BUDGET AND PERFORMANCE PANEL

Medium Term Strategy: Finances and Resources
24th November 2009

Report of the Corporate Directors (Finance & Performance, and Regeneration) and the Head of Financial Services

PURPOSE OF REPORT
To update Members on proposed changes to the Council's strategic planning framework, to promote greater understanding of the linkages and co-ordination needed between the different elements, in order to deliver improvements in the Council's management of resources. In line with these aims, the report also seeks: - approval of an updated Corporate Property Strategy - approval of Cabinet's future aims for Council Tax, for referral on to Council - approval of draft capital investment criteria and initial financing assumptions.
This report is public.

OFFICER RECOMMENDATIONS:

1. That Cabinet considers whether to retain the existing Council Tax target increase of 4% for future years, for referral on to Council.

2. That the draft capital funding principles and priorities as set out in Appendix C be approved, and that they form the initial basis on which Cabinet develops its Capital Programme proposals for the five year period from 2010/11 onwards.

3. That it be noted that the Head of Financial Services is to submit a capitalisation bid in connection with Icelandic investments, pending confirmation of the Council's creditor status.

4. That Cabinet supports the outline proposals to improve the Council's strategic planning framework for the future.

5. **That Cabinet approves the Medium Term Corporate Property Strategy as set out at Appendix D.**

1 Background

1.1 The Council's existing policy framework for the management and planning of its finances includes both the Capital Investment Strategy (CIS) and the Medium Term Financial Strategy (MTFS), with the latter dealing predominantly with revenue budget planning, in particular for General Fund.

1.2 Other key strategies cover the various different elements of the Council's resources but it is acknowledged that some of these are less developed that the financial framework currently in place. That said, the effectiveness of the Council's financial management and planning is influenced heavily by the management of other resources – and vice versa.

1.3 These key links are reflected in the latest Use of Resources assessment criteria set by the Audit Commission. The assessment is designed to consider "how well organisations manage and use their resources to deliver value for money and better and sustainable outcomes for local people". For 2008/09 financial year the Council scored '2' overall, i.e. performing adequately, and notwithstanding that the assessment criteria have changed and are now more wide-ranging, this result is worse than that for the previous year. The individual scores are set out below.

Key Line of Enquiry (KLOE)	Score
1: Managing Finances	2
2: Governing the Business	2
3: Managing Resources	1

1.4 The score of '1' for Managing Resources relates solely to workforce planning, and this is a particular area in which the Council is aiming to improve, once the Fairpay process has been implemented. In future though, this Key Line of Enquiry (KLOE) will assess different areas of resource management and currently it is expected that for 2009/10 district councils will have their use of natural resources assessed, i.e. energy, water, air etc. The third strand to this KLOE covers strategic asset management and at present it seems reasonable to assume that this will be assessed in 2010/11.

1.5 The detailed report on the Use of Resources' assessment was considered at the last meeting of Audit Committee. A number of recommendations are being taken forward and Officers are having further discussions with External Auditors regarding the scores. Irrespective of this, on the basis that the Council has scope to improve its management of resources to deliver better services and outcomes for its district, a number of actions are proposed regarding the different facets of financial and resource management, and these are set out later in this report.

1.6 Notwithstanding the proposals for the shape of future strategy documents though, there is a need now for Cabinet to review its aims for the 2010/11 budget and these are set out overleaf.

2 Current Financial Issues for Consideration

2.1 Council Tax

2.1.1 The Council's existing Medium Term Financial Strategy (MTFS) sets out projections for future years' net revenue spending as compared with the Council's targets for Council Tax. It therefore provides a financial basis on which Members can consider and review what changes need to be made to the level and scope of services provided, if the Council's aims with regard to restricting Council Tax increases in future years are to be met.

2.1.2 A report elsewhere on the agenda provides an outline update on the budget position for current and future years. The position is influenced by factors that are within the Council's control – as well as factors that are not.

2.1.3 In addition, ***Appendix A*** sets out some of the major financial issues and risks facing the Council, which need to be considered in deciding future strategy. ***Appendix B*** provides a table showing what additional savings would be needed for various scenarios, if the current assumptions regarding Council Tax and Government support levels were changed. It can be seen from this that potentially, there is real scope for the Council's starting position to be far worse than assumed back in March. Prospects are very bleak for public finances generally and real terms cuts can reasonably be expected – but there is much uncertainty as to the extent and also the timing, not least because of the next General Election. It should be noted that the scenarios on the Appendix make no assumptions regarding any specific initiatives that different political parties may put forward.

2.1.4 Cabinet is requested to consider the information in this report and in the separate budget report and indicate whether, for the time being:

- target increases for future years' Council Tax should remain at no more than 4% for future years.

2.2 Recommendations would then be referred on to Council and form the initial basis for the budget and planning exercise. **There will still be the opportunity to update the projections and make changes to Council Tax targets later in the exercise, however. This is a key point, as there is still much uncertainty regarding the financial outlook.**

2.3 In considering any proposals, Cabinet is asked to note that at present any supporting budget information only covers the period up to 2011/12 but the detailed budget preparation will move them forward another year, i.e. covering 2012/13 also.

2.4 Finally and as mentioned at the start of this report, the MTFS review forms the initial financial basis for progressing the 2010/11 budget and policy framework, and at previous meetings Cabinet has considered the way forward regarding priority setting and the associated consultation exercise. Whilst clearly there is much pressure on authorities generally to save money and restrict Council Tax increases, Members will have aims and aspirations regarding service delivery and potential improvements or reductions etc. It is important that the MTFS is considered in this context; the two processes (i.e. financial planning and priority setting) should inform each other and this is reflected in the timetable approved at the Cabinet meeting back in July.

2.5 **Capital Investment Funding Assumptions and Priorities**

2.6 The current Capital Investment Strategy (CIS) was approved back in March and as in every year, it is necessary to review the funding principles and investment priorities underlying it to ensure they still meet the Council's requirements.

2.7 The budget report elsewhere on the agenda also includes an outline update on the overall capital funding position. In summary, because of the delays in progressing the sale of land at South Lancaster and expected increased costs associated with municipal building works and other schemes, there is expected to be a gap in funding. Non-essential works have already been put on hold and provisionally some slippage has already been moved into 2010/11.

2.8 In view of the above, the flexibility to allow an interim increase in underlying borrowing need (known as the Capital Financing Requirement: CFR) may well be needed. This is already provided for within the existing CIS and Prudential Indicators, through it would have implications for the revenue budget. For exemplification, a £1M increase in CFR could cost around £80K per year but the biggest risk is that the land sales at South Lancaster cannot be completed, and compensating sales cannot be achieved either – resulting in permanent increases in the Council's financing costs. This could add around £600K per year to the revenue budget and this is clearly unaffordable. The Town Green inquiry was scheduled to begin in late October and if possible an update will be provided at the meeting.

2.9 Taking account of the Council's current financial standing, the latest projections and progress in achieving approved savings, the extent of change underway and the other key financial risks facing the Council, the financial position is still precarious at present and Council is advised to act accordingly - it is hoped that during the budget, some greater clarity will be gained. In the interim, much progress can still be achieved resolving or taking forward existing issues and approved budget savings.

2.10 With these points in mind, Cabinet is requested to determine the basis for developing the Capital Programme for the next five year period (i.e. 2010/11 to 2014/15). Proposals are set out at ***Appendix C***; in the main these are based on the existing strategy and it is recommended that this forms the starting point for Cabinet's consideration. The priorities can be updated later in any event to reflect financial needs, or to respond to issues arising through consideration of the Place Survey or the public consultation on the Budget. For now though, there are a number of points to highlight:

i. One key element that has been missing from the approved Programme so far relates to Access to Services developments. This has stalled of late, partly because of the funding difficulties facing the Council but also because of the extent of change underway – clearly aspects such as accommodation need to fit with the shape of Council services and any key partnering arrangements. Members may also remember that the wider accommodations changes were put on hold during last year's budget, because of the financial position. As the shape of and future direction for council services is clarified, as well as the financial outlook, work can recommence on developing the Access to Services Programme.

ii. Reports elsewhere on this agenda set out investment proposals for toilets and climate change actions; at previous meetings Cabinet has also considered other potential investment for allotments. Whilst Climate Change is covered explicitly in the existing investment priorities, the other items are not. Any proposed widening of the draft investment priorities would need to be considered in context of affordability and the ability of the Council to meet stakeholder expectations.

iii. Cabinet will see that the Appendix includes provision for financing any losses on Icelandic investments, should they be capitalised in due course. At present, it is still the case that in one form or another, sufficient resources should be available to cover these without relying on capitalisation, but this is dependent upon the revenue position generally, progress on Luneside compensation claims and, not least, retaining preferential creditor status for two of the three investment claims. With regard to this latter point, it is anticipated that this will be covered in court proceedings expected to begin in January 2010. The deadline for submitting capitalisation bids is in December 2009 though, and therefore the Head of Financial Services is planning to submit a bid to cover all eventualities. Further consideration of any financing issues will be considered in future budget reports.

iv. The Council is also expecting some general capital and revenue grant in the form of Performance Reward Grant from the Lancashire Area Agreement but this has not been quantified as yet. In due course a report will be submitted to Cabinet, seeking approval for the framework for allocation via the Lancaster District Local Strategic Partnership (LDLSP).

v. No general increase in borrowing need is provided for over the period at present. This is to avoid further pressure on the revenue budget. This will be a key aspect to review as the budget develops in view of emerging investment needs and priorities and the principles of the Prudential Code for capital investment borrowing – these being affordability, prudence, and sustainability.

3 Future Financial Management and Planning

3.1 As is clear from the above, at present the Council's strategic financial planning is set out in two separate documents for revenue and capital, although they do highlight the main linkages, in particular the revenue consequences of capital investment. To streamline the framework, strengthen further co-ordination and understanding and to avoid some duplication, in future it is proposed to have one Medium Term Financial Strategy, covering both revenue and capital. This change is planned for 2010/11 and would be presented to Budget Council in March of next year.

3.2 In future it is also planned that the MTFS should cover council housing finance, in line with future housing strategy, although it likely that this change may take some years to complete fully. Members may be aware that consultation is underway regarding the future funding arrangements for council housing to support a move away from the current subsidy system, although this may not be implemented until 2012/13 or so. In any event, the Council needs to ensure that future housing provision is considered in context of its strategic objectives and that the full implications are appraised as this is likely to have bearing on General Fund as well as the Housing Revenue Account. Specific proposals such as the senior management structure are also expected to affect both Funds. One area that has come under some criticism in the past is that of future housing rent increases. Assuming that the Council continues to be a housing provider and future finance systems allow it, aims and aspirations for rent levels could be modelled and considered in much the same way as for Council Tax and this would be catered for in medium term financial planning.

3.3 In support of its financial planning, the Council also needs to improve on its arrangements for delivering and demonstrating value for money. Some limited work is being done to review this framework but in truth, there is very little capacity to take the delivery of this work forward. The recent Place Survey indicated that the public's view on whether the Council gives value for money was very mixed, with only 2 in 5 residents satisfied with the way Lancaster City Council runs things and 3 in 10 residents believing that the Council provides value for money – this is below the average for all Lancashire authorities and underlines the need to take action to demonstrate (and communicate) what is provided with taxpayers' money. It is proposed that capacity for this be addressed through future service restructures and the centralising of the marketing function of the Council. There are three strands to the capacity conundrum. Firstly, the Council has some good practice in place and this is marketed to a degree through initiatives such as Every Penny Counts, but evidencing these achievements and pulling the information together takes time. Secondly, there will be some areas in which the Council really needs to improve on value for money. Thirdly, and as demonstrated in recent Government returns, the Council is struggling to identify sufficient efficiency savings to meet its National Indicator targets. Improving the position will require cultural and process change, improved skills and strong leadership and support; again, this takes time and requires capacity.

4 Strategic Asset Management

4.1 The Council's property strategy arrangements are currently covered by the Corporate Property Strategy, which was initially approved in October 2005 and amended in October 2006. It was intended that the Strategy would cover a three year period and it is therefore now due for review. The revised Strategy, which will follow as ***Appendix D***, is referred to as the Medium Term Corporate Property Strategy (CPS) to bring it in line with the Medium Term Financial Strategy. This is in support of the Council having a more joined-up approach to the management of its resources, as mentioned earlier.

