



Committee: CABINET

Date: TUESDAY, 5 SEPTEMBER 2017

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, 8th August, 2017 (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. **Discretionary Rate Relief Policy Update - Revaluation Support** (Pages 1 - 9)
(Cabinet Member with Special Responsibility Councillor Whitehead)
Report of Chief Officer (Resources)
7. **2017 - 2018 Performance Monitoring Quarter 1** (Pages 10 - 17)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of Chief Officer (Environment)
8. **Quarter 1 Corporate Financial Monitoring** (Pages 18 - 32)
(Cabinet Member with Special Responsibility Councillor Whitehead)
Report of Chief Officer (Resources)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(ii) Queries regarding this Agenda

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

(iii) Apologies

Please contact Democratic Support, telephone 582170, or alternatively email democraticsupport@lancaster.gov.uk.

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

Published on Thursday, 24 August, 2017.

CABINET**Discretionary Rate Relief Policy Update –
Revaluation Support****05 September 2017****Report of Chief Officer (Resources)**

| | | | |
|--|----------|-------------------------|-------------------------------------|
| PURPOSE OF REPORT | | | |
| This report seeks approval of a draft Discretionary Relief Scheme, designed in line with DCLG guidance and financed by Government grant, to provide financial support to those local businesses hardest hit by the recent business rate revaluation in April 2017. | | | |
| Key Decision | X | Non-Key Decision | Referral from Cabinet Member |
| Date Included in Forthcoming Key Decision Notice | | 03 August 2017 | |
| This report is public. | | | |

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:

- (1) **That the Discretionary Rate Relief Scheme for Revaluation Support as set out at *Appendix A* be approved, effective from April 2017.**

1 BACKGROUND

- 1.1 The Government, through the Valuation Office Agency, has recently undertaken a national revaluation of all commercial premises in England and Wales, to assign a new rateable value ("RV") to each property for business rate purposes, with effect from 1 April 2017.
- 1.2 Against a national background of increasing rateable values, particularly in the south of the country, the chancellor announced in his Spring Budget 2017 that the Government would make available a discretionary fund of £300m over 4 years, to support those local businesses that face the steepest increases in their bills as a result of the revaluation.
- 1.3 The City Council's share of this fund amounts to £247k in Year 1 and the Government has recently confirmed that any underspends cannot be carried forward to future years. The minimum allocation to any authority in year 1 was £100k and revaluation support funding provided specifically to the Lancaster billing area for the four year term is set out below:

| Year | Value |
|---------|----------|
| 2017/18 | £247,000 |
| 2018/19 | £120,000 |
| 2019/20 | £49,000 |

2020/21 £7,000

- 1.4 The Government has provided guidance in terms of businesses that should be supported, assuming that, by and large, more support will be provided to:
- ratepayers or localities that face the most significant increases in bills following revaluation; and
 - ratepayers occupying lower value properties.
- 1.5 Whilst it is made clear that Councils should create their own schemes to take account of their local business issues, there has been an additional steer given from Government around what is deemed as a “substantial increase”, through the way that each authority’s funding has been calculated. The funding allocation allows for the following criteria:
- properties that have rateable values for 2017-18 less than £200,000
 - any increase in the rateable charge that is more than 12.5% compared to the 2016/17 bill
 - applicants declaring that the relief awarded will not exceed applicable state aid limits.
- 1.6 It should be noted also that the Council is precluded from awarding discretionary relief to itself or any other precepting authorities.
- 1.7 In general, the Lancaster district has not seen the large increases in rate bills experienced in other parts of the country. The initial list as at April 2017 indicated that the total rateable value for the billing area had increased by £6m (4%) due mainly to large increases in the power station and university assessments. This was set against a national increase of 9.1% and a North West regional decrease of -0.2%. Currently however, due to amendments the rating list now shows a reduction of £23k (-1.5%) against rateable values for the previous year.
- 1.8 Nonetheless, camping/caravan sites, cemeteries, museums & libraries, leisure facilities and schools have been hardest hit with substantial increases in rateable values, whereas the majority of shops and offices have seen a rateable value reduction, in line with the rest of the North West region.
- 1.9 To add further context, there were two further reliefs for business introduced in the Spring Budget 2017:
- **Supporting Small Businesses:** introduced for businesses facing large percentage increases in their rate bills due to the loss of small business rates relief. To support these ratepayers, the supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to a maximum cash value of £600 per year (£50 per month), ensuring that those ratepayers previously paying nothing are liable to at least pay a minimum amount for this year.
 - **Rate Relief Scheme for Pubs:** providing a discount of £1,000 for pubs with a rateable value of less than £100,000. This measure is for 2017/18 only.
- 1.10 Any award of revaluation support must also take account of any other relief entitlement.

2 PROPOSAL DETAILS

- 2.1 Drawing on all the above points, **Appendix A** sets out a proposed discretionary rate relief scheme to provide revaluation support to business rate payers in lower valued properties facing substantial rate rises. The local scheme aims to distribute no more than the government grant provided in any year for this purpose, e.g. £247k in year 1. In determining initial allocations (normally at the start of the year), approximately 5% of the government funding would be retained as a contingency to cover eligible rate increases that may arise during the remainder of the financial year. An additional allocation at year end would seek to allocate any remaining balance of available funding. The same basic percentage of relief will apply to all eligible properties, after the application of other scheme principles.

3 DETAILS OF CONSULTATION

- 3.1 As part of the consultation process the Council is obliged to consult with the County Council on its potential scheme and to this end Officers recently chaired a Lancashire wide meeting, to which the County Council was invited; to consider a basic set of parameters on which to base districts' individual schemes. The County Council did not wish to attend the meeting and confirmed that they saw the Council as very much the expert in this area, but they asked to be kept informed as to the Council's eventual scheme.

4 OPTIONS & OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

4.1 Option 1 – Agree to the proposal as recommended

This policy sets out a formal approach to distributing this new discretionary rate relief, providing guidance for officers and a consistent platform in dealing with applications. The approach adopted seeks to maximise use of the grant in an open and equitable way, drawing on Government guidance, and therefore risks associated with any challenge are considered small and manageable.

4.2 Option 2 – Suggest amendments to the proposed policy

Any such amendments would need to have regard to statutory requirements, and therefore should this option be chosen, officers are likely to need extra time to reconsider the implications prior to the re-consideration of an amended policy. There is some reputational risk associated with further delay.

- 4.3 Whatever the scheme design there will be some risk that the scheme will over- or underspend, but targeted assistance and the proposed allocation arrangements are designed to ensure that as far as possible, the cost of relief granted remains within budget.

5 OFFICER PREFERRED OPTION AND COMMENTS

- 5.1 It is recommended that Option 1 be approved. The new policy enables a formal approach to decision making, with criteria in line with the priorities of the Council, benefiting smaller local businesses which have been hardest hit by the revaluation.

6 CONCLUSION

- 6.1 The proposals as set out are considered to be fair and reasonable as a way to distribute available funds, drawing on Government guidance.

| | |
|---|---|
| RELATIONSHIP TO POLICY FRAMEWORK The proposals fit with the Council's priorities of Community Leadership and Sustainable Economic Growth. | |
| CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing): The policy demonstrates the commitment to help smaller local businesses throughout the area that have been hit hardest following the revaluation. An Equality Impact Assessment is attached at Appendix B. | |
| LEGAL IMPLICATIONS The Government confirms that billing authorities should deliver their local scheme through the use of discretionary relief powers, under S47 of the Local Government Finance Act 1988, in a similar way to other central government initiatives. Providing revaluation support to ratepayers is likely to amount to State Aid. State Aid is the means by which the European Union regulates state funded support for businesses. However, the support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (Commission Regulation 1407/2013). Each application must be accompanied by a declaration of State Aid compliance. | |
| FINANCIAL IMPLICATIONS The Council will be reimbursed for expenditure up to the maximum allocation, using a grant under Section 31 of the Local Government Act 2003 and therefore it is not expected that the introduction of this new policy will incur additional expenditure. | |
| OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces: No other implications | |
| SECTION 151 OFFICER'S COMMENTS The s151 Officer has contributed to this report, which is in her name (as Chief Officer (Resources)). | |
| MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments. | |
| BACKGROUND PAPERS N/A | Contact Officer: Adrian Robinson Head of Shared Service Telephone: 01772 906023 E-mail: a.robinson@preston.gov.uk |

**PROPOSED LOCAL DISCRETIONARY RATE RELIEF SCHEME
FOR REVALUATION SUPPORT
LANCASTER CITY COUNCIL**

This scheme forms part of the Council's wider Local Discretionary Rate Relief Policy. It sets out the principles upon which the Council will administer applications for revaluation support from those ratepayers facing the steepest increases in their business rate bill as a result of the 2017 revaluation.

This document sets out the broad framework of principles to be used in decision making for this new scheme covering the four financial years from 1 April 2017 (i.e. ending on 31 March 2021).

Under the scheme, support will only be allowable where a hereditament's rateable value for 2017/18 is less than £200,000 and where a qualifying ratepayer's bill has increased above £600, as a result of the 2017 revaluation.

