



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 30 September 2020 -
6.00 p.m.**

THIS WILL BE A VIRTUAL MEETING

Please note – this will be a ‘remote meeting’, a link to which will be available on Lancaster City Council’s Website at least 24 hours before the meeting. Access is through Microsoft ‘Teams’.

Anyone wishing to make an address or ask a question of Council should register by contacting democracy@lancaster.gov.uk with their question or speech no later than 12:00pm on Friday 25 September 2020.

Kieran Keane,
Chief Executive,
Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held virtually using MS Teams Live Events on Wednesday, 30 September 2020 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 29 July 2020 (previously circulated).

3. **DECLARATIONS OF INTEREST**

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

Councillors 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, Councillors 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, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of questions to a Member of Cabinet or Committee Chairman.

7. **PETITIONS AND ADDRESSES**

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. **LEADER'S REPORT** (Pages 5 - 8)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

OTHER BUSINESS

9. **EXPLORATION OF LOCAL GOVERNMENT REFORM AND DEVOLUTION** (Pages 9 - 14)

Report of the Chief Executive.

10. **ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2019/20** (Pages 15 - 30)

Report of the Chief Finance Officer.

11. **ELECTORAL REVIEW - ARRANGEMENTS FOR MAKING SUBMISSION TO THE LOCAL GOVERNMENT BOUNDARY COMMISSION ON BEHALF OF THE COUNCIL** (Pages 31 - 33)

Report of the Head of Democratic Services.

12. **ALLOCATION OF SEATS TO POLITICAL GROUPS** (Pages 34 - 38)

Report of the Head of Democratic Services.

13. **COUNCILLORS' BASIC ALLOWANCE** (Pages 39 - 40)

Report of the Head of Democratic Services.

14. **APPOINTMENT OF AN INDEPENDENT REMUNERATION PANEL MEMBER** (Pages 41 - 43)

Report of the Head of Democratic Services.

15. **EXECUTIVE ARRANGEMENTS** (Pages 44 - 45)

Report of the Director of Corporate Services.

16. **APPOINTMENTS AND CHANGES TO COMMITTEE MEMBERSHIP**

Group Administrators to report any changes to Committee Membership.

17. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12**

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days' notice, in writing, of the question to the Chief Executive.

18. **MINUTES OF CABINET** (Pages 46 - 64)

To receive the Minutes of Meetings of Cabinet held on 14 July and 17 August, 2020.



.....
Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on Tuesday 22 September 2020.



Leader's Report

30 September 2020

Report of the Leader of the Council

PURPOSE OF REPORT
To present the Leader's report to Council.
This report is public.

RECOMMENDATIONS

To receive the report of the Leader of Council.

REPORT

1.0 Cabinet

Information on Cabinet matters is provided in the minutes from the Cabinet meetings held on 14 July 2020 and 17 August 2020. The minutes of the Cabinet meeting held on 15 September 2020 were not available at the time of publication of the agenda and will be tabled at the November Council meeting.

2.0 Decisions required to be taken urgently

No urgent Cabinet decisions have been taken in this period.

3.0 Leader's Comments

R U Ok? I've had reason to reflect recently, that quite a few councillors are doing it tough, including me some days. We're trying to be there for our communities, for friends, family, colleagues and neighbours and sometimes that can take a lot from you. It's a well-worn analogy but remember to fit your own oxygen mask before helping others to fit theirs. This isn't a selfish act, but rather one that allows you to keep on helping others.

There's a growing store of resources on the city council share point, as well as projects like the TogetherAll community supported by the NHS.

COVID

As everyone will be aware new local restrictions will come into force on Tuesday 22nd September. From the residents who have contacted me I can report that there is a sense of confusion and frustration. The most popular question – why isn't Blackpool included? The issue that causes the most frustration – that informal care arrangements aren't accommodated within the restrictions.

With the new local restrictions reducing people's opportunities to meet with family, putting stress on work and care arrangements, and requiring some businesses to operate differently and/or close early, we know that this is going to be an increasingly difficult time for many in our community.

As it becomes more difficult for our community, so it becomes more difficult for the council. More residents and businesses need our support, fewer residents and businesses are in a position to pay rates, rent, fees or charges. The intersection of austerity, COVID and economic fragility is going to prove to be a difficult one for local government and having been burnt by central government in the first wave, it seems likely we will need to be more cautious in our response to the second wave.

Once again, I want to thank our officers for the amazing work that they are doing. For the flexibility they have shown in being willing to take on new jobs as needs have shifted across the council and for the resilience they show in keeping going when the going is tough.

I also want to thank everyone across the district who has mobilised as part of a response to the pandemic. Partnership working has been the cornerstone of the pandemic response in our district. Since lock down began, more than 70 meetings have been held bringing together community, voluntary and faith groups, institutions like the NHS and our universities and FE college, and the business sector, to share information and to try and ensure that we help as many people, businesses and organisations through the pandemic as possible.

Depending on new restrictions that might be announced, the City Council is ready to ramp up its work in supporting residents again. We continue to have useful conversations with business representative organisations around business support.

Flooding

Again, the district has experienced flooding. The area that made the news was south Lancaster, but other areas and individual residents also experienced flooding in August. It is important to remember that while government responses are tied to flooding impacting large numbers of houses, flooding for residents and individual businesses is experienced individually.

Working with the Environment Agency, the city council has now removed the pedestrian bridge that contributed to the first flood incident in August and will replace it with a bridge with a higher clearance in the new year.

Grassland management

Councillors will have been pleased to learn grassed areas will be mown through the autumn. The grassland management review continues, and there is strong support from residents to have more land to support biodiversity. However, residents do also want mown areas for dog walking and playing ball games. Increasingly, it becomes evident that we may need to devote more land to holding and slowing water through natural flood management. Finding the right balance will need to be involve discussion with residents, and I would encourage all councillors to share the preferences of their residents.

Priorities, outcomes and budgeting

Over summer the cabinet, working with officers, has been reflecting on the work in our portfolios, looking at new priorities that have emerged through COVID, and trying to identify work that might now not be so urgent. This work is supported by a review of the outcome measures that are used for performance reporting and that will form the basis of our outcome-based budgeting process.

Setting the budget for next year will be a difficult task. Like many organisations, our income has been impacted by COVID and remains somewhat uncertain. The fragile economic circumstances means there are more calls for our support from both residents and businesses, and yet less resource to do it.

We don't want to be a council that delivers statutory services only. We want to be a council that continues to innovate and to meet new and emerging needs in our community. The partnership working that has been central to our district's COVID response is now offering new opportunities to build shared work with new partners to address the priorities of our district.

Local government reorganisation

This council meeting, local government reorganisation will have its own agenda item. Like many others, local government reorganisation isn't a topic I would have prioritised by choice. It is one that has been pushed up the agenda by the government:

- first, by the Prime Minister saying that the path to devolution ran through combined authorities and elected mayors,
- then in Lancashire particularly, by the Ministry of Housing, Communities and Local Government (MHCLG) saying that there were too many councils in Lancashire to form a combined authority without unitarisation, and
- most recently by government saying that recovery funds would be linked to reorganisation plans.

Much of central government's thinking about the future of local government seems to be in flux, a position which in itself is unhelpful. Our challenge as a council remains to work out what local government structures will best serve our residents and our region. Nothing I have yet seen persuades me to believe that our district would be best served in a 'greater Blackpool' council. I continue to believe that our natural partnership lies round the bay, with South Lakeland and

Barrow. How far and how fast that collaboration deepens and develops is flexible. If the government backs away from local government reorganisation then we can continue to build shared work through the joint committee, if they push forward, then I believe we need to be ready to make our case.

Cabinet changes

Two changes have been made to cabinet since our last council meeting. Cllr John Reynolds has tendered his resignation, which with sadness I have accepted. Cllr Anne Whitehead, who had initially returned to cabinet at the acting cabinet member for finance while Cllr Reynolds was on leave, has now returned as the substantive cabinet member. I'm delighted to welcome Cllr Whitehead back to cabinet and the finance portfolio.

4.0 Key Decisions

The following Key Decisions were taken by Cabinet on 17 August 2020:-

- (1) Property Investment Strategy: Investment Proposals. Cabinet reaffirmed the decision taken on 14 July 2020 after considering a referral from the Overview & Scrutiny Committee following a call-in
- (2) Covid-19 Pandemic- Policy for decision making and spending delegations within the Budget and Police Framework - Award of contract- electric refuse collection vehicles

The following Decisions were taken by Cabinet on 15 September 2020:-

- (1) Provisional Revenue, Capital & Treasury Management Outturn
- (2) Covid 19 Pandemic - Policy for decision making and spending delegations within the Budget and Policy Framework - Award of contract electric pool cars
- (3) Repairs to Council Asset – 1 Lodge Street
- (4) Heysham Gateway
- (5) Local Plan for Lancaster District Climate Emergency Review: Formal Commencement of Review process and Launch of Scoping Consultation
- (6) Regulation 7 Direction under Town and Country Planning (Control of Advertisements) (England) Regulation 2007

The following Officer Delegated Key Decisions have been taken since the last Leader's report:-

ODD1 Re-Roofing Programme

ODD2 Award of contract- electric refuse collection vehicles

Background Papers

Cabinet agendas 14 July 2020, 17 August 2020 and 15 September 2020.