4.2 Whilst the existing strategy has been adequate to help move forward the management of the property portfolio, the revised proposal has been updated to reflect both current thinking in asset management and the current position of the council's property stock. During the period since 2006, various publications have been produced which advise on aspects of asset management. These include:

- The Quirk Review of Community Ownership and Management of Public Assets (2007)
- The Energy Performance of Buildings Directive (2007)
- The Royal Institution of Chartered Surveyors' best practice guidelines, produced together with Communities and Local Government (June 2009)
- An Audit Commission report entitled "Room for Improvement" (June 2009)

4.3 These publications have informed the proposed CPS, as has the Key Lines of Enquiry (KLOE) in respect of the Use of Resource' assessment. Crucially through, the CPS must support the achievement of the Council's Corporate Plan, as well as other regulatory and statutory requirements. This is reflected in the following 6 main objectives on which the proposed Strategy is based:

- Fit for purpose and compliance with statutory regulations/codes:
  This reflects the concerns that exist with regard to the current poor condition of the Council's portfolio.

- Value for money:
  This is to ensure that the assets deliver value for money, minimise costs in use whilst maximising returns on investment.

- Improved corporate management:
  To reflect optimisation of office space, cross service and partnership working as promoted by the access to services review.

- Sustainability:
  To ensure that all assets are managed efficiently, reflecting in particular the Council's work under the climate change strategy, elsewhere on the agenda.

- To serve the council's key aims and objectives:
  Assets should contribute to the work of the Council, particularly in areas of regeneration or the need to produce capital receipts to fund capital investment.

- Enabling
  Assets can also be used to achieve strategic development and regeneration opportunities within the district.

4.4 The CPS as included on the attached Appendix includes a number of actions with identified outcomes that relate to each objective. In future, these are intended to be reviewed annually to reflect changes in the Council's priorities and the requirements of the property portfolio. With these points in mind, Cabinet is now requested to approve the Strategy as set out.

5 People Management and Workforce Planning

5.1 A number of plans are currently being developed to shape services, so that there is an efficient and effective service delivery structure augmented by support services that are fit for purpose. In times of change, planning and management of the Council's workforce become even more important if the Council is to achieve its objectives, and therefore it is felt essential that this agenda moves forward. Linked to this, the Council's approach to equality and diversity is not well developed. The Council is the only authority in Lancashire yet to adopt and act upon the new Equality Framework for Local Government.

5.2 As part of the development of the proposals for shaping services, key consideration will be given to their viability and in particular how we attract, recruit, retain and develop a talented workforce. The key to this is a robust, yet flexible structure for workforce planning. The aim is to ensure that workforce planning is embedded in the Council's approach to corporate development. The characteristics of the approach to be adopted by the City Council are that it will enable us to:

- Explore the future and assess the City Council's options and define its objectives

- Fully understand the Human Resources needs, ensuring that we have a workforce that is fit for purpose and flexible enough to meet these objectives now and in the future.

5.3 In essence the City Council's approach to workforce planning is an integral part of its wider organisational development activities, which is informed by the wider workforce planning issues affecting the region. The approach should use practical steps to ensure we have the right people, in the right jobs, with the right skills, at the right time, in order to deliver the City Council's vision. Proposals in line with these aims will be presented for Members' consideration in due course. As a wider issue, proposals for taking forward equality and diversity will also need to be considered.

6 Management and Use of Natural Resources

6.1 An item elsewhere on the agenda sets out proposed updates to the Council's strategy for tacking Climate Change. This, together with supporting documents such as the Sustainable Procurement policy, provide a framework for managing the Council's natural resources.

6.2 In this regard, it should be noted that under the Use of Resources assessment, focus is very much on the Council's own impact on the environment from the resources it consumes in the delivery of its services. It is not about the Council acting to reduce the consumption of resources by others, such as businesses or the wider community - the area assessment under the Comprehensive Area Assessment (CAA) is expected to cover such environmental issues in the wider area. That said, clearly the Council has a leadership and enabling role in tackling climate change and other environmental factors, and that is also reflected in the proposed Strategy (as well as other measures such as air quality).

7 Using the Proposed Framework to Deliver Better Outcomes

7.1 Whilst updating the strategic framework may be relatively straight forward, actually using it to deliver improvements, rather than it just being a paper exercise, is a much more involved and harder task. Its success is dependent on strong management and monitoring, and coordination of activity. In particular, the Council is facing enormous change in the coming years and maintaining (or establishing) capacity to manage that change is key, if the changes are to be successful.

7.2 Nonetheless, it seems clear that better use of resources can be gained by appreciating the linkages between key strategies – likewise with key partners. An important role for Management Team is to manage and develop these linkages, to achieve better value for money in Council services.

7.3 With these points in mind, a number of actions are outlined below:

- Impact assessments (people, property, sustainability, as well as £s) are to be undertaken for *key* budget proposals. For some, the assessment will need to be very light touch, so focus will be very much on major issues.

- The draft framework will be kept under review as this budget process develops, to respond to any changes in emerging priorities as a result of consultation, the

Place Survey, financial pressures or legislation etc. Similarly, the Council's strategic risks are also being updated and this will be fed into the budget process. In determining the strategic direction of the Council, it is clearly essential that there is a common understanding of the strategic risks being faced.

8 Details of Consultation

The consultation on Cabinet's proposed priorities and budget 2010/11 onwards is currently being developed, a key part of which will be Cabinet's targets for Council Tax. In turn, the outcome of the consultation will feed into future budget and MTFS considerations.

9 Options and Options Analysis (including risk assessment)

9.1 Council Tax Targets:

The options regarding targets are basically to:

- Retain the existing Council Tax target of no more than 4% for future years
  Previous approved forecasts indicate that this would require net savings of around £1,053K and £1,302K to be identified for 2010/11 and 2011/12 respectively, although these will change as the budget develops.

- Recommend an alternative Council Tax target increase for future years.
  The level of any net savings requirement (and the associated risks) would depend on the tax level proposed.

The main risks attached to either option follow on from the information in this report and the ability of the Council to take decisions on matching service levels with the money available to fund them. In addition, the reputation and public perception of the Council may be affected. The key risks can be summarised as follows:

- Actual savings targets prove to be substantially different from shown above, due to changes in financial projections.
- Required savings targets can't be met, without having an unacceptable impact on service delivery – either from the Council's own viewpoint or from public perception.
- Government / the public perceive the increase to be too high, resulting in capping action being taken against the Council and/or a negative impact on public relations and the Council's reputation
- Council tax targets are too low, resulting in them being unsustainable in the longer term, without having adverse effects on future service delivery and/or the Council's financial standing and reputation.

The report highlights that there is significant scope for budget projections to change, as a result of both internal and external factors. To counter this, there will be further opportunities to review target increases during the forthcoming budget as more definite information becomes available on forecast spending.

With regard to capping, Government has demonstrated a firm commitment to using its capping powers – although this could be affected in future by the General Election. Should Cabinet wish to support spending levels that result in a Council Tax increase much higher that the current MTFS target, then there are strong indications that the current Government is likely to challenge this course of action. This may well result in the Council's budget being capped – in such a situation it would be forced to cut spending / services in an unplanned way and it would incur rebilling costs. Alternatively, if Cabinet wish to support a much lower increase, then future sustainability will be come a major issue. On balance it is felt that financial prospects will get worse, rather than better.

In terms of options, the impact on Council Tax payers is key. Members should consider the balance between providing services that the local community needs and wants, against how much it is prepared to pay. There will be reputational, operational and financial risks, opportunities and trade-offs attached to whichever option Cabinet chooses.

9.2 **Capital Investment**

With regard to future years' investment principles and funding assumptions, options are basically:

- to approve retention of existing capital investment criteria, as set out in Appendix C, or
- to determine alternative proposals.

In considering any alternative proposals, Cabinet would need to have regard to their proposed corporate priorities and the principles of the Prudential Code, namely prudence, affordability and sustainability. Risks would depend very much on the nature of any alternatives put forward.

9.3 **Strategic Planning Framework**

In this regard, options are basically:

- to support the framework proposals for the future, as outlined in the report, in particular in sections 3 to 5, and 7, or
- to reject the proposed changes, and/or put forward alternatives or request further work to be done on specific aspects.

The rationale behind the proposals is outlined in the background of this report. Members could choose simply not to change, but it is felt that this would not help corporate development of the Council, and could undermine attempts to improve the Council's Use of Resources. Other risks and implications would depend very much on the issues that Cabinet raise or any amendments put forward.

9.4 **Corporate Property Strategy**

With regard to the Corporate Property Strategy, options are basically:

- to approve the Strategy as set out in Appendix D, or
- to put forward amendments to the proposal and/or request further work to be done on specific aspects.

Again, risks and implications would depend very much on the issues that Cabinet raise or any amendments put forward. Ultimately though, the Council needs to have a Strategy fit for purpose, which gives direction to help ensure that property management supports delivery of the Council's objectives and helps achieve value for money.

10 Officer Preferred Option and Comments

There is no specific officer preferred option with regard to Council Tax levels. That said, both the Chief Executive and the s151 Officer would advise against planning for a Council Tax increase much lower than 4% at this time, at least for 2010/11, if Members aim to continue to provide a wide range of services to the public and wish to avoid more potential for major service cuts in future years. Conversely, they would advise against aiming for an increase of around 5% or above at this time as it would be subject to capping under existing criteria.

Whatever Council Tax targets are in place, Members need to have supporting plans in place to achieve a balanced budget.

With regard to the other matters contained within this report, the Officer preferred option is to approve the various proposals as set out. It is felt that these present good starting points for developing capital proposals, and for improving the Council's strategic resource management planning for the future.

11 Conclusion

The economic outlook has deteriorated significantly since February and there is still considerable uncertainty in the Council's financial prospects, which is likely to result in further pressures. There is now a strong need to respond positively to this challenge, in ensuring greater focus on key service areas and in delivering the necessary savings, including service reductions, to achieve Council Tax targets. This is a scenario facing many councils up and down the country.

RELATIONSHIP TO POLICY FRAMEWORK **The Medium Term Financial Strategy and Capital Investment Strategies are part of the current policy framework, but this would need updating in future should the proposals to amend the strategic framework go forward.**
CONCLUSION OF IMPACT ASSESSMENT **(including Diversity, Human Rights, Community Safety, Sustainability etc)** **There is no direct, quantifiable impact arising at this stage, although the MTFS sets out the level of funding expected for the delivery of council services. As such, it will have a direct bearing on the level and impact of services provided in future. Other proposals contained within this report seek to strengthen impact assessments of key budget proposals.**
FINANCIAL IMPLICATIONS **As referred to in the report – there are no direct quantifiable financial implications at this stage.**

DEPUTY SECTION 151 OFFICER'S COMMENTS The s151 officer has produced this report.
LEGAL IMPLICATIONS Legal Services have been consulted has have no comments on the report.
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS Medium Term Financial Strategy Capital Investment Strategy	Contact Officer: Nadine Muschamp Telephone:01524 582117 E-mail:nmuschamp@lancaster.gov.uk

APPENDIX A

Medium Term Financial Strategy Update
Key Financial Risks
For Consideration by Cabinet 10 November 2009

This provides an outline of key recognised risks together with points on managing (or mitigating) them. This will be updated as the budget develops.

