



**Committee: CABINET**

**Date: TUESDAY, 6 SEPTEMBER 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, 28 June 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. **Corporate Financial Monitoring Quarter 1 2016/17 (Pages 1 - 29)**

**(Cabinet Members with Special Responsibility Councillors Blamire & Whitehead)**

Report of Chief Officer (Resources)

7. **Coastal Communities Teams (Pages 30 - 45)**

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

Report of Chief Officer (Regeneration & Planning)

8. **Exclusion of the Press and Public**

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

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

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

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

9. **Bold Street Housing Regeneration - Preferred Development Partner (Pages 46 - 110)**

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

Report of Chief Officer (Regeneration & Planning)

**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).

SUSAN PARSONAGE,  
CHIEF EXECUTIVE,  
TOWN HALL,  
DALTON SQUARE,  
LANCASTER, LA1 1PJ

Published on Thursday, 25 August, 2016.

<b>CABINET</b>
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**Corporate Financial Monitoring 2016/17 – Quarter 1**  
**06 September 2016**  
**Report of the Chief Officer (Resources)**

PURPOSE OF REPORT				
To provide an overview of the Council's financial position for Quarter 1 of the 2016/17 monitoring cycle, and the supporting actions underway.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public.				

**OFFICER RECOMMENDATIONS:**

(1) That Cabinet notes the report and the supporting actions set out.

**1. Corporate Financial Monitoring**

- 1.1. The corporate financial monitoring report for Quarter 1 is attached at **Appendix A**, and the headline variances and projections are as follows:
- A current General Fund net underspending of £462K, but projected to reduce to £3K by the year end.
  - A current Housing Revenue Account net underspending of £20K, expected to increase to £23K by the year end.
- 1.2. Balances for both funds remain strong and are higher than forecast back in March.
- 1.3. With regard to the Housing Revenue Account, there are no new significant issues to report and in the context of its overall budget, the forecast net underspending is small.
- 1.4. With regard to General Fund, there are some key matters to highlight. The table overleaf provides a summary of the latest financial forecasts for both current year and next year. Cabinet will recall that both these years were balanced, based on the budget and financial strategy decisions taken by Council back in March.

2016/17 and 2017/18 Summary Position	2016/17 Position to Qtr 1 £'000	2016/17 Full Year Projection £'000	2017/18 Full Year Projection £'000
Savings Targets Not Achieved (Annex A)	+17	+535	+14
Employees (Annex B)	(159)	(224)	--
Transport / Premises / Supplies & Services (Annex B)	+7	(1)	--
Other additional income (Annex B)	(90)	(76)	--
Net Additional Business Rates Income (App A, section 4.1.2)	(237)	(237)	(633)
<b>NET (UNDER) / OVER (+) SPENDING</b>	<b>(462)</b>	<b>(3)</b>	<b>(619)</b>
<i>*Any underspendings are simply assumed to fall into Balances at this stage.</i>			

- 1.5. The table highlights that on top of the very minor £3K net underspending now forecast in the current year, a net underspending of £619K is projected for next year. Based on these projections, additional funds would be available to help manage other financial pressures or spending needs.
- 1.6. It can also be seen that a number of General Fund savings, approved as part of the 2016/17 budget, are not meeting their target and they are the main reason why the current General Fund net underspending is forecast to reduce by the end of the year. Three of the main areas relate to:
- Splash Park – income will be down by £50K (100% of target) for the year.
  - Charging for Green Waste Collection – income projected to be down by £458K (79% of target) for the year.
  - Energy Efficiency Savings – savings down £35K (50% of target) for the year.

The above are as a result of implementation issues or changes in approach for delivering the projects, for which more details are provided in section 2.3 of Appendix A. It is still anticipated however that in main, the bulk of savings will be fully achievable in 2017/18 and onwards. Green waste collection income is assumed to grow substantially from 2018/19, although this is still subject to Cabinet's future decisions on pricing policy.

- 1.7. One particularly significant positive point to note is that the General Fund budget will benefit from Renewable Energy business rate income, which after allowing for adjustments to the business rates tariff, will amount to additional income of £237K in the current year, rising to at least £630K in future years. There is scope for this income to increase further for the medium term - at least.

- 1.8. Drawing on the results of this quarter's monitoring work, the following table shows how General Fund's financial outlook to 2020 is expected to improve. The estimated savings requirements for 2018/19 and 2019/20, as set out in the Medium Term Financial Strategy (MTFS), have reduced significantly by £953K for 2018/19 and £938K for 2019/20. This is really good progress at this stage, but as touched on above it does make assumptions in respect of future year's pricing for the green waste collection service. That said, by no means are the updated forecasts based on a thorough reassessment of the Council's financial prospects, as that can only be completed later in the year.

Future Years Savings Requirements	2018/19 £'000	2019/20 £'000
<b>Current In-Year Savings Requirements as per MTFS</b>	<b>2,226</b>	<b>2,671</b>
Add: Savings Targets Not Achieved (Credit Card Charging – see Annex A)	+25	+26
Less: Savings Targets Exceeded (Green Waste Collection Charging – see App A section 2.3 for more details)	(342)	(325)
Less: Renewable Energy – Net Business Rates Income (see App A)	(636)	(639)
<b>Updated In-Year Savings Requirements</b>	<b>1,273</b>	<b>1,733</b>
<b>Forecast Improvement in Position</b>	<b>953</b>	<b>938</b>

- 1.9. To help manage the pressures on balances and the budget generally, and to help ensure the successful delivery of future savings programmes or other initiatives, a number of actions are outlined in the report and they key ones are summarised as:
- Seeking to implement green waste charging in some form later this year, to get the scheme in place and achieve some income.
  - Developing the next corporate planning and budgeting process over a two year planning period, to allow more time for better, more co-ordinated planning and development, and capacity building. The backdrop of a four-year Finance Settlement also helps with this, giving much more (but not absolute) certainly over medium term funding prospects.
- 1.10. More details are set out in the attached report.
- 1.11. In support, the latest update treasury management activities is included at **Appendix C**. The Property Group update is currently being reviewed and updated and a briefing note will be circulated in due course.
- 1.12. This report is primarily for information and therefore no options presented. Cabinet is requested to consider carefully the report and the various Officer actions set out, however, and indicate whether it wishes any further actions to be undertaken.

## RELATIONSHIP TO POLICY FRAMEWORK

This report is a requirement of the council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework and specifically in the Corporate Plan 2016-20.

## CONCLUSION OF IMPACT ASSESSMENT

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

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

## LEGAL IMPLICATIONS

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

## FINANCIAL IMPLICATIONS

As set out in the attached.

## OTHER RESOURCE IMPLICATIONS

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

References and any related implications are contained within the report and related appendices.

## SECTION 151 OFFICER'S COMMENTS

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

## MONITORING OFFICER'S COMMENTS

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

## BACKGROUND PAPERS

None.

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

**Ref:**

## Corporate Financial Monitoring

Quarter Ended 30 June 2016

Report of: Chief Officer (Resources & s151 Officer)

Financial Services Manager

### HEADLINE INFORMATION

- General Fund revenue budget has a current net underspending of £462K, which is projected to reduce to £3K by the year end.
- Allowing for the projected underspending, General Fund balances are currently forecast to be £4.519M by year end (with £3.019M available above the £1.5M minimum level. This is £334K higher than budgeted, allowing for last year's underspending).
- Housing Revenue Account (HRA) has a current net underspending of £20K, which is projected to increase to £23K by the year end.
- Allowing for that projected underspending, HRA balances are currently forecast to be £1.991M by year end (with £1.641M available above the £350K minimum level. This is £371K higher than budgeted, allowing for last year's underspending).



## 1. INTRODUCTION

This report provides a quarterly snapshot of the corporate financial position for the Council (as at the end of either June, September or December). It looks at the latest spend and income collected against profiled revised budgets, and where appropriate it provides a forecast projection for the full year, and for future years where possible. In addition, there are sections covering income collection and procurement.

The report is split into the following areas:

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

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

In addition, there is also a Collection Fund, as the Council acts as billing authority for all Council Tax and Business Rates income in the district. As well as helping to fund the City and Parish Councils, that income collectable is also shared with Government, Lancashire County Council, the Police and Crime Commissioner and the Fire Authority.

## 2. REVENUE MONITORING

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

### 2.1. Summary Position

#### 2.1.1. General Fund

With regard to General Fund, there are some significant matters to highlight. The table overleaf provides a summary of the latest financial forecasts for both current year and next year. Cabinet will recall that both these years were balanced, based on the budget and financial strategy decisions taken by Council back in March.

The summary shows that overall there is a current net underspending of £462K in this year, but this is anticipated to reduce to £3K by the year end. For next year, a net underspending of £619K is now forecast. If ultimately this materialises, those resulting funds would be available to help manage other financial pressures or spending needs.

More details of all variances are shown in **Annexes A & B**, as well as being summarised overleaf. In particular, the monitoring focuses on progress in achieving approved budget savings and on business rates income, as well as other more general variances.

<b>2016/17 and 2017/18 Summary Position</b>	<b>2016/17 Position to Qtr 1 £000's</b>	<b>2016/17 Full Year Projection £000's</b>	<b>2017/18 Full Year Projection £000's</b>
Shortfall in Approved Budget Savings (Annex A / Section 2.3)	+17	+535	+14
General Salaries/Staffing (Annex B /Section 2.4)	(159)	(224)	--
Transport / Premises / Supplies & Services (Annex B)	+7	(1)	--
Other additional income (Annex B)	(90)	(76)	--
Net Additional Business Rates Income (section 4.1.2)	(237)	(237)	(633)
<b>NET (UNDER) / OVER (+) SPENDING*</b>	<b>(462)</b>	<b>(3)</b>	<b>(619)</b>
<i>*Any underspendings are simply assumed to fall into Balances at this stage.</i>			

Drawing on the above results of this quarter's monitoring work, the following table shows how General Fund's financial outlook to 2020 is expected to improve. The estimated savings requirements for 2018/19 and 2019/20, as set out in the Medium Term Financial Strategy (MTFS), have reduced by £953K for 2018/19 and £938K for 2019/20. This is really good progress at this stage, but it does make assumptions in respect of future year's pricing for Green Waste Collection Charging – see section 2.3 for more details. That said, by no means are the updated forecasts based on a thorough reassessment of the Council's financial prospects, as that can only be completed later in the year.

