Council’s investment policy is governed by CLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 04 March 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

Balance Sheet Resources (£M)	General Fund		HRA	
	31/03/15	31/03/16	31/03/15	31/03/16
Balances	4.625	4.459	1.041	1.692
Earmarked reserves	6.160	6.406	11.093	10.567
Provisions	1.709	2.524	0.495	0.516
Usable capital receipts	0.000	0.000	0.000	0.000
<b>Total</b>	<b>12.494</b>	<b>13.389</b>	<b>12.629</b>	<b>12.775</b>

**Investments held by the Council** - the Council maintained an average investment balance of £46.7M of internally managed funds. The average interest earned is compared to the base rate and average 3-month LIBID rate.

	2014/15	2015/16
Lancaster CC Investments	0.39%	0.47%
Base Rate	0.50%	0.50%
3 Month LIBID	0.40%	0.46%

In terms of performance against budget the actual interest earned in 2015/16 was £214K compared to a budget of £179K.

## 10. Other Risk Management Issues

Many of the risks in relation to treasury management are managed through the setting and monitoring of performance against the relevant Prudential and Treasury Indicators and the approved Investment Strategy, as discussed above.

The Authority's Investment Strategy is designed to engineer risk management into investment activity by reference to credit ratings and the length of deposit to generate a pool of counterparties, together with consideration of other creditworthiness information to refine investment decisions. The Council is required to have a strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2015/16 complied with the latest Code of Practice (November 2011) and relevant Government investment guidance.

## 11. Conclusion

The Council's treasury activities were in line with its approved policies and strategies. Last year was very quiet in terms of borrowing activity. With respect to investments, longer fixed term investments were placed which helped to increase the average yield for the year. Cash balances will however reduce significantly during 2016/17 with the completion of transactions relating to business rate appeals. This in turn will reduce investment interest, which has already been reflected in future forecasts.

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**LANCASTER CITY COUNCIL**  
**TREASURY MANAGEMENT POLICY STATEMENT**

**Last reported to Council on 04 March 2015**

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2011).

1. This organisation defines its treasury management activities as:  
  
“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  
  2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
  
  3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
-

## Treasury Management Glossary of Terms

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

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

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

See also PWLB.

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

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

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**CABINET**

**Cabinet Liaison Groups and Appointments to Outside Bodies, Partnerships and Boards  
28 June 2016**

**Report of Chief Executive**

<b>PURPOSE OF REPORT</b>				
To consider Cabinet Liaison Groups, Cabinet appointments to Outside Bodies, Partnerships and Boards.				
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input checked="" type="checkbox"/>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	n/a			
<b>This report is public</b>				

**OFFICER RECOMMENDATIONS**

- (1) That Cabinet considers whether to re-constitute the Cabinet Liaison Groups previously constituted, as set out in Appendix B to the report.
- (2) That Cabinet considers whether any additional Liaison Groups are required and, if so, agrees their Terms of Reference.
- (3) That the Lead Cabinet Member of each Cabinet Liaison Group be requested to inform the Chief Executive of the participants he/she wishes to invite to such meetings.
- (4) That Cabinet considers the appointments to Outside Bodies, Partnerships and Boards as set out in Appendix C to the report.

**1.0 Cabinet Liaison Groups**

- 1.1 In accordance with Part 4 Section 4 of the City Council’s Constitution (extract attached at Appendix A) Members are requested to consider membership of Cabinet Liaison Groups.
- 1.2 Set out at Appendix B to the report are the Cabinet Liaison Groups currently constituted for consideration as part of recommendation (1) above.



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

2.1 The options regarding Cabinet Liaison Groups are:

2.1.1 To note existing arrangements and make no amendments.

2.1.2 To consider and approve, where appropriate, any proposals from Cabinet Members.

**3.0 Outside Bodies, Partnerships and Boards**

3.1 Members are asked to consider the appointments to outside bodies, partnerships and boards.

3.2 Members are reminded that Members nominated to outside bodies, partnerships and boards by Cabinet are representing the views of Cabinet in such positions, rather than any views they might hold as individuals.

3.3 Attached at Appendix C is a list of organisations to which Cabinet makes appointments on the basis of Portfolio responsibilities.