COUNCIL**Exploration of Local Government Reform and Devolution
30 September 2020****Report of Chief Executive****PURPOSE OF REPORT**

The purpose of this report is to provide council with an update on the current position relating to local government reform and devolution. The report also recommends that the council proceeds to develop a high-level case for a unitary option for the Morecambe Bay area, to ensure that this option can be considered by government. This builds on collaboration and joint working over the last few years between Lancaster City Council, South Lakeland District Council and Barrow Borough Council. The high level case would be based squarely on the functioning economic geography and the shared health footprint of the Morecambe Bay area and would focus on delivery of economic, social and environmental benefits for residents, businesses and visitors as well as working well for Cumbria and Lancashire.

This report is public.

RECOMMENDATIONS

It is recommended that Council:

- (1) Notes the current position on local government reform and devolution;**
- (2) Authorises the Leader and Chief Executive to work with South Lakeland District Council and Barrow Borough Council to explore local government reform and devolution, including the development of a high-level case for a new unitary council for the area comprising the three districts;**
- (3) Notes that the high level case will be brought back to Cabinet and Council for agreement, prior to submission to the Ministry of Housing, Communities and Local Government;**
- (4) Notes that the Secretary of State may then invite the Council to put forward a formal proposal which will be subject to future Cabinet and Council agreement**

1.0 Report Summary

- 1.1** Movement towards local government reform and new models of devolved government has gathered pace in Lancashire and Cumbria, over the last few months. This has given rise to wider and more urgent discussions and a degree of heated debate that is not without some quite serious discord.

- 1.2 The mood music from Government has been growing in volume over the past year and we have heard various statements and comments from ministers. It is expected that the Government's intentions will be made clearer in a Government white paper on devolution, which is anticipated in autumn.
- 1.3 There will, of course, be many differing perspectives on the rationale and benefits or otherwise of change but this is without doubt moving towards an existential position in relation to district councils with quite fundamental change looming over the next three to five years.
- 1.4 A key issue for the Council is that, whilst in some senses this may seem like early days in the debate, it is becoming increasingly apparent that impetus for change is picking up rapidly as witnessed by the various moves and position taking recently within Lancashire and to a great extent, being mirrored in Cumbria. As a consequence, it is vital that the Council is proactive and in a position to react quickly and in an informed manner, rather than having change imposed upon it.
- 1.5 However strong the arguments may be for maintaining the status quo, it is highly unlikely that this will be allowed to remain and so the development of a well thought through set of options will be critical to maintaining a well focussed strategic direction and structures that continue to deliver effective services for residents, businesses and visitors.
- 1.6 It is accepted that not every detail is known at present but based on the intelligence available, authoritative statements made and an analysis of data there are essentially three options:-
 1. To take an "as is" approach and argue the case for the continued existence of the district.
 2. Take that position for now and wait to see the detail in the white paper.
 3. Decide on an approach that realistically and pragmatically recognises that change and an obligation to change, is just over the horizon and decide on a course of action that has our residents', businesses and other stakeholders' best interests at heart. This will present a number of choices and, as far as possible, ensuring that strong options for the district are able to be considered. This would include development of a case for a Morecambe Bay unitary option that the council would need to develop with South Lakeland and Barrow councils.
- 1.7 Inevitably, there will be difficult decisions to face in the future. The report below considers the issues and options outlined above in greater detail with the intention of gaining Council's consent to take some measured steps forward. The recommendations are a first step in providing council with the opportunity to consider the context, options and possible ways forward and to agree the next steps in ensuring the District's and its residents best interests are fully considered in any potential local government reorganisation discussions with government.

2.0 Introduction

- 2.1 An overview of the issues arising and the implications for the District are outlined in the summary above. Contextually, there is no clear road map at present as there is, as yet, no definitive information from Government for what the process and timings for reorganisation may be and it is possible that the white paper may not have been published by the time the report comes to Council. That said, we are aware that several Councils some in Lancashire have written to the Secretary of State asking that they be invited to submit a business case for a new unitary authority. In July, the Leader of the Council and the Leaders of South Lakeland and Barrow councils also wrote jointly to the Secretary of State to request that an option for a Lancaster and South Cumbria unitary option be left open, in the context of the future arrangements that might combine authorities across Cumbria and Lancashire.
- 2.2 Not many months ago the debate and discussions were about combined authorities but the debate, precipitated by the action taken by some Councils, has quickly moved onto proposals regarding unitary authorities with combined authorities ultimately being overarching combinations of future unitaries.
- 2.3 There remains speculation and discussion regarding the relevance, or not, of county boundaries and what legislation will permit with a prevailing view (in law) still to be established. There is a view that the government wants a “tidy” approach based on county boundaries but some conflicting information suggests cross county boundary proposals could be considered. Many, including a number of experts in this area, believe there is a strong case for a rational rather than “administrative” approach and that form should follow function.
- 2.4 We do not as yet know whether future plans will allow real opportunities for responsible devolved government and real local reform with funding moving down to these levels or whether this is simply seen as more “cost effective” solution for local government. As a basic guide the following is what to date the Secretary of State has set out as guidance in relation to any proposal.

The proposal should seek to achieve the establishment of a single tier of local government for the area concerned, that is the establishment of unitary authorities:

- *which are likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;*
- *which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and*
- *where the area of each unitary authority is a credible geography consisting of one or more existing local government areas and having a substantial population that, at a minimum, is substantially in excess of 300,000.*

3.0 Options and Options Analysis (including risk assessment)

Option 1: Maintain the status quo
Advantages: Few as it is virtually certain some form of change will be imposed at some stage
Disadvantages: The Council is ill-prepared for the challenges it faces
Risks: As above
Option 2: Await the publication of the white paper.
Advantages: Perhaps there may some more certainty on direction but more likely to be concerned with detail than principles the latter to a great degree are already articulated.
Disadvantages: Time is lost in preparing and strong local options may be more difficult to progress.
Risks: As above
Option 3: Take steps to ensure options that best serve the interests of our residents, businesses and stakeholders are able to be considered. This would include development of the case for the Morecambe Bay area on which the three councils of Lancaster City, South Lakeland and Barrow would need to lead.
Advantages: Puts the Council in a stronger position in terms of delivering its intentions to support the best interests of its residents, businesses and stakeholders. It is a proactive rather than a reactive response. It gives some time for issues to be considered rationally. Is consistent with Lancaster's reputation for shaping new thinking.
Disadvantages: Announcing such plans will be unsettling but these choices will have to be faced at some point in the near future.
Risks: As above, shaping future intentions will have a cost in terms of advice etc.

4.0 Further discussion of Option 3

- 4.1 Members will be aware that in recent weeks there has been a number of proposals regarding the creation of unitary authorities in Lancashire. One proposal is for some combination of Blackpool, Fylde, Wyre, and Lancaster and Ribble Valley. This essentially based on the County being divided three ways with these authorities comprising the northern and/or coastal districts. As is well known, there are range of mixed views on this proposal and members would need to consider whether this meets the criteria set by the Secretary of State and best meets the needs of our communities.
- 4.2 What is clear is that the proposal has started with the geography and now some work is in hand to establish whether case can be made to justify it. In terms of travel to work, functioning economic area and health footprint there is little evidence to support this in terms of linking Lancaster with Blackpool and Fylde and there is little evidence of shared interest or shared working to date.
- 4.3 As further context, the council has been working over the last few years with the two south Cumbria councils of South Lakeland and Barrow. In the findings of a 2016 economic study, the region was conformed as a functioning economic area with a combined Gross Value Added comparable to other major North West economic centres, such as Warrington. In 2017, the councils approved a joint Statement of Intent and in 2019, the three Councils launched a prospectus for driving growth through an event attended by a wide range of businesses, agencies, authorities and media from across the region. The prospectus and approach to collaborative working was well received. In June 2020, the Councils established a formal Joint Committee to act as a strategic forum for addressing sustainable economic prosperity, the climate emergency and reducing inequality across the Bay area.
- 4.4 Proceeding with the development of a high level case will necessitate strong communications to ensure there is awareness amongst communities, stakeholders and key organisations, including Parish and Town Councils. This will ensure that there is a wide understanding of the nature of the work being undertaken at this stage and that which would follow if the councils proceeded to a second stage of developing a formal proposal. Communications will enable the councils to assess the wider sense of understanding and support for a Bay option.

5.0 Conclusion

- 5.1 The White Paper on devolution has not yet been published but nevertheless the local government agenda gathers pace. What is clear is that many councils are taking the opportunity to develop and progress their preferred options. In particular, county councils are tending to lead on proposals for new unitary arrangements.
- 5.2. There is a window of opportunity for the council to develop and promote options that deliver the best outcomes and benefits for its residents, businesses and stakeholders. However, the situation will change quickly with the possibility that strongly developed options coming forward for the sub regions could eclipse the district's interests and not fully reflect its opportunities.
- 5.3. The Morecambe Bay area crosses the county boundaries but in many respects is a strong and realistic option for local government reform, based on its geography, environment, economic functioning area, health footprint and sense of place. The joint working arrangements of the last few years add strength and a capability to work together on major developments. Any case for a unitary option for Morecambe Bay,

however, will need to be further developed by the three councils if it is to remain on the table.

