

CABINET

10.00 A.M.

15TH FEBRUARY 2011

PRESENT:- Councillors Stuart Langhorn (Chairman), June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, David Kerr, Peter Robinson and John Whitelegg

Officers in attendance:-

Mark Cullinan	Chief Executive
Heather McManus	Deputy Chief Executive
Nadine Muschamp	Head of Financial Services and Section 151 Officer (Minute 110, 111)
Richard Tulej	Head of Community Engagement Service (Minute 105, 106, 107, 108)
Graham Cox	Head of Property Services (Minute 108, 109)
Mark Davies	Head of Environmental Services (Minute 104)
Suzanne Lodge	Head of Health and Housing (Minute 110)
Liz Bateson	Principal Democratic Support Officer

100 MINUTES

The minutes of the meeting held on Tuesday 18 January 2011 were approved as a correct record.

101 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chairman advised that there was one item of urgent business. This was an item regarding Lancaster Market (Minute 109 refers.)

102 DECLARATIONS OF INTEREST

No declarations were made at this point.

103 PUBLIC SPEAKING

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

104 CHARGES FOR WASTE BINS AND BOXES

(Cabinet Member with Special Responsibility Councillor Barry)

Cabinet received a report from the Head of Environmental Services which provided details of an option to introduce charges for wheeled bins and recycling boxes as part of the 2011/12 budget setting process.

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

	Option 1: Introduce a charge	Option 2: Don't introduce a charge
Advantages	<ul style="list-style-type: none"> • Fewer requests for bins. • Saves costs • Increased recycling rates. • Reduction in calls to Customer Service Centre. • Fewer receptacles left out in streets. 	<ul style="list-style-type: none"> • Maintains status quo
Disadvantages	<ul style="list-style-type: none"> • Customer dissatisfaction • Increased administration to deal with payment 	<ul style="list-style-type: none"> • No control over supply of bins and boxes which then impacts on overall waste budget. • Doesn't encourage recycling
Risks	This option could lead to increased incidences of fly tipping.	

Councillor Barry proposed, seconded by Councillor Blamire:-

“That Cabinet does not approve the introduction of charges to householders for the delivery of wheeled bins and recycling boxes as part of the 2011/12 budget but gives consideration to the possibility of introducing such charges as part of the 2012/13 budget proposals.”

Councillors then voted:-

Resolved:

(7 Members (Councillors Ashworth, Barry, Blamire, Kerr, Langhorn, Robinson and Whitelegg) voted in favour, and 1 Member (Councillor Bryning) abstained.)

- (1) That Cabinet does not approve the introduction of charges to householders for the delivery of wheeled bins and recycling boxes as part of the 2011/12 budget but gives consideration to the possibility of introducing such charges as part of the 2012/13 budget proposals.

Officers responsible for effecting the decision:

Head of Environmental Services.

Reasons for making the decision:

The Council has a statutory duty to collect household waste. The anticipated £56K savings which the introduction of charging for replacement bins and boxes would provide was not considered essential to this year's budget proposals but could be considered as part of next year's proposals if necessary.

105 PERFORMANCE REWARD GRANT**(Cabinet Member with Special Responsibility Councillor Langhorn)**

Cabinet received a report from the Head of Community Engagement to advise members of the LDLSP Management Group's proposals for the allocation of the one-off Performance Reward Grant.

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

Cabinet were advised that 4 initiatives needed to be addressed. These initiatives were about more than funding projects that deliver benefits– they were about investing in new approaches to delivering services in the long-term.

- The focus on hydroelectricity would facilitate the development of long-term renewable energy initiatives that will leverage initial investment AND provide a long-term benefit for local communities.
- The 'warm homes' matched funding was designed to maximise LSP investment to create a substantial grant pot that would last for several years, and as a trial the work would support increased inward investment across the county
- The social enterprise initiative aimed to create self-sustaining service delivery and enhance the potential of local organisations in supporting their local communities.
- The fund finder initiative would not only aim to bring in the original PRG funding figure of £1 million to the district, but might improve the ability of organisations to successfully bid for their own funds in future.

PRG was a one-off opportunity and these initiatives were designed to ensure that it would meet partner expectations and deliver a lasting legacy in the district. Potential initiatives that would benefit from the unallocated PRG monies were currently being considered by the LSP and authorisation for any proposed use of this will be sought in a subsequent report to Cabinet

Members were minded to consider the LDLSP proposals in the context of the current economic climate, which is placing considerable pressure on public sector budgets and on many services provided or financed by the public sector. As an example, the provision of Police Community Support Officers (PCSO's) in the district was currently under threat as a result of financial pressures. It might therefore be appropriate to request that the LDLSP reviews its proposals for the use of PRG funds in the light of the current economic situation to ensure that funding is allocated against the most current district priorities and can achieve maximum impact.

Councillor Langhorn proposed, seconded by Councillor Kerr:-

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

By way of an amendment, which was accepted as a friendly amendment by the proposer and seconder of the original proposition, Councillor Blamire proposed a further recommendation:

“That a request be made to the Chair of the LDLSP Management Group to convene a special meeting of the Management Group prior to the Budget Council meeting in early March to review the LDLSP's spending priorities both in respect of PRG funding and any future second homes funding.”