Subject to the impact upon the Council's overall financial position, relief will be awarded to qualifying applicants up to a maximum amount; this being the sum of their net rates charge for 2017/18 less £600 minimum increase. The ratepayer must therefore pay at least the first £600 of any increase due under revaluation, drawing on other rules in place that apply to small businesses.

As this relief is discretionary, the Council will not grant support in any case where it is not considered appropriate to do so, for example where granting the relief would go against the authority's wider objectives for the local area. Under this same principle, empty property will also be excluded, as the Council discourages leaving property empty as it strives to achieve a vibrant business community.

In making a judgement, Officers will consider the interests of the ratepayer against that of council tax payers in general, taking into consideration local factors.

Scheme Principles:

- the rateable value for 2017/18 must be less than £200,000
- the net rates charge for 2017/18 must have increased in comparison to that for 2016/17
- the ratepayer must have been in continuous rateable occupation prior to 1st April 2017 and liable for a rate charge on 31st March 2017. (Ratepayers occupying premises after 1st April 2017 will not be eligible for relief)
- unoccupied properties will not be eligible for relief
- properties that are not registered on the rating list for a period covering 1st April 2017 will not be eligible for relief
- businesses who benefit from the small business relief cap of paying no more than £50 per month extra (£600 per year) when compared to last year will not be eligible
- businesses whose increase in the amount they are paying compared to last year is less than £50 per month (£600 per year) will not be eligible (to mirror the protection provided for small businesses)
- ratepayers operating an intermittent occupation / tax mitigation / avoidance scheme will not be eligible for relief
- the scheme will target local or regional (North West) organisations. National or multi-national companies, NHS and public sector organisations will not be considered under the scheme
- In line with the previous principle, multiple property owners and/or occupiers may not be considered eligible for relief

- Any award will be evidenced by a completed application form, including state aid compliance. Relief will not be awarded where the award would not comply with EU law on State Aid.

Liability Adjustments:

Where a qualifying ratepayer's rates bill (from 2016/17 as appropriate) is adjusted for any of the following reasons, the amount of their relief due under the term of this policy will be adjusted or removed accordingly:

- an amended rateable value in the 2010 and, or 2017 rating lists
- the provision of a certificated value for the 2010 rating list or historical change
- the application of any additional rate relief or exemption
- vacation and re-occupation of the property
- any other reason

Future Years:

The scheme for this financial year will end on 31 March 2018, with an entitlement period covering 1st April 2017 to 31st March 2018. However, the scheme is based upon a 4 year Government initiative and therefore for Years 2, 3 & 4, relief awarded to qualifying individuals will be reduced in line with the Government's specified level of reduction over the four year term:

| | |
|--------|-------|
| Year 1 | £247k |
| Year 2 | £120k |
| Year 3 | £49k |
| Year 4 | £7k |

Allocation Arrangements

The local scheme aims to distribute no more than the government grant provided in any year for this purpose. Subject to the scheme principles, support will be provided on a % basis, set against the rate increase incurred from financial year 2016/17 to 2017/18, taking into account the first £600 ceiling that all ratepayers need to pay.

In determining initial allocations (normally at the start of the year), an amount equivalent to approximately 5% of the government funding will be retained as a contingency. This is to cover eligible rate increases that may arise during the remainder of the financial year.

An additional allocation at year end will seek to allocate any remaining balance of that contingency, plus any additional amounts that may be available for redistribution, after allowing for any liability adjustments referred to above.

The same basic percentage of relief entitlement will apply to all eligible properties, after the application of other scheme principles.

Decision Making & Appeals:

In line with the Council's wider rate relief decision-making arrangements all decisions regarding the granting of applications of relief under this Policy are determined by the Deputy Director (Customer Services)/Head of Shared Services.

Under the Local Government Finance Act 1988, there is no statutory right of appeal against the Council's use of discretionary powers. However, the Council will accept a customer's request for a review of its decision, with appeals to be presented to the Chief Officer (Resources) for further consideration.

State Aid:

The application form will require the ratepayer to confirm that they have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) they are being granted for premises other than the one to which this declaration and letter relates, under the De Minimis Regulations EC 1407/2013.

Equality Impact Assessment

Appendix B

Section 1: Details

| | |
|--|---|
| Service | Corporate |
| Title and brief description (if required) | Discretionary Rate Relief Policy Update – Revaluation Support |
| New or existing | Existing |
| Author/officer lead | Adrian Robinson (Head of Shared Service) |
| Date | 23 August 2017 |

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

Yes, the business community in the local authority area

Section 2: Summary**What is the purpose, aims and objectives?**

The scope of the report relates only to non-domestic rate relief, introducing a new discretionary rate relief scheme covering a 4 year period, to distribute Government funded grant by way of revaluation support, to those ratepayers operating a local/regional business in the area, hardest hit as a result of the recent revaluation of rateable values undertaken in April 2017.

Who is intended to benefit and how?

The policy affects business ratepayers as a whole, but more specifically smaller local regional businesses in the area that face an increase in their rate liability arising from the recent revaluation.

A £300m discretionary fund has been established for four years, to be awarded to businesses to mitigate the effects of the revaluation. Lancaster's share of this fund is £423k spread over the term of the scheme, reducing each year.

The Council will target occupied businesses, with a rateable value below £200,000, facing an increase in rate liability. Support will not be granted to empty properties, or where it is not considered appropriate to do so, given the authority's wider objectives for the local area.

Section 3: Assessing impact

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

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

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

| | |
|--|--|
| Age (including older and younger people and children) | No other evidence or expectation of any specific impact. |
| Disability | No evidence or expectation of any specific impact. |
| Faith, religion or belief | No evidence or expectation of any specific impact. |
| Gender (including marriage, pregnancy and maternity) | No evidence or expectation of any specific impact. |
| Gender reassignment | No evidence or expectation of any specific impact. |
| Race | No evidence or expectation of any specific impact. |
| Sexual orientation (Including Civic Partnership) | No evidence or expectation of any specific impact. |
| Rural communities | Businesses in rural communities have been treated in the same way as all other businesses, therefore no evidence or expectation of any specific impact. |
| People on low incomes | Revaluation Support has been designed to assist local businesses with their ability to pay increasing rate liability, some of whom may be linked to low income households. |

Section 4: Next steps

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

No.

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

An analysis of the data has taken place to identify the financial impact of this revaluation on business in the area. Over 3,500 properties have either received a reduction in charges compared to the previous year, or have no net charge to pay in 2017/18. Qualifying businesses will be targeted to apply for support.

Consultation has taken place with Lancashire authorities in the development stage and the scheme is to be presented to the County Council, as precepting authority, for consideration and comment.

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

Through general collection rates, take-up, feedback etc.

CABINET**2017 – 2018 Performance Monitoring Quarter 1****05 September 2017****Report of Chief Officer (Environment)**

| PURPOSE OF REPORT | | | | |
|---|--------------------------|-------------------------|-------------------------------------|-------------------------------------|
| To inform Cabinet of the work carried out to establish a portfolio of key performance indicators that are focused on core service delivery and the achievement of corporate outcomes and priorities. The report also sets out the new approach for reporting corporate performance and provides a review of performance against corporate plan priorities and outcomes in the first quarter of 2017 – 2018. | | | | |
| 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 | | | | |

RECOMMENDATIONS OF EILEEN BLAMIRE, LEADER OF THE COUNCIL

- (1) That Cabinet notes the work that has been done to establish a portfolio of management performance indicators and the revised reporting format for monitoring performance as recommended by the Budget and Performance Panel at its meeting of 11 July 2017.
- (2) That Cabinet notes for comment the performance of key indicators at the end of Quarter 1 2017 – 2018 (30 June 2017)

1. PORTFOLIO OF PERFORMANCE INDICATORS

- 1.1 The ability to manage the performance of the Council is critical to its success. It enables Members and officers to assess whether we are
 - achieving what we set out to do;
 - delivering value for money, and;
 - making life better for our citizens.
- 1.2 The measurement of performance provides the foundation upon which all other elements of performance management is built. It can ensure that we are focussed on our key priorities and outcomes and that areas of under (and over) performance is questioned and improved.
- 1.3 The basic approach to performance management should provide an overview of the activities, systems and culture by which the Council manages, monitors and improves its performance and achieves delivery of its core services, corporate priorities and outcomes. In other words, it should be able to show not just how well services and activities are performing but why performance is at the level it is.
- 1.4 To be really effective, performance management needs to be set within a culture of improvement where everyone in the Council is determined to improve services and outcomes.