3.4 Cabinet are requested to note the following additions/revisions to outside bodies over the last year, which Council has agreed should be determined by virtue of role on Cabinet.

- Yorkshire Dales National Park Board – Cabinet Member with responsibility for Rural Affairs.
- BID Company Ltd – (replacing the Lancaster Business Improvement District (BID) Management Group) – Cabinet Member for Economic Regeneration.

**4.0 Options and Options Analysis**

4.1 With regard to Outside Bodies, Partnerships and Boards, Cabinet is requested to make appointments, as set out in Appendix C to this report.

**5.0 Officer preferred Option and Comments**

5.1 It is recommended that appointments be aligned as closely as possible to individual Cabinet Members' portfolios.

**RELATIONSHIP TO POLICY FRAMEWORK**

The establishment of Cabinet Committees and Cabinet Liaison Groups assists the Cabinet in the discharge of executive functions. Representation on Outside Bodies is part of the City Council's community leadership role.

**CONCLUSION OF IMPACT ASSESSMENT**

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

The proposals provide clear focus, transparency, accessibility and inclusiveness in the Council's Executive decision-making processes.

**LEGAL IMPLICATIONS**

Cabinet Liaison Groups are established in accordance with the City Council's Constitution.

**FINANCIAL IMPLICATIONS**

There are no significant financial implications with regard to the recommendations. Resources are available to provide the necessary level of support. Members of outside bodies are entitled to travel expenses which are currently being funded from within existing budgets.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

None arising from this report.

**Information Services:**

None arising from this report.

**Property:**

None arising from this report.

**Open Spaces:**

None arising from this report.

**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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**E-mail:** [ebateson@lancaster.gov.uk](mailto:ebateson@lancaster.gov.uk)

**CONSTITUTION – CABINET PROCEDURE RULES EXTRACT**

**Part 4, Section 4**

**Cabinet Liaison Groups**

- (a) Cabinet Liaison Groups are not an essential body but may be created to take forward business. However, they are purely consultative and not decision-making. They will be chaired by a member of Cabinet and there is no restriction on size although the group must be limited to what is manageable and effective for their purpose. They may be time limited or of longer standing, again depending on their purpose.
- (b) The participants in the Group will be by invitation of the Chairman and can be made up from any or all of the following:
  - Other members of Cabinet
  - Others from outside the Council
  - Other members of Council not on Cabinet
  - Council officers
- (c) *Terms of Reference:* Their Terms of Reference are to share information about a particular topic, e.g. e-government and develop effective consultation and communication links with community groups and other bodies with an interest in the subject area. In this way, individual Cabinet members will have a wider information and advisory platform to inform executive decision-making and policy effectiveness.
- (d) Specific outcomes from their meetings may generate requests for pieces of work to be undertaken by officers or partner bodies. Alternatively, it could be a request to Overview and Scrutiny to set up a Task Group to undertake a specific piece of work. There could also be specific reports to Cabinet, Committees of Cabinet, individual Cabinet members, or other Committees of Council recommending action for determination.
- (e) Each Liaison Group will have their terms of reference and expected outputs approved by Cabinet before they meet.

**APPENDIX B**

**CABINET LIAISON GROUPS**

**CANAL CORRIDOR CABINET LIAISON GROUP**

**Chairman:**

- **Cabinet Member with Special Responsibility for Economic Regeneration**

**Terms of Reference:**

That a Cabinet Liaison Group be created to consider the emerging development proposals for the Canal Corridor site.

The purpose of the Liaison Group is to provide a forum prior to the submission of a planning application where:

- information on the detailed studies undertaken, and the evidence base created to support the development proposals can be shared as they become available.
- details of the form, design and uses within the proposed development can be shared as they develop and without prejudice feedback given.
- the group can advise the appropriate Cabinet Member(s) on how to take proper account of how best to use the City Council's landownership interests to ensure that the most appropriate regeneration solution for the land is secured within the framework of the development agreement.

**Urgent Business Decision 11 June 2013 and Cabinet Minute 8, 23 July 2013  
Refers**

Frequency: As required

**DISTRICT WIDE TENANTS LIAISON GROUP**

**Cabinet Member with Responsibility for:**

- Housing

**Composition:**

Councillors sit as non-voting members of the Forum. Councillor representation comprises the Cabinet Member with responsibility for Housing plus 5 other Councillors invited by the Cabinet Member.