<b>Future Years Savings Requirements</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
<b>Current In-Year Savings Requirements as per MTFS</b>	<b>2,226</b>	<b>2,671</b>
Add back: Undeliverable Savings Measures (Credit Card Charging – See Annex A)	+25	+26
Less: Assumed Additional Income from Approved Savings Measures (Green Waste Collection Charging – see section 2.3 for more details)	(342)	(325)
Less: Renewable Energy – Net Business Rates Income (section 4.1.2)	(636)	(639)
<b>Updated In-Year Savings Requirements</b>	<b>1,273</b>	<b>1,733</b>
<b>Forecast Improvement in Position</b>	<b>953</b>	<b>938</b>

### 2.1.2. Housing Revenue Account

For the HRA, there is a current net underspending of £20K at the end of Qtr 1, which is anticipated to increase to £23K by the year end. The main variances are shown in the following table:

	Current Position £000's	Full Year Projection £000's
Employees	+39	+36
Savings on lifeline charges	(36)	(36)
Savings on Cable Street Lease	(23)	(23)
<b>NET (UNDER) / OVER (+) SPENDING</b>	<b>(20)</b>	<b>(23)</b>

The HRA does not have any future savings requirements as the overall 30-year Business Plan is currently balanced, albeit with the use of reserves in the short term to offset the annual 1% reduction in rent until 2019/20. There has been no reassessment of the Fund's outlook beyond 2016/17, at this early stage in the year.

#### **S151 Officer Comments:**

Whilst no new material issues are forecast for the Housing Revenue Account, it is clear that apparent delays are being experienced in delivering some of the key savings required for General Fund in this year (or over-optimism exists in setting lead-in times). Where possible, action to mitigate their impact is currently underway and further updates will be fed into the appropriate Member meetings.

From a strategic perspective, although the overall future outlook has improved, it is important to ensure the timely delivery of future savings programmes. It is essential therefore that the next corporate planning and budgeting process allows sufficient time for the planning, development and challenge of budget proposals, and to ensure sufficient capacity to deliver is in place. The strategy and timetable for this is currently being drawn up, with a planning period leading up to 2018/19 (not just 2017/18).

More positively, the Council is set to benefit significantly from business rating income from renewable energy schemes, with this continuing at least for the medium term.

### 2.2. Balances

It is also important to report on the latest position on Balances, both following outturn and the latest forecasts for the current financial year. The following table sets out the position for both General Fund and the HRA, as at the end of June. Note that the last year's underspend figures are still subject to the 2015/16 accounts being given a clean bill of health by the auditors and being signed off at Audit Committee on 14 September 2016.

General Balances	General Fund £000's	HRA £000's
<b>As at 31 March 2016 - as Budgeted</b>	<b>(4,128)</b>	<b>(1,344)</b>
Budgeted Contributions	(57)	(276)
2015/16 Underspend	(331)	(348)
2016/17 Current Year Projections	(3)	(23)
<b>Projected Balances as at 31 March 2017</b>	<b>(4,519)</b>	<b>(1,991)</b>
Less Agreed Minimum Level of Balances	1,500	350
<b>Available Balances</b>	<b>(3,019)</b>	<b>(1,641)</b>
<i>Compared to MTFS Forecast for 31 March 2017</i>	<i>(2,685)</i>	<i>(1,270)</i>
<b>Increase</b>	<b>(334)</b>	<b>(371)</b>

**S151 Officer Comments:**

The Council's Balances position and its financial standing remains strong. This is crucial for supporting the Council in its future strategy for tackling the financial challenges ahead, notably from 2018/19 onwards.

**2.3. Approved Savings and Growth: Monitoring**

As reflected in the summary earlier, as part of the 2016/17 budget process various net savings measures amounting to £986K were approved by Council. This section provides an update on those approvals with more details being provided in **Annex A**.

The main variances to report are as follows:

- Splash Park – the project is being delivered in conjunction with the Salt Ayre Sports developer to ensure consistency of approach across the Council, and also to draw on their expertise in the leisure market. As a result it is now planned for the facility to go live in May 2017. This means that the income target of £50K will not be achieved this financial year, but it will be achieved in subsequent years.
- Charging for Green Waste Collection – it was originally envisaged that this would go live in August, but unfortunately this has not been achieved. Implementation of an optimum solution (to give a good customer experience with very efficient back office processes) will take longer and needs to link with other initiatives, such as upgrading the Council's Customer Relationship Management (CRM) systems and other service developments. It is recognised that within that current context therefore, the best way forward will be to implement an interim solution. It is now proposed to introduce charging from 01 January 2017, but with systems in place to take payments from 01 November 2016. As an incentive, if customers sign up before 01

April 2017, the initial charge will be £30 for a 15 month period (until 31 March 2018, instead of the pro rata amount of £37.50). Customers signing up after 31 March would pay the full amount of £37.50 for 2017/18. This is proposed to increase to £40 for all customers in 2018/19. A full update on the scheme and proposed pricing will be presented to Cabinet in October for consideration and approval.

The delayed start is forecast to result in an estimated shortfall in income of £458K in the current financial year. However, if the pricing proposals are approved by Cabinet then it is anticipated that the 2017/18 income budget will be met, with additional income of £342K forecast for 2018/19, which can feed into that year's budget planning. For clarity, this proposed pricing policy has already been assumed in the updated savings requirements table in section 2.3 (and therefore in the summary at 2.1.1 and the forecast balances position).

- **Energy Efficiency** – The energy efficiency works are based on an invest to save model which predicted a saving of circa £70K this financial year, subject to a capital investment in energy saving measures across the property portfolio totalling £1.376M. A large proportion of this spend and projected saving is earmarked for Salt Ayre and a decision has been taken to implement works in conjunction with the current redevelopment of the centre in order to avoid further customer disruption. As a result the energy works have been delayed as the two contractors need time to ascertain how the two projects can fit together. As a result, it is now likely that only 50% of the predicted saving will be achieved this financial year resulting in a loss of savings of £35K.

**S151 Officer Comments:**

As mentioned earlier, the above variances demonstrate the need for more effective planning when savings proposals are being developed and submitted. This is to ensure that sufficient, co-ordinated resources are available to implement such projects, that timescales are realistic and as such that financial assumptions are achievable.

Collectively, Management Team will continue to explore ways to help offset the shortfalls currently forecast in achieving the net budget savings target of £986K.

### 2.4. Salary Monitoring

At the end of June there are General Fund savings of £159K against the original budget and these are projected to increase to £224K by year end. For Council Housing there is a current overspending of £39K, which is expected to reduce to £36K for the full year. The overspending relates to delays in issuing central control staff with their notice periods.

**S151 Officer Comments:**

It is known that in various services areas (for example ICT, Development Control, Information Management, Accountancy) difficulties in recruitment and retention and general turnover may well have generated apparent savings, but with knock on adverse impact on service delivery. Capacity is being appraised across the organisation but this takes time. It is reiterated that addressing any identified capacity needs, or any other measures needed, will be a key aim of the forthcoming budget, through co-ordinated business planning and budgeting.

## 2.5. Repair and Maintenance Section – Trading Position

The work of this section is predominantly on the council housing stock. The total budget for the section is around £9.5M, and covers both in-house and contracted out provision for all repair and maintenance and capital works.

The following table sets out the financial position at the end of June. This shows there is currently an overspending of £16K against the profiled budget. At this stage of the year this is a relatively minor variance and does not warrant further investigation.

	<b>TOTAL £</b>
<b>INCOME</b>	<b>(826,507)</b>
EXPENDITURE	
Direct Labour	351,696
Direct Materials	207,225
Overheads	388,256
Recharged Revenue Work	537,710
<b>TOTAL EXPENDITURE</b>	<b>1,484,887</b>
<b>NET EXPENDITURE</b>	<b>658,380</b>
Profiled Budget	642,500
<b>Variance from Budget - Adverse/(Favourable)</b>	<b>15,880</b>

### S151 Officer Comments:

A further high level review of RMS is currently being scoped with external consultants, led by the Chief Officer (Environment). It is envisaged that this will help assess current value for money, what scope there is for improvement, how best that may be secured (through whatever delivery model) and what investment (in time, money, skills and other resources) might be required to achieve it.

## 3. CAPITAL MONITORING

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

### 3.1. General Fund Capital Programme

The latest gross capital programme stands at £16.643M for the current year. A number of changes to the approved programme have been made which are set out in the following table:

Changes to the Gross Programme	Expenditure	External Funding
<b>Original Gross Programme</b>	£000's <b>16,785</b>	£000's <b>(6,422)</b>
Slippage and accelerated expenditure from 2015/16	+195	(50)
Storey Institute – grant funded improvements, programme correction.	+8	(8)
Salt Ayre Changing Room Refurbishments – now incorporated into main redevelopment programme.	(30)	--
Bay Arena Improvements. New grant funded scheme, approved under delegation. Corresponding increase in grant income.	+50	(50)
Disabled Facilities Grants – additional contributions in respect of grants clawed back. Corresponding increase in grant income.	+5	(5)
Lancaster Square Routes – reduction in expenditure in line with reduction in anticipated contributions.	(3)	+3
MAAP – Improving Morecambe's Main Streets. Part of the scheme now being delivered directly by Lancashire County Council. Corresponding reduction of £315K in grant funding.	(367)	+315
<b>Overall Change to Gross Programme</b>	<b>(142)</b>	<b>+205</b>
<b>Updated Gross Programme</b>	<b>16,643</b>	<b>(6,217)</b>

At the end of June there were spend and commitments of £1.872M leaving £14.771M still to spend. Details of spend against each scheme is shown in **Annex C**. In terms of capital financing, £2.060M of the budgeted £6.217M has already been received.

The Property Group update report is currently being reviewed and updated and will be circulated separately as a briefing note.

### 3.2. HRA Capital Programme

The gross HRA Capital Programme currently stands at £4.541M, having been increased by £36K for approved slippage from the 2015/16 programme. Against this there are spend and commitments of £850K leaving £3.691M still to spend. Details of spend against each scheme are again shown in **Annex C**.

#### **S151 Comments:**

There are no specific actions to be taken at this time regarding capital investment, other than normal review and monitoring.

## 4. LOCAL TAXATION

### 4.1. Collection Fund Monitoring

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

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

		£000's
<b>Collection Fund Deficit (June 2016)</b>		<b>+18</b>
<b><i>Represented by In-Year Movements to Date:</i></b>		
Higher Council Tax Support than estimated	+23	
Net of Higher Second Homes/Lower Empty Homes income	+32	
Other Movements in the Tax Base	(37)	<b>+18</b>
<i>Of which 13% is due (to) / from (+) the City Council</i>		<b>+2</b>

As at 30 June, there is an estimated deficit of £18K of which the City Council would fund £2K.