- 1.5 However, performance management alone does not guarantee improvement. This comes through process redesign, innovation and other forms of continuous improvement and, most essentially, the attitude, creativity, commitment and dedication of the people delivering services.
- 1.6 As a result, Organisational Development have been working closely with senior managers and Management Team to put together a portfolio of corporate performance indicators.
- 1.7 This forms part of the Budget and Policy framework 2017 - 2021 that was considered by Cabinet and the Budget and Performance Panel at the end of January. This was subsequently updated and reported to Cabinet in February where they resolved that in light of the two-phased budget approach and the forthcoming strategic review of the Council's services and priorities there would be no refresh of the Corporate Plan in 2017 – 2018 but that corporate performance information during 2017 -2018 will inform new Corporate Plan proposals from 2018 – 2019 onwards.
- 1.8 The range of quantitative indicators now include measures that cover:
 - the general **overview of the council**;
 - **productivity** – the amount produced in a defined period;
 - **utilisation and demand** – the extent to which our services are, or have the potential to be, used;
 - **time** – the amount of time taken to carry out pieces of work or achieve milestones
- 1.9 Qualitative indicators also contribute to effective performance. In monitoring how well we are doing, there is no substitute to asking the people that matter – our residents - what they think. Work is underway to bring together existing, and to create new, corporate questionnaires and customer satisfaction surveys to make the most of this useful form of information.
- 1.10 To make most effective use of management information from the corporate indicators and key projects work has tried to ensure that they:
 - are fully **aligned to purpose** and core activity;
 - are **embedded within the work** that we do;
 - provide for perspectives on the **experience of our citizens** as well as our own effectiveness;
 - go beyond preventing failure to **encouraging continuous improvement** and **building capability**;
 - are **focused on delivering outcomes**, not just completing tasks;
 - provide **insight and evidence** to support judgements and decisions;
 - demonstrate **control of the work** and **clear lines of accountability**

- 1.11 In addition all the performance indicators are SMART measures of performance – that is to say that they are:

| | |
|-------------------|--|
| Specific | simply and clearly stated so that there is little risk of confusion |
| Measurable | data and information is readily available and easy to collect |
| Achievable | based on realistic standard and targets – not wishful thinking |
| Relevant | related to purpose and our core activity |
| Timely | data and information is available soon enough and often enough |

2. PERFORMANCE REPORTING

- 2.1 Previously, Members have been presented with a significant volume performance information. The revised portfolio contains a number of key indicators with the intention of representing the Council's key priorities and outcomes.
- 2.2 Much of the performance information can be produced in a variety of formats to suit Members needs and preferences. The monitoring report attached at Appendix A sets out the performance of key indicators for Quarter 1 and is presented in the reporting format recommended by the Budget and Performance Panel at its meeting of 11 July.
- 2.3 Using this format the monitoring report provides a visual and easy to understand overview of actual corporate performance against agreed targets for each indicator using a 'traffic light' system where Green is 'On or above Target'; Amber is 'Within Target' and Red is 'Under Target'. New measures for 2017/18, of which there are a number, that are set with a *Baseline* target for 2017/18 only are coloured brown.
- 2.4 The revised report will also identify the '*Direction of Travel*' of each indicator that, over a period of time, will provide a useful trend analysis of the key indicators and an easy to understand visual representation of whether or not performance is improving.
- 2.5 Using this format for presenting performance information and data will enable Members to probe areas of interest and challenge activities where performance looks to be better or worse than predicated.

3. PERFORMANCE QUARTER 1 - 2017-18

- 3.1 Performance for the first quarter of 2017 – 18 indicates that overall there has been reasonable progress made against the indicators and related corporate outcomes and priorities.
- 3.2 In the first quarter, **eleven** indicators are performing on or above target (Green); **three** are within 10% or less of the expected target (Amber) where performance is being monitored and **five** are currently underperforming against target (Red) where action is planned or is already in progress to improve performance and get back on track. Improved performance should be reflected in subsequent quarterly reporting.
- 3.3 There are a further **ten** measures that are being reported for the first time in 2017–18 and a *Baseline* target has been set for this year. The performance trends for these indicators will be monitored throughout the year with a view to robust targets being set ahead of 2018 -2019 and subsequently monitored.

- 3.4 There are a number of other indicators in the performance portfolio that have been set with either a half yearly or yearly reporting frequency where performance will be reported as at the end of September 2017 and / or March 2018.

4. CONCLUSION

- 4.1 This report sets out the work that has been carried out to establish a portfolio of key performance indicators and a revised reporting format that will provide a simpler and more visual indicator of performance of core service delivery and the achievement of corporate outcomes and priorities.
- 4.2 Monitoring key indicators throughout the year will provide a meaningful overview of performance and provide Members with an opportunity to further probe areas of interest and challenge areas where performance looks to be better or worse than expected in a proactive way that is more likely to draw meaningful conclusions and enhances the potential for improvement.

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 – 2020 and the revised and approved performance indicators for 2017 – 18.

CONCLUSION OF IMPACT ASSESSMENT

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

None directly arising from this report

LEGAL IMPLICATIONS

None directly arising from this report

FINANCIAL IMPLICATIONS

None directly arising from this report

OTHER RESOURCE IMPLICATIONS: Human Resources / Information Services / Property / Open Spaces:

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Contact Officer: Bob Bailey, Organisational Development Manager
Telephone: 01524 582018
E-mail: rbailey@lancaster.gov.uk
Ref: Cabinet 05/09/2017

Lancaster City Council

Corporate Measures - Quarter 1 (17/18) Report

Quarter 1 - Overall Performance



| Measure Information | | | | | Quarter 1 (17/18) | Comments |
|--|----------------------|-----------------|-----------|----------------|----------------------|---|
| Indicator | High/Low/ Neutral | Owner | Frequency | Target | Actual | |
| Community Leadership | | | | | | |
| Outcome: Business and customer needs and expectations are met through use of modern technology | | | | | | |
| Number of services with fully transactional on-line self service capability | High is Good | Chris Riley | Quarterly | Baseline | 49 | Fully transactional' refers to services that are entirely usable by the end user via a web interface without requiring other communications such as telephone or filling in forms offline. This can be broken down by service area as follows: Environmental Services: 6, Governance: 4, Health and Housing: 20, Regeneration and Planning: 10, Resources: 9 |
| Average number of days of sickness absence per full time employee | Low is Good | Angela Jackson | Quarterly | 1.75 | 1.25 | |
| Outcome: Council operates within available resources | | | | | | |
| Amount of current Council House rent arrears (dwellings) | Low is Good | Chris Hanna | Quarterly | Target not set | £425,630 | At end of Q1, managed payments from the DWP and monthly Direct Debits were not received. Current council house arrears reduced to £393,625 following receipt of payments on week 14. |
| Total number of subscriptions to the Garden Waste Scheme | High is Good | Helena Lewis | Quarterly | 30,000 | 21,805 | Since the number of successful subscriptions to the Garden waste scheme since the service commenced on 03 Novemeber 2016. 15,874 (72.8%) have been made online and 5,931 (27.2%) offline. |
| Outcome: Reputation, quality and value-for-money of council services maintained | | | | | | |
| Average time taken to process new Housing Benefit and Council Tax claims | Low is Good | Adrian Robinson | Quarterly | 23 | 28 | Processing time for the first quarter is slightly higher than normal, in comparison to the same quarter in 2016 (24 days). Unfortunately the roll out of Universal Credit has brought with it increased workloads in the short term, leading to slight delays in processing. However, performance generally improves over time as the year progresses and therefore it is still expected to meet targets at year end. |