Councillors then voted on the proposition, as amended:-

Resolved unanimously:

- (1) That Cabinet note the extra PRG of £169,062 allocated to each district.
- (2) That the decision to take part in the cross-district feasibility study on hydroelectricity sites be approved and the revenue budget be updated to include £30,000, with £15,000 being released as soon as possible, and further development of hydroelectricity schemes being subject to further detailed appraisal and:
 - Confirmation of sites to be included in the feasibility study
 - Confirmation that proposed schemes represent value for money
 - Confirmation that all related match funding to progress proposed schemes are in place
 - Access to reports produced as a result of the feasibility study in relation to the sites in the Lancaster District
- (3) That the LDLSP Management Group's proposals to use PRG funds for warm homes, social enterprises and co-operative fund finder initiatives are noted but that the LDLSP is asked to review their spending priorities in the light of the current economic climate and pressure on public sector budgets.
- (4) That a request be made to the chair of the LDLSP Management Group to convene a special meeting of the Management Group prior to the Budget Council meeting in early March to review the LDLSP's spending priorities both in respect of PRG funding and any future second homes funding.

Officers responsible for effecting the decision:

Head of Community Engagement

Reasons for making the decision:

The current economic climate is placing considerable pressure on public sector budgets and on many services provided or financed by the public sector. The request for a special meeting of the LDLSP Management Board to review its proposals prior to Budget Council in March will provide clarification, for example with regard to the possible funding of Police Community Support Officers (PCSO's), the provision of these in the district being currently under threat as a result of financial pressures.

106 CORPORATE REVIEW OF SERVICE LEVEL AGREEMENTS

Cabinet received a report from the Head of Community Engagement which provided an update and findings on a review into SLA's (Service Level Agreements). The report recommended some short term actions to improve management arrangements and also

the principles of an overall approach to the council's future arrangements for the efficient management of its investment and support for external organisations, in order to maximise impact.

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

	Option 1: Agree Recommendations	Option 2: Do Nothing
Advantages	Potential for a much higher impact as a result of the council's investment. Opportunity for possible savings in the future without loss of services. Efficiency achieved as a result of more consistent corporate management arrangements. Increased impact and efficiency achieved by potential joint investment and shared management arrangements.	Will not require significant investment in officer time.
Disadvantages	Development of a consortium approach by sector will require significant investment of officer time in the early stages although has the potential to create efficiency later.	The council could fail to maximise its investment in VCFS and other external organisations and there is continuing inefficiency and duplication in both funding and administration.
Risks	New ways of working may take some time to develop and partners may need some support to build capacity given that not all organisations are at the same level of maturity. Collaborative working arrangements may be difficult to achieve in some cases. Officer time spent on development of proposals is not available for other activities.	The council could appear inconsistent in the manner in which it provides support to VCFS and other external organisations.

The officer preferred option is Option 1. The review of SLA's highlighted a number of issues as detailed in this report. However, there is no doubt that many of the services

currently funded by the council via its SLA's are valuable and have an impact on our local communities. Whilst this report suggests some immediate actions that can lead to fairly quick overall improvements, there is an opportunity to look further ahead and to prepare for some more significant changes in the medium term future. This work will take longer to develop but could allow the council to be better placed in the future to achieve more from its investments, to have the management tools necessary to support key services through a commissioning framework and to be able to support external partners to develop the collaborative approaches they will need in the years to come. The report therefore recommended that the current investment in SLA's was maintained whilst the work required to develop the medium term proposals was undertaken. Future reports to Cabinet will provide further information on the proposed approaches.

Councillor Whitelegg proposed, seconded by Councillor Langhorn:-

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

By way of amendment Councillor Robinson proposed:

"That recommendation (1) be amended with the words 'and give notice that funding may be reduced in subsequent years' inserted after 2011/12."

However it was noted that there was no seconder to the proposal and the amendment was declared lost.

At this point Councillor Bryning declared a personal interest in view of his appointment to the Storeys Institute Board and did not vote on this item. Councillor Ashworth declared a personal interest as a trustee of the Citizens Advice Bureaux. Councillor Barry declared a personal interest in view of his appointment to the Marsh Community Management Centre and abstained from voting on this item.

Councillors then voted on the original proposition.

Resolved:

(5 Members (Councillors Ashworth, Blamire, Kerr, Langhorn and Whitelegg) voted in favour, and 2 Members (Councillors Barry and Robinson) abstained.)

- (1) That the council extend existing SLA's at current 2010/11 funding levels for the financial year 2011/12 with the exception of the specific time limited agreement with Storey Creative Industries Centre (SCIC) which will end on 31st March 2011 and any SLA's that are supported by external funding tied to specific time periods and where relevant at a reduced level already agreed as part of the 2010/11 Budget Process, e.g. The Dukes.
- (2) That officers enter into discussions with County Council to consider the potential for future joint investment in the VCFS (Voluntary, Community and Faith sector), including a shared approach to monitoring and evaluation.
- (3) That potential for shared administration arrangements is investigated in relation to the Council's Welfare Grants in order to achieve efficiency.

- (4) That over the next 12 months, officers develop and bring forward proposals for a commissioning approach with the VCFS and other external organisations that will:
- Maximise the impact of the council's investment
 - To assist delivery of corporate priorities
 - Provide appropriate support that will safeguard key services
 - Develop the potential of the VCFS to deliver services in the district on behalf of the council.