This year's position is made up of:

- £23K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but since establishing the scheme proposals back in 2013, the trend is still that the total support being claimed is lower than expected;
- overall £32K lower than estimated income from second/empty homes (specifically identifiable);
- a balance of £37K relating to other movements in the tax base.

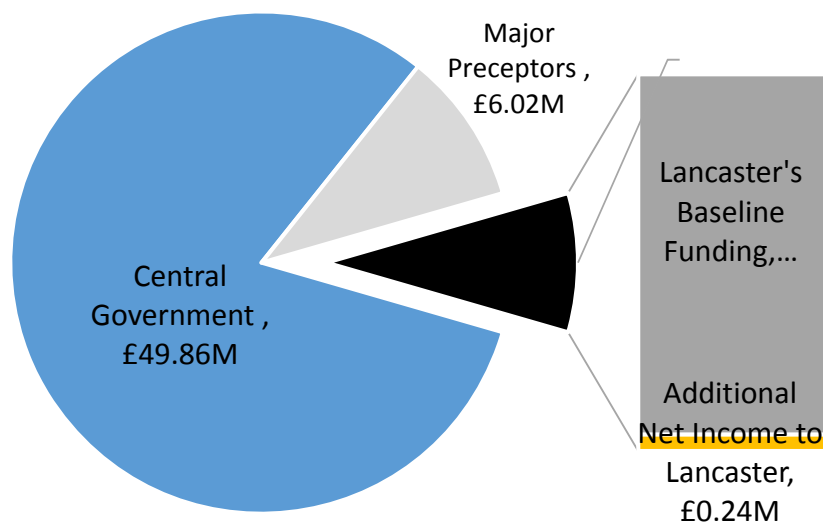
**S151 Officer Comment:**

At this stage, the position is broadly in line with budget expectations and/or previous year trends, therefore no additional actions are needed. Consultation on LCTS scheme is due to take place over the autumn and the scope of this will need agreeing with relevant Cabinet Members in the coming weeks.

**4.1.2. Business Rates Retention**

The following diagram shows how the net income collected from Business Rates is distributed between the relevant parties.

Net Collectable Business Rates Distribution





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

	Original Estimate £M	June-16 £M
Net Collectable Amount of Business Rates	(62.399)	(59.230)
Less: Provision for Appeals	2.215	3.269
<b>Net retained business rates</b>	<b>(60.184)</b>	<b>(55.961)</b>
Less: Central Government Share – 50%	30.092	27.980
Less: County Council & Fire Authority Share – 10%	6.018	5.596
<b>Lancaster's Retained Business Rates Share – 40%</b>	<b>(24.074)</b>	<b>(22.385)</b>
Less: Tariff payable to Central Government	19.928	19.928
Add: Small Business Rates Relief Grant	(1.104)	(1.199)
<b>Total Amount of Retained Business Rates</b>	<b>(5.250)</b>	<b>(3.656)</b>
Less: Lancaster's Baseline Funding Level	5.250	5.250
<b>Provisional Loss of Income</b>	<b>-</b>	<b>1.594</b>
<b>Safety Net Payment</b>	<b>-</b>	<b>(1.200)</b>
<b>Projected Loss of Income</b>	<b>-</b>	<b>0.394</b>
<b>Additional Adjustments:</b>		
Additional Tariff Adjustment	-	0.288
Renewable Energy Credit from 2015/16	-	(0.918)
<b>Overall Projected Net Position - (additional net income)</b>	<b>-</b>	<b>(0.237)</b>

*N.B. The Safety Net Threshold for 2016/17 is £4.856M.*

At the end of June there is a projected loss of general rating income of £394K for the City Council, which is the difference between the baseline funding position of £5.250M (as budgeted) and the safety net level of £4.856M. This worsening is primarily because of power station rating changes, as previously reported. However, there are two other annually recurring adjustments to make in respect of the tariff and renewable energy income from 2015/16 (again as previously reported) and combined, they are favourable by £630K overall. This brings the overall position back to a net surplus of £237K. Furthermore, the surplus income will be higher from 2017/18 onwards as the MTFS/budget forecasts for then are already based on the safety net.

#### **S151 Officer Comment:**

The net impact (currently at around £630K) from renewable energy income and the tariff adjustment should have a marked positive impact on future year budget projections to around 2020 and potentially beyond, depending on whether the renewable energy provisions are retained under 100% rates retention. In turn, these changes will free up the £381K currently being in the Business Rates Retention reserve. These matters are reflected to a degree in the summary table in section 2.1.1 and they will be expanded upon in the next MTFS / budget update.

Conversely, at present there still seems little scope for general business rate income prospects to improve. The Council is currently £1.2M below safety net. That represents the amount by which the City Council's share of income must increase by, before it can share in any business rate growth in the district. Grossed up, to allow for the County, Fire and Government's shares, it currently means that income must increase by £3M (or around 5%) in the district, before any share of growth can be retained.

## 4.2. Council Tax and Business Rates Collection

The percentages collected in year for both council tax and business rates are either on target or just slightly behind at the end of June.

Percentage Collected	Full Year Target	Target to Date	Actual to Date	Status
Council Tax	96.8%	29.4%	29.4%	On Target
Business Rates	98.8%	28.8%	28.3%	Slightly Behind Target

The reduction in the business rates collection rate is attributable to revised instalment plans being agreed for some comparatively large properties affected by last winter's floods. In addition, there have been a number of high value rate avoidance cases where legal action has been taken but payment has not yet been forthcoming (but will be pursued). At this stage therefore, it is expected that collection will be back on track by the year end.

### S151 Officer Comment:

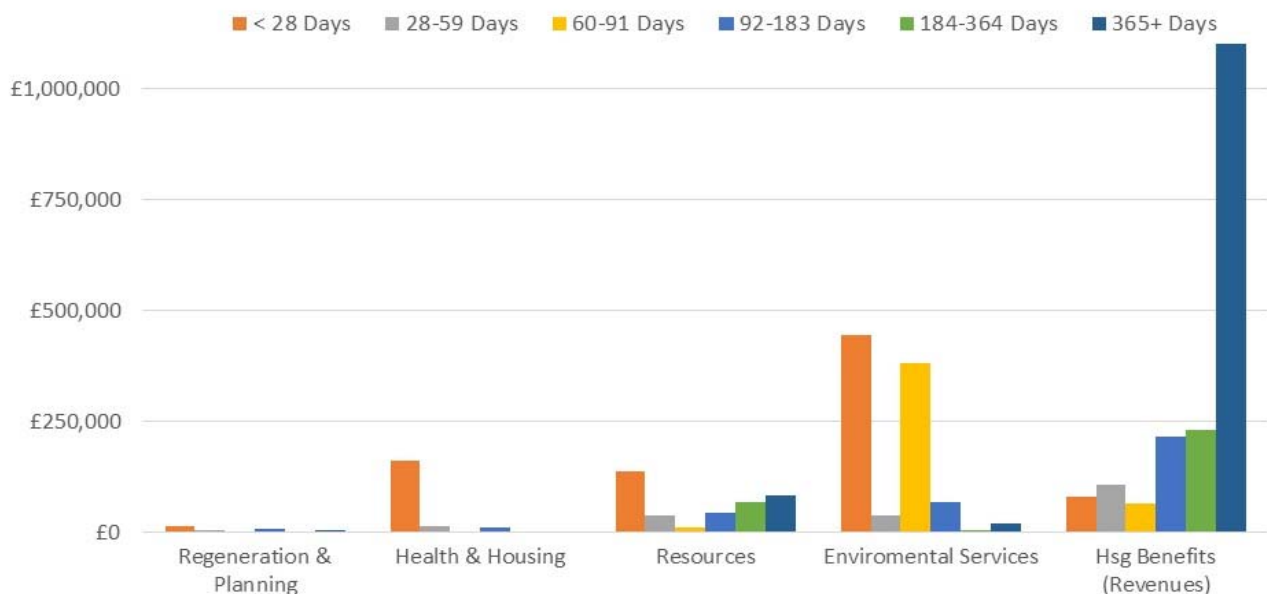
There are no specific actions to be taken at this time regarding local taxation collection, other than those as set out.

## 5. INCOME COLLECTION

### 5.1. Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of June the total debt outstanding was just under £3.6M, which is £436K lower than the previous quarter. The majority (£2M) still relates to housing benefit overpayments. The bad debt provision currently stands at £1.527M which is over provided by £27K. A further review of the provision will be carried out as part of the forthcoming budget process, with any additional contributions being made at that time.

	<b>March 16</b>	<b>June 16</b>
	£000's	£000's
0-28 days	1,658	841
29-58 days	256	205
59-90 days	193	464
91-182 days	231	352
183-363 days	357	307
364+ days	1,308	1,398
	<b>4,003</b>	<b>3,567</b>
Previous Year	3,945	3,377



SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	2016/17 QUARTER 1 TOTALS	Compared to 2015/16 Quarter 1 Totals
	£	£	£	£	£	£	£	£
Enviromental Services	445,122	39,498	381,429	70,100	4,887	21,210	962,247	957,008
Governance	-	-	-	-	-	-	-	8,380
Regeneration & Planning	14,965	5,833	-	7,961	2,683	4,977	36,419	26,578
Resources	136,827	37,170	12,406	45,398	68,784	83,444	384,029	418,189
Health & Housing	162,175	15,008	3,307	11,357	950	300	193,098	87,735
Hsg Benefits (Revenues)	81,966	107,847	66,923	216,655	229,850	1,287,555	1,990,796	1,878,964
<b>TOTAL</b>	<b>841,055</b>	<b>205,357</b>	<b>464,065</b>	<b>351,470</b>	<b>307,154</b>	<b>1,397,487</b>	<b>3,566,588</b>	<b>3,376,854</b>