CONCLUSION OF IMPACT ASSESSMENT

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

There are no direct impacts at this stage, but this report is focused on the overall objective of achieving the best possible outcomes and benefits for residents, businesses and stakeholders

LEGAL IMPLICATIONS

There are legislative powers available to enable local government reorganisation. Proposals for a unitary authority may be submitted under Part I of the Local Government and Public Involvement in Health Act 2007. Section 2 of the 2007 Act explains the process. Also, the Cities and Local Government Devolution Act 2016 Section 15(1) provides a Legislative framework that can be deployed to implement a wide range of Local Government reforms. However, at this stage, this report seeks approval to develop a “High Level Case” only, which will then be subject to approval by Cabinet and Council prior to submission to the Ministry of Housing, Communities and Local Government.

FINANCIAL IMPLICATIONS

The council will need to pay it's share of the costs of expert advice for the high level case, along with the other two councils. These costs can be covered by existing budgets.

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

Some resource is required to ensure a strong evidence base and coordinate progress. However, this is an unavoidable commitment if the government wishes to progress local government reorganisation and the council wishes the district's interests to be best represented.

SECTION 151 OFFICER'S COMMENTS

As noted within the financial implications at this stage the costs of developing a high-level case can be met from existing budgets. Members should note that the financial implications from any agreed local government reorganisation, or devolution will be substantial and complex for this Council and the subsequent authority and will involve a significant amount of officer time.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted when drafting this report and, at this stage, has no further comments to make.

BACKGROUND PAPERS

None

Contact Officer: Kieran Keane

Telephone: 01524 582501

Email: chiefexecutive@lancaster.gov.uk

Ref: N/A

COUNCIL

**Annual Treasury Management Outturn
Report 2019/20
30 September 2020**

Report of Chief Finance Officer

PURPOSE OF REPORT

This report seeks Council's consideration of various matters in connection with the annual Treasury Management outturn report for 2019/20.

This report is public.

RECOMMENDATIONS

1. That the Annual Treasury Management outturn report and Prudential Indicators as set out at Appendix A be noted.

- 1 **Introduction**

- 1.1 At the Cabinet meeting held on 15 September 2020, Members noted the annual Treasury Management outturn report for 2019/20, attached at **Appendix A**.

- 2 **Treasury Management and Prudential Indicators**

- 2.1 The report sets out the performance of treasury operations for 2019/20 in terms of long- and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators. Under CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) it is a requirement that an information report on these matters be presented to full Council as well as Cabinet.

- 3 **Details of Consultation**

- 3.1 No specific external consultation has been undertaken.

4 Conclusion

- 4.1 Consideration of Treasury Management Outturn will ensure the Council complies with CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) Any specific key issues arising are reflected in the individual carry forward requests.	
FINANCIAL IMPLICATIONS As set out in the report.	
SECTION 151 OFFICER'S COMMENTS This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.	
LEGAL IMPLICATIONS There are no legal implications arising from this report.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS None	Contact Officer: Paul Thompson Telephone: 01524 582603 E-mail: pthompson@lancaster.gov.uk Ref:

Appendix A

Annual Treasury Management Report

2019/20

For Noting by Council 30 September 2020

Annual Treasury Management Review 2019/20

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 2019/20. 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 2019/20 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 28 February 2018)
- a mid-year (minimum) treasury update report
- 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.

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 2019/20

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	2018/19 Actual	2019/20 Estimate	2019/20 Actual
Capital expenditure	7.27	24.08	12.08
Financed in year	(5.67)	(3.29)	(5.60)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	1.60	8.06	6.48

HRA £M	2018/19 Actual	2019/20 Estimate	2019/20 Actual
Capital expenditure	3.99	4.77	4.08
Financed in year	(3.99)	(4.77)	(4.08)
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 2019/20

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 2019/20 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 [PWLb] 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 2019/20 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2019/20 on 27 February 2019.

The Council's CFR for the year is shown below, and represents a key prudential indicator. No borrowing is actually required against these schemes, however, as cash supporting the Council's reserves, balances and cash flow has been used as an interim measure.

CFR (£M): General Fund	31 March 2019 Actual	31 March 2020 Estimate	31 March 2020 Actual
Opening balance	43.61	43.15	43.55
Add unfinanced capital expenditure (as above)	1.60	20.79	6.48
Less MRP	(1.66)	(1.57)	(1.60)
Less finance lease repayments	0.00	0.00	0.00
Closing balance	43.55	62.37	48.43

CFR (£M): HRA	31 March 2019 Actual	31 March 2020 Estimate	31 March 2020 Actual
Opening balance	40.39	39.35	39.33
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.06)	(1.04)	(1.06)
Closing balance	40.33	38.31	38.27

CFR (£M): Combined	31 March 2019 Actual	31 March 2020 Estimate	31 March 2020 Actual
Opening balance	84.00	82.50	82.88
Add unfinanced capital expenditure (as above)	1.60	20.79	6.48
Less Debt Repayment, Finance Leases and MRP	(2.72)	(2.61)	(2.66)
Closing balance	82.88	100.68	86.70

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 (2018/19) plus the estimates of any additional capital financing requirement for the current (2019/20) 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 2019/20. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

£M	31 March 2019 Actual	31 March 2020 Estimate	31 March 2020 Actual
Gross borrowing position	63.17	62.13	62.13
CFR	82.88	100.68	86.70

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 2019/20 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.

	2019/20 Actual
Authorised limit	£117.00M
Maximum gross borrowing position	£63.17M
Operational boundary	£100.68M
Average gross borrowing position	£62.82M
Financing costs as a proportion of net revenue stream - GF	16.30%
Financing costs as a proportion of net revenue stream - HRA	21.10%

3. Treasury Position as at 31 March 2020

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 2019/20 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2019 Principal £M	Average Rate %	Average Life yrs	31 March 2020 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	63.17	4.66	34	62.13	4.69	33
Total debt	63.17			62.13		
CFR	82.88			86.70		
Over / (under) borrowing	(20.76)			(24.58)		

The loan repayment schedule is as follows:

	31 March 2020 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.20
10 years and within 20 years	5.20
20 years and within 30 years	7.31
More than 30 years	39.22

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2019 £M	31 March 2019 %	31 March 2020 £M	31 March 2020 %
Money Market Funds	4.11	16.37	16.00	40.00
Other Local Authorities	21.00	83.63	24.00	60.00
Total investments	25.11		40.00	

The average rate of interest payable on PWLB debt in 2019/20 was 4.69%. A total of £2.89M interest was incurred during the year, of which £1.89M was recharged to the HRA.

Interest Payable

	2019/20
Estimate	£2.89M
Actual	£2.89M

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 2019/20

Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that the Bank Rate would stay at 0.75% during the year as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled, but would only rise to 1.0% during 2020.

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

Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%.

Link Asset Services Interest Rate View 31.3.20								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PVLIB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PVLIB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PVLIB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PVLIB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

6. Borrowing Strategy and Control of Interest Rate Risk

During 2019/20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the authority may not be able to avoid new borrowing to finance capital expenditure

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Section 151 Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks :

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

PWLB borrowing rates - the graph 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:



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
31/03/2020	1.90%	1.95%	2.14%	2.65%	2.39%
Low	1.17%	1.00%	1.13%	1.73%	1.57%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.47%	2.45%	2.76%	3.25%	3.05%
Date	21/10/2019	19/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	1.83%	1.77%	2.00%	2.56%	2.40%

7. Borrowing Outturn for 2019/20

Borrowing

No long-term 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 Outturn for 2019/20

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 27 February 2019. 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	
	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20
Balances	5.71	5.05	2.24	2.86	7.95	7.91
Earmarked reserves	14.84	15.32	10.54	10.59	25.38	25.91
Provisions	4.04	6.23	0.00	0.00	4.04	6.23
Working Capital	6.88	21.06	2.30	2.89	9.18	23.95
Total	31.47	47.66	15.08	16.34	46.55	64.00
Amount Over/(Under) Borrowed						(24.58)
Baseline Investment Balances						39.42
Actual Investment Balances						

Investments held by the Council - the Council maintained an average investment balance of £36.8M of internally managed funds. The average rate of interest earned for the year as a whole was 0.74%. The weighted average rate of interest being earned on the investment portfolio at the end of both years is also given. These rates are compared to the base rate and average 3-month LIBID rate at the end of the year.

	2018/19	2019/20
Lancaster CC Investments full year	0.61%	0.74%
Lancaster CC Investments weighted average at 31 March	0.87%	0.80%
Base Rate	0.75%	0.10%
3 Month LIBID	0.67%	0.70%

The actual interest earned in 2019/20 was £272K.

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 2019/20 complied with the latest Code of Practice (December 2017) and relevant Government investment guidance.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 26 February 2020

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2017).

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.
- **Link Asset Services** – Link 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*.

COUNCIL

**Electoral Review – Arrangements for making
Submissions to the Local Government Boundary
Commission on behalf of the Council**

30 September 2020

Report of the Head of Democratic Services

To seek a decision on whether a response on behalf of the Council should be made to the Local Government Boundary Commission for England to any or each of their consultations during the electoral review of Lancaster City Council, or whether responses are best left to individual Councillors or Political Groups.

