



Committee: CABINET

Date: TUESDAY, 26 JUNE 2018

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 24 April 2018 and Tuesday 15 May 2018 (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. Ambitions: Our Council Plan 2018-22 (Pages 1 - 3)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of Chief Executive
7. Provisional Revenue, Capital and Treasury Management Outturn 2017/18 (Pages 4 - 35)
(Cabinet Member with Special Responsibility Councillor Whitehead)
Report of Chief Officer (Resources)
8. Update on planned activity for the Transformation Challenge Award Project (Pages 36 - 48)
(Cabinet Member with Special Responsibility Councillor Warriner)
Report of Chief Officer (Health & Housing)
9. Update on Information Governance (Pages 49 - 54)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of Interim Head of Legal & Democratic Services
10. Cabinet Liaison Groups and Appointments to Outside Bodies, Partnerships and Boards (Pages 55 - 69)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of Chief Executive
11. Exclusion of Press and Public

Whilst the following report is public it contains an exempt appendix. 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 for Cabinet to go into private session if it becomes necessary to refer to the exempt appendix. The Chairman of the Overview & Scrutiny Committee has agreed to the meeting going into private session if required.

Cabinet is recommended to pass the following recommendation in relation to the exempt appendix:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting if it becomes necessary to refer to Appendix B, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraphs 1 & 2 of Schedule 12A of that Act.”

Members are reminded that, whilst Appendix B has been marked as exempt, it is for Cabinet itself to decide whether or not to consider the Appendix 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.

12. Budget Support Reserve - Proposed Allocations (Pages 70 - 77)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Chief Officer (Resources)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Nathan Burns, Darren Clifford, Brendan Hughes, 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,
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Published on Wednesday, 13 June , 2018.

CABINET

**Ambitions: Our Council Plan 2018-22
26 June 2018**

Report of Chief Executive

PURPOSE OF REPORT			
To present the draft Council Plan 2018-22 ahead of recommending the finalised Council Plan to Council for approval.			
Key Decision		Non-Key Decision	X Referral from Cabinet Member
Date of notice of forthcoming key decision	24 May 2018		
This report is public			

RECOMMENDATION OF THE LEADER OF THE COUNCIL

- (1) That Cabinet considers the draft Council Plan 2018-22 and, subject to approval of the final document, recommends the Plan for approval by Full Council.

1.0 Introduction

- 1.1 In early 2017, Cabinet members identified the need for the Council to refresh its strategic priorities in order to support future decision-making and planning, maintain operational and financial sustainability, and build resilience in a rapidly changing world.
- 1.2 A series of discussions based on a broad evidence base identified four strategic priority areas, known as 'Ambitions' as they represent the Council's aspirational aims for the District.
- 1.3 The Ambitions are underpinned by four key Principles, which will apply across the whole of the Council's work.
- 1.4 Cabinet members then worked with officers to develop a more detailed strategic direction in support of each of the Ambitions.

2.0 Proposal Details

- 2.1 Stating the Council's Principles and Ambitions for the period 2018-22 in an overarching strategic plan will provide a framework for decision-making and service delivery within the Council, and a reference point for anyone engaging with the Council as a customer or partner.
- 2.2 It is therefore proposed that Cabinet approves, for recommendation to Council, a finalised version of the draft Council Plan 2018-22.
- 2.3 Alongside the Principles and Ambitions, the draft Council Plan also contains information on recent achievements, a summary of the scale and breadth of the Council's operations, and detailed information in support of each of the Ambitions.

- 2.4 The consideration of risk underpins the Council Plan and the Council's draft strategic risk register has been reviewed and is currently being updated. It will be reported through for Members' consideration in due course. Alongside this, Officer responsibilities regarding the risk management framework are also under review. In the meantime, it is intended that during the course of this year, Internal Audit will undertake some development work and risk management workshops, alongside ongoing development of the business planning and performance management framework. Furthermore, it is the intention that any significant changes in the Council's risk profile will be reported for consideration as part of the usual quarterly monitoring arrangements.

3.0 Details of Consultation

- 3.1 The Council Plan 2018-22 has been developed using information from a wide range of sources across the Council as well as an externally commissioned evidence base.
- 3.2 A draft version of the Plan was presented to Budget & Performance Panel members on 14 November 2017.
- 3.3 A draft version of the Plan was discussed at a workshop on Friday 2 March 2018 involving a large number of external partners and stakeholders along with Cabinet members and senior officers.
- 3.4 Councillors and the general public have also been invited to a series of informal drop-in sessions across the district to share their views.
- 3.5 The Plan will be reviewed each year to take account of any significant changes in strategy or context, based on ongoing engagement with our communities and partners.

4.0 Conclusion

- 4.1 Cabinet has given significant consideration to developing its strategic priorities, to guide the organisation in aligning its strategy and resources in implementing a number of key projects and initiatives.
- 4.2 Setting out a new Council Plan at this stage creates an opportunity to clearly state the Council's vision for the Lancaster district, and as such must be approved by Council.

RELATIONSHIP TO POLICY FRAMEWORK

The Principles and Ambitions contained within the Council Plan will form a central part of the Council's policy framework, providing a key reference point for decision-making over the period of the Plan.

CONCLUSION OF IMPACT ASSESSMENT

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

The Plan does not itself impact directly on service delivery, but provides a framework for decision-making over the period of the Plan. The broad scope of the Plan means that it would not in itself have a direct beneficial or detrimental effect on any particular group.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

None directly arising from this report. (See s151 Officer's comments below).

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

None directly arising from this report.

SECTION 151 OFFICER'S COMMENTS

In order to establish ambitious yet deliverable plans and protect the Council's financial sustainability, ideally the Council's strategic, operational and financial plans should be broadly in line, recognising that some scope for flexibility will inevitably be required. It is currently forecast that by 2021/22 the Council will have an annual budget deficit in the region of £2.4M. This means that based on its current operations and expectations (i.e. if nothing changed), the Council would not be sustainable; significant net budget savings, through efficiencies, income generation and/or service reductions, are expected to be needed by then to ensure its ongoing viability. The draft Council Plan recognises that need, and it is essential for the Council to translate its new Council Plan into a sound, deliverable and prioritised programme of change for implementation as soon as practicable. Work is currently underway on establishing this for Cabinet's consideration. The Council has reserves in place to help facilitate and implement such a programme, but clearly these are one-off resources that in themselves, do not present an ongoing financial solution. In support, an external financial health-check will be undertaken in the coming months, the results of which will be reported to Members, and it is envisaged that any action plan arising will also help the Council in tackling the challenges ahead.

MONITORING OFFICER'S COMMENTS

On approval by full Council the Council Plan will become the policy framework document under Article 4.01 (a) Corporate Plan

BACKGROUND PAPERS

Draft Council Plan 2018-22

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CABINET

**Provisional Revenue, Capital and Treasury Management
Outturn 2017/18
26 June 2018
Chief Officer (Resources)**

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2017/18, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Officer Referral	X
Date of Notice of Forthcoming Key Decision		N/A	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:

1. That the provisional outturn for 2017/18 be endorsed, including the transfers and amendments to Provisions, Reserves and Balances actioned by the Chief Officer (Resources), and the position regarding overspendings.
2. That Cabinet approves the requests to carry forward underspent revenue budgets as set out in section 5.2.
3. That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendix H be endorsed, with the Capital Programme being updated accordingly.
4. That the Annual Treasury Management report and Prudential Indicators as set out at Appendix J be noted and referred on to Council for information.

1 BACKGROUND

- 1.1 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. It is pleasing to report that the new statutory deadline of 31 May was met and the Statement of Accounts were completed and signed off by the Chief Officer (Resources) on that date. The audit of accounts by KPMG is currently underway and for information the draft Statement itself is freely available on the Council's website.
- 1.2 This report provides Cabinet with an update on the provisional outturn, including treasury management, and seeks endorsement for certain matters. The Council's financial performance is integral to its service performance overall, which is included elsewhere on this agenda, and Members are advised to consider this report in that context.

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

2 PROVISIONAL REVENUE OUTTURN: SUMMARY

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

	Revised Budget Position £'000	Provisional Outturn £'000	Variance (Favourable) / Adverse £'000
Housing Revenue Account (HRA) – relates to Council Housing services	221	(80)	(301)
General Fund Council Tax Requirement – covers all other Council services (but excludes parish precepts)	8,623	8,224	(399)

3 HOUSING REVENUE ACCOUNT (HRA)

3.1 The Housing Revenue Account was underspent in last year by approximately £301K net (2016/17 comparative: £112K underspend).

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

- a reduced revenue funding requirement for capital, mainly shown as a lower call on the Major Repairs Reserve (£282K net saving overall);
- an increased depreciation charge of £38K;
- increased income from rents due to carrying fewer void properties - £78K;
- a number of other net overspendings amounting to £21K.

3.3 Improvements have been made to void turnaround times during 2017/18 resulting in the increased rental income. At the start of the year there were 83 void properties reducing to 37 by the end of the year, which is the lowest level since 2012/13.

3.4 At outturn the HRA's financial standing still remains sound. As at 31 March its Balances stood at £2.018M, this being £301K higher than budgeted. A summary of all its Balances, reserves and provisions is included at **Appendix E**.

4 GENERAL FUND

4.1 Revenue Outturn

4.1.1 The 2017/18 financial year saw further substantial reductions in Government funding, amounting to around £0.940M or 12%. The outturn for General Fund should be considered in that context.

4.1.2 After allowing for various year-end adjustments, there has been a net underspending of £399K against the overall Revised Budget for 2017/18 and a summary statement is included at **Appendix B**. The underspending represents 2.5% of the Council's net revenue budget (2016/17 comparative: £249K underspend, 1.5% of budget) or 4.6% of the council tax requirement (i.e. the amount raised from council tax; this measure is growing in prominence). If compared with the Council's gross budget, however, which is in the region of £100M+, the level of net underspending is very minor.

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

Main Areas for net variances	Gross Budget (For comparison) £'000	Value (Favourable) / Adverse £'000
Operational:		
Employee Related	22,467	(41)
Premises Related	9,464	(242)
Transport and other Supplies and Services	14,749	(39)
General Income (including Grants)	(20,226)	(230)
Other minor variances		(32)
Other Areas:		
Additional Contribution to Welfare Reserve		130
Net Additional Contribution to Provisions		55
Net Total		(399)

4.1.4 Underspends have again occurred on repair and maintenance of property and sea and river defences totalling £203K. These are due to a variety of reasons such as vacancies within the Coast Protection team meaning works could not progress. As a result, work will be rescheduled in 2018/19.

4.1.5 Additional income of £160K has been generated across the Council and it is anticipated that the majority of this will continue in the future. Key areas are DFG administration charges (£24K), Off-street car parking income (£48K) and Commercial Property rents (£46K).

4.1.6 In contrast there have also been reductions in income of £95K, relating to Salt Ayre (£27K) Legal Fees recovered (£25K) and Planning Fee income (£28K). Further work is underway to ascertain any ongoing impact in these areas.

4.1.7 Additional government grants have also been received in respect of Universal Credit (£130K) and New Burdens and Transparency (£35K), of which the £130K has been transferred into the Welfare Reforms Reserve (see 4.2.1 below).

- 4.1.8 In terms of the 2017/18 approved savings for 2017/18, of the total £103K budgeted net savings £89K has been achieved, leaving a shortfall of £14K. The two main areas where income has not been achieved as expected relate to the Kingsway overspill car park (£7K shortfall) and Planning pre-application advice income (£9K shortfall). Full details are set out at **Appendix D**.
- 4.1.9 Overall the outturn position is positive, which is encouraging given the significant financial uncertainty and challenges ahead. Reducing net service costs will continue to be encouraged where it does not damage performance; indeed current financial strategy is still based on taking proactive management decisions to save money and maximise income during the year. Other reasons for underspending do occur though and so it is important that appropriate analysis is undertaken. This will be undertaken as normal alongside monitoring arrangements, with the aim of drawing out further savings and any service performance or financial improvements needed. Any budgetary matters arising will be reported through corporate monitoring and incorporated into the half-yearly Medium Term Financial Strategy (MTFS) review.
- 4.1.10 This process will lead into the 2019/20 budget and planning process, for which the timetable and other arrangements are due to be considered by Cabinet over the summer.

4.2 Provisions, Reserves and Balances

- 4.2.1 In closing the accounts for last year the Council's reserves and provisions have been reviewed; this is in accordance with the policy and schedule approved by Council back in March. A full statement is attached at **Appendix E** and the main issues and transfers regarding General Fund are highlighted specifically below:
- A new Back Pay Provision has been created and £100K set aside in it. This follows a ruling by the Employment Appeal Tribunal in 2017, whereby employers must now include overtime in the calculation for holiday pay. The provision has been created to cover the potential cost of backdated payments.
 - An additional £45K was received from Government in respect of previous Legal claims which have now been settled. This money has been transferred into revenue and the provision closed.
 - As mentioned above, the Universal Credit grant of £130K has been transferred into the Welfare Reform Reserve to help manage the cost of current and future administrative pressures of welfare reforms.
 - Use of the AONB Reserve is currently limited to replacement of vehicles and machinery. However, it is proposed to widen this now to allow the transfer in of additional income or underspends, and to allow the reserve to be used to fund specific projects and plans that arise. The Arnside and Silverdale AONB is jointly funded by four councils as well as receiving grants from DEFRA.
- 4.2.2 The transfers have already been reflected in the General Fund summary position outlined earlier, hence Cabinet is asked to endorse them and the change in use of the AONB Reserve.
- 4.2.3 After allowing for these transfers, the General Fund net underspending of £399K has been transferred into Balances by the Chief Officer (Resources). This means that as at 31 March 2018 Balances amount to £5.067M, as compared with the budgeted figure of £4.668M. Similar to the HRA, the General Fund's financial standing is currently

sound but as Members know, General Fund still has much uncertainty and major challenges ahead.

5 CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

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

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

5.2 With regard to the carry forward of revenue underspend, there are two specific requests for Cabinet to consider.

5.2.1 The first relates to the Community Governance Review which was scheduled to start in 2017/18 and continue into 2018/19. However, due to unforeseen delays work has not commenced until April 2018. The request is to carry forward the £10,000 budget originally allocated in 2017/18. It should be noted that the Council is statutorily required to carry the review.