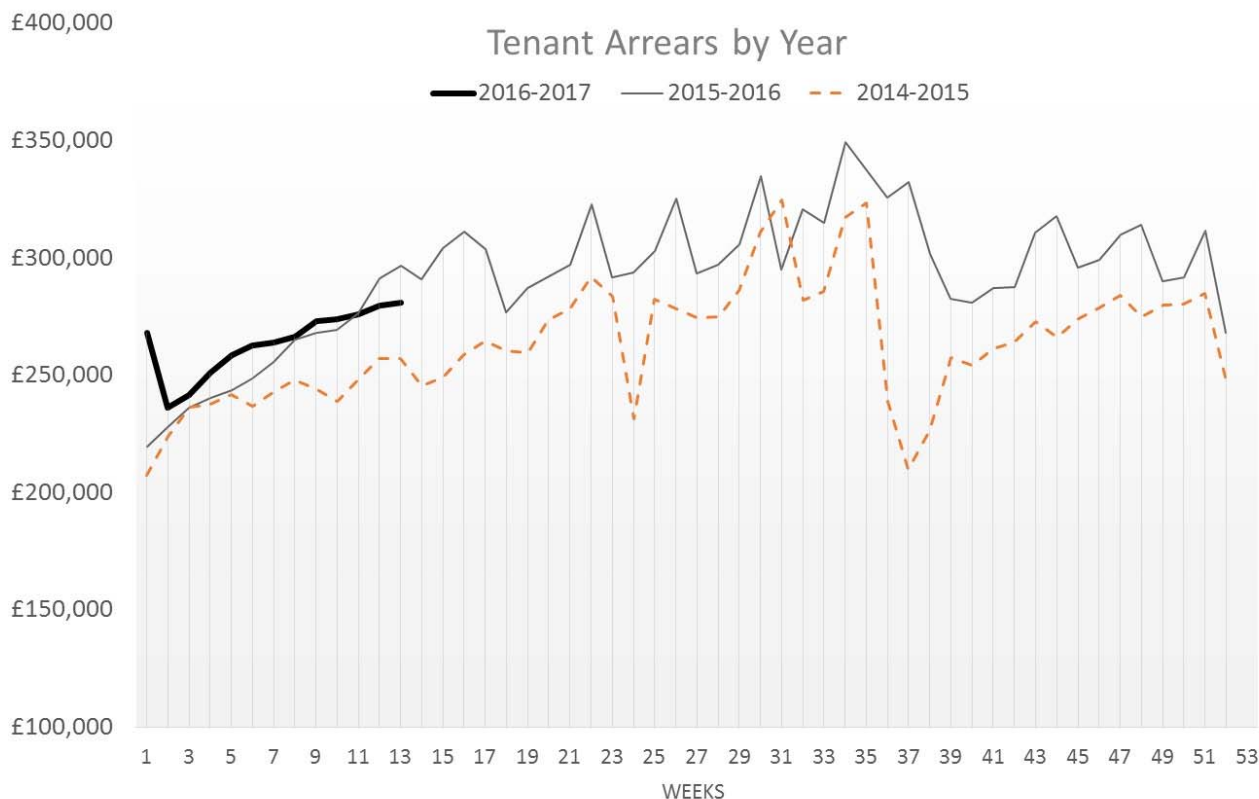
The overall level of debt has not significantly changed. A recent internal audit review of sundry debt management (excluding Housing Benefits) concluded that the level of assurance was substantial. However, a number of actions have been agreed to further strengthen procedures within services. These relate to the centralisation of reminder distribution, using debt collection agents more frequently and ensuring sufficient documentation/evidence is provided to legal services for the recovery of debts.

From a Housing Benefits perspective, the roll out of Universal Credit (UC) for new claimants (of working age) has continued and whether / to what extent this has bearing on the Council's ability to recover HB overpayments will be monitored as far as practicable. That said, the transfer of existing HB claimants (of working age) to UC is not scheduled to take place for a number of years and at this stage, there are no firm plans regarding changing the housing benefit system for pensioners. It is expected therefore that there will be plenty of time to manage and plan for any further implications regarding HB overpayment recovery prospects.

## 5.2. Council Housing Rent Arrears

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

The following chart shows the current level of arrears compared to the previous 2 years. At the end of June, the level of arrears is £281K (2015/16 Qtr 1 £297K) which is only £13K higher than the previous quarter. Given this, no specific actions are proposed at this time.



### S151 Comments:

There are no specific actions to be taken at this time regarding general income collection, other than those as referred to.

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

### 6.1. Exceptions to Tender

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

- There was one exception to tender during the period relating to the resurfacing of Salt Ayre Sports Centre car park (contract value £45K) which was brought forward to coincide with the overall redevelopment programme at the Centre.

## 7. BREACHES OF FINANCIAL REGULATIONS

### 7.1. Bold Street Housing Regeneration Site Works Capital Scheme

In accordance with the Financial Regulations (Section 2.5.2) the Section 151 Officer is responsible for reporting any breaches of the regulations to Council and/or Cabinet and/or Audit Committee. In this case it is appropriate to report also to Cabinet.

During 2015 it was brought to the attention of officers from within Resources (Financial Services) that a property had been purchased as part of the Bold Street Housing Regeneration site works, although that purchase had not originally been planned. As a result, the project could not be delivered as expected and there is currently a budget shortfall of £20.5K to complete the acquisitions and demolition to deliver a cleared site. A report elsewhere on this agenda sets out proposals for moving the project forward.

#### **Action Taken:**

As a result of the situation an initial investigation was undertaken by the Internal Audit Manager, which in turn led to appropriate management action being taken.

Individual shortcomings have become evident as a result of this and have been dealt with accordingly. In addition, some systemic weaknesses were also identified which have now been addressed by relevant officers, for example improved management arrangements, liaison between services and improved financial monitoring processes.

# GENERAL FUND - 2016/17 APPROVED SAVINGS AND GROWTH MONITORING

Approved Savings	Income Generation					2017/18 Approved Budgeted Savings	Updated 2017/18 Projections
	Environmental Services					£	£
	Charging for Splash Park Admission	0	50,000	50,000	↓	(56,500)	(56,500)
	Charging for Event Applications	(2,000)	(350)	1,650	↓	(2,000)	(2,000)
	Charter Market	(2,700)	(2,430)	270	↓	(2,800)	(2,520)
	Festival Market	(9,900)	(9,900)	↑	Implemented and on target.	(10,100)	(10,100)
	Bulky Waste	(6,600)	(6,600)	↑	Implemented and on target.	(6,700)	(6,700)
	Bins and boxes (current policy)	(9,000)	(9,000)	↑	Implemented and on target.	(9,200)	(9,200)
	Extending Charging Policy for bins and boxes (all households)	(92,300)	(92,300)	↑	Implemented and on target.	(94,100)	(94,100)
	Green Waste - charging for Collection	(505,000)	(46,800)	458,200	↓	(870,000)	(878,700)
	Electric Car Charging Points - Introduction	0	0		→	(10,000)	(10,000)
	Health & Housing						
	Disabled Facilities Grant Admin. Fees - Increase to 18%	(14,400)	(14,400)	↑	Implemented and on target.	(14,700)	(14,700)
	Pest Control - Additional Contracts	2,500	2,500	↑	Three year marketing strategy being developed. Future savings still expected to be achieved.	(25,000)	(25,000)
	HMO Licence Fees - Cease Refunds	(1,000)	(1,000)	↑	Implemented. No savings made in Qtr1 but expected to achieve target by end of year.	(1,000)	(1,000)
	Cemetery Fees - Increase by additional 3%	(6,900)	(6,900)	↑	Implemented and on target.	(7,000)	(7,000)
	Statutory Notices (Housing Act 2004) Fee Increase	(1,000)	(1,000)	↑	Implemented and expected to achieve target by end of year - £200 additional income in Qtr1.	(1,000)	(1,000)
	Resources						
	Charging for Credit Card Payments	10,000	0	(10,000)	↓	(25,000)	0
	Sub Total					(638,300)	(138,180)
Invest to Save Schemes							
Health & Housing							
Salt Ayre Sports Centre - Developer Partnership	110,000	110,000		↑	(400,000)	(400,000)	
Resources							
Corporate Property - Energy Efficiency Works	(69,700)	(35,000)	34,700	↓	(40,100)	(40,100)	
Sub Total					40,300	75,000	34,700

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Annex A

		Current Budget	Full Year Projection	Full Year Variance	RA G	Comments on Variances	2017/18 Approved Budgeted Savings / Growth	Updated 2017/18 Projections
Approved Savings	Service Efficiencies and Reductions							
	Environmental Services							
	Management & Administration Restructure	(93,800)	(93,800)		↑	Implemented and on target. Initial restructure is in place with future changes planned.	(100,000)	(100,000)
	Building Cleaning Review	0	0		↑	The review is progressing and future savings are still on target to be achieved.	(10,000)	(10,000)
	CCTV - Termination of Contracts	0	0		↑	Implemented. All contractors associated with providing and maintaining the public space CCTV system have been notified of the Council's decision to cease operating the system from March 2017.	(177,700)	(177,700)
	Cease Winter Bedding	(45,000)	(45,000)		↑	Implemented - saving already achieved.	(45,900)	(45,900)
	Parish Toilets - 50% Reduction in Contributions	(14,600)	(14,600)		↑	Implemented - saving already achieved.	(14,900)	(14,900)
	Litter Enforcement Services - 12 Month Pilot	(60,000)	(60,000)??		→	Report due to go to Cabinet in October on options. The savings to be achieved will depend on the outcome of the report and Members approval.	(60,000)	(60,000)??
	Governance							
	Grants to VCFS - LESS Grant Funding Withdrawal	(4,300)	(4,300)		↑	Implemented - saving already achieved. Funding withdrawn.	(4,300)	(4,300)
	Health & Housing							
	Community Pools - Termination of Management Responsibility	157,800	157,800		→	Underway - notice periods being discussed with County Council. Also, discussions have been taking place between officers, the schools, Sport England, Amateur Swimming Association and Lancashire Sport. Further updates will be provided to Members in due course.	(176,700)	(176,700)
	Sports Development - Reduction in Service	(9,300)	(9,300)		↑	Restructure undertaken and team reduced to 3 with effect from 03 June 2016. Full saving achieved.	(50,500)	(50,500)
	International Youth Games - Withdrawal	(59,900)	(59,900)		↑	Implemented - saving already achieved. The position has been confirmed with partner countries that the Council has withdrawn from current and future years games.	(27,200)	(27,200)
	Marsh Community Centre - Funded from HRA	(13,700)	(13,700)		↑	Implemented - saving already achieved. Funding now provided from within the HRA.	(14,000)	(14,000)
	Regeneration and Planning							
	Events - Funding Reductions	0	0		↑	Implemented - savings will take effect from April 2017.	(22,700)	(22,700)
Resources								
Finance Section - Restructuring	(23,300)	(23,300)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (although with knock on service impact).	(24,300)	(24,300)	
Internal Audit - Restructuring	(21,700)	(21,700)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Again, delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (again with knock on service impact).	(21,900)	(21,900)	
	Sub Total	(187,800)	(187,800)	0			(750,100)	(750,100)
Re-Financing Options								
Capital Programme Financing (MRP)	(375,000)	(375,000)	0	↑	Implemented - saving already achieved.	(343,000)	(343,000)	
	TOTAL	(1,160,800)	(625,980)	534,820			(2,668,300)	(2,651,720)
Approved Growth	Environmental Services							
	Cashless Parking	5,000	5,000		↑	Implemented - contract now in place until September 2019. However, the service is being transferred to the County contract w.e.f.. August 2017, which will allow the City Council to benefit from more preferential rates for fees associated with taking electronic payments for the service.	5,100	5,100
	Regeneration & Planning							
	Development Management Capacity	69,900	69,900		↑	Implemented - additional funding for permanent posts added to 2016/17 and future years budgets.	72,200	72,200
	MAAP - Euston Rd, Marine Rd Central, Queens St, Victoria St.	0	0		↑	Schemes are progressing, however certain elements will now be delivered by the County Council and some have slipped into 2017/18. As a result the cost of financing will reduce in future years, but the exact amount is still to be determined.	3,000	?
	Resources							
Digital Workplace	100,000	100,000		↑	Adapt2Digital have been engaged to assist with the strategic approach being taken to develop the digital workplace and transformation generally. Two workshops have already taken place and two more are taking place in August.	?	?	
	TOTAL	174,900	174,900	0			80,300	77,300
Budgeted Net Savings ⇨		(985,900)	(451,080)	534,820	⇨ Variance to Budget		(2,588,000)	(2,574,420)
Potential Budget Shortfall for 2017/18							13,580	



## CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances Adverse / (Favourable)		Projection for Year Adverse / (Favourable)	
			£	£	£	£
Employees	Environmental Services	Turnover savings	14,800		(18,000)	
	Governance Services	Turnover savings	(900)		(21,200)	
	Health & Housing	Turnover savings	(48,000)		(46,800)	
	Management Team	Turnover savings	(26,000)		(48,900)	
	Regeneration & Planning	Turnover savings	(27,900)		-	
	Resources	Turnover savings	(71,000)	(159,000)	(89,100)	(224,000)
Transport	Environmental Services	Increased fuel costs greater than anticipated	3,300	3,300	13,400	13,400
Premises	Environmental Services	Business Rates savings at White Lund Depot.	(7,200)		(7,200)	
	Resources	Additional rates on vacant commercial properties.	10,200	3,000	5,000	(2,200)
Supplies & Services	Environmental Services	Car Parks - cash collection and enforcement cost lower than expected.	(3,700)		(14,800)	
		Vehicles lease extended and additional waste disposal charges.	5,600		8,200	
	Resources	Savings on council tax searches.	(1,500)	400	(6,100)	(12,700)
Fees & Charges	Environmental Services	Car Parks - Reduced income from off street pay and display and fines.	23,400		69,600	
		Williamson Park - increased net income due to increased footfall - new play area and new menu at café.	(21,500)		(35,200)	
		Increased income from bulky waste collections.	(1,900)		(5,000)	
		City Centre markets & traders - income down due to greater turnover of traders than expected and subsequent vacant pitches, work is taking place to try and fill some of these.	4,000		10,000	
	Governance Services	Search fee income due to HMRC delay in introducing VAT change.	(7,500)		(10,000)	
	Health & Housing	Cemeteries income - reduced internment fees and sale of grave spaces. Forecast based on current demand projected to year end.	10,500		23,900	
		Community Swimming Pools - loss of private hire contract and reduced lessons.	13,800		12,000	
	Regeneration & Planning	Engineers - additional fees charged to capital schemes.	-		(7,000)	
	Resources	Additional grants for New Burdens and Localised Council Tax Support	(106,300)		(133,300)	
		Net increased rent on commercial properties.	(4,600)	(90,100)	(1,000)	(76,000)
TOTAL				(242,400)		(301,500)



## GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2016/17 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
Environmental Services	Bins & Boxes Lease Buy-Out	74,000	0	0	0	(74,000)
	Car Park Improvements Programme	84,000	-	1,292	1,292	(82,708)
	District Playground Improvements	43,000	0	0	0	(43,000)
	Middleton Solar Farm Study	6,000	-	-	-	(6,000)
	Purchase of Vehicles	1,223,000	34,184	27,601	61,785	(1,161,215)
Health & Housing Services	Disabled Facilities Grants	1,895,000	213,025	-	213,025	(1,681,975)
	SASC Redevelopment	2,745,000	180,268	220,300	400,568	(2,344,432)
	Warm Homes Scheme	1,000	0	0	0	(1,000)
Regeneration & Planning	Sea & River Defence Works & Studies	3,625,000	465,487	56,156	521,642	(3,103,358)
	Amenity Improvements (Morecambe Promenade)	27,000	0	0	0	(27,000)
	Luneside East	7,000	0	0	0	(7,000)
	Lancaster Square Routes	30,000	0	0	0	(30,000)
	Morecambe TH12: A View for Eric	882,700	165,371	-	165,371	(717,329)
	MAAP Improving Morecambe's Main Streets	492,900	125,477	21,771	147,248	(345,652)
	King St/Wellington Terrace Affordable Housing s106 Scheme	90,000	0	0	0	(90,000)
	Middleton Nature Reserve s106 Scheme	4,000	0	0	0	(4,000)
	Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000	0	0	0	(1,000)
	Lancaster District Empty Homes Partnership	200,000	24,000	-	24,000	(176,000)
	Bay Arena Improvements	50,000	0	0	0	(50,000)
	Highways Works s106 Schemes	485,000	-	21,000	21,000	(464,000)
Resources	Corporate Property Works	2,786,400	60,097	148,470	208,567	(2,577,833)
	Energy Efficiency Works	1,376,000	0	0	0	(1,376,000)
	ICT Systems, Infrastructure & Equipment	515,000	52,087	55,772	107,859	(407,141)
<b>Total Gross Programme</b>		<b>16,643,000</b>	<b>1,319,997</b>	<b>552,361</b>	<b>1,872,358</b>	<b>(14,770,642)</b>

## Grants &amp; Contributions

Capital Contributions Income	(5,000)	(14,920)	-	(14,920)	(9,920)
Capital Grants Income	(6,212,000)	(2,044,646)	-	(2,044,646)	4,167,354
<b>Total External Income from Grants &amp; Contributions</b>	<b>(6,217,000)</b>	<b>(2,059,566)</b>	<b>-</b>	<b>(2,059,566)</b>	<b>4,157,434</b>

<b>Total Net Programme</b>	<b>10,426,000</b>	<b>(739,570)</b>	<b>552,361</b>	<b>(187,208)</b>	<b>(10,613,208)</b>
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## HRA CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2016/17 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
Health & Housing Services	Adaptations	250,000	20,860	291	21,151	228,849
	Energy Efficiency Boiler Repla	575,000	30,742	9,713	40,455	534,545
	Environmental Improvements	736,000	96,291	160,956	257,247	478,753
	External Refurbishments	1,001,000	-	-	-	1,001,000
	Fire Precaution Works	200,000	4,173	-	4,173	195,827
	Kitchen Bathroom Replacement	1,135,000	108,063	381,690	489,752	645,248
	Re-roofing & Window Renewals	556,000	-	-	-	556,000
	Rewiring	88,000	5,861	30,875	36,737	51,263
<b>Total Gross Programme</b>		<b>4,541,000</b>	<b>265,989</b>	<b>583,525</b>	<b>849,515</b>	<b>3,691,485</b>

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

# Treasury Management Update

Quarter Ended 30 June 2016

## 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (through the reporting of the Treasury Management Strategy, and annual and midyear reports). This report is in line with best practice in accordance with that Code, to help demonstrate transparency and promote accountability.

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

*UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country. However, the 2015 growth rate finally came in at a disappointing 1.8% so this shows that growth had slowed down, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back again to +0.4% (2.0% y/y) in quarter 1 of 2016. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum. However, since the peak in November 2015, sterling has fallen against the Euro by 14% which will help to make British goods and services much more competitive. In addition, the Chancellor has announced that the target of achieving a budget surplus in 2020 will have to be eased in order to help the economy recover from the expected slowing of growth during the second half of 2016.*

*The May Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, the falls in the price of oil and food twelve months ago will be falling out of the calculation of CPI during 2016 and in addition, the recent 10% fall in the value of sterling is likely to result in a 3% increase in CPI over a time period of 3-4 years. There is therefore likely to be an acceleration in the pace of increase in inflation which could make life interesting for an MPC that wants to help promote growth in the economy by keeping the Bank Rate low.*

*In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016. In response to a continuation of weak growth, at the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) and is expected to continue growing but at only a modest pace. The ECB is also struggling to get inflation up from near zero towards its target of 2%.*

### 3. UK Sovereign Rating

On 27 June the three main rating agencies made the following changes to their UK sovereign ratings:

Standard & Poors – Downgraded from “AAA” to “AA”, outlook unchanged at Negative.

Fitch – Downgraded from “AA+” to “AA”, outlook changed from Stable to Negative.

Moody’s – Rating Affirmed at “Aa1”, outlook changed from Stable to Negative.

The changes were in response to the outcome of the referendum held on 23 June, and their views that it will result in a period of uncertainty for the UK, and that it will have a negative impact on the UK economy, public finances and political continuity. In addition, a slowdown in short-term GDP growth is anticipated due to diminished confidence and lower spending and investment.

The Council’s Treasury Management Strategy already excludes the UK sovereign rating from its investment matrix, therefore, there is no direct impact on investment decisions as a result of the changes.