| Measure Information | | | | | Quarter 1 (17/18) | Comments |
|--|----------------------|------------------|-----------|----------|----------------------|--|
| Indicator | High/Low/ Neutral | Owner | Frequency | Target | Actual | |
| Health and Wellbeing | | | | | | |
| Outcome: People live safe, healthy, active and independent lives | | | | | | |
| All recorded crime in the district per 1000 population | Low is Good | Craig Brown | Quarterly | Baseline | 18.10 | Indicator is in line with the priorities of the Community Safety Partnership (CSP), a collective of public, voluntary, community and private organisations who come together to do all that they can to make the district's communities safer. The CSP provides a coordinated response to community safety issues, drawing together organisations and people that can make a difference. Going forward the data for this district for each of the CSP indicators will be compared with other districts in Lancashire. |
| Number of victims of domestic abuse in the district | Low is Good | Craig Brown | Quarterly | Baseline | 256 | Indicator is in line with the priorities of the Community Safety Partnership (CSP). 256 crimes recorded as domestic abuse in the district, this may/will include repeat victims. |
| Number of recorded hate crimes in the district | Low is Good | Craig Brown | Quarterly | Baseline | 24 | Indicator is in line with the priorities of the Community Safety Partnership (CSP). Recorded hate crimes in the district was 24 at a time when hate crime across Lancashire is showing an increase, although this is predominantly due to the increases in both unitary areas Blackburn and Blackpool. |
| Number of people killed or seriously injured on roads in the district | Low is Good | Craig Brown | Quarterly | Baseline | 16 | Indicator is in line with the priority of the Community Safety Partnership (CSP) - 2 people were fatally injured in the Quarter and 14 seriously injured . |
| Number of people recorded as sleeping rough | Low is Good | Sharon Parkinson | Quarterly | 2 | 5 | The formally verified annual rough sleepers in November 2016 was 8. There has been an increase in the numbers of rough sleepers resulting from the number of European Economic Area nationals who have no recourse to public funds and who are refusing offers of support to reconnect back to their country of origin. There is also an increased number of individuals with complex needs who will not engage with services or offers of support to come in off the streets. Following an increased focus in Lancaster Town Centre the number of rough sleepers has reduced recently. |
| Number of people statutorily homeless | Low is Good | Sharon Parkinson | Quarterly | 25 | 10 | The number of people who are statutorily homeless continues to reduce as a result of successful homeless prevention initiatives. |
| Number of Disabled Facilities Grants completed | High is Good | John Helme | Quarterly | 50 | 58 | The average number of Disabled Facilities Grants completions per month in 2016/17 was 16. The average number of grants completed per month over Q1 of 2017/18 is 19. |
| Number of properties where 'category 1 hazards' have been eliminated | High is Good | Fiona Macleod | Quarterly | Baseline | 27 | To improve housing conditions an assessment of privately rented accommodation is made to determine whether there are category 1 or 2 hazards in the property. Category 1 hazards are the most serious, and the Council has a duty to take action to reduce the risk of harm to any occupants and visitors from the hazard. The intervention of the Housing Standards team in the first quarter has resulted in the standards of 27 properties being improved. |
| Percentage of premises scoring 4 or higher on the food hygiene rating scheme | High is Good | Nick Howard | Quarterly | 90% | 88.15% | This is an indicator of food safety rating in food businesses when they are inspected. Consumer confidence in food businesses is important and so is local business confidence (and economic prospects) as a whole. Poor food safety can have impacts beyond the individual business concerned. Quarter 1, 2017-18 is very similar to the 2016-17 outturn result of 88.13%. However, a new type of service intervention is being planned for each food business in future receiving a new rating of less than 3 (0,1 or 2) as a result of food safety inspections that will improve the accountability and future risk control management exercised by food business operators, leading to improved compliance. In turn this is expected to produce higher (better) results. |
| Percentage of high risk food hygiene inspections completed | High is Good | Steven Sylvester | Quarterly | 100% | 100% | High risk premises are food businesses that either produce high risk foods or have a poor history of compliance. Any premises identified as high risk will always be identified as a priority for inspection within the inspection program. |
| Total number of admissions to Salt Ayre Leisure Centre | High is Good | Simon Kirby | Quarterly | 130,000 | 131,856 | Total admissions through Xn Leisure Management System for Q1. This reflects an increase of 140% on comparable period last year. |
| Time taken to re-let council houses | Low is Good | Chris Hanna | Quarterly | 38 | 66.99 | A comprehensive review has been undertaken of void management with actions agreed to bring back void performance in line with past performance levels against the target of 38 days with a longer term objective is to further reduce the time taken to relet. With the appointment of an Interim Repair and Maintenance Manager, the establishment of a post of Voids-Coordinator, and reviewing all the inputs into the void process, improvement have and are been made in reducing the number of properties which are currently void and also the time taken to relet. A clearer position on the success of the measures being taken will be available at Quarter 2. |

| Measure Information | | | | | Quarter 1 (17/18) | Comments |
|--|----------------------|------------------|-----------|-----------|----------------------|--|
| Indicator | High/Low/ Neutral | Owner | Frequency | Target | Actual | |
| Clean and Green Places | | | | | | |
| Outcome: High standards of cleanliness maintained | | | | | | |
| Number of fly tipping reports actioned within 5 days | High is Good | Will Griffith | Quarterly | 125 | 162 | Between 1st April and 30th June 2017 Public Realm received 348 service requests in relation to Fly Tipping. On the customer services request system LAGAN, 162 of these were closed on the system within 5 working days. This equates to 46.55% of the total number. Work is taking place to establish whether the issue is actually one of not recording accurately when fly tips were removed, as reported incidents are often picked up as part of the planned schedule. |
| Number of fly tipping enforcement notices issued | High is Good | Helena Lewis | Quarterly | No target | 202 | For the period April-June 2017. This is the total number of enforcement notices served, and include statutory notices, warning letter, fixed penalty notices and formal prosecutions in that period. |
| Percentage of household waste recycled | High is Good | Helena Lewis | Quarterly | 45% | 39% | <p>This is a 'lagging' indicator (i.e. reports are a Quarter behind) so the recycling rate shown is for the whole of 2016-17 and is a 5.5% reduction on 2015-16. Two major changes have impacted on our ability to maintain or increase the target rate. The first being the County Council's decision in April 2016 to withdraw food waste from garden waste, the second is the introduction of the chargeable garden waste service. This change is representative of what is happening within Lancashire, County's overall recycling rate has dropped by 6%.</p> <p>2016/17 has seen an increase in the kilogrammes of residual waste by 8.85% compared to the previous year. Significantly, this mirrors performance across the County with 8 other authorities seeing an increase ranging from 0.56% to 11.10%. County Council has also seen a 12.13% increase in residual waste.</p> <p>The recycling rate is split between dry recyclables and compostable materials and whilst there has been a decrease overall the largest has been in compostable materials. This is to be expected as all Lancashire authorities have removed food waste from green and some have introduced chargeable service for garden waste. For 2016/17 this has impacted on our rate by 3.59%, again all bar 2 Lancashire authorities have seen a reduction. County Council have seen a 5.14% reduction.</p> |
| Kilogrammes of residual waste per household | Low is Good | Helena Lewis | Quarterly | Baseline | 350.45 | 2016/17 has seen a decrease in the Household Waste Collection (kilograms per head) by -1.05kg. In 2015/16 we performed well within Lancashire 4th out of 12 WCA's. In 2016/17 we improved our position to 3rd. The County's overall performance for this indicators shows an increase of 2.35kg per head. The 2015/16 national average for this measure (Waste from household kg per person) was 411kg per head. |
| Outcome: Minimising impact on the environment | | | | | | |
| Diesel consumption - vehicle fleet (Litres) | Low is Good | Elliott Grimshaw | Quarterly | Baseline | 125,532 | The amount of diesel used in Quarter 1 represents an increase of 1,470 litres when compared to the same perios in 2016 - 2017. In 2016 - 17 the annual diesel usage was 486,912 litres, or 1,334 litres per day (365 days). The increase in Quarter 1 therefore represents just over one extra day's usage. |

| Measure Information | | | | | Quarter 1 (17/18) | Comments |
|---|----------------------|--------------|-----------|--------|----------------------|--|
| Indicator | High/Low/ Neutral | Owner | Frequency | Target | Actual | |
| Sustainable Economic Growth | | | | | | |
| Outcome: City, town and rural areas are enhanced and improved | | | | | | |
| Number of empty properties brought back into use | High is Good | David Lawson | Quarterly | 15 | 17 | 17 empty properties were brought back into use with Council involvement in the first quarter. So of the 246 properties being monitored this quarter 7% were brought back into use with Council involvement. |
| Percentage of minor planning applications determined within 8 weeks or agreed time (Speed of Decision) | High is Good | Mark Cassidy | Quarterly | 92.13% | 100% | All 60 applications in the minor category that were determined during Q1 were determined either within 8 weeks or within the mutually-agreed (with the applicant) Extension of Time period (38 under 8 weeks, 22 within the EoT). This is the first time that this has ever happened in the Minor category since the National Performance Thresholds were introduced and shows consistent casework management by Officers. |
| Percentage of other planning applications determined within 8 weeks or agreed time (Speed of Decision) | High is Good | Mark Cassidy | Quarterly | 70% | 98.67% | The Other category includes the many householder applications that are determined each week. Whilst many of these are straightforward, a small number can be complex and be affected by neighbour disputes. The figure of 98.67 is based on 226 applications that were determined during Q1. 188 were determined under 8 weeks and of the 38 that exceeded the 8-week period, 35 of these were determined within the mutually-agreed period. Therefore only 3 of the 226 applications were out of time. |
| Percentage of major planning applications determined within 13 weeks or agreed time (Speed of Decision) | High is Good | Mark Cassidy | Quarterly | 60% | 100% | All 17 applications in the Major category that were determined during Q1 were determined either within 8 weeks or within the mutually-agreed (with the applicant) Extension of Time period. This equates to 16 applications within 13 weeks, and 1 application within the mutually-agreed EoT period. This excellent casework management of some of the most difficult strategic planning cases ensures that the Authority will be well-placed to avoid Government Intervention when the performance assessments are made later in the Autumn. |
| Outcome: City, town and rural areas are enhanced as destinations for residents and visitors | | | | | | |
| Number of followers on Lancaster City Council's Twitter Page | High is Good | Michael Hill | Quarterly | 9000 | 8668 | Number of people following @lancastercc continues to increased quarter on quarter. |
| Number of page visits made to 'Welcome Lancaster' webpage | High is Good | Mark McTigue | Quarterly | 19,250 | 17,304 | Number of visits based on the sum of the page visits to our Lancaster destination page on VisitLancashire.com along with page visits to our new standalone website www.visitlancaster.org.uk. This is the first quarter of our standalone website following its implementation - numbers of visits are expected to pick up during the year. |
| Number of page visits made to 'Welcome Morecambe' webpage | High is Good | Mark McTigue | Quarterly | 9,750 | 10,614 | Please note that this measure always refers to page visits to 'Morecambe Bay' page which is our overall brand destination page. (There is a separate page for Morecambe town) |