Luneside East
Keys risks relate to the outcome of the lands tribunal and associated legal costs, and potential clawback of funding should the project not progress to deliver its economic outputs. Should the project progress, however, there is the opportunity to receive a developer contribution on site transfer. *(Mitigation: defence at tribunal, seeking funding to advance project, use of earmarked reserve)*

Other Regeneration (including support etc)
Other regeneration projects have been affected by economic factors. Those still in various stages of development (such as the Winter Gardens, Chatsworth Road, etc.) may have financial risks attached to their contractual position to date. As a wider issue, there are clear affordability risks attached to the Council's regeneration strategy, in particular for projects such as the Winter Gardens. There are also risks attached to project and programme support, including those associated with abortive works and plans. *(Mitigation: covered through specific project & programme management arrangements regarding feasibility, seeking funding, establishing core staffing support, etc)*

Municipal Buildings
Essential works are being progressed to protect the Council's interests, but this may lead to additional financing costs. Price increases are being experiences on the municipal building works programme and there will be a need to increase the budgets over the coming years to reflect these. At present, the broad assumption is that most works will fall as capital but this has not been fully tested as yet. There is therefore the risk that budgets are inappropriate. *(Mitigation: through future report to Cabinet and budget process; incorporating appraisal of revenue v capital)*

Funding of Capital Programme
Should the current capital receipts schedule not be achievable, this would prevent some capital investment from happening, but ensuring that funding is in place for essential works would add more pressure on revenue and cause affordability and financial sustainability risks. *(Mitigation: ongoing review and monitoring, options appraisal through budget process).*

Achievement of Approved Revenue Budget Savings for 2009/10
Failure to achieve budgeted savings in 2009/10 may result in funding transfers from earmarked reserves which would have been used for other purposes, or as a last resort, by reducing revenue balances. This would have an adverse effect on the Council's standing and could affect the delivery of corporate and service objectives. *(Mitigation: through performance management framework and budget process)*

Decision-making
Linked to the above, there is the risk that the Council fails to reach agreement in order to deliver a balanced, robust and deliverable budget for 2010/11 and beyond. *(Mitigation: through budget process, learning from previous years, not being over-ambitious in terms of balancing service provision against Council Tax levels, and delivering change)*

Icelandic Investments (and investment losses generally)
The prospects for successful recovery action and affordability risks are still dependent upon maintaining preferential creditor status for two of the investments made. Risks remain throughout the banking sector generally. *(Mitigation: ongoing work through LGA, capitalisation bid, updated investment strategy & future review)*

Government Support (2010/11 and future years)
Whilst it is still possible that Government could alter the provisional Settlement for 2010/11, there is much higher risk that level of support for future years will be worse than currently assumed. *(Mitigation: through budget process)*

Other Economic Factors and Prospects generally
As well as affecting future levels of government support, economic factors will affect the Council's finances through other funding streams, inflation, interest rates and pay settlements, as well as demand for services. *(Mitigation through budget process)*

Council Tax Capping
In recent times the Government has demonstrated a firm commitment to capping, and whilst the forthcoming General Election makes future arrangements less certain, pressure to keep tax increases low is expected to remain. *(Mitigation: keep any future increases at less than 5%)*

Concessionary Travel
Costs for current scheme are uncertain, as reimbursement rates to bus operators are not yet agreed with bus operators, and usage of scheme can fluctuate. Responsibilities for the scheme from 2011/12 onwards are not yet decided; any transfer away from the Council could create new financial pressures (or could improve position, but this did not feature in modelling undertaken). *(Mitigation: countywide approach with consultancy support regarding reimbursement rates, pooling arrangements in place, countywide liason and review regarding future arrangements)*

Fairpay & Equal pay
The financial implications of the proposed pay and grading structure have been recognised as unsustainable in the medium and longer term. Furthermore, the extent of elements such as market supplements is uncertain. *(Mitigation: supporting HR policies, use of earmarked reserves and provision, commitment to review and amend the grading structure within 2 years of implementation)*

Pensions Costs
The current triennial review period comes to an end on 31 March 2011; thereafter at present it has been assumed that pension rates will increase by 2%. However, the impact of demographics and the current recession on pension fund investments is unknown at this stage. Also, it is expected that further national proposals regarding the Pension Scheme will come through at some point. *(Mitigation: liaison with Pensions authority, ongoing review through budget process)*

Change Management & Investing to Save (e.g. Restructuring Reserves)
There are a number of major restructures currently being worked on which will incur one-off termination costs. As these restructures affect senior officer posts these costs may be significant and it is expected in broad terms that they will be more than is available in the Restructuring Reserve. As a result some costs may need to be met from the savings generated by the restructures or the implementation managed in order to achieve this. There is the risk that the Council could have insufficient funds available to enable future change or to invest to save. There are also financial risks attached to the process of change, and maintaining sound financial management standards. *(Mitigation: though budget process, and change management arrangements)*

HRA review (for General Fund)
The Government has recently consulted on plans to abolish the housing subsidy mechanism and replace it with a form of redistributed housing debt. Whilst the Housing Revenue Account would still remain, it is unclear how these proposals will impact on the General Fund, in particular in relation to Treasury Management and other cost allocations. The outcome of the consultation process is expected in the new year. *(Mitigation: consultation response, monitoring and review of future developments)*

VAT
The VAT recovery claim (estimated in the region of £600K) is still to be settled by HMRC. *(Mitigation: monitoring and review.*

Changes in Accounting Requirements
Adoption of International Financial Reporting Standards (IFRS) could give rise to changes in accounting treatment of certain transactions, such as leases, and creates additional workload requirements on some services, which may add pressure to the revenue budget. The extent of risk is dependent on the dispensations applicable to local authorities, influenced by professional bodies and Government etc. *(Mitigation: project management arrangements and monitoring and review, linked to budget process)*

Other Risk Areas
As well as the above points, there are many other issues that may present financial risks or opportunities to the Council, that have been reported to Members and are under further consideration. Where significant these will be highlighted in future budget reports.

APPENDIX B

Potential Additional Savings Needed for Various Council Tax & Government Support Scenarios

For Consideration by Cabinet 10 November 2009

Note : The Additional Savings Requirements shown below are over and above those included in the current MTFS which are £1.053M for 2010/11 and £1.302M for 2011/12 (giving a total of £2.3M over the two year period).

2010/11

	£'000	£'000	£'000	£'000	£'000
Council Tax Increase for 2010/11 ⇨	0%	+1%	+2%	+3%	+4%
Additional Savings Requirement	321	240	160	80	0

Change in Government Support	-5%	-2%	0%	+1%	+2.4%
Additonal Savings Requirement *Current projections based on provisional increase of 2.4%*	1,183	703	383	223	0

2011/12

	2010/11 Increase ⇩	£'000	£'000	£'000	£'000	£'000
Council Tax Increase for 2011/12 ⇨		0%	+1%	+2%	+3%	+4%
Additonal Savings Requirement	0%	655	574	494	414	334
For example, a 0% increase for 2010/11 and a 2% increase for 2011/12 will require additional savings of £494K to be made.	1%	574	493	412	331	250
	2%	494	412	330	249	167
	3%	414	331	249	166	83
	4%	334	250	167	83	0

Change in Government Support	-5%	-2%	0%	+1%	+2%
Additonal Savings Requirement *Current projections based on an increase of 2%*	1,147	656	328	164	0

2012/13

	2010/11 Increase ⇩	£'000	£'000	£'000	£'000	£'000
Council Tax Increase for 2011/12 & 2012/13 ⇨		0%	+1%	+2%	+3%	+4%
Additonal Savings Requirement	0%	1,003	841	678	514	347
For example, a 0% increase for 2010/11 and a 2% increase for 2011/12 and 2012/13 will require additional savings of £678K to be made.	1%	923	760	595	428	261
	2%	842	678	511	343	174
	3%	762	596	428	258	87
	4%	682	514	344	173	0

Change in Government Support	-5%	-2%	0%	+1%	+2%
Additonal Savings Requirement *Current projections based on an increase of 2%*	1,169	668	334	167	0

Best case scenario from above:

Council Tax increase of 4% per annum and Government Support is circa 2% per annum resulting in ***NIL*** additional savings requirement over the 3 year period (over & above existing approved projections).

Worst case scenario from above:

0% Increase in Council Tax per annum and Government Support is reduced broadly by 5% per annum resulting in ***£5.5M*** additional savings requirement over the 3 year period (cumulative total value, not each year).

APPENDIX C

Draft Capital Investment and Funding Assumptions For Consideration by Cabinet 10 November 2009

1 Initial Funding Forecasts and Assumptions

1.1 Underlying Borrowing Requirement (known as the Capital Financing Requirement)

There is no ***supported*** underlying borrowing requirement forecast for the five-year period at present, but in due course this may change, particularly for the Housing Revenue Account.

Assumptions underpinning the Council's ***unsupported*** underlying borrowing requirement are outlined below:

i. The General Fund capital programme will provide for a £1.4M reduction in the underlying requirement for unsupported borrowing from 2010/11 onwards.

ii. The practice will continue by which the Head of Finance will, under delegated authority, assess the most appropriate means of financing for the purchase of new vehicles and equipment. Unsupported borrowing will be selected if this offers a more cost effective solution than leasing.

iii. Further unsupported borrowing need may be considered in developing the Capital Programme, but only in context of either:

- providing cover to meet any additional costs arising in connection with the Luneside East scheme. Cabinet approval would be required before this facility could be called on;
- providing cover for any losses associated with Icelandic investments, should a capitalisation directive be required (and granted) by Government;
- providing interim funding for any essential building works, prior to other sources of funding (e.g. capital receipts) becoming available;
- robust, achievable revenue savings being identified or income being generated to at least offset the ongoing (whole life) costs associated with individual schemes, and / or borrowing being required to support the cashflow position of major schemes spanning financial years.

iv. No underlying borrowing requirement is assumed for council housing investment, but this will need to be reviewed in light of the outcome of the housing funding review.

1.2 Revenue Financing Of Capital Schemes

Substantial general budgetary provision for direct revenue financing will be made within the Housing Revenue Account (HRA) for council housing purposes, in line with existing budget forecasts. No such general provision will be built into the General Fund revenue budget, though revenue financing related to specific schemes may be considered in appropriate circumstances, e.g. invest to save schemes.

Revenue financing from reserves will be based on existing earmarked reserve levels (or projections), as long as capital investment proposals match with the approved use of those reserves.

1.3 Capital Receipts Forecasts

Over the next five years, from 01 April 2011, general capital receipts totalling £11M (provisional estimate) are anticipated, of which approximately £10.2M relates to General Fund property disposals with the remainder relating to Council housing. The assumptions regarding their use are set out below:

- Any council housing capital receipts will be used to support capital investment in council housing stock and supporting assets, and related environmental improvements.

- For General Fund, capital receipts of up to £8.8M will be used over the period to support capital investment generally, with the balance being set aside to provide for contingencies and/or the repayment of debt. Capital receipts will not normally be ring-fenced into reinvestment into particular areas, as this can undermine the prioritisation of investment needs, but there are exceptions to this:

  - Capital receipts arising from the West End Masterplan implementation will be ring-fenced to the further development of projects identified in the Masterplan itself, subject to appropriate Cabinet approval.

- The application of any additional General Fund capital receipts arising (i.e. apparently exceeding the target referred to above and not covered by the specific ring-fencing arrangements outlined) will be considered in context of the likelihood of meeting the overall target. They will not be used to support new spending or commitments. For Council Housing, any additional capital receipts may be used to support the 30-year business plan.

2 Capital Investment Priorities

In line with the Council's core values, priorities and associated targets, capital investment for the period to 2015 will be focused into delivering the Council's medium term priorities and objectives. In determining priorities where funding is limited, then preference will be given to those schemes that contribute to delivering the agreed high priorities for capital investment, as set out below:

- Delivering the Council's Economic Vision as set out in the Economic Regeneration Strategy
- Delivering improvements for Cleaner Streets and the Public Realm
- Completion of the phased implementation of the Recycling and Waste Management Strategy
- Delivering schemes that support the Council's Climate Change Strategy
- Developing further the district's Cycling Infrastructure
- Delivering the City Council's obligations in the Sustainable Community Strategy, Community Safety Partnership, and the Lancashire Local Area Agreement
- Progressing the priorities within the Council's agreed Housing Strategy and in particular, in meeting the 'Lancaster' Standard in the provision of Council Housing, in line with the *30-Year Business Plan*
- Refurbishment/ replacement of existing property or facilities required to deliver existing service levels, or to achieve key performance targets as set out in the Corporate Plan or Corporate Property Strategy, or to meet other legislative requirements
- New (or the expansion of existing) facilities, where they link clearly with the Corporate Plan or new proposed priorities, and they are either:
  - at least self financing (both in revenue and capital terms) or
  - invest to save proposals that require some up front capital investment but would generate cashable (and where possible, non-cashable) ongoing revenue savings. As a general guide, payback should be achievable in the medium term, up to 5 years, but longer payback periods may be considered should circumstances warrant it.

LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

MEDIUM TERM CORPORATE PROPERTY STRATEGY 2009-12

Head of Property Services
2009

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1.0 Introduction

1.1 The Medium Term Corporate Property Strategy sets out how the council's land and property assets are managed both to meet the Council's current circumstances and the anticipated requirements of customers, staff, legislation and best practice. The council has a small but diverse range of land and property that contributes in many ways to the council's objectives. The 2009 - 2012 Medium Term Corporate Property Strategy (CPS) sets out the strategic direction for the management of the council's property portfolio during this three year period.

1.2 The AMP needs to be considered in line with a number of other council plans and strategies:

- Corporate Plan
- Medium Term Financial Strategy and Capital Investment Strategy
- Community Safety Strategy
- Housing Strategy
- Sustainability Strategy
- Local Development Framework
- Economic Vision and Strategy
- Corporate Improvement and Efficiency Plan
- Customer First Strategy
- Children and Young People Strategy
- Climate Change Strategy
- Human Resources Strategy
- Equality and Diversity Strategy
- Regeneration Strategy
- Business Plans
- Corporate Property Strategy

1.3 The CPS also needs to reflect government policy and in particular, it needs to meet the basis of the key lines of enquiry criteria as set out in the Use of Resource assessments under the inspection process.