### 4. Interest Rate Forecast

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

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	1.00%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%
10yr PWLB rate	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.90%
25yr PWLB rate	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%
50yr PWLB rate	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%

Capita Asset Services undertook a quarterly review of its interest rate forecasts on 4 July 2016 after letting markets settle down somewhat after the Brexit result of the referendum on 23 June. It is generally agreed that the referendum outcome will result in a slowing in growth in the second half of 2016 at a time when the Bank of England (BoE) has only limited ammunition in its armoury to promote growth by using monetary policy. From the interest rate forecast review, it was expected that the Bank Rate would be cut by 0.25%, at some point in the second quarter [and this was subsequently actioned by the BoE on 04 August]. The review commented that the rate could even be cut to 0% or 0.10% over that quarter. Thereafter, it is not expected that the MPC will take any further action on the Bank Rate in 2016 or 2017 as it is expected the pace of recovery of growth to be weak during a period of great uncertainty as to the final agreement between the UK and the EU on arrangements after Brexit. However, the MPC may also consider renewing a programme of quantitative easing; the prospect of further purchases of gilts in this way has already resulted in 10 year gilt yields falling below 1% for the first time ever. The Bank Rate is not expected to start rising until quarter 2 2018 and for further increases then to be at a slower

*pace than before. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual once they do start.*

## 5. Annual Investment Strategy

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

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

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

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

Investment rates available in the market were broadly stable during the first half of the quarter. They then took a slight downward path in the second half, concluding with a significant drop after the referendum. This reflected a sharp rise in expectations of an imminent cut in the Bank Rate, coupled with rates expected to remain lower for longer thereafter.

The average level of funds available for investment purposes during the quarter was £42M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

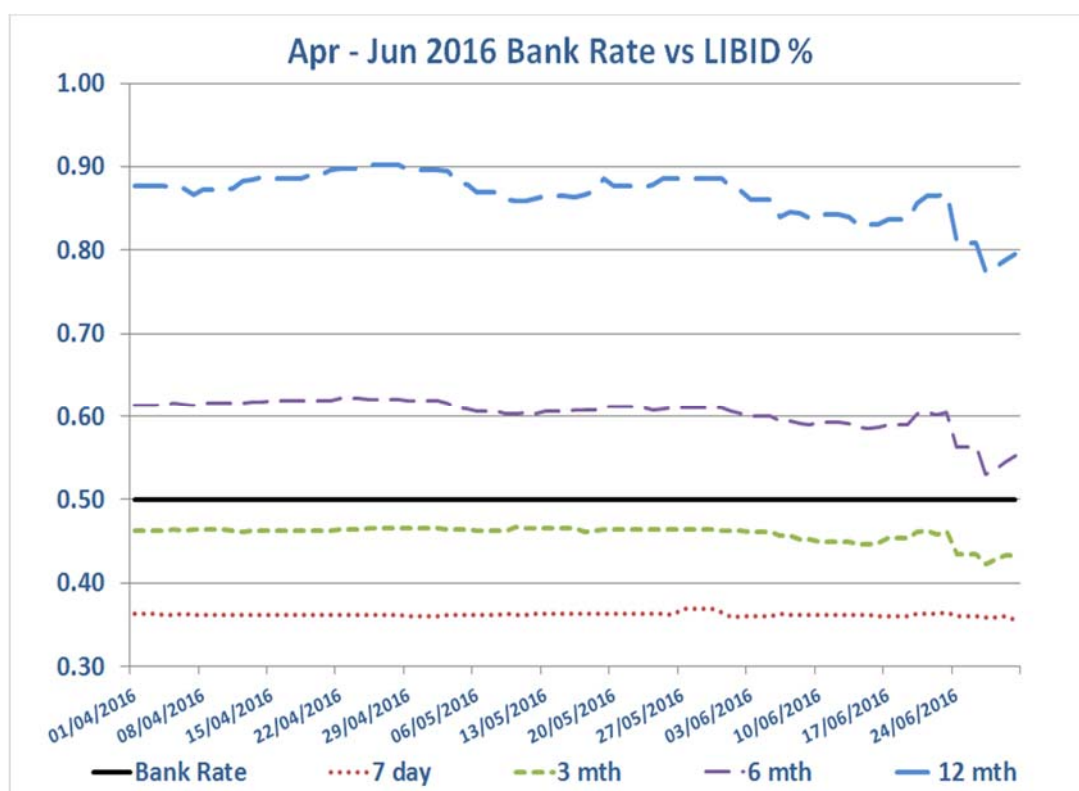
In terms of performance against external benchmarks, the return on investments compared to the 7 day LIBID and bank rates over the year to date is as follows. This is viewed as reasonable performance, given the need to prioritise security of investments, and liquidity (i.e. making sure that the Council's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

Base Rate	0.50%
7 day LIBID	0.36%
Lancaster City Council investments	0.51%

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

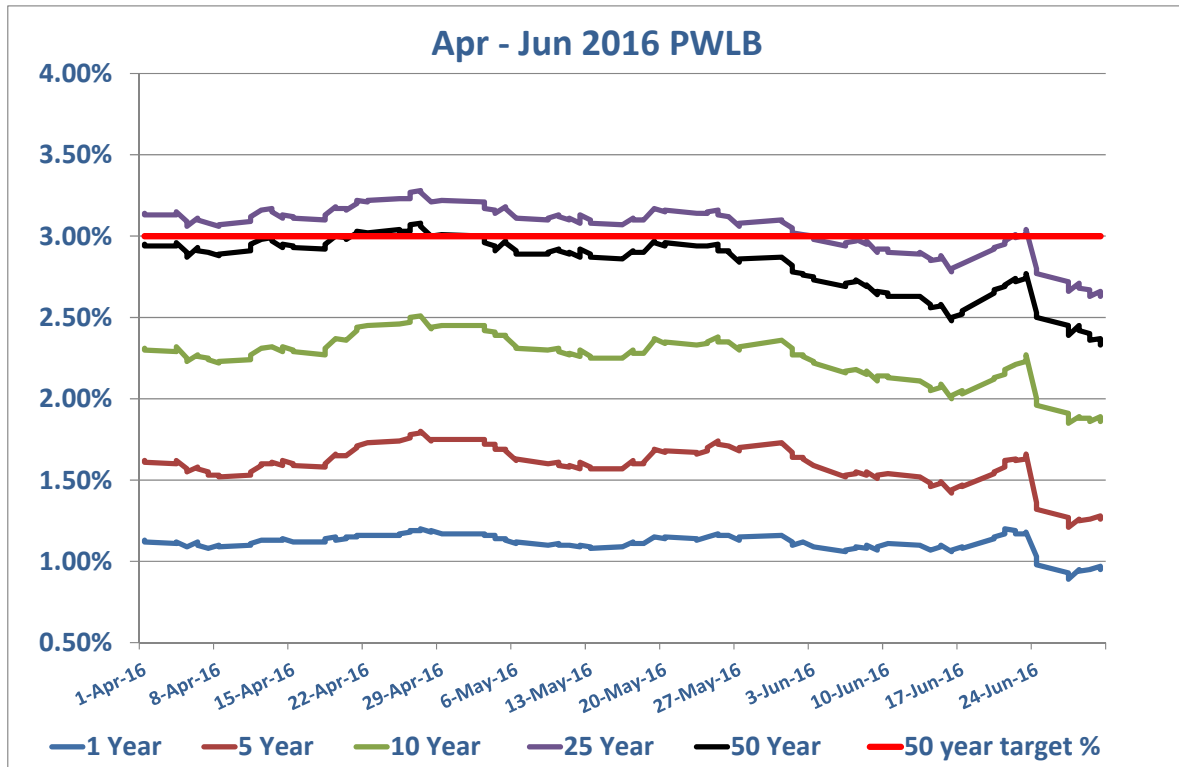
Other Investments	Term	Maturity Date	Opening £	Closing £	Indicative Rate (YTD)	Current Fixed Rate	Interest for Q1 £
<b>Call Accounts</b>							
Natwest (Cash Manager Plus)			231,415	38,555		0.25%	170
Santander			2,000,000	0		0.40%	242
<b>Notice Accounts</b>							
Svenska Handelsbanken (35 day)			3,000,000	6,000,000		0.45%	6,588
<b>Money Market Funds</b>							
Insight			216,000	470,000	0.46%		3,677
Blackrock Liquidity First			6,000,000	6,000,000	0.48%		7,166
Goldman Sachs			0	0	0.46%		215
LGIM			6,000,000	6,000,000	0.50%		7,547
Ignis			6,000,000	6,000,000	0.51%		7,636
<b>Fixed Term Deposits</b>							
Barclays	6 months	15/04/2016	2,000,000	0		0.69%	529
Barclays	3 months	01/07/2016	0	1,000,000		0.48%	1,197
Barclays	3 months	15/07/2016	0	2,000,000		0.48%	1,999
Lloyds	6 months	20/07/2016	2,000,000	2,000,000		0.75%	3,699
Lloyds	3 months	30/06/2016	0	1,000,000		0.57%	1,405
Birmingham City Council	6 months	29/04/2016	12,000,000	0		0.47%	4,326
Birmingham City Council	6 months	28/10/2016	0	12,000,000		0.48%	9,784
<b>Sub-total</b>			<b>39,447,415</b>	<b>42,508,555</b>			<b>56,180</b>

Budgeted income **50,000**  
**6,180**



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

As depicted in the graph(s) below, there has been significant volatility in PWLB rates during quarter 1 culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an 'IN' result for the referendum. This was followed by a sharp rise in the run up to the referendum day as the polls swung the other way, followed by a sharp fall to the end of the month in anticipation that there is likely to be further quantitative easing purchases of gilts in the coming months.



During the quarter ended 30 June 2016, the 50 year PWLB target (certainty) rate for new long term borrowing remained at 3%. (However, the target rate was cut to 2.20% on 4 July 2016 due to the sharp fall in gilt yields after the referendum.)

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

## 7. Debt Rescheduling

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

## 8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy.

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

### **9. Risk Management**

The recent changes in the UK sovereign rating following the referendum have no direct impact on the Council's ability to invest as it has excluded the UK from its sovereign rating criteria overlay. Furthermore, the changes are not considered to represent a material risk to the Council's current investment strategy.

There is financial risk attached to the longer term debt portfolio (associated with interest rate exposure) as all of the debt is on fixed interest but there has been no change to this over the quarter. Low investment returns mean that using cash invested to repay debt can appear more attractive, however this is not a financially viable option at present due to the penalties associated with early repayment.



## CABINET

### Coastal Communities Teams

6<sup>th</sup> September 2016

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

<b>PURPOSE OF REPORT</b>			
To obtain the agreement of cabinet for the City Council to bid for Coastal Communities Team (CCT) status for an area based around the central areas of Morecambe and Heysham, and to act as accountable body for funds in the event of a successful bid. Members are also asked to support Morecambe Bay Partnership's proposal for a Morecambe Bay CCT for the smaller settlements along the coastline.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	23 <sup>rd</sup> August 2016		
This report is public			

### RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

That:

- (1) Members agree to the city council bidding for Coastal Communities Team status for central Morecambe and Heysham and to act as the accountable body for the £10K resources should the application be successful.
- (2) That the revenue budget is updated accordingly in the event that the application for Coastal Communities status is successful.
- (3) Members formally support Morecambe Bay Partnership's proposal for a Morecambe Bay CCT for the smaller settlements along the coastline, subject to confirmation that relevant local partners in these areas support this approach.