Officers responsible for effecting the decision:

Head of Community Engagement

Reasons for making the decision:

The decision ensures that the current investment in SLA's is maintained and enables officers to undertake the work required to develop medium term proposals.

107 WELLBEING FEES AND CHARGES

(Cabinet Member with Special Responsibility Councillor Ashworth)

Cabinet received a report from the Head of Community Engagement which had been prepared as part of the 2011/12 estimate procedure and set out options for increasing the level of fees and charges at Salt Ayre Sports Centre, Community Pools and Platform.

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

	Option 1 To approve the increase in fees as recommended in the report	Option 2 To approve a different percentage increase.	Option 3 To do nothing and retain the existing fees and charges.
Advantages	This option makes a small additional contribution to the 2011/12 budget process, whilst retaining fees at competitive levels. This therefore takes into account inflation and the implications of the increase in VAT.	This option potentially allows for a greater increase in revenue if an increase of greater than the recommended percentage is approved, therefore making a greater contribution to the 2011/12 budget process.	This option would mean no price increases for customers. This could have a positive effect on income generation should the trend for throughput increase significantly as a result of no increases.
Disadvantages	Any increase in fees	An increase in fees	No opportunity to

	is likely to be unpopular with customers.	above the recommended amount is likely to meet with customer resistance. This could result in reduction in income generation and as such customer dissatisfaction that may be difficult to respond to.	raise additional revenue through fees and charges in areas that may stand an increase. This option will not meet the current budget requirements, requiring additional income or savings to be generated from other activities / services undertaken by the council.
Risks	There is always a risk that customers will choose not to access services with any increase in charges.	There is always a risk that customers will choose not to access services if fees are too high or move to one of the key competitors in the district. There is a risk that even current income levels will fail to be achieved if fees are perceived to be too high.	This option increases the difficulties of securing a viable budget at a time when additional income and savings are required. There is no increase in throughput and the Council suffers loss of income.

The officer preferred option was Option 1. This option allowed for increased revenue whilst retaining fees at affordable and competitive levels. The flexibility for the Head of Community Engagement to set maximum prices in line with particular promotions for activities would help to respond to changes in market demand throughout the year and this was noted on the Appendix to the report. For future years, it was anticipated that there would be changes to introduce a clearer policy for the setting of fees and charges generally, supported by updates to the Scheme of Delegation. This was currently being developed for consideration by Members in due course and would be considered as part of a review of the Scheme of Delegation.

Councillor Ashworth proposed, seconded by Councillor Kerr:-

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

By way of amendment, Councillor Whitelegg proposed and Councillor Barry seconded:-

"That all charges (i.e. excluding inflation and VAT increases) that relate to physical activity be set at 0%. This would apply to all charges for: swimming (including lessons and pool hire), badminton, table tennis, fitness classes, athletics, football pitches, cycle track and skills, bowls, tennis, multi use games area (MUGA) and football club charges."

Councillors then voted on the amendment:-

2 Members voted in favour of the amendment (Councillors Barry and Whitelegg) and 6 Members against (Councillors Ashworth, Blamire, Bryning, Kerr, Langhorn and Robinson) whereupon the Chairman declared the amendment to be lost.

By way of a further amendment Councillor Robinson proposed and Councillor Barry seconded:

"That the following revisions be made to the proposals set out in the report:

- The adult 6 month swimming pass for the three community pools at Heysham, Carnforth and Hornby be set at £140 and consistent with that at Salt Ayre as opposed to £150;
- That the Senior 60 6 month swimming pass be set at £105 as opposed to £110;
- That the Family Swim be set at £8.50 as opposed to £9;
- That the private hire of Salt Ayre main pool be set at £45 as opposed to £50;
- That officers monitor the hiring of the Platform to ascertain whether the increase in hire charges has a negative affect on bookings."

Councillors then voted on the further amendment.

3 Members voted in favour of the amendment (Councillors Barry, Robinson and Whitelegg) and 5 Members against (Councillors Ashworth, Blamire, Bryning, Kerr, and Langhorn) whereupon the Chairman declared the amendment to be lost.

Councillors then voted on the original proposition.

Resolved:

(5 Members (Councillors Ashworth, Blamire, Bryning, Kerr, and Langhorn) voted in favour and 3 Members (Councillors Barry, Robinson and Whitelegg) abstained.)

- (1) That the charges for Salt Ayre Sports Centre, Community Pools, Williamson Park, Parks and Recreation Grounds and the Platform are increased in line with the proposed percentages (rounded to nearest £0.10) as set out in Appendix 1 with effect from 1st March 2011, generating additional income of £14,400 over and above the minimum budgetary requirement to cover inflation and VAT increases.
- (2) That the Overview & Scrutiny Chairman be consulted with a view to waiving call in, in accordance with Overview & Scrutiny Procedure Rule 17, to enable the decision to be implemented immediately.

Officers responsible for effecting the decision:

Head of Community Engagement

Reasons for making the decision:

The decision will maintain income whilst retaining fees at affordable and competitive levels.

108 CLIMATE CHANGE INVEST TO SAVE PROJECTS

(Cabinet Member with Special Responsibility Councillor Barry)

Cabinet received a report from the Heads of Property Services and Community Engagement to seek Cabinet's recommendations in respect of the four potential projects identified in the report.