This report is public

RECOMMENDATIONS

- (1) That Council considers the options in Paragraph 4 of this report and forms a view.**
- (2) That, if option b) is chosen, Council Business Committee be given delegated authority to consider and approve submissions to the Local Government Boundary Commission for England on behalf of the Council, both on council size and on warding patterns, and on any other matter that may arise in the course of the review.**
- (3) That, if option c) is chosen, Council determines the size, composition, membership and Chair of the working group at this meeting.**

1.0 Background

- 1.1 Members will recall that last month the Local Government Boundary Commission (LGBCE) for England recently provided Members with a remote presentation regarding the electoral review of the district, the first phase of which – determining Council size - has now commenced.
- 1.2 As explained at the briefing, the LGBCE's review will first decide the council size, that is, the number of councillors, and then the number of wards, the ward names and boundaries. The arrangements recommended by the Commission following the review will take effect for the next city council elections in May 2023.

- 1.3 The Commission will itself consult widely during the review process. Until December 2020 representations are invited regarding the appropriate size for the Council, and subsequent consultations will be to decide upon appropriate warding patterns. There will be the opportunity at each consultation stage for political groups and individual members to put forward their views. However, Council may also wish to formulate submissions on behalf of the Council as a whole. This report seeks a view on that matter.

2.0 Timetable for each Stage of the Review

- 2.1 The Commission has indicated that it hopes to have received enough evidence by the time it meets on 19 January 2021 to make a decision on the most appropriate council size for the Council. Commissioners have therefore requested evidence from the Council, political groups and members by 8 December 2020 on the most appropriate council size for Lancaster City Council. They have indicated that they will seek written evidence in support of proposals and will require a good rationale for what is proposed, particularly where any substantial change is suggested. After the briefing in August, the Commission provided Councillors with an information pack, which was emailed out to Members by Democratic Services. This explains how to make effective representations and sets out the criteria the LCBCE uses for drawing up new electoral arrangements. If any Councillor has not received a copy for any reason, this is available by email from the Head of Democratic Services on request. The Commission will test the rationale and underpinning assumptions in any proposal. All proposals will need to be based on technical evidence, for example on governance arrangements and committee places.
- 2.2 Once a decision has been taken on council size, the Commission will start its next consultation on 26 January 2021. This will invite proposals for new ward boundaries.
- 2.3 The Commission will use responses to that consultation to draw up its own draft recommendations for new boundaries across Lancaster District. The Commission will then consult on the proposals it has made in July and August 2021. Respondents will be able to comment on them and propose reasoned alternatives.

3.0 Process During the Last Review

- 3.1 There is no requirement for any submissions to be made on behalf of the Council as a whole. It is a matter of choice. During the LGBCE's last review of the City Council between 2012-2014, responses were made on behalf of the Council by Council Business Committee (CBC). CBC's terms of reference in the Constitution include "To determine the method of response and, where necessary, agree responses, on behalf of the Council, to requests for responses to consultations made to the Council."
- 3.2 The responses submitted by CBC during 2012/2014 were mainly restricted to administrative issues that might arise during the running of local elections. Given the number of political groups on the Council it was felt it would be difficult to reach any kind of consensus otherwise. It should be noted that the Head of Democratic Services and Elections Manager could submit their own responses regarding these issues, if the Council chooses option a) above.

4.0 Options

4.1 There is a number of options available, including:

- a) Not to submit a response on behalf of the Council and to leave this up to individual groups on the Council and/or individual Councillors.
- b) To submit a response on behalf of the Council at some or all stages of the consultation process and for Council to delegate this responsibility to the Council Business Committee.
- c) For Council to establish a Boundary Review Working Group at this meeting, tasked with drafting and submitting consultation responses on behalf of the Council at some or all of the consultation stages.

5.0 Conclusion

5.1 Members are asked to make a decision regarding a Council response to the LGBCE consultations during the course of the current electoral review.

CONCLUSION OF IMPACT ASSESSMENT

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

None directly arising from this report.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

Any changes to the size of the council may have financial implications, but not until 2023/24. These changes once identified will be built into the estimate process at the appropriate time.

OTHER RESOURCE IMPLICATIONS

Human Resources, Information Services, Property and Open Spaces:

None

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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COUNCIL

Allocation of Seats to Political Groups 30 September 2020 Report of the Head of Democratic Services

PURPOSE OF REPORT

To advise Council of the calculations relating to the allocation of seats in accordance with the Local Government and Housing Act 1989 following a change to the political composition of the Council.

This report is public.

RECOMMENDATIONS

- 1) That in accordance with Section 15 of the Local Government and Housing Act, 1989 and Part 4 of the Local Government (Committees and Political Groups) Regulations, 1990, the City Council approves the calculations and allocation of seats set out in this report, including the adjustment set out in paragraph 5.

1.0 Introduction

- 1.1 A calculation of political composition is undertaken at each annual Council meeting to determine the political balance on the Council's committees. This was done at the Council's meeting on 18 May 2020 and again in July when there were further changes.. It is a requirement that re-calculations are made as and when the political make-up of the Council changes.
- 1.2 As Members are aware, Councillor John Reynolds recently resigned from the Labour group and is now an Independent Councillor with no alignment to any political group. This affects the political balance on the Council. This report therefore recalculates political balance on the current composition of 59 Councillors, Kellet Ward still being vacant. 57 Councillors are aligned to a political grouping.

2.0 Composition of the Council

- 2.1 The make-up of the Council is:

Labour	19
Conservatives	12
Green	10
Morecambe Bay Independents (MBI)	9
Independent Group	5
Liberal Democrats	2
Non-aligned	2
	<hr/>
	59

3.0 Seats Across Committees

- 3.1 Calculating each committee separately and individually, as shown in 3..2 below, would give an overall total out of the 78 seats of:-

Labour	24
Conservative	19
Green	14
MBI	11
Independent Group	9
Liberal Democrats	1

- 3.2 15 Member Committee (Planning Regulatory)

Labour	4.9999	(5)
Conservative	3.1578	(3)
Green	2.6315	(3)
MBI	2.3684	(2)
Independent Group	1.3157	(1)
Liberal Democrats	0.5263	(1)

10 Member Committee (Licensing Regulatory)

Labour	3.3333	(3)
Conservative	2.1052	(2)
Green	1.7543	(2)
MBI	1.5789	(2)
Independent Group	0.8771	(1)
Liberal Democrats	0.3508	(0)

9 Member Committees x 2 (Overview and Scrutiny, Budget and Performance)

Labour	2.9999	(3)
Conservative	1.8947	(2)
Green	1.5789	(2)
MBI	1.4210	(1)
Independent Group	0.7894	(1)
Liberal Democrats	0.3157	(0)

7 Member Committees x 5 (Personnel, Audit, CBC, Appeals, Standards)

Labour	2.3333	(2)
Conservative	1.4736	(2)
Green	1.2280	(1)
MBI	1.1052	(1)
Independent Group	0.6140	(1)
Liberal Democrats	0.2456	(0)

Conservative group rounded up, as the group with the largest residual, to make 7 seats.

- 3.3 However, the calculation of the 78 committee places on all standing committees **must** be undertaken using rules A-E, set out in s. 15(5) of the Local Government and Housing Act 1989. Those rules are explained in **Appendix A** and the aggregate calculation is show below.

4.0 Aggregate Calculation (RULE C)

5.0 Adjustment to Committee Seats

Political Group	Number in each group/total number of Cllrs in political groups (57) X total number of committee seats (78)	Actual	Rounded
Labour	19/57x78	25.9999	26
Conservatives	12/57x78	16.4210	16
Green	10/57x78	13.6842	14
MBI	9/57x78	12.3157	12
Independent Group	5/57x78	6.8421	7
Liberal Democrats	2/57x78	2.7368	3
			(78)

- 5.1 Bearing in mind the aggregate calculation in paragraph 4 above, and the changes already made at the July Council meeting, the committee seats shown at 3.1 need to be adjusted. The Labour Group must pass one seat of their choice to the Green Group. The change is explained further in **Appendix B**.

6.0 Conclusion

- 6.1 Members are requested to agree the new calculation so that the appropriate adjustment can be made following a change to the political composition of the Council.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

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

FINANCIAL IMPLICATIONS

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

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Affiliation to Political Groups file.

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THE RULES

The main rules are set out in s. 15(5) LGHA, and they are to be applied sequentially. So Rule B cannot override Rule A; Rule C cannot override Rules A and B; and Rule D cannot override Rules A, B or C. An additional rule is set out in s. 16.

Rule A: all the seats on a committee or sub-committee may not be allocated to members of the same political Group. Note that this does not require that each political Group needs to be represented on each committee or sub-committee.

Rule B: where a majority of the members of Council are members of the same political Group, a majority of the seats on each committee and sub-committee must be allocated to that political Group. So, where there is a majority Group, it must be allocated a minimum of 2 seats on each committee or sub-committee of 3 members, 3 seats on each committee or sub-committee of 4 members, and so on. This means that, where a political Group enjoys a narrow majority on Council, that majority Group will be allocated significantly more seats than would result from simple proportionality. Incidentally, the combination of Rules A and B reinforces the point that the minimum size of a committee or sub-committee ought to be 3.

Rule C: deals with the aggregate of seats on all committees, taken together. [It does not apply to sub-committees, joint committees or outside bodies (see later)]. It provides that, subject to Rules A and B, the relationship between the total number of committee seats allocated to each Group and the total number of seats on all committees must, as near as possible, be the same as the relationship between the number of members of the Group as a proportion of the total number of members of Council. This is subject to Rules A and B.