5.2.2 The second request is to carry forward £11,400 of unspent budget relating to Townscape Heritage Initiative 2. Progress on some of the Heritage Skills and Business Support programme were delayed due to difficulties finding suitable trainers to deliver the heritage skills programme and delays by third parties in delivering accredited schemes. The carry forward represents the Council's matched funding contribution to the HLF grant which is being provided for this initiative, and which has to be completed before the end of 2018/19.

5.3 With regard to overspendings, arrangements require that:

- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Chief Officer (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Chief Officer and the s151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.
- The s151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspend occurring and details of any actions taken to prevent the situation recurring.

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

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

6 COLLECTION FUND

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

6.2 Council Tax

6.2.1 At the end of the financial year there was a comparative small deficit of £94K in relation to council tax, whereas a balanced position was forecast back in January of this year. The deficit represents a net reduction of approximately 47 chargeable Band D dwellings (0.1% of the estimated Tax Base) over the period from when the estimate was set, to the end of March. As the City Council funds 13% of the deficit this would mean an additional charge against the revenue budget of £12K in 2019/20. The Fund's movements will continue to be monitored and reported to Members as part of the quarterly financial monitoring process.

6.3 Business Rates

6.3.1 On 01 April 2017 the latest revaluation by the Valuation Office Agency came into effect, which for Lancaster saw an increase in Rateable Value of 4% from £153.637M (2010 List) to £159.981M (2017 List). However, since the new list became effective no appeals have been made yet against it for Lancaster – and it is not known how many might be in the pipeline. This has made estimating the provision for appeals very difficult; as a result an historic average loss of 5.7% has been assumed for 2017/18 appeals.

6.3.2 Allowing for that provision for appeals, and from a Collection Fund perspective, the overall Fund position has moved from an opening deficit of £1.8M to a final surplus of £9.3M at the end of 2017/18. Of that £9.3M surplus, the City Council's share is £3.7M (40%) but this figure is subject to changes arising from the current year onwards. Any surplus remaining could not be realised as growth for some time (and certainly not in the current year); it will therefore not immediately impact directly on the Council's budget.

6.3.3 Separately however, £2.6M of business rate growth is expected to be realised in 2018/19, in line with the expectations reported during the budget. Assuming no changes, this will be transferred into the Budget Support Reserve later this year.

6.3.4 In addition, the City Council continues to benefit from renewable energy income amounting to £954K in last year (£917K in 2016/17). For renewable energy schemes approved by the Council as planning authority, the current regulatory framework provides for the City Council retaining 100% of such business rate income, outside of the operation of the main rates retention system and the safety net.

7 CAPITAL OUTTURN

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

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000		£'000	%
Council Housing	4,204	4,030	(174)	(4.1)
General Fund	12,146	11,642	(504)	(4.1)
Total Programme	16,350	15,672	(678)	(4.1)

7.2 Capital Slippage

- 7.2.1 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix H**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual carry forward of slippage can be a formality. If Members have any questions on particular requests and/or are minded not to endorse (and refuse) any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.
- 7.2.2 Information on recent years' slippage is also included below for comparison and shows that slippage has reduced significantly in 2017/18, which is a positive step. Overall it represents 4.6% of the overall £16.350M programme.

	2017/18 £'000	2016/17 £'000	2015/16 £'000	2014/15 £'000	2013/14 £'000
Council Housing	60	0	36	95	0
General Fund	695	2,410	576	2,526	1,706
Total Slippage Requested	755	2,410	612	2,621	1,706

7.3 Capital Overspends / Accelerated Spending

- 7.3.1 The requirements relating to revenue overspends (as set out in section 5) also apply to capital overspends. At the end of 2017/18 there were two HRA schemes where overspends exceeded £10K, however, there were none for General Fund.

	Revised Budget £'000	Actual Spend £'000	Overspends/ Accelerated Spending £'000
OVERSPENDS			
Housing Revenue Account			
Disabled Adaptations	350	365	+15 (4.3%)
Environmental Improvements	508	521	+13 (2.6%)
ACCELERATED SPENDING			
General Fund			
Vehicle Renewals	2,105	2,115	+10
Disabled Facilities Grants	1,107	1,240	+133
Energy Efficiency Works	393	430	+37

- 7.3.2 The HRA overspending on disabled adaptations has resulted from additional referrals from Occupational Therapy requiring more adaptation works to be carried out. As this is a reactive budget it can sometimes be difficult to predict spend therefore no further action is required, other than to monitor future spend more closely.
- 7.3.3 The environmental improvements overspending is due to 2016/17 slippage not being requested which in turn had a knock on impact in 2017/18. Whilst efforts to address this were made by officers there still remains a small overspend. No further action is

Monday 11 June	Audit of accounts commences.
Tuesday 26 June	Cabinet: consideration of outturn
Tuesday 10 July	Budget and Performance Panel: consideration of outturn.
Wednesday 18 July	Council: annual Treasury Management report for information.
Wednesday 24 July	Audit Committee: consideration of audited accounts.

During July the first quarterly monitoring report for 2018/19 will be produced. This will draw on the outturn for last year, to identify any implications for current and future years.

10 DETAILS OF CONSULTATION

- 10.1 As reflected in section 9 above, the statutory arrangements regarding the public's rights in relation to the accounts provide for a fixed 30 working day period, to commence on 01 June for this year.

11 OPTIONS AND OPTIONS ANALYSIS

- 11.1 The City Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Officer (Resources), and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.
- 11.2 The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:
- Endorse any number of the items / requests, in full or part.
 - Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
 - Request further information regarding them, if appropriate.

12 OFFICER PREFERRED OPTION AND JUSTIFICATION

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

13 CONCLUSION

- 13.1 Although the General Fund budget and associated Government funding reduced again in 2017/18, the Council continued to manage the financial pressures well and it has

again improved the Fund's overall financial standing as at 31 March 2018. Similarly, the HRA's standing is currently sound. Although various actions have been outlined in the report, there are no wholly new matters arising that have not previously been reported or highlighted in some form, and this should give some comfort with regard to the adequacy of the Council's financial planning and monitoring arrangements.

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

HOUSING REVENUE ACCOUNT OUTTURN 2017/18

For Consideration by Cabinet 26 June 2018

	Original Budget £	Revised Budget £	Actual £	Variance £	Adjusted Variance £
INCOME				(Favourable) / Adverse	(Favourable) / Adverse
Rental Income - Council Housing	(13,515,300)	(13,331,100)	(13,409,278)	(78,178)	(78,178)
Rental Income - Other (Shops and Garages etc.)	(253,100)	(250,700)	(254,155)	(3,455)	(3,455)
Charges for Services & Facilities	(1,487,400)	(1,460,500)	(1,469,839)	(9,339)	(9,339)
Grant Income	(7,700)	(7,700)	(7,736)	(36)	(36)
Contributions from General Fund	(101,000)	(100,800)	(108,415)	(7,615)	(7,615)
Total Income	(15,364,500)	(15,150,800)	(15,249,423)	(98,623)	(98,623)
EXPENDITURE					
Repairs & Maintenance	4,875,700	5,353,700	5,394,262	40,562	40,562
Supervision & Management	3,013,800	2,992,400	3,140,581	148,181	(94,256)
Rents, Rates & Insurance	200,000	203,600	191,347	(12,253)	(12,253)
Contribution to Provision for Bad and Doubtful Debts	159,200	196,600	177,372	(19,228)	(19,228)
Depreciation & Impairment of Fixed Assets	2,082,900	2,765,300	6,434,470	3,669,170	56,146
Debt Management Costs	1,100	1,100	1,100	0	0
Total Expenditure	10,332,700	11,512,700	15,339,133	3,826,433	(29,028)
NET COST OF HRA SERVICES	(5,031,800)	(3,638,100)	89,710	3,727,810	(127,651)
Capital Grants and Contributions Receivable	(21,000)	(22,000)	(39,840)	(17,840)	(17,840)
Interest Payable & Similar Charges	1,937,100	1,921,400	1,915,998	(5,402)	(5,402)
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0	0	0
Interest & Investment Income	(7,400)	(37,400)	(35,999)	1,401	1,401
Pensions Interest Costs & Expected Return on Pensions Assets	152,000	163,000	383,542	220,542	(0)
Self Financing Debt Repayment	0	0	0	0	0
(SURPLUS) OR DEFICIT FOR THE YEAR	(2,971,100)	(1,613,100)	2,313,411	3,926,511	(149,492)
Adjustments to reverse out Notional Charges included above	1,062,400	1,063,400	(2,554,950)	(3,618,350)	(0)
Net Charges made for Retirement Benefits	0	0	(457,653)	(457,653)	(0)
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	0	0	0	0	0
Capital Expenditure funded from Major Repairs Reserve	1,525,300	775,000	493,389	(281,611)	(281,611)
Transfer from Earmarked Reserves - for Capital Purposes	17,500	(284,400)	(148,730)	135,670	135,670
Financing of Capital Expenditure from Earmarked Reserves	200,000	280,000	274,400	(5,600)	(5,600)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	(165,900)	220,900	(80,134)	(301,034)	(301,034)
Housing Revenue Account Balance brought forward	(1,825,465)	(1,937,602)	(1,937,602)	0	0
HRA BALANCE CARRIED FORWARD	(1,991,365)	(1,716,702)	(2,017,736)	(301,034)	(301,034)

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

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

GENERAL FUND REVENUE BUDGET SUMMARY

For Consideration by Cabinet 26 June 2018

	Original Budget £	Revised Budget £	Actuals £	Variance £ (Favourable) / Adverse	Adjusted Variance £ (Favourable) / Adverse
Management Team and Support	0	0	0	0	37,230
Human Resources	0	0	0	0	7,510
VCFS Support	262,900	263,000	260,410	(2,590)	(2,590)
Management Team	262,900	263,000	260,410	(2,590)	42,150
Service Support	0	0	0	0	(33,804)
Public Realm	2,320,800	2,406,900	2,692,029	285,129	(78,739)
Repairs & Maintenance	0	0	0	0	(80,376)
Safety	71,900	74,600	114,551	39,951	7,411
Waste / Recycling	1,733,700	1,927,300	2,238,245	310,945	(20,414)
Organisational Development	0	89,900	86,046	(3,854)	(12,315)
Environmental Services	4,126,400	4,498,700	5,130,871	632,171	(218,237)
Democratic Services	1,586,600	1,626,300	1,811,010	184,710	(17,568)
Legal	(61,300)	(46,000)	(8,896)	37,104	56,088
Governance Services	1,525,300	1,580,300	1,802,114	221,814	38,520
Environmental Health	1,228,800	1,281,400	1,531,510	250,110	(13,542)
General Fund Housing	165,500	157,400	165,139	7,739	3,501
Licensing	(17,400)	(30,100)	36,298	66,398	3,947
Sport and Leisure	1,480,600	1,841,200	2,031,292	190,092	73,791
Strategic Housing	787,300	658,900	787,696	128,796	(57,406)
Health & Housing Services	3,644,800	3,908,800	4,551,935	643,135	10,291
Development Management	924,800	(18,100)	321,063	339,163	60,154
Economic Development	1,833,100	2,081,300	2,096,266	14,966	(123,952)
Regeneration	4,310,800	3,969,400	5,345,419	1,376,019	26,731
Service Support	66,200	56,400	55,788	(612)	(6,346)
Regeneration & Planning	7,134,900	6,089,000	7,818,536	1,729,536	(43,413)
Audit	64,200	55,800	60,269	4,469	(2,302)
Financial Services	0	0	0	0	(23,699)
ICT	0	0	0	0	(53,979)
Property Group	(246,500)	(97,800)	(186,561)	(88,761)	(233,320)
Revenues and Benefits	1,127,800	917,300	1,379,580	462,280	(5,430)
Resources	945,500	875,300	1,253,288	377,988	(318,730)
Central Services	1,761,900	1,760,400	2,071,007	310,607	54,730
Central Services	1,761,900	1,760,400	2,071,007	310,607	54,730
Capital Financing	2,212,900	2,388,800	2,252,347	(136,453)	(136,453)
Reversal of Notional Charges	(5,149,800)	(4,643,700)	(17,426,391)	(12,782,691)	300
Treasury Management	1,007,000	1,014,100	(465,079)	(1,479,179)	7,180
Other Government Grants	(1,854,200)	(1,854,200)	(1,889,015)	(34,815)	(34,815)
Appropriations (to / (-) from Reserves)	221,400	(41,500)	10,136,978	10,178,478	199,378
Appropriations (to / (-) from Balances)			(57,100)	(57,100)	0
Other Income & Expenditure	(3,562,700)	(3,136,500)	(7,448,260)	(4,311,760)	35,590
Net Revenue Budget	15,839,000	15,839,000	15,439,901	(399,099)	(399,099)
Financed by:					
Retained Business Rates	(25,272,500)	(24,200,100)	(24,200,153)	(53)	(53)
Less Business Rates Tariff	19,661,700	18,589,300	18,589,332	32	32
Baseline Funding Level	(5,610,800)	(5,610,800)	(5,610,821)	(21)	(21)
Revenue Support Grant	(1,605,200)	(1,605,200)	(1,605,179)	21	21
Total Settlement Funding	(7,216,000)	(7,216,000)	(7,216,000)	0	0
Council Tax Requirement	8,623,000	8,623,000	8,223,901	(399,099)	(399,099)

Note the underspend of approx £399K will be transferred to Unallocated Balances to balance off the Fund accounts.