2.0 Government Policy

2.1 A range of government policies and initiatives affect asset management planning and the main ones are identified below:

2.2 Sir Michael Lyons' 2004 report *Better Management of Public Sector Assets*, which examined how both Whitehall and local public bodies could improve property management, targeting £30 billion in asset sales and efficiency savings.

2.3 Sir David Varney's 2006 report to HM Treasury, *Service Transformation: A Better Service for Citizens and Businesses, a Better Deal for the Taxpayer*, which argued that transforming public services depended on better use of property. The report promoted cross-department property management; better data and benchmarking on use, cost and outputs; and sharing between the separate central and local government estates.

2.4 These reports asserted that public property could be more efficiently managed and capital released if surpluses were eliminated. Consultants working on behalf of Communities and Local Government (CLG) found that councils themselves thought there was 'scope for producing efficiencies through reducing the costs tied to property, such as office space and buildings'.

2.5 In its response to the 2007 spending review *Delivering Value for Money in Local Government: Meeting the Challenge of CSR07*, CLG concurred with a 'strong consensus' that the number of offices used by councils could be greatly reduced if offices were shared and services offered by different public bodies were co-located.

2.6 The firm commitment to savings from the public sector estate was further evidenced in the 2009 Budget, which targeted £16 billion in receipts from property and other asset sales over the three years from 2011/12 (when market conditions may have improved) with the proceeds used to supplement capital budgets. This was reiterated in the Property strand of the Treasury's Operational Efficiency Programme, which identified potential efficiencies over the next ten years of £20 billion in receipts from disposals (excluding council housing) and £5 billion a year in running costs across the whole public sector estate, of which the local government estate accounts for over two-thirds. Its report suggested that departments may need initially to prioritise significant up-front investment in order to achieve these efficiencies.

2.7 These reviews and plans all show the government's desire to rationalise council property and save money. But that is not the only aspiration for the local government property estate.

2.8 The Lyons and Varney reports also informed the 2006 local government White Paper *Strong and Prosperous Communities*. This set out a new relationship between councils and local and community groups in their areas. Its theme was devolving power and it highlighted land and property. It encouraged councils to recognise the potential for assets to be used in pursuit of local objectives including economic regeneration and neighbourhood renewal, or to improve services, for example by joining up related services or improving access to them. The White Paper said that councils and other bodies should plan property jointly. Pooling resources would maximise value for money and help make services more user friendly.

2.9 Ten benefits of good asset management were summarised by CLG in *Building on Strong Foundations*. The report stated that effective asset management can:

- deliver exceptional services for citizens, aligned with locally agreed priorities, while focusing investment clearly on need;
- empower communities and stimulate debate;
- improve the economic well-being of an area;
- ensure that, once built, assets are correctly maintained;
- introduce new working practices and trigger cultural organisational changes;
- reduce carbon emissions and improve environmental sustainability;
- increase co-location, partnership working and sharing of knowledge;
- improve the accessibility of services and ensure compliance with the Disability Discrimination Act 2005;
- generate efficiency gains, capital receipts or an income stream; and
- improve the quality of the public realm.

2.10 The 2007 *Review of Community Ownership and Management of Public Assets* (The Quirk Review), concluded that even if it cost money and sacrificed potential savings, councils should think of transferring property to community groups because the benefits could outweigh the risks and opportunity costs in appropriate circumstances. In 2008, the government published guidance on managing the risks associated with transferring assets and reaffirmed Quirk's conclusions in the White Paper *Communities in Control: Real People, Real Power*, which established an independent Asset Transfer Unit to promote asset transfer and provide information, advice and support to those involved. CLG continued to promote good asset management more broadly, commissioning the Royal Institution of Chartered Surveyors (RICS) to develop best practice guidance that was published in 2008.

2.11 Further guidance from CLG and RICS (as a leaflet series) was published in June 2009. In addition the Audit Commission published a report *Room for Improvement* also in June 2009 which provided an update since its original report on asset management in 2000 entitled *Hot Property*.

2.12 The Energy Performance of Buildings Directive (2007) resulted in increasing Government pressure for local authorities to reduce their CO2 emissions in order to meet national environmental targets. But more significantly organisations are realising the very real financial advantages of reducing their energy costs. The substantial rise in energy costs during 2008 has emphasised this need to reduce energy consumption. Far from being a threat, energy efficiency is a huge opportunity for the council.

2.13 The objective of *The Energy Performance of Buildings Directive (EPBD) 2002/91/EC* is to promote the improvement of the energy performance of buildings within the European Community. Implementing the EPBD will encourage owners and tenants to choose energy efficient buildings when seeking new accommodation and to improve the performance of buildings they occupy. Implementation of the Directive is seen as an important contribution to reducing carbon dioxide emissions as part of the UK climate change programme.

2.14 *Health & Safety Legislation* has placed great emphasis on the safety and security of employees, customers and clients of the council. Policies and procedures are in place which meets the requirements of Legionella prevention, asbestos identification and management, fire regulation and DDA compliance. Risk assessments and surveys of all buildings have now been carried out and are used to progress schemes of management and reduction of risks and where schemes are carried out to remove or reduce risks as far as is practicable and economic. Ongoing management and review of risk assessments is built into regular work programmes.

3.0 Corporate Objectives

The Council's Corporate Plan sets out the Council's vision and priorities for the period from 2009 - 2012. The vision for Lancaster is:

By promoting city, coast and countryside, we will secure a safe and prosperous community that's proud of its natural and cultural assets and provides lasting opportunities for all.

Within that Vision, the Council has prioritised a number of separate priorities each with their own objective(s):

SUPPORT OUR LOCAL ECONOMY

3.1 Increasing economic opportunity is essential in providing the resources we need to enhance our quality of life. We now have an Economic Strategy in place and whilst the current economic climate continues to present severe problems to us all, now more than ever we need to translate that strategy into a viable funded programme of regeneration work in Morecambe, Lancaster, and Carnforth in order to both secure new jobs for the future and attract and keep skilled people in the district. We will work with our neighbouring communities in South Cumbria to create a viable and mutually beneficial Morecambe Bay Regional Park.

Objective 1 — **Work in partnership to ensure a strategic approach to economic development and regeneration**

CLEAN AND GREEN PLACES

3.2 Residents' satisfaction with street cleanliness, waste collection and our recycling service remains high. We aim to maintain those levels of cleanliness and satisfaction.

Objective 2 — **Maintain the cleanliness of our streets and public spaces.**

We need to care for our environment and safeguard the quality of life of the district. We must ensure that we address issues such as how best to respond to the challenges of climate change and effectively manage our resources, protecting our environment as our district grows and develops in a sustainable way.

Objective 3 — **Develop local responses to Climate Change.**

SAFE AND HEALTHY COMMUNITIES

3.3 Tackling crime, the fear of crime and anti-social behaviour are of paramount importance to our communities and are consistently identified as key priorities for the district. Our residents believe that a low level of crime is the most important thing in making our district a good place to live. The Council will continue to play a leading role in the Community Safety Partnership in addressing these issues.

Objective 4 **Work in partnership and make our district an even safer place addressing crime and the fear of crime, and anti-social behaviour.**

Life expectancy between the more affluent and most deprived parts of our district varies by as much as ten years. These health inequalities must be tackled across a wide range of partnerships but there are a number of areas we can influence directly – housing, promoting healthy activities, food protection and accident prevention.

Objective 5 **To contribute towards health improvement and reducing health inequalities through both the delivery of our own services and our work with partners.**

SUPPORT OUR LOCAL COMMUNITIES

3.4 Housing is a fundamental component of our quality of life. Without appropriate shelter, people cannot meet their basic needs and participate adequately in society. Reducing homelessness by providing affordable housing for young people and families continues to be a priority.

Objective 6 **To improve the standard, availability and affordability of housing in the district to meet local needs.**

Building cohesive communities is critical to the quality of life for local people. It brings benefits by creating a society in which people from different backgrounds can live and work together in an atmosphere of mutual respect and understanding. We need to maintain the range of opportunities for children and young people to take part in positive activities and ensure that the wider needs of the children and young people of the district are met.

The Council has adopted the Lancaster District Local Strategic Partnership's Sustainable Community Strategy which sets out a long term strategic vision for the Lancaster district putting a strong focus on integrating social, economic and environmental issues. This strategy whilst highlighting the key local aspirations for the district also identifies how it contributes to the deliver the wider priorities of Lancashire wide as set out in the Lancashire Local Area Agreement. This alignment of priorities is set out in the diagram opposite.

Objective 7 **To work in partnership with others meet the differing needs of communities within our district.**

3.5 The Corporate Plan is aligned to the Lancashire Local Area Agreement and the Lancaster District sustainable Community Strategy.

In particular, the Council's Medium Term Financial Strategy, which with the Medium Term Corporate Property Strategy, aims to identify the asset needs of the Council to meet the priorities laid out in the Corporate Plan.

4.0 Corporate Asset Policy

4.1 The way that the Council manages its land and property assets has a direct impact on both the quality of services that it delivers to the public and the quality of the environment. It is therefore important that efficient and effective use is made of these assets to support corporate and service objectives. For example, the council's Property Service is a lead Service in the Access to Services Review under which we must continue to exploit the opportunities to improve the way we deliver services to our communities, whether face to face or by telephone, increasing the range of services we offer through our customer service centres in Morecambe and Lancaster Town Halls.

4.2 The CPS highlights the progress made against the key performance targets and property improvements implemented over the last year and also reports on the National Property Performance Indicators. Looking ahead, the CPS sets out the key asset management tasks and targets for the forthcoming year. The document is published via the council's website. Actions from the CPS are included in Service Business Plans, principally that of Property Services.

Governance

4.3 **Members** - the asset management champion on the council's Cabinet is Councillor Malcolm Thomas. Councillor Thomas has responsibility for all the work of Property Services. In addition he also undertakes the same role in respect of Financial Services and therefore takes overall responsibility for the council's Use of Resources.

4.4 **Officers** - The Head of Property Services is the designated Corporate Property Officer for the council with responsibility for strategic asset management activities.

4.5 **Corporate management** The asset management function involves all council departments and the role of the council's Asset Management Working Group (AMWG) is key to ensuring there is an effective dialogue on asset management issues across the council and, where appropriate, with our partners. AMWG is chaired by the Corporate Director (Regeneration) and includes the Head of Property Services in his role as Corporate Property Officer, the Head of Financial Services and the balance of the Group is made up of senior representatives from relevant council services. The AMWG ensures there is an insight into individual council services, together with a clear understanding of corporate goals and objectives. Terms of reference for the AMWG are attached at Appendix 5.

Local Strategic Partnership (LSP)

4.6 To enable a wider approach to asset management, individual meetings have commenced with the County Council and the North Lancashire Teaching PCT. From the county perspective, there is a preference for an aligned asset management plan. However, from the city council perspective, asset management is a local area based process.

4.7 It is therefore proposed that the LSP should consider setting up a Public Sector Board Asset Management Group to consider the wider issues involved in asset management within the Lancaster district and ensure that benefits are obtained from the most effective use of public money.