**Terms of Reference:**

- To promote the interests of all council tenants of the district, and to assist in maintaining good relations between all members of the community.
- To promote council tenants' rights and the maintenance and improvement of housing conditions, amenities, and the environment.
- To ensure that all tenants have effective opportunities to participate in the management of their homes and neighbourhoods.
- To promote change in response to tenants' needs and aspirations.
- To act as a consultative group on all issues concerning tenants at district wide level.
- To work towards the elimination of all forms of discrimination within the community by encouraging all tenants to participate in the management of their homes and neighbourhoods.

**Cabinet Minute No 8, 3rd June 2008 Refers**

Frequency: Minimum of four times a year

**PLANNING POLICY CABINET LIAISON GROUP**

**Cabinet Member with Responsibility for:**

- Planning

**Terms of Reference:**

This Group is a non-decision making consultative forum to assist Cabinet Members in their decision-making responsibilities. The forum will provide the expertise to the appropriate Cabinet Members to allow them to either take individual decisions or to make recommendations into Cabinet.

1. To provide a forum to consider the implications of the transition from the adopted Lancaster District Local Plan to the new development plan system of Local Development Frameworks introduced under the 2004 Planning and Compulsory Purchase Act.
2. To prepare, review, carry out consultations, and consider representations in order to assist the appropriate Cabinet Member in bringing forward recommendations to Cabinet on the adoption of Supplementary Planning Guidance to the adopted Lancaster District Local Plan.
3. To prepare, review, carry out consultations, and consider representations in order to assist the appropriate Cabinet Member in bringing forward recommendations to Cabinet on the adoption of the Council's Local Development Scheme and Local Development Framework, including;
  - Development Plan Documents including the Core Development Framework and Development Control Policies;
  - Supplementary Planning Documents including Town Centre Strategies for Lancaster and Morecambe and guidance on issues such as design and sustainability;
  - The Council's Statement of Community Involvement and Strategic Environmental Assessment.
4. To provide appropriate assistance to rural communities with the preparation of Parish Plans and to assist the appropriate Cabinet Member in bringing forward recommendations regarding the inclusion of appropriate Parish Plans within the Local Development Framework.
5. To assist the appropriate Cabinet Member in monitoring progress on the implementation of the Local Development Framework by preparing an Annual Monitoring Report
6. To assist the appropriate Cabinet Member to ensure proper systems and processes are in place to maintain and keep under review the information base for planning policy including:
  - housing land availability,
  - housing need,
  - retail capacity,
  - town centre vitality and viability;
  - the need for employment land;
  - accessibility issues;

- issues relevant to the Strategic Environmental Assessment

and to assist the appropriate Cabinet Member bring forward recommendations to cabinet on the commissioning of additional studies where necessary.

7. To act as a forum for assisting the appropriate Cabinet Member to prepare appropriate responses to the Lancashire Structure Plan, the Lancashire Minerals and Waste Local Plan and the Lancashire Local Transport Plan and any successor documents.
8. To assist the appropriate Cabinet Member in the preparation of appropriate responses to Regional Planning Guidance for the North West and the Regional Spatial Strategy.
9. To assist the appropriate Cabinet member in monitoring the progress of Local Development Framework documents in neighbouring authorities and recommending consultation responses to cabinet where the interests of Lancaster District are affected.
10. In the event of future Local Government re-organisation, to assist the appropriate Cabinet member in managing and making recommendations to Cabinet on the planning policy implications of the transition to new Local Authority boundaries;
11. To assist the appropriate Cabinet Member in monitoring developments in national planning policy and recommending consultation responses to Cabinet where necessary.
12. To assist the appropriate Cabinet Member in reviewing existing Conservation Areas and the need for new designations, undertaking Conservation Area Appraisals and preparing proposals for the preservation and enhancement of historic areas.

### **Cabinet Minute No 8, 3rd June 2008 Refers**

Frequency: As required.