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

GENERAL FUND VARIANCE ANALYSIS

For Consideration by Cabinet 26 June 2018

	2017/18 Outturn Compared to Working Budget		Potential Impact on Current / Future Budgets
	(Favourable) / Adverse		
	£	£	
COUNCIL TAX REQUIREMENT		8,623,000	
EXPENDITURE			
Employee Savings			
Environmental Services	(31,623)		
Governance	14,072		
Health & Housing	(20,898)		
Management Team	38,378		
Regeneration & Planning	(17,205)		
Resources	(23,402)	(40,678)	
Premises			
Repairs & Maintenance (mainly Williamson Park and VMU)	(18,515)		
Water (White Lund Depot 2016/17 Trade Effluent Charges)	10,480		
Utility / Rates Savings (Mainly Winning Back the West End, Bold Street, Middleton Wood and Palatine Hall)	(20,676)		
Coast Protection & Land Drainage Team Repair & Maintenance (reduced staff capacity caused by recruitment problems)	(40,328)		
NNDR Refunds (mainly Water Treatment Plant, Lansil Industrial Estate)	(29,120)		
Corporate Property Repair & Maintenance	(144,174)	(242,333)	
Transport Expenses			
Repairs & maintenance (mainly Grounds Maintenance and Street Cleaning / Reduced Vehicle replacements)	30,415	30,415	
Supplies & Services			
Increased external Legal advice due to staff turnover	15,175		
Community Governance Review delays in starting work	(10,000)		
Corporate software solution for H&S Management Strategy delayed until 2018/19	(9,750)		
Coast Protection & Land Drainage Team Consultancy (mainly Greenway Dyke & Culvert works delayed until 2018/19)	(14,880)		
Museums Management Fee	(10,200)		
THI - Heritage Skills & Business Support Programme delayed until 2018/19	(11,430)		
Aurora (part implementation delays into 2018/19) / ICT telephone maintenance	(28,499)	(69,584)	
INCOME			
Williamson Park (Butterfly House admissions and Events - Dukes Play in the Park)	(8,633)		(8,600)
Car Parking (Greyhound Bridge repairs impacted less than expected / increased PCN's)	(47,520)		(48,000)
Trade Waste additional income	(15,086)		(15,100)
Bulky Waste (co-ordinated marketing re introduction of 6 day week)	(9,378)		(9,400)
DFG Administration Charges	(24,288)		(50,000)
SALC (mainly reduced Gravity, Xheight & SPA income / increased one-off café costs)	42,895		
Reduced Planning Fee income	27,754		
Commercial Property net additional rental / service charge income (mainly CityLab, Lancaster Bus Station & Printroom)	(46,287)		(20,000)
Municipal Buildings - increased room hire at Lancaster Town Hall	(8,428)		
Reduced Legal Fees & Charges / Court Cost Recovered	24,708		
Additional Govt. grant for New Burdens, Transparency & Council Tax Discounts	(34,815)		
Additional Universal Credit grant - offset by transfer to Welfare Reforms Reserve	(130,705)	(229,783)	
Other Net Service Variances		(32,067)	
SPECIFIC VARIANCES NOT INCLUDED ABOVE:			
Provisions & Reserves			
Back Pay Provision - Re Overtime on Holiday Pay		100,000	
Legal Provision - Additional Funding Received (Provision now closed)		(45,069)	
Welfare Reforms Reserve - Additional Universal Credit Grant		130,000	
TOTAL VARIANCES		(399,099)	(151,100)
PROVISIONAL OUTTURN 2017-18		8,223,901	

GENERAL FUND - 2017/18 SAVINGS MONITORING

Initiative	Type	Budget	Outturn	Variance	Progress
		£	£	£	
2017/18 APPROVED SAVINGS					
Environmental Services					
Street Cleaning Working Patterns	Efficiency	(60,000)	(56,725)	3,275 ↓	Whilst the target saving fell short, this was offset by savings on standby payments and National Insurance savings.
Kingsway Overspill Car Park (£15K upfront cost less additional income of £8K)	Inc Generation	7,000	14,494	7,494 ↓	Only £500 of income has been generated as the car park has been closed to allow Stagecoach lay-over parking for buses during the bridge closure. This was not anticipated at the time the proposal was put forward. However, overall car parking income was up by £48K for the year, therefore this loss has been covered, and it is expected to continue to be absorbed during 2018/19 whilst the bridge is closed.
Health & Safety Training (external clients)	Inc Generation	1,000	1,000	0 ↑	Implemented April 2018, in line with target.
Health & Housing					
Increase Burial Charges (out of district)	Inc Generation	(13,000)	(13,000)	0 ↑	
Increased Charge For Ashes Internment	Inc Generation	(5,500)	(5,500)	0 ↑	Overall income on internment fees exceeded the £142K budget by £7.5K.
3% Increase in Cemetery Fees	Inc Generation	(7,900)	(7,900)	0 ↑	
Safer Food Direct Services	Inc Generation	(3,000)	(2,630)	370 ↓	The pilot was successfully launched however income for the year just fell short of target.
Regeneration & Planning					
Pre-application Advice (approved budget increased by £9K to £49K, then reduced back down to £40K in revised budget.)	Inc Generation	(9,100)	0	9,100 ↓	Whilst application numbers were up, they mainly related to small schemes and therefore generated smaller fees. Officers are still proactively marketing the service to try and attract larger fee clients. (Actual income for the year was £27K, hence none of the increase was achieved.)
Resources (Property Group)					
Review of Room Hire Policy	Inc Generation	(13,000)	(19,087)	(6,087) ↑	Overall room hire booking exceeded the budget by £6K. This is despite delays in establishing the hospitality team.
Total		(103,500)	(89,348)	14,152	

Reserves Statement (Including Unallocated Balances)

For Consideration by Cabinet 26 June 2018

GENERAL FUND	OUTTURN					AS CURRENTLY BUDGETED															
	31 March 2017	From Revenue	To / (From) Capital	To Revenue	31 March 2018	From Revenue	To / (From) Capital	To Revenue	31 March 2019	From Revenue	To / (From) Capital	To Revenue	31 March 2020	From Revenue	To / (From) Capital	To Revenue	31 March 2021	From Revenue	To / (From) Capital	To Revenue	31 March 2022
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Unallocated Balances	(4,725,029)	(399,099)		57,100	(5,067,028)				(5,067,028)				(5,067,028)				(5,067,028)				(5,067,028)
Earmarked Reserves:																					
Business Rates Retention	(381,458)	(7,353,723)		3,133,228	(4,601,953)	(4,347,700)		2,666,300	(6,283,353)				(6,283,353)				(6,283,353)				(6,283,353)
Budget Support		(1,000,000)		289,166	(710,834)	(2,666,300)	320,000	868,100	(2,189,034)			279,400	(1,909,634)			60,400	(1,849,234)			46,600	(1,802,634)
Canal Corridor		(400,000)		185,787	(214,213)			79,000	(135,213)			38,000	(97,213)				(97,213)				(97,213)
Capital Support	(451,510)	(44,997)	11,314		(485,193)		99,000		(386,193)				(386,193)				(386,193)				(386,193)
Corporate Property	(417,506)	(99,000)	59,000	45,789	(411,717)			15,000	(396,717)				(396,717)				(396,717)				(396,717)
Economic Growth		(500,000)		141,348	(358,652)			145,000	(213,652)			84,700	(128,952)			1,500	(127,452)			1,500	(125,952)
Elections	(40,000)	(40,000)			(80,000)	(40,000)			(120,000)	(40,000)	160,000		(40,000)		(40,000)		(40,000)	(40,000)			(80,000)
Homelessness	(94,475)	(7,155)			(101,630)	(6,600)			(108,230)	(10,100)			(118,330)	(10,100)			(128,430)	(10,100)			(138,530)
Invest to Save	(1,820,257)			314,300	(1,505,957)				(1,505,957)				(1,505,957)				(1,505,957)				(1,505,957)
Local Plan	(150,293)			25,430	(124,863)			55,693	(69,170)				(69,170)				(69,170)				(69,170)
Morecambe Area Action Plan	(29,430)			2,106	(27,324)			11,000	(16,324)				(16,324)				(16,324)				(16,324)
Planning Fee Income						(61,800)			(61,800)	(14,400)			(76,200)		31,200		(45,000)			39,600	(5,400)
Renewals Reserves	(857,100)	(483,300)	652,925	236,084	(451,390)	(479,300)	282,000	136,400	(512,290)	(479,300)	229,000	126,400	(636,190)	(479,300)	63,000	29,200	(1,023,290)	(479,300)	60,000	29,200	(1,413,390)
Restructure	(550,125)	(16,752)		1,138	(565,739)				(565,739)				(565,739)				(565,739)				(565,739)
S106 Commuted Sums - Open Spaces	(81,513)			20,932	(60,581)			16,600	(43,981)			15,600	(28,381)			11,800	(16,581)			11,800	(4,781)
S106 Commuted Sums - Affordable Housing	(231,500)	(122,023)			(353,523)				(353,523)				(353,523)				(353,523)				(353,523)
S106 Commuted Sums - Highways, Cycle Paths etc.	(332,141)	(447,094)		1,248	(777,987)	(350,000)	254,000	6,700	(867,287)	(150,000)	150,000	4,400	(862,887)				(862,887)				(862,887)
Welfare Reforms	(265,571)	(130,000)		172,108	(223,463)	(154,100)			(377,563)				(377,563)				(377,563)				(377,563)
Reserves Held in Perpetuity:																					
Graves Maintenance	(22,200)				(22,200)				(22,200)				(22,200)				(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)				(47,700)				(47,700)				(47,700)				(47,700)
Total Earmarked Reserves	(5,772,779)	(10,644,043)	723,239	4,568,664	(11,124,919)	(8,105,800)	966,000	3,988,793	(14,275,926)	(693,800)	379,000	708,500	(13,882,226)	(529,400)	63,000	134,100	(14,214,526)	(529,400)	60,000	128,700	(14,555,226)
Total Combined Reserves	(10,497,808)				(16,191,947)				(19,342,954)				(18,949,254)				(19,281,554)				(19,622,254)

Reserves Statement (Including Unallocated Balances)

HOUSING REVENUE ACCOUNT	OUTTURN					AS CURRENTLY BUDGETED																
	31 March 2017	From Revenue	To / (From) Capital	To Revenue	31 March 2018	From Revenue	To / (From) Capital	To Revenue	31 March 2019	From Revenue	To / (From) Capital	To Revenue	31 March 2020	From Revenue	To / (From) Capital	To Revenue	31 March 2021	From Revenue	To / (From) Capital	To Revenue	31 March 2022	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
HRA General Balance	(1,937,602)	(80,134)		0	(2,017,736)			150,100	(1,867,636)			279,100	(1,588,536)			50,800	(1,537,736)	(256,800)			(1,794,536)	
Earmarked Reserves:																						
Business Support Reserve	(8,436,881)	0	0	104,775	(8,332,106)	0	260,000	0	(8,072,106)	0	0	0	(8,072,106)	0	0	0	(8,072,106)	0	0	0	(8,072,106)	
Major Repairs Reserve	0	(3,278,690)	3,278,690	0	0	(3,554,000)	3,554,000	0	0	(3,814,000)	3,814,000	0	0	(3,682,000)	3,682,000	0	0	(3,684,000)	3,684,000	0	0	
Flats - Planned Maintenance	(667,596)	(133,000)	214,234	0	(586,362)	(133,000)	0	223,200	(496,162)	(133,000)	143,200	0	(485,962)	(133,000)	123,200	0	(495,762)	(133,000)	123,200	0	(505,562)	
IT Replacement	(601,942)	(57,000)	0	36,306	(622,636)	(57,000)	0	50,300	(629,336)	(57,000)	0	0	(686,336)	(57,000)	0	0	(743,336)	(57,000)	0	0	(800,336)	
Office Equipment Reserve	(39,009)	0	0	0	(39,009)	0	0	0	(39,009)	0	0	0	(39,009)	0	0	0	(39,009)	0	0	0	(39,009)	
Sheltered - Equipment	(303,529)	(30,900)	0	3,441	(330,987)	(23,500)	0	56,300	(298,187)	(20,600)	0	49,800	(268,987)	(15,400)	0	44,100	(240,287)	(12,700)	0	34,400	(218,587)	
Sheltered - Planned Maintenance	(215,449)	(61,799)	82,474	21,098	(173,676)	(46,800)	0	40,500	(179,976)	(41,300)	0	15,500	(205,776)	(30,600)	0	15,500	(220,876)	(25,300)	0	15,500	(230,676)	
Sheltered Support Grant Mtce	(445,075)	(30,900)	0	0	(475,975)	(23,500)	0	0	(499,475)	(20,600)	0	0	(520,075)	(15,400)	0	0	(535,475)	(12,700)	0	0	(548,175)	
TOTAL EARMARKED RESERVES	(10,709,480)				(10,560,750)				(10,214,250)				(10,278,250)				(10,346,850)				(10,414,450)	

Carry Forward of Controllable Overspends For Consideration by Cabinet 26 June 2018

Services and Detail of Overspend		Revised Budget £	Actual £	Variance £	Comments
GENERAL FUND REVENUE					
Environmental Services					
Street Cleaning & Grounds Maintenance	Vehicle Repair and Maintenance	191,100	216,132	25,032	Overspend has been incurred due to increased maintenance requirements. Further work is required to link maintenance requirements with the vehicle replacement programme, which will commence before the next budget setting process. No further budgetary action is required.
Grounds Maintenance	Waste Disposal Costs	21,100	29,603	8,503	Increased dyke and plant waste during winter months plus detritus from November floods. The flooding was an unexpected event and it is difficult to predict the impact of weather conditions, therefore no future budgetary action is required.
White Lund Depot	Water Services	20,700	32,191	11,491	Trade effluent charges for 2016/17 were not received or accrued for in previous years accounts, resulting in a corresponding underspend being reported in 2016/17. There will be closer liaison between officers to ensure the situation does not arise in future, therefore no further budgetary action is required.
Trade Refuse	Salaries - Overtime	24,400	32,485	8,085	Increased overtime used to cover long-term sickness and higher levels of trade waste business. Additional income offsets this increased cost, therefore no further budgetary action is required.
Health & Housing					
SALC Café	Materials for Resale/Staffing/Income	(39,200)	(15,294)	23,906	Staffing issues and control of stock purchases/wastage/product pricing resulting in additional costs and only partly offset by additional income. As these are one-off costs and the operational issues have been addressed no further budgetary action is required. However, the overall SALC financial performance will continue to be reported through the corporate financial monitoring reports.
Regeneration & Planning					
Capital Salaries	Recharge of Engineers time to Capital projects	(44,400)	(32,975)	11,425	Underspend on Capital Salaries due to vacant post and less time spent on capital projects. A large proportion of time has been spent on Lune 3 Flood Defence Scheme (Caton Road) which is currently pre-capital, and therefore a revenue cost. This has been partly offset by turnover savings arising from the vacant post and recharge income from other revenue projects, therefore no further budgetary action is required.