Rule D: Having worked out how many committee seats are to be allocated to each political Group, Rule D then determines which committees those seats relate to. Rule D now says that, taking each committee separately, the seats on that committee must be allocated as close to proportionately as possible, without offending Rules A, B or C.

There is also a "**Rule E**", inserted into s.16 by reg. 16(3), which provides that, where appointments to seats are to be made other than in accordance with Rules A to D (i.e. to seats which are not allocated to a political Group) then the Council or the committee must appoint members to those seats who are not members of a political Group. The exact wording is:

"(2A) Where appointments fall to be made to seats on a body to which section 15 applies otherwise than in accordance with a determination under that section, it shall be the duty of the authority or the committee, as the case may be, so to exercise their power to make appointments as to secure that the persons appointed to those seats are not members of any political Group."

Appendix B

The calculation was last undertaken in July 2020.

The revised calculation below shows the changes that will be required across all 78 committee seats based upon the revised political balance following the reduction in the size of the Labour group to 19 members.

The calculations for September shown below are based on a pro rata share of 78 seats across 57 councillors using roundings.

	May 2020	July 2020	Sept 2020	May 2020	July 2020	Sept 2020	Change
Labour	20/60	20/58	19/57	26	27	26	-1
Conservatives	12/60	12/58	12/57	16	16	16	0
Green	10/60	10/58	10/57	13	13	14	+1
MBI	10/60	9/58	9/57	13	12	12	0
Independent Group	5/60	5/58	5/57	6	7	7	0
Liberal Democrats	3/60	2/58	2/57	4	3	3	0
				78	78	78	

COUNCIL**Councillors' Basic Allowance****30 September 2020****Report of the Head of Democratic Services**

To determine whether Council wishes to accept a 2.75% increase to basic allowance for Councillors following the resolution of Council in December 2018, set out in this report.

This report is public

RECOMMENDATION

- (1) **That the basic allowance for Councillors be increased by 2.75%, in line with the pay award to employees of 2.75%, backdated to 1 April 2020. This is in accordance with the resolution made by Council following the last review of the Councillors' Allowances Scheme in 2018/19.**

1.0 Background

- 1.1 As is required before each four-year election cycle, the Independent Remuneration Panel carried out a full review of the Councillors Allowances Scheme in 2018/19.
- 1.2 The IRP presented its report to Council on 19 December 2018 and made a number of recommendations, including that:
- c) The basic allowance be increased, year on year, in line with Employee Pay Awards, unless Council votes against an increase.

Council approved this recommendation and the revised allowances scheme came into effect in May 2019 following the elections.

2.0 Employee's Pay Award

- 2.1 The Pay Award for Employees for 2020/2021 was settled at the beginning of September. A pay increase of 2.75% has been awarded, backdated to 1 April 2020.
- 2.2 In line with the resolution of Council in 2018, the basic allowance for Councillors, which is currently £3,628.53 per annum, should also be increased by 2.75% to £3,728.31 per annum. However, the resolution is qualified by the words "unless Council votes against an increase". This report

is therefore brought to Councillors to provide an opportunity to vote on the matter.

3.0 Conclusion

3.1 Members are asked to take a vote on the proposed 2.75% increase to the basic allowance.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)	
None directly arising from this report.	
LEGAL IMPLICATIONS	
There are no legal implications arising from this report. The Independent Remuneration Panel made its recommendations in 2018, as set out in the report.	
FINANCIAL IMPLICATIONS	
Provision has been made in the budget for an increase in the basic allowance to Councillors in line with the pay award to employees. The cost of this in 2020/21 is approximately £6,000.	
OTHER RESOURCE IMPLICATIONS	
Human Resources, Information Services, Property and Open Spaces: None	
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	Contact Officer: Debbie Chambers Telephone: 01524 582057 E-mail: dchambers@lancaster.gov.uk
None	



Appointment of an Independent Remuneration Panel Member

30 September 2020

Report of the Head of Democratic Services

PURPOSE OF REPORT

To enable Council to make an appointment to the Independent Remuneration Panel following the most recent recruitment exercise.

This report is public

RECOMMENDATIONS

- (1) That Council appoints Mr Ryan Hyde to its Independent Remuneration Panel.**

1.0 Background

- 1.1 The Local Authorities (Members' Allowances) Regulations 2003 require the Council to establish an Independent Remuneration Panel.
- 1.2 An Independent Remuneration Panel (IRP) must consist of at least three members, none of whom must be a member of the Council. The Panel is expected to review the Council's Councillor Allowances Scheme every year and carry out a thorough review in the year prior to elections. At the end of the review, the panel makes recommendations to the Council about the allowances to be paid to Members.
- 1.3 IRPs make recommendations about the level of basic allowance for Members; the level of Special Responsibility Allowances and to whom they should be paid and on whether dependants' carers' allowance, travel and subsistence allowances and co-optees' allowances should be paid and the level of those allowances. The Council must have regard to the recommendations of the Panel before making or amending a Members' Allowances Scheme.

2.0 Recruitment Issues

- 2.1 Members will recall that there have been significant issues with recruitment and at Council's last meeting on 29 July 2020, Members agreed to provide a modest allowance to its IRP members, resolving:

That £1,500 per annum be allocated for remuneration for Independent Remuneration Panellists to be divided equally between serving panellists up to a cap of £300 each per annum.

- 2.2 At the same meeting, Council made an appointment to the IRP but noted that one additional member would still be required to make up a quorate panel of three.
- 2.3 A further exercise was undertaken following the July Council meeting, which yielded a suitable candidate who is currently also a member of Wyre Borough Council's IRP, Mr Ryan Hyde. Mr Hyde met with the Head of Democratic Services on 20 August, via teams, to discuss the role and his application.
- 2.4 Mr Hyde was a student at Lancaster Royal Grammar School, and graduated from Corpus Christi College, Oxford University with a Law Degree. He is now a governance professional working for the English Football League Trust, having previously worked for Lancashire County Council in the Democratic Services team.
- 2.5 With his understanding of Councillors Allowances at a district and county level, his legal background and a commitment to public service, Mr Hyde is an eminently suitable candidate. He is recommended to Council for appointment to the Independent Remuneration Panel.
- 2.7 It should be noted that, with the addition of Mr Hyde, the Panel would then be quorate and able to review the Councillors Allowances Scheme in 2020/21.

3.0 Conclusion

- 4.1 Council is recommended to appoint Mr Hyde to its Independent Remuneration Panel. This would give the Council a quorate IRP going forward to review the allowances scheme in 2020/21.

CONCLUSION OF IMPACT ASSESSMENT

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

None directly arising from this report.

LEGAL IMPLICATIONS

The Panel is required to be appointed by the Council, although it is independent of the Council.

FINANCIAL IMPLICATIONS

Travel expenses are payable to members of the Independent Remuneration Panel attending meetings. As set out in the report, there is also now an allowance payable of not more than £300 per Panel Member per annum with a total of £1500 available per annum which would fund a maximum of 5 panel members. There are currently two panel members and the appointment of Mr Hyde would make a quorate panel of three.

OTHER RESOURCE IMPLICATIONS

Human Resources, Information Services, Property and Open Spaces:

None

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

Contact Officer: Debbie Chambers

Telephone: 01524 582057

E-mail: dchambers@lancaster.gov.uk

Ref:



Executive Arrangements

30 September 2020

Report of the Director of Corporate Services

PURPOSE OF REPORT

To inform Council of a change made regarding the Cabinet Portfolio for Finance.

This report is public

RECOMMENDATIONS

(1) That the report be noted.

1.0 Background

1.1 Amendments to the Scheme of delegation relating to Executive functions may be made by the Leader in accordance with Paragraph 4(b) of section 2 of Part 3 of the Constitution. Any amendments that are made by the Leader are reported to the Director of Corporate Services, and any other officers concerned. The Director of Corporate Services then presents a report to the next ordinary meeting of Council setting out the changes made by the Leader.

2.0 Cabinet Member for Finance

2.1 Councillor Anne Whitehead has been appointed by the Leader to take over the Finance portfolio previously held by Councillor John Reynolds.

3.0 Conclusion

3.1 This report is required in accordance with the Constitution and is simply for noting.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)	
None directly arising from this report.	
LEGAL IMPLICATIONS As set out in the report.	
FINANCIAL IMPLICATIONS Cabinet members are entitled to an allowance of £5,640.60 per annum. Allowances for a Leader, Deputy Leader and maximum of eight other Cabinet Members are included in existing budgets.	
OTHER RESOURCE IMPLICATIONS Human Resources, Information Services, Property and Open Spaces: None	
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	Contact Officer: Debbie Chambers Telephone: 01524 582057 E-mail: dchambers@lancaster.gov.uk Ref:

CABINET

6.00 P.M.

14TH JULY 2020

PRESENT:- Councillors Erica Lewis (Chair), Kevin Frea (Vice-Chair), Dave Brookes, Tim Hamilton-Cox, Caroline Jackson, Jean Parr, John Reynolds and Alistair Sinclair

Apologies for Absence:

Councillor Janice Hanson

Officers in attendance:

Kieran Keane	Chief Executive
Daniel Bates	Director of Corporate Services
Mark Davies	Director for Communities and the Environment
Jason Syers	Director for Economic Growth and Regeneration
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Luke Gorst	Head of Legal Services and Monitoring Officer
Debbie Chambers	Democratic Services Manager and Deputy Monitoring Officer
Joanne Wilkinson	Head of Housing
Kathy Beaton	Housing Strategy Officer
Paul Rogers	Senior Regeneration Officer
Thomas Brown	Economic Development Officer
Liz Bateson	Principal Democratic Support Officer

15 MINUTES

The minutes of the meeting held on Tuesday 9 June 2020 were approved as a correct record.