CABINET

Corporate Financial Monitoring 2017/18 – Quarter 1 05 September 2017 Report of the Chief Officer (Resources)

| PURPOSE OF REPORT | | | | |
|--|--------------------------|------------------|-------------------------------------|------------------------------|
| To provide an overview of the Council's financial position for Quarter 1 of the 2017/18 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. Overview

- 1.1. The corporate financial monitoring report for Quarter 1 is attached at **Appendix A**. The headline projections are as follows:
 - A current General Fund net overspending of £47K, forecast to become an underspend of £6K by the year end.
 - The Housing Revenue Account is currently overspent by £26K, but this is expected to increase to £204K by the year end.
- 1.2. In terms of the General Fund, income from Green Waste collection is projected to be down by a net £280K by the end of the year – see **Annex B** for more details. An update on Salt Ayre is also included at **Annex C**.
- 1.3. In terms of the Housing Revenue Account, the most significant variance relates to the increase in voids from an estimated position of 1.9% to 2.9%, which if maintained would result in a shortfall in income of £176K. A consultant from APSE, acting as interim RMS manager, has already been engaged to undertake a review of RMS with one of the key aims being the reduction in void losses.
- 1.4. In support of corporate financial monitoring, the latest Treasury Management update report is included at **Appendix B**.

2. Performance Monitoring

In terms of performance monitoring details are contained in a separate report elsewhere on this agenda.

| | |
|---|---|
| RELATIONSHIP TO POLICY FRAMEWORK This report is in support of the delivery of the Council's overall policy framework, and more specifically its Corporate Plan. | |
| 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 Equality impact assessment | Contact Officers: Andrew Clarke, Financial Services Manager Telephone: 01524 582138 E-mail: aclarke@lancaster.gov.uk Ref: |

CORPORATE FINANCIAL MONITORING

QUARTER 1 (April to June)

INTRODUCTION

This report provides the key variances to note at the end of quarter 1, in terms of the revenue and capital budgets and local taxation. It also includes updates on key reserves and income collection.

REVENUE BUDGET

General Fund – Current overspend of **£47K**, forecast to become an underspend of **£6K** by year end, taking account of various assumptions drawing on last year's outturn. **Annex A** provides a breakdown of the main variances which are summarised in the table below.

| | Qtr 1 £000's | Full Year Forecast £000's |
|--------------------------|-----------------|---------------------------------|
| Employees | -87 | -150 |
| Premises | +20 | -16 |
| Supplies & Services | +5 | -6 |
| Income | +109 | +166 |
| Net Overspend (+) | +47 | -6 |

The most significant variance relates to Green Waste which is forecast to be down by £280K by year end. More details have been provided by the Chief Officer (Environmental Services) at **Annex B**.

In addition, a more detailed monitoring statement on Salt Ayre Leisure Centre is included at **Annex C**.

Housing Revenue Account – Current overspend of **£26K**, but forecast to increase to **£204K** by year end. The main reason is that void losses (£176K) have increased to 2.9% whilst the budget was based on 1.9%. A consultant from APSE, acting as interim manager, is currently reviewing operations at RMS with the aim of bringing in changes to improve the position.

ACTIONS:

The Chief Officer (Environmental Services) reports back on actions/improvements being taken to reduce void losses and secure other operational improvements within RMS.

CAPITAL

Expenditure

General Fund – Original approved programme of £13.181M has been increased by £1.924M slippage from 2016/17 to give an updated programme of £15.105M. Spend and commitments at the end of June totalled £4.249M leaving £10.856M still to spend.

Housing Revenue Account – Original approved programme was £4.077M. Spend and commitments at the end of June totalled £512K leaving £3.565M still to spend.

Financing

General Fund – To date £2.844M has been received in grants and contributions against a budget of £6.225M (updated for slippage from 2016/17) – no variances are expected. Of the estimated £870K capital receipts funding, one amount of £370K is expected towards the end of November and a further £475K due in the next 6 to 12 months. In addition, further receipts totalling £54K have also been receiving from the sale of a vehicle and one grant repayment.

Further updates will be incorporated into the next review of the capital programme as part of the forthcoming 2018/19 budget setting process.

LOCAL TAXATION

Council Tax – Current surplus of £59K. Main changes are:

- Deficit from previous year +£197K
- Reduced cost of Council Tax Support -£185K
- Reduced charge for Second/Empty Homes +£57K
- Other Movements in Tax Base -£128K

In tax base terms this equates to approximately 34 additional net chargeable Band D equivalent properties, bringing the total tax base to 40,840 gross properties.

Retained Business Rates – The latest position on business rates shows net income up by £220K when compared to the original estimate. The Net Rates Payable is down by £945M mainly due to additional reliefs and transitional protection being awarded. However, this is offset by a reduction in appeals of £1.165M.

| | Original £000's | June £000's | Movement £000's |
|---------------------------------------|--------------------|----------------|--------------------|
| Net Rates Payable | -63,377 | -62,432 | +945 |
| Appeals | 6,759 | 5,594 | -1,165 |
| Business Rates Income | -56,618 | -56,838 | -220 |
| City Council Retained Income (40%) | -22,647 | -22,735 | |
| Less Tariff | 19,662 | 19,662 | |
| Add Small Business Rates Relief Grant | -1,251 | -1,259 | |
| Net Retained Income | -4,236 | -4,332 | |
| Safety Net Payment | -720 | -624 | |
| Total Retained Income | -4,956 | -4,956 | |

Overall, this does not change the Council's budgeted position as it is still in safety net.

Pooling – Consideration of joining the Lancashire Business Rates Pool is still not considered a feasible option for the Council at this point in time. Under current arrangements, participants of the pool retain 100% of their own gains, but more importantly also have to stand 100% of their own losses, as the protection afforded by the Safety Net mechanism is no longer available. At present, there is some uncertainty about Government's future intentions regarding pooling arrangements going forward. Unfortunately though, if nothing changed, the Council would still not be in a position to be able to benefit financially from joining any pool arrangement. Instead, it would expose itself to £multi-million risk from potentially large appeals, as has been experienced in previous years. There may be other aspects to consider, however, depending on Government's plans, and these will be picked up later in September.

Prior Year Surpluses – As reported at outturn, the Council could benefit from surpluses of up to £4M generated in 2016/17, however, these would not be available until 2018/19 and would still be subject to movements in income and appeals. A formal review of this position will be undertaken in December as part of the 2018/19 Business Rates estimate process.

Collection Performance

Council Tax is slightly ahead and Business Rates slightly behind, but nothing to cause concern at this point in the year.

| | Full Year Target | Target to Date | Actual to Date |
|----------------|---------------------|-------------------|-------------------|
| Council Tax | 96.4% | 29.4% | 29.3% |
| Business Rates | 98.8% | 28.3% | 28.4% |

RESERVES

Economic Growth Reserve – Approved allocations are shown below which leave a current balance of **£28.8K** on the reserve.

| | |
|---|----------------|
| Opening Balance | £500.0K |
| Cabinet 26 June 2017 – Exempt Report | £150.0K |
| Officer Delegated Decisions (31 July 2017) | |
| Economic Growth Strategy | £15.0K |
| Economic Development Staff Resource (2 years) | £101.7K |
| Marketing & Communications Staff Resource (2 years) | £111.4K |
| Growth Lancashire (2 years) | £30.0K |
| Business Events / Sponsorship | £13.1K |
| Marketing Materials | £5.0K |
| Place Narrative & Perspective | £20.0K |
| <u>Signage (Central Morecambe's Main Roads)</u> | <u>£25.0K</u> |
| Balance Remaining | £28.8K |

Budget Support Reserve

| | |
|---|----------------|
| Opening Balance | £1,000K |
| Cabinet 14 February 2017 - Senior Leadership Team | £85K |
| <u>Council 19 July 2017 – Community Pools</u> | <u>£96K</u> |
| Balance Remaining | £819K |

Regarding the Senior Leadership Team, the allocation is in line with the report to Cabinet in February 2017. The phasing between years has been updated (to reflect the actual start date of the Assistant Chief Executive post) and the Chief Executive will report on any further implications in due course, with the annual Pay Policy Statement due for reporting at Budget Council. A further allocation for Community Pools was approved by Council on 19 July 2017 leaving a current balance of **£819K** on the reserve.

Other minor allocations (below the Key Decision threshold) are expected in due course in connection with Investors in People and external facilitation to support Cabinet's strategic review, and these will be reported on in due course.