## 1.0 Introduction

- 1.1 In 2015 the Coalition Government outlined a new programme inviting local areas to participate in the creation of Coastal Community Teams (CCTs). These teams, consisting of a grouping of local stakeholders, would be provided with £10,000 of grant funding, via an accountable local authority body, to help them develop either an economic plan or to progress initial priorities. A new CCT invitation round has recently been launched by the current Government via the Department of Communities and Local Government (DCLG) who note that:

*“The government is impressed with the work undertaken by existing Teams and by the momentum and enthusiasm that becoming a Coastal Community Team has engendered in local communities”.*

- 1.2 Full details of the CCT concept are available in the attached prospectus (Appendix 1). In summary, the stated aims of CCT are to:
- Encourage greater local partnership working in coastal areas
  - Support the development of local solutions to economic issues facing coastal communities
  - Establish a network of teams across England who can work together and with Government to tackle issues facing coastal communities, and:
  - Encourage the sustainable use of heritage/cultural assets to provide both a focus for community activities and enhanced economic opportunities.

## 2.0 Background

- 2.1 The current Government is continuing a policy trend initiated by the previous Coalition Government in giving a higher profile to the needs of Coastal Communities. In the previous invitation round, Economic Development officers met the regional DCLG officer to discuss whether Lancaster City Council was interested in applying for CCT status to support strategies and plans or to progress initial priorities.
- 2.2 While it is not obligatory to have CCT status to apply for coastal funding (e.g. from Coastal Communities Fund) the Government believes this type of forum is a good way of formally engaging with coastal communities. It is clear Government sees CCT status as a significant asset for a locality when it comes to considering grant awards and ministerial/policy attention.
- 2.3 CCT status is not a ‘given’ on application. The prospectus notes funding of £200,000 is available in 2016-17 to provide up to 20 new CCTs with £10,000 of grant funding to progress an economic plan or progress initial priorities. As the funding is revenue, it must be spent by the end of March 2017.
- 2.4 Partners, including the Chamber of Commerce and Morecambe BID, have previously discussed the opportunity of a CCT and there is a high level of

interest in developing a proposal for the area, which is seen as an opportunity to develop a clear plan to deliver local economic improvements. Given the economic and community connections with Heysham, it seems appropriate to work across this wider urban area, creating a CCT proposal that is cohesive.

- 2.5 Alongside the Morecambe/ Heysham potential CCT and the existing CCT in Barrow, Morecambe Bay Partnership (MBP) is exploring the opportunity bring together the interests of a number of smaller settlements along the coastline in both South Lakes and Lancaster districts. This could present an opportunity for areas that may struggle to achieve CCT status on their own. If successful, this approach would create a cohesive network of CCT's around Morecambe Bay with the potential for joint working where appropriate in areas that may struggle to achieve CCT status on their own.
- 2.6 Whilst the City Council can support MBP's approach, in principle, it will be important for MBP to gain appropriate support from appropriate partners in each of the relevant settlements as well, particularly as this approach would preclude them from applying for CCT status in their own right in the future.
- 2.7 There is no requirement for the City Council to act as the accountable body for the MBP proposal, although the Council, as well as other local partners would be party to the development of the CCT application.
- 2.8 If both the Morecambe/ Heysham and the MBP proposals were successful and bearing in mind the existing Barrow CCT, there is the potential for joint working across the Bay where appropriate.

### **3.0 Proposal Details**

- 3.1 CCT's should be strategic and have an economic focus. In the case of Morecambe / Heysham there are various opportunities a CCT could focus on. This could include core elements of Morecambe Area Action Plan (MAAP) implementation, the visitor economy and business growth opportunities along the whole of the coastal area. In terms of MAAP, there is already a focus on encouraging economic development and puts a potential CCT "ahead of the game" in terms of already having an officially recognised plan.
- 3.2 Officers propose applying for a CCT for Morecambe and Heysham, with the city council acting as the accountable body, potentially with representation from core local economic interests as follows:

- Morecambe BID
- Marketing Lancashire
- North Lancashire Chamber
- West End Millions
- Lancaster City Council
- Morecambe Town Council
- Lancashire County Council
- Heysham Neighbourhood Council

This body would meet as required to consider matters of strategic interest. Further dialogue with the wider community / stakeholders could be undertaken by means of an annual General Meeting or annual consultation event/programme.

- 3.3 The application process is relatively straightforward and the criteria can be met. The application deadline is 30 September and needs to be supported by a letter from a local authority confirming it is prepared to act as the accountable body for the £10K resources offered.

#### 4.0 Details of Consultation

- 4.1 The North Lancashire Chamber and Morecambe BID have also expressed support for a potential application for a Morecambe CCT and would welcome the opportunity to become partners.

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

- 5.1 The following options can be considered:

	<b>Option 1: Do nothing – decline to submit a CCT bid.</b>	<b>Option 2: Agree to submit a bid for CCT status and act as accountable body.</b>
Advantages	No officer resources required to administer and support a partnership forum.	<p>Consistent with the council's and partner's regeneration and economic development objectives for Morecambe.</p> <p>Complementary to delivery of Morecambe Area Action Plan.</p> <p>An advantage in terms of Government's view of the area as a place in which to deliver policy attention and resources, particularly around future external funding opportunities such as Coastal Communities Fund.</p> <p>Availability of £10K resources to put towards investigations into economic development priorities.</p>
Disadvantages	<p>A potential disadvantage in terms of Government's view of the area as a place in which to deliver policy attention, resources and funding</p> <p>Lost opportunity to develop a cohesive local economic plan for the area</p>	<p>Commits the council to supporting a local partner forum and meeting the community consultation and reporting requirements of a CCT.</p> <p>Definition of geographical area of interest needs careful consideration.</p> <p>Potential of partnership 'fatigue'.</p>
Risks	The risks are mainly around Government's view of the area as a place to engage with, if there is no CCT.	The risks are mainly around the governance and management of a new partnership forum, in the context of the council's accountable body role, seeking the relevant strategic stakeholders and ensuring appropriate terms of reference which add value.

## 6.0 Officer Preferred Option (and comments)

- 6.1 The preferred option is **Option 2: Agree to submit a bid for CCT status and act as accountable body.**
- 6.2 The implications of declining to bid for CCT status are mainly around the potentially negative view of the area's ability to engage with Government. Progress with other CCTs has clearly made an impact on DCLG who see them as critical in providing support to build strong coastal economies.
- 6.3 Under Option 2 there is a danger of partnership fatigue in the area and potentially a range of overlapping policy plans. Morecambe Town Team's focus is still finishing off and winding up Portas Pilot funding (including their street art initiative which has been hampered by poor weather). The Town Team has not expressed a formal view on whether or not they want to continue but it is clear they see the Morecambe Business Improvement District body as the substantive legacy body arising out of the Portas initiative.
- 6.4 Morecambe Town Council have also undertaken initial investigations into the development of a Neighbourhood Plan – although under the statutory definition this is meant to add value and complement the councils' current approved planning policy framework (the Local Plan and Morecambe Area Action Plan - which covers much the same area and issues). The West End Millions Partnership have also undertaken significant capacity building and prioritising in that area of Morecambe. Heysham currently has a Neighbourhood Council that would be well placed to act as a partner within a CCT for Morecambe and Heysham.
- 6.5 In terms of the Council taking on the accountable body role for the CCT, the Council has significant experience in this area and given the initial funds involved, risks are very small. That said, there will be the need to establish sound governance arrangements for the future operation of the Team, including decision-making and future-proofing to cater for any subsequent funding opportunities.
- 6.6 A CCT, with the right Terms of Reference, membership and sound overall governance, would create a productive partnership in terms of facing towards Government policy/funding. It would also sit well with and add value to Morecambe Bay destination branding/marketing activity, regeneration efforts in Central Morecambe and Heysham.

## 7.0 Conclusion

- 7.1 A successful CCT application would formalise arrangements being discussed to take forward and assist strategic MAAP implementation and add value to the ambitions of Heysham's local stakeholders. It is also clear that, while not compulsory, having CCT status would be an advantage in future access to Government funding and ministerial attention.

## Appendices

Appendix 1 – Coastal Community Teams Prospectus 2016

## RELATIONSHIP TO POLICY FRAMEWORK

The Council's 2016-20 Corporate Plan notes that the Council's Vision for Morecambe and Heysham is: a confident community with a regenerated living, working and leisure environment, acting as a focal point on Morecambe Bay to enjoy and interact with the wider landscape

Regenerating Morecambe is a long-standing corporate priority, and contributes to the Council's Health and Well-being and economic growth aspirations as set out in the Corporate Plan and Local Plan.

## CONCLUSION OF IMPACT ASSESSMENT

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

**Health & Safety:** None arising from accepting the role of Accountable Body.

**Equality & Diversity:** None arising from accepting the role of Accountable Body.

**Human Rights:** None arising from accepting the role of Accountable Body.

**Community Safety:** None arising from accepting the role of Accountable Body.

**HR:** Should the application be successful council officer resource will need to be applied as outlined in the report. In the main the implications will be on Regeneration and Planning Service and financial input from Resources service in dealing with spending £10K resources on economic priorities by end of March 2017.

**Sustainability:** None arising from accepting the role of Accountable Body.

**Rural Proofing:** None arising from accepting the role of Accountable Body.

## LEGAL IMPLICATIONS

Any grant awarded under this bid will be distributed as s31 'unringfenced' grant and will have requirements which must be met in order for expenditure to be progressed in a prudent manner. The council will have to satisfy its own legal and administrative requirements to ensure the prudent expenditure of public funds.

## FINANCIAL IMPLICATIONS

Should the bid be successful, then appropriate financial arrangements would need to be put in place to ensure that the Council's obligations as accountable body could be met fully, and that any initiatives facilitated by the bid had no unbudgeted financial implications for the City Council. The budget would be updated under existing delegations to reflect any £10k (and the associated spending, with no bottom line impact overall).

## OTHER RESOURCE IMPLICATIONS

### Human Resources:

The human resources required are principally from Regeneration and Planning, although other services support may be required, including Financial, Property and Legal services.