4.8 Under such an arrangement, all public sector bodies in Lancaster could work together to:

- Optimise the contribution property makes to the current and future aims and objectives of the respective organisation
- Optimise and prioritise the level of investment in property to meet these needs
- Promote the innovative use of property and facilitate joint working through co-location of services
- Promote property sharing with partners
- Improve the suitability, condition and sustainability of public sector assets in the district

5.0 Corporate Asset Objectives

5.1 The Corporate Property Strategy of 2005 was based on the premise;

That challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives

5.2 This was linked to a corporate approach to property holding based on a corporate landlord approach. Continuing that basic premise, this Strategy identifies a number of separate objectives against which the council's asset portfolio should be assessed. These are set out below:

ASSET OBJECTIVE		OUTCOMES & MEASUREMENT
1.	**Fit for Purpose & compliance with Statutory/Regulatory codes**	Enhanced user satisfaction e.g. provision of Customer Service Centres; improved office accommodation, determined by undertaking surveys of customers and by undertaking condition surveys of buildings and carrying out works of repair and improvement. Where buildings are beyond economical repair options for alternative use or disposal should be considered. To ensure that all relevant legislation is fully enforced e.g. DDA legislation, Health & Safety, Asbestos, Legionella, Fire Safety, NICEIC.
2.	**Value for Money**	To ensure that assets deliver value for money, minimising costs in use and working towards the development of option appraisals, and whole life

		costings, maximising return on investment. These are determined by analysing performance indicators, undertaking regular valuation programmes, working with the AMWG to ensure good option appraisals are in place and that good project management techniques are utilised.
3.	**Improved corporate management**	That in respect of the buildings that it occupies, the Council ensures that there is optimum utilisation of its office space, cross departmental and partnership working,
4.	**Sustainability**	To ensure that all assets are managed efficiently and sustainably, in accordance with Council policies on climate change, by monitoring, for example, CO_2 emissions and the use of green energy and setting targets for the future. This also links to objective 5 below
5.	**To serve the Council's key aims**	To identify how assets can contribute to the key aims of the Council as set out in its annual Corporate Plan. This will include the need to secure capital receipts to help fund the capital programme and therefore reduce borrowing, all to help keep Council Tax levels low. In addition improving the Council's assets will help to meet customer access requirements and sustainability measures, whilst assets will be acquired where schemes are approved by the council to improve the district. Climate change is also a key aim – see objective 4 above
6.	**Enabling**	Where assets do not meet any of the other elements of these objectives, to use the council's land and property assets to achieve strategic development and regeneration opportunities within the district. This could be by way of asset transfer to community groups as envisaged in the Quirk report or alternatively, where there are no other Council priorities, disposal of assets would provide a capital receipt that can be utilised to fund other Council capital schemes.

6.0 Performance Management

6.1 This is critical to achieving 'successful asset management' and can be evidenced by the reporting of National and Local Key Performance Indicators (KPIs). Condition surveys have been undertaken to provide information on the outstanding repairs required to Council buildings, whilst also providing information that advises on Access, Legionella, Asbestos and Fire Risk Assessments. This is in response to the growth in the number of statutory obligations pertaining to asset management in recent years. Data has been assembled to present a profile of the current state of building assets and is being used to reinforce asset reviews (refer to Section 11.) and formulate improvement programmes.

6.2 The Cabinet Member for Property Services and the AMWG are responsible for ensuring the delivery of the performance targets set in the CSP and in the Property Service Business Plan. A key part of the performance management process is to identify any areas of under-performance and agree action plans to deliver improvements. The Head of Property Services reports performance in respect of its Service Business Plan on a quarterly basis.

7.0 The Resource Context

7.1 The council has a track record of robust financial management and a strong finance function. Value for Money (VFM) has been long embedded in service and resource planning.

7.2 Target savings are set in the MTFS for the Council as a whole that amount to £1,053,000 by March 2011 and cumulative savings of £1,302,000 by March 2012. Efficient use and management of assets will play a major role in achieving these savings, much of which will arise through the Access to Services Review, working with partner organisations who occupy Council buildings, service benchmarking with other councils and sectors, and integrated financial and performance management arrangements to drive out efficiencies and savings.

7.3 The aims and objectives of the MTFS are to:

- avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
- match resources both to demand and to Council priorities
- plan for and respond to any changes in Local Government funding
- provide a basis for informed decision-making across all Council policies and activities, underpinned by risk management
- support consultation with stakeholders on a broad range of associated issues, where appropriate
- support the achievement of efficiency, effectiveness and economy in the use of the Council's resources, including any associated targets. This includes:
  - maximising efficiency savings and, where acceptable, increase income
  - protecting front-line services as far as possible, whilst minimising administration costs, and
  - challenging traditional methods of service provision.

7.4 The Council's capital programme is set annually as part of the budget process but is based on a three year programme and should be considered in conjunction with this CSP. In 2009/10 the council has committed the following capital financial resources to its asset management priorities. All these schemes are funded from either unallocated capital receipts (UCR), borrowing or grant aid. Much depends upon the availability of capital receipts in times of recession.

Property/scheme	Asset Objective	Budget
The Platform improvements	Fit for purpose	£108,000 - All from UCR or borrowing.
The Dome – demolition & emergency works	Fit for purpose	£85,000 - All from UCR or borrowing.
Customer Service Centres	To serve the council's key aims;	£16,000 - All from UCR or borrowing.
	Improved corporate management	
Corporate & Municipal Building works	Fit for purpose & compliance with Statutory /Regulatory codes	£2.265m - All from UCR or borrowing.
	Sustainability	
Happy Mount Park Natural Adventure	To serve the council's key aims	£112,000 - All from grant.
Lancaster Hub TIC Refurbishment	To serve the council's key aims;	£10,000 -All from UCR or borrowing.
	Fit for purpose	
Storey Institute Centre for Creative Industries	Fit for purpose	£15,000 - All from grant

7.5 In addition to mainstream capital funds the council also bids for and receives Challenge Funds (e.g. European Funds, Neighbourhood Renewal Funds etc) for major regeneration schemes such as Luneside East, and schemes in the West End of Morecambe.

7.6 As an alternative form of delivery, development agreements involving Council land are used as a method of achieving Council objectives. As an example the development agreement for a new Morecambe FC stadium will be used to drive out improved and additional playing pitches for use in the community.

8.0 Changes in the External Environment and their Implications for Property

8.1 Lancaster district has the fastest growing economy in Lancashire and Cumbria, contributing £1.7 billion to the Lancashire economy alone. £54m of external funding secured for local regeneration projects.

8.2 Specific achievements that contribute to achieving the Vision Board's economic strategy are set out below:-

- The emerging Luneside East urban village project will replace contaminated and derelict land with a mixed development of 300+ housing units; 80,000 sq ft of modern office space, parkland and leisure facilities.
- The Council led development of a £2.7M state of the art office development in the heart of the City, 'CityLab', providing much needed quality city centre office space.
- A £0.5m capital project to improve industrial access in the Port of Heysham has supported 100 existing jobs and created a further 190.
- Funding of £3.5 million has created a Centre for Creative Industries in the Storey Institute, workspace as well as public galleries, a new auditorium/conference centre, a bar/café and a new state of the art Visitor

Information Centre. This has enabled the Council to transfer the building to a third party and remove the need for major repairs to be funded from council budgets.

- The City Council is working jointly with NWDA and Lancaster University to develop a new science park at Bailrigg adjacent to Lancaster University. The Science Park is designated as one of the North West's Regional Strategic Sites where technological spin-out from academic research will provide an internationally significant contribution to the local economy.
- The council has a development agreement with developers Centros Miller for a retail led regeneration of the Canal Corridor North area in central Lancaster subject to planning permission being granted.
- The Midland Hotel in Morecambe has been renovated as part of a wider development partnership agreement with "Urban Splash".
- Promenade facilities in the West End of Morecambe have been improved, including community designed public art and play facilities.
- £1m NWDA funding has supported the development of Carnforth as a service centre for its wider rural hinterland.
- The development of new stadium facilities for Morecambe Football Club as befits their Football League status, including enhanced playing pitches for the community and a capital receipt to assist in funding the capital programme

8.3 The growth in the district in recent years reflected the economy nationally. The current recession also has an effect as property disposals are more difficult to achieve as restrictions on funding make developers more cautious when investing.

8.4 The council continues to make its non-operational land available to facilitate development but must balance the need for capital receipts against the opportunity to see improvement in the district. Transfer of assets to the community is an option for consideration.

9.0 Service Delivery & Accommodation Needs

Overview

9.1 The principle of 'Corporate Property Ownership' was the main principle adopted by the council in the 2005 Corporate Property Strategy. This process is based on the corporate centre providing greater influence over property decisions to meet wider corporate objectives, partner and area initiatives and at the same time address service needs. Collective management of these resources enables a more corporate and proactive approach especially in the light of shared provision, options for disposal and acquisitions to support regeneration and maximise potential income from sites deemed surplus.

Council Services

9.2 An essential element of the Access to Services process in reviewing council services is the consideration of business process re-engineering which requires a close look at the activities that Services undertake as well as dealing with the potential for property efficiencies. The preparation and review of Service Asset Management Plans to inform and support the corporate property strategy will assist this process and identify opportunities for rationalisation at individual Service and authority wide level.

9.3 Although most property management arrangements have successfully been brought into a single base, some are still fragmented where operational management dictates. It is proposed to procure new maintenance and energy management arrangements that will enable a more corporate approach to asset management.

New Working Practices in the Council

9.4 The Access to Services Review has received Council approval to relocate the majority of staff into Lancaster and Morecambe Town Halls, following public consultation. Together with the Storey Institute scheme this will result in the disposal of:

- St Leonards House
- Palatine Hall
- 1 Dalton Square
- 56-60 Euston Road
- 29 Castle Hill (Sold July 2009)
- Morecambe Town Hall Cottage

9.5 The Review can only be achieved by combining improvement of the buildings whilst instigating new working practices such as hot desking, home working and use of improved IT systems such as electronic document management systems, new telephone systems and improved computer interfaces giving recognition to the pilot studies for flexible and home working carried out in the different Services of the Council. By the end of the scheme it is anticipated that the accommodation ratio will have reduced from 10.76sq mts per workstation to closer to 7.5 sq mts per workstation

9.6 The first phase of this work involved the move of the Strategic Housing team from 56-60 Euston Road, Morecambe into Morecambe Town Hall. Hot desking arrangements have been put in place for all Services who now occupy Morecambe Town Hall.

9.7 As part of this phase, to accommodate the provision of "touch down" areas in both Town Halls, Councillors have moved out of individual group rooms, utilising common facilities in each building.

Working with Partners to provide/improve accommodation and facilities

9.8 The reduction of office space that is a major outcome of the Access to Services Review makes it difficult to accommodate many partners in our accommodation. However, facilities are provided for:

- The Registrar
- Coastguard
- County Council
- Pensions Service
- External Auditors and Inspectors
- Citizens Advice Bureau

9.9 Discussions are ongoing with the County Council about how more of their services can be made available from the new Customer Service Centres within Lancaster and Morecambe Town Halls.

9.10 The Council does work closely with other partners to try and facilitate improved facilities within the district. In particular, the Care Trusts operating within the district occupy the following Council premises:

- Moor Lane Mills
- St Leonards House
- Ryelands House

9.11 Lancashire Constabulary utilise facilities within Lancaster Bus Station

9.12 Through the provision of a land disposal process, the Council acts as an enabler, working with developers to provide new facilities. Examples are:

- The Canal Corridor scheme under which the Developer, Centros, will, subject to planning permission, provide a mixed use development including new car park and coach park facilities in a modern form to replace the existing surface level facilities
- Morecambe FC propose to develop a new football stadium at Westgate and included within the development agreement is the provision of increased playing pitches which will improve the Football in the Community programme
- The Courts Service are looking to centralise their facilities in the vicinity of the Lancaster Magistrates Court by acquiring Council land and that would include the potential for the Crown Court to vacate the Castle premises, thereby improving not only the overall courts facilities, but also the tourism potential of the Castle

9.13 Arrangements are in hand to meet and share information on a regular basis with the County Council and PCT to ensure the most efficient use of assets across the public sector (see paragraphs 4.6 - 4.8 above)

10.0 The Existing Portfolio & Current Performance

Statement of Portfolio

10.1 The council holds a diverse and widespread portfolio of land and property assets throughout the district which includes operational property (e.g. offices, administration buildings, leisure centres, visitor information centres, markets etc.) and non-operational property (e.g. shops, offices, agricultural land, allotments and garden tenancies etc.). The total value of the portfolio as identified in the council's accounts amounts to £89.57m excluding the Housing Revenue Account property. Appendix 1 identifies a schedule of property types held by the council.

Asset Type	Value (£)
Operational Property	48.41m
Non-Operational Property	39.92m

Community Assets	1.24m

10.2 The rationalisation and categorisation of the portfolio is an ongoing process. In 2007/08 the Star Chamber process received a full report on the existing portfolio, and confirmed those properties to be retained or sold. As opportunities arise, this review will be amended appropriately.

Current Performance & Action Plan in relation to the Corporate Asset Objectives

10.3 This section reports on the council's performance in relation to its Corporate Asset Objectives (as scheduled above) and highlights the council's performance in respect of its land and property assets over the last twelve months. The associated key performance indicators are detailed in Appendix 2 and show information for the last three years together with targets for the current year where applicable. The future Action Plan is detailed in Appendix 3.

Corporate Asset Objective 1: **Fit for Purpose & compliance with Statutory/Regulatory codes**

10.4 **Survey Programmes** - The 2005 Corporate Property Strategy identified the maintenance and repair, together with the associated Health and Safety elements, of the Council's property portfolio as a significant issue facing the Council. Building condition surveys have been undertaken along with detailed surveys in respect of Legionella risk assessments, fire risk assessments, asbestos surveys, and access audits.