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

Option 1 - Replacing the boilers at Lancaster Town Hall - (Appendix A to the report)

The existing gas fired boilers and ancillary plant-room pipe-work, pumps; controls etc which provide heating and hot water to Lancaster Town Hall are now approaching the end of their economical life. Due to the age and condition of the existing boiler room plant it was recommended in the 2006 condition survey that they be urgently replaced with new energy efficient technology and, if possible, a renewable energy source.

Property Services commissioned Capita Symonds to examine various options for the replacement of the boiler room heating plant. Their report identified renewable options that may be incorporated as part of the replacement works in order to reduce the building energy consumption.

The heating / renewable options reviewed in Capita Symonds report are noted below:

- Gas fired condensing boiler plant with solar thermal installation to provide domestic hot water.
- Biomass boiler with secondary gas fired condensing boiler plant.
- Combined heat and power (CHP) with gas fired condensing boiler plant.
- Ground Source Heat pumps with gas fired condensing boiler plant.
- Air Source Heat pumps with gas fired condensing boiler plant.

Capita Symonds concluded that the preferred heating replacement option which could be considered viable for Lancaster Town Hall was:

Gas fired condensing boiler plant with solar thermal installation

- This option would involve replacing gas fired boilers including gas train, controls, flue, plant-room pipe-work, valves, insulation, pumps and pressurisation unit. Installing solar thermal panels on the flat roof area above Ashton Hall. Replacing existing calorifiers with a solar pre heat cylinder and indirect calorifier.
- Budget cost: £150,000 to £200,000

Potential savings

Current annual gas usage: 646,950 kWh
Current annual gas bill: £17,808.82

Potential annual saving from solar thermal installation: (11,091) kWh

Potential annual saving from new boiler Installation: (32,348) kWh

Total annual kWh saving: (43,439) kWh

Estimated revised annual usage: 603,511 kWh

Estimated annual gas bill: £16,613.06

Estimated annual financial saving: **£1,195.76 pa**

Capita Symonds further recommend that the following works are also considered although at this stage there is no estimation of cost. Indeed some of the items are being included as part of the works currently being undertaken to the roof of the Town Hall

- Reduce air permeability through the building façade.
- Increase the building insulation.
- New control system / incorporate weather compensation and building heating zones.
- Replace existing pumps with new variable speed units.
- Install thermostatic radiator valves (TRV's).

As an invest to save project, the savings in terms of financial and kWh's appear to be low for a large capital investment. However, as the boilers are coming to the end of their life and could fail at any time leaving the building without heating, a further report has been commissioned from Norfolk Property Services (NPS) to clarify the most appropriate energy efficient option for boiler replacement. Details of this report were provided orally at the meeting, including whole life costing information. It is therefore recommended that, subject to the information contained in the NPS report, the most energy efficient scheme for replacement of the boilers is accepted for inclusion within the draft Capital Programme together with the most appropriate means of funding (such as through any Invest to Save Reserve, if appropriate, or alternatively through other general capital resources).

At as January, only around £33,000 was included in the Capital Programme for replacement boilers, under Municipal Building Works. Clearly this will need to be increased.

Option 2 - Installing secondary glazing at Lancaster Town Hall (Appendix B to the report)

Secondary glazing units are tailor-made to fit inside the existing windows, unobtrusive on the inside and practically invisible on the outside, preserving the quality of the existing windows while allowing the benefits of a warmer, quieter and more secure environment. Secondary double glazing windows can combat noise pollution and also improve energy efficiency as air is trapped between the existing window and the new secondary window, insulating against the cold outside and preventing draughts.

Following discussions with Lancaster City Council's Conservation Officer he can see no reason why the installation of secondary double glazing could not be installed at Lancaster Town Hall, although there would still be a need for a listed building consent application.

At this stage a specialist secondary glazing company has been asked to produce a matrix of window costs to allow a budget to be formulated. The cost matrix should be available with the next three weeks.

It was envisaged that these works would fall as capital. There was no specific budgetary provision at present and therefore funding from any Invest to Save Reserve would need to be considered in due course.

Option 3 - Laying a heat exchange pipeline between Salt Ayre Landfill Site and Salt Ayre Sports Centre (Appendix C to the report)

Viridis Energy operates a landfill gas generation facility at Salt Ayre in Lancaster, under contract to SITA UK Limited. SITA Power and Lancaster City Council have discussed the possibility of supplying low carbon heat recovered from the landfill gas generators to council-owned premises in the vicinity of the landfill site. In particular we have asked SITA to assess the feasibility of supplying Salt Ayre Sports Centre.

A feasibility study, conducted by Parsons Brinckerhoff, could be delivered at the costs detailed below. Such a study would identify the options available to Lancaster City Council for pursuing the development of a low carbon heat exchange pipeline between Salt Ayre landfill site and Salt Ayre Sports Centre. It would determine the advantages, disadvantages, costs and risks relating to the options available.

If the pipeline was progressed, this would result in financial and carbon savings for Salt Ayre Sports Centre as their energy use would be reduced. The exact savings expected would be determined as part of the feasibility study.

The feasibility study comprised:

- Stage 1: Commission a Heat Demand Assessment at a cost of £3,250
- Stage 2: Commission a Viability Assessment at a cost of £3,370 (a 50% contribution with SITA paying 50%), covering:
 - A district heating pipework
 - An economic assessment

To enable the feasibility study to take place, the Council would be required to allocate staff time to gather the data for the Heat Demand Assessment, staff time to liaise with the consultants and the financial contributions given above. The funds could potentially be taken from the Climate Change Implementation budget of £20,000 in 2010/11, if the same was agreed.