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

Lancaster City Council - Capital Expenditure 2017/18

For consideration by Cabinet 26 June 2018

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2017/18	Expenditure to be financed in 2017/18	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COUNCIL HOUSING										
Bathroom Kitchen Refurbishment	820,000	735,127.94	735,127.94					735,127.94	0.00	
External Refurbishment	423,000	380,057.19	380,057.19					380,057.19	0.00	
Re-roofing / Window Renewals	810,000	785,109.09	785,109.09				179,011.85	606,097.24	0.00	
Environmental Improvements	508,000	521,002.03	521,002.03	32,506.54		191,925.71		296,569.78	0.00	
Energy Efficiency Works / Boiler Replacement	655,000	628,365.36	628,365.36			30,000.00		524,580.51	73,784.85	
Rewiring	60,000	49,148.03	49,148.03				49,148.03	49,148.03	0.00	
Adaptations	350,000	364,896.70	364,896.70	1,378.67				1,378.67	363,518.03	
Fire Precaution Works	300,000	301,296.77	301,296.77	5,954.64		52,474.22		242,867.91	0.00	
Whole House Improvements	278,000	265,229.08	265,229.08				265,229.08	265,229.08	0.00	
TOTAL - HRA	4,204,000	4,030,232.19	4,030,232.19	39,839.85	0.00	274,399.93	493,388.96	2,785,300.57	437,302.88	

GENERAL FUND	Revised Estimate	Expenditure in 2017/18	Expenditure to be financed in 2017/18	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
ENVIRONMENTAL SERVICES										
Vehicle Renewals	2,105,000	2,115,097.06	2,115,097.06					0.00	2,115,097.06	
Bins & Boxes Buy-out	100,000	104,859.14	104,859.14				50,000.00	50,000.00	54,859.14	
Bay cottage Play Area	47,000	46,360.27	46,360.27	39,278.00			7,082.27	46,360.27	0.00	
New CCTV Camera System	85,000	85,487.00	85,487.00			85,487.00		85,487.00	0.00	
Grosvenor Park Play Area	54,000	54,400.00	54,400.00	54,400.00				54,400.00	0.00	
Car Park Improvement Programme	110,000	110,617.35	110,617.35	617.35		13,000.00	14,000.00	27,617.35	83,000.00	
Cable Street Car Park Extension	0	462.00	462.00					0.00	462.00	
Sub-Total	2,501,000	2,517,282.82	2,517,282.82	94,295.35	0.00	98,487.00	71,082.27	0.00	2,253,418.20	
HEALTH & HOUSING										
Disabled Facilities Grants	939,000	1,071,382.79	1,071,382.79	1,071,382.79				1,071,382.79	0.00	
Disabled Facilities Grants 17-18 Top-up	168,000	168,286.00	168,286.00	168,286.00				168,286.00	0.00	
Adactus Top-up Grants	11,000	11,440.00	11,440.00	125.93		11,314.07		11,440.00	0.00	
Heysham School Capital Funding	36,000	0.00	0.00					0.00	0.00	
Salt Ayre Sports Centre Developer Partnership	1,126,000	1,102,305.46	1,102,305.46					0.00	1,102,305.46	
Salt Ayre Sports Centre Additional Enhancements	185,000	188,433.94	188,433.94			188,433.94		188,433.94	0.00	
Sub-Total	2,465,000	2,541,848.19	2,541,848.19	1,239,794.72	0.00	199,748.01	0.00	0.00	1,102,305.46	
REGENERATION & PLANNING										
Artle Beck Improvements	5,000	0.00	0.00					0.00	0.00	
Strategic Monitoring Baywide	1,000	1,743.99	1,743.99	1,743.99				1,743.99	0.00	
Wave Reflection Wall Construction	4,477,000	4,169,708.27	4,169,708.27	4,169,708.27				4,169,708.27	0.00	
Amenity Improvements	10,000	8,148.29	8,148.29	8,148.29				8,148.29	0.00	
Morecambe THI 2: A View for Eric	51,000	38,765.76	38,765.76	29,461.98		9,303.78		38,765.76	0.00	
Morecambe Area Action Plan (Improving Streets)	294,000	257,078.07	257,078.07					0.00	257,078.07	
Lancaster District Empty Homes Partnership	60,000	48,000.00	48,000.00				48,000.00	48,000.00	0.00	
Bay Arena Improvements	11,000	11,170.00	11,170.00	8,194.28			2,975.72	11,170.00	0.00	
Sub-Total	4,909,000	4,534,614.38	4,534,614.38	4,217,256.81	0.00	0.00	60,279.50	0.00	257,078.07	
Resources										
ICT Strategy	252,000	252,377.92	252,377.92			124,000.00		124,000.00	128,377.92	
ICT Application System Renewal	152,000	137,726.88	137,726.88			137,726.88		137,726.88	0.00	
ICT Desktop Equipment	74,000	80,231.47	80,231.47			66,231.47		66,231.47	14,000.00	
ICT Salt Ayre Capital	39,000	34,397.72	34,397.72					0.00	34,397.72	
Energy Efficiency Works	393,000	429,831.68	429,831.68					0.00	429,831.68	
Corporate Property Works	1,361,000	1,114,067.57	1,114,067.57			79,000.00		79,000.00	1,035,067.57	
Sub-Total	2,271,000	2,048,633.24	2,048,633.24	0.00	0.00	406,958.35	0.00	0.00	1,641,674.89	
TOTAL - GENERAL FUND	12,146,000	11,642,378.63	11,642,378.63	5,551,346.88	0.00	705,193.36	131,361.77	0.00	5,254,476.62	

GENERAL FUND HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2017/18	Expenditure to be financed in 2017/18	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
	12,146,000	11,642,378.63	11,642,378.63	5,551,346.88	0.00	705,193.36	131,361.77	0.00	5,254,476.62	
	4,204,000	4,030,232.19	4,030,232.19	39,839.85	0.00	274,399.93	493,388.96	2,785,300.57	437,302.88	
TOTAL CAPITAL EXPENDITURE & FINANCING	16,350,000	15,672,610.82	15,672,610.82	5,591,186.73	0.00	979,593.29	624,750.73	2,785,300.57	5,691,779.50	

2017/18 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
Amounts to be financed by General Capital Resources			437,302.88	5,254,476.62	5,691,779.50
Financed by:					
Underlying Borrowing Need - Increase in Capital Financing Requirement			0.00	4,411,256.13	4,411,256.13
Usable Capital Receipts			437,302.88	843,220.49	1,280,523.37
General Grants Unapplied			0.00	0.00	0.00
Total Financing from General Capital Resources			437,302.88	5,254,476.62	5,691,779.50

CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2018/19

For Consideration by Cabinet 26 June 2018

	Slippage Requested	Percentage of Revised budget	Source of Funding			Reasons for Slippage Requests
			LCC Funded	Grants & Contributions	Total	
	£		£	£	£	
GENERAL FUND						
Health and Housing						
Salt Ayre Sports Centre Redevelopment	24,000	2%	24,000		24,000	Funding required for retentions in respect of the gym floor, the external monolith sign and other outdoor works.
Heysham School Capital Grant	36,000	100%	36,000		36,000	Required as match funding for grant funding from Sport England which has been delayed.
	60,000		60,000	0	60,000	
Regeneration and Planning						
Wave Reflection Wall	307,000	7%		307,000	307,000	Funding required to cover the programme for Phase 2 & 3 works which are externally funded by the Environment Agency.
Artle Beck Improvements	5,000	100%		5,000	5,000	Expenditure to be incurred once compensation agreements are completed by legal services.
Amenity Improvements	2,000	20%	2,000		2,000	Funding required to support ongoing works to properties initiative.
MAAP Improving Morecambe's Main Streets	37,000	13%	37,000		37,000	Funding required to cover the Main Road Signage project and other on-going projects.
THI 2 - A View for Eric	12,000	24%	12,000		12,000	To facilitate the on-going property grant programme in 2018/19.
Lancaster District Empty Homes Partnership	12,000	20%	12,000		12,000	One of the larger schemes in the initiative did not start in 2017/18 as had been planned.
	375,000		63,000	312,000	375,000	
Resources						
ICT Systems, Infrastructure & Equipment	13,000	2%	13,000		13,000	To support the completion of the Customer Experience Platform project.
Corporate Property Works	247,000	18%	247,000		247,000	Funding required for a number of schemes including City Museum, Lancaster Town Hall and Ryelands House.
	260,000		260,000	0	260,000	
GENERAL FUND TOTAL	695,000		383,000	312,000	695,000	

ACCELERATED SPEND

GENERAL FUND

	Slippage Requested	Percentage of Revised budget	LCC Funded	Grants & Contributions	Total	Reasons for Slippage Requests
	£		£	£	£	
Environmental Services						
Vehicle Renewals	-10,000	1%	-10,000		-10,000	Represents expenditure on 4 stop safe mechanisms and increased cost for JCB loadall which will be funded by a reduction in the 2018/19 vehicle replacement programme.
Health and Housing						
Disabled Facilities Grants	-133,000	12%		-133,000	-133,000	Funded from 2017/18 grant allocation.
Resources						
Energy Efficiency Works	-37,000	9%	-37,000		-37,000	Expenditure on Energy Efficiency Works at Salt Ayre Leisure Centre incurred earlier than anticipated.
	-180,000		-47,000	-133,000	-180,000	
OVERALL NET GENERAL FUND SLIPPAGE	515,000		336,000	179,000	515,000	

	Slippage Requested	Percentage of Revised budget	Source of Funding			Reasons for Slippage Requests
			LCC Funded	Grants & Contributions	Total	
	£		£	£	£	
Housing Revenue Account						
Council Housing						
Energy Efficiency / Boiler Replacements	35,000	5%	35,000		35,000	Funding required to complete the renewal of soil vent pipes and rain water pipes to high rise blocks.
Re-Roofing & Window Replacements	25,000	3%	25,000		25,000	Funding required to continue re-roofing contract which started later than scheduled.
	60,000		60,000	0	60,000	
HRA TOTAL	60,000		60,000	0	60,000	

Annual Treasury Management Report
2017/18

For Noting by Cabinet 26 June 2018

Annual Treasury Management Review 2017/18

Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 01 March 2017)
- a mid-year (minimum) treasury update report (Council 28 February 2018)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

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

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

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny (by Budget and Performance Panel) to all of the above treasury management reports before they were reported to the full Council. Member training on treasury management issues was undertaken during the year on 6 February 2018 in order to support members' scrutiny role.

Introduction and Background

This report summarises the following:-

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

1. The Council's Capital Expenditure and Financing 2016/17

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

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

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

General Fund (GF) £M	2016/17 Actual	2017/18 Estimate	2017/18 Actual
Capital expenditure	12.63	12.15	11.64
Financed in year	6.18	7.79	7.23
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	6.45	4.36	4.41

HRA £M	2016/17 Actual	2017/18 Estimate	2017/18 Actual
Capital expenditure	4.08	4.20	4.03
Financed in year	4.08	4.20	4.03
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	0.00	0.00	0.00

2. The Council's Capital Financing Requirement 2016/17

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2017/18 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

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

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

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

The total CFR can also be reduced by:

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

The Council's 2016/17 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2017/18 on 01 March 2017.

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

CFR (£M): General Fund	31 March 2017 Actual	31 March 2018 Estimate	31 March 2018 Actual
Opening balance	35.37	40.62	40.62
Add unfinanced capital expenditure (as above)	6.45	4.36	4.41
Less MRP	(1.12)	(1.38)	(1.38)
Less finance lease repayments	(0.08)	(0.04)	(0.04)
Closing balance	40.62	43.56	43.61

CFR (£M): HRA	31 March 2017 Actual	31 March 2018 Estimate	31 March 2018 Actual
Opening balance	42.52	41.45	41.45
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.07)	(1.04)	(1.06)
Closing balance	41.45	40.41	40.39

CFR (£M): Combined	31 March 2017 Actual	31 March 2018 Estimate	31 March 2018 Actual
Opening balance	77.89	82.07	82.07
Add unfinanced capital expenditure (as above)	6.45	4.36	4.41
Less Debt Repayment, Finance Leases and MRP	(2.26)	(2.46)	(2.47)
Closing balance	82.07	83.97	84.01

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2017/18. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2017 Actual	31 March 2018 Estimate	31 March 2018 Actual
Gross borrowing position	£65.29M	£64.21M	£64.21M
CFR	£82.07M	£83.97M	£84.01M

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

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

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

	2017/18 Actual
Authorised limit	100.00
Maximum gross borrowing position	65.25
Operational boundary	83.98
Average gross borrowing position	64.90
Financing costs as a proportion of net revenue stream - GF	15.50%
Financing costs as a proportion of net revenue stream - HRA	21.7%

3. Treasury Position as at 31 March 2017

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2017/18 the Council's treasury (excluding borrowing relating to finance leases) position was as follows:

	31 March 2017 Principal	Average Rate	Average Life yrs	31 March 2018 Principal	Average Rate	Average Life yrs
Fixed rate funding:						
PWLB	£65.25M	4.61%	36	£64.21M	4.64%	35
Total debt	£65.25M			£64.21M		
CFR	£82.07M			£84.01M		
Over / (under) borrowing	(£16.82M)			(£19.80M)		
Total investments	£30.25M	0.37%		£25.10M	0.33%	

All investments were placed for under one year.

The loan repayment schedule is as follows:

	31 March 2017 actual	31 March 2018 actual
Under 12 months	£1.04M	£1.04M
12 months and within 24 months	£1.04M	£1.04M
24 months and within 5 years	£3.12M	£3.12M
5 years and within 10 years	£5.21M	£5.21M
10 years and within 20 years	£10.41M	£10.41M
20 years and within 30 years	£10.41M	£10.41M
More than 30 years	£34.02M	£32.98M

The average rate of interest payable on PWLB debt in 2017/18 was 4.64%. A total of £3.08M interest was incurred during the year, of which £1.92M was recharged to the HRA.

Interest Payable

	2017/18
Estimate	£3.01M
Actual	£3.02M

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

Fixed/Variable rate limits

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

4. The Strategy for 2017/18

The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that the Bank Rate would not start rising from 0.25% until 31 March 2020. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

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

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon the Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising the Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise the Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising the Bank Rate from 0.25% to 0.50%.