### Information Services:

No implications.

**Property:**

No implications

**Open Spaces:**

No implications.

**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**

Government information on 2016 Coastal Community Teams bidding round:

<https://www.gov.uk/government/publications/coastal-community-teams-2016-bidding-prospectus>

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Ref:



Department for  
Communities and  
Local Government

## Coastal Community Teams

An invitation to establish a Coastal Community Team







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# Introduction

These are exciting times for the Great British Coast. Coast tourism is taking off and investment is pouring in and more than any period in recent history, there is a real opportunity for coastal areas to become even better places to live and work. The Government is keen to help all of our seaside areas prosper and continues to provide its support to help bring the changes necessary to build strong local economies.

Since 2015 we have provided £3.7million funding to help bring back 92 much-loved coastal heritage assets back into economic use. We have also launched the next round of Coastal Communities Fund which will provide a further £90m over the next four years to help support coastal projects that boost employment and the local economy.

And to bring local people to the forefront of driving forward changes in their local communities, last year the Government also provided £1.18million supporting the establishment of 118 Coastal Community Teams around the coast line of England. Each and every one is different in scale, membership and ambition – but all are geared towards making their local area better. Each one has produced an Economic Plan which can be found at <http://www.coastalcommunities.co.uk/coastal-community-teams/>

The Government has been impressed with the work undertaken by existing Teams and by the momentum and enthusiasm becoming a Coastal Community Team has engendered in local communities. We are aware that many areas who did not apply last year would welcome the opportunity to establish a Coastal Community Team. This prospectus therefore invites such areas in England to apply.

The overall aims of Coastal Community Teams are to:

- encourage greater local partnership working in coastal areas
- support the development of local solutions to economic issues facing coastal communities
- establish a network of teams across England who can work together and with Government to tackle issues facing coastal communities, and
- encourage the sustainable use of heritage/cultural assets to provide both a focus for community activities and enhanced economic opportunities.

This pack sets out information on Coastal Community Teams and gives information on how partnerships can apply to be recognised as a Team. To make an application, prospective teams should complete the form at

<https://www.gov.uk/government/publications/coastal-community-teams-2016-bidding-prospectus>

# Coastal Community Teams

## Purpose and Membership of Teams

We are inviting applications, from 30<sup>th</sup> June 2016, from local partnerships in any coastal community in England, currently without a Coastal Community Team, who wish to become a 'Coastal Community Team'.

### **What counts as a Coastal Community?**

For the purposes of this programme a coastal community will be defined in the same way as for the Coastal Communities Fund.

A coastal community is therefore any coastal settlement within an English local authority area whose boundaries include English foreshore, including local authorities whose boundaries only include estuarine foreshore. Coastal settlements include seaside towns, ports and other areas which have a clear connection to the coastal economy.

If it is not clear that the area covered by the proposed Coastal Community Team is coastal, then applicants may be asked to provide further justification for why they should be eligible to set up a Team.

### **What is a Coastal Community Team?**

A Coastal Community Team is a local partnership. It should consist of the local authority and a range of other local people, charities and businesses from a coastal community who have an understanding of the issues facing that area and can develop an effective strategy for success. The Team should include a range of local groups and have broad support.

Members of the team could be drawn from any part of the community who have an interest in their area being successful. We would also expect to see existing groups joining the team, such as local voluntary and community organisations, the town team and Business Improvement District (where these are in place), major local employers and representatives of important local assets, such as a major local tourist attraction. We also envisage the involvement of Destination Management bodies where relevant.

### **What will Coastal Community Teams do?**

Coastal Community Teams should have an understanding of the economic issues facing their local community and should develop a plan for making improvements. This may build on existing work which is already underway or could be an entirely new initiative.

While Coastal Community Teams may choose their own priorities, suggested areas of focus, particularly for very new partnerships, are as follows:

- Enhancing the attractiveness and accessibility of public areas,
- Providing increased community facilities,
- Promoting the visitor economy,
- Encouraging sustainable uses of heritage/cultural assets, and
- Creating links to support the growth and performance of the retail sector.

In terms of the plan developed by the Coastal Community Team, this should focus on a defined local area, which should be specified in the application form. We are anticipating that Teams will cover a particular coastal town or a group of nearby and economically connected small towns or villages.

Coastal Community Teams will receive £10,000 to spend in the financial year 2016/17. This can be spent on establishing the Team itself, developing the economic plan and/or progressing initial priorities.

### **Membership of the Coastal Community Team**

Coastal Community Teams must have the support and involvement of the unitary or lower tier local authority for the area (e.g. the District or Borough Council). Where there is an upper tier local authority for the area (i.e. a County Council) they can also be involved.

While there must be local authority support for the Team, the Team could be led by a community or voluntary group, or a private sector organisation. The application may be completed by any member of the proposed Team.

If local groups are interested in establishing a Coastal Community Team but are having difficulty engaging with their local authority they should contact DCLG for advice at [coastalcommunities@communities.gsi.gov.uk](mailto:coastalcommunities@communities.gsi.gov.uk)

## **Key Criteria**

Every coastal community is unique and will have different issues and priorities so we do not want to mandate what they should focus on or take forward. However, we would like each Team to meet the following criteria:

- Support for Partnership Working

One of the main aims of the Coastal Community Teams programme is to encourage greater local partnership working in coastal areas. We are therefore looking for applicants for Coastal Community Teams to demonstrate that the creation of a Team will have local support and will increase the level of partnership working and coordination already in place in the local area. Applicants should set out how a Coastal Community Team will improve and build on existing arrangements, and should set out the range of organisations that are supportive of the Team.

- Understanding of the needs of the area and vision for improvement

Another aim of the programme is to support the development of local solutions to the economic issues facing coastal communities. We are therefore looking for applicants to show understanding of the issues affecting the area, particularly as regards constraints to growth. We also want applicants to set out (in broad terms) how they see the Team helping to overcome these issues and what the overall vision is for the future.

- Proposed Outputs

As mentioned above, Coastal Community Teams will be expected to produce an Economic Plan for the area that they are focussed on. DCLG will send out a guidance note to successful applicants suggesting a format for the Plan. Each Plan will need to contain information on the needs of the area and the challenges it faces, particularly with respect to the local economy, along with the actions that the Team has agreed should be prioritised to help address those challenges. The Plan should set out identified means of delivering the actions, such as possible sources of funding and support, or the further work which is needed to develop solutions.

The Economic Plan must be produced and signed off by the Team by the end of January 2017 at the latest.

As with the current Economic Plans produced by the existing Coastal Community Teams, every Economic Plan will be made publically available and will be published on the Coastal Communities Alliance's website. <http://www.coastalcommunities.co.uk/coastal-community-teams/>

Applicants will need to set out clearly how they intend to draw up their Economic Plan for the area, the timescales involved in achieving this and how the £10,000 will be used, including the outputs that will be delivered. We expect that the funding will be used to support production of the Plan, but some or all of it could also be used for other activities. Either way, the application form should be clear about how the funding will be used.

- Transparency and engagement

Coastal Community Teams will be expected to be open and transparent about their activities. We will expect the Team's membership to be publically available on the local authority's website, member organisation's websites and/or their own website. Once the Team has prepared their Economic Plan for the area this should also be made publically available. As explained above, we will also want this information to be accessible via the Coastal Communities Alliance, who are helping DCLG with the overall coordination for the programme and support to Coastal Community Teams. All Coastal Community Teams should take steps to encourage local engagement with their work.

Applicants should set out in the form how they will make the activities of their Team open and transparent.

## Further Information

### Funding

Total funding of £200,000 is available in 2016-17 to provide up to 20 new Coastal Community Teams with £10,000 of grant funding to help with the establishment of the Team, support development of the economic plan and/or progress initial priorities. This funding will be paid as unringfenced grant directly to a local authority, who will act as the Accountable Body. This means that the local authority will hold the grant funding on behalf of the Coastal Community Team and will ensure that it is managed in a way that is appropriate for public funding.

The local authority who will act as the accountable body will need to provide a letter confirming that they are happy to take on this role. The local authority that acts as the accountable body will probably be the authority for the area covered by the team, but this does not have to be the case.

As the funding is revenue funding it should not be spent on capital projects. The funding must be spent by the end of March 2017.

### How many Coastal Community Teams can be applied for?

It will not be possible to establish more than one Coastal Community Team for the same geographical area. Please contact [coastalcommunities@communities.gsi.gov.uk](mailto:coastalcommunities@communities.gsi.gov.uk) if you are not sure of existing coverage.

There is no set limit to the number of teams that can be applied for within a particular local authority area. However, local authority capacity to engage with multiple teams may be a limiting factor.

If there is a strong appetite for several Teams (including existing Teams) within one local authority area then DCLG is happy to discuss this with the areas involved. Please contact the department at: [coastalcommunities@communities.gsi.gov.uk](mailto:coastalcommunities@communities.gsi.gov.uk)

### Application Deadline

The deadline for making an application for a Coastal Community Team is the 30<sup>th</sup> September 2016. Applications submitted prior to that date will be assessed as they are received, but Teams will not be able to be formally accepted or established until after the election period.

## How to apply

We recognise there are many pressures on local authorities and community groups and so we have sought to make the application process as simple as possible, while ensuring decisions on applications will be fair and transparent. To apply, please complete the form that accompanies this prospectus. We do not wish to receive any additional information beyond what is asked for in the form, although letters of support may be annexed.

The application form can be found at <https://www.gov.uk/government/publications/coastal-community-teams-2016-bidding-prospectus>. You can also request an application form by emailing [coastalcommunities@communities.gov.uk](mailto:coastalcommunities@communities.gov.uk).

### Information required

Applications will be assessed on the basis of the information contained in the form and specifically against the criteria:

- Support for Partnership Working
- Understanding of the needs of the area and vision for improvement
- Proposed outputs
- Transparency and engagement

To be accepted, applicants will also have to demonstrate support from the relevant unitary or lower tier local authority.

We will be providing advice and networking support to Coastal Community Teams through the Coastal Communities Alliance (see [www.coastalcommunities.co.uk](http://www.coastalcommunities.co.uk)). Teams will be expected to engage with the Alliance and share information with them about the team's activities and experiences.

Applications should be submitted electronically to the following address: [coastalcommunities@communities.gsi.gov.uk](mailto:coastalcommunities@communities.gsi.gov.uk) Any questions about the process can also be sent to this address.



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