If agreed, it was anticipated that the pipeline project could be completed in 2012/13.

Option 4 - Installing solar photovoltaic cells at Salt Ayre Sports Centre (also generates income from FITs) - (Appendix D to the report)

A local company has carried out a basic site assessment of Salt Ayre Sports Centre to determine the suitability of installing solar photovoltaic (PV) cells on the roof.

Such an installation would provide free, renewable energy to Salt Ayre, therefore reducing energy costs and the carbon footprint of the building, and would also generate income from the new Feed in Tariffs (FITs). FITs require energy suppliers to make regular payments to local authorities that generate their own electricity from renewable or low carbon sources.

They have advised that one of the following installations would be suitable for Salt Ayre, dependent on the initial investment:

Capacity of Array (kW)	Size of Array (m ²)	FIT Rate (p/kWh)	Additional Payment for Energy Export (£)	Estimated Installation Cost (£)	Accumulative annual income over 25 year lifespan* (£)	P
3.76 (domestic size)	28.4	41.3	0.03	17,484	56,780	
9.4	71.0	36.1	0.03	37,600	125,098	
11.75	88.8	31.4	0.03	45,825	137,334	
29.61 (bespoke frame)	223.7	31.4	0.03	121,401	346,081	

Note 1: The reduction in energy costs is additional to this figure and has not yet been calculated. It is anticipated therefore that the payback period will reduce.

It was anticipated that the various revenue budgets could be used to contribute towards this project, with potential additional funds held over from 2010/11 if the same was agreed. Further funds would need to be secured to ensure the larger installations; this could include use of the proposed Invest to Save Reserve, referred to elsewhere on the agenda.

It was recommended that alternative technologies were only installed once a building has already made efforts to reduce its energy use. Staff at Salt Ayre have been successfully reducing energy use at the centre for the past 2 years through a £29,000 investment in technologies, such as a pool cover, and through raising staff awareness. Electricity use decreased by 33% and gas by 25% in 2009/10, resulting in substantial financial savings. These savings have continued to increase throughout 2010/11, making Salt Ayre a prime site to explore the use of renewable technologies and FITs.

The next step to carry out this project was to commission a full site assessment and liaise with local Planning.

If agreed, it was anticipated that the solar PV installation could be completed by winter 2011.

The officer preferred option was to proceed with Option 1 on the basis outlined with the three other options still retained and subject to further appraisal.

Councillor Barry proposed, seconded by Councillor Langhorn:-

- “(1) That subject to receiving further information, the most energy efficient scheme for replacement of the boilers be accepted for inclusion within the draft Capital Programme for consideration as part of the budget, together with the most

appropriate means of funding, including building management systems and photo-voltaic energy generation.

- (2) That the other three projects be taken forward for further appraisal with reports brought back to Cabinet as necessary.”

Councillors then voted:-

Resolved unanimously:

- (1) That subject to receiving further information, the most energy efficient scheme for replacement of the boilers be accepted for inclusion within the draft Capital Programme for consideration as part of the budget, together with the most appropriate means of funding, including building management systems and photo-voltaic energy generation.
- (2) That the other three projects be taken forward for further appraisal with reports brought back to Cabinet as necessary.

Officers responsible for effecting the decision:

Head of Property Services
Head of Community Services
Head of Financial Services

Reasons for making the decision:

The decision supports the Economic priority in respect of ‘Energy Coast’ and Climate Change. The new financial incentives for renewable energy generation can provide income streams over the long term and offer significant opportunities. Much of the technology is tried and tested, cost effective and productive. In addition to the obvious benefits (free energy, cost savings and income generation) there are potentially wider benefits for our local communities, greater energy security, CO2 emissions reductions and a potential boost to the local economy.

The meeting adjourned at 11.55am and reconvened at 12.07pm.

109 ITEM OF URGENT BUSINESS - LANCASTER MARKET

(Cabinet Member with Special Responsibility Councillor Barry)

In accordance with Section 100B(4) of the Local Government Act 1972, the Chairman agreed to consider the report as an item of urgent business as a decision was required prior to the next meeting of Cabinet in March.

Cabinet received a report from the Head of Property Services to consider recommendations for the future of Lancaster Market.

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

	Option 1: Retain Lancaster Market & invest in improvements as set out in the NCS report	Option 2: consider relocating the market into the City Museum building	Option 3: Do no further improvement work to the market
Advantages	This would provide an opportunity to reinvigorate the market and potentially bring in new tenants	The market would be in an excellent retail location. A new use which is income producing would be found for the museum building Letting the market building to a single retailer should substantially reduce the deficit incurred in that building	There would be no change to the market building although there would have to be money spent on replacing the lighting system as well as other essential health and safety related works as they arise.
Disadvantages	There would be a substantial cost to the council and no guarantee that the scheme would be a success or that the council's existing deficit would be reduced.	There are substantial costs in undertaking both the works to the museum and to the market hall building. Appropriate retailers would have to be found for the market hall building. No direct link to passenger transport or car parking. The amount of space in the museum is much smaller than in the existing market hall building which could prove to be a problem with traders.	Reduction in trader numbers could occur as a result of the rent arrears situation. The council's deficit could potentially increase as a result of reduced trader numbers as well as ongoing general deterioration of the current market hall.
Risks	There is a risk that reduced numbers of traders would continue in the market as a result of the rent arrears in some cases. This could lead to the	The main risks are that the market would not be successful in the new location after substantial investment has been made. In addition finding a	The council's deficit could increase significantly