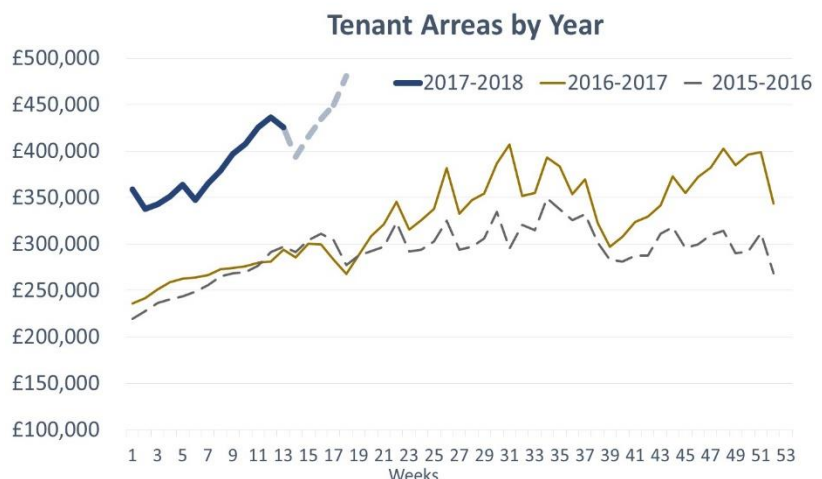
General Fund Unallocated Reserve

The current balance on the General Fund Unallocated Reserve stands at £4.890M which is £249K more than originally estimated due to the revenue underspend in 2016/17.

INCOME COLLECTION

Council Housing Rent Arrears – At

the end of June the level of arrears was £425K (2015/16 Qtr 3 £294K) which is a significant increase on the previous year. As expected the impact of the Universal Credit introduction has had a detrimental impact on collection. Officers predict the position will worsen and may peak at £500K. A new income manager has recently been appointed who will be working to improve the position.



ACTION: Chief Officer (Health & Housing) to report back on the actions being taken to reduce arrears and improve collection.

Sundry Debts – At the end of June the level of debt was £3.436M which is a reduction of £601K from Qtr4 last year (£4.037M). The bad debt provision currently stands at £2.455M which is £56K more than the required level. No action is required at present but a further review of the provision will be made at Qtr2.

| SERVICE | < 28 Days | 28-59 Days | 60-91 Days | 92-183 Days | 184-364 Days | 365+ Days | 2017/18 QUARTER 1 TOTALS | Compared to 2016/17 Quarter 1 Totals |
|---------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|--------------------------------|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Enviromental Services | 407,463 | 43,371 | 26,266 | 421,839 | 4,645 | 20,876 | 924,460 | 962,247 |
| Regeneration & Planning | 15,531 | 5,084 | - | 7,827 | 240 | 3,356 | 32,039 | - |
| Resources | 125,448 | 30,717 | 39,988 | 62,216 | 74,098 | 79,433 | 411,901 | 36,419 |
| Health & Housing | 31,429 | 13,177 | 5,629 | 8,937 | 25,713 | 2,800 | 87,685 | 384,029 |
| Governance | - | 693 | - | 1,000 | - | - | 1,693 | 193,098 |
| Hsg Benefits (Revenues) | 113,590 | 59,617 | 31,907 | 115,932 | 235,229 | 1,422,118 | 1,978,393 | 1,990,796 |
| 2017/18 Quarter 1 Totals | 693,461 | 152,659 | 103,790 | 617,752 | 339,925 | 1,528,584 | 3,436,171 | 3,566,588 |
| 2016/17 Quarter 4 Totals | 1,777,042 | 131,008 | 106,156 | 203,018 | 352,008 | 1,468,389 | 4,037,621 | |

The debt of £421K shown against Environmental Services (92-183 Days) relates mainly to trade waste debtors, and instalment arrangements are already in place for virtually all of it (92%). The remainder is being actively pursued either by officers, legal processes or has been referred to bailiffs.

CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

Exceptions to Tender – There were three exceptions to tender in Qtr 1:

- Bailrigg Garden Village – delivery planning. Approval was given to use the Homes and Communities Agency Property Panel to provide the required consultancy. This was on the basis that the Panel had already provided competition in their selection process, and that it would ensure provision of an appropriately qualified and experienced consultant.
- School transportation for swimming lessons. Approval was given as there was uncertainty regarding the service required due to the withdrawal from community pools, in addition to the lack of providers within the district.
- ICT firewall protection between Salt Ayre Leisure Centre and the Old Fire Station. Approval was given to use the current network support provider as they could deal directly with the hardware provider thus ensuring lowest price, and also to expedite the process to ensure works were completed as quickly as possible.

It should also be noted that one contract let by RMS for the provision of works to major voids was terminated by mutual agreement at the request of the contractor.

QUARTER 1 CORPORATE FINANCIAL MONITORING: General Fund Revenue

| Subjective Are Service | | Reason for Variance | Current Variances Adverse / (Favourable) | | Projection for Year Adverse / (Favourable) | |
|------------------------|-------------------------|--|---|-----------------|---|------------------|
| | | | £ | £ | £ | £ |
| Employees | Environmental Services | Salaries - turnover savings net of turnover target | (23,269) | | | |
| | Governance | | (6,762) | | | |
| | Health & Housing | | (53,623) | | | |
| | Regeneration & Planning | | 9,999 | | | |
| | Resources | | (13,306) | | | |
| | | | | (86,961) | | (150,000) |
| Premises | All services | Additional Business Rates costs following 2017 revaluation. | 34,209 | | 34,209 | |
| | All Services | Energy and Repair & Maintenance savings | (14,808) | | (50,000) | |
| | | | | 19,401 | | (15,791) |
| Supplies & Services | Regeneration & Planning | Development control - planning appeal relating to 2004 . Planning Inspectorate awarded costs against us; asked to provide evidence of costs but didn't do this until this year. | 8,785 | | 8,785 | |
| | Regeneration & Planning | Expected underspend on Xmas lights as renewals postponed until next year & reduced lighting due to streetworks in Morecambe. | (3,800) | | (15,200) | |
| | | | | 4,985 | | (6,415) |
| Fees & Charges | Environmental Services | Car Parks - Increased income from off street pay and display during first quarter, mainly June which experienced good weather and a higher number of festivals. | (29,300) | | (29,300) | |
| | Environmental Services | Waste Collection, notably Garden Waste - report on this made clear it would be difficult to predict take-up. The estimated income was based on 31,000 subscriptions (currently 75% achieved). Work is currently being undertaken to assess the impact going forward into future years. | 197,552 | | 280,600 | |
| | Environmental Services | Happy Mount Park - additional profit share from 16/17 invoiced following receipt of the accounts from the café concession. | (6,865) | | (6,865) | |
| | Health & Housing | Salt Ayre Leisure Centre - Overall income is down £100K but after taking account of other savings this reduces to £28K (See Appendix B for more details). | 28,184 | | 28,276 | |
| | Regeneration & Planning | Planning application fees - steady applications but no large schemes expected. | (63,647) | | (40,851) | |
| | Resources | Council Tax - Legal Costs Recovered. In line with the 2016/17 outturn, income is again exceeding the original estimate. | (16,524) | | (66,000) | |
| | | | | 109,400 | | 165,860 |
| TOTAL | | | | 46,825 | | (6,346) |

GARDEN WASTE COLLECTION CHARGING: INCOME MONITORING TO 30 JUNE 2017



Garden Waste Collection was launched in November 2016 with collections starting from January 2017.

The table below shows the number of subscriptions and income received to the end of June.

| | Subscriptions | Split of Income | | Total | |
|------------------------|---------------|-----------------|-----------------|-------------------|----------------------------------|
| | | 2016/17 | 2017/18 | | |
| November | 4,401 | £26,406 | £105,624 | £132,030 | |
| December | 7,116 | £42,696 | £170,784 | £213,480 | |
| January | 4,619 | £27,714 | £110,856 | £138,570 | |
| February | 1,929 | £11,574 | £46,296 | £57,870 | |
| March | 2,751 | £16,506 | £66,024 | £82,530 | |
| April | 959 | | £33,720 | £33,720 | |
| May | 724 | | £27,143 | £27,143 | |
| June | 556 | | £20,851 | £20,851 | |
| | 23,055 | £124,896 | £581,298 | £706,194 | 71% Of total budget since launch |
| Budgeted Income | | £130,300 | £870,408 | £1,000,708 | |
| Shortfall | | -£5,404 | -£289,110 | | |

Within the context of the approved budget the current shortfall in this financial year is £289K and based on current expectations this will reduce to £250K by year end. In addition to this, expected efficiency savings of £30K have been negated by additional costs associated with increases in residual waste collected meaning an overall potential shortfall of £280K.

The report prior to the launch of the garden waste service (Oct 16) made clear that:

... the financial projections for this service are based on a number of assumptions, therefore the risks in this regard are significant. This is clearly important in terms of potential impact on the Council's budget. At this stage we can provide estimates based on assumptions and information from elsewhere. Only when the service is up and running we will have an idea of what the reality is and what impact that will have on the wider budget. This means that the performance of the service will be closely monitored and taken into account when we bring forward budget plans for future years.

Whilst the report set out a range of potential take up scenarios, for the purposes of 17/18 budget a take up of 53.5% was assumed (31,000 subscriptions). This was based on actual take up from Wyre BC.

To Qtr1 of 17/18 a total of 23,055 subscriptions had been taken up (see above).

Whilst this falls short of the budgeted income taken, on its own increased income of £706,000 is a significant and positive contribution to the Council's budget.