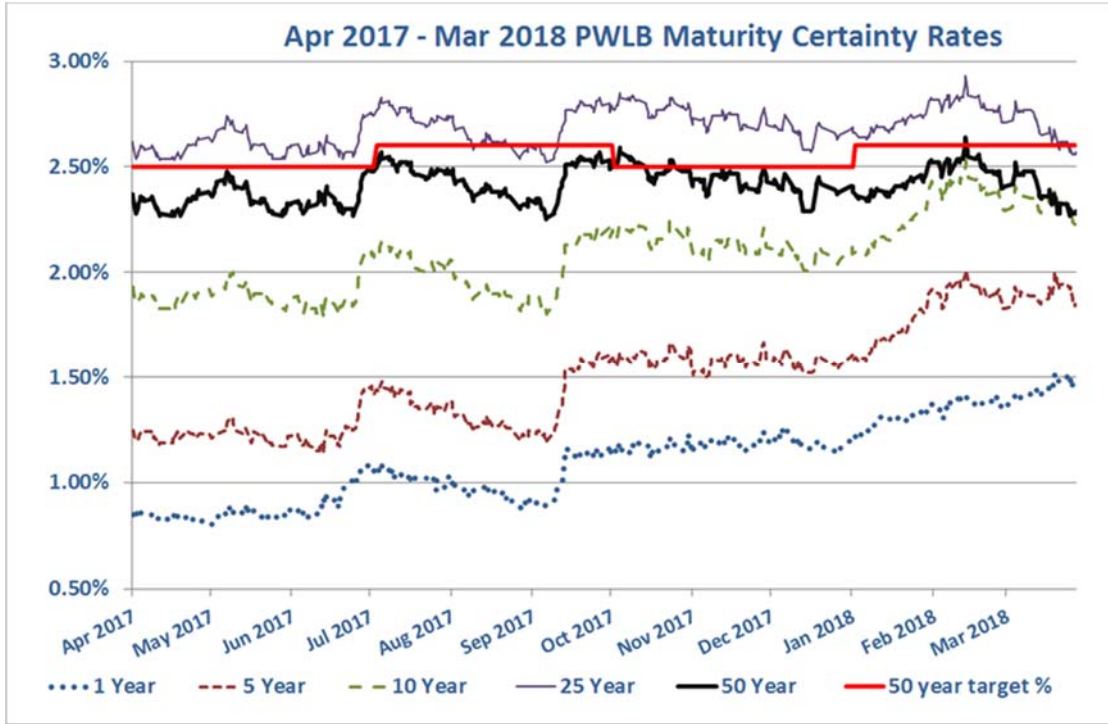
The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in the Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates

The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

6. Borrowing Rates in 2017/18

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



7. Borrowing Outturn for 2017/18

Borrowing

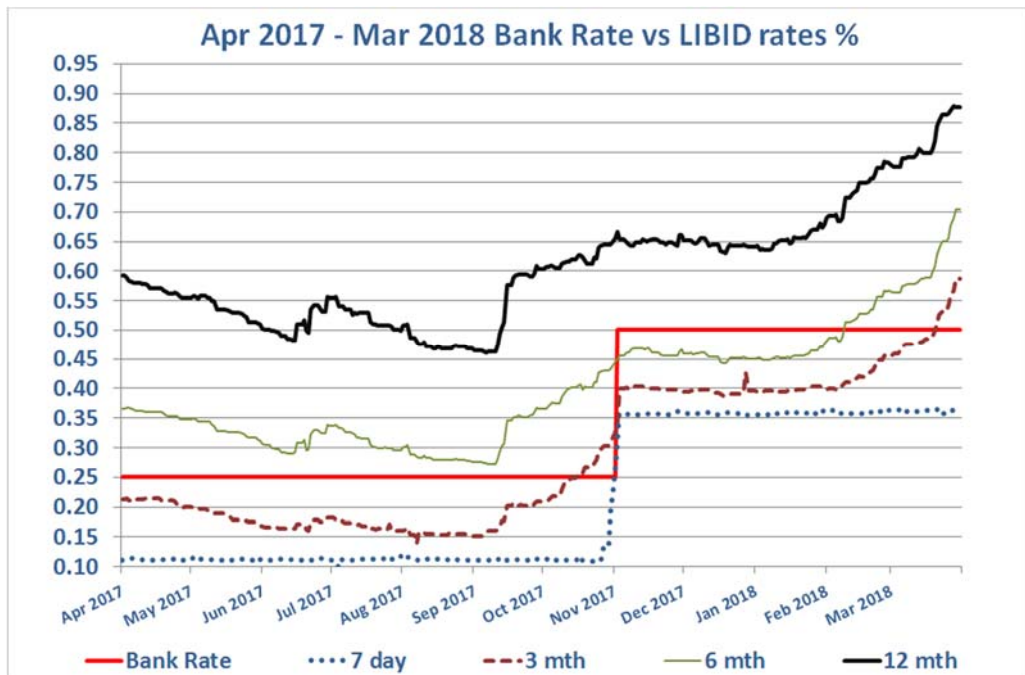
No actual borrowing was undertaken during the year.

Rescheduling

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

8. Investment Rates in 2017/18

Investment rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of the Bank Rate increasing from its floor of 0.25% and reached a peak at the end of March. The Bank Rate was duly raised to 0.50% on 02 November 2017 and remained at that level for the rest of the year.



9. Investment Outturn for 2017/18

Investment Policy – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 01 March 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

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

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/17	31/03/18	31/03/17	31/03/18	31/03/17	31/03/18
Balances	4.73	5.07	1.94	2.02	6.67	7.09
Earmarked reserves	6.61	11.87	10.71	10.56	17.32	22.43
Provisions	0.50	0.58	0.00	0.00	0.56	0.58
Working Capital	20.13	12.20	2.56	2.62	22.69	14.81
Total	31.97	29.72	15.21	15.20	47.18	44.91
Amount Over/(Under) Borrowed					(16.82)	(19.80)
Baseline Investment Balances					30.36	25.11
Actual Investment Balances					30.25	25.10

Investments held by the Council - the Council maintained an average investment balance of £34.6M of internally managed funds. The average rate of interest earned for the year as a whole was 0.33% is compared to the base rate and average 3-month LIBID rate as set out below. It should be noted, however, that the Base Rate and 3 Month LIBID increased substantially in the latter part of the current financial year was. To set the comparators in a more appropriate context the weighted average interest rate being earned on the investment portfolio as at 31 March 2018 was 0.45%

	2016/17	2017/18
Lancaster CC Investments	0.37%	0.33%
Base Rate	0.25%	0.50%
3 Month LIBID	0.32%	0.45%

In terms of performance against budget the actual interest earned in 2017/18 was £109K compared to a budget of £113K.

10. Other Risk Management Issues

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

The Authority's Investment Strategy is designed to engineer risk management into investment activity by reference to credit ratings and the length of deposit to generate a pool of counterparties, together with consideration of other creditworthiness information to refine investment decisions. The Council is required to have a strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2017/18 complied with the latest Code of Practice (November 2011) and relevant Government investment guidance.

In December 2017, CIPFA issued a revised Treasury Management Code and a revised Prudential Code. A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments (e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. A particular recommendation was that local authorities should produce a new report to members to give a high level summary of the overall capital strategy, setting out a long-term context in which capital expenditure and investment decisions are made.

11. Conclusion

The Council's treasury activities were in line with its approved policies and strategies. With respect to investments, some longer fixed term investments were placed with other Local Authorities which helped to increase the average yield for the year. Investment balances have reduced during the year in line with the unwinding of transactions related to business rate appeals as anticipated. Given the Bank Rate, investment returns inevitably remain low and there is little that can be done to improve prospects in the current economic situation.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 01 March 2017

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

1. This organisation defines its treasury management activities as:

“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

 2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

 3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
-

Treasury Management Glossary of Terms

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

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

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

E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.

See also PWLB.

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

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

UPDATE ON PLANNED ACTIVITY FOR THE TRANSFORMATION CHALLENGE AWARD PROJECT

26 June 2018

Report of Chief Officer (Health & Housing)

PURPOSE OF REPORT			
To update Cabinet members on project activity for the Transformation Challenge Award (TCA) and to seek endorsement for the revised project activity as agreed by the Partnership (i.e. Lancaster City Council and Lancashire County Council)			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	21/05/2018		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR WARRINER

- (1) Note the proposed changes to the TCA project delivery approach.
- (2) That the General Fund Revenue Budget be updated to reflect the proposed project budget delivery changes, split across relevant financial years as appropriate, subject to there being no additional cost implications for the City Council.

1. Background

- 1.1. In October 2014, Lancaster City Council, in conjunction with Lancashire County Council, submitted an application for a grant from the Transformation Challenge Award (TCA). The purpose of the bid can summarised from the short project summary:
- 1.2. *This project will focus on addressing poor quality housing stock in the private rental sector, and tackling the underlying social and health needs of residents to deliver improved outcomes.*
- 1.3. *Bringing together public sector partners, it will ensure that every contact with communities maximises the opportunity to improve lives and reduce the impact on high-cost reactive services through:*
 - *smart data collection, analysis and risk profiling tools*
 - *work with focused populations*
 - *developing an integrated neighbourhood service offer around early help and prevention*
 - *utilising and building community strengths to reduce reliance on the public sector*

- *reducing repeat demand for services*
 - *improving community safety and wellbeing outcomes*
- 1.4. *This project will connect with several large scale public sector programmes (Better Care Together, Prevention and Early Help for Children Young People and Families, Integrated Wellness Service, Early Response and Morecambe Regeneration) through smarter use of data systems to inform strategic planning, and developing improved pathways to support.*
- 1.5. Though not explicitly stated in the bid document, the project activity was intended to be in Morecambe, based in three wards – Harbour, Heysham North and Poulton. All three areas have high concentrations of private rented sector (PRS) housing – the focus of the bid.
- 1.6. Project activity was split into two main streams – improving housing standards in the PRS and improving wellbeing, building resilience in the local community. The project document summarised how the budget would be allocated:
- Improving the quality of private rental accommodation stock (£0.2m)
 - Service mapping and re-design (£0.45m)
 - Connecting Communities (£0.4m)
 - Informed decision making (£0.15m)
- 1.7. Lancashire County Council were responsible for commissioning £1m of the budget with Lancaster City Council responsible for the remaining £0.2M. Significant organisational changes and reductions in capacity within Lancashire County Council shortly after being awarded the grant meant that developing and implementing the project was delayed.

2. Introduction

- 2.1. As a number of years has passed since the award of the funding, the project team felt it necessary to revisit the agreed projects from the original bid. On February 14th 2018, a meeting was held between the two main partners in the Lancaster District Transformation Challenge Award (TCA) project team, as well as a wider group of project partners, including Morecambe Bay Clinical Commissioning Group (CCG) and Lancashire police. The aim of the meeting was to refresh the approach of the Lancaster TCA project, to review the proposed project activity to ensure it was still relevant to the needs of the community and to the strategic priorities of the partners involved, whilst retaining the purpose of the original bid.
- 2.2. At the meeting, partners considered the current problems that affected the district, (informed by a mixture of professional knowledge and community feedback) issues that placed a strain on services and would lead to a greater impact on services in the future. This was in line with the purpose of the original bid, to identify the issues and to develop approaches to prevent individuals reaching a point of crisis and requiring interventions from statutory services. A number of issues were raised, however the key issues were defined as:
- Housing
 - Low Level Mental Health

- Adverse Childhood Experience (ACE)
- Food Poverty

2.3. These themes strongly influenced the activity planned for the project. A summary of the agreed project work follows.

3. Agreed Project Activity

3.1. As of May 2018, £409K has either been spent or committed from the original budget for the project. Below is a breakdown of what this money has been spent on:

Project or expenditure	Amount	Purpose
Anti-Social Behaviour Team	£112K	Jointly funded by the TCA (£112K), City Council (HRA) and Morecambe Town Council to manage ASB incidents as they arise
Housing Standards	£175K	Cost of staff for initial targeted enforcement work plus projected additional targeted enforcement staff costs to September 2019 following Selective Licensing consultation work
Project Manager	£122K	The projected cost of the Project Manager, plus on-costs up to March 2019

3.2. Following the project meeting on 14th February, a list of three overarching project work streams was agreed, falling under the following themes:

- Grassroots Development and Community Connecting
- Making Every Contact Count
- Raising Housing Standards

3.3. The outline proposed project activity within the three work streams is described below, noting that the detail of these individual projects is still to be finalised. The projected budget for each theme is also included with all activity listed under each project heading coming from the stated budget.

3.4. **Grassroots Development and Community Connecting**

Budget - £443K

3.4.1. **Neighbourhood fund** – Closely linked to the Community Empowerment work stream, groups will be encouraged to develop initiatives that will build resilience and help the community grow. As the community is mobilised, the seed fund will provide the start-up funds necessary for groups to become established. Such a fund will ensure a greater variety of community resources, providing opportunities for low-level support for people at risk of being socially isolated and improving the overall mental and physical wellbeing of members of the community. In addition, a portion of the seed fund will be used to explore and potentially develop a FareShare scheme for the district, to help tackle food poverty.

Timeframe: Potentially open-ended if fund is sustained through on-going fund-raising activity

- 3.4.2. **Community Empowerment** – Working on the principle of 'Nothing about us, without us, is for us' the project will look to engage the community and empower them as decision-makers. The Poverty and Truth Commission (PTC) will bring together people from the community who are experts by experience and decision makers from public bodies. This will give the opportunity for people to share their experiences of struggling with poverty with decision-makers. It is hoped that this will deepen understanding, improve perceptions and challenge stereotypes, leading to better decision making. The PTC was established in Scotland in 2008 and has transformed commissioning. This approach is a tried and tested successful way of engaging the community in influencing commissioning decisions to produce the outcomes that best help those living in poverty. The Morecambe Bay PTC will build on this work to facilitate a truly transformative approach in the district.

A series of Community Conversations will be held within three areas of the district, hosted by The Art of Hosting, designed to engage the community and harness ideas and encourage innovation. In conjunction with the Neighbourhood fund, the community will be encouraged to realise their initiatives. In addition, training will be provided to a number of professionals to enable them to become practitioners of The Art of Hosting. This will provide the district with a number of staff who are trained to host Community Conversations.

Timeframe: 12 months

- 3.4.3. **Community Connecting** - Often, people are not aware of the range of statutory and non-statutory services which could provide support and meet their needs and they may be reluctant to independently access such services without any endorsements from family, friends or professionals. Community Connectors will support people in the district to navigate the complement of local services, resulting in wide ranging benefits which will depend on individuals' needs, the guidance they are given and the services to which they are signposted or referred. Assisting people to access services and support networks will improve self-reliance and build community resilience as a whole, reducing demand for expensive statutory interventions.

Community Connectors will address issues raised by the community, such as Food Poverty, and will work to raise awareness and encourage community participation in campaigns.