	market going in a downward spiral prior to refurbishment works being undertaken.	retailer for the market hall building may prove to be problematical, leading to increased costs for the council in the short to medium term through ongoing rent, service charges and reduced income.	
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Option 2 was the officer preferred option: to investigate further the opportunity of moving the Lancaster indoor market into the museum building on Market Square. On the assumption that the Council still desired a thriving indoor market in line with the decisions taken back in March 2010, it was evident that options for investment needed to be investigated and appraised thoroughly. It was considered that Option 3 would not fit with this aim, but nonetheless, the Council could reconsider its aspirations in light of other priorities and spending pressures.

Councillor Barry proposed, seconded by Councillor Whitelegg:

- (1) That approval be granted to undertake further investigations into the conversion of the City Museum to accommodate Lancaster Market and that a further report is made to cabinet in due course with the costs being funded from the proposed reserve.
- (2) To confirm the importance of the King's Own Royal Regimental Museum in the heritage offer of the district and to seek to improve that offer as part of any change to the City Museum.
- (3) That officers be instructed to enter into leases with traders at Lancaster Market Hall that would allow for the potential relocation to new premises or a break or redevelopment clause for the purpose of refurbishing and revitalising the market hall (should transfer into alternative premises not prove feasible).
- (4) That whilst investigations are undertaken into the conversion of the City Museum, measures continue to be implemented within Lancaster Market to improve its appearance and to continue with improved management and marketing of the market, with any costs funded from the proposed reserve."

The meeting adjourned at 1.10pm and reconvened at 1.25pm.

By way of an amendment Councillor Robinson proposed and Councillor Kerr seconded:

"That the following additional 3 recommendations be added to the resolution:

1. That Officers negotiate new leases with market traders but seek a break clause after 12 months and should the report on City Museum prove unfavourable, negotiate with traders to consider relocation away from the current market building. Such relocation would need to be by agreement.

2. That whilst investigations are undertaken into the City Museum, any emergency works and other investments carried out, do not go beyond the provision in the reserve.
3. While the viability of converting the City Museum is undertaken, officers seek an alternative use of the existing market hall.”

Councillors then voted on the amendment.

2 Members voted for the amendment (Councillors Kerr and Robinson) and 6 Members against (Councillors Ashworth, Barry, Blamire, Bryning, Langhorn and Whitelegg) whereupon the Chairman declared the amendment to be lost.

Councillors then voted on the original proposition.

Resolved:

(7 Members (Councillors Ashworth, Barry, Blamire, Bryning, Kerr, Langhorn and Whitelegg) voted in favour, and 1 Member (Councillor Robinson) voted against.)

- (1) That approval be granted to undertake further investigations into the conversion of the City Museum to accommodate Lancaster Market and that a further report is made to cabinet in due course with the costs being funded from the proposed reserve.
- (2) To confirm the importance of the King's Own Royal Regimental Museum in the heritage offer of the district and to seek to improve that offer as part of any change to the City Museum.
- (3) That officers be instructed to enter into leases with traders at Lancaster Market Hall that would allow for the potential relocation to new premises or a break or redevelopment clause for the purpose of refurbishing and revitalising the market hall (should transfer into alternative premises not prove feasible).
- (4) That whilst investigations are undertaken into the conversion of the City Museum, measures continue to be implemented within Lancaster Market to improve its appearance and to continue with improved management and marketing of the market, with any costs funded from the proposed reserve.

Officers responsible for effecting the decision:

Head of Property Services

Reasons for making the decision:

Supporting our economy is one of the City Council's key priority areas and includes heritage and cultural tourism for the district including creative industries and employment. The City Council wishes to maintain an economically sustainable city centre and retaining and improving the provision of the indoor market at an affordable

cost to the City Council can help to facilitate this.

110 BUDGET UPDATE REPORT 2011/12

(Cabinet Member with Special Responsibility Councillor Langhorn)

Cabinet received a report from the Head of Financial Services with regard to the latest position following Council's consideration of the Budget and Policy Framework at its meeting held on 02 February, and to make recommendations back to Council in order to complete the budget setting process for 2011/12.

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

Cabinet was requested to finalise its preferred revenue budget and capital programme proposals for referral on to Council, using the latest information as set out in the report attached to the agenda.

Revenue Budget

As Council had now determined the City Council Tax Rate for 2011/12, there were no options to change the total net revenue budget for next year (recommended at £21.481M) but Cabinet now needed to put forward detailed budget proposals that added back to that amount. Detailed options would be dependent very much on Members' views on spending priorities. The Head of Financial Services (as s151 Officer) advised that emphasis should be very much on achieving recurring reductions to the revenue budget.

Capital Programme

Cabinet might adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2010/11 and 2011/12 must balance. Whilst there was no legal requirement to have a programme balanced over the full 5-year period, it was considered good practice to do so – or at least have clear plans in place to manage the financing position over that time. Inevitably capital investment needs and funding opportunities would change, but it was important to consider and manage stakeholder expectations regarding investment too. Setting a balanced capital programme was an iterative process, essentially balancing service delivery impact and aspirations against what the Council could afford. The programme attached to the report represented the outcome of the work undertaken to date.