10.5 The information is valuable in supporting the planned maintenance programme, but it has also been invaluable in improving the position in respect of our statutory responsibilities. In respect of asbestos risk, council buildings now have asbestos registers, and asbestos is being managed in line with the council's policy on asbestos. Similarly council buildings have had their water systems improved and monitored, and a management system has been introduced to comply with Legionella policies.

10.6 The council has developed and implemented a formal policy in respect of fire risk within buildings, and undertaken fire risk assessments for the majority of buildings. Training of managers has been completed and all staff will be trained during 2009/10.

10.7 **Required maintenance** – Since the 2005 Corporate Property Strategy, a condition survey of the Council's main buildings has identified that the cost of the backlog of repairs amounts to £11.236m. A property review has also been undertaken to which the cost of the backlog of repairs has been applied to identify:

- those buildings which the Council will be retaining e.g. Lancaster and Morecambe Town Halls,
- those which are to be sold e.g. Oxford Street Garages
- those that are the subject of other schemes which will result in their refurbishment e.g. Storey Institute.

10.8 That review identified the need for £5.67m to be spent on retained property and a five year plan has been identified. The Council has included this cost within the capital programme but is dependent on having the available finance for the capital programme.

10.9 **Access to public buildings** - The council's annual submission in respect of the former Best Value Performance Indicator (BVPI) 156 reported that 75% of existing public buildings [falling within the definition of the former BVPI 156] were fully accessible to and suitable for disabled people [in accordance with the 1991 Version of the Building Regulations Approved Document M].

10.10 Access Audits have been completed for all of these buildings and Accessibility Plans prepared. Capital funding has been included within the funding for the backlog of repairs programme and when the works are completed over the five year programme, all buildings should be fully accessible.

10.11 The Council undertakes these functions with very tight constraints in terms of staff and budget. A review of the maintenance and energy functions will be undertaken to ensure efficient operation and reduce the risk to the council of failure of these functions.

Corporate Asset Objective 2: Value for Money

10.12 **Asset Valuations Programme** - The council has a five year Asset Valuation Programme with all assets valued during that period on a rolling programme. In addition, there has been a complete revaluation of the Council's insurance valuations.

10.13 **Property Performance Benchmarking** - The council has demonstrated a longstanding commitment to the benchmarking of its assets and property-related services. National Property Performance Indicators continue to be benchmarked against the COPROP Property Performance Programme as part of an exercise organised through the Association of Chief Estates Surveyors (currently facilitated in the north-west region by Blackburn with Darwen Council).

10.14 Local indicators are also held to identify performance in a range of areas of work at a lower level. As part of the Performance Review Team (PRT) programme, Property Services reports on performance quarterly, and at regular monthly meetings with the cabinet portfolio holder.

10.15 **Options appraisal/project management** – when schemes are proposed that are linked to assets, the council will work through an options appraisal process. All reports to the council's cabinet require options to be provided with an analysis of the risks involved, whilst the technical support requires, where appropriate, whole life costing in accordance with the council's Guide to Whole Life Costing. This is in turn linked to the council's LAMP project management process.

10.16 **Working with partners** – to progress the opportunity to work with partners within the LSP to consider the wider issues involved in asset management planning within the district.

Corporate Asset Objective 3: Improved Corporate Management

10.16 **Access to Services Review** – This involves implementing, an office accommodation strategy and rationalising the amount of space used by individual staff. The current space utilisation rate is 10.74 sq mts per workstation and it is aimed to reduce this to 7.5 sq. mts. per workstation by the end of the project, anticipated to be in 2011. This would provide a 30% reduction in office space with the consequent operational savings. In the absence of major funding, this timescale is likely to be delayed but small scale improvements will be made where funds allow, initially to attempt to allow all staff to vacate St Leonards House.

10.17 **Asset data systems** - The council utilises the TechnologyForge database to keep records of the property portfolio. The data is being reviewed in 2008/09(???) to ensure that it contains accurate data on its efficiency, effectiveness, and asset value, which can be used to support decision making on investment and disinvestments in property. It also needs to support new requirements, such as those under International Financial Reporting Standards (IFRS).

Corporate Asset Objective 4: Sustainability

10.18 Lancaster has established a Climate Change Cabinet Liaison Group to advise on and monitor responses to global, as well as local environmental challenges. The council has published both a Climate Change Strategy and a Sustainability Strategy and the CPS aims to support the work of the Climate change Cabinet liaison group and to support implementation of actions in the In-house Climate Change Strategy.

10.19 The council's Energy Management Strategy published in 2005 is being completely reviewed in 2009-10 with the aim of producing a Carbon Management Plan for the following three years. This will be based upon survey information that has been being prepared via the Carbon Trust and reflect the requirements of the Carbon Reduction Commitment.

10.20 Since October 2008 public sector occupiers of larger buildings will need to display a Display Energy Certificate (DEC) in a prominent place, clearly visible to the public. The DEC indicates the energy performance of a building based on actual energy consumption and must show the "asset rating" of the building, which is a numerical indicator of the amount of energy estimated to meet the different needs associated with a standardised use of the building. These are expressed graphically on an A-G scale.

10.21 Approximately 12 buildings with a useable floor area of 1000m2 or more are affected by this legislation and the relevant certificates will be kept up to date.

In addition an Energy Performance Certificate (EPC) is required on the sale or new letting of a commercial property that is over 50m2 with its own heating system. Arrangements are in place to procure these certificates when required.

Corporate Asset Objective 5: To serve the council's Key Aims

10.22 **Capital receipts** - The budget set for 2009/10 sets out a three year capital receipts programme to be raised from the disposal of surplus land and property.

- 2009/10 - £7,075,000
- 2010/11 - £1,220,000
- 2011/12 - £995,000

10.23 This is largely based on the disposal of a small number of sites which require planning permission for development. Careful monitoring of the development process is required together with communication with Financial Services to allow budgets to be adjusted as required. Progress on receipts is regularly monitored by the AMWG and the quarterly PRT monitoring process.

10.24 To reflect the importance of capital receipts, the Council approved a Disposal Strategy in March 2009.

10.25 **Review of Assets** - This work was undertaken in January 2008 and reported to the Council's Star Chamber. Minimal numbers of assets were identified for disposal, whilst opportunities previously identified for disposal were included within the capital programme. There is a programme of challenge that enables review of asset disposals to take place.

Corporate Asset Objective 6: Enabling

10.26 One of the basic elements of the asset management process and which underpins this Strategy, is that challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives. From this principle, consideration is therefore given to the disposal of any property that is no longer required for the purpose of providing council services and meeting the requirements of the Corporate Plan. As a result it is therefore considered appropriate to use the council's land and property assets to achieve strategic development and regeneration opportunities within the district.

10.27 The following schemes arise from this principal where the Council has entered into disposals by way of land sales, Development Agreements or lease:

- Canal Corridor scheme
- Central Promenade Development
- Morecambe FC Stadium development
- Land at Scotforth

11.0 Review & Challenge

11.1 As identified in the Corporate Asset Objectives (Objective 6) challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives. This statement is seen as an underlying principle of the CPS.

11.2 This review and challenge process will be provided by:

- Property services staff in their daily professional work.
- The AMWG as part of the strategic overview of asset management.
- The LSP as part of the wider view of the use of assets by public bodies in the district.
- Council Members in considering reports on assets and as part of the performance management process.

11.3 The City Council is a limited user of property compared to metropolitan, unitary or county councils. As a result many Services do not require property other than the office accommodation for their staff. Suitability and sufficiency surveys were undertaken as part of the **gap analysis** to determine Service requirements. These surveys identified Service requirements that have now been incorporated into the council's Access to Services Review.

Service Asset Management Plans

11.4 All council Services prepared initial service asset management plans to cover the period 2006-2010. Many of the requirements of these plans were identified in the Access to Services Review, whilst other elements have been included in the council's capital programme or other areas of the council's review process.

11.5 As part of the CPS and the Access to Services Review, the items identified in the service asset management plans will be the subject of further review to highlight any new issues and/or opportunities that have arisen in the intervening period. In particular, this will cover the extent of service change underway or planned for the medium term.

Appendix 1 – Current property holdings

Appendix 2 – Performance Indicators

Appendix 3 – Action Plan

Appendix 4 – Disposal Strategy (as approved by Cabinet in March 2009 therefore excluded from these papers)

Appendix 5 – AMWG Terms of Reference

Appendix 1

Current Property Holdings

Type	Number of buildings or plots	Comments
Commercial Premises - Retail	41	Includes shops on Housing estates, Promenade cafes etc
Commercial Premises – Industrial	17	Includes premises at Luneside East waiting development
Commercial Premises - Office	14	Includes CityLab, Storey Institute & St. Leonards House
Commercial Premises - other	9	Includes The Dome, Dukes Playhouse, Community centres
Public Open Space (POS)	154	Various plots
Land	605	Includes open spaces not designated as POS
Car Parks	52	Including land let for parking
Garage & Garage sites	61	Largely on Housing estates
Changing Rooms	3	Provided on playing fields
Cycleway/Footpaths	19	Plots that form part of the main cycleway
Adopted Highway	92	
River Defence Walls	3	
Market Halls	2	
Agricultural land	10	Including land held for cemetery extensions
Allotment sites	14	
Municipal Buildings	4	
Depots	3	
Museums	3	
Cemetery/Churchyard	8	Including dis-used churchyards
Public Conveniences	22	Including those recently closed
Sports Centre/Swimming Pool	4	
Residential Property	75	Largely held in advance of schemes in Morecambe West End
Bus Station	2	
Pumping Station/Water Treatment Plant	3	
Foreshore Promenade	13	
Septic tanks (or sites of)	16	Adjacent to Housing Estates
Miscellaneous	73	Including bus shelters, play pitches, buildings in Williamson Park etc

PROPERTY SERVICES PERFORMANCE INDICATORS

Indicator	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
% gross internal floor-space in condition categories: **A** **B** **C** **D**	N/A	9.52% 86.5% 3.82% 0.16%	20.87% 36.09% 43.04% Not req'd	20.87% 36.09% 43.04%	21.24% 34.96% 43.80%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined A-19.65% B-40.94% C-38.21% D-1.21% Operational A-30.70% B-34.60% C-33.44% D-1.26% Non-Operational A-0% B-52.2% C-46.48% D-1.13%	Combined A 18.93% B 36.72% C 43.14% D1.21% Operational A 29.59% B 15.67% C 53.48% D 1.26% Non-Operational A 0% B 74.09% C 24.78% D 1.13%
Backlog of maintenance by cost by total value: **1** **2** **3** **4**	N/A	0 £1,921,500 £2,848,925 £291,150	£913,170 £1,399,720 £716,750 Not req'd	£858,170 £1,318,920 £716,200	£517,320 £1,730,420 £284,250	£2,096,093 £3,769,553 £2,138,994	£2,096,093 £3,769,553 £2,138,994	£1,976,682 £3,769,553 £2,138,994	£1,793,251 £3,769,553 £2,138994
Backlog of maintenance as a % in priority levels 1-4: **1** **2** **3**	N/A	0 37.96% 56.29% 5.75%	30.14% 46.2% 23.66% Not req'd	29.66% 45.59% 24.75%	20.43% 68.34% 11.23%	26.19% 47.09% 26.72%	26.19% 47.09% 26.72%	25.07% 47.81% 27.13%	23.28% 48.94% 27.77%

4									
Overall average rate of return (IRR) for each of the following portfolios: Industrial Retail Agricultural	N/A	0 7.24% 0	0 8.1% 0	0 8.42% 0	0 7.08% 0	7.45%	0 8.17% 0	0 7.82% 0	0 7.26% 0
Repair and Maintenance Costs per sq. mt. (GIA)	N/A	£6.98	£16.62	£13.24	15.52	£15.89	£14.49	£14.56	£13.80
Energy Costs per sq.mt. (GIA) (Gas, electric, oil, solid fuel)	N/A	£8.02	£7.95	£8.54	8.58	£11.58	£16.96	£19.27	£22.09
Water Costs per sq. mt. (GIA)	N/A	£1.77	£1.58	£2.46	2.45	£2.84	£2.84	£3.07	£3.46
CO2 emissions in tonnes of carbon dioxide per sq. mt.	N/A	0.0885	0.0958	0.0702	0.0636	0.0666	0.1043	0.1015	0.1018
The percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people.	*72%*	*75%*	*75%*	*76%*	*75%*	*75%*	*75%*	*75%*	*75%*
% of floorspace currently vacant	26.9%	22.41%	32.15%	31.97%	10.74%	7.21%	19.34%	10.69%	8.43%
% of disposal plan achieved	75%	70%	84.6%	250%	116.66%	N/a	N/a	100%	100%
% of capital receipts actually achieved	49.65%	40%	56.2%	45.55%	101.65%	N/a	N/a	65.8%	27.28%
Actual income as a % of projected income	98.9%	N/A	100.25%	101.12%	103.32%	104.22%	91.13%	105.21%	102.07%
Arrears as a % of	1.1%	1.5%	2.62%	2.75%	2.39%	4.51%	6.61%	7.8%	10.28%

projected income									
Maintenance expenditure as % of total revenue budget	2.85%	2.68%	3%	2.36%	3.59%	5.65%	6.02%	6.85%	6.91%
Ratio of planned to reactive maintenance	N/A	N/A	50:50	N/A	73:27	N/a	73:27	76:24	72:28
Performance of investment portfolio	14%	7.24%	8.1%	8.42%	7.08%	7.45%	8.17%	7.82%	7.26%