16 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chair advised that she had agreed to an item of urgent business with regard to the Discretionary Grants Scheme. The Chair confirmed that this would be considered when the Chair of Overview & Scrutiny Committee, who had agreed to the decision being taken under Special Urgency in accordance with Rule 15 of Access to Information Procedure Rules, was able to join the virtual meeting.

17 DECLARATIONS OF INTEREST

No declarations with regard to items on the agenda were made at this point.

18 PUBLIC SPEAKING

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

At this point the Chair requested that standing order 17 (Cabinet Procedure Rule 17) be

suspended to allow for questions to be taken from all members as the reports were introduced. The proposal was moved by Councillor Brookes, seconded by Councillor Sinclair and there was no dissent to the proposal.

Resolved unanimously:

- (1) That Standing Order 17 (Cabinet Procedure Rule 17) be suspended.

The Chair adjourned the meeting at this point in order that some technical issues preventing several attendees from joining the meeting could be addressed. The meeting reconvened at 6.20pm.

19 URGENT BUSINESS - DISCRETIONARY GRANTS SCHEME

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Director of Corporate Services to consider options for the disbursement of the remainder of the Discretionary Business Grants allocation and to suggest an approach to allocate remaining monies. The Government allocated £1.68m to Lancaster City Council to disburse to businesses affected by COVID via an adopted Discretionary Grants Scheme. The scheme, which closely followed Government guidance, closed on 30 June with balances remaining.

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

Option 1: Cabinet agree the proposals set out in Appendix A.

Advantages: This will allow for the swift allocation of the remaining grant in a way which maximises its effectiveness and provides support to businesses which are suffering due to the COVID crisis.

Disadvantages: None identified.

Risks: As the funding is limited and the demand for support much greater than the available funding, there remains a risk that some types of businesses will not receive financial support. The options in the report attempt to address this risk as far as this is possible within the limited financial allocations.

Option 2: Do not agree the proposals set out in Appendix A

Advantages: None

Disadvantages: The grant is not allocated and is paid back to Government and businesses do not receive support.

Risks: Compounding of already considerable risk to local economy as businesses struggle due to the COVID crisis.

The officer preferred option is Option 1. Approval of options will allow the process to be

re-opened and grants to be awarded to eligible businesses. It is recognised that appendix A proposes a number of options and allocations and that Cabinet might want to select some but not all of these options. Accordingly, it is important that any amendment to the proposals following discussion is recorded clearly in the Cabinet decision.

The Chair of Overview and Scrutiny has agreed to waive 'call-in' for any decision made. The Chief Executive is content with the decision to waive 'call-in'. Special Urgency in accordance with Rule 15 of the Access to Information Rules has been invoked as any delay in decision making in this regard would seriously prejudice the public interest.

Councillor Hamilton-Cox proposed, seconded by Councillor Caroline Jackson:-

"That the proposals as set out in the report be approved with recommendation (1) amended to exclude allocation to businesses with a rateable value in excess of £51K."

Councillors then voted.

Resolved unanimously:

- (1) That the proposals as set out in Appendix A to the report and corresponding allocations be approved with businesses with a rateable value in excess of £51K excluded from the allocation.
- (2) That the agreement of the final scheme be delegated to the Portfolio Holder for Sustainable Economic Prosperity and the Leader in consultation with the Directors of Economic Growth & Regeneration and Corporate Services.

Officers responsible for effecting the decision:

Director of Corporate Services
Director for Economic Growth & Regeneration

Reasons for making the decision:

The decision enables the Council to distribute the full grant to support businesses impacted by the COVID crisis whilst having regard to maximising support in an equitable and effective manner and is consistent with the Council's Inclusive and Prosperous Local Economy priority. The agreement of the Chair of the Overview & Scrutiny Committee to waive call-in enables the decision to be implemented with immediate effect.

20 ADOPT HOMELESSNESS STRATEGY

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a report from the Director of Communities and the Environment which sought approval of the revised Homelessness and Rough Sleeper Strategy 2020-23.

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

Option 1: Do not approve the revised Homeless and Rough Sleeper Strategy

Advantages: No notable advantages

Disadvantages: Not able to carry out our statutory duties to prevent homelessness. Increased statutory homeless applications, increase in rough sleeping, increased health inequalities and increase in use of temporary accommodation costs.

Risks: Legal Challenge – the Council would be in breach of its legal requirements and could face censure (and the loss of funding support) from Government. Increased costs to the Council through increasing levels of homelessness and rough sleeping as well as worsened outcomes for local residents.

Option 2: Approve the revised Homeless and Rough Sleeper Strategy

Advantages: The Strategy Policy has been independently reviewed and is compliant with current legislation and good practice. Reduce homelessness, prevents homelessness and rough sleeping and ends the use of Bed and Breakfast for all.

Disadvantages: No notable disadvantages

Risks: Targets set within the strategy are not met – mitigation of this will be through regular monitoring by multi-agency Homelessness Forum as well as Homelessness Advisory Group.

The Officer preferred option is Option 2. If the Strategy is approved and adopted this will give officers and partners a clear framework and action plan to work together in collaboration to reduce homelessness and end rough sleeping. In response to questions Officers confirmed that a summary would be provided to Cabinet members detailing the various specific projects identified for additional funding. It was also confirmed that 'pets' would be included in the strategy and a briefing would be arranged prior to the final review.

Councillor Jackson proposed, seconded by Councillor Sinclair:

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

Councillors then voted:-

Resolved unanimously:

- (1) That the revised Homelessness & Rough Sleeper Strategy and action plan for the next four years be approved and adopted.

Officer responsible for effecting the decision:

Director of Communities and the Environment

Reasons for making the decision:

The decision is consistent with the Council Plan and contributes to the Council's

approved priorities including a sustainable District and Happy and Healthy Communities. The decision is also consistent with the Local plan and will contribute directly to the Homes Strategy 2020-2025, which is currently being drafted, providing access to more accommodation options in the private sector and developing Housing First and a social lettings agency in partnership with housing providers.

21 ALLOCATION OF COMMUTED SUMS FUNDS TO LUNE VALLEY COMMUNITY LAND TRUST

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a report from the Director for Economic Growth & Regeneration which sought approval to award commuted sums funds (Section 106 Developer Contributions) to Lune Valley Community Housing Trust to bring forward a new scheme of affordable housing in Halton and to amend the existing policy on the allocation of commuted sums.

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

Option 1: Approve the request for grant funding and amend the existing commuted sums policy

Advantages: The grant will enable Lune Valley CLT to bring their scheme into fruition and create a suitable community led housing model. It will result in a further 20 units of affordable housing being provided to meet a local need. Supporting this scheme will encourage other community groups to bring schemes forward and provides an additional source of funding if monies are available. The scheme will achieve exemplar standards and contribute positively towards the council's priorities around climate change.

Disadvantages: The grant funding could be used to support other affordable housing schemes not yet identified.

Risks: The risks to the council would be minimal if sufficient controls are placed on the allocation of the commuted sum payment. A binding agreement would be entered into between Lune Valley and Lancaster City Council which sets out how the commuted sum payment must be used, and the payment will only be made when all other conditions are satisfied. An Exclusivity Agreement/Heads of Terms were entered into between Lune Valley CLT and South Lakes Housing in March 2020 which reduce any perceived risks of the scheme not proceeding as intended. As long as schemes are delivering affordable housing (with additional controls through the planning consent), there should be no additional risks in awarding commuted sums to community groups.

Option 2: Do not approve the grant funding and do not alter the existing commuted sums policy

Advantages: The funding could be used to support other affordable housing schemes being brought forward by Registered Providers only.

Disadvantages: The council has already committed £267K Community Housing Fund to support the delivery of this project. If the commuted sums payment was not

approved, the scheme would ultimately be at risk and may not be delivered. This would be a significant loss of opportunity, with some reputational damage. If the policy is not amended, it limits the funding available to support community led housing developments.

Risks: Whilst there is usually no set time limit placed upon the council to spend commuted sums funds, there is a general expectation that the monies are put to good use by councils and allocated within a reasonable period of time to minimise the risk of any future challenges being made.

The officer preferred option is Option 1. If the grant is approved, it will allow Lune Valley CLT and South Lakes Housing to bring this community led housing development into fruition as outlined within the report. In order to minimise any perceived risk, the grant funding will only be paid when the conditions set out in recommendation 2 have been satisfied.