In deciding its final proposals, Cabinet was asked also to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities were affordable, prudent and sustainable, and*
- *that local strategic planning, asset management planning and proper options appraisal were supported.*

Future Years' Council Tax Targets

It was felt that there was little scope for increasing Council Tax increases targets above 2.5% for 2012/13 and beyond, assuming that the Council wishes to avoid any form of challenge. In considering any lower target, Members should have regard to the impact on service delivery, the capacity to make savings or to provide for growth, and the

impact on subsequent years – as well as the implications for tax payers.

Housing Revenue Account Budget

The extent to which Cabinet's earlier decision on housing rents had bearing on the debate and outcome of Council needed careful consideration. Outline options for resolving the HRA position were set out below.

Option 1: To retain existing Revenue Budget proposals and refer them back to Council.

As previously reported, this supported the continuing need for the Council to maintain and invest in its housing stock and therefore represented the best position financially, to help sustain a good quality housing service.

Option 2: To consider changes to the Revenue Budget proposals for referral back to Council.

Given that decisions have already been taken on rent levels, balances, and the capital programme and its financing, the only other straightforward option would be for Cabinet to consider changing specific aspects of the budget, such as repairs and maintenance or management costs. No specific proposals had been identified at this time, however, and therefore depending on the nature of what Cabinet might consider, it was likely that Officers would need more time to undertake a full assessment.

Some proposals might prove very challenging to implement from 01 April. Whilst a later implementation could be assumed, there might be workload implications and also the timing would need to be factored into any updates to Cabinet's HRA budget proposals.

OFFICER PREFERRED OPTION AND COMMENTS

For General Fund, proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out met these requirements; the detailed supporting budget proposals were then a matter for Members.

For future Council Tax targets, both the Chief Executive and the s151 Officer would still advise against planning for a general Council Tax increase outside of the range of say 0 to 2.5%.

Regarding the HRA, Option 1 remained the Officer preferred option.

The report outlined the actions required to complete the budget setting process for 2011/12 and to establish the key financial targets and constraints, to inform the financial planning framework for future years.

The meeting adjourned at 2pm during consideration of this item and reconvened at 2.05pm. Councillor Barry left the meeting at 2.25pm.

Members agreed to vote on recommendation 1, followed by voting on recommendations 2 to 9 together, with a further vote on recommendation 10.

Councillor Langhorn proposed, seconded by Councillor Kerr:-

"That recommendation (1), as outlined in the report, be approved."

By way of amendment, Councillor Robinson proposed:-

“That after ‘and.’ the following be inserted: ‘whilst not recommending specific changes to the budget proposals for 2011/12 at this time, Cabinet will review capital investment priorities related to housing activity in order to progress housing regeneration schemes; to update the MTFs and, in particular, to enable the Housing and Regeneration portfolio holders to develop proposals before the 2012/13 budget process.”

However it was noted that there was no seconder to the proposal and it was therefore declared lost.

Councillors then voted on recommendation (1):-

Resolved:

(6 Members (Councillors Ashworth, Blamire, Bryning, Kerr, Langhorn and Whitelegg) voted in favour, and 1 Member (Councillor Robinson) abstained.)

- (1) That Cabinet notes the inclusion of housing regeneration in the Council's corporate priorities and:
- makes no changes to its budget proposals for 2011/12 but draws on existing housing related activity to inform development of the draft Corporate Plan;
 - requests the Regeneration and Housing Portfolio Holders to work jointly on proposals for consideration as part of the 2012/13 budget exercise, taking into account affordability and the Council's financial prospects.

Members then considered recommendations 2 to 9.

Councillor Langhorn proposed, seconded by Councillor Kerr:

“That recommendations 2 to 9, as set out in the report, be approved.”

By way of an amendment to recommendation (3), which was accepted as a friendly amendment by the proposer and seconder of the proposition, Councillor Bryning proposed:

“That the Access for the Disabled (removal of non-statutory element) be removed as a specific savings proposal for services not linked to draft priorities in respect of the Regeneration and Policy Service.”

By way of a further amendment to recommendation (3), which was accepted as a friendly amendment, Councillor Blamire proposed:

“That the sum of £300 be allocated as a growth proposal for refreshments for the annual Holocaust Day memorial event.”

By way of an amendment to recommendation (6), which was not accepted as a friendly amendment, Councillor Robinson proposed:

“That the Council Tax target increase of ‘no more than 2%’ for years 2012/13 and 2013/14 be replaced by ‘2.5%.’”

However it was noted that there was no seconder to the proposal and it was therefore declared lost.

By way of an amendment to recommendation (7) it was proposed by Councillor Robinson and seconded by Councillor Whitelegg:

“That Housing Regeneration be added to the Capital Investment Priorities.”

Councillors then voted on the amendment.

2 Members (Councillors Robinson and Whitelegg) voted in favour of the amendment and 5 Members against (Councillors Ashworth, Blamire, Bryning, Kerr and Langhorn) whereupon the Chairman declared the amendment to be lost.

By way of an amendment to recommendation (8) it was proposed by Councillor Robinson and seconded by Councillor Bryning:

“That funds from the capital programme be earmarked to provide additional car parking space at the former play area in Parliament Street, Morecambe.”