Indicators in bold are part of the suite of "national" indicators originally identified in Asset Management Plans
Indicator in italics is the former Best Value Performance Indicator 156.
The remaining indicators are local indicators

MEDIUM TERM CORPORATE PROPERTY STRATEGY ACTION PLAN

Task	Progress so far	Task Owner	Target Date	Planned Outcome
Corporate Asset Objective 1: Fit for Purpose & compliance with Statutory/Regulatory codes				
To undertake a programme of backlog of repairs	Condition survey complete. Budgets included in capital programme	HPropS	Ongoing	Increase the numbers of buildings that are fit for purpose and reduce long term costs
Review the programme of repairs and update costs or 2009/10 budget	Report prepared for November 2009 cabinet. Tender documentation prepared for urgent works to confirm costs	HPropS	December 2009	A more corporate and strategic approach to the capital programme and asset management
Train all staff with regard to Fire Safety	All fire safety managers and fire wardens have been trained.	Safety Committee	March 2010	Ensure awareness of fire safety in accordance with approved policies
To complete an audit of all health & safety policies	Fire safety and asbestos audit underway. Legionella to commence in final quarter of 2009/10	HPropS	March 2010	To ensure compliance with legislation
To undertake a review of the maintenance and energy functions within the council.	Cabinet approval obtained to proceed and consultants appointed to advise the council	HPropS	March 2010	To ensure efficient operation of the functions and reduce the risks to the council
Corporate Asset Objective 2: Value for Money				
To undertake a programme of asset valuations	All annual valuations completed to date	HPropS	31 March 2009	To ensure compliance with accounting procedures
To review and continually develop performance measures	Business Plan in place. PRT quarterly monitoring in place. Revised Corporate Property Strategy drafted	HPropS	Ongoing	Evidence that property assets are fulfilling Corporate Asset Objectives
To ensure that all projects are undertaken in accordance with LAMP	LAMP methodology adopted	AMWG	Ongoing	To ensure efficient management of capital schemes in terms of time, cost and outcome.

methodology				
To set up a public sector assets board under the guidance of the LSP	Revised Corporate Property Strategy drafted	CD(Regen)	31 March 2009	To ensure efficient management of all public sector assets within the district
Corporate Asset Objective 3: Improved Corporate Management				
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House	Euston Road and Albert Road properties vacated. MTH Cottage sold.	HPropS	March 2010	More efficient use of office space
To undertake an audit of the data in the TF asset management system	Lancaster base data audit complete	HPropS	March 2010	To ensure that accurate information is available for management of the portfolio
Corporate Asset Objective 4: Sustainability				
To prepare for the Carbon Reduction Commitment	Reports to Climate Change Liaison Group as required	HPropS	Ongoing	To meet legislative requirements, reducing both carbon and cost outputs
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House	Euston Road and Albert Road properties vacated. MTH Cottage sold.	HPropS	December 2009	To reduce office energy requirements and costs
Corporate Asset Objective 5: To serve the council's Key Aims				
To achieve the 2009/10 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2009	Funding available to meet council's capital programme requirements as set out in the MTFS
To keep under review the council property portfolio, identifying both council and community needs	Initial review completed in January 2008	HPropS	Ongoing	To identify under performing assets. Property rationalisation & disposal/transfer opportunities identified

Where appropriate, to consider asset transfer to community organisations, provided this is line with the approved disposal strategy	Small scale disposals to community groups being highlighted for consideration	HPropS	Ongoing	To ensure that the property requirements of the community are considered.
To acquire assets where required	Ongoing where funding is available	HPropS	Ongoing	To facilitate approved regeneration schemes
Corporate Asset Objective 6: Enabling				
To keep under review the council's property portfolio	Initial review completed in January 2008	HPropS	Ongoing	To identify under performing assets Property rationalisation & disposal opportunities identified
To achieve the 2009/10 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2009	Funding available to meet council's capital programme requirements as set out in the MTFS
To use the council's land and property assets to achieve strategic development and regeneration objectives within the district	Council land included in Canal Corridor proposals Development Agreement in place for Morecambe FC development Land acquired for Luneside East scheme Land disposal for Scotforth supermarket agreed	HPropS	Ongoing	Economic growth & prosperity in the district. To evidence that asset management supports the council's corporate objectives.

ASSET MANAGEMENT WORKING GROUP

TERMS OF REFERENCE

PURPOSE OF THE GROUP:

Provide strategic advice and guidance on the best use of Council assets to the Performance Management Group and The Executive, as necessary.

In fulfilling its responsibilities the Group will take account of:

- Strategies, policies, initiatives and targets, particularly the Council's Financial Regulations and Procedures and Contract Procedure Rules
- Best practice in asset management
- The standards and principles sets out in Lancaster City Council's Approach to Project Management (LAMP)

SPECIFICALLY THE GROUP WILL:

1. Keep under review the strategic management of the Council's land and property assets
2. Contribute to the development, monitoring and review of the Council's Corporate Property Strategy (incorporating the Asset Management Plan) and its overall Capital Investment Strategy
3. Keep under review all of the council's land and property holdings to ensure that they support the aims and objectives set down in the Corporate Plan
4. To monitor and review the capital receipts schedule
5. To monitor and review service asset management plans
6. Assess the impact of major corporate drivers on the council's asset portfolio and make appropriate recommendations for change
7. To keep under review the condition of the council's property and make recommendations for its improvement including seeking to ensure that sufficient funding is available
8. To keep under review programmes of work relating to energy management within the municipal buildings as approved by the Climate Change Cabinet Liaison Group
9. Oversee the capital programme in so far as it affects the council's property portfolio, ensuring that any works undertaken are in accordance with the Medium Term Corporate Property Strategy, are in line with Service asset management plans and access to services proposals, and ensuring that relevant links are in place for the work of the Corporate Programme Management Group

BUDGET AND PERFORMANCE PANEL

2010/11 Budget Update
24th November 2009

Report of Corporate Director (Finance & Performance) and Head of Financial Services

PURPOSE OF REPORT
To note progress so far on the current year's budget position and in identifying options for savings and efficiencies for inclusion in the 2010/11 draft budget proposals. To note the latest position on the council's 5 year capital programme.
This report is public

OFFICER RECOMMENDATIONS:

1 That Cabinet notes the revenue budget position to date regarding the current year and its potential implications.

2 That Cabinet notes the progress made by individual Cabinet Members to identify savings and efficiency options from within their portfolios included as Appendix A, and determines those that should be supported or developed further.

3 That Cabinet notes the latest position is respect of the Council's Capital Programme.

REPORT

1 Introduction

Since the last Cabinet meeting, individual cabinet members have continued to meet with officers to develop savings and efficiency options in line with the programme agreed on 01 September 2009 (minute 44(1) refers). Work has continued to review the variances arising from the 2008/9 closure of accounts and also those highlighted as part of the second quarter's Performance Review Team exercise, which is still ongoing.

2 Current Year Revenue Position

With regard to the current year, the Appendix highlights that from the information available so far, there is potentially a sizeable net overspending in the current year. This is after providing for estimated losses in connection with Icelandic investments. As at Quarter 1, the monitoring indicated that it may be possible to cover these through VAT windfalls and other unbudgeted net savings. From the information available so far for Quarter 2, however, it would appear that the position has deteriorated quite significantly. One reason for this is that not all of the savings approved as part of the current year's budget have been achieved actually in this year.

This position has implications for the Council's Use of Resources, both practically and through future assessment:

- Once the Revised Budget exercise has been completed fully, any remaining deficit in this year will have to be financed, either by transferring funds earmarked for other purposes (with those purposes being put on hold or cancelled), or as a last resort, by reducing revenue balances . This would have an adverse effect on the Council's standing. In turn, this would simply increase the budget pressures for 2010/11, as there is no indication that the minimum level of balances will reduce (if anything, it is more likely to increase). Another report on this agenda makes reference to seeking a capitalisation directive regarding Icelandic investment losses, which could help spread these costs over a number of years. The outcome is by no means certain though and if unsuccessful, the Council will have to make full up-front revenue provision for estimated losses at some point.

- The failure to meet any approved savings should change behaviour for the future to ensure that as far as possible this situation does not recur. The lessons learnt could be relatively simple measures and the Council's response will influence the s151 Officer's views on minimum balances and on affordability of spending plans / robustness of estimates.

3 Future Years' Revenue Position

For 2010/11 onwards, budget options that have been identified since the last meeting, up to the time when this report was produced, have now been included in the schedule attached at **Appendix A.** Cabinet is asked to identify those options that they wish to support at this stage, for inclusion in the list to be used for the budget consultation exercise, and those that they would wish to be developed further.

This agenda also includes a number of reports that have financial implications for future years and these have been included in Appendix A on the basis of the reports' recommendations.

Elsewhere on this agenda is an update covering the Council Tax targets included within the Council's Medium Term Financial Strategy, as well as other related strategies. These will be used to inform and guide the Council through this year's budget process and Cabinet should note that the first draft of the revised 3 year revenue budget will be presented to the Cabinet in December. In view of the work ongoing, and the amount of information still uncertain or outstanding, it has not proved possible to provide a more comprehensive update at this stage. Nonetheless, consideration of draft budgets for both General Fund and Housing Revenue Account

(HRA) before Christmas should give Members more time for developing budget proposals and form a reasonable basis for consultation. There is one caveat regarding the HRA however, in that the timing of subsidy announcements is crucial. This is because at present, following the changes in rent increases for the current year, expectations for future subsidy are even less clear than usual.

With regard to corporate planning, Cabinet have continued to meet informally to review the latest information on how the existing revenue and capital budgets are allocated across the Council's current corporate priorities, support services, and non priorities. Cabinet are also to meet on 03 November to review the headline messages reported by Ipsos/Mori at their recent presentation. This information will be used by Cabinet in their review of the current policy framework documents, including the Corporate Plan priorities, and a revised version of the Corporate Plan will be presented to Cabinet in December.

4 Capital Programme Update

In terms of capital, there is little to add at this stage to the comments included elsewhere on the agenda. The key points are as follows:

- In light of the current inquiry into the Town Green application, the sale of receipts from land at South Lancaster has been delayed until 2010/11; these assumptions will be updated in light of information on how the inquiry is progressing.

- Price increases are being experienced on the municipal building works programme, most notably on roofing. Action has been taken to progress these and other essential ceiling and electrical works and whilst at present, these can be contained within existing budget allocations, there will be a need to increase the budgets over the coming years. Clarity is being sought regarding whether the cost pressures will fall as capital or revenue. A separate report on this issue is now scheduled for December Cabinet.

- The outcome of the preliminary lands tribunal hearing regarding Luneside is expected in early December. An update on this and the legal costs position is also scheduled for December Cabinet.

- In addition, an update on the West End Exemplar Scheme and Chatsworth Road proposals will also be presented to Members during the budget process.

- Some relatively minor slippage on other schemes has been identified in the current year. Overall though, a gap in funding can be reasonably expected in 2009/10, which would need to be covered through an increase in borrowing need (known as the Capital Financing Requirement). This should be only on an interim basis, but this is dependent upon the sale of land at South Lancaster ultimately going ahead.