Timeframe: 12 months

- 3.4.4. **Social Prescribing** – Based in GP surgeries in Morecambe, Social Prescribing will enable GPs' surgeries to refer members of the community to a range of non-clinical alternatives that can meet individual's needs. Surgeries will become a wellbeing hub, providing a space for the community. The initiative will look to reduce repeat, non-essential visits and improve health literacy. Support and training will be provided to customer-facing staff. Training will be provided for courses in social prescribing.

Timeframe: 12 months

3.5. Making Every Contact Count

Budget - £100K

- 3.5.1. **Adverse Childhood Experience (ACE)** – Identified as an issue which has a major impact on the health, wellbeing and future prospects of many in the community. Training will be provided to Head teachers and school staff to increase awareness of the impact of ACEs and identify potential issues. ACEs can lead to a number of problems in later life, such as mental illness, anti-social behaviour, domestic abuse and substance misuse. Training will be widened to other professionals and volunteers in the district who work with children.

Timeframe: 12 months

- 3.5.2. **Workforce Development** – A contingency fund will provide training, where required, to increase the skills of staff in identifying issues, and to embed an asset-based approach. Learning will be taken from the Skills for Care pilot, currently operating in the district

Timeframe: 12 months

3.6. Raising Housing Standards

Budget - £248K

- 3.6.1. **Targeted Enforcement Approach** – Following Lancaster City Council's decision to pursue an alternative approach to selective licensing in March 2018, Housing Standards will be introducing a targeted enforcement approach. Budget has already been committed to employ two Housing Officers to provide enforcement for the approach. The approach will be intelligence-led, using available data to build up a picture of existing housing stock and to target rogue landlords who provide sub-standard housing, are involved in criminal activity and ignore issues such as ASB.. Closer links with landlords will be developed through landlords' forums and residents meetings. Greater collaboration with landlords will involve information sharing and education. Some administrative/ technical resource may be required to assist the landlords' forum to become self-sustaining. In addition, training will be provided to Housing enforcement officers to equip them with the skills to identify potential issues with tenants when undertaking visits. In line with the early intervention and prevention approach, it is envisaged that some tenants will need intensive support to access the full range of help available to them and to ensure they can maintain a tenancy and not end up homeless placing further pressure of the council's housing options service. This type of support linking with the homeless prevention team is provided for within this theme.

Timeframe: 18 months

- 3.6.2. **Anti-Social Behaviour Team** – Funding has already been provided by the TCA to establish the ASB team. Landlords are expected to manage incidences of ASB in their properties as they arise. Having an ASB team assists landlords in effectively managing the problem, reducing incidences overall, which in turn will have a positive impact on the community as a whole. The ASB team have had an immediate impact in dealing with anti-social behaviour within the district. Allocation has been provided from the TCA budget to extend funding for the team for another year.

Timeframe: funding for further 12 months

- 3.6.3. **Active Lancashire project** – The project will target residents of West End, Morecambe who live in private rented accommodation, and who are currently claiming Employment Support Allowance due to their health status. The overall aim is to get individuals into employment. This will be achieved through a peer mentor model which engages participants in a range of sport and physical activity opportunities to support them on their employment journey. An 8 week co-designed programme providing a range of sport and physical activity taster sessions will be delivered to each participant to develop confidence and motivation to be regularly active.

Timeframe: initial 12 months

4. Relevance to original TCA bid

- 4.1. In order to demonstrate that the original aims of the TCA Lancaster bid are still being met, the following table shows how the new project activity is linked to the original bid:

Workstream	Project title	Link to original bid	How?
Grassroots development and Community Connecting £443K	Neighbourhood fund	Community Connecting	The original bid allocated £50,000 for community projects, to develop 'bottom up' support. The Neighbourhood fund will have £130,000 in total to encourage grassroots development throughout the district. A considerable portion of this fund will go towards addressing Food Poverty by potentially developing a FareShare scheme within the district. Current provision is based in Preston, making it difficult for groups to access.
	Community Empowerment	Service mapping and redesign Community Connecting	Facilitating Community Conversations will build up a knowledge base of what the community wants, empowering the community and bringing them into decision-making. In addition, the process will prompt members of the community to develop assets within the community, utilising the seed fund to create new groups.
	Community Connecting	Community Connecting	Community Connecting was a key aspect of the original bid. The proposed work will follow the aims of the original bid, to utilise the Voluntary, Community and Faith Sectors to connect communities to support and wellbeing services, to avoid over-reliance on statutory services.

	Social Prescribing	Service mapping and redesign Community Connecting Informed Decision-Making	Training will be provided to staff in GP practices to identify issues, and signpost people to non-clinical community groups. Through improving health literacy, this project will look to build resilience in the community, and in turn reduce reliance on services.
Making Every Contact Count £100K	Adverse Childhood Experience	Informed Decision-Making	Training and support will be provided to Head teachers and school staff to increase awareness of the impact of ACEs and identify potential issues.
	Workforce Development	Informed Decision-Making	A contingency fund will provide training, where required, to increase the skills of staff in identifying issues, and to embed an asset-based approach.
Raising Housing Standards £248K	Targeted Enforcement Approach	Improving the quality of private rental accommodation stock Community Connecting	Activity is aimed at raising standards, ensuring landlords meet their responsibilities and working with tenants to maintain tenancies and link into the wider community.
	Anti-Social Behaviour Team	Improving the quality of private rental accommodation stock Community Connecting	Assisting landlords to manage ASB issues when they arise. Ability to link 'hard to reach' tenants to the wider community.
	Active Lancashire project	Improving the quality of private rental accommodation stock Community Connecting	Working with tenants in PRS housing who are at risk of social isolation through long-term unemployment. Builds resilience and skills.

5. Project Governance

- 5.1. The Health and Wellbeing Partnership for Lancaster will continue to oversee the project. The Partnership has worked in an advisory capacity, providing project steer throughout and to assist in a more joined up approach across the relevant agencies. Specific sign-off for projects has come from the two Project Sponsors – Director of Public Health for Lancashire County Council and Chief Officer (Health and Housing) for Lancaster City Council.

6. Options and Options Analysis (including risk assessment)

	Option 1: Continue with originally agreed budget	Option 2: Introduce new project activity and revised budget
Advantages	Broad remit for project work streams	<p>Broad approval for agreed project activity from Health and Wellbeing Partnership</p> <p>Coherent list of projects that complement and support each other</p> <p>Project addresses issues that are most relevant to community</p> <p>Ensures greater participation from Partners</p> <p>Greater emphasis on empowering community</p> <p>Greater emphasis on innovative approaches to transforming the way services are delivered</p> <p>Greater sustainability</p> <p>Outcomes are consistent with original bid</p>
Disadvantages	<p>Considerable amount of time has passed since project activity was agreed with a large amount of staff turn-over meaning interpretation of aims of project activity and associated delivery of outputs made more difficult</p> <p>Extra budget required for targeted enforcement approach following decision not to pursue licensing</p> <p>Some proposed activity would duplicate work undertaken by other Partners in district Reliance on creation of posts, rather than utilising existing expertise within community</p>	Greater number of projects to coordinate and evaluate
Risks	As a large amount of time has passed since the project started, there will have to be some re-appraisal of the original project workstreams, which would likely	<p>Greater number of projects, requiring more participation and coordination</p> <p>Potential to duplicate activity if projects are implemented in</p>

	lead to re-interpretation of their aims with any unspent grant returned to the MHCLG (formerly DCLG) if can't be agreed / delivered.	isolation. Potential for grant clawback by the MHCLG (formerly DCLG), reduced by achieving same outputs as original bid, albeit through slightly revised delivery mechanism.
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7.0 Officer Preferred Option (and comments)

7.1 Option 2:

Considerable effort has gone into building a consensus with partners. There is broad agreement on the main priorities for improving health and wellbeing in the district and the best approach for this. The agreed project activity addresses a number of the underlying problems with innovative, sustainable approaches that are asset based and designed to build resilience in the community. The outcomes will be the same as the original bid - reduction in repeat demand for services, smarter ways of working with focussed populations, improving community safety and wellbeing and empowering the community to build on its own strengths.

8.0 Conclusion

The proposed project activity will still meet the outcomes as expected in the original bid but now has the benefit of addressing some of the specific issues that have arisen from community feedback and from the involvement the Health and wellbeing partnership. Clarity around the project activity should now enable delivery at a pace within the next 12 months to ensure tangible improvements to the lives of some of the most vulnerable in our district.

RELATIONSHIP TO POLICY FRAMEWORK

Healthy and Happy Communities is one of the ambitions in the proposed new council plan. The revised project activity will directly contribute to some of the outcomes under this ambition.

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

- Diversity – Project activity looks to work with and empower people from all backgrounds
- Human Rights – none
- Community Safety – Extension of ASB team will have a positive impact on community safety
- Sustainability – Project approaches aim to build in sustainability, encouraging greater participation from the community
- Rural proofing – none

LEGAL IMPLICATIONS

Legal have been consulted and have no further comments.

FINANCIAL IMPLICATIONS

It is not expected that there will be any additional costs arising for the City Council from the revised project activity as proposed as all related expenditure will still be met from the original TCA grant award, albeit the split between the City and County Council has altered, with more of the grant now being spent directly by the City Council than was originally anticipated, e.g. for specific projects such as the ASB team as part of the overall increased allocation under the 'Raising Housing Standards' project activity theme. The proportion being directly delivered by the City Council is expected to increase to around £535K compared with the original £200K allocation.

The City Council will maintain the role of Accountable Body as per the original bid with County remaining as primary provider of related support services, such as adult social care, and so it is re-iterated that any savings / outputs as originally presented are still expected to be delivered by County Council and other partner Agencies, such as the Health Service. It is not envisaged that associated risks for the City Council in undertaking this role will significantly alter as a result of the revised project plans / delivery mechanism, therefore.

Should Members agree to proceed with Option 2 as presented, then the General Fund Revenue Budget will need to be updated accordingly to reflect the revised activity expenditure and grant funding split for the Partnership, noting that some flexibility has been built into the proposal for low level changes within specific project theme headings. With reference to the Governance arrangements referred to under section 5.1, it is re-iterated here that it will remain the responsibility of the City Council (i.e. the Chief Officer (Health & Housing) in conjunction with Resources) to determine the conditions for 'passporting' grant onto County and to ensure that the revised delivery mechanism and associated project activity / outputs remains broadly in line with the original grant funding bid to the MHCLG (formerly DCLG). For any further revisions which are deemed significant or sensitive in nature, then these will need to be reported back to Members for their consideration in the usual way and also to the MHCLG where considered appropriate.

Finally, it should be noted that the City Council has recently contacted the MHCLG to update them on progress to date including the proposed changes for the delivery of the TCA with a deadline to comment by 18 June 2018. If the City Council doesn't receive a response by this date, then it will be assumed that they are satisfied with the proposed changes to project delivery with verbal confirmation of this being provided by the Chief Officer (Health & Housing) at the meeting.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

Two fixed term Housing Enforcement posts have been established within the Housing Enforcement team to implement a targeted enforcement approach and will be funded by the TCA grant as previously reported.

DEPUTY SECTION 151 OFFICER'S COMMENTS

The Deputy s151 Officer has been consulted; as Accountable Body for the award there remains the residual risk of clawback of funds by MHCLG with the officer preferred option. This risk has been mitigated to an acceptable level given the revised proposals remain in accordance with the original successful bid, subject to formal agreement with MHCLG

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Funding bid to DCLG for
Transformation Challenge Award

Contact Officer: Jared Williamson
Telephone: 07789 031278
E-mail: jwilliamson@lancaster.gov.uk
Ref: C148

Equality Impact Assessment

This **online** equality impact assessment should:

An equality impact assessment should take place when considering doing something in a new way. Please submit your completed EIA as an appendix to your committee report. Please remember that this will be a public document – do not use jargon or abbreviations.

Service

Title of policy, service, function, project or strategy

Type of policy, service, function, project or strategy: Existing New/Proposed

Lead Officer

People involved with completing the EIA

Step 1.1: Make sure you have clear aims and objectives

Q1. What is the aim of your policy, service, function, project or strategy?

Q2. Who is intended to benefit? Who will it have a detrimental effect on and how?

Step 1.2: Collecting your information

Q3. Using existing data (if available) and thinking about each group below, does, or could, the policy, service, function, project or strategy have a negative impact on the groups below?

Group	Negative	Positive/No Impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faith, religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender including marriage, pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation including civic partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups such as carers, areas of deprivation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rural communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Step 1.3 – Is there a need to consult!

Q4. Who have you consulted with? If you haven't consulted yet please list who you are going to consult with? Please give examples of how you have or are going to consult with specific groups of communities

Equality Impact Assessment

Purpose of report is to propose new project approaches to an already established project. Consultation has taken place regarding part of the original project approach, selective licensing, for a statutory period of 10 weeks

Step 1.4 – Assessing the impact

Q5. Using the existing data and the assessment in questions 3 what does it tell you, is there an impact on some groups in the community?

Age: some, positive
Disability: some, positive
Faith, Religion or Belief: some, positive
Gender including Marriage, Pregnancy and Maternity: some, positive
Gender Reassignment: some, positive
Race: some, positive
Sexual Orientation including Civic Partnership: some, positive
Rural Communities: some, positive

Step 1.5 – What are the differences?

Q6. If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

None needed. All project activity is aimed at empowering all groups within the community

Q7. Do you need any more information/evidence eg statistic, consultation. If so how do you plan to address this?

None required

Step 1.6 – Make a recommendation based on steps 1.1 to 1.5

Q8. If you are in a position to make a recommendation to change or introduce the policy, service, function, project or strategy, clearly show how it was decided on.

Original project approach was agreed in 2014 and as time has passed it has become necessary to re-visit the original approaches and revise them to ensure the project has the maximum impact and relevance

Q9.

If you are not in a position to go ahead, what actions are you going to take?

Click here to enter text.

Q10. How do you plan to monitor the impact and effectiveness of this change or decision?

Each project workstream will have its own evaluation

CABINET

Update on Information Governance 26th June 2018

Report of Interim Head of Legal & Governance

PURPOSE OF REPORT			
A report to update Cabinet on progress made with the GDPR compliance action plan now that the critical date (25 th May 2018) has passed and a summary of the relevant policies to note. To advise Councillors of their responsibilities in relation to Information that they are party to as a Councillor.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	X Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public			

RECOMMENDATIONS OF COUNCILLOR EILEEN BLAMIRE

- (1) To note progress to date.
- (2) To note the new policies and continue to support the Council's work to ensure compliance with the new Data Protection Regulations.
- (3) To recognise that Councillors have personal liability for the information that they hold and how it is used, stored, distributed and destroyed.