Councillor Caroline Jackson proposed, seconded by Councillor Dave Brookes:-

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

Councillors then voted:-

Resolved unanimously:

- (1) To amend the existing commuted sums policy to allow community groups to receive grant funding as well as other social housing providers.
- (2) To award a commuted sums payment of £375K to Lune Valley CLT for the acquisition of a site in Mill Lane Halton, subject to confirmation that the scheme qualifies for the required level of capital grant funding and being granted planning permission.
- (3) That all future allocations of commuted sums payments are approved through Individual Cabinet Member decision by the Cabinet Member for Housing in accordance with the original Cabinet decision in 2009, and within any limits on Cabinet members' spending powers as stated in the constitution.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The decision is consistent with the Council Plan with the potential to directly contribute to the Council's approved priorities which includes a Sustainable District, an Inclusive and Prosperous Local Economy and Happy and Healthy Communities. The decision is also consistent with the Local Plan and will directly contribute to increasing the supply of housing in Lancaster district on an allocated housing site and contribute towards the increase of affordable housing to meet a local need. In addition, the recommendations directly contribute to the Housing Strategy 2020-2025 which is currently being drafted,

by increasing the provision of affordable housing through community led models.

22 DEVELOPING A HOMES STRATEGY FOR LANCASTER DISTRICT

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a report from the Director for Communities and the Environment to enable Cabinet to agree the key elements that will comprise the Homes Strategy. A Homes Strategy for the Lancaster District was currently being drafted. The report provided evidence of need and sought agreement for the four strategic housing projects that will meet those needs. It also sought in principle agreement for the financial and borrowing mechanisms required in order to deliver against these priorities as well as proposing that the council moves forward with setting up a Local Housing Company (LATCo) as a means of generating the finance to support housing and regeneration activities outside of our current social housing provision.

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

Option 1: Cabinet endorse the four strategic projects identified in the report, approve the initial feasibility costs associated with setting up the LATCo and agree to using the existing HRA headroom to generate the necessary development finance.

Advantages: Will be instrumental in delivering against the council's re-affirmed priorities. Maximises the borrowing opportunities available to the council. Could generate some surpluses. Diversifies the council's existing housing portfolios. The council is more able to meet a growing local housing need.

Disadvantages: Some initial set up costs will be required.

Risks: New area of business for the council particularly if new forms of tenure are being created. Different governance arrangements for the LATCo. Lack of development experience/skills/capacity within the council's existing structure.

Option 2: Do not proceed with the strategic priorities identified or utilise the borrowing options.

Advantages: No risk or exposure to the council. The council could continue to work in an existing enabling capacity through partnerships to achieve some but not all of the desired outcomes.

Disadvantages: No specialist legal and financial advice will be obtained therefore the council cannot fully consider its options. The council is not delivering against its own key priorities or positively contributing to the provision of good quality housing locally to meet a wide range of need or proactively contributing towards climate change. No opportunities to generate surpluses as part of the council's investment strategy.

Risks: Could give rise to significant problems if the required investment into the council's existing stock is not carried out in a timely way. Reputational damage. Loss of opportunity.

The officer preferred option is Option 1. Setting up the LATCo and utilising prudential borrowing provides a number of potential benefits and opportunities for the council in relation to diversification of its existing role, increasing its landlord capacity, offers greater opportunities to cross subsidise mixed tenure schemes which will meet a local need, creates more potential to provide new build residential development that contribute positively towards climate change and improving the thermal efficiency of existing dwellings within areas of significant need. Borrowing through the HRA provides the opportunity to increase and improve the council's existing social housing portfolio and diversify its local housing offer. Should this report be approved, the consultants reports will be brought back to Cabinet for authority to set up the LATCo and fully costed development proposals for each of the four housing priorities will also be reported in due course.

Councillor Caroline Jackson proposed, seconded by Councillor Hamilton-Cox:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet endorse the four strategic housing projects identified in the report.
- (2) That Cabinet approves the Capital Strategy Group's recommendation to use up to £50K funding from reserves for the initial specialist legal and financial advice required to set up a Local Housing Company (LATCo).
- (3) That, subject to a business case being made, a Housing Stock Condition Module be purchased to provide a comprehensive dwelling stock and energy efficiency database at address level based on cost estimates of £67K.
- (4) That the findings and the preferred vehicle model be reported back to Cabinet for further approval.
- (5) That in principle support be provided to using the existing HRA headroom to generate the necessary development finance for schemes identified subject to detailed proposals being brought back to Cabinet.
- (6) That Cabinet provides authority to consult residents on options to regenerate Mainway estate.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

The decision is consistent with the Council Priorities – Happy and Healthy Communities, a Sustainable District, an Inclusive and Prosperous Local Economy. The decision fits with the Local Plan and contributes towards the provision of housing to meet a locally identified need and opportunities to increase the choice and supply of affordable

housing. The decision also links directly to the emerging Homes Strategy for Lancaster district which is currently being prepared.

23 PROCUREMENT STRATEGY

(Cabinet Member with Special Responsibility Councillor Reynolds)

Cabinet received a report from the Director of Corporate Services which sought approval of a revised strategy and action plan for procurement to cover the next four years. Whilst the strategy maintained a focus on value for money in procurement decisions, it also set out the importance of the Council's procurement to the local economy and an ambition to maximise expenditure with local organisations, enhance community wealth building and seek increased social value from spending decisions.

The Cabinet member with responsibility confirmed that consideration would be given to involving and updating the Budget & Performance Panel in relation to the process and procedure.

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

Option 1: Cabinet endorse the Procurement Strategy and action plan.
Advantages: This will allow early adoption and completion of the action plan which will enable more pro-active procurement which supports the delivery of wider community benefits which address the climate emergency and community wealth building aspirations.
Disadvantages: None identified.
Risks: Potential for sub-optimal procurement decisions if processes for incorporating social value are not clear and consistent.
Option 2: Do not agree the Procurement Strategy and action plan.
Advantages: No changes to existing processes which are well established which focus on cost and quality (but not social value) and make use of national frameworks to deliver a combination of low cost and quality.
Disadvantages: Council will miss out on opportunity to address key corporate themes including climate emergency and community wealth building in procurement decisions and the wider social, economic and environmental benefits which would accrue from their incorporation in the assessment process.
Risks: Council may be assessed as not meeting its own corporate priorities and those set out in the National Procurement Strategy.

The officer preferred option is Option 1. Approval of the Procurement Strategy will allow for the action plan to be implemented which will deliver a more proactive approach to

procurement and demonstrable improvements in social value arising from expenditure decisions.

Councillor Reynolds proposed, seconded by Councillor Hamilton-Cox:-

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

Councillors then voted:-

Resolved unanimously:

(1) That the Procurement Strategy and action plan for 2020-2024 be adopted.

Officer responsible for effecting the decision:

Director of Corporate Services

Reasons for making the decision:

The Procurement Strategy will assist in the delivery of the Council’s recently adopted priorities:

An Inclusive and Prosperous Local Economy

☐ advocating for fair employment and just labour markets that increase prosperity and reduce income inequality

☐ supporting new and existing enterprises in sustainable innovation and the strengthening of local supply networks

The objectives set out in the Procurement Strategy cover the maximisation of social value benefits. This will include incorporating adoption of fair work charter in the evaluation criteria. The objectives also set out how the Council will support local businesses and this will include developing local frameworks and supply chains.

A Sustainable District

☐ net zero carbon by 2030 while supporting other individuals, businesses and organisations across the district to reach the same goal

Minimisation of environmental impact will be incorporated into evaluation criteria.

A Co-operative, Kind and Responsible Council

☐ providing value for money and ensuring that we are financially resilient and sustainable

The objectives set out in the Procurement Strategy cover maximising value for money as well as delivering wider economic, environmental and social outcomes. In addition to assisting the delivery of priorities, the Procurement Strategy will focus on the key corporate themes of Climate Emergency and Community Wealth Building via the adoption of relevant measures to be included in evaluation criteria.

24 CAPITAL INVESTMENT STRATEGY

It was noted that this item had been deferred and would be considered at a later

meeting.

25 CCTV - CHANGE OF SUPPLIER

(Cabinet Member with Special Responsibility Councillor Sinclair)

Cabinet received a report from the Director of Communities and the Environment which set out the business case to modify the Public Space and White Lund Depot CCTV model from a 4G cellular network to Wi-Fi with an aim of reducing operating costs and generating financial efficiencies from 21/22 onwards. The report provided Cabinet with detailed information on the financial, governance and operational aspects of operating CCTV and included recommendations to merge all corporate CCTV onto a single cloud-based platform.

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

Option 1: Transfer CCTV onto a Wi-Fi network

Advantages:

- ☐ Significantly reduces ongoing revenue costs
- ☐ Provides flexibility to add additional cameras to the network at a reduced cost
- ☐ Provides the ability to offer public access to Wi-Fi at various points
- ☐ Option to increase image quality due to higher available bandwidth
- ☐ Single cloud-based platform improves corporate compliance

Disadvantages:

- ☐ One off £58,700 required from reserves to fund infrastructure and camera modifications.

Risks:

- ☐ Timescales. Work is expected to take more than six weeks
- ☐ Considering the above, a monthly rolling 4G contract may be required until installation is complete

Option 2: Retain CCTV on 4G cellular network

Advantages:

- ☐ Limited changes required.