NOTE -To the end of July the number of subscriptions had risen to 23,469. This equates to just over 75% progress towards the figure used in the budget. Subscriptions continue to be made on a daily basis but as would be expected these are slowing down.

In terms of maximising take up the following actions are noteworthy-

- Every household was leafleted prior to the start of the new collection service
- The service was publicised on the website, media and social media
- Since the launch of the service every the service has been promoted to every household via Your District Council Matters and on the waste / recycling collection calendar
- The service has been promoted on the side of waste collection / recycling vehicles
- Householders can subscribe online or over the phone. 75% of subscriptions have been made online.

The next cycle of the scheme will commence in April 2018. Planning is already underway to maximise take up and increase the existing number of subscriptions. As an example new developments are being targeted as occupants move in.

In terms of the overall budget for household waste / trade waste collection this is one piece of the jigsaw. Work is also underway to –

- Maximise take up of the trade waste collection service
- Factor in the impact of increased housing in the District in the most efficient and economic way
- Generate efficiencies from the way the service is delivered
- Improve the way the service is delivered in the future – with a focus on minimising residual waste.

SALT AYRE LEISURE CENTRE

2017/18 QTR 1 PERFORMANCE MONITORING

| | 2016/17 Full Year Actuals | 2017/18 Original Full Year Budget | Qtr 1 Budget | Qtr1 Actual | Qtr1 Variance | Full Year Projection | Variance to Original Budget | Percentage of Original Budget |
|--|---------------------------------|--|-----------------|----------------|------------------|-------------------------|-----------------------------------|-------------------------------------|
| | £ | £ | £ | £ | £ | | £ | |
| Expenditure | | | | | | | | |
| Employees | 1,000,255 | 1,256,400 | 288,901 | 265,235 | -23,666 | 1,240,558 | -15,842 | -1% |
| Premises Costs | 613,613 | 603,900 | 314,266 | 265,121 | -49,145 | 592,288 | -11,612 | -2% |
| Transport Costs | 14,714 | 13,300 | 1,778 | 5,515 | 3,737 | 13,300 | 0 | 0% |
| Supplies and Services | 424,726 | 449,500 | 116,632 | 112,574 | -4,058 | 441,481 | -8,019 | -2% |
| Income | | | | | | | | |
| Fees and Charges | -1,263,912 | -2,383,800 | -540,827 | -439,511 | 101,316 | -2,320,051 | 63,749 | -3% |
| Direct Net Operating Cost/(-) Surplus | 789,396 | -60,700 | 180,750 | 208,934 | 28,184 | -32,424 | 28,276 | |
| Support Service Costs | 325,388 | 349,900 | 87,475 | 87,475 | 0 | 349,900 | 0 | |
| Total Net Operating Cost | 1,114,784 | 289,200 | 268,225 | 296,409 | 28,184 | 317,476 | 28,276 | |
| Capital Charges (Notional) | 694,666 | 973,900 | 243,475 | 243,475 | 0 | 973,900 | 0 | |
| Total Net Cost | 1,809,449 | 1,263,100 | 511,700 | 539,884 | 28,184 | 1,291,376 | 28,276 | |

At present, income is down on original expectations by some £100K, but is expected to improve by the year end through additional marketing campaigns/resources, and officers will be working closely with Alliance Leisure to maximise income across all areas. This will be monitored closely and seasonal promotions implemented to encourage takeup of new facilities. Overall, it is anticipated there will be a 3% shortfall in income this year. In addition, there are savings in other areas to draw on which mean the overall shortfall is expected to be in the region of £30K.

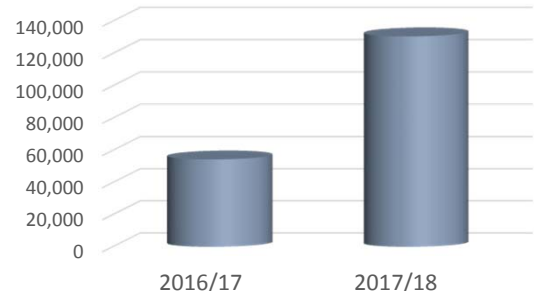
It should be noted however, that when compared to the 2016/17 outturn position, this is still a net reduction of £821K on the **direct net operating cost** of the centre. This does obviously exclude the cost of recharges from other service areas and the notional cost of capital charges and capital financing charges, but taking account of these, the net reduction is still some £518K.

Analysis of Throughput & Income - April to June

The following tables show how Phase 1 of the redevelopment has impacted on the number of customers now visiting the centre and the income being generated. As can be seen customer numbers are up by 140% and income up by 100% when compared to Qtr1 2016/17.

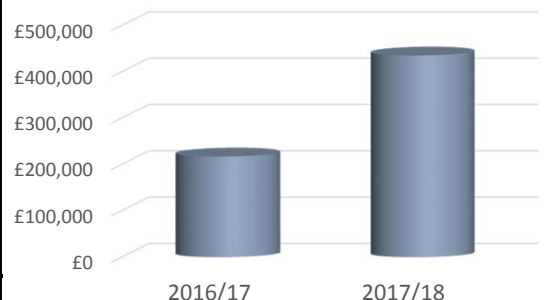
| Customer Throughput | 2016/17 | 2017/18 | Increase | % Increase |
|---------------------|---------------|----------------|---------------|---------------|
| Shop | 329 | 1,089 | 760 | 231.0% |
| Health & Fitness | 9,768 | 29,494 | 19,726 | 201.9% |
| SASC Cafe | 12,658 | 48,809 | 36,151 | 285.6% |
| Sports Hall | 1,497 | 6,741 | 5,244 | 350.3% |
| Studio | 10,527 | 9,787 | -740 | -7.0% |
| Swimming | 19,453 | 22,483 | 3,030 | 15.6% |
| Gravity | 127 | 286 | 159 | 125.2% |
| Xheight | N/A | 1,759 | - | - |
| Energy | N/A | 10,154 | - | - |
| | 54,359 | 130,602 | 64,330 | 140.3% |

Customer Throughput



| Income | 2016/17 £ | 2017/18 £ | Increase £ | % Increase |
|------------------|----------------|----------------|----------------|---------------|
| Shop | 1,711 | 4,056 | 2,345 | 137.1% |
| Health & Fitness | 71,169 | 175,299 | 104,130 | 146.3% |
| SASC Cafe | 21,219 | 83,298 | 62,079 | 292.6% |
| Sports Hall | 25,483 | 31,708 | 6,225 | 24.4% |
| Studio | 13,639 | 6,927 | -6,712 | -49.2% |
| Swimming | 81,702 | 86,082 | 4,380 | 5.4% |
| Gravity | 2,285 | 6,834 | 4,549 | 199.1% |
| Xheight | N/A | 18,265 | - | - |
| Energy | N/A | 22,974 | - | - |
| | 217,208 | 435,443 | 176,996 | 100.5% |

Income



**Treasury Management Update
Quarter Ended 30 June 2017
Report of Chief Officer (Resources)**

Treasury Management Update

Quarter Ended 30 June 2017

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)

The UK GDP annual growth rates in each calendar year 2013 – 2016 of 1.9%, 3.1%, 2.2% and 1.8%, have all been the top rate, or near top rate, of any of the G7 countries in every year. It is particularly notable that the UK performance was repeated in 2016, a year in which the Bank of England had forecast in August 2016 that growth would be near to zero in the second half of the year due to the economic shock it expected from the result of the Brexit referendum in June. However, it has had to change its mind and in its February and May 2017 Inflation Reports, the Bank upgraded its forecasts for growth (May Report - 2017 1.9%, 2018 and 2019 1.9%). However over these years, it also expects inflation to accelerate towards nearly 3% as increases in costs as a result of the fall in the value of sterling since the referendum, gradually feeds through into the economy, though it should fall back to 2.2% in 2019. Provided those cost pressures do not feed through into significantly higher domestically generated inflation within the UK, the MPC is expected to 'look through' this one off blip upwards in inflation. Wage inflation, which is a key driver of domestically generated price pressures, is currently subdued. There is, though, a potential risk that the MPC might muster a majority to reverse the emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time.

Growth in the EU improved in 2016, to 1.7%, after the ECB cut rates into negative territory and embarked on massive quantitative easing during the year. The ECB is now forecasting growth of 1.9% in 2017, 1.8% in 2018 and 1.7% in 2019. It has committed to continuing major monthly quantitative easing purchases of debt instruments, though in April 2017 it reduced the rate from €80bn per month to €60bn, to continue until the end of 2017, in order to stimulate growth and to get inflation up to its 2% target.

There are major concerns about various stresses within the EU; these could even have the potential to call into question the EU project. The Dutch and French elections passed off without creating any waves for the EU but we still have a national election in Germany on 22 October; this is not currently expected to cause any significant change. What could be more problematic is the general election in Austria on 15 October where a major front runner is the Freedom Party which is strongly anti-immigration and anti EU. There is also a risk of a snap general election in Italy before the final end possible date of 20 May 2018. A continuing major stress point is dealing with the unsustainable level of national debt in Greece in the face of implacable opposition from Germany to any further bail out. High levels of unemployment in some EU countries and the free movement of people within the EU, together with the EU's fraught relationship with Turkey in controlling such people movements, are also major stress issues. On top of which the EU also now has to deal with Brexit negotiations with the UK.