1.0 Introduction

- 1.1 Cabinet was informed in a report dated 5th December 2017; that earlier in the year, Baker Lomax Solutions Ltd (BLS) was appointed to assist the Council to put in place a set of actions that would embed principles of Information Governance into the Council and make it compliant with the General Data Protection Regulation (and associated legislation) which came into force on the 25th May 2018 and replaces the Data Protection Act 1998.
- 1.2 The new Information Governance Manager was appointed and began working for the Council on the 29th January 2018 to work with the BLS action plan and Council departments to bring the Council forward and start work on the new compliance standards that the Council must adhere to.

2.0 Proposal Details

2.1 It is for Councillors to note that the action plan for compliance is underway and the first phase of the plan is almost completed.

2.1.1 Presently 100% of staff across Regeneration and Planning have completed GDPR training.

All managers within the Council have been invited to mandatory training sessions on GDPR and as of the 29th May 2018 86% of all managers in the Council have completed this.

Members have been offered GDPR training and at the time of writing this report, 20% of members have completed this training. We hope that this number will have increased following the training booked on the 12th June. A number of members will receive their training through the county council. The IG Team propose to have all members trained. New members will be trained as part of their induction.

The IG team are introducing a GDPR E-learning module for all council staff which we hope will be up and running in June/July the Information Commissioner's Office (ICO) require organisations to have 95% of all their staff trained; the Council's target for staff training is 98%

2.1.2 The Council has compiled its first draft information asset register and is working on updating service specific privacy notices across the Council. The overarching Council privacy notice has been updated and uploaded to the Council's website.

2.1.3 A new Senior Information Risk Owner (SIRO) Nadine Muschamp (Chief Officer Resources) and Deputy, Mark Davies (Chief Officer Environment) have been appointed and they are responsible for the Councils information risk policy. The SIRO is accountable and responsible for information risk across the organisation.

2.1.4 The Council has appointed a Data Protection Officer (DPO) as required by the new regulations, this is the Information Governance Manager – the DPO monitors compliance with the GDPR and other data protection laws and provides advice and guidance for the Council on data protection matters.

2.1.5 There is significant work to do to ensure large scale compliance with the plan but progress is being made.

2.2 Cabinet is asked to note that there are three new/updated corporate information policies that have been created in line with the new legislation and implementation plan to create a comprehensive information governance framework. summarised as follows:

2.2.1 **Data Protection and Privacy Policy and Procedure:** The aim of this

policy is to ensure that the Council only holds information about people which is necessary for our functions as a Local Authority, processes this information fairly and transparently, and restricts access to this information generally to a “need to know basis”.

2.2.2 Data Protection Impact Assessment Policy and Procedure: The aim of this policy is to detail the Council’s approach to conducting Data Protection Impact Assessments (DPIAs). DPIAs are an effective way to approach privacy risks in particular projects or systems, and will help the Council to comply with its obligations under UK and EU data protection legislation.

2.2.3 Data Breach Policy and Procedure: The aim of his policy is to detail the Council’s approach to managing, recording, investigating and reporting personal data breaches. This approach should ensure that the Council protects personal data, and meets its obligations under UK and EU data protection legislation (including the General Data Protection Regulation (GDPR)).

There are a number more which will follow as they are created and approved.

2.2.4 We hope to have the following policies/procedures in place before the next Council Election in May 2019:

- Subject Access Request
- Mobile Working
- Acceptable Use
- Records Management and Retention
- Information Risk
- Data Sharing
- New Subject Rights
- Consent
- Clear Desk

2.3 The above approved policies and anticipated policies must be combined into a policy framework for Information Governance which will be provided to full Council for consideration

2.4 All members should note that they are personally liable for the information that they hold whilst operating as a Councillor and how they handle, store, use, share and dispose of that information. Training has been offered to Councillors to advise them of their obligations and the new rules which must be adhered to under GDPR. 3 sessions have been provided to facilitate this.

2.5 Presently, with the development of new policies; training of staff and members; responding to the operation priorities of the Council; and collating and responding to information requests such as FOIs, the Information Governance team are at their capacity at this time.

3.0 Details of Consultation

The Information Governance Steering Group, made up of officers from key departments has been working on the review and development of GDPR compliant policies to support the information governance framework across the Council.

The work with BLS continues and they are presently supporting some of the identified training sessions for staff.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To continue to implement the GDPR compliance action plan and accept the updated policies	Option 2: To take no action
Advantages	Greater protection for the council from enforcement action from the ICO should a breach occur. Better knowledge of the Council's information and more coherent processes for the creation, storage, use, disposal and destruction of data across the council. Staff are trained and aware of their obligations and how to use and share information more efficiently which in turn should promote improved inter-departmental working.	None
Disadvantages	The extensive work required to ensure compliance is time consuming and onerous for all departments at the Council but the Council's legal obligation will not diminish if we simply ignore the new regulations.	The Council will be at risk of partial compliance which would not protect itself from action from the ICO if an error occurred.
Risks	Moderate. Council is not compliant and although there is a forward plan in place there is still comprehensive work to be done to bring the Council in line with the new regulations.	High. Failing to execute the plan or have a plan in place puts the Council at risk of a fine if there is a data breach which could total up to £17million.

5.0 Officer Preferred Option (and comments)

- 5.1 To agree to note the information provided and for Cabinet to continue to champion the roll out of the plan for compliance from the highest level.

6.0 Conclusion

Improving the compliance and data security measures within the Council will help to evidence to the ICO that we are committed to the safety, security and appropriate sharing of information and will demonstrate to the residents of Lancaster that we are working to ensure that their rights in relation to information and data protection are upheld.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>Corporate Plan – Community Leadership - commitment to good governance, openness and transparency</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):</p> <p>N/A</p>	
<p>LEGAL IMPLICATIONS</p> <p>Officers and Members will need to have regard to the Council's responsibilities under the new Data Protection Legislation. The provided policies go some way to ensure the Council's compliance with the new rules.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>The financial implications of failing to comply with the GDPR could mean that in the event of a data breach, the Council could be liable for a fine of up to £17million.</p> <p>All Departments are ensuring that they are able to evidence compliance and this will come at a cost though presently that cost cannot be measured accurately.</p>	
<p>OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:</p> <p>All departments of the Council will need to engage with training and other compliance measures. Human Resources are recording attendance at all training sessions.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted in the drafting of this report and has no further comments.</p>	
<p>BACKGROUND PAPERS</p> <p>Data Protection and Privacy Policy and Procedure</p>	<p>Contact Officer: Amy Holland Telephone: 01524 582205 E-mail: ajholland@lancaster.gov.uk Ref: IG/CAB002</p>

Data Protection Impact Assessment Policy Data Breach Policy and Procedure (pending)	
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CABINET

**Cabinet Liaison Groups and Appointments to Outside
Bodies, Partnerships and Boards
26 June 2018**

Report of Chief Executive

PURPOSE OF REPORT			
To consider Cabinet Liaison Groups, Cabinet appointments to Outside Bodies, Partnerships and Boards.			
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 considers whether to re-constitute the Cabinet Liaison Groups previously constituted, as set out in Appendix B to the report together with the proposed revisions as set out in 1.3, 1.4 & 1.15 of the report.
- (2) That Cabinet considers whether to establish a Flooding Cabinet Liaison Group in principle, as set out in 1.5 of the report, and whether any additional Liaison Groups are required and, if so, agrees their Terms of Reference.
- (3) That the Lead Cabinet Member of each Cabinet Liaison Group be requested to inform the Chief Executive of the participants he/she wishes to invite to such meetings.
- (4) That Cabinet considers the appointments to Outside Bodies, Partnerships and Boards as set out in Appendix C to the report.

1.0 Cabinet Liaison Groups

- 1.1 In accordance with Part 4 Section 4 of the City Council's Constitution (extract attached at Appendix A) Members are requested to consider membership of Cabinet Liaison Groups.

- 1.2 Set out at Appendix B to the report are the Cabinet Liaison Groups currently constituted for consideration as part of recommendation (1) above.
- 1.3 At its meeting on the 26th April 2018 the Housing Regeneration Cabinet Liaison Group endorsed a proposal to revise their Terms of Reference in order that they would be better aligned to current and future housing and regeneration priorities. Actions that have been achieved, namely item (4) of the original Terms of Reference, have been removed, given that the Council has an adopted Empty Homes Strategy, which was approved earlier this year. Item j) has been added to the proposed Terms of Reference to take account of recommendations stemming from a report approved by Cabinet in August 2017 in relation to the Community Housing Fund.
- 1.4 With regard to the Canal 'Corridor' Cabinet Liaison Group Cabinet is requested to agree that this be stood down and replaced with the Canal Quarter Cabinet Liaison Group to reflect recent developments. An open will be extended to all Councillors from all political groups and the Chairman may invite other representation to join the group. It is proposed that the group will comprise of up to 20 members. No substitutes will be permitted and any member of the group who misses three meetings without reasonable grounds will be invited to leave the group. The Liaison Group Members will be required to agree to a non-disclosure agreement in relation to any commercially sensitive information. The meetings will be minuted. The proposed terms of reference of this Liaison Group are attached at Appendix B along with the suggested composition.
- 1.5 Following on from Storm Desmond the Overview & Scrutiny Committee established an informal Resilience Commission Task Group. One of the suggestions from the Chairman of the task group, which is supported by the Cabinet Member with responsibility and by the Chief Officer (Health & Housing), is the merit of establishing a Cabinet Liaison Group. Whilst the Council plays a major part in responding to flooding incidents particularly in the recovery phase, we recognise that work to try and mitigate the effects of flooding as well as actions to help residents become more resilient to inevitable future flooding incidents, needs to be a multi-agency effort involving our communities as well. The purpose of this group would be to provide a strategic oversight of flooding issues in the district including hearing the action plans and timescales from all the agencies with a responsibility for flooding e.g. the Environment agency and Lancashire County Council and to hear from residents about what would help them best prepare and deal with flooding. A Flooding Cabinet Liaison Group could meet twice a year and or more frequently if required. Cabinet is requested to agree to the establishment of the task group in principle, the terms of reference to be agreed at a future meeting.

2.0 Options and Options Analysis (including risk assessment)

- 2.1 The options regarding Cabinet Liaison Groups are:
 - 2.1.1 To note existing arrangements and make no amendments.
 - 2.1.2 To consider and approve, where appropriate, any proposals from

Cabinet Members.

3.0 Outside Bodies, Partnerships and Boards

- 3.1 Members are asked to consider the appointments to outside bodies, partnerships and boards.
- 3.2 Members are reminded that Members nominated to outside bodies, partnerships and boards by Cabinet are representing the views of Cabinet in such positions, rather than any views they might hold as individuals.
- 3.3 Attached at Appendix C is a list of organisations to which Cabinet makes appointments on the basis of Portfolio responsibilities.

4.0 Options and Options Analysis

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

5.0 Officer preferred Option and Comments

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

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The establishment of Cabinet Committees and Cabinet Liaison Groups assists the Cabinet in the discharge of executive functions. Representation on Outside Bodies is part of the City Council's community leadership role.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):</p> <p>The proposals provide clear focus, transparency, accessibility and inclusiveness in the Council's Executive decision-making processes.</p>
<p>LEGAL IMPLICATIONS</p> <p>Cabinet Liaison Groups are established in accordance with the City Council's Constitution.</p>
<p>FINANCIAL IMPLICATIONS</p> <p>There are no significant financial implications with regard to the recommendations. Resources are available to provide the necessary level of support. Members of outside bodies are entitled to travel expenses which are currently being funded from within existing budgets.</p>

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 officer has been consulted and has no comments.

MONITORING OFFICER'S COMMENTS

The Monitoring officer has been consulted and has no comments.

BACKGROUND PAPERS

none

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CONSTITUTION – CABINET PROCEDURE RULES EXTRACT

Part 4, Section 4

Cabinet Liaison Groups

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

APPENDIX B

CABINET LIAISON GROUPS

CANAL CORRIDOR CABINET LIAISON GROUP - (TO BE STOOD DOWN)

Chairman:

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

Terms of Reference:

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

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

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

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

Frequency: As required

CANAL QUARTER CABINET LIAISON GROUP

Chairman:

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

Composition

- Up to 20 members of the group
- Open invitation to all Councillors from all political groups
- No substitute members attending
- The Chairman may invite other representation to join the group
- Any member of the group missing three meetings without a reasonable grounds will be invited to leave the group
- Agreement to the non-disclosure agreement in relation to any commercially sensitive information.
- The meetings will be minuted.

Terms of Reference

1. To advise the Cabinet member and Cabinet on the Canal Quarter Development.
2. To assist the Cabinet member and Cabinet to ensure the development is of the highest standard and uses best practice in the development.
3. To provide a public written report each quarter summarising the discussions and recommendations made to the Cabinet member.
4. To invite and consider reports from the Council's Officers and agents on the development.
5. To invite and consider third party presentations and proposals, and if required to summarise the information in a recommendation to the Cabinet member.
6. To monitor the progress of the Canal Quarter Development.
7. To advise, facilitate and assist in the expeditious progress of the development.
8. To advise, facilitate and assist in the progress of consultations
9. To meet monthly.

DISTRICT WIDE TENANTS LIAISON GROUP

Cabinet Member with Responsibility for:

- Housing

Composition:

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

Terms of Reference:

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

Cabinet Minute No 8, 3rd June 2008 Refers

Frequency: Minimum of four times a year

PLANNING POLICY CABINET LIAISON GROUP

Cabinet Member with Responsibility for:

- Planning

Terms of Reference:

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

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

- issues relevant to the Strategic Environmental Assessment

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

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

Cabinet Minute No 8, 3rd June 2008 Refers

Frequency: As required.