Councillors then voted on the amendment.

1 Member (Councillor Robinson) voted in favour of the amendment, 4 Members against (Councillors Ashworth, Kerr, Langhorn and Whitelegg) and 2 Members abstained (Councillors Blamire and Bryning) whereupon the chairman declared the amendment to be lost.

At this point it was agreed to vote on recommendations 7 and 8 separately.

By way of a further amendment to recommendation (3) Councillor Whitelegg proposed and Councillor Blamire seconded:

“That the establishment of Lord Mayoralty be removed as a growth proposal.”

Councillors then voted on the amendment:

3 Members (Councillors Blamire, Robinson and Whitelegg) voted in favour of the amendment and 4 Members against (Councillors Ashworth, Bryning, Kerr and Langhorn) whereupon the Chairman declared the amendment to be lost.

Councillors then voted on recommendations 2 to 6 and 9, as amended:

Resolved:

(6 Members (Councillors Ashworth, Blamire, Bryning, Kerr, Langhorn and Whitelegg) voted in favour, and 1 Member (Councillor Robinson) abstained.)

- (2) That Council be recommended to approve the General Fund Revenue Budget at £21.481M for 2011/12, excluding parish precepts.
- (3) That Cabinet approves the budget proposals summarised at Appendices B and C

for referral on to Council, subject to any changes in relation to items included elsewhere on the agenda and revised to reflect:

- the removal of the specific savings proposal for Access for the Disabled (removal of non-statutory element) within services not linked to draft priorities in respect of the Regeneration and Policy Service.
 - Allocation of the sum of £300 as a growth proposal for refreshments for the annual Holocaust Day memorial event.
- (4) That Cabinet approves the policy on provisions and reserves as included at Appendix D, for referral on to Council.
- (5) That Cabinet notes the final Local Government Settlement and the position regarding the estimated Collection Fund balance.
- (6) That Cabinet recommends a Council Tax target increase of no more than 2% for years 2012/13 and 2013/14, for incorporation into the draft Medium Term Financial Strategy.
- (9) That the associated Prudential Indicators at Appendix G be referred on to Council for approval.

Councillors then voted on recommendations 7 and 8.

Resolved:

(5 Members (Councillors Ashworth, Blamire, Bryning, Kerr and Langhorn) voted in favour, 1 Member (Councillor Whitelegg) against and 1 Member (Councillor Robinson) abstained.)

- (7) That Cabinet approves the draft Capital Investment Priorities for 2012/13 onwards included at Appendix E, for incorporation into the draft Medium Term Financial Strategy.
- (8) That in line with recommendation (7) above, Cabinet approves the Capital Programme as set out at Appendix F for referral on to Council.

Councillor Kerr proposed, seconded by Councillor Langhorn:

“That recommendation 10, as set out in the report, be approved.”

Councillors then voted on recommendation 10.

Resolved unanimously:

- (10) That the Housing Revenue Account budgets as set out at Appendix H be referred back to Council for approval.

Officers responsible for effecting the decision:

Head of Financial Services

Reasons for making the decision:

The decisions enable Cabinet to make recommendations back to Council in order to complete the budget setting process for 2010/11. The report outlined the actions required to complete the budget setting process for 2010/11 and to set the financial planning framework for future years.

111 TREASURY MANAGEMENT STRATEGY 2011/12**(Cabinet Member with Special Responsibility Councillor Langhorn)**

The Head of Financial Services presented a report which set out the position regarding the 2011/12 to 2013/14 Treasury Management Strategy for Cabinet's approval.

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

As part of the adoption of the CIPFA Code of Practice on Treasury Management (2009) it is a statutory requirement that the Authority has a Treasury Management Strategy Statement and Investment Strategy. In this regard, Cabinet may put forward alternative proposals or amendments to the proposed documents, but these would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such, no further options analysis is available at this time.

Furthermore, the Strategies must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. It should be noted that the Prudential Indicators were also covered in the Budget report elsewhere on the agenda.

The Officer Preferred Options were reflected in the recommendations to the report. This is based on the Council continuing to have a low risk appetite regarding investments, and it takes into account the requirements of the Code.

Councillor Langhorn proposed, seconded by Councillor Kerr:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the monitoring report as set out at Appendix A to the report be noted and referred on to Council for information.
- (2) That Council be recommended to approve the Treasury Management Strategy for the period 2011/12 to 2013/14 as set out in Appendix B, to the report, incorporating the Investment Strategy and Treasury Management Indicators, and as updated for Cabinet's final budget proposals.

Officers responsible for effecting the decision:

Head of Financial Services

Reasons for making the decision:

As part of the adoption of the CIPFA Code of Practice on Treasury Management it is a statutory requirement that the authority has a Treasury Management Strategy Statement and Investment Strategy. The decision based on the Council continuing to have a low risk appetite regarding investments, takes into account the requirements of the Code.

Chairman

(The meeting ended at 3.20 p.m.)

**Any queries regarding these Minutes, please contact
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MINUTES PUBLISHED ON MONDAY 21 FEBRUARY, 2011.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
TUESDAY 1ST MARCH, 2011. THE CHAIRMAN OF OVERVIEW AND SCRUTINY HAS BEEN
REQUESTED TO WAIVE CALL-IN WITH REGARD TO WELLBEING FEES AND CHARGES
(MINUTE 107 REFERS).**