Disadvantages:

- ☐ Significantly higher revenue costs

Risks:

- ☐ Additional resource requirements to focus on compliancy improvements across

council venues using various systems

The officer preferred option was Option 1. Wi-Fi networks provide the council with an opportunity to reduce the operating costs of the public space and White Lund Depot CCTV systems and have the added benefit of offering the public with access to the network at key points. The project will consider the future use of council assets and build in appropriate measures if offices are repurposed, sold, or leased. Options for relocating the point to point antennas and break out points will be developed. Additionally, it will be important to ensure that all P2P antennas are located on city council property, with the necessary permission and planning consent where appropriate. The use of a 4G network is still advantageous where cameras need to be regularly moved and deployed i.e. environmental enforcement, fly tipping applications. These specialised applications can be delivered within existing budgets.

Councillor Sinclair proposed, seconded by Councillor Reynolds:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet agree to the council wide CCTV model outlined in the report to reduce operating costs and generate financial efficiencies from 2021/22 onwards.
- (2) That officers are delegated to commence on the preparation and implementation of such a system, in line with the costs contained within the report.
- (3) That £58,700 be allocated from the invest to save reserve in the current year, to be repaid from ongoing revenue savings in 2021/22.
- (4) That the general fund and housing revenue account be updated to include the new financial model regarding CCTV as part of the forthcoming 2021/22 budget process.

Officer responsible for effecting the decision:

Director of Communities and the Environment

Reasons for making the decision:

The current CCTV contract is due to expire on 28th August 2020. The proposal from the supplier evaluated to provide best value is to build on the advantages of the current model and retain a cloud-based CCTV solution using a more cost-effective method of transferring data to the cloud. The decision enables the invest to save reserve to be utilised to deliver the project in 2020/21, prior to the expiry of the current contract.

The decision is consistent with the following Council priorities and cross-cutting themes:

- ☐ A Co-operative, Kind and Responsible Council specifically embracing innovative ways of working to improve service delivery and the operations of the council.
- ☐ Providing value for money and ensuring that we are financially resilient and sustainable.
- ☐ Contributing to local wealth building and providing social value
- ☐ Community Safety

26 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Hamilton-Cox and seconded by Councillor Frea:-

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

There was no dissent to the proposition.

Resolved unanimously:

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

The meeting adjourned at 8.00pm and the Live Teams meeting concluded at this point. Cabinet reconvened at 8.10pm in a private Teams meeting to consider the exempt items.

27 PROPERTY INVESTMENT STRATEGY: INVESTMENT PROPOSALS (Pages 17 - 20)

(Cabinet Member with Special Responsibility Councillor Reynolds)

Cabinet received a report from the Director for Economic Growth & Regeneration which was exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

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

It was proposed by Councillor Reynolds proposed, seconded by Councillor Frea and resolved:-

Resolved:

- (1) The resolution is set out in a minute exempt from publication by virtue of paragraph 3, Schedule 12 A of the Local Government Act, 1972.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The decision is consistent with the Council's priorities. Exactly how the decision fits with those priorities is set out in the exempt minute.

28 CO-OP BUILDING REFURBISHMENT FOR COMMUNITY BUSINESS HUB (Pages 21 - 23)**(Cabinet Member with Special Responsibility Councillor Reynolds)**

Cabinet received a report from the Director for Economic Growth & Regeneration which was exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

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

It was proposed by Councillor Hamilton-Cox proposed, seconded by Councillor Brookes and resolved unanimously:-

Resolved unanimously:

- (1) The resolution is set out in a minute exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act, 1972.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The decision is consistent with the Council's priorities. Exactly how the decision fits with those priorities is set out in the exempt minute.

29 EDEN PROJECT NORTH (Pages 24 - 25)**(Cabinet Member with Special Responsibility Councillor Lewis)**

Cabinet received a report which was exempt from publication by virtue of paragraph 3, Schedule 12A of the Local Government Act 1972.

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

It was proposed by Councillor Lewis, seconded by Councillor Hamilton-Cox and resolved unanimously:-

Resolved unanimously:

- (1) The resolution is set out in a minute exempt from publication by virtue of paragraph 3, Schedule 12A of the Local Government Act, 1972.

Officer responsible for effecting the decision:

Chief Executive

Reasons for making the decision:

The decision is consistent with the Council's priorities. Exactly how the decision fits with those priorities is set out in the exempt minute.

Chair

(The meeting ended at 9.55 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON WEDNESDAY 22 JULY, 2020.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
THURSDAY 30 JULY, 2020 WITH THE EXCEPTION OF MINUTE 19 – DISCRETIONARY
GRANTS SCHEME WHICH CAN BE IMPLEMENTED WITH IMMEDIATE EFFECT AS CALL-IN
HAS BEEN WAIVED ON THAT ITEM.**

CABINET

5.00 P.M.

17TH AUGUST 2020

PRESENT:- Councillors Erica Lewis (Chair), Kevin Frea (Vice-Chair), Dave Brookes, Tim Hamilton-Cox, Janice Hanson, Caroline Jackson, Jean Parr, Alistair Sinclair and Anne Whitehead

Apologies for Absence:

Councillor John Reynolds

Officers in attendance:

Kieran Keane	Chief Executive
Daniel Bates	Director of Corporate Services
Mark Davies	Director for Communities and the Environment
Jason Syers	Director for Economic Growth and Regeneration
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Luke Gorst	Head of Legal Services and Monitoring Officer
Debbie Chambers	Head of Democratic Services and Deputy Monitoring Officer
Liz Bateson	Principal Democratic Support Officer, Democratic Services

30 MINUTES

The minutes of the meeting held on Tuesday 14 July 2020 were approved as a correct record.

31 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

32 DECLARATIONS OF INTEREST

No declarations were made at this point.

33 PUBLIC SPEAKING

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

At this point the Chair requested that standing order 17 (Cabinet Procedure Rule 17) be

suspended to allow for questions to be taken from all members as the reports were introduced. The proposal was moved by Councillor Sinclair, seconded by Councillor Brookes and there was no dissent to the proposal.

Resolved unanimously:

- (1) That Standing Order 17 (Cabinet Procedure Rule 17) be suspended.

34 COVID-19 PANDEMIC- POLICY FOR DECISION MAKING AND SPENDING DELEGATIONS WITHIN THE BUDGET AND POLICE FRAMEWORK - AWARD OF CONTRACT- ELECTRIC REFUSE COLLECTION VEHICLES

(Cabinet Member with Special Responsibility Councillor Lewis)

Cabinet received a report from the Director for Communities and Environment which sought authorisation to complete an award of contract in accord with the 'Covid-19 Pandemic- Policy for decision making and spending delegations within the Budget and Police Framework.'

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

The options are to either authorise completion of the award of contract or not.

Not authorising this will still mean that replacement vehicles need to be procured in order to ensure continuity of service delivery. The vehicles procured would be diesel powered. Delay in procurement would incur some costs in the repairs and maintenance of vehicles being operated beyond their expected lifespan. It would also conflict with the Council's climate change aspirations.

The officer preferred option is to authorise officers to award the contract.

Councillor Lewis proposed, seconded by Councillor Brookes:-

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

Councillors then voted:-

It was noted that Councillor Parr was experiencing technical issues and was unable to vote in the live teams meeting.

Resolved:

- (1) That officers be authorised to complete the award of contract for two electric refuse collection vehicles.

Officer responsible for effecting the decision:

Chief Executive

Reasons for making the Decision:

The decision is consistent with the Council's target to become carbon neutral by 2030. The Council's refuse collection vehicles produce approximately 25% of its direct CO2 emissions. Switching the vehicle fleet from diesel to electric power is an agreed part of the Council's climate change plans. The principle of purchasing two electric refuse collection vehicles was considered extensively during the formulation of the Council's 20/21 budget and funding for their purchase was approved by Full Council on 26 February 2020. The 'Covid-19 Pandemic- Policy for decision making and spending delegations within the Budget and Police Framework' require items of spend over £150K to be authorised by Cabinet (with some defined exceptions.)

35 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Whitehead and seconded by Councillor Frea:-

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

There was no dissent to the proposition.

Resolved unanimously:

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

The 'Live' Teams meeting concluded at this point and Cabinet reconvened in a private Teams meeting.

36 CALL-IN CABINET DECISION - PROPERTY INVESTMENT STRATEGY - INVESTMENT PROPOSAL (PHASE 3 BUSINESS CASE) - EXEMPT MINUTE 27 (Pages 5 - 6)

A referral from the Overview and Scrutiny Committee was considered following the Overview and Scrutiny call-in meeting held on 5 August 2020 in relation to the Property Investment Strategy – Investment Proposal Phase 3 Business Case. The report was exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

Further details are set out in exempt minute 36.

Resolved unanimously:

- (1) That Cabinet does not accept the recommendation from the Overview and Scrutiny Committee.

Resolved:

(7 Members (Councillors Brookes, Frea, Hanson, Lewis, Parr, Sinclair & Whitehead) voted in favour, 2 Members (Councillors Hamilton-Cox & Caroline Jackson) voted against.)

- (2) That Cabinet re-affirms its previous decision of 14 July 2020 as set out in Exempt Minute 27.

Chair

(The meeting ended at 5.40 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON TUESDAY 18 AUGUST 2020.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISION CONTAINED IN MINUTE 34:
WEDNESDAY 26 AUGUST 2020. MINUTE 36 MAY BE IMPLEMENTED WITH IMMEDIATE
EFFECT.**