**PREVIOUS TERMS OF REFERENCE OF THE HOUSING REGENERATION
CABINET LIAISON GROUP (AGREED IN MARCH 2012)**

Cabinet Member with Responsibility for:

- **Housing**

Terms of Reference:

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

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

Cabinet Minute 106, 13 March 2012 Refers

Frequency: As required

**HOUSING REGENERATION CABINET LIAISON GROUP -
REVISED TERMS OF REFERENCE FOR CABINET APPROVAL**

Cabinet Member with Responsibility for:

- **Housing**
 - a) To consider housing regeneration related reports prior to being presented to Cabinet, individual Cabinet Member Decisions or other Council committees.
 - b) To examine the options for delivering and financing affordable housing schemes.
 - c) To examine the viability of building new council homes with a particular focus on meeting the housing needs of the growing population.
 - d) Pursuing funding opportunities to support housing regeneration priorities, including Morecambe's West End.
 - e) To pilot a programme of targeted enforcement action against poorly performing private sector landlords in Morecambe's West End for an 18 month period, review the effectiveness and, if necessary, consider further options, which may include the implementation of additional and selective licensing.
 - f) To explore options to set up a Housing Company as a housing/regeneration delivery vehicle.
 - g) Identifying opportunities for affordable housing schemes through the land allocations set out in the Local Plan.
 - h) To consider the impact on residents and the Council of the changes to the welfare reform system.
 - i) To monitor and review the Housing, Homelessness and Tenancy Strategies for the district.
 - j) To monitor progress on the Community Housing Fund.
 - k) Meetings of the Housing Regeneration Cabinet Liaison Group will normally be arranged at six monthly intervals.

MUSEUMS CABINET LIAISON GROUP

Cabinet Member with Responsibility for:

- **Leisure, Culture & Tourism**

TERMS OF REFERENCE

This Group is a non-decision making consultative forum to assist Cabinet Members in their decision-making responsibilities.

The Group will consider and advise on redevelopment options for the City Council's museums in the context of the district's heritage and cultural offer for visitors and residents, providing a forum where information can be shared and feedback provided on the following:

- The results of feasibility works undertaken for specific redevelopment proposals, as agreed;
- Analysis of consultation and engagement with visitors, residents, staff, funders and partners;
- Design options and relative benefits/constraints;
- Museums expenditure and income;
- Additional opportunities to develop the use of the City Council's buildings linked to museums and the wider heritage and culture of the district;
- Management arrangements.

Frequency: As required.

Cabinet Minute 23, 4th October 2016 Refers

PROPERTY REVIEW CABINET LIAISON

Chairman:

Cabinet Member with Responsibility for Property Services

Terms of Reference:

Generally:

To act as an engagement and consultative forum for the Cabinet Member:

- to help develop and promote ideas for improving best practice / value for money from the Council's corporate property portfolio, in support of the Council's Corporate Plan; and
- to help develop proposals regarding the Council's wider corporate property strategy.

Initial Focus:

To act as an engagement and consultative forum for the Cabinet Member:

- to share information and views on the accommodation review, to inform its development and future decision-making.

Expected Outputs:

Feedback into Cabinet's decision-making (which may then require referral on to Council).

Frequency:

As required

Cabinet Minute 44, 7th November 2017 Refers

APPENDIX C

APPOINTMENTS MADE BY CABINET

ORGANISATION
Lancaster Community Fund Grants Panel (Cabinet Member and 1 member of Council) Cllr Margaret Pattison
Lancashire Leaders Meeting (Leader of the Council) Cllr Eileen Blamire
LGA Coastal Issues Special Interest Group Cllr Darren Clifford
Morecambe Bay Partnership Cllr Janice Hanson
Museums Advisory Panel Cabinet Member (and 1 member of O/S) Cllr Darren Clifford
Lancashire Waste Partnership : Cllr Brendan Hughes
Community Safety Partnership Cabinet Member (+ Cabinet Member substitute): Cllr Brendan Hughes (Cllr Eileen Blamire substitute)
Health and Wellbeing Partnership Cabinet Member (+ Cabinet Member substitute) : Cllr Andrew Warriner (Cllr Margaret Pattison substitute)
BID Company Ltd - (Cabinet Member for Economic Regeneration) Cllr Janice Hanson
Yorkshire Dales National Park Board – Cabinet Member with responsibility for Rural Affairs – Cllr Margaret Pattison
Growth Lancashire – Cabinet Member for Economic Regeneration (+ Leader substitute) Councillor Hanson (Councillor Blamire substitute)

CABINET

**Budget Support Reserve – Proposed Allocations
26 June 2018
Chief Officer (Resources)**

PURPOSE OF REPORT				
This report seeks Cabinet’s consideration of proposed allocations from the Budget Support Reserve, to enable the progress of related matters.				
Key Decision	X	Non-Key Decision		Officer Referral
Date of Notice of Forthcoming Key Decision			24 May 2018.	
This report is public.				

RECOMMENDATIONS OF COUNCILLOR ANNE WHITEHEAD

1. That Cabinet approves a total allocation estimated at £145,000 from the Budget Support Reserve to cover:
 - the continued engagement of the interim Head of Legal and Democratic Services to 31 October 2018, and the interim Human Resources Manager to 31 July 2018, with any further extension being subject to decisions regarding the management restructure; and
 - the one off costs arising from a minor structural reorganisation resulting from Council’s decision to reorganise the management and administration of Environmental Services.
2. That the allocation regarding interim capacity be subject to the use of turnover savings to help finance the engagement and should any adjustment be required to the allocation, it be addressed through quarterly financial monitoring reporting (through which the corporate turnover position will be monitored).

1 REPORT

- 1.1 As reflected within its Medium Term Financial Strategy and related Provisions and Reserves Policy, the Council holds a Budget Support Reserve. Its purpose is to provide resources to help finance capacity, feasibility/review and other development work in support of the Council’s corporate planning and budgeting arrangements.
- 1.2 In line with that purpose, a proposal to continue with the engagement of interim senior managers for the Human Resources and the Legal and Governance functions was

approved by Personnel Committee at its meeting on 04 June, subject to Cabinet approving the financing.

- 1.3 This reports seeks Cabinet's approval for that financing (estimated in total at £55,000) from the Budget Support Reserve. Further details can be found in the attached report at **Appendix A**.
- 1.4 In addition Cabinet's approval is required to fund the one off costs (voluntary redundancy/ pension strain) estimated at £90,000, regarding the latest phase of the ongoing management and administration review, which was originally approved by Council at its budget meeting of 2nd March 2016, but at that time did not take account of any up-front/one-off costs. This latest phase involves some minor grading changes and the deletion of one post. Affected staff have been consulted and agree to the proposals. Changes already made mean there will be no negative impact on service delivery. A note of the rationale, financial implications and payback period is also attached at **Appendix B**.

2 **DETAILS OF CONSULTATION**

- 2.1 No external consultation is required.

3 **OPTIONS AND OPTIONS ANALYSIS**

- 3.1 As referred to in the attached report, and additional information is provided below:

- 3.2 **Approve the allocation as proposed:**

Senior Management - Essentially the proposal is to help ensure that the Council has adequate senior management capacity for the relevant periods, to progress various initiatives and to protect its interests. Should the allocation be supported, it is advised that some flexibility be built in, to manage the corporate turnover savings position.

Environmental Services restructuring - The proposal provides the one off funding required to produce the ongoing savings agreed by the Council in 2016. It will not impact negatively on service delivery.

- 3.3 **Amend the proposed allocations**

Should Cabinet consider this option, the rationale and implications of any proposed amendment would need to be considered and addressed.

- 3.4 **Do not approve the allocation**

Should this option be chosen, regarding the HR proposal, as there are no other obvious sources of financing available at this point, then as a consequence the Council would need to readjust its work priorities, and put in place other arrangements to ensure that meets its legal obligations. There is no guarantee that these could be met from within existing budgets, and so alternative reserve allocations may arise in due course.

Regarding the Environmental Services proposal, the restructuring could not go forward and the budgetary savings and operational efficiencies would not be realised. Alternative ways of achieving savings would need to be identified, but any such options are likely to involve other up-front costs in any event.

4 OFFICER PREFERRED OPTION AND JUSTIFICATION

4.1 The relevant Officer preferred options are as set out in the attachments. In respect of the interim capacity proposal, some flexibility regarding the corporate turnover position is advised; this is reflected in the Member recommendations of this report.

<p>RELATIONSHIP TO POLICY FRAMEWORK The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly identifiable.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p><u>Interim HR Appointments</u> See attached report. Note that the proposal regarding the Head of Legal and Governance is to run to 31 October (rather than the 30th).</p> <p><u>Environmental Services Minor Restructure</u> See attached note.</p> <p>Allocations from the reserve above the key decision threshold are a matter for Cabinet; those below are delegated to the Chief Officer (Resources) in consultation with the Finance Portfolio Holder.</p> <p>Further to the outturn (which is subject to audit), the balance as at 01 April on the Budget Support Reserve was £711K. Should the proposal be approved, this would reduce to £566K.</p> <p>Other allocation proposals regarding the Reserve are expected to be presented to Cabinet in due course. That said, subject to the outturn position being confirmed at audit, it is still anticipated that a contribution to the Reserve in the region of £2.6M will be effected in the current year, as reported during the budget and as reflected within the MTFS.</p>	
<p>SECTION 151 OFFICER'S COMMENTS This report has been prepared by the s151 Officer and is in her name (as Chief Officer (Resources)).</p>	
<p>LEGAL IMPLICATIONS There are no legal implications directly arising.</p>	
<p>DEPUTY MONITORING OFFICER'S COMMENTS The Deputy Monitoring Officer has been consulted and has no comments to add.</p>	
<p>BACKGROUND PAPERS None.</p>	<p>Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: nmuschamp@lancaster.gov.uk</p>

PERSONNEL COMMITTEE**Agenda Item 11****Interim Manager Appointments****4 June 2018****Report of the Chief Executive****PURPOSE OF REPORT**

To enable the Committee to consider the extension of the current Interim Head of Legal and Democratic Services until October 2018.

This report is public

RECOMMENDATIONS

- (1) That Personnel Committee considers the continued engagement of the interim Head of Legal and Democratic Services to October 2018 and should this be supported, it be subject to Cabinet's approval regarding the financing.
- (2) That Personnel Committee notes the Chief Executive's proposals regarding HR specialist support as set out in paragraph 3.0 of the report, subject to Cabinet's approval regarding the financing.

1.0 Introduction

- 1.1 On 3rd April 2018, it was agreed that the Chief Executive, under delegated authority, continues to manage and agree appointments for interim managers to cover Chief Officer level duties through contracts for services, potentially subject to a defined maximum length of appointment of 6 months, with approval required from Personnel Committee for any extension over 6 months.

2.0 Interim Head of Legal and Democratic Services

- 2.1 The Interim Head of Legal and Democratic Services, David Brown, joined the Council in February 2018 and reports directly to the Chief Executive. He was appointed to the role of Monitoring Officer by the Council on 28 February 2018.
- 2.2 Mr Brown has undertaken a number of actions, with work on these set to continue in the coming months. The following are examples:
 - Ensured the day to day function of the service is maintained
 - Set out a governance regime around the land/deed registration project to ensure delivery
 - Managed through the information Governance Manager stage 1 delivery of the GDPR compliance project
 - Initiated the digital agenda for legal services & formed delivery group
 - Initiated the review of legal services provision
 - Set a programme for the delivery of the Constitution Review

- Overseen the departure of the senior lawyer and commenced recruitment for replacement planning lawyer
- Commenced Service wide meetings with all staff
- Identified future threats & opportunities such as central government digitalisation of land charges register
- Created a risk register

2.3 It is proposed that Mr Brown continues to carry out such responsibilities until the restructure is resolved i.e. October 2018.

3.0 Interim HR Specialist

3.1 Mr Rigby joined the Council as Interim HR Manager in January 2018 and reports directly to the Chief Executive since January. (This is not a Chief Officer post.) Mr Rigby's background prior to joining the Council includes a number of senior roles within large organisations, including the Crown Prosecution Service, University of Edinburgh, Ministry of Justice and DWP. Since January, Mr Rigby has worked with the Chief Executive, contributing significantly to the development of proposals for organisational change at a senior level. Additionally, he has made much progress in development of the plans for implementation of the proposed new structure, subject to its agreement. His focus is on the proposed restructure and other projects, such as individual performance management, rather than day-to-day HR work.

3.2 It is proposed that Mr Rigby's contract continues for the time being until a decision is made about the proposals for restructure of the senior team. If it is the case that a decision is made to implement proposals for restructure, then it is proposed that Mr Rigby's contract is extended until the end of March 2019, at which point the initial work for this programme will be complete. If Cabinet decides that a restructure of the senior team will not take place, then it is envisaged that Mr Rigby's contract will terminate in early July. It should be noted that, as Interim HR Manager, Mr Rigby does not perform duties at Chief Officer level, which is why this Committee has not been asked to approve extending his placement.

4.0 Options for Consideration

4.1 The Committee should discuss the options below in relation to the Interim Head of Legal and Democratic Services.

- a) To extend Mr Brown's placement as Interim Head of Legal and Democratic Services until October 2018.
- b) Not to extend Mr Brown's placement as Interim Head of Legal and Democratic Services.

It should be noted that, should the Committee choose option (b), it would be necessary to make other arrangements for interim legal support at a senior level, particularly for the role of Monitoring Officer, which Mr Brown currently holds.

CONCLUSION OF IMPACT ASSESSMENT

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

No impact

LEGAL IMPLICATIONS**FINANCIAL IMPLICATIONS**

With regard to the interim Head of Legal and Democratic Services, in the current financial year it would cost approximately £75,000 for the post to run from 01 April to 30 October 2018 (broadly 30 weeks at £500 per day x 5 days per week), of which up to £43,000 could be met from turnover savings (from the vacant post of Chief Officer (Legal & Governance)). The remaining balance, currently estimated at £32,000, would need to be met from the Budget Support Reserve.

With regard to the interim HR Manager, in the current financial year it would cost approximately £40,000 for the post to run from 01 April to 31 July 2018 (broadly 17 weeks at £579.80 per day x 4 days per week, based on the current contract), of which up to £17,000 could be met from vacancy savings (from the vacant HR&OD Manager post). The remaining balance, currently estimated at £23,000, would need to be met from the Budget Support Reserve.

Following Personnel Committee, the financing of the above would be considered by Cabinet, as reflected in the recommendations.

Thereafter, should the HR post be extended to the end of March 2019, this is currently estimated to cost a further £74,000 (broadly 32 weeks, with some allowance for holiday). Up to £34,000 vacancy savings may be available to help offset this, leaving an additional cost of up to £40,000. This would be covered in the future report to Cabinet regarding the management restructure.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has contributed to this report; she would add that alongside the costs and financing, Members are advised to consider the value for money aspects of the proposals.

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and her comments have been incorporated.

BACKGROUND PAPERS

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