3. Interest Rate Forecast

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

| | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bank rate | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.50% | 0.50% | 0.75% | 0.75% |
| 5yr PWLB rate | 1.40% | 1.50% | 1.60% | 1.70% | 1.70% | 1.80% | 1.80% | 1.90% | 1.90% | 2.00% | 2.00% |
| 10yr PWLB rate | 2.10% | 2.20% | 2.30% | 2.30% | 2.40% | 2.40% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% |
| 25yr PWLB rate | 2.80% | 2.90% | 2.90% | 3.00% | 3.00% | 3.10% | 3.10% | 3.20% | 3.20% | 3.30% | 3.30% |
| 50yr PWLB rate | 2.60% | 2.70% | 2.70% | 2.80% | 2.80% | 2.90% | 2.90% | 3.00% | 3.00% | 3.10% | 3.10% |

The Monetary Policy Committee, (MPC), cut the Bank Rate from 0.50% to 0.25% on 4th August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. However, since then, growth has been robust until dipping in quarter 1 of 2017 to 0.2%. Also, CPI inflation has risen substantially as a result of the sharp fall in the value of sterling since the referendum. Consequently, the Bank Rate has not been cut again, and market concern has switched to whether the MPC could get together a majority to reverse the August emergency 0.25% rate cut before embarking on a progressive trend of increases at a later time when the economic and political / Brexit situation is more robust to withstand such increases. There is much uncertainty at this time over the slender majority the Conservative Government has, which is dependent on DUP support, and also over what form of Brexit will transpire and how difficult the EU could be in setting terms. There are, therefore, a multiplicity of ifs and buts at the current time and depending on how things transpire, then this will materially influence MPC decision making as to when Bank Rate will rise.

Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after the Brexit negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

4. Annual Investment Strategy

The Treasury Management Strategy (TMS) for 2017/18, which includes the Annual Investment Strategy, was approved by the Council on 01 March 2017. 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 Capita's 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 2017.

Investment rates available in the market were on a slight declining trend during the quarter but over 3 month rates rose during the last half of June.

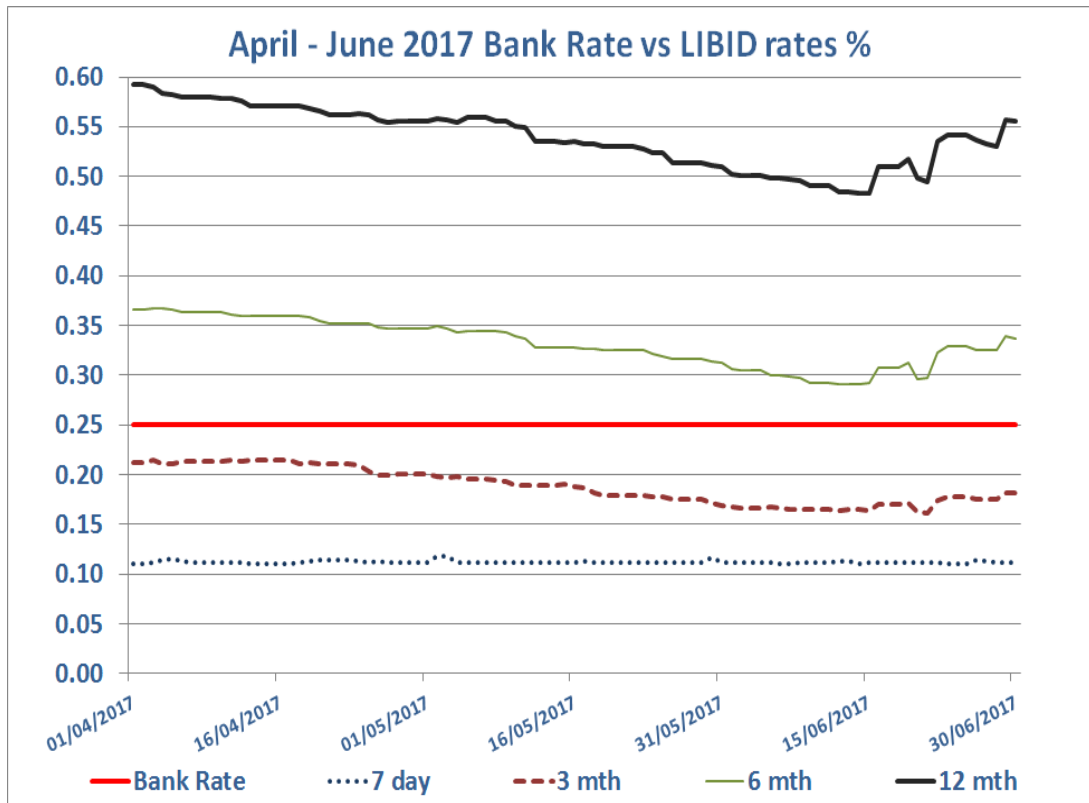
The average level of funds available for investment purposes during the quarter was £28.7M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital 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 | 0.25% |
| 7 day LIBID | 0.11% |
| Lancaster City Council investments | 0.30% |

Investment performance against budget for quarter ended 30 June 2017

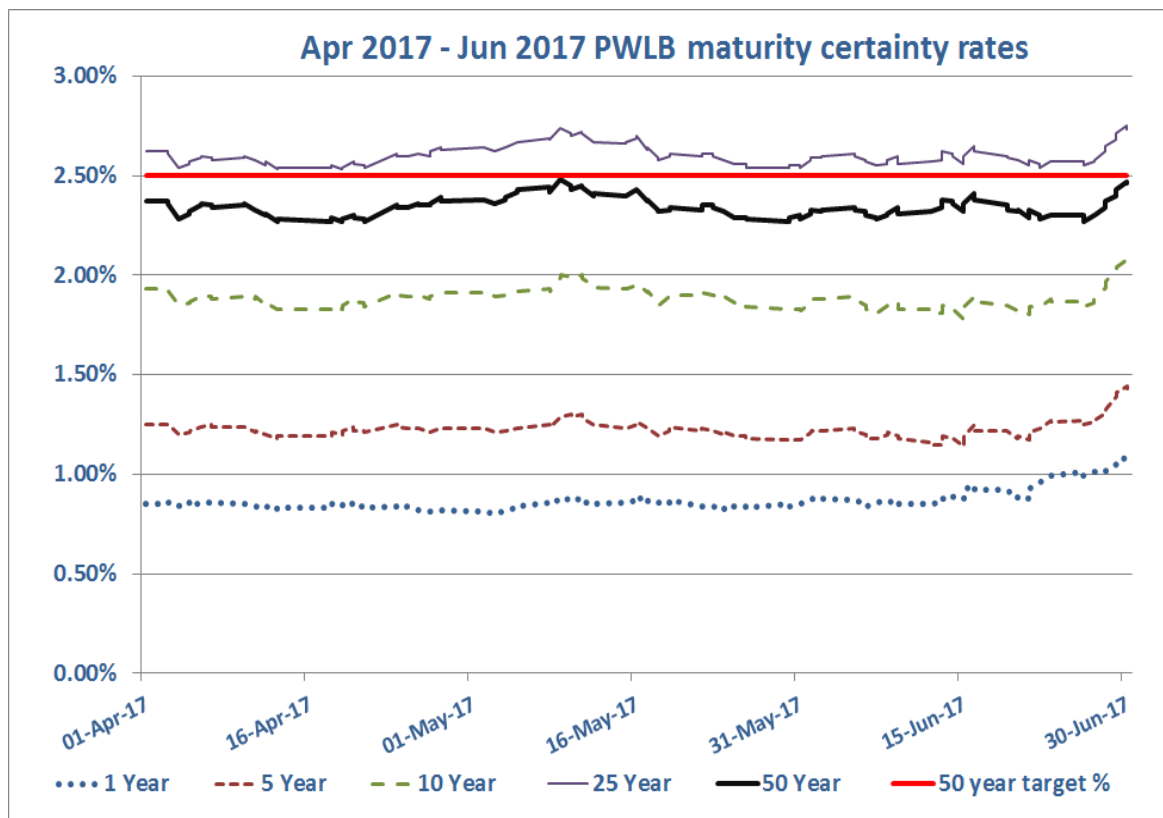
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5. Borrowing (commentary provided by Capita Asset Services)

As depicted in the graph(s) below, PWLB rates varied little during the quarter until rising sharply in the last week of June.

During the quarter ended 30 June 2017, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.5%.



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

6. Debt Rescheduling

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

7. 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.

8. Risk Management

Many of the risks in relation to treasury management are managed through the setting and monitoring of performance against the relevant Prudential and Treasury Indicators and the approved investment strategy.

The Authority's Investment Strategy is designed to engineer risk management into investment activity by reference to credit ratings and the length of deposit to generate a pool of counterparties, together with consideration of other creditworthiness information to refine investment decisions.