**HOUSING REGENERATION CABINET LIAISON GROUP**

**Cabinet Member with Responsibility for:**

- **Housing**

**Terms of Reference:**

The purpose of the group would be to assist the Cabinet Members in overseeing implementation of options for housing regeneration priorities including:

- (1) To examine the options for delivering and financing affordable housing schemes through the HRA (including schemes in the West End).
- (2) To examine the viability of building new council homes with a particular focus on meeting the housing needs of the growing population of older people in the medium to long term.
- (3) The adoption of a rent policy for council housing.
- (4) Consideration of an empty homes strategy.
- (5) Opportunities for affordable housing schemes through the land allocations in the LDF.
- (6) The potential impact on residents and the Council of the changes to the welfare reform system.
- (7) The adoption of a tenancy strategy for the district.
- (8) Any other funding opportunities to support housing regeneration priorities, including any through the council's General Fund.
- (9) To consider housing regeneration related reports prior to being presented to Cabinet, Individual Cabinet Member Decisions or other council committees.

**Cabinet Minute 106, 13 March 2012 Refers**

Frequency: As required



## APPENDIX C

## APPOINTMENTS MADE BY CABINET

<b>ORGANISATION</b>
Lancaster Community Fund Grants Panel (Cabinet Member and 1 member of Council) Cllr Margaret Pattison
Lancashire Leaders Meeting (Leader of the Council) Cllr Eileen Blamire
LGA Coastal Issues Special Interest Group Cllr Darren Clifford
Morecambe Bay Partnership Cllr Janice Hanson
Museums Advisory Panel Cabinet Member (and 1 member of O/S) Cllr Darren Clifford
Lancashire Waste Partnership : Cllr David Smith
Community Safety Partnership Cabinet Member (+ Cabinet Member substitute): Cllr David Smith (Cllr Eileen Blamire substitute)
Health and Wellbeing Partnership Cabinet Member (+ Cabinet Member substitute) : Cllr Karen Leytham (Cllr Darren Clifford substitute)
BID Company Ltd (replacing the Lancaster Business Improvement District (BID) Management Group) - (Cabinet Member for Economic Regeneration) Cllr Janice Hanson
Yorkshire Dales National Park Board – Cabinet Member with responsibility for Rural Affairs – Cllr Margaret Pattison

**CABINET**

**Urgent Business Report  
28 June 2016**

**Report of Chief Executive**

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

**RECOMMENDATION**

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

**Capacity Issues as a consequence of the current Senior Management Vacancies**

**1.0 Background**

The Chief Executive consulted with the Leader of the Council to take an item of Urgent Business Decision set out below. The reason for the urgency was that a decision was required prior to the next Cabinet meeting.

**2.0 Decision Details**

The decision is set out below:-

Option 1 was approved.

Retain the position as determined at Cabinet in August 2015 as Susan Parsonage, the incoming Chief Executive, will be in place in two months' time, before making any permanent changes. However at the same time address any shortfall in the interim arrangements, namely there is a pressing need for an interim Legal Services Manager to manage the Legal Services Team and report into Preston City Council's Head of Legal and Democratic Services. Should this option be pursued, the interim Manager would also be required to act as the Council's Senior Information Risk Owner (SIRO), taking on responsibility for information governance, which substantively is part of the Chief Officer (Governance)'s role. Overall, interim arrangements can be less robust than permanent arrangements. However, option 1, is not considered to be a high risk option given its temporary nature and with the additional measures being taken to increase capacity.

**3.0 Conclusion**

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

<b>RELATIONSHIP TO POLICY FRAMEWORK</b>	
Comments were contained in the original report.	
<b>CONCLUSION OF IMPACT ASSESSMENT (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b>	
Comments were contained in the original report.	
<b>LEGAL IMPLICATIONS</b>	
Comments were contained in the original report.	
<b>FINANCIAL IMPLICATIONS</b>	
Comments were contained in the original report.	
<b>OTHER RESOURCE IMPLICATIONS</b>	
Comments were contained in the original report.	
<b>SECTION 151 OFFICER'S COMMENTS</b>	
Comments were contained in the original report.	
<b>MONITORING OFFICER'S COMMENTS</b>	
Comments were contained in the original report.	
<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Liz Bateson <b>Telephone:</b> 01524 582047 <b>E-mail:</b> ebateson@lancaster.gov.uk <b>Ref:</b> UB96
None	