- In relation to potential new capital pressures, at the last Cabinet meeting Members resolved that for allotments, the Parish Council Funding Task Group be requested to include in its report consideration of how non-parished allotments might be funded by special expenses. It is important to note that special expenses is not a mechanism for raising funds as such – it is a mechanism for adjusting Council Tax bills to reflect who should pay for providing such funding. Any costs of providing investment must first be financed either out of the

Council's capital resources if appropriate, or through the revenue budget. Clearly these are constrained by the Prudential Code or capping etc – and these constraints ignore any subsequent application of special expenses. Based on current pressures, it is difficult to see that in the short term, the Council will be in a position to invest in allotments. Nonetheless, in light of Cabinet's full resolutions for this function, consultation around "who should pay?" will be developed by officers for inclusion in the budget process, taking account of any allocation policies used by allotment associations. The outcome can then be fed into any future proposals or arrangements.

A more comprehensive capital update is scheduled for December Cabinet, to be considered alongside the revenue position. Any changes to the financing of the Capital Programme are likely to add to the pressures on the Revenue Budget for future years.

5 Options Analysis

The following options are available to the Cabinet.

Revenue Budget Update:

i. Consider the savings and efficiency options included at **Appendix A** for inclusion in the Cabinet's draft list of recommendations, highlighting those that can be supported and those that may need further work.

ii. Consider the savings and efficiency options included at **Appendix A** but offer no view at this stage on those for inclusion in the Cabinet's draft list of recommendations.

Preferred Option

The preferred option is option 1. This will ensure that officers are clear which options are to be considered further and those that require further work, including any impact and risk assessments. This will also provide an on-going position summary of the savings and efficiencies position.

No other options are presented for the other matters covered in this report as they are for information only.

RELATIONSHIP TO POLICY FRAMEWORK
The report provides an update of how Cabinet are progressing in meeting the targets and timescales in respect of this year's budget process included in the Council's Budget and Policy Framework.
CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability etc)
None directly arising from this report at this stage.
FINANCIAL IMPLICATIONS
In the main, these are referred to within the report.

Options for savings and efficiencies identified in Appendix A are estimates at this stage and if supported will be worked up further as the proposals are developed and reported back to Cabinet.

DEPUTY SECTION 151 OFFICER'S COMMENTS

The Deputy S151 Officer has been consulted and has no comments to add at this stage.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS None.	**Contact Officer:** Roger Muckle **Telephone:** 01524 582022 **E-mail:** rmuckle@lancaster.gov.uk

APPENDIX A

STATEMENT OF GENERAL FUND SAVINGS POSITION

For consideration by Cabinet 10 November 2009

APPROVED SAVINGS INCLUDED IN 3 YEAR REVENUE BUDGET

The tables in this Appendix provide the following information :

TABLE 1 - This shows the latest position on the overall savings approved at Budget Council on 04 March 2009. These are savings are already incorporated into the budget, however a number were subject to confirmation or Member approval.

TABLE 2 - This shows the latest budget position against the projected MTFS savings targets, taking account of quantified base budget savings or proposals The MTFS targets assume a 4% increase in Council Tax year on year, and that Government support will increase by 2.4% in 2010/11 and 2% in 2011/12.

TABLE 3 - This identifies potential budget changes and options that still need to be quantified.

The budget position is constantly changing and in order to track these changes against previous Cabinet reports, "Updated" or "New" items are highlighted at the right hand side.

TABLE 1	2009/10 £000	2010/11 £000	2011/12 £000	
TOTAL APPROVED SAVINGS (Budget Council 04 March 2009)	**-1,387.3**	**-1,108.6**	**-1,444.8**	
SAVINGS EFFECTED IN BASE BUDGET	-1,007.0	-688.0	-1,022.8	Updated
SAVINGS APPROVED BY MEMBERS TO DATE				
PERSONNEL COMMITTEE 26 MARCH 09 : Corporate Strategy Restructure	-30.0	-22.2	-23.0	
Sub-Total	**-1,037.0**	**-710.2**	**-1,045.8**	
SAVINGS STILL TO BE ACHIEVED	**-350.3**	**-398.4**	**-399.0**	
SAVINGS STILL TO BE CONFIRMED / SUBJECT TO FURTHER MEMBER APPROVAL				
Senior Management Restructure	-50.0	-50.0	-50.0	*
Corporate Strategy				
Service Restructure (Balance of saving to achieve)		-8.4	-8.2	*
Communications & Marketing Review	-41.0	-61.0	-61.0	*
Revenues				
Council Tax & Hsg. Benefit : (Balance of combined savings to achieve)	-21.9	-25.3	-26.6	
Cultural Services				
Reduction in support for Festivals Innovation Fund Events	-30.0	-50.0	-50.0	*
Arts & Leisure Development	-54.0	-55.0	-56.0	*
Planning Services				
Achievement of Break-even for Building Control (reduction in staffing / increase in fees	-143.4	-138.7	-137.2	*
Property Services				
Venue Hire to break even	-10.0	-10.0	-10.0	
Sub-Total	**-350.3**	**-398.4**	**-399.0**	
CABINET 06 OCTOBER 09 : Community Engagement and Regen. & Policy Services		-290.0	-293.0	*
SAVINGS APPROVED 04 MARCH 2009, STILL TO BE ACHIEVED	**-350.3**	**-108.4**	**-106.0**	

*** Note that the savings figures shown above for Community Engagement and Regeneration and Policy Services are only indicative at this stage - there is much work to finalise them. That said, it is anticipated that the proposals for these services will cover many of the other approved savings items, highlighted in grey.**

There will be other approved budget savings that have been achieved to date, or are on line to be so, but are still dependent on further progress in the remainder of the year.

APPENDIX A

IMPACT (SO FAR) OF OTHER APPROVALS, AND QUANTIFIED BUDGET CHANGES OR PROPOSALS

TABLE 2	2009/10 £000	2010/11 £000	2011/12 £000	
MTFS PROJECTED SAVINGS TARGETS	-	-1,053.0	-1,302.0	
BUDGET CHANGES APPROVED AFTER BUDGET COUNCIL				
PERSONNEL COMMITTEE 30 JULY 09 : Management Team PA Support	-25.0	-30.8	-31.4	
CABINET URGENT BUSINESS 13 JULY 09 : Civil Parking Enforcement	-8.0	-8.0	-8.0	
Additional CPE savings identified	-19.0	-38.7	-39.5	
ITEMS SUBJECT TO FURTHER APPROVAL				
COUNCIL 29 APRIL 09 : Winter Gardens (Growth)		+150.0	+150.0	
CABINET 06 OCTOBER 09 :				
Youth Games (Growth)	0	+7.0	+15.0	New
Allotments (Growth)	0	+8.0	+8.0	New
Shared Services - Revenue Services	0	-80.0	-80.0	New
Sub-Total	**-52.0**	**+7.5**	**+14.1**	
QTR 1 CORPORATE FINANCIAL MONITORING				
Salary Savings	-195.0			
Main Service Variances	-93.0			
VAT Reimbursement	-600.0			
Provision for Icelandic Investment losses	+1,201.0			
Pay Award Savings	-200.0	-204.0	-208.0	
QTR 2 CORPORATE FINANCIAL MONITORING				
Service Restructure savings not achieved or identified (see previous table)	+350.3	+108.4	+106.0	Updated
Building Regulation Fees	+174.0			New
Planning Application Fees	+100.0			New
Car Parking Permits	+43.0			New
Vehicle Maintenance (very provisional and subject to clarification)	-100.0	-100.0	-100.0	New
Main service variances (very provisional and subject to clarification)	+50.0			New
Food Waste : Delayed implementation date		-70.0		New
Sub-Total	**+730.3**	**-265.6**	**-202.0**	
*** 2008/09 OUTTURN VARIANCES PROJECTED TO CONTINUE**				
CC(D)S				
Public Conveniences (Operational savings on current provision)		-6.3	-6.3	New
Democratic Services				
Democratic Representation Expenses - Overview & Scrutiny Expenses	-2.0	-2.0	-2.0	
Information & Customer Services				
Information Services	-24.0	-24.0	-34.0	
Customer Services	-7.0	-7.0	-7.0	
Financial Services				
Software / Banking Savings (provisional estimate)		-20.0	-20.0	
Sub-Total	**-33.0**	**-59.3**	**-69.3**	
OTHER SAVINGS AND EFFICIENCY OPTIONS				
Corporate				
Climate Change Initiatives (Growth : Elsewhere on this agenda)			+20.0	New
Cultural Services				
Highfield Rec Ground : Loss of rent (Elsewhere on this agenda)		+0.4	+0.4	New
CC(D)S				
Future Provision of Public Toilets (Elsewhere on this agenda)		-60.0	-66.0	New
Corporate Strategy				
Children & Young People	-6.0	-6.0	-6.0	New
Financial Services				
Provisional Staffing Savings from minor restructuring	-5.0	-15.0	-15.0	
More efficient use of BACS		-9.0	-9.0	New
Revenue Services				
Recovery of Legal Costs		-100.0	-100.0	New
Review of Printing & Despatch Procedures		-5.0	-5.0	New
Sub-Total	**-11.0**	**-194.6**	**-180.6**	
SAVINGS STILL TO BE IDENTIFIED (AGAINST CURRENT MTFS)	**-634.3**	**-541.0**	**-864.2**	

*** NOTE : This will be completed in producing the detailed draft budget.**

APPENDIX A

OTHER UNQUANTIFIED POTENTIAL BUDGET CHANGES OR PROPOSALS

TABLE 3	2009/10 £000	2010/11 £000	2011/12 £000
2008/09 OUTTURN VARIANCES PROJECTED TO CONTINUE			
Health & Strategic Housing			
Radiation Monitoring	-	?	?
Legal & HR Services			
Law Library	-	?	?
Search Administration	-	?	?
CC(D)S			
Trade Waste	?	?	?
Property Services			
Concessionary Travel (potentially, but also linked to current negotiations)	?	?	?
Financial Services			
Procurement Savings - Printing & Stationery	?	?	?
Procurement Savings - Agency staff	?	?	?
Sub-Total	**+0.0**	**+0.0**	**+0.0**
OTHER SAVINGS AND EFFICIENCY OPTIONS			
CC(D)S			
Introduction of co-mingled collection for recyclates (phased)	-	?	?
Bulky Matters - sharing overheads with Blackpool Council	-	?	?
Health & Strategic Housing			
Further Review of Housing SLA (3 year agreement in place)	-	?	?
Potential Commissioning / Procurement Opportunities	-	?	?
Information & Customer Services			
Information Services Restructuring	-	?	?
Financial Services			
Audit Fees	?	?	?
Reduced Payroll Administration following Fair Pay	-	?	?
Review of Car Allowances	-	-	?
Payroll/HR System Replacement Project	-	-	?
Sub-Total	**+0.0**	**+0.0**	**+0.0**
TOTAL	**+0.0**	**+0.0**	**+0.0**

MINUTE 29 2009/10
OVERVIEW AND SCRUTINY COMMITTEE
4TH NOVEMBER 2009

CCTV

The Chairman invited Graham Cox, the Head of Property Services, to address the meeting with regard to CCTV. A briefing note had been circulated to the attendees. It was noted that CCTV had been operational in the district for 13 years and a report would be considered by Cabinet in December regarding its future with various contracts due for renewal. Approximately 6000 incidents had been logged this year on the 42 cameras which were operational for almost 24 hours a day, compared with 4786 incidents logged during 2006; which indicated that CCTV had a major part to play in the community safety function. Examples of the range of incidents detected by CCTV were listed in the briefing note.

It was reported that following on from a review on the effectiveness of CCTV in 2008 several recommendations had been made to address areas which had been highlighted as obstructing the effectiveness of CCTV, but the system was still operating to good effect. Members asked a number of questions regarding the funding of CCTV and opportunities for seeking contributions towards the running costs from other sources, the definition of an incident, comparisons with pre-CCTV, value for money, the operators, the quality of images and mobile cameras. The Head of Property Services and Chief Inspector Horn responded to the questions raised.

Whilst revisions to the measuring of statistics made direct comparisons with pre-CCTV now difficult, it was noted that prior to the installation of CCTV car crime had been a significant problem in the district. The incidents of car crime particularly in car parks with CCTV had greatly reduced since CCTV had been operational. It was also suggested that the presence of CCTV gave reassurance to the community.

It was proposed by Councillor Gilbert and seconded by Councillor Bray:

"That the Overview and Scrutiny Committee recommend that Cabinet do not reduce the level of funding provided for CCTV in view of the community safety benefits."

Upon being put to the vote 5 Members voted in favour of the proposition and 1 abstained whereupon the Chairman declared the proposition carried.

Resolved:

(1) That the Licensing Manager and Head of Property Services be thanked for attending and participating in the discussions.

(2) That the Overview and Scrutiny Committee recommend that Cabinet do not reduce the level of funding provided for CCTV in view of the community safety benefits.