

Full Council

Thursday, 20th July, 2017, Council Chamber, County Hall, Preston

Question time begins at 1.30 pm.

Full Council begins at 2pm or at the end of Question Time, whichever is earlier.

Agenda

Index

1. **Apologies and Announcements**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**
- A. Matters for Decision**
 3. **Confirmation of the minutes from the meeting held on 25 May 2017** (Pages 1 - 10)
 4. **Report of the Cabinet (Part A)** (Pages 11 - 22)
 5. **Report of the Independent Remuneration Panel - 2017/18 Members' Allowance Scheme** (Pages 23 - 58)
 6. **Report of the Audit and Governance Committee - Change to the Council's Treasury Management Strategy (2017/18)** (Pages 59 - 72)
 7. **Report of the Audit and Governance Committee - Code of Corporate Governance** (Pages 73 - 92)
 8. **Constitutional Amendments** (Pages 93 - 116)
 9. **Sub-national Transport Body (Transport for the North) Regulations 2017** (Pages 117 - 132)

10. **Nuclear Legacy Advisory Forum** (Pages 133 - 134)

B. Matters for Information

11. **Report of the Cabinet (Part B)** (Pages 135 - 140)

12. **Report of County Council Committees**

To receive reports from:

(a) **The Urgency Committee** (Pages 141 - 142)

(b) **The Audit and Governance Committee** (Pages 143 - 148)

(c) **The Pension Fund Committee** (Pages 149 - 158)

13. **Report of the Lancashire Combined Fire Authority** (Pages 159 - 164)

C. Notice of Motion

To consider any Notices of Motion submitted under Standing Order No. 14.2.1.

Jo Turton
Chief Executive

County Hall
Preston

12 July 2017

Agenda Item 3

Minutes

At a meeting of the Full Council held at Council Chamber, County Hall, Preston, on Thursday, 25th May, 2017

Present:

Mrs Janice Hanson (Chair)

County Councillors

T Aldridge	D Foxcroft	M Parkinson
A Ali	J Fillis	J Parr
T Ashton	A Gardiner	M Pattison
A Atkinson	J Gibson	M Perks
M Barron	G Gooch	E Pope
L Beavers	M Green	J Potter
J Berry	P V Greenall	J Purcell
P Britcliffe	P Hayhurst	J Rear
I Brown	N Hennessy	P Rigby
P Buckley	S Holgate	A Riggott
T Burns	A Hosker	A Schofield
J Burrows	D Howarth	J Shedwick
Mrs S Charles	K Iddon	D T Smith
S Clarke	M Iqbal	K Snape
A Clempson	A Jones	A Snowden
Ms L Collinge	A Kay	D Stansfield
J Cooney	H Khan	P Steen
L Cox	E Lewis	V Taylor
C Crompton	Ms S Malik	M Tomlinson
M Dad	J Marsh	C Towneley
B Dawson	T Martin	S Turner
F De Molfetta	J Mein	A Vincent
G Dowding	J Molineux	C Wakeford
G Driver	Y Motala	D Whipp
J Eaton	E Nash	G Wilkins
C Edwards	D O'Toole	P Williamson
K Ellard	G Oliver	B Yates

1. Apologies and Announcements

Apologies for absence were presented on behalf of County Councillors Anne Cheetham, Liz Oades and Jeff Sumner.

The Chairman reported the following sad deaths:

- Former County Councillor Mary Wilson who passed away on 2 March 2017;
- Former County Councillor Colin Waite who passed away on 30 March 2017;
- Former County Councillor, Honorary Alderman Thomas Croft DL who passed away on 9 April 2017.

The Chairman also referred to the recent terrorist atrocity in Manchester in which 22 people, many of them young children and teenagers, many from Lancashire, lost their lives.

A number of Councillors paid tribute to the late former County Councillors and also to those who had lost their lives or been injured in Manchester and to the emergency services and all those who helped in the aftermath.

The Council stood in silent tribute.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

There were no disclosures of pecuniary or non-pecuniary interests.

3. Report of the Returning Officer - Persons Elected County Councillor on 4 May 2017

The Chair presented a report setting out details of the persons elected as County Councillors on 4 May 2017.

Resolved: - That the report, now presented, be noted.

4. Election of Chairman

Former County Councillor Janice Hanson, the retiring Chair of the County Council, presided for this item.

It was moved by County Councillor John Fillis, and seconded by County Councillor Julie Gibson, that County Councillor Terry Aldridge be elected Chairman of the County Council.

There being no other nominations, it was:

Resolved: - That County Councillor Terry Aldridge be elected Chairman of the County Council until the Annual General Meeting of the Full Council in 2018. County Councillor Aldridge then took the Chair and made his Declaration of Acceptance of Office.

5. Appointment of Vice Chairman

It was moved by County Councillor Geoff Driver, and seconded by County Councillor Albert Atkinson, that County Councillor Anne Cheetham be appointed Vice-Chairman of the County Council.

There being no other nominations, it was:

Resolved: - That County Councillor Anne Cheetham be appointed Vice-Chairman of the County Council until the Annual General meeting of the Full Council in 2018.

(As County Councillor Cheetham was not able to be present at the meeting, it was confirmed that she will take her place and make her Declaration of Acceptance of Office at the next meeting of the Full Council on 20 July 2017).

6. Confirmation of the Minutes from the Meetings held on 9 February 2017 and 23 February 2017

Resolved: - That the Minutes of the meetings of the Full Council held on 9 February 2017 and 23 February 2017 be confirmed and signed by the Chairman.

7. Election of Leader of the County Council

It was moved by County Councillor Albert Atkinson, and seconded by County Councillor Michael Green, that County Councillor Geoff Driver be elected Leader of the County Council in accordance with the provisions of the Constitution for the County Council.

Six County Councillors requested a recorded vote in accordance with procedural Standing Order 15.2 (9.4). The names of the County Councillors who voted for or against the Motion that County Councillor Geoff Driver be elected Leader of the County Council and those who abstained are set out below:

For (46)

T Ashton	J Cooney	K Iddon	P Rigby	S Turner
A Atkinson	G Driver	T Jones	A Riggott	A Vincent
M Barron	J Eaton	A Kay	A Schofield	C Wakeford
P Britcliffe	C Edwards	J Marsh	J Shedwick	G Wilkins
I Brown	D Foxcroft	E Nash	D Smith	P Williamson
P Buckley	A Gardiner	D O'Toole	A Snowden	B Yates
J Burrows	G Gooch	M Perks	D Stansfield	
S Charles	M Green	E Pope	P Steen	

S Clarke	P Greenall	J Purcell	V Taylor	
A Clempson	A Hosker	J Rear	C Towneley	

Against (34)

A Ali	M Dad	P Hayhurst	S Malik	J Parr
L Beavers	B Dawson	N Hennessy	T Martin	M Pattison
J Berry	F de Molfetta	S Holgate	J Mein	J Potter
T Burns	G Dowding	D Howarth	J Molineux	K Snape
L Collinge	K Ellard	M Iqbal	Y Motala	M Tomlinson
L Cox	J Fillis	H Khan	G Oliver	D Whipp
C Crompton	J Gibson	E Lewis	M Parkinson	

Abstain (1)

T Aldridge

The Motion was carried and it was:

Resolved: - That County Councillor Geoff Driver be elected Leader of the County Council.

County Councillor Driver then took his place and formally announced the appointment of the following Members of his Cabinet:

County Councillor Albert Atkinson - Deputy Leader of the County Council

County Councillor Peter Buckley - Cabinet Member for Community and Cultural Services

County Councillor Susie Charles - Cabinet Member for Children, Young People and Schools

County Councillor Graham Gooch - Cabinet Member for Adult Services

County Councillor Michael Green - Cabinet Member for Economic Development and Planning

County Councillor Keith Iddon - Cabinet Member for Highways and Transport

County Councillor Viv Taylor - Cabinet Member for Health and Wellbeing

The Cabinet Members then took their places.

8. Amendments to the Constitution

Full Council was asked to approve a report setting out amendments to the Constitution.

In moving the report, the Leader proposed a further adjustment, seconded by County Councillor Albert Atkinson, whereby the Chair of the Health and Wellbeing Board would be the Cabinet Member for Health and Wellbeing, with three other Councillors to be nominated by the Conservative Group, with the names to be submitted to the Director of Governance, Finance and Public Services.

County Councillor David Whipp proposed an amendment, seconded by County Councillor David Howarth, to re-insert "and the Leader of the second opposition group" in the section relating to Standing Order No 19(4) (Paragraph 7, Page 46 of Appendix 'A' to the report refers).

On being put to the vote, the amendment was lost and it was:

Resolved: -

- (i) That the proposed amendments to the Council's Constitution and decision making structure, as set out at Appendix 'A' to the report now presented, and the changes set out above in respect of the Health and Wellbeing Board, be approved;
- (ii) That the Director of Governance, Finance and Public Services be authorised to amend the terms of reference of the Council's Overview and Scrutiny Committees to reflect the new O&S structure, as set out at Appendix 'A' to the report now presented;
- (iii) That the Director of Governance, Finance and Public Services be authorised to approve any other consequential changes to the Council's Constitution arising from this report.

9. Lancashire Combined Fire Authority - Appointment of County Council Representatives for 2017/18

The Full Council was asked to approve the appointment of 19 Members to serve on the Lancashire Combined Fire Authority until the annual meeting of the Full Council in 2018 on the basis of 10 Conservative members, 7 Labour members, 1 Liberal Democrat member and 1 Independent member.

Resolved: - That the following Members be appointed to serve on the Lancashire Combined Fire Authority until the annual meeting of the Full Council in 2018:

<u>Conservative (10)</u>	<u>Labour (7)</u>	<u>Liberal Democrat (1)</u>	<u>Independent (1)</u>
P Britcliffe	L Beavers	D Howarth	E Oades
I Brown	F De Molfetta		
J Eaton	N Hennessy		
A Kay	S Holgate		
D O'Toole	T Martin		
M Perks	M Parkinson		
J Shedwick	M Tomlinson		
D Stansfield			
G Wilkins			
1 to be confirmed			

10. Membership of Committees and Related Appointments for 2017/18

Full Council was asked to approve a report setting out the membership of Committees and related appointments for 2017/18.

In moving the report, County Councillor Geoff Driver proposed that the membership of the Audit and Governance Committee and the Employment Committee be reduced from 9 to 8 members. This was seconded by County Councillor Albert Atkinson.

Resolved: - That:

- (i) The Constitution and Membership of the Committees of the County Council for 2017/18, as set out in the report, now presented, and the changes referred to above, be approved;
- (ii) The appointment of Chairs and Deputy Chairs of those Committees for 2017/18 be approved as follows:

(Immediately following the meeting it was noticed that the Full Council should have been informed that the membership of the Corporate Complaints Committee and not the Employment Committee would be reduced from 9 to 8 members. Members were informed immediately of the administrative error).

Committee	Chair	Deputy
Urgency Committee	G Driver	A Atkinson

Overview and Scrutiny

Scrutiny Committee	J Shedwick	T Jones
External Services Scrutiny	D O'Toole	D Stansfield
Children's Services Scrutiny	A Kay	N Hennessy
Health Scrutiny	P Britcliffe	J Purcell
Education Scrutiny	C Wakeford	M Dad

Other Committees

Developmental Control	B Yates	P Rigby
Regulatory	J Eaton	M Barron
Audit & Governance	A Schofield	E Nash
Pension Fund	E Pope	A Schofield
Corporate Complaints	G Wilkins	T Jones
Student Support Appeals	A Cheetham	C Wakeford
Employment Committee	G Driver	A Atkinson
Conduct Committee	A Atkinson	P Buckley

Committee	Chair	Deputy
Lancashire Health and Wellbeing Board	V Taylor	tbc

11. Police and Crime Panel for Lancashire - Appointment of a County Council Representative for 2017/18

The Full Council was asked to approve the appointment of one Member to serve on the Police and Crime Panel for Lancashire until the Annual Meeting of the Full Council in 2018.

Resolved: - That County Councillor Geoff Driver be appointed as the County Council's representative on the Police and Crime Panel until the Annual Meeting of the County Council in 2018.

12. Appointments to the Local Government Association - General Assembly, Special Interest Group on Coastal Issues and County Councils' Network for 2017/18

The Full Council was asked to approve representatives to serve on the Local Government Association's General Assembly for 2017/18 and to attend the Annual General Meeting of the General Assembly in Birmingham on 4 July 2017. The Full Council was also asked to appoint one representative to serve on the LGA Special Interest Group on Coastal Issues for 2017/18 and up to four representatives to serve on the County Councils' Network for 2017/18.

Resolved: - That:

- (i) County Councillors Geoff Driver, Albert Atkinson, Susie Charles and Azhar Ali be appointed to serve on the LGA General Assembly for 2017/18;
- (ii) The County Councillors set out at (i) above, be authorised to attend the Annual Meeting of the Assembly to be held in Birmingham on 4 July 2017, and that the County Council's 12 votes be carried by County Councillor Geoff Driver;
- (iii) The appointment of a representative to serve on the Special Interest Group on Coastal Issues for 2017/18 be deferred;
- (iv) The appointment of up to four representatives to serve on the County Councils' Network for 2017/18 be deferred pending further consideration of the County Council's membership of the County Councils' Network.

13. Appointments to the North Western Inshore Fisheries and Conservation Authority

The Full Council was asked to approve the appointment of two Members to serve on the North Western Inshore Fisheries and Conservation Authority until the next County Council elections in May 2021.

Resolved: - That:

- (i) County Councillor Lorraine Beavers and County Councillor Andrew Gardiner be appointed to serve on the North Western Inshore Fisheries and Conservation Authority until the next County Council elections in May 2021;
- (ii) The Director of Governance, Finance and Public Services be authorised, in consultation with the Leader of the County Council, to approve any changes to the appointment at (i) above which may become necessary before May 2021.

14. Local Pensions Partnership Ltd - Appointment of a County Council Shareholder Representative

The Full Council was asked to approve the appointment of one Member to act as the County Council's shareholder representative on the Board of the Local Pensions Partnership Ltd until the next County Council elections in May 2021.

Resolved: - That:

- (i) County Councillor Alan Schofield be appointed as the County Council's shareholder representative on the Board of the Local Pensions Partnership Ltd;
- (ii) The Director of Governance, Finance and Public Services be authorised, in consultation with the Leader of the County Council, to approve any changes to the appointment at (i) above which may become necessary before May 2021.

15. Report of Urgent Key Decisions

Resolved: - That the report of an urgent Key Decision taken by the former Deputy Leader of the County Council and the former Cabinet Member for Adult and Community Services since the last meeting of Full Council, as now presented, be noted.

16(a) The Overview and Scrutiny Committees

County Councillor John Shedwick presented the reports of the Overview and Scrutiny Committees from their meetings as follows:

- Children's Services Scrutiny Committee - 1 March 2017
- Education Scrutiny Committee - 28 March 2017
- Health Scrutiny Committee - 28 February 2017
- Scrutiny Committee - 10 February, 17 March and 13 April 2017

Resolved: - That the reports of the Overview and Scrutiny Committees, now presented, be noted.

16(b) The Audit and Governance Committee

The Leader presented the report of the Audit and Governance Committee from its meeting on 3 April 2017.

Resolved: - That the report of the Audit and Governance Committee, now presented, be noted.

16(c) The Pension Fund Committee

County Councillor Kevin Ellard presented the report of the Pension Fund Committee from its meeting on 17 March 2017.

Resolved: - That the report of the Pension Fund Committee, now presented, be noted.

17. Report of the Lancashire Combined Fire Authority

County Councillor Frank de Molfetta presented the report of the Lancashire Combined Fire Authority from its meeting held on 20 February and 24 April 2017.

Resolved: - That the report of the Lancashire Combined Fire Authority, now presented, be noted.

Jo Turton
Chief Executive

County Hall
Preston

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
(All Divisions)

Report of the Cabinet (Part A)
(Annex 1 refers)

Contact for further information:
Josh Mynott, Tel: (01772) 534580, Democratic and Member Services Manager,
josh.mynott@lancashire.gov.uk

Executive Summary

Full Council is asked to consider any recommendations made by Cabinet for Full Council to determine. This includes recommendations to be made by Cabinet on 13 July 2017 in relation to the Budget. The report considered by Cabinet is attached as Annex 1.

Recommendation

That Full Council:

- (i) Considers the recommendations made by Cabinet in relation to the proposed Budget Amendment shown at Appendix 'B' to Annex 1, as follows:
 - a. To add an additional £3.995m to the 2017/18 revenue budget, and;
 - b. To add an additional £7.071m to the 2017/18 capital budget.
- (ii) Considers any other recommendations made by Cabinet.

At its meeting held on 13 July 2017 Cabinet will be asked to consider recommending Full Council to agree to the following amendments to the revenue and capital budget as follows:

- Adding an additional £3.995m to the 2017/18 revenue budget.
- Adding an additional £7.071m to the 2017/18 capital budget.

This report for Full Council has been published in advance of the meeting of the Cabinet on 13 July, therefore Full Council will be advised of Cabinet's recommendations at the meeting.

The full report and appendices considered by Cabinet are attached at Annex 1.

Cabinet will also report any other recommendations for consideration by Full Council under this item.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Financial

The budget amendment is fully costed and funded as shown in Appendix 'B' however it is important to note that this will lead to a widening resource gap in 2018/19.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
Revisions to the 2017/18 Budget	13 July 2017	Neil Kissock/(01772) 534286
The County Council's Budget	9 February 2017	Neil Kissock/(01772) 534286

Reason for inclusion in Part II, if appropriate

N/A

Report to the Cabinet

Meeting to be held on Thursday, 13 July 2017

Report of the Director of Financial Resources

Part I

Electoral Divisions affected:
All

Revisions to the 2017/18 Budget

(Appendices 'A' and 'B' refer)

Contact for further information:

Neil Kissock, (01772) 534286, Director of Financial Resources

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Executive Summary

At Budget Full Council on 9 February 2017 the Conservative Group moved an Amendment to the Administration's 2017/18 budget proposals, the Amendment being lost.

Following the County Council elections in May 2017 the new Administration have confirmed that they wish to amend the budget agreed by Full Council in line with the earlier Amendment. This report provides details to Cabinet of the implementation of the Amendment (revised to incorporate the most up to date budget information) that was proposed in February 2017 and the impact on the 2017/18 budget and beyond.

Recommendation

The Cabinet is recommended to consider the proposed Budget Amendment at Appendix 'B' and agree:

- (i) To recommend Full Council to add an additional £4.056m to the 2017/18 revenue budget.
- (ii) To recommend Full Council to agree to add an additional £7.071m to the 2017/18 capital budget as per the Budget Amendment (Appendix 'B').
- (iii) To request the Director of Financial Resources to incorporate the impact of the Budget Amendment within the Medium Term Financial Strategy from 2018/19 onwards which will be reported to Cabinet in September 2017.

Background and Advice

At Full Council in February 2017 the Conservative Group moved an Amendment to the 2017/18 budget proposals. The Amendment was however lost and therefore not implemented.

The detailed Amendment is included at Appendix 'A' and included proposals to increase the revenue budget in a number of service areas such as subsidised bus routes, libraries, promoting sustainable employment for young people and enhancing the Apprentices and Graduate programme. In addition the Amendment included changes to the Capital Programme which included increases in the highways and libraries funding.

All proposals were validated as being deliverable financially in 2017/18 with funding sources identified although it was highlighted that the Amendment would affect savings areas (and increase the capital programme) and would lead to a widening resource gap in 2018/19, and future years.

2017/18 Revised Budget Amendment

The Amendment was costed on the basis of information available at a point in time and on the assumption that it was agreed in February and implemented thereafter. To reflect the fact that we are now partway through the 2017/18 financial year the Amendment has been reviewed and re-costed based on the most up-to-date information available and incorporating the part year position for 2017/18.

Appendix 'B' contains the revised Amendment to the 2017/18 budget, further details of each line are contained below:

1) Proposed Additions to the Budget for 2017/18

- **Subsidised Bus Routes**
Of the £1.000m included within the original Amendment it is estimated that £0.333m can be spent in the current financial year.
This additional funding will be spent on forming new links between communities and enhancements to existing services. It is anticipated that reviewing contracts and possibly extending them will result in better value for money. It is estimated that £0.333m can be spent in 2017/18 with a further report to be provided to Cabinet setting out proposals in due course. .
- **Promoting sustainable employment for young people and enhancing the Apprentices and Graduate programme**
Of the £1.000m included within the original Amendment it is estimated that £0.433m can be spent in the current financial year.
This additional funding would provide employability support to the County Council's Children Looked After (CLA) and Care Leavers, increasing the ability to support these young people. In addition the funding will be used to support additional graduates and apprentice placements and specific key skills gaps across the County Council which will also support the use of the apprentice levy.

- **Remove proposed cuts to Library Service and re-open all libraries**
Of the £2.177m included within the original Amendment it is estimated that £1.715m is required in the current financial year.
 This funding allows Cabinet to agree to rescind decisions to close libraries that have not yet been implemented and reopen library facilities which have already closed. A separate report on the agenda for this meeting of Cabinet sets out the details of what is proposed including the financial implications.
- **Additional support for new community libraries**
Of the £0.050m included within the original Amendment it is estimated that £0.000m is required in the current financial year.
 This funding is no longer required due to the reduced number of Community Asset Transfers (CATs) that are currently proposed to take place compared to those at the time of the Budget Amendment. This additional funding was to provide additional resource to support community libraries, however with a reduced amount of transfers of facilities to the community the current resource will be able to provide more support to the remaining CATs.
- **Increase the level of Local Member Grants by 50%**
Of the £0.084m included within the original Amendment it is estimated that £0.084m can be spent in the current financial year.
 This funding allows grants to be agreed and paid out by Local Members to support community groups and organisations providing services to local communities in Lancashire.
- **Increase the funding to the Flood Risk budget and increase the frequency of gully cleaning**
Of the £0.300m included within the original Amendment it is estimated that £0.300m can be spent in the current financial year.
 This funding will be used to support the pressurised flood risk budget and enable more reactive work to be completed when reported by the general public or Members relating to gully cleaning.
- **Cost of prudential borrowing to fund increased investment in the Capital Programme**
Of the £0.199m included within the original Amendment it is estimated that £0.181m is required in the current financial year.
- **Supporting Economic Growth, particularly small businesses**
Of the £1.000m included within the original Amendment it is estimated that £0.500m is required in the current financial year.
 This funding will be used to support economic growth with a further report to be presented to Cabinet providing the details of the application of this funding.
- **Retain the Subsidy to Knott End Ferry to ensure continued operation**
Of the £0.085m included within the original Amendment it is estimated that £0.100m is required in the current financial year.
 This was agreed at Cabinet in June 2017 to be funded temporarily from the Transitional Reserve. This Budget Amendment would remove the need for

funding from the reserve. This is an estimated cost based on 2016/17 expenditure whilst negotiations are ongoing.

- **Funding to keep Hornby Swimming Pool open for community use**
Of the £0.080m included within the original Amendment it is estimated that £0.080m can be spent in the current financial year.

On 31 March 2017 Lancaster City Council took the decision to end its relationship with the community pool at Hornby with officers exploring the possibility of transferring the pools to community ownership. The County Council estimated the costs to be £0.080m and will need to discuss with Lancaster City Council how this identified funding could be utilised to potentially support the reopening of this facility.

- **Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance**
Of the £0.600m included within the original Amendment it is estimated that £0.330m can be spent in the current financial year.

This funding will be used to increase the frequency of grass cutting on inner core and outer core areas. As we are already partway through the grass cutting season there will be a part implementation of this additional funding in 2017/18 and full implementation in 2018/19. A further report to Cabinet in September will provide more details surrounding the implementation of this Amendment following discussions with District Councils and contractors (if required). The introduction of cyclic weed control in all areas and the increase of reactive leaf clearance to supplement the existing cyclic sweeping.

2) Financing the proposed additions to the budget

The financing proposals have been adjusted to reflect the revised budget requirement in 2017/18 and are detailed in Appendix 'B'.

3) Proposed Additions to the Capital Programme

- **Additional funding to carry out Highways Maintenance - £5.000m**

It is proposed that this funding will be utilised as follows:

- Responsive/Reactive Maintenance (Minor works) - £1.000m
- Early intervention defect repairs - £1.000m
- Highways projects and resources - £3.000m

A further report to Cabinet will provide proposals for how this funding will be spent and the forecast spend profile.

- **Additional funding for the Productivity Investment Fund to reduce Congestion - £0.500m**

This funding would support the County Council's match funding requirement as part of its bid to the National Productivity Investment Fund.

- **Additional Road Safety Schemes**

This was agreed at Full Council in February 2017 as part of an additional Amendment to the 2017/18 budget therefore no longer required as part of the Amendment.

- **Libraries – Essential Condition Costs P1 and P2 - £1.571m**

As a result of the decision to re-open libraries all will require some capital investment to ensure the building is maintained at an acceptable standard. Condition surveys are currently taking place with a further report to be provided to Cabinet detailing the revised costs based on most recent information available.

4) Proposed Amendments to the Capital Programme

The amendments required to fund the revised capital requirement in 2017/18 and are detailed in Appendix 'B'.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Financial

The budget amendment is fully costed and funded as shown in Appendix 'B' however it is important to note that this will lead to a widening resource gap in 2018/19.

List of Background Papers

Paper	Date	Contact/Tel
The County Council's Budget	9 February 2017	Neil Kissock/(01772) 536154

Reason for inclusion in Part II, if appropriate

N/A

BUDGET COUNCIL: 9TH FEBRUARY 2017**AMENDMENT PROPOSED BY THE CONSERVATIVE GROUP TO THE 2017/18 BUDGET****(1) Proposed Additions to the Budget**

	Additional Proposals	Cost of £m
1. Subsidised Bus Routes Retain all existing subsidised routes and increase the level of subsidies by 50%, to support additional services:		1.000
2. Promoting sustainable employment for young people and enhancing Apprentices & Graduates programme:		1.000
3. Remove proposed cuts to Library Service and re-open all libraries on 1 st July 2017 which are currently closed due to cuts by Lancs County Council in 2016/17, to include all costs of re-opening, staff & running costs and replacing funding for County Book Fund:		2.177
4. Additional support for the new community libraries established in 2016/17 in response to the cuts made by Lancashire County Council:		0.050
5. Increase the level of Local Member Grants by 50%, to provide support to Charities providing services to our local communities in Lancashire:		0.084
6. Increase the funding in the Flood Risk budget by £50k and increase the frequency of gully cleaning:		0.300
7. Cost of prudential borrowing to fund increased investment in the Capital Programme of £3.319m:		0.199
8. Supporting Economic Growth, particularly Small Businesses:		1.000
9. Retain the Subsidy to the Knott End Ferry, to ensure its continued operation, if required, up to a maximum value of £85k:		0.085
10. Funding to keep Hornby Swimming Pool open for community use, to allow consultation with interested parties on the most appropriate means of providing this facility, up to maximum £80k:		0.080
11. Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance		0.600
Total Cost of Proposed Amendments:		<u>£6.575</u>

(2) Financing the Proposed Additions to the Budget

	Revenue Savings
	£m
1. Continue the policy of financing Capital Expenditure by borrowing rather than charging to Revenue or Reserves:	
• Asset Maintenance	0.727
• School Playing Fields	<u>1.036</u>
Total:	1.763
Less: Revenue Charges	0.106
	<u>1.657</u>
2. Reduction in the number of paid trade union officials:	0.061
3. 25% reduction in the number of Vacant Posts which don't Relate to service areas with future savings targets:	0.200
4. Reduce the County Fund by 16.67%:	6.000
Total Revenue Savings:	<u>£7.918</u>

Therefore, an amount of £1.343m would be available to transfer to the County Council's Transitional Reserve.

(3) Proposed Additions to the Capital Programme

ADD:

	£m
• Additional funding to carry out Highways Maintenance:	5.000
• Additional funding for the Productivity Investment Fund, to reduce Congestion:	0.500
• Additional Road Safety Schemes:	0.500
• Libraries – Essential Condition Costs P1 and P2	1.571
Total Additions to Capital Programme:	<u>£7.571</u>

(4) Proposed Amendments to the Capital Programme

	£m
1. Re-profile the upgrade of Fire Suppression systems at the waste recovery parks, to move £2.268m from 2016/17 to 2017/18 and £1.552 from 2017/18 to 2018/19:	1.552
2. Re-profile the PPR Neighbourhood Centres Suitability Investment, to move £1.5m from 2017/18 to future years:	1.500
3. Re-profile Vehicle replacements, to move £1m from 2017/18 to 2018/19:	1.000
4. Delete funding from the parish bus scheme, as there has been no take-up by any parish councils in Lancashire:	0.200
Total Reductions from 2017/18 Capital Programme:	<u>£4.252</u>

View of the Section 151 Officer

The proposals have been validated as being deliverable financially in 2017/18. However it must be stressed that the affected savings areas (and increase to the capital programme) will lead to a widening resource gap in 2018/19, and future years, if they are not ultimately delivered in full as per the existing plans.

Appendix 'B'

AMENDMENT TO THE 2017/18 BUDGET

(1) Proposed Additions to the Budget

	2017/18	2018/19
	£m	£m
1. Subsidised Bus Routes: Retain all existing subsidised routes and increase the level of subsidies by 50%, to support additional services:	0.333	1.000
2. Promoting sustainable employment for young people and enhancing Apprentices & Graduates programme	0.433	1.000
3. Remove proposed cuts to Library Service and re-open all libraries on 1st July 2017 which are currently closed due to cuts by Lancs County Council in 2016/17, to include all costs of re-opening, staff & running costs and replacing funding for County Book Fund:	1.715	1.750
4. Additional support for the new community libraries established in 2016/17 in response to the cuts made by Lancashire County Council:	0.000	0.000
5. Increase the level of Local Member Grants by 50%, to provide support to Charities providing services to our local communities in Lancashire:	0.084	0.084
6. Increase the funding in the Flood Risk budget by £50k and increase the frequency of gully cleaning:	0.300	0.300
7. Cost of prudential borrowing to fund increased investment in the Capital Programme of £3.019m:	0.181	0.181
8. Supporting Economic Growth, particularly Small Businesses:	0.500	1.000
9. Retain the Subsidy to the Knott End Ferry, to ensure its continued operation, if required, up to a maximum value of £85k:	0.100	0.100
10. Funding to keep Hornby Swimming Pool open for community use, to allow consultation with interested parties on the most appropriate means of providing this facility, up to maximum £80k:	0.080	0.080
11. Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance	0.330	0.600
Total Cost of Proposed Amendments	4.056	6.095

(2) Financing the Proposed Additions to the Budget

	2017/18
	£m
Reduce the County Fund Reserve	4.056
Total Cost of Proposed Amendments	4.056

(3) Proposed Additions to the Capital Programme

	2017/18 £m
Additional funding to carry out Highways Maintenance	5.000
Additional funding for the Productivity Investment Fund, to reduce Congestion	0.500
Additional Road Safety Schemes	0.000
Libraries – Essential Condition Costs P1 and P2	1.571
Total additions to the Capital Programme	7.071

(4) Proposed Amendments to the Capital Programme

	2017/18
	£m
Re-profile the upgrade of Fire Suppression systems at the waste recovery parks, to move £2.268m from 2016/17 to 2017/18 and £1.552 from 2017/18 to 2018/19	1.552
Re-profile the PPR Neighbourhood Centres Suitability Investment, to move £1.5m from 2017/18 to future years	1.500
Re-profile Vehicle replacements, to move £1m from 2017/18 to 2018/19	1.000
Delete funding from the parish bus scheme, as there has been no take-up by any parish councils in Lancashire	0.000
Total Cost of Proposed Amendments	4.052

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
(All Divisions)

Report of the Independent Remuneration Panel - 2017/18 Members' Allowance Scheme

(Appendices 'A' and 'B' refer)

Contact for further information:

Chris Mather, Tel: (01772) 533559, Democratic Services Manager,
chris.mather@lancashire.gov.uk

Executive Summary

This report sets out the recommendations of the Independent Remuneration Panel in relation to the Council's Members' Allowance Scheme for 2017/18.

Recommendation

Full Council is recommended:

- (i) To consider the recommendations of the Independent Remuneration Panel, as set out in the report and at Appendix 'A', relating to the Council's Members' Allowance Scheme.
- (ii) Subject to (i) above, to approve a revised Members' Allowance Scheme for 2017/18 and authorise the Director of Governance, Finance and Public Services to make the necessary changes to the Scheme.

Background and Advice

The County Council is required to establish an Independent Remuneration Panel and have regard to its recommendations before the Authority makes or amends its Members' Allowance Scheme. Furthermore, the County Council is required to approve its Members' Allowance Scheme before the beginning of each financial year.

The 2017/18 Scheme was approved by the Full Council at its meeting on 23 February 2017. It was agreed that no changes be made to the Members' Allowance Scheme pending a review of the Scheme by the Independent Remuneration Panel following the Council elections on 4 May 2017. The Full Council noted that a meeting of the Panel had not taken place as no changes to the Scheme were proposed.

A meeting of the Independent Remuneration Panel was held on 5 June 2017 to review and make recommendations on the 2017/18 Scheme as requested by Full Council in February. The following information was presented to the Panel to assist its review of the Scheme:

- A copy of the existing Scheme and supporting background information including a summary of the key elements of the Scheme previously considered by the Panel and approved by the Full Council;
- A list of current Special Responsibility Allowances (SRA) paid, as well as a comprehensive list of the current roles and responsibilities of SRA post holders, and decision making bodies such as Council Committees;
- Information relating to the number of meetings, decision making sessions, other events and decisions taken by SRA holders and Committees etc.;
- Comparative information with the five largest (by population) County Councils, as well as neighbouring Cumbria County Council;
- The result and outcome of the County Council elections including the establishment and size of the various political groups;
- The Council's new decision making structure as approved by Full Council on 25 May 2017;
- The views and representations submitted by the political group leaders;
- Officer suggestions to clarify and update certain aspects of the Scheme and supporting guidance notes.

The minutes of the Panel's meeting held on 5 June 2017 are attached at Appendix 'A'. The Full Council is asked to consider the deliberations and recommendations of the Panel as set out in the minutes and which are summarised below:

(i) Scheme Indexation

The method of uprating the Scheme's allowances is normally agreed for a fixed four year period. However, the Full Council at its meeting on 25 February 2016 approved the adoption of the following indices as the method of uprating the various allowances for 2016/17 only. It was agreed that a further review of the indices be undertaken by the Panel as part of a wider review of the Members' Allowance Scheme following the County Council elections:

Allowance	Index
Basic Allowance, Special Responsibility Allowance, and Carers/Dependents	Local Government National Pay Award for officers
Travelling and Subsistence:	
Motor Car, Motor Cycles and Bicycles	To be revised in accordance with the maximum for Income Tax purposes as defined by HMRC
Overnight Accommodation, Day Subsistence and Travel Abroad	Consumer Price Index (published in November of the preceding year)

The Panel gave further consideration to this matter and agreed the following:

Recommendation (1) to Full Council: That the indices, as set out in the above table, be adopted as the method of uprating the various allowances for a fixed four year period commencing 1 April 2017.

(ii) Uprating of Allowances

As mentioned above, the Members' Allowance Scheme Panel provides for an automatic uprating of the Basic Allowance, Special Responsibility Allowances and the Carers/Dependents Allowance in line with the annual staff pay increase. While the staff pay increase for 2017/18 was set at 1%, the Full Council at its meeting on 23 February 2017 agreed that the 1% uprating of the Scheme's allowances should be deferred pending the Panel's review of the Scheme.

There was a lengthy discussion on this matter and while the Panel recognised the financial position of the Council, it felt that the allowances should be uprated in accordance with provisions of the Scheme, and to ensure that the allowances were not seen as a barrier to people wishing to stand for election to the Council.

The Panel agreed the following **Recommendation (2) to Full Council:**

That the 2017/18 Basic Allowance, Special Responsibility Allowances and the Carers/Dependents Allowance be uprated in accordance with the 1% staff pay increase for 2017/18.

The Full Council will note that the uprating of the various allowances, as recommended by the Panel, would increase the Basic Allowance budget by £8,791 and the Special Responsibility Allowance budget by £3,636. The overall increase of £12,427 is based on the Scheme as at 1 April 2017 and does not take into account any changes to the 2017/18 Scheme which the Full Council may wish to make having regard to other recommendations set out in this report and at Appendix 'A'.

The increased cost does not include the uprating of the Carer's/ Dependents allowance which members can currently claim at a maximum hourly rate of £7.19. Very few members claim the Carer's/ Dependents allowance so any increase would be negligible.

If adopted, the increased costs can be met from within the existing Members' budgetary provision.

(iii) Amendments suggested by Officers

(i) Deadline for submission of expenses claims:

The Panel was informed that the deadline of the 6th day of the month for the submission of expenses claims was causing administrative problems. It was felt that an earlier deadline of the 4th day of the month would enable the claims to be processed more easily and efficiently. The Panel noted that the earlier deadline would not have an adverse effect on the ability of members to submit their claims as the Scheme allowed members to submit claims up to two months after the period to which the claim relate.

The Panel agreed the following **Recommendation (3) to Full Council**:

That members be required to submit expenses claims by the 4th day of the month.

(ii) Use of taxis

It was felt that the circumstances in which members can reclaim the cost of taxi journeys needed to be clarified.

The Panel agreed the following **Recommendation (4) to Full Council**:

That members be permitted to reclaim the cost of a taxi journey in the following circumstances only:

- (i) Where a taxi needs to be used prior to or following a train journey in connection with attendance at a conference or other similar event away from County Hall; or
- (ii) An emergency situation where no other form of transport is available; or
- (iii) Where a journey by taxi has been given prior approval by the Director of Governance, Finance and Public Services.

- Members' Allowance Scheme Guidance Notes

It was felt that Scheme's Guidance Notes should be merged into the Scheme. This would remove a considerable amount of duplication and ensure that all relevant information was contained in one document.

The Panel agreed the following **Recommendation (5) to Full Council**:

That the Members' Allowance Scheme and the supporting Guidance Notes be merged into a single document.

Officers have taken the opportunity to review the guidance notes and incorporate them into the 2017/18 Members' Allowance Scheme. A suggested amended Scheme is attached at Appendix 'B'.

(iv) Political Group Leaders' Representations and Comments on the Scheme

The Leaders of the four Political Groups were invited to attend the meeting to submit their views on the Members' Allowance Scheme and to make any recommendations with regards to any changes they wished the Panel to consider. A questionnaire was also sent to the Leaders to assist them in making any representations to the Panel.

County Councillor Ali, Labour Group Leader, and County Councillor Hayhurst, Independent Group Leader, did not attend the meeting. The Panel was informed that the members had confirmed their agreement to the Scheme and that they did not wish to make any recommendations to change it.

County Councillor Atkinson, Deputy Leader of the Conservative Group and County Councillor Whipp, Liberal Democrat Group Leader, attended the meeting to present their views and to make suggestions to change the 2017/18 Scheme. The comments and suggestions made by Councillors Atkinson and Whipp are set out in Appendix 'A'. The main areas covered were:

- The uprating of allowances in accordance with the 2017/18 staff pay increase;
- Special Responsibility Allowances (SRAs) paid to the Leader and other post holders including Committee Chairs and Political Group positions; and
- The effects of the Council's new decision making arrangements on the Scheme.

With regard to the comments made about the uprating of the Basic Allowance, the Special Responsibility Allowance and the Carer's/Dependents Allowance in accordance with the 1% staff pay increase, the Panel re-affirmed its earlier decision (see Recommendation 2 above) that the Full Council should be recommended to apply the 1% increase to the various allowances in 2017/18.

The Panel gave careful and detailed consideration to all of the information presented and to the points raised by Councillors Atkinson and Whipp. The Panel also received the views of officers on the suggestions made particularly in relation to the payment of SRAs to Council Committee chairs and Political Group post holders.

The Panel was informed that the suggestions relating to the payment of SRAs as submitted by Councillor Atkinson would be cost neutral and would result in a small underspend on the SRA budget. Officers also confirmed that Councillor Whipp's SRA related suggestions would result in a greater under spend on that budget.

The Full Council will note that the financial implications of the proposed SRA related changes suggested by Councillors Atkinson and Whipp are shown in the following table:

Overall cost of the SRA budget:	£
• as at 1 April 2017	363,557 *
• including the proposed SRA related changes submitted by the Conservative Group	358,508 *
• including the proposed SRA changes submitted by the Liberal Democrat Group	338,437 *

* The uprating of the SRA allowances in accordance with 1% staff pay increase for 2017/18 has not been included.

There was a lengthy discussion on the financial implications of the suggestions presented to the Panel and while the Council's difficult budget position was recognised, it was felt that the financial implications or consequences arising from any recommended changes submitted by the Panel were a matter for the Full Council and not the Panel to determine. It was agreed that any recommendations made by the Panel to the Full Council should be based on and supported by firm evidence. Unfortunately the Panel felt that insufficient evidence had been presented to support any recommended changes being made to the Full Council which was disappointing. It was suggested that the Political Group Leaders be invited to attend the next meeting of the Panel in December 2017 or January 2018 to discuss any suggested changes to the Members' Allowance Scheme in more detail and having experienced the Council's new decision making arrangements over a six month period. Any changes could be considered for implementation as from 1 April 2018.

The Panel agreed the following **Recommendation (6) to Full Council:**

- (i) That, subject to the recommendations 1-5 above, the Panel does not wish to make any other recommendations to amend the 2017/18 Members' Allowance Scheme.
- (ii) That the Leaders of the Political Groups be invited to attend the next meeting of the Panel to present and discuss in detail any suggested changes to the 2018/19 Members' Allowance Scheme.

As mentioned above, the existing 2017/18 Scheme has been amended to include the Scheme's guidance notes and a copy of the single document is attached at Appendix 'B'. The suggested revised Scheme at Appendix 'B' would need to be further amended to reflect any other changes approved by the Full Council.

The Full Council is asked to consider the recommendations of the Independent Remuneration Panel which are set out above and in more detail at Appendix 'A', and approve any changes to the Members' Allowance Scheme for 2017/18.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The Full Council is required to approve an annual Members' Allowance Scheme having regards to recommendations made by the Council's Independent Remuneration Panel.

Financial

The changes to the Members' Allowance Scheme as recommended by the Panel will result in additional costs of £12,427 which can be met from the existing Members' budgetary provision.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
Independent Remuneration Panel agenda	5 June 2017	Chris Mather/ (01772) 533559

Reason for inclusion in Part II, if appropriate

N/A

**Lancashire County Council
Members' Independent Remuneration Panel
5 June 2017**

Present:

Irene Divine
Keith Leaver
Dennis Mendoros, DL
Terry Whitehead

1. Appointment of Chair

Mr Leaver was re-appointed as chair of the Panel.

2. Minutes of the meeting held on 19 January 2016

The Panel confirmed the minutes of the meeting held on 19 January 2016 as a true and correct record.

3. Alterations to the Members' Allowance Scheme

The Panel was informed that the 2017/18 Scheme had been approved by the Full Council on 23 February 2017. The Full Council agreed that no changes should be made to the Scheme pending a review of the Scheme by the Independent Remuneration Panel following the Council elections on 4 May 2017. It was noted that the Full Council would normally have to have regard to the recommendations of the Panel. However, a meeting of the Panel was not required as no changes to the scheme were proposed.

The following information was presented to the Panel to assist its review of the Scheme following the County Council elections:

- A copy of the existing Scheme and supporting background information including a summary of the key elements of the Scheme previously considered by the Panel and approved by the Full Council;
- A list of current Special Responsibility Allowances (SRA) paid, as well as a comprehensive list of the current roles and responsibilities of SRA post holders, and decision making bodies such as Council Committees;
- Information relating to the number of meetings, decision making sessions, other events and decisions taken by SRA holders and Committees etc.,
- Comparative information with the five largest (by population) County Councils, as well as neighbouring Cumbria County Council;
- The result and outcome of the County Council elections including the establishment and size of the various political groups;
- The Council's new decision making structure as approved by Full Council on 25 May 2017;

- The views and representations submitted by the political group leaders; and
- Officer suggestions to clarify and update certain aspects of the Scheme and supporting guidance notes.

(i) Scheme Indexation

The method of uprating the Scheme's allowances is normally agreed for a fixed four year period. The Panel recalled that at its last meeting it agreed to recommend the Full Council to adopt the following indices as the method of uprating the various allowances for 2016/17 only and that a further review of the indices be undertaken by the Panel as part of a wider review of the Members' Allowance Scheme following the County Council elections:

Allowance	Index
Basic Allowance, Special Responsibility Allowance, and Dependents' Carers' Allowance	Local Government National Pay Award for officers
Travelling and Subsistence:	
Motor Car, Motor Cycles and Bicycles	To be revised in accordance with the maximum for Income Tax purposes as defined by HM Revenue and Customs
Overnight Accommodation, Day Subsistence and Travel Abroad	Consumer Price Index (published in November of the preceding year)

The Full Council at its meeting on 25 February 2016 approved the adoption of the above indices for 2016/17.

Officers felt that there was no reason to suggest any changes to the indices as they were easily accessible and similarly used by many local authorities.

Recommendation (1) to Full Council: That the indices, as set out in the above table, be adopted as the method of uprating the various allowances for a fixed four year period commencing 1 April 2017.

(ii) Uprating of Allowances

The Panel was informed that the Scheme provided for an automatic uprating of the Basic Allowance, Special Responsibility Allowances and the Carers/Dependents Allowance in line with the annual staff pay increase. While the staff pay increase for 2017/18 was set at 1%, the Full Council at its meeting in February 2017 agreed that the 1% uprating of the Scheme's allowances should be deferred pending the Panel's review of the Scheme.

The Panel recalled that the various allowances had been frozen on a number of occasions during the past 10 years. That was due to staff not receiving a pay

award or a Full Council decision to not apply the % pay increase. Whilst the Council's 2017/18 budget did not include provision for a 1% increase, it was likely that the 1% increase could be met from within the existing Members' budgetary provision. The Council's Medium Term Financial Strategy would have to be adjusted to provide for any future increases. The Panel recognised the financial position of the Council but felt that the allowances should be uprated in accordance with provisions of the Scheme, and to ensure that the allowances were not seen as a barrier to people wishing to stand for election to the Council.

Recommendation (2) to Full Council: That the 2017/18 Basic Allowance, Special Responsibility Allowances and the Carers/Dependents Allowance be uprated in accordance with the 1% staff pay increase for 2017/18.

(iii) Amendments suggested by Officers

- Deadline for submission of expenses claims:

The Panel was informed that the members were required to submit expenses claims to Democratic Services by the 6th day of each month. This presented officers with little time in which to receive, verify and approve the claims prior to the Council's payroll deadline. The problem was exacerbated if the majority of claims were submitted on the deadline itself. Officers felt that a deadline date of the 4th day of each month would enable the claims to be processed more easily and efficiently. The proposed new deadline would not have an adverse effect on the ability of members to submit their claims particularly as the Scheme allowed members to submit claims up to two months after the period to which the claim related.

Recommendation (3) to Full Council: That members be required to submit expenses claims by the 4th day of the month.

- Use of taxis

The Panel was informed that while the Scheme enabled members to make and claim for taxi journeys, the definition of 'journey' was considered to be too open ended which could prove costly to the Council. It was suggested that members should only be permitted to reclaim the cost of a taxi journey in the following circumstances:

- Where a taxi needs to be used prior to or following a train journey in connection with attendance at a conference or other similar event away from County Hall; or
- An emergency situation where no other form of transport is available; or
- Where a journey by taxi has been given prior approval by the Director of Governance, Finance and Public Services.

Recommendation (4) to Full Council: That members be permitted to reclaim the cost of a taxi journey in the above mentioned circumstances only.

- Members' Allowance Scheme Guidance Notes

The Panel was informed that detailed Guidance Notes supported the Members' Allowance Scheme. This was felt unnecessary and it was suggested that the Guidance Notes should be merged into the Scheme. This would remove a considerable amount of duplication and ensure that all relevant information was contained in one document i.e. the Members' Allowance Scheme.

Recommendation (5) to Full Council: That the Members' Allowance Scheme and the supporting Guidance Notes be merged into one document.

(iv) Political Group Leaders' Representations and Comments on the Scheme

The Panel was informed that the Leaders of the four Political Groups had been invited to attend the meeting to submit their views on the Members' Allowance Scheme and to make any recommendations with regards to any changes they wished the Panel to consider. It was noted that the Leaders had also been issued with a questionnaire to assist them in making any representations to the Panel.

It was reported that County Councillor Ali, Labour Group Leader, and County Councillor Hayhurst, Independent Group Leader, would not be attending the meeting as they were happy with the existing Scheme and they did not wish to make any recommendations to change it.

County Councillor Atkinson, Deputy Leader of the Conservative Group attended the meeting in the absence of the Group's Leader, Councillor Driver. In summary, Councillor Atkinson asked the Panel to consider the following:

- While the Scheme permitted an increase in the Basic Allowance, the Special Responsibility Allowance (SRA), and the Dependents' Carers' Allowance in line with the annual % staff pay increase, it was felt that the 2017/18 increase of 1% should not be applied and that the allowances should be frozen.
- The Councillors' Basic Allowance and the SRA paid to the Leader were considered acceptable and appropriate to the size of the Council.
- The SRA currently paid to the chair of the Audit & Governance Committee did not reflect the role nor the extremely important work of the Committee. It was felt that the SRA should be increased to £7,471.
- The SRA paid to the chairs of other Council Committees listed in Schedule B (Special Responsibility Allowances) of the Members' Allowance Scheme should be fixed at the same amount i.e. £7,471. The only exception would be the chair of the Corporate Complaints Committee who would receive an allowance of £2,500 due to the reduced number of Committee meetings.
- Following the elections the new administration had established an additional cabinet member's post which it was felt should receive an SRA at the same level as other cabinet members.
- A Lead Member's post and a Champion's post had been disestablished. An SRA was previously paid to both positions so that money could be used

- to offset other proposed changes to the list of SRA positions.
- A new External Services Scrutiny Committee had been established and it was suggested that the chair and deputy chair of the Committee should receive the same SRAs as other Scrutiny Committee chairs and deputy chairs.
 - It was suggested that the SRAs previously paid to the Leader, Deputy Leader, Secretary or Whip of the Liberal Democrat Group should be removed. Prior to the elections the Liberal Democrat Group had 6 members and the Group had entered into an agreement to support the Labour Party to form a minority administration. However, the elections had resulted in the size of the Liberal Democrat Group being reduced from 6 to 4 members. This meant that the Group now had as many members as the Independent Group had prior to the elections. With this in mind and given that SRAs were not paid to the Independent Group's Leader, Deputy Leader, Secretary or Whip, it was felt that SRAs should no longer be paid to the Liberal Democrat Group and that the money be used to offset other proposed changes to the list of SRA positions.

County Councillor David Whipp, Leader of the Liberal Democrat Group, then attended the meeting to present his views and suggestions on the Members' Allowance Scheme. In summary, Councillor Whipp asked the Panel to consider the following:

- The 2017/18 staff pay increase of 1% should be applied to the Basic Allowance. It was important that the Basic Allowance paid to all members was not allowed to fall too far behind inflation.
- It was suggested that the Leader's SRA be reduced by 10% with all other SRAs continuing to be paid as a % of the Leader's revised SRA. That would achieving a saving to the Council.
- All Scrutiny chairs and deputy chairs should be paid an SRA, and at the level currently set out in the Scheme.
- While the size of the Liberal Democrat Group had reduced following the elections, it was felt that the Group was still able to contribute to the work of the Council and to act as an effective opposition. It was suggested that SRAs should continue to be paid to the Group's Leader, Deputy Leader and Secretary.

The Panel gave careful and detailed consideration to all of the information presented and to the points raised by Councillors Atkinson and Whipp. The Panel also received the views of officers on the suggestions made particularly in relation to the payment of SRAs to Council Committee chairs and Political Group post holders. Officers specifically highlighted the important role and work of the Audit and Governance Committee.

Officers confirmed that the suggestions relating to the payment of SRAs as submitted by Councillor Atkinson would be cost neutral and would result in a small underspend on the SRA budget. Officers also confirmed that Councillor Whipp's SRA related suggestions would result in an increased under spend on that budget.

The Panel noted the views of Councillors Atkinson and Whipp on the uprating of the Basic Allowance, the Special Responsibility Allowance and the Carer's/Dependents Allowance in accordance with the 1% staff pay increase. After further discussion on this matter, the Panel re-affirmed its earlier decision that the Full Council should be recommended to apply the 1% increase to the various allowances in 2017/18.

There was a lengthy discussion on the financial implications of the suggestions presented to the Panel and while the Council's difficult budget position was recognised, it was felt that the financial implications or consequences arising from any recommended changes submitted by the Panel were a matter for the Full Council and not the Panel to determine. It was agreed that any recommendations made by the Panel to the Full Council should be based on and supported by firm evidence. Unfortunately the Panel felt that insufficient evidence had been presented to support any recommended changes being made to the Full Council which was disappointing. It was suggested that the Political Group Leaders be invited to attend the next meeting of the Panel in December 2017 or January 2018 to discuss any suggested changes to the Members' Allowance Scheme in more detail and having experienced the Council's new decision making arrangements over a six month period. Any changes could be considered for implementation as from 1 April 2018.

Recommendation (6) to Full Council:

- (i) That, subject to the recommendations 1-5 above, the Panel does not wish to make any other recommendations to amend the 2017/18 Members' Allowance Scheme.
- (ii) That the Leaders of the Political Groups be invited to attend the next meeting of the Panel to present and discuss in detail any suggested changes to the 2018/19 Members' Allowance Scheme.

5. Any Other Business

None.

6. Date of Next Meeting

To be confirmed.

I Young
Director of Governance, Finance
and Public Services

County Hall
Preston

Lancashire County Council

Members' Allowance Scheme

(As at 1 April 2017 – NB. The Scheme has been amended to include information previously set out in guidance notes – see covering report and Appendix A to Full Council on 20 July 2017)

1.0 Background

Lancashire County Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, hereby makes the following Scheme:

- 1.1 This Scheme shall have effect for the period 1 April 2017 to 31 March 2018 and subsequent years.
- 1.2 The County Council is required to convene a panel of independent persons, the Independent Remuneration Panel, and have regard to its recommendations on the allowances that are paid.
- 1.3 Each year the County Council has to publish details of its Scheme, and the amounts paid to each Councillor under the Scheme. The record is open to inspection by any local government elector for the County Council's area during normal working hours, and electors are entitled to make a copy of any part of the record.

2.0 Scheme definitions

- 2.1 In this Scheme:

"Councillor" means an elected member of Lancashire County Council.

"Co-opted member" means a person other than a Councillor who is appointed to serve on a Council Committee, Sub-Committee or Board.

"Year" means the twelve months commencing 1st April.

"Meetings" means a meeting of the Full Council or a body of Members formally established by the Full Council, the Leader of the County Council, the Cabinet or a Council Committee.

3.0 Allowances General

3.1 The main Allowances which are provided for in this Scheme are as follows:

- Basic Allowance
- Special Responsibility Allowance
- Dependants' Carers' Allowance
- Travelling and Subsistence Allowances

The Allowances shall be up rated annually in accordance with paragraph 13 of this Scheme.

3.2 For the avoidance of doubt, Attendance Allowances are not payable under this Scheme.

4.0 Basic Allowance

4.1 Subject to paragraphs 9.0 and 10.0 below, a basic annual flat rate Allowance of £10,466 shall be paid to every Councillor. The amount of Basic Allowance is also shown in paragraph 1.1 of Schedule 'A' of this Scheme.

4.2 This Allowance is paid monthly and is intended to recognise the time commitment of all Councillors including such inevitable calls on their time as meetings with Council officers and constituents, and attendance at political group meetings. It is also intended to cover incidental costs such as the use of Councillors' homes.

5.0 Special Responsibility Allowance

5.1 Subject to paragraphs 9.0 and 10.0 below, each Councillor or Co-opted member who holds a special responsibility as defined within the Regulations and specified within this Scheme, will receive a Special Responsibility Allowance as shown in Schedule 'B' of this Scheme.

5.2 Special Responsibility Allowances are paid monthly.

5.3 There is no statutory limit on the number of Special Responsibility Allowances which may be paid to a Councillor. However, the Council on the recommendation of its Independent Remuneration Panel has agreed that a Councillor may not receive more than one Special Responsibility Allowance.

6.0 Dependants' Carers' Allowance

- 6.1 Subject to paragraphs 6.2 and 6.3, a Dependants' Carers' Allowance may be claimed in respect of named children aged 16 or under or in respect of other named dependants where there is medical or social evidence that care is required.
- 6.2 Payment of Dependants' Carers' Allowance shall:
- (a) Be based on actual receipted expenditure subject to a maximum hourly rate and a maximum annual Allowance, as specified in paragraph 3 of Schedule 'A' of this Scheme.
 - (b) Not be made where a Councillor already receives a carer's allowance from the Department for Works and Pensions.
 - (c) Not be payable where the carer is a parent or is a member of the household.
 - (d) Not be payable unless the carer has been cleared by the Disclosure and Barring Service (formerly CRB).
- 6.3 The Dependants' Carers' Allowance may be claimed where the actual expenditure has been incurred in connection with the Approved Duties that apply to claims for travel and subsistence as detailed in Schedule 'D' of this Scheme.

7.0 Co-optees Allowance

- 7.1 Co-opted members shall receive an Allowance, which equates to travel and subsistence expenses they have actually and necessarily incurred in the performance of an Approved Duty as defined in Schedule 'D' of the Scheme.

For the avoidance of doubt the provisions of paragraphs 8 and 12 shall apply to the Co-opted members Allowance.

8.0 Travelling and Subsistence Allowances

- 8.1 A Councillor including the Chairman and Vice-Chairman of the County Council, and or Co-opted member shall be entitled to receive Travelling and/or Subsistence Allowances at the rates specified in Schedule C.

- 8.2.1 Subsistence Allowances are payable where such expenditure has been **actually and necessarily incurred** in the performance of an Approved Duty as defined in Schedule D where a Councillor or Co-opted member is absent from their normal place of residence.
- 8.2.2 When claiming Subsistence Allowances, Councillors should identify all approved activities attended in the period of absence recorded, including any political group meetings.
- 8.3 A Councillor or Co-opted member may claim **up to** the maximum amounts set out in Schedule C where expenditure has been **actually and necessarily incurred** when absent from home for the periods stated.
- 8.4 Appropriate receipts **must** be obtained and retained in respect of any claims made by a Councillor or Co-opted member for the payment of Subsistence Allowances or reimbursement of public transport and taxi fares, car parking fees and other incidental expenses.
- 8.5 Receipts must be retained for 3 years following the financial year in which the expenses were incurred.
- 8.6 A Councillor or Co-opted member must produce his/her receipts if required by claim processing officers, as well as internal or external auditors.
- 8.7 Each Councillor or Co-opted member shall agree with the Director of Governance, Finance and Public Services a fixed mileage for journeys between his/her home address and County Hall for the purpose of verifying travel expense claims. The schedule of agreed and approved mileages will be updated following the Director of Governance, Finance and Public Services being notified of a change of address.

9.0 Renunciation

- 9.1 A Councillor may, by notice in writing to the Chief Executive, elect to forego all or part of any Allowance to he/she may be entitled under the Scheme. Such a notice can subsequently be withdrawn or amended non-retrospectively.

10.0 Adjustments to Entitlements in Year

- 10.1 The provisions of this paragraph apply in relation to the entitlement of a Councillor to Allowances where, in the course of a year:
- (a) The scheme is amended.
 - (b) A person becomes, or ceases to be, a Councillor.

- (c) A Councillor accepts or relinquishes a special responsibility in respect of which a Special Responsibility Allowance is payable.
 - (d) A Councillor is suspended or partially suspended from his/her responsibilities or duties as a Member of the County Council.
- 10.2 If, during the year, the Scheme is amended and this results in a change to a Councillor's entitlement to Special Responsibility Allowance and/or Basic Allowance, the actual entitlement shall be based on:
 - (a) A proportion of the original annual Allowance based on the number of days up to the date of amendment plus
 - (b) A proportion of the revised annual Allowance based on the number of days from the date of amendment.
- 10.3 When the term of office of a Councillor either begins and/or ends during the course of a year, the entitlement to Basic Allowance shall be based on the number of days in office during that year. Similar pro rata entitlements will apply in situations where Basic Allowance is amended under sub-paragraph 10.2 above.
- 10.4 Where, for a part of the year, a Councillor has such special responsibilities as specified in this Scheme, the entitlement to Special Responsibility Allowance shall be based on the number of days during that year that the Councillor has held such special responsibilities, such entitlement being pro rata to a full year. Similar pro rata entitlement will apply in situations where Special Responsibility Allowances have been amended under sub-paragraph 10.2 above.
- 10.5 Where a Councillor is suspended or partially suspended from his/her responsibilities or duties as a Member of the County Council in accordance with Part III of the Local Government Act 2000 (or Regulations made under that Part), the part of the Basic, Special Responsibility, Travel and Subsistence Allowances payable in respect of the period of suspension may be withheld by the County Council.

11. Submission of Claims

- 11.1 Separately, individual claims for Dependants' Carers' Allowances, Travel and Subsistence shall be made on a monthly basis and shall be submitted to Democratic Services on or before the 6th day of each month. This applies especially to year end claims (i.e. claims for Allowances for duties performed up to and including 31 March each year). Claims submitted after 31 May for the preceding financial year will not be accepted.

- 11.2 Claims **must** be submitted via the electronic Members' Allowances System as soon as possible at the end of each month. Claims may be submitted by non-electronic means (by an agreed paper based method) only in exceptional circumstances approved by the Director of Governance, Finance and Public Services.
- 11.3 Claims **must** be submitted within two months of the period to which they relate or a payment will not be made unless it is approved by the Chief Executive, good cause having been shown by the member submitting the late claim.
- 11.4 Each claim shall provide details of the duties undertaken together with adequate supporting information in relation to claims for travel and subsistence. Such information must include the Place and Time for both the start and finish of each claim.
- 11.5 Each claim shall be certified by the Councillor or Co-opted member that he/she has **actually and necessarily incurred** the expenditure claimed in the performance of Approved Duties as defined in Schedule 'D' and that he/she will not make any other claim in respect of that expenditure other than under this Scheme.

12.0 Payment of Allowances

- 12.1 Payments of Basic Allowance and Special Responsibility Allowance shall be made monthly on the last working day of each month.
- 12.2 Claims for Travel, Subsistence and Dependants' Carers' Allowances which are received by Democratic Services on or before the 6th day of each month shall be paid on the last working day of that month.
- 12.2 The monthly amount payable in respect of the Basic Allowance and a Special Responsibility Allowance shall be one-twelfth of the annual allowance(s) specified in this Scheme and subject to paragraphs 9 and 10.0 above.

13. Scheme Amendments

- 13.1 The amounts specified in paragraphs 1.0, 2.0, 3.0 and 5.0 (Basic Allowance, Special Responsibility Allowance, Dependants' Carers' Allowance and the Council's Chairman/Vice-Chairman Allowance respectively) of Schedule A are subject to an annual uprating on 1 April. This uprating shall equate to the average annual percentage increase in employees' pay under the National Joint Council for Local Government Services pay structure.
- 13.2 Overnight Accommodation, Travel Abroad and Subsistence Allowances shall be increased annually with effect from 1st April in every year in line

with the Consumer Price Index published in November of the preceding year.

- 13.3 Motor car, Motor cycle, and Bicycle Travelling Allowances shall be revised annually with effect from 1st April in every year in accordance with the maximum allowance for Income Tax purposes as determined by HM Revenue and Customs.

14. General Information

- 14.1 Schedule 'E' contains additional background information and supporting guidance to the Scheme, including:

- Annex 1 – Contacts, Enquiries and Other General Matters
- Annex 2 - Travel and Subsistence Allowances
- Annex 3 - Taxation
- Annex 4 - National Insurance
- Annex 5 - Insurance Arrangements

Lancashire County Council
Members' Allowance Scheme
Schedule 'A'

1.0 Basic Allowance

1.1 An annual Basic Allowance of £10,466 is payable to each Councillor.

2.0 Special Responsibility Allowance

2.1 Based on an annual Special Responsibility Allowance total of £363,577 (as at 1 April 2017) the actual individual Allowances are detailed in Schedule 'B'. The amounts quoted in Schedule 'B' are in respect of a full year term of office.

3.0 Dependants' Carers' Allowance

3.1 Payment of a Dependants' Carers' Allowance, as provided for in Paragraphs 6.1 to 6.3 of this Scheme, shall be based on actual receipted expenditure subject to a maximum hourly rate of £7.19. Total payments in any one year shall not exceed £1,505.

4.0 Travelling and Subsistence Allowances

4.1 The amounts payable by way of Travelling and Subsistence Allowances including Overnight Accommodation, Day Subsistence and Travel Abroad shall be subject to the rates specified in Schedule 'C' of this Scheme.

5.0 Chairman and Vice-Chairman of the County Council Allowances

5.1 An annual Allowance of £15,693 is payable to the Chairman of the County Council and the Vice-Chairman shall receive an annual allowance of £7,847.

Lancashire County Council
Members' Allowance Scheme

Schedule 'B' - Special Responsibility Allowances as at 1 April 2017

Position		Amount £	% of Leader
Leader		29,886	100.00
Deputy Leader		20,920	70.00
Cabinet	5 @	16,437	55.00
Lead Members	6 @	8,218	27.50
Chairs	Overview & Scrutiny	4 @ 7,471	25.00
	Corporate Parenting Board	7,471	25.00
	Development Control	8,966	30.00
	Pension Fund	7,471	25.00
	Regulatory	7,471	25.00
	Audit and Governance	2,989	10.00
	Corporate Complaints	7,471	25.00
	Lancs County Dev Ltd	8,069	27.00
Champion	Older People	5,230	17.50
	Young People	5,230	17.50
	Parish Councils	5,230	17.50
	Disabled People	5,230	17.50
	Armed Forces Veterans	5,230	17.50
	Digital Inclusion**	-	-
Deputy Chairs	Overview & Scrutiny *	4 @ 3,512	47.00
Majority Group	Secretary	4,483	15.00
	Whip	4,483	15.00
Largest Opposition Group	Leader	16,437	55.00
	Deputy Leader	8,218	27.50
	Secretary	2,989	10.00
	Whip	2,989	10.00
Second Opposition Group	Leader	8,966	30.00
	Deputy Leader	4,483	15.00
	Secretary	1,495	5.00
	Whip	1,495	5.00

* This is the % of the amount paid to the chair of O & S Committees

** No SRA is paid in respect of this position

Lancashire County Council

Members' Allowance Scheme

Schedule 'C' – Travelling & Subsistence Allowances (see also Schedule 'E')

Travelling by Private Vehicle

The rate for travel by a Councillor or Co-opted member in his/her own private vehicle, or one belonging to a member of the family or otherwise provided for the Councillor or Co-opted member's use, shall not exceed:

Type of vehicle	First 10,000 miles	Above 10,000 miles
Cars and vans	45p	25p
Motorcycles	24p	24p
Cycles	20p	20p

In addition to the rates detailed above, the actual and receipted expenditure incurred on public transport, taxis, tolls, ferries or parking fees, including overnight garaging may be claimed.

Overnight Accommodation

Where the nature of the duties being undertaken result in a Councillor or Co-opted member being absent from his/her usual place of residence, overnight accommodation will be booked and paid directly by the County Council.

In exceptional circumstances where it is not possible for the County Council to make a direct booking on behalf of a Councillor or Co-opted member, the actual receipted cost of accommodation, including breakfast, will be reimbursed to the Councillor or Co-opted member. Such reimbursement will be subject to a maximum allowance per night of £147.15 for London and £128.13 elsewhere in the UK.

Day Subsistence

A Councillor or Co-opted member may claim **up to** the following maximum amounts when absent for the periods stated below from their normal place of residence:

- | | | | |
|-----|---|---|--------|
| (a) | a period less than 4 hours | - | £6.44 |
| (b) | a period between 4 and less than 8 hours | - | £12.80 |
| (c) | a period between 8 and less than 12 hours | - | £25.63 |
| (d) | a period in excess of 12 hours | - | £38.41 |

Actual expenditure in excess of £38.41 may be reimbursed subject to the production of receipts.

Travel Abroad

For Councillors or Co-opted members travelling outside Great Britain on approved duties (including, for the purpose of this section, travelling in Northern Ireland), a flat daily rate of £71.07 will be provided. This allowance is intended to cover costs incurred on meals and transport whilst actually abroad. An unused portion of this allowance, say in respect of meals provided at no cost to the Councillor or Co-opted member, must be returned to the County Council.

Lancashire County Council

Members' Allowance Scheme

Schedule 'D' – Travel & Subsistence – 'Approved Duties'

Appropriate travel and subsistence allowances may be claimed in accordance with the above details where such travelling and/or subsistence has been undertaken in connection with one or more of the following 'Approved Duties':

1. The attendance in connection with the efficient conduct or discharge of duties for which a Special Responsibility Allowance is paid in accordance with this Scheme.
2. The attendance at a meeting of the Full Council or of any Council Committee, Sub-Committee, Task Group, Working Group, Steering Group or Board.
3. The attendance as the Council's appointee at meetings of Outside bodies including any Committees or Sub-Committees of such a body where allowances cannot be claimed direct from the body concerned.
4. The attendance at any other meeting, the holding of which is authorised by the Authority, or a Committee or Sub-Committee of the Authority, or a joint Committee, or the Authority and one or more local authority within the meaning of section 270(1) of the Local Government Act 1972, or a Sub-Committee of such a joint committee provided that:
 - (i) where the Authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited, or
 - (ii) if the Authority is not so divided, it is a meeting to which at least two members of the Authority have been invited.

For the purposes of paragraphs 2 to 4 above, claims for Travel and Subsistence can only be made in respect of attendance at meetings of a Committee, Sub-Committee or other body of which the Councillor claiming is a member or where the Councillor is invited to attend by that body.

5. The attendance at a meeting of the Cabinet.
6. Meetings, Official Inspections and Visits authorised by the Cabinet, a Cabinet Member (where a decision cannot await the next meeting of the Cabinet), a Council Committee, Sub-Committee, Task Group, Working Group, Steering Group or Board.
7. Conferences and Seminars authorised by the Cabinet or where a decision cannot await the next meeting of the Cabinet by the Cabinet Member with responsibility for Resources.

8. Authorised training events.
9. Attendance by Councillors appointed by the Council and who are not principal office holders on the Local Government Association (LGA) at LGA meetings.
8. Public meetings concerning a Council Service.
9. Any authorised Official or Courtesy visit on behalf the County Council.
10. Any of the following authorised County Council events in Lancashire:
 - i. Opening Ceremonies
 - ii. Open days
 - iii. Receptions
 - iv. Displays
 - v. Concerts
 - vi. Demonstrations and Presentations
 - vii. Competitions
11. Foster/Adoption Panels (subsistence cannot be claimed if hospitality is provided).
12. Meetings with other representatives of local authorities, government departments and Members of Parliament.
13. Joint Negotiating Councils.
14. Political group meetings that are held immediately prior to a Full Council meeting for the purpose of discussing council business.
15. Attendance at the Royal Garden Party.
16. The performance of any duty in pursuance of any Procurement Rule under section 135 of the Local Government Act 1972 requiring a Member or Members to be present while tender documents are opened.
17. The performance of any duty in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises.
18. The performance of any duty in connection with arrangements made by the Authority for the attendance of pupils at any school approved for the purposes of section 342 (approval of non-maintained special schools) of the Education Act 1996.
19. The carrying out of any duties as Chairman and Vice-Chairman of the County Council.

Attendance at any of the following are not authorised as an 'Approved duty' and no travel and subsistence allowances will be paid.

1. All other Political Group Meetings other than those specified in paragraph 14 of the 'Approved Duties' section shown above.
2. Meetings with officers and constituents.
3. Member Surgeries.
4. Standing Order No. 19(1) (Attendance by Members of the County Council at meetings of Committees or Sub-Committees of which they are not members).
5. Meetings of any outside body where allowances are paid by the body concerned. This shall include meetings of the Local Government Association where a Councillor is a principal office holder or has been appointed by the Association or Assembly to attend in a representative role. Such Councillors should claim direct from the Local Government Association.
6. Lancashire Combined Fire Authority and associated meetings. Members of this Authority should claim direct from the Fire Authority.
7. Meetings of any outside body where a councillor has been appointed by a political party.

Lancashire County Council

Members' Allowance Scheme

Schedule 'E' – Supporting Guidance

Annex 1 – Contacts, Enquiries and Other General Matters

If Councillors or Co-opted members:

- a) require help with the submission of claims for Allowances or wish to question any payment made to them, would they please contact Christine Nuttall, Democratic Services on 01772 534872.
- b) wish to raise a point of principle or require clarification of the Members' Allowance Scheme, would they please contact Chris Mather, Democratic Services on 01772 533559.

Cases of Uncertainty

Where questions arise in connection with Councillors' Allowances and are not specifically covered in the Scheme (e.g. whether a function is sufficiently closely connected with the functions of the County Council to warrant approved duty status and thus attract the payment of allowances) the matter falls for consideration by the Chief Executive in consultation with the Cabinet Member responsible for Members Allowances.

Any such matters should be raised with the Chief Executive by contacting Chris Mather, Democratic Services on 01772 533559.

Attendance Record

Councillors should ensure that they sign an official attendance record circulated at each place of meeting as this will support a claim for allowances and form part of the permanent record.

Record of Payments

The County Council is required to keep a record of all payments to Councillors, indicating the amount paid to each Councillor in respect of each type of allowance. That record is open to inspection at all reasonable hours by any local government elector resident in the area of the council. Each year the payments made in the preceding year are placed on the County Council's website.

Annex 2 - Travelling and Subsistence Allowances - Additional Guidance and Provision

General

Allowances should be claimed according to the actual method of travel used. When Councillors or Co-opted members travel, in the performance of approved duties, in the car, of an officer or another Councillor or Co-opted member who is claiming reimbursement, or when transport is provided, they are not entitled to any allowance for that journey.

Travel by public transport

First Class travel is permitted and must be authorised by the Cabinet Member with responsibility for Members Allowances.

Councillors and Co-opted members are asked to notify Julie Trafford, Procurement team, on 01772 533406 of their travel requirements as early as possible so that the County Council can benefit from discounts for advance booking where available. Exceptionally, Councillors and Co-opted members may purchase their own tickets at short notice, but reimbursement will only be made on production of the rail tickets used or a receipt for payment.

Unused portions of rail tickets should be returned to Julie Trafford, Procurement team.

Travel by Private Vehicle

Councillors and Co-opted members are encouraged to car share wherever possible and journeys should be made via the shortest practicable route.

Councillors and Co-opted members are responsible for ensuring that their motor insurance covers use of the vehicle on Council business. Please see Annex 5.

Subsistence Allowances

Day Subsistence Allowances are intended to cover refreshments purchased while the Councilor or Co-opted member is away from his/her place of residence in relation to an approved duty and other incidental expenses such as parking fees and tolls.

Subsistence Allowances are not payable where hospitality e.g. breakfast, lunch, evening meal is included as part of the journey or event.

Overnight Accommodation

Julie Trafford (01772 533406) will make the necessary arrangements, including payment, in respect of any overnight accommodation. In exceptional circumstances, where it is not possible for a direct booking to be made, the actual receipted cost of accommodation, including breakfast, will be reimbursed in accordance with Schedule 'C' to the Scheme.

Travel Abroad

A flat daily rate will be paid to Councillors or Co-opted members traveling outside Great Britain on approved duties. This Allowance is intended to cover costs incurred on meals and transport whilst actually abroad. Any unused portion of this Allowance e.g. in respect of meals provided at no cost to the Councillor or Co-opted member must be returned to the Council. Details of the rate are set out in Schedule 'C' to the Scheme.

Annex 3 – Taxation

PAYE

Basic Flat Rate Allowance and Special Responsibility Allowance are taxable emoluments. As such, the allowances will be taxed, less any tax free pay notified to the Council's Payroll Service in the form of a tax code notification from HM Revenue and Customs (HMRC). It should be noted that it is up to each Councillor to contact HMRC direct in order to obtain or query such notifications. This can be done online, by phone or by in writing.

On Line: <https://www.gov.uk/personal-tax-account>

Tel: 0300 200 3300

Address:

Pay As You Earn and Self-Assessment
HM Revenue and Customs
BX9 1AS
United Kingdom

Allowances paid and tax deducted are notified to HMRC monthly and a certificate (P60) will be issued to each Councillor showing the total amount of taxable allowances paid and the total tax deducted in the year by 31st May of the following year. The certificate should be retained to check any notice of assessment, which the Tax office may issue.

Subsistence allowances

Subsistence allowances are taxable unless they are paid in respect of subsistence incurred as a consequence of business away from Council Offices. Claims in respect of subsistence taken at County Hall and at other Council offices are therefore taxable.

The Dependants' carers' allowance is also subject to tax.

Annex 4 - National Insurance

General Liability for National Insurance Contributions

The Social Security Contributions & Benefits Act 1992 and subsequent amendments provide for National Insurance contributions to be collected along with Income Tax under the PAYE procedure.

As Basic Flat Rate Allowance and Special Responsibility Allowance are taxable under Schedule 'E' (emoluments from office), they are also liable for National Insurance contributions.

The carers/dependents allowance is also subject to National Insurance contributions.

National insurance contributions are payable on the total of all monies earned by an individual that are subject to national insurance, (including allowances) in excess of the Earnings Threshold. Contributions are payable at the standard rate up to an Upper Earnings Limit after which a reduced rate applies. These limits are subject to annual adjustment and are available on request.

Councillors should notify the local office of the Department for Work & Pensions of any taxable allowances received if they are claiming or receiving benefits from the DWP.

Persons of Pensionable Age

No Class 1 contribution will be payable by a person over pensionable age who is a retirement pensioner or who does not satisfy the contribution conditions for a retirement pension. In such circumstances, the Councillor should apply to HM Revenue & Customs, National Insurance Contributions Office, Longbenton, Newcastle Upon Tyne, NE98 1ZZ for a Certificate of Age Exemption (CF384) telephone 0300 200 3500. This certificate should then be forwarded to the County Council's Payroll Service.

Married Women and Widows

There is now no right to "opt out" of paying full rate National Insurance contributions; however, those Councillors who currently hold a reduced rate certificate, and have paid contributions during the last two consecutive tax years, can retain the right to pay reduced rate. Any valid certificate should be forwarded to the County Council's Payroll Service.

Dual Employment etc.

Each employment or office is considered separately for contribution purposes and no account is taken for the fact that a Councillor may be employed or the holder of another office under another "employer" or self-employed.

However, in situations where the taxable emoluments received, either in total or in one particular employment exceed the Upper Earnings limit, Councillors should contact HM Revenue & Customs, National Insurance Contributions Office, Longbenton, Newcastle Upon Tyne, NE98 1ZZ in order to limit contributions payable (by use of Form CA2700) or obtain an appropriate refund of contributions paid.

Annex 5 - Insurance Arrangements

Liability Insurance

The County Council's liability insurance arrangements provide appropriate cover in respect of the actions of Councillors whilst acting on County Council business.

Personal Accident Insurance

The County Council has a Personal Accident Insurance Policy which provides financial benefits regardless of legal liability for Councillors who are accidentally killed or injured while attending a Council or committee meeting or any other function or engagement which forms part of their duties as members of the Council, or whilst traveling to and from such meetings, or functions, including travel abroad on County Council business.

The benefits provided by this policy are as follows:

- a) For death or permanent total disablement, a lump sum of £200,000 (£7,500 if no dependants).
- b) For other permanent partial disablement(s) (e.g. loss of a finger) a lump sum percentage of £200,000 on a scale determined according to the severity of the injury.
- c) For temporary total or partial disablement, actual loss of net earnings up to a maximum of £200 per week for a maximum period of 104 weeks.
- d) In addition to the benefits outlined in paragraphs a), b) and c) above, the following benefits are provided whilst traveling abroad on County Council business:

		Maximum per person
i)	Medical and emergency travel expenses	Unlimited
ii)	Personal baggage (subject to a single article limit of £2,000)	£10,000
iii)	Personal money (subject to the cover for cash being limited to £2,000)	£10,000

Notes

- i) There is no upper age limit on the policy
- ii) At the age of 75, the lump sum benefits for death and permanent total disablement are limited to a maximum of £30,000, or £7,500 in the event of death leaving no dependents. Benefits for permanent partial disablement

and all temporary disablement cease to be payable at the age of 75.

- iii) Medical expenses cover for travel abroad is subject to the proviso that such journeys are not made against medical advice.

Motor Vehicle Insurance

The use of motor vehicles is subject to compulsory insurance cover and where Councillors use private motor vehicles on County Council business, it is the responsibility of individual Councillors to ensure that their own motor vehicle insurance policies provide appropriate cover for such use.

**Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017**

Report submitted by: Director of Financial Resources

Part A

Electoral Division affected:
(All Divisions)

**Report of the Audit and Governance Committee - Change to the Council's
Treasury Management Strategy (2017/18)**
(Annex 1 refers)

Contact for further information:
Neil Kissock, Tel: (01772) 536154, Director of Financial Resources,
neil.kissock@lancashire.gov.uk

Executive Summary

This report presents the recommendation of the Audit and Governance Committee made at its meeting on 26 June 2017 to Full Council for consideration, in relation to the Treasury Management Strategy of the County Council.

Recommendation

Full Council is recommended to consider the recommendation of the Audit and Governance Committee to approve the proposed revision to the Council's Treasury Management Strategy, to allow investment in property and equity investment funds of up to £50m in each category as set out in the report at Annex 1.

Background and Advice

Attached at Annex 1 is a report that reviews the Council's investment options which was considered by the Audit and Governance Committee at its meeting on 26 June 2017.

At that meeting, the Audit and Governance Committee resolved that Full Council is recommended to agree to a change to the Treasury Management Strategy that allows investment in property and equity investment funds of up to £50m in each category.

Full Council is therefore asked to consider the recommendation. The report to the Audit and Governance Committee, including the review of the investment options, is attached at Annex 1.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
Agenda and Minutes of the Audit and Governance Committee	26 June 2017	Samantha Parker/ (01772) 538221

Reason for inclusion in Part II, if appropriate

N/A

Audit and Governance Committee

Meeting to be held on Monday, 26 June 2017

Electoral Division affected: (All Divisions);
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Lancashire County Council - Treasury Management Investment Policy
(Appendix 'A' refers)

Contact for further information:

Neil Kissock, Director of Financial Resources, Tel: 01772 536154,

Neil.Kissock@lancashire.gov.uk

Executive Summary

The County Council's Treasury Management Investment Policy is developed to be in line with the County Council's forecast cash-flows for current and future years. In particular, the ability to hold long term investments is determined by the estimated level of long term assets, principally reserves, held on the balance sheet. The latest Medium Term Financial Strategy (MTFS) of the County Council shows that the level of reserves are due to reduce significantly over the next three years.

The report at Appendix 'A' sets out a review of the current Treasury Management Investment Policy to consider whether the type of investments currently held are still the most appropriate given the future anticipated levels of resource and economic context.

Recommendation

That the Audit and Governance Committee recommend Full Council to agree to a change to the Treasury Management Strategy allowing investment in property and equity investment funds of up to £50m in each category as set out in the report.

Background and Advice

The report at Appendix 'A' sets out a review of the County Council's current Treasury Management Investment Policy to consider whether the type of investments currently held are still the most appropriate given the future anticipated levels of resource and economic context.

Consultations

Treasury Management advisers Arlingclose and LPPI have been consulted on the review undertaken.

Implications:

This item has the following implications, as indicated:

Risk management

Financial

Property Fund:

Investment in a property fund should generally be viewed as an illiquid asset. Although the funds do allow for the investors to withdraw money it can be subject to the fund's ability to sell a property and losses could be incurred. With the exception of the CCLA fund, property funds are classified as capital expenditure.

However, this option has the advantage of giving access to specialist professionals and giving a share in a wide range of properties allowing a level of diversification. Over the last few years these funds have made high returns but performance will be linked to the overall economy and property market and therefore there will be times when returns are low.

Equity Fund:

Shares in an equity fund can be purchased as investments and not treated as capital expenditure. Like other types of fund they also give the advantage of access to specialist investment managers but the value of any fund will be subject to stock market fluctuations. Traditionally over a long period of time returns have been good, though low returns in the short term are possible. If the authority needed to redeem its holding then a loss could be incurred.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Treasury Management Policy and Strategy 2017/18	9 February 2017	Khadija Saeed, Head of Corporate Finance, 01772 536195

Reason for inclusion in Part II, if appropriate

N/A

Review of Treasury Management Investment Policy

Introduction

The Treasury Management Investment Policy is developed to be in line with the forecast cash-flows for current and future years. In particular, the ability to hold long term investments has been determined by the estimated level of long term assets, principally reserves, held on the balance sheet. The latest Medium Term Financial Strategy (MTFS) of the County Council shows that reserve levels are due to reduce significantly over the next three years. The planned level, and actual holding, of long term investments has already been reduced in response to this. However, it is necessary to review the current policy to see whether the type of investments currently held, and the allocation to investment categories, is still appropriate for the anticipated level of resource available for investment in future and the economic context.

Economic Context

Interest rates are at historically low levels with the Bank of England base rate being at 0.25%. Recent months has seen continued economic growth in the UK and an increase in inflation which has risen above the Bank of England target of 2%. This has led to some demands for an increase in interest rates. At the March meeting of the Bank of England Monetary Policy Committee (MPC) which sets the base rate one member voted for an increase in interest rates while the other 8 members voted for it to remain unchanged. There is significant uncertainty in the UK economy. Real term income is falling which will result in reduced spending and the Brexit negotiations will have an unknown impact on both business investment and consumer spending plans. The last quarters' economic growth was 0.3% which was the lowest for the year and below the Bank of England expectations. Therefore, the movement in interest rates is uncertain. The current forecast of Arlingclose, the County Council's treasury management advisers, is that the base rate will remain unchanged until at least June 2020. Even if rates do increase it is anticipated that the increases will be gradual therefore the anticipation is that the low interest rate environment will continue.

In addition, the MPC has aimed to stimulate the economy by 'Quantitative easing'. In effect this has meant that the Bank has been buying both government and corporate bonds. This will increase the demand for the bonds and will impact on the price. Although there has been no recent change in the policy, a change in response to changing economic conditions is a possibility.

Current Policy

In developing the current policy the County Council has adhered to guidance issued by CIPFA and DCLG, both of which require the priorities to be:

- (a) The security of capital, and
- (b) The liquidity of investments

The County Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. In order to give priority to security, the counterparty credit rating is a fundamental part of the Investment Policy with the table below showing the current approvals.

Instrument	Minimum Credit Rating (blended average)	Maximum individual Investment (£m)	Maximum total Investment (£m)	Maximum Period
UK Government Gilts, Treasury Bills & bodies guaranteed by UK Govt	UK Government	500	1,300	50 yrs
Sterling Supranational Bonds & Sterling Sovereign Bonds	AA-	150	500	50 yrs
Corporate Bonds (Short Term less than 1yr to maturity)	P1/A1/F1	40	200	1yr
Corporate Bonds (Medium term up to 5 years)	AA- P1/A1/F1	100	500	5yrs
Corporate Bonds (Long term)	AA P1/A1+/F1+	50	250	50yrs
Government Bond Repurchase Agreements (Repo/ Reverse Repo)	UK Government	500	500	1yr
Repurchase Agreements (Repo/ Reverse Repo)	Other AA-	200	200	1yr
Bond Funds with weighted average maturity maximum 3 years	AA Rated weighted average maturity 3yrs	100	250	These investments do not have a defined maturity date.
Bond Funds with weighted average maturity maximum 5 years	AAA Rated	100	250	These investments do not have a defined maturity date.
Collateralised lending agreements backed by higher quality government or local government and supra national sterling securities.	AA- with cash or AA- for any collateral	250	500	25yrs
Call accounts with UK and Overseas Banks (domiciled in UK)	P1/A1/F1 Long term A Government support	100	100	Overnight in line with clearing system guarantee (currently 4 years.)

At 31 March 2017 the investment holding was:

Investments	£m
Fixed rate deposits with other local authorities	78.0
Local Authority Bonds	35.9
Supra-national bond	0.6
Gilts	173.2
Corporate Bonds	170.8
Call Account	26.0
Bond Fund	30.0
Reverse REPO	60.0
TOTAL	574.5

In recent years the County Council has focused its long term investments in Gilts and covered bonds. This has proved to be a successful strategy. It has provided a portfolio with a high level of security and it has enabled the County Council to take advantage of major volatility in the markets to sell the investments at a surplus. However, there is no guarantee that a surplus can be made as the potential is highly dependent upon market movements and as bond yields are close to record lows the scope for making such gains may be reduced. The position over the years has been:

	Year Ended 31/03/12 £m	Year Ended 31/03/13 £m	Year Ended 31/03/14 £m	Year Ended 31/03/15 £m	Year Ended 31/03/16 £m	Year Ended 31/03/17 £m
Gilts	-48.741	-8.514	-2.309	-62.793	-16.408	-19.580
LA Bonds	0	-0.429	0	0	0	0
Other bonds	-4.892	-2.730	2.586	-9.126	0.292	-5.090
Total Gain(-)/Loss	-53.633	-11.673	0.277	-71.919	-16.116	-24.670

However, over this time the County Council has had a very positive cash-flow and therefore it has been able to hold sufficient investments which are not subject to major price volatility to cover its liquidity needs. Therefore it has not been in a position whereby it has had to sell the Gilts for liquidity purposes with sales and purchases then being in response to market factors. If this had not been the case significant losses could have been incurred. For example at 31 March 2017 the market value of the Gilt portfolio was £17.4m less than it was purchased for.

This market risk has always been a significant factor in considering the holding of Gilts. With the reducing level of reserves and balances it is becoming a more significant risk.

It is with this position in mind that the S151 Officer received advice to sell all or a significant proportion of the Gilts, even though this would incur a loss, as it was anticipated that the losses in the future could be greater if liquidity needs led to a forced sale.

Clearly then in assessing the suitability of holding Gilts or any other alternative investment the forecast of cash-flows is essential.

Cash Flow Forecast

The recent policy has been based on having resources to back long term investments of £600m which within the Council's Prudential Indicators has been reduced to £450m for 2017/18. There is an expectation that this will be reduced further in subsequent years. The current forecast of the balance sheet is as follows:

	Actual	Provisional Actual	Forecast	Forecast	Forecast
	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m
County Fund	36.000	36.000	36.000	36.000	36.000
Revenue reserves	278.647	223.556	114.939	17.020	17.025
School Reserves	86.022	79.200	76.962	73.062	73.062
Capital receipts	17.696	22.700	15.000	10.000	10.000
Capital grant unapplied	70.740	62.500	40.000	40.000	40.000
Provisions	31.239	28.600	30.000	30.000	30.000
Receipts in advance	10.641	8.300	10.000	10.000	10.000
TOTAL	530.985	460.856	322.901	216.082	216.087
Shared Investments	75.000	60.815	60.000	60.000	50.000
TOTAL	605.985	521.671	382.901	276.082	266.087

From the table above it would seem that the County Council will be able to support a long term investment pool of c£260m. However, the key risks in this forecast are:

- School balances will fall faster than anticipated, especially if there is an increase in the number of schools converting to academies
- Authorities leave the shared investment scheme
- Capital expenditure is such that no resources are carried forward at the end of any given year

Taking a more pessimistic view of these movements would lead to a forecast balance sheet by 31 March 2020 of some £125m. However, in addition to cash-flows generated by balance sheet items the County Council usually has the ability to make short term investments with income generally being received in advance of expenditure.

As such, a long term investment portfolio of £200m seems reasonable.

Investment Options

In reviewing the investment alternatives the key concepts to consider are the levels of credit risk and market risk. The credit risk is the likelihood of the investment being lost. The market risk is the possibility that a loss will be incurred if it needs to be realised for liquidity purposes. The sections below give an indication of the relative risks of the different types of investments.

Gilts

A Gilt is a UK Government bond denominated in sterling, issued by HM Treasury and listed on the London Stock Exchange. The term "Gilt" or "gilt-edged security" is a reference to the primary characteristic of Gilts as an investment: namely their high security. This is a reflection of the fact that the British Government has never failed to make interest or principal payments on Gilts as they fall due. As the Gilts are traded the price of them can fluctuate significantly even over short periods of time. Therefore if the Gilt needs to be sold before its maturity date a loss could potentially be incurred. For example at 31 March 2017 the market value of the County Council's holding was less than it was purchased for and if sold would have resulted in a loss of £17.4m.

In constructing an overall Treasury Management Investment portfolio consideration should be given to whether Gilts are being held with the expectation that there will be a degree of trading or whether they are being held for a long time and potentially to maturity.

As referred to above the main benefit of the Gilts is the very low credit risk. However, if the intention is to obtain Gilts and hold them to maturity the yield is expected to be low. Although the yield will vary between different Gilts current expectations of a Gilt with 10 years to maturity would be a yield of around 1.2%. The gains that have been made in the past have mainly been derived from the opportunity to sell Gilts in response to changes in the market. Although this presents a liquidity risk, it could be mitigated by creating a volatility reserve.

Investment in other local authorities

Lending to other local authorities on the basis of a fixed term deposit are a low credit risk given the current anticipated level of government support. However, the market may be limited and there is no guarantee of future government support. In the past year some authorities which have a separate credit rating have seen these reduced. Therefore, Arlingclose, the County Council's Treasury Management advisers, state that they are "comfortable with clients making loans to UK local authorities for periods up to four years, subject to this meeting their approved strategy. For periods longer than four years we recommend that additional due diligence is undertaken prior to a loan being made." These do form part of the current investment policy but the opportunities for long term investments giving a suitable yield are limited. Currently it would be anticipated that a yearlong investment would yield around 0.6%. However, this category is and is likely to continue to be an important source for short term investments.

Non-Government Bonds

There are a variety of options with respect to bonds which have varying degrees of risk and potential returns. Some of these already form part of the current investment policy. The County Council only invests in high credit worthy instruments. Some of the types of bonds that the Council invests in are:

Covered Bonds- these are long-term secured investments with a bank. They are secured on the bank's residential mortgages and are tradeable. Bonds are over collateralised and therefore usually have an AAA credit rating.

Supranational bonds- with multi- national institutions. These are very highly rated and therefore have a low credit risk.

Corporate bonds- bonds issued by private companies, including major multi-national companies. The bonds need to have a credit rating of at least AA for the County Council to hold them. There are many bonds available on the market with a lower rating.

Under the current policy the credit risk of holding these bonds is low but there is a market risk. However, due to the type of bonds held, the volatility in the price is generally not as high as Gilts. Current yields are expected to be around 0.5%.

The policy on the level of credit risk could be changed to encourage additional returns but this would likely involve reducing the credit ratings allowable of bonds held. Unless this was very carefully constructed it could be seen as not meeting the key criteria of ensuring security of the investment.

The County Council has invested in a bond fund which holds a range of bonds. A wide variety of bond funds exist with different duration and credit risk. If the County Council was to make greater use of these for long term investments a re-assessment of the credit risk may be required.

Reverse repurchase agreements (REPO)

A reverse REPO is when the authority buys bonds, usually from a bank, on one date and agrees to sell them at an agreed price on an agreed date. These are a very low credit risk investments as the County Council actually takes ownership of the bonds and therefore has an asset should the bank default. Typically this is used for short term investments and the current yield is around 0.2%. It is anticipated that this investment option will continue to be used to ensure short term cash is invested securely.

Other potential areas of investment which are not currently within the approved Treasury Management Strategy are:

Fixed Term Deposits in banks and building societies

For many local authorities, deposits with banks and building societies represent the majority, if not all, of their investment holding. According to DCLG statistics at 31 March 2016 some 42% of local authority investments are deposits with banks or building societies. However, with the exception of a call account at Svenska Handelsbanken

and the ability to keep a small sum with the County Council's bank, investment in banks and building societies do not form part of the Council's investment policy.

Although the yields achievable are probably marginally higher than from other local authorities they represent a credit risk. Legislation, referred to as the 'bail-in', means that local authority deposits with banks are some of the least secured if an institution looks as if it is becoming insolvent. In this instance the authority would lose some, if not all, of its capital. The maximum duration of an investment recommended by Arlingclose is 13 months for the strongest banks and significantly less for other banks and building societies.

Property

Some authorities have been undertaking direct investment in property. These are often retail opportunities and have the potential to make good returns, although the actual return will vary significantly from property to property. However, there needs to be careful consideration in entering into property as an investment class namely:

- If the property is in Lancashire, is it purely an investment or is there an economic regeneration factor behind the transaction? Although both are valid reasons for an authority to invest in a property, if a factor in making the purchase is to promote economic development then the transaction may not be the most beneficial investment.
- There are many uncertainties, including: Will the rental income always be available, what happens in a recession, or if a key tenant pulls out? Some of these risks could potentially be mitigated by holding a range of properties.
- The asset is relatively illiquid. If cash is required the authority may need to take a substantial loss on any sale depending upon the property market at the time.
- All property expenditure would be categorised as capital expenditure. This will mean capital resources would need to be applied to meet the investment or funding needed from the minimum revenue provision. This will involve an annual charge to the revenue account.

Given the number of authorities moving into direct property investment there have been a number comments made in the national press. There has been concern of the risk being taken by local authorities and in November 2016 the public accounts committee of the House of Commons produced a report expressing concern over local authorities understanding the risks involved and the oversight from DCLG.

Pooled Funds

In addition to direct investment and the bond funds referred to above, there are opportunities to invest in other types of pooled funds. The main types of fund available are:

- Property Funds

An alternative to holding direct property is to buy a share in a property fund. This has the advantage of having access to specialist professionals and having a share in a wide range of properties. Over the last few years these funds have made high returns.

However, performance will be linked to the overall economy and property market and therefore there will be times when returns are low. It would also have to be viewed as an illiquid asset. Although the funds do allow for the investors to withdraw money it can be subject to their ability to sell a property and potential losses could be made. With the exception of the CCLA fund, property funds are also classified as capital expenditure.

- Equity Funds

If a local authority was to purchase shares in a company these would be treated as capital expenditure. However, shares in an equity fund are classed as investment. Like other types of fund this does also give the advantage of access to specialist investment managers but the value of any fund will be subject to stock market fluctuations. Traditionally over a long period of time returns have been good however, there is the potential for low returns in the short term and again if the authority needed to redeem its holding then a loss could be incurred.

- Multi asset Fund

Some investment managers offer multi asset funds. These are formed by a mix of equities, bonds and cash. The mix and ability to switch between categories will differ from fund to fund. The availability and suitability of these for a local authority would need to be carefully examined.

The yield from any pooled funds (equity, property, bond or multi asset) would be very dependent upon the make-up and management of the individual fund and probably even more importantly the overall performance of the economy.

Reduce borrowing

The County Council has tended to borrow externally to meet the borrowing needs arising from its capital investment. It has undertaken this approach on the understanding that the return on investments was likely to exceed the cost of borrowing. An alternative approach would be to use internal cash to fund the capital programme thereby reducing the available cash for investment. As the County Council has a significant holding of short term borrowing the potential is available to not renew these. To replace the borrowing would involve taking on new loans which are currently at low rates (0.5% or less for short term borrowing) therefore there would not be a significant saving.

Treasury Management Adviser's Comments

The County Council has sought advice from Arlingclose and LPPI in respect of the options. Arlingclose have reviewed the cash flow forecasts and see an investment portfolio of some £200m as reasonable. They view that the current portfolio is highly exposed to market risk and the potential impact of increases in interest rates. They recommend moving a proportion of the Gilt portfolio into property and equity funds to provide a more diversified fund and minimise the fall in investment income. Although not a guaranteed relationship the advisers note that property and equity market

movement is generally in the opposite direction to the movement in Gilts. They also suggest reducing the borrowing.

LPPI as the Council's treasury management advisers have suggested that any investment is aligned with the Council's risk tolerance and that given the market environment the risks within the long duration Gilt market are material.

Conclusion

The Investment Policy followed by the County Council has worked well and has been effective in both keeping credit risk very low and enabling a good rate of return to be achieved. It would seem reasonable to maintain the Gilt and corporate bond holdings as a key part of the Policy to help maintain the low credit risk. However, there is a potential for increases in interest rates and change in quantitative easing which would lead to an increase in the market risk of holding Gilts and corporate bonds. This allied to the reduced level of reserves and balances would suggest that some diversification of the portfolio would be beneficial. Therefore, it is proposed that the Treasury Management Strategy is modified to allow investment in property and equity funds of up to £50m in each category.

The intention would be to move towards a long term investment portfolio which limits the investment to:

	£m
Gilts/long duration bond funds	100
Equity pooled funds	50
Property pooled funds	50

It will be important to consider the potential pools carefully before entering into any agreement. It is not anticipated that the whole allocation will necessarily be included in one pool but could be spread over three or four pools. Therefore there does need to be some flexibility in implementation both in terms of the timing of taking on new investments and reacting to the speed at which reserves are reduced.

It is proposed that the portfolio should be managed so that the sum of the Gilts/long duration bond funds, property funds and equity funds does not exceed £200m unless agreed by the S151 officer. Pooled funds do not tend to have credit ratings, since they do not promise to repay the sum invested and therefore cannot default. Individual funds will need to be assessed based on a number of factors including their investment strategy (e.g. UK or Global), the perceived risk appetite of the fund as measured by volatility and past performance. Before entering into any fund, advice will be sought from the Council's treasury management advisers.

Investment requirements in excess of this, which are likely to be of a relatively short term, can be met from the high credit rated corporate bonds, short dated bond funds, reverse repo, investments with other local authorities and call accounts.

**Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017**

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
None

**Report of the Audit and Governance Committee - Code of Corporate
Governance**
(Annex 1 refers)

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Executive Summary

This report presents the recommendation of the Audit and Governance Committee made at its meeting on 26 June 2017 to Full Council for consideration, in relation to the Code of Corporate Governance.

Recommendation

Full Council is recommended to consider the recommendation of the Audit and Governance Committee to approve the updated Code of Corporate Governance as presented.

Background and Advice

Attached at Annex 1 is the report 'The Council's Annual Governance Statement 2016/17 and Code of Corporate Governance' considered by the Audit and Governance Committee at its meeting on 26 June 2017.

At that meeting, the Audit and Governance Committee resolved that Full Council be recommended to approve the proposed updated Code of Corporate Governance as presented at Appendix 'B' to the report to the Committee, and as attached to this report. (Please note that Appendix 'A' to the report to Committee is not reproduced here, as it does not form part of the recommendation to Full Council.)

Full Council is therefore asked to consider the recommendation.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
Agenda and Minutes of the Audit and Governance Committee	26 June 2017	Samantha Parker/ (01772) 538221

Reason for inclusion in Part II, if appropriate

N/A

Audit and Governance Committee

Meeting to be held on 26 June 2017

Electoral Division affected: All

The Council's Annual Governance Statement 2016/17 & Code of Corporate Governance

(Appendices 'A' & 'B' refer)

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Paul Bond, Head of Legal and Democratic Services, (01772) 534676

paul.bond@lancashire.gov.uk**Executive Summary**

The County Council is required to produce and approve an Annual Governance Statement (AGS) which will be included in its Annual Statement of Accounts for 2016/17.

A draft AGS is presented for the Committee's consideration at Appendix 'A'.

In addition, Full Council in July 2016 approved a new Code of Corporate Governance for the County Council that reflected new CIPFA/Solace guidance. Full Council also agreed that the Code would be reviewed on an annual basis.

Therefore, the Committee is asked to consider the updated Code of Corporate Governance and whether it wishes to make any changes to recommend to Full Council.

The updated Code is presented for the Committee's consideration at Appendix 'B'.

Recommendation

The Committee is asked to:

1. Consider and approve the draft Annual Governance Statement for 2016/17 for inclusion in the draft Statement of Accounts.
2. Note that the Annual Governance Statement will be signed by the Chief Executive and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts.
3. Consider the updated Code of Corporate Governance and any amendments it wishes to make for recommendation to Full Council for approval.

Background and Advice

Lancashire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Committee is asked to consider and approve the draft Annual Governance Statement presented at Appendix 'A' to be included within the Council's Annual Statement of Accounts for 2015/16.

The final AGS will be signed by the Chief Executive and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts.

In July 2016 the Full Council approved a new Code of Corporate Governance for the County Council and agreed that the Code would be reviewed by the County Council every year. The Code is based on new CIPFA and the Society of Local Authority of Chief Executives (SOLACE) best practice guidance, and should articulate and be consistent with the expected standards, principles and values by which Lancashire County Council Officers and Members will operate. There should be clear links between the seven new principles within the Code, and the governance framework of strategies, policies and procedures which underpin it. The Code is also in a format that includes sources of evidence providing clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.

Therefore, the Code now presented for approval at Appendix 'B' has been updated and includes new sources of evidence. This is because the Code has been updated to reflect the outcome of a recent Internal Audit review of the County Council's governance framework. The outcome of the review (substantial assurance) was presented to this committee in January 2017. The Code of Corporate Governance action plan as set out below incorporates the recommendations of the Internal Audit review.

Code of Corporate Governance Action Plan

Action	Responsibility
1. Each document that forms part of the council's constitution will be identified and incorporated into an information governance framework that will, on each document and	Democratic and Member Services Manager

<p>on a central register:</p> <ul style="list-style-type: none"> • Assign and record its owner; • Determine and record the frequency of its review; • Record the date of its last review where known; • Record the date and nature of its approval within the council's constitution and/ or wider governance framework; • Enable the Democratic Services team to continue to prompt reviews of each document in accordance with the agreed timeframe. <p>Residual risk addressed: Medium</p>	
<p>2. An assessment will be made of other documents that should be treated in the same manner and the same information governance framework will be applied to them.</p> <p>Residual risk addressed: Low</p>	<p>Head of Democratic and Legal Services and Democratic and Member Services Manager</p>
<p>3. The Democratic Services team will be directed to oversee the register of documents produced by actions 1 and 2 above, and prompt their owners to review them as their review dates become due.</p> <p>Residual risk addressed: Medium</p>	<p>Democratic & Members Services Manager</p>
<p>4. Responsibility for publishing and publicising documents, and deleting older versions as they are revised will be agreed between the Democratic Services and Communications teams.</p> <p>Residual risk addressed: Medium</p>	<p>Head of Democratic and Legal Services and Democratic and Member Services Manager</p>

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. An Authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to publish an AGS means the Council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business.

Legal Implications

The Council must adopt a Code of Corporate Governance which has been produced to the standards prescribed in the best practice guidance in order to prepare the AGS. The best practice guidance is recognised as the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016).

Financial Implications

Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Service/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Appendix 'B' - Code of Corporate Governance 2017/18

What is Corporate Governance?

Corporate governance is about the systems, processes and values by which Councils operate and by which they engage with, and are held accountable to, their communities and stakeholders.

Lancashire County Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled "Delivering Good Governance in Local Government (2016)"

The guidance defines the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and

strong public financial management.

- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

What are the benefits of having a Code of Corporate Governance?

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. It enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and the management of risk.

Lancashire County Council has a robust governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of with the core principles of the CIPFA/SOLACE framework into all aspects of the Council's conduct and operation.

The Monitoring Officer is responsible for ensuring the Code is reviewed annually, and the outcome of the review, along with adoption of any revision to the Code is reported annually to the Audit and Governance Committee for approval.

Lancashire County Council Code of Corporate Governance (Principle 1)

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law 	<ul style="list-style-type: none"> • Maintain shared values (Fair, Trustworthy, Ambitious, to have belief in people) both for the County Council and its officers. These are defined in the draft corporate strategy and reflect public expectations about the conduct and behaviour of individuals. • Use shared values as a guide for decision making and as a basis for developing positive and trusting relationships within the County Council. We demonstrate this by adherence to the constitution. • Adopt formal codes of conduct defining standards of personal behaviour for Members and officers. • Maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the County Council's culture. • Put in place arrangements to ensure that Members and staff of the County Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. We have put in place appropriate processes to ensure that these arrangements are workable including declaration of interests and anti-corruption policies. • Ensure that systems and processes for financial administration and control together with protection of the County Council's resources and assets, comply 	<ul style="list-style-type: none"> • Draft Corporate Strategy • The Constitution which includes: <ul style="list-style-type: none"> ➤ Financial Procedure Rules ➤ Contract Procedure Rules ➤ Anti-Fraud and Corruption Strategy ➤ Anti-Bribery Policy ➤ Rules relating to Members External Interests ➤ Rules relating to Gifts and Hospitality ➤ Codes of Conduct for Members and Employees ➤ Scheme of Delegation ➤ Procedural Standing Orders ➤ Register of Interests ➤ Terms of reference

	<p>with ethical standards; and are subject to monitoring of their effectiveness.</p> <ul style="list-style-type: none">• Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making if appropriate. Officers will actively recognise the limits of lawful activity placed on them but also strive to utilise their powers to the full benefit of their communities.• Ensure officers will observe all specific legislative requirements placed upon the Council as well as the requirements of general law, and in particular integrate the key principles of administrative law – rationality, legality and natural justice into the procedures and decision making.• Put in place effective systems to protect the rights of staff. We ensure that policies for whistle-blowing which are accessible to staff and those contracting with the Council, and arrangements for the support of whistle-blowers, are in place.• Establish an information governance group (CIGG) with the remit of collecting assurance information across all council functions.• Publish an Annual Governance Statement, signed by the Leader of the Council and the Chief Executive to confirm that we are satisfied that we have effective governance arrangements in place.	<ul style="list-style-type: none">• Information Security Policy• Information Governance Policy• Money Laundering Policy• Whistleblowing Policy• Annual Governance Statement• External inspections of accounts• Members induction• Complaints Policy• Partnership Protocol• Job descriptions and Person Specifications• Clearance of committee reports
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Lancashire County Council Code of Corporate Governance (Principle 2)

Principle 2: Ensuring openness and comprehensive stakeholder engagement:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging with individual citizens and service users effectively 	<ul style="list-style-type: none"> • Ensure that the Council’s vision, strategic plans, priorities and targets are developed in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated. • Maintain a culture of accountability so that Members and Officers understand to whom they are accountable and for what. • Strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands. • Publish reports giving information on the County Council’s strategies, plans and financial statements as well as information about outcomes, achievements. • Deliver effective scrutiny of the County Council’s business as appropriate and produce an annual report on the activities of scrutiny function. • Ensure that the Council as a whole is open and accessible to the community, service users and staff and we are committed to openness and transparency in all dealings. • Attempt to publish all committee agenda items under 	<ul style="list-style-type: none"> • Annual Governance Statement • Annual report on members allowances • Annual pay Policy Statement • Freedom of Information Publication Scheme • Research and Consultation Strategy • Research and Consultation Database • Service Specific consultations • Living in Lancashire Panel • Communication Strategy • Constitution • Scheme of Delegation • Money Matters Budget reports • Lancashire Health & Wellbeing Strategy • Community Safety Agreement

	<p>“part 1” unless there is the need to preserve confidentiality (where it is proper and appropriate to do so).</p>	<ul style="list-style-type: none">• Director of Public Health Annual Report• Children's and Young Peoples Plan• Statement of Accounts• Scrutiny Reports• County Council Website• Property Strategy (Neighbourhood Centres) Consultation• Joint Strategic Needs Assessment• Strategic Assessment of Crime & Anti-Social behaviour
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Lancashire County Council Code of Corporate Governance (Principle 3)

Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> Defining outcomes Sustainable economic, social & environmental benefits 	<ul style="list-style-type: none"> Make a clear statement of the Council’s purpose and vision and use it as a basis for corporate and service planning. Publish annual reports to communicate the Council’s activities and achievements, its financial position and performance. Ensure that those making decisions are provided with financial and non-financial information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications. Identify and monitor service performance indicators which demonstrate how the quality of service for users is to be measured. Maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved. Ensure compliance with the CIPFA codes regarding a Prudential Framework for Capital Finance and Treasury Management. 	<ul style="list-style-type: none"> Draft Corporate Strategy Money Matters Budget Reports Director of Public Health Annual Report Reports to Audit & Governance Committee Quality of Service Reports Performance reports to Cabinet committee on Performance Improvement Monthly budget monitoring reports Statement of Accounts External Auditors letter & reports External Inspections Approach to Risk & Opportunity Treasury Management Strategy Capital Investment Strategy

Lancashire County Council Code of Corporate Governance (Principle 4)

Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Determining interventions. • Planning interventions • Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> • Make a clear statement of the Council’s purpose and vision and use it as a basis for corporate and service planning. • Ensure risk management arrangements are in place including mitigating actions to support the achievement of the Council’s intended outcomes. • Ensure that there are effective arrangements in place to monitor service delivery • Put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents. • Prepare contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during adverse weather conditions. • Provide senior managers and Members with timely financial and performance information. • Ensure that budget calculations are robust and reserves are adequate. • Align financial and performance data to provide an overall understanding of performance. 	<ul style="list-style-type: none"> • Draft Corporate Strategy • Our approach to Risk & Opportunity Management • Corporate Risk & Opportunity Register • Quality of Service Reports • Highlight Reports • Business Continuity Plans • Emergency Plan • Money Matters Budget Reports • Social Value Policy & Framework

Lancashire County Council Code of Corporate Governance (Principle 5)

Principle 5: Developing the County Council's capacity, including the capability of its leadership and the individuals within it.		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Developing the County Council's capacity • Developing the capability of the County Council's leadership and other individuals 	<ul style="list-style-type: none"> • Through the constitution set out a clear statement of the respective roles and responsibilities of the Council's Executive Committee and the Members individually. • Set out a clear statement of the respective roles and responsibilities of the Council's other committees and senior officers. • Develop protocols to ensure effective communication between Council Members and officers in their respective roles. • Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in their relationship and that a shared understanding of roles and objectives is maintained. • Set out the terms and conditions for remuneration of Members and officers and publish an Annual Pay policy statement in accordance with the requirements of the Localism Act 2011. • Determine a scheme of delegated and reserved powers within the constitution and ensure that the scheme is monitored and updated when required. • Ensure that effective management arrangements are in place at the top of the organisation. • Ensure the Chief Executive is responsible and accountable to the Council for all aspects of operational management. • Ensure the S151 Officer is the Director of Financial resources and is a member of the Council's Management Team, with access to the Chief Executive and other members of the 	<ul style="list-style-type: none"> • Constitution • Annual Pay Policy • Scheme of Delegation • Interim Structures agreed • Member Development • Leadership Development Programme • Personal Development Appraisals • Member Development Programme • Member Induction Working Group • Ofsted Post Inspection Improvement Plan • Scheme of delegation to officers • Induction programme • Health & Wellbeing Policy

	<p>leadership team.</p> <ul style="list-style-type: none">• Ensure the Section 151 Officer is responsible to the County Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.• Appoint a professionally qualified and experienced Director of Financial Resources, who will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds; together with professional accountability for finance staff throughout the County Council• Ensure the Monitoring Officer is responsible to the County Council for ensuring that the constitution is adhered to.• Assess the skills required by Members including the understanding of financial systems. We will agree a personal development plan to develop skills and address any training gaps, to enable roles to be carried out effectively.• Assess the skills required by officers through the appraisal process and address any training gaps, to enable roles to be carried out effectively.• Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.• Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.• Provide the Director of Financial Resources with the resources, expertise and systems necessary to perform the	
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	<p>role effectively within the County Council.</p> <ul style="list-style-type: none">• Provide the Corporate Director Operations and Delivery with the resources, expertise and systems necessary to perform the role effectively within the Council and respond to the last Ofsted inspection.	
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Principle 6: Managing risks and performance through robust internal control and strong public financial management.		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management 	<ul style="list-style-type: none"> • Maintain an effective Audit & Governance Committee which is independent of the executive and scrutiny functions. • Enable the Director of Financial Resources to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained. • Ensure that risk management is embedded into the culture of the County Council, with Members and managers at all levels recognising that risk management is part of their job. • Ensure our arrangements for financial and internal control and management of risk are formally addressed within the annual governance reports. • Ensure effective internal control arrangements exist for sound financial management systems and processes. • Ensure that a Corporate Performance Summary is presented to the Cabinet Committee for Performance Improvement on a quarterly basis • Ensure that quarterly Quality of Service and highlight reports are produced and used to hold Cabinet Members and officers to account 	<ul style="list-style-type: none"> • Audit & Governance Committee • Money Matters Budget Reports • Approach to Risk Management and publication of a quarterly Corporate Risk & Opportunity Register • Annual Governance Statement • Performance reports presented to Cabinet Committee on Performance Improvement • Internal Audit Reports • Quality of Service Reports • Project Accuracy • Overview & Scrutiny arrangements • Information Governance Strategy • Data Protection Policy

Lancashire County Council Code of Corporate Governance (Principle 7)

Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will:	This will be evidenced by:
<ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability 	<ul style="list-style-type: none"> • Comply with the local government transparency code and publish all required information in a timely manner. • Establish a medium term business and financial planning process in order to deliver - a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate monitoring process; all of which are subject to regular review. • Put in place effective transparent and accessible arrangements for dealing with complaints. • Maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall. • Maintain an effective Audit Committee which is independent of the Executive and Scrutiny committees. • Ensure an effective internal audit function is resourced and maintained. • Maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. • Attempt to publish all committee agenda items under "part 1" unless there is the need to preserve confidentiality where it is proper and appropriate to do so • Put in place arrangements for whistle-blowing to which staff 	<ul style="list-style-type: none"> • MTFS • Complaints Procedures • Scrutiny Committees • Audit & Governance Committee • Constitution • Modern.Gov • Whistle-blowing Policy • Monthly budget monitoring reports • Annual Pay Policy • Statement of Accounts • External Audit Reports • Annual Governance Statement

	<p>and all those contracting with the County Council have access.</p> <ul style="list-style-type: none">• Produce clear, timely, complete and accurate information for budget holders and senior officers relating to the budgetary and financial performance of the Council.• Maintain effective arrangements for determining the remuneration of senior staff and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011.• Publish annually details of County Councillors remuneration and expenses	
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Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
(None)

Constitutional Amendments
(Appendices 'A' to 'D' refer)

Contact for further information:
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chris.mather@lancashire.gov.uk

Executive Summary

This report proposes a number of constitutional changes relating to:

- The Council's Corporate Complaints Procedure;
- The Regulatory Committee's terms of reference;
- The Development Control Committee's terms of reference; and
- The Protocol of Good Practice on Development Control Matters.

Recommendation

The Full Council is recommended:

- (i) To approve:
 - (a) The revised Corporate Complaints Procedure (Appendix 'K' to the Constitution), as set out at Appendix 'A'.
 - (b) The updated terms of reference of the Regulatory Committee, as set out at Appendix 'B'.
 - (c) The updated terms of reference of the Development Control Committee, as set out at Appendix 'C'.
 - (d) The revised Protocol of Good Practice on Development Control Matters (Appendix N to the Constitution), as set out at Appendix 'D'.
- (ii) To authorise the Director of Governance, Finance and Public Services to make any consequential amendments to the Constitution.

Background and Advice

Corporate Complaints Procedure

The Corporate Complaints Procedure (Appendix 'K' to the Council's Constitution)

was last updated in 2012. Since then, the Council has restructured and Directorates have been dissolved. In April 2015, the council completed a Phase 1 restructure and a complaints manager for the council was appointed. All appointments within the Complaints and Appeals Team were completed as part of a Phase 2 restructure and confirmed in January 2017.

There is now a single team in the council that deals with all statutory and non-statutory council related complaints. This has made it easier for the public to contact the council with their complaints and get matters resolved. The Corporate Complaints Procedure needs to be amended to reflect the changes required.

In 2016/17 the Council dealt with:

- 479 adult social care statutory complaints (not the corporate procedure)
- 313 children's statutory social care and non-statutory complaints (not the corporate procedure)
- 934 corporate related expressions of dissatisfaction. 97% of these were resolved early in the complaint pathway, and 'nipped in the bud' as part of ongoing business matters. 27 complaints entered the formal process and there was only one Corporate Complaints Committee hearing in 2016/2017.

The majority of corporate complaints are about highways due to the considerable size of this service and the fact that roads impact on every Lancashire citizen. It also attracts a large volume of enquires and as a result, is also the most complimented community service.

The draft updated Corporate Complaints Procedure is set out at Appendix 'A'. The main changes to the Corporate Complaints Procedure are:

- being clearer about what is and what is not considered a complaint;
- being clearer about who can and cannot complain;
- a statement that the complaints process is not intended for compensation payments;
- the removal of 'Directorates';
- the inclusion of the Complaints and Appeals Manager as the officer with responsibility for all council complaints.
- the inclusion of the relevant Head of Service as the Designated Complaints Officer for complaints about their service area;
- the lengthening of times scales for the resolution of complaints from 15 days to 20 days, to reflect internal council processes within highways and to bring timescales into line with the social care statutory complaints processes;
- the acknowledgement of complaints within 3 working days (as in the statutory social care procedures); and

- the option of an early referral to the Local Government Ombudsman (as in the statutory social care procedures).

Council Committees - Terms of Reference Updates

Officers are in the process of reviewing the terms of reference of council committees to ensure they are up to date and reflect current legislation, as well as administrative practices across the council.

It has become apparent that the terms of reference of the Regulatory Committee and the Development Control Committee need to be amended and brought up to date. The proposed revised terms of reference are set out at Appendix 'B' (Regulatory Committee) and Appendix 'C' (Development Control Committee). There are no significant or substantive changes proposed.

It is likely that the terms of reference of the Audit and Governance Committee will also need to be updated and a further report will be presented to Full Council.

In accordance with the Council's Scheme of Delegation arrangements, the functions which are set out in the terms of reference of Council Committees are reserved to and can only be exercised by those Committees. Any functions which have not been reserved to a Committee shall be exercised by officers in accordance with the Scheme of Delegation to Heads of Service that was approved on 24 March 2015.

Protocol of Good Practice on Development Control Matters

The Protocol of Good Practice on Development Control Matters (Appendix 'N' to the Council's Constitution) provides guidance to members and officers working on development control matters.

It is necessary to update the Protocol to reflect changes in legislation and procedural arrangements. The Development Control Committee, at its meeting held on the 28 June 2017, agreed to recommend the Full Council to approve a revised Protocol which is attached at Appendix 'D'. The revised Protocol contains a number of administrative changes including updates to pecuniary interests and predetermination, and clarifies existing processes and practices. There are no significant substantive changes proposed.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Corporate Complaints Procedure

Introduction

The Council is committed to providing the best possible service it can. If we fail to do this, we want to know about it so that we can deal with the specific problem and take steps to avoid it happening again so that we can improve our services.

We will try to resolve most complaints on an informal basis at the first point of contact but this procedure explains how you can take up matters formally through the Council's **Corporate Complaints Procedure** if you think the service you have received from the Council is unsatisfactory.

What is a complaint?

For the purpose of this procedure, the Council accepts the Local Government Ombudsman's definition:

"An expression of dissatisfaction by one or more members of the public about the Council's action or lack of action or about the standard of service, whether the action was taken or the service provided by the Council itself or a person or body acting on behalf of the Council".

The Council's complaints procedure is not intended to be used to obtain compensation payments. The Council may however offer a payment if the complainant is out of pocket as a result of an upheld complaint and, if a complaint is upheld by the Council, it will consider making a "time and trouble" payment, in line with Local Government Ombudsman recommendations.

Is this the right procedure for my complaint?

The Corporate Complaints Procedure deals with all complaints where there is not a separate specific or legal procedure to deal with the matter.

By law, the Council has to consider complaints about the following matters under separate procedures set by the Government:

- Complaints about social care issues relating to children
- Complaints about social care issues relating to adults
- Complaints against County Councillors should be e-mailed to codeofconduct@lancashire.gov.uk

The Council also has specific procedures to deal with complaints about the following:

- Street lighting
- Highway defects
- Public rights of way obstructions, defects and certain legal orders
- Public transport services
- Quality of goods you have purchased from a shop or trader (Trading Standards)

We cannot deal with:

- Complaints about schools – these should be referred directly to the school
- Any matter on which you have commenced legal action against the Council which also includes abandoned matters.
- Complaints from County Council employees (or ex-employees) and their representatives in respect of matters relating to their employment
- Complaints about issues covered by a separate appeals procedure, for example Penalty Charge Notices (PCNs).
- Complaints about data protection or other issues which are within the remit of the Information Commissioner

Complaints received anonymously will be recorded and considered where the Complaints Manager feels that this is appropriate, but action may be limited if there is insufficient information available to enable a full investigation to take place.

Delays

It becomes increasingly difficult to ensure a fair investigation after a period of time has elapsed since the original incident occurred. Complaints will therefore not be investigated after a period of 12 months has elapsed from the incident which gives rise to the complaint or after the person becomes aware of the matter which gives rise to the complaint.

Outcomes

The aims of the Corporate Complaints Procedure are:

- to assist the Council in providing a customer focussed service
- to provide a fair, effective, transparent and structured means to investigate complaints or concerns about service delivery promptly and, where we are at fault, to put things right
- to make sure that complaints are dealt with consistently throughout the Council to encourage constructive feedback
- to help us improve our services and encourage best practice by all staff
- to increase customer satisfaction in Council services and in the way we handle feedback

How to make a complaint

We have tried to make this procedure as accessible and straightforward as possible. Customers can contact us about their concerns in many different ways.

- in person at any of our offices
- by telephone through our Customer Access Centre: 0300 1236720
- by email sent to: complaintsandfeedback@lancashire.gov.uk
- by completing the [on-line form](#) on the LCC website
- by letter to:

Complaints and Appeals Team
Lancashire County Council
Christ Church Precinct
County Hall
Preston PR1 8XJ

Please ensure that any communication contains:

- Your full name
- Your postal address
- The date (where possible) and details of the complaint
- The service concerned where possible

A template for reporting your complaint can be found at the end of this document.

Our investigations into your complaint will be thorough and unbiased, will be completed within strict timescales unless otherwise agreed with you and your confidentiality will be respected as far as possible.

What is a complaint?

The Complaints and Appeals Manager is responsible for all council complaints and will decide what issue to treat as a corporate complaint and at what level.

The first reports of any defect / incident / fault will always be considered as "business as usual". Requests for service, including complaints about defects in infrastructure for which the Council has responsibility, are also regarded as a routine and are therefore not regarded as complaints. These should be reported via the [Report It](#) page on the LCC website or through the customer access centre. If such requests are received within the Complaints Team, the customer will be responded to promptly and within 3 working days, providing contact details of the Council team responsible for the service delivery.

The Complaints Team will consider all expressions of dissatisfaction to decide on the appropriate action to take in each case. Issues will be promptly acknowledged and responded to within 20 working days and if it is believed that fault lies with the Council, these will be progressed to 'informal complaints' (and a reference number can be provided). This means that even if an email or letter states 'formal complaint', it does not necessarily mean that the Council will treat the issue in this way.

Issues will be promptly acknowledged and responded to within 20 working days and, if it is believed that fault lies with the Council, these will be progressed to 'informal complaints' (and a reference number can be provided). This means that even if an email or letter states 'formal complaint', it does not necessarily mean that the Council will treat the issue in this way.

Unless the expression of dissatisfaction can be resolved to your satisfaction informally, the following process will be followed:

Stage 1 - Investigation

- The complaint will be formally acknowledged by the Council within 3 working days.
- It will be recorded on the Council's electronic complaints management system.
- The appropriate Head of Service for the service to which the complaint relates will act as the Council Designated Complaints Officer for the complaint
- Someone other than the person complained about will carry out a full investigation of the complaint and, wherever possible, send you a comprehensive reply within 20 working days of when you made the complaint.

- In exceptional circumstances, where the issues raised are more complex and will take more than 20 days to investigate, we will let you know why we need more time, provide you with a progress report within the initial 20 working day period, and inform you of when we believe it will be possible to let you have a full response.

Stage 2 – Consideration by County Councillors

Most complaints that proceed to the formal stage are resolved to the customer's satisfaction at Stage 1. However, if you are not happy with the response you receive, you have the right to take things further. You may ask for your complaint to be considered by the County Council's Corporate Complaints Committee. Alternatively, an early referral to the Local Government Ombudsman may be agreed. Details of how to proceed will be included in the Stage 1 response, as advised by the Complaints Manager.

The Stage 2 process is as follows.

- The Committee is scheduled to meet four times a year but additional meetings can be arranged as necessary. Unless there are exceptional circumstances (which will be explained to you), arrangements will be made for the Committee to consider your complaint at the next possible meeting.
- You will be entitled to attend the Committee as will representatives of the service involved. So far as possible we shall submit your complaint to the Committee on a date which is most suitable to you. You may be accompanied by a friend or advisor if you wish, in which case you should inform the Complaints Team who this person will be at least 3 days before the meeting.
- If you do not wish to attend, the meeting will be held in your absence and the service may be represented by a senior officer not directly connected with the complaint in order to provide clarification or advice on technical issues relating to the complaint and/or on any actions the Committee recommend should be taken in response to the complaint.
- A letter confirming the Committee's decision will be forwarded to you within 3 working days of the meeting. This letter shall constitute the Stage 2 response

What if you are still unhappy with the response you receive?

We hope to sort out your complaint to your satisfaction. However, if you are still not happy after both stages of the procedure have been completed, you can ask the Local Government Ombudsman, an independent 'watchdog', to investigate your complaint. Details of how to do that will be included in the Stage 2 response but the Ombudsman's address is:

Local Government Ombudsman
PO Box 4771
Coventry
CV4 0EH
Telephone: 0300 061 0614

e-mail: advice@lgo.org.uk

The Ombudsman will expect you to have given the Council the opportunity to resolve the complaint through its own procedures before it will investigate.

Management of unreasonable complaint behaviour

There are a small number of complainants who pursue their complaints in ways that are unreasonable and /or who take up an unwarranted amount of Council resources.

In such circumstances, the Council may choose to apply its policy on the management of unreasonable complainant behaviour, which has been drawn up in line with guidance issued by the Local Government Ombudsman. Such action is very rare and not taken lightly and complainants will be informed before any restrictions are applied to them in order that they might moderate their behaviour.

Management Information

It is important to us to use the information that we receive from complaints to improve service delivery. Complaints are therefore monitored and reported on so that best practice is disseminated throughout the Council. We ensure that:

- Every complaint is logged
- Progress is monitored
- Annual reports are considered by senior officers and County Councillors and any recommendations are communicated across the Council.

Complainants have the option to record information about gender, age, ethnicity and disability. This information is used to ensure that our complaints system is accessible to all groups of customers.

Interpretation

The Complaints and Appeals Manager for the Council will determine any issue relating to the interpretation of any provision in this procedure

Corporate Complaints Procedure: Formal Investigation

Name

Address

Daytime telephone number

E-mail address

Are you happy for us to correspond with you by e-mail? Yes/No

County Council Service concerned (if you know)

Reference on any previous correspondence

What do you think the Council did wrong?

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What do you think the Council should do to put things right?

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Date of Completion.....



The Regulatory Committee

The Committee comprises twelve County Councillors and deals principally with claims relating to public rights of way and various licensing and registration functions (except registration functions relating to Social Services).

Meetings are open to the public but they may be excluded where information of an exempt or confidential nature is being discussed – see Access to Information Procedure Rules set out at Appendix 'H' to this Constitution.

Terms of Reference

The Committee shall carry out the following functions:

Public Rights of Way

1. To determine applications under S53 of the Wildlife and Countryside Act 1981 and to decide whether to make and promote to confirmation Orders thereunder.
2. To exercise the following functions, duties and powers of the Council under the Highways Act 1980:
 - (a) to authorise creation of footpaths or bridleways by agreement under Section 25;
 - (b) to decide whether to make and promote to confirmation Orders for the creation of footpaths and bridleways under Section 26;
 - (c) to decide whether to make and promote to confirmation Orders for the extinguishment of footpaths and bridleways in accordance with Section 118;
 - (d) to decide whether to make and promote to confirmation rail crossing extinguishment orders under Section 118A;
 - (e) to decide whether to make and promote to confirmation special extinguishment orders for the purpose of preventing or reducing crime or of protecting school pupils or staff under Section 118B;
 - (f) to decide whether to make and promote to confirmation public path extinguishment orders (Section 118ZA) and special extinguishment orders (Section 118C);
 - (g) to decide whether to make and promote to confirmation Orders for the diversion of footpaths and bridleways in accordance with Section 119;
 - (h) to decide whether to make and promote to confirmation rail crossing diversion orders under Section 119A;
 - (i) to decide whether to make and promote to confirmation special diversion orders for the purpose of preventing or reducing crime or of protecting school pupils or staff under Section 119B;
 - (j) to decide whether to make and promote to confirmation SSSI diversion orders under Section 119D;
 - (k) to decide whether to make and promote to confirmation public path diversion orders (Section 119ZA) and a special diversion order (Section 119C(4)).

3. To decide whether to make orders and promote to confirmation to extinguish certain public rights of way under Section 32 of the Acquisition of Land Act 1981.
4. To decide whether to make orders and promote to confirmation orders to designate a footpath as a cycle track under Section 3 of the Cycle Tracks Act 1984.

Other Licensing Registration and Regulatory Functions

1. To make appointments to outside bodies to which the Council is entitled to have representation in connection with the discharge of any of the Committee's functions.
2. To establish Sub-Committees to undertake any part of the Committee's functions.

Common Land and Town and Village Greens

1. To decide whether to exercise the Council's powers under the Commons Registration Act 1965 to alter the Register in respect of applications.
2. To make recommendations to the Cabinet on matters under the Commons Registration Act 1965 as amended and Regulations thereunder where responsibility lies with the Cabinet.
3. To make decisions on applications and proposals as determining authority under Part 1 Commons Act 2006 save for those under Regulation 43 of the Regulations thereunder.
4. To decide whether to apply to the Secretary of State as owner for de-registration of Common Land or Town or Village Green under S 16 Commons act 2006.
7. To decide whether to take steps and what steps to take to protect unclaimed common land or town or village greens against unlawful interference and whether to institute proceedings under Section 45 of the Commons Act 2006.
6. To decide whether to apply to the Court for orders against unlawful works on common land under Section 41 of the Commons Act 2006.

Development Control Committee

Composition and role

The Committee comprises twelve County Councillors who are not in the Cabinet and deals with applications for planning permission for waste disposal and mineral extraction developments, and for development proposed by the Council.

Meetings are open to the public but they may be excluded where information of an exempt or confidential nature is being discussed – see Access to Information Procedure Rules set out at Appendix 'H' to this Constitution.

Terms of Reference

The Committee shall carry out the following functions:

1. To determine applications for planning permission, under Part III Section 62 and Section 316 of the Town and Country Planning Act 1990 and the Town and Country Planning General Regulations 1992 where one or more of the following apply:
 - (i) An objection to the application has been received;
 - (ii) The application is supported by an Environmental Statement;
 - (iii) A refusal is recommended by officers;
 - (iv) There is a conflict of interest with the functions of the Head of Service;
 - (v) The application has been submitted by, or benefits, a councillor or officer of the County Council.
2. To exercise the functions in the Town and Country Planning Act 1990 under Sections 70A (to decline to determine planning permission) 73 (to vary conditions of Planning Permissions), 94 (Completion Notices), 97 (Revocation and Modification Orders), 102 (Discontinuance Orders) 106 (Agreements Regulating Development).
3. To exercise the functions relating to the making of determinations of planning applications under Section 92 (outline planning permission) of the Town and Country Planning Act 1990.
4. To determine conditions to which old mining permissions, relevant planning permissions relating to dormant sites or active phase I or II sites, or mineral permissions relating to mining sites, are to be subject, under the Planning and Compensation Act 1991 and the Environment Act 1995.

5. To exercise powers to enter into agreements for the execution of highway works under Section 278 of the Highways Act 1980 in relation to development the subject of an application before the Committee for determination.
6. To exercise the function under Section 34 of the Wildlife and Countryside Act 1981 (Limestone Pavement Orders).
7. To exercise powers under Sections 198 and 199 of the Town and Country Planning Act 1990 (Tree Preservation Orders).
8. To exercise powers in relation to replacement trees under Sections 206 and 207 and 213 of the Town and Country Planning Act 1990, and powers to grant consents under Tree Preservation Orders and to give directions as to the replanting of land under paragraphs 7 and 8 of the Schedule to the Trees Regulations 1999.
9. To exercise powers to determine applications for Hazardous Substances Consent and related powers under Sections 9 and 10 of the Planning (Hazardous Substances) Act 1990.
10. To make any appointments to outside bodies to which the Council is entitled to have representation in connection with the discharge of any of the Committee's functions.
11. To authorise by Order the stopping up or diversion of footpaths or bridleways under section 257 and 261 of the Town and Country Planning Act 1990.
12. To extinguish by Order public rights of way over land held for planning purposes under Section 258 of the Town and Country Planning Act 1990.
13. To establish a Sub-Committee(s) to undertake any part of the Committee's functions.

Protocol of Good Practice on Development Control Matters

Contents

No.		Page No.
1.	Introduction	1
2.	Training	1
3.	Declaration of Interests	1
4.	Predetermination	1
5.	Social Contacts	2
6.	Development Proposals submitted by Councillors	2
7.	County Council Developments	2
8.	Lobbying of and by Councillors	2
9.	Pre-Application Discussions	3
10.	Officer reports to the Development Control Committee	4
11.	Decisions contrary to Officer Recommendations and/or the Development Plan	4
12.	Appeals	5
13.	Committee Site Visits	5

1. Introduction

This Protocol applies to both Councillors who serve on the Development Control Committee and officers who support its functions. The Protocol supplements the County Council's Codes of Conduct for Councillors and officers, and addresses the particular issues faced by Members who serve on the Development Control Committee.

Employees of the County Council who are Chartered Town Planners are bound by the Royal Town Planning Institute (RTPI) Code of Professional Conduct and all officers whether or not they are members of the RTPI are expected to act in accordance with the Code applicable to RTPI Members.

2. Training

The planning process requires decisions to be made within a complex framework which is continuously evolving through legislation and case law. For that reason, regular training is provided to all Councillors on the planning process. As well as initial training for Councillors, updates will be provided when required to ensure Councillors are up to date on issues and procedures.

Councillors who sit as members of the committee should ensure that they have received up to date training on development control matters, and it is strongly recommended that councillors whose training and understanding is not up to date should not sit as members of the committee.

3. Declaration of Interests

Rules in relation to declarations of interest at the Development Control Committee are the same as apply to all other meetings of the council. Councillors who are also district councillors should declare a non pecuniary interest in items relating to applications made by their district council under consideration. Councillors do not need to declare an interest in an application simply because it is in the division they represent or in their own neighbourhood, unless this specifically affects their land or property as defined in the Code of Conduct.

4. Predetermination

Councillors on the Development Control Committee must take care to ensure that they do not predetermine any issue that comes before them. Predetermination effectively means forming a judgement on a matter before it comes to committee that you would be unwilling to change.

The law says a decision maker was not to be taken to have had, or to have appeared to have had, a closed mind when making the decision just because:

- the decision maker had previously done anything that directly or indirectly indicated what view the decision maker took, or would or might take, in relation to a matter, and
- the matter was relevant to the decision.

The Development Control Committee considers planning applications some of which may be controversial matters that are of interest to the public. It is possible that Councillors will be involved in campaigns for or against development proposals. This does not in itself prevent a councillor from being a member of the committee and taking a decision on such an issue.

However, Councillors should take great care in any campaigning they do, not to express views which appear to demonstrate that the councillor has fixed their view and would not listen to the evidence presented at committee. This applies to both traditional campaigning and publicity and to social media, such as Twitter or Facebook.

5. Social Contacts

Councillors and officers should exercise caution about their social contacts with known developers, agents, groups and associations, especially when developments are contemplated or applications are being proposed or being considered and when controversial decisions are likely to be made.

Councillors and Officers are required to declare any gifts or hospitality over the value of £25, even where it is declined.

6. Development Proposals Submitted by Councillors

- Councillors who act as agents for people pursuing planning matters with the County Council should play no part in the decision making process for those proposals. Likewise, if they submit their own proposal to the County Council they must play no part in its processing;
- the Council's Monitoring Officer should be informed of such proposals;
- any such planning applications should be reported to the Committee and not dealt with by officers under delegated powers.

Under the terms of the County Council's code these applications would result in a Councillor having a pecuniary interest and the Councillor concerned would need to withdraw from any consideration of the matter. Although he/she must not seek to improperly influence a decision, the Councillor would have the same rights as a member of the public in explaining or seeking to justify the proposal to an officer prior to its consideration by the Committee.

7. County Council Developments

Proposals for the County Council's own development must be treated in exactly the same way as those of private developers.

8. Lobbying of and by Councillors

Lobbying of members

Councillors may be subject to lobbying in relation to decisions due to be made by the Development Control Committee. As far as possible, Councillors should restrict themselves to giving procedural advice and avoid expressing an opinion that may be taken to indicate predetermination.

Councillors should make it clear they can only make a final decision after having considered all the information at Committee.

Group Meetings

Group meetings prior to the Committee meeting should not be used to decide how Councillors should vote. The Ombudsman has determined in relation to planning that the use of whips or similar political instructions to heavily or decisively influence the outcome of a planning application can amount to maladministration.

Lobbying by members of the Committee

Members of the Development Control Committee should normally avoid organising support for or against an application and also should avoid lobbying other Councillors. This should also apply to any Members of the County Council.

Pressure on Officers

Councillors should not put improper pressure on officers for a particular recommendation.

9. Pre-Application Discussions

Any pre-application or other discussions with Councillors or officers which take place before a decision is taken should follow clear guidelines:

- it should be made clear that the discussions will not bind the Council to a particular decision and any views expressed will be personal and provisional because not all consultations will have taken place or relevant information be at hand at that stage;
- advice should be consistent and based on the development plan and other material considerations. Officers taking part should make clear whether or not they are the decision-maker;
- notes should be made of all potentially contentious meetings or telephone discussions. At least one officer should attend the meetings and a follow-up letter is advisable;
- advice given should not be, or be seen to be, partial.

10. Officer Reports to the Development Control Committee

The following principles will be adhered to in the production of reports to the Development Control Committee:

- reports should be accurate and cover, amongst other things, the substance of objections and the views of those consulted;
- there should be a clear exposition of the development plan policies, the site, related history and any other material considerations;
- there should be a written recommendation; oral reporting should be limited to updating and should be minuted;
- the reports should contain technical appraisals which clearly justify the recommendation;
- if the recommendation is contrary to development plan policy, the material considerations justifying the departure should be clearly stated.

11. Decisions Contrary to Officer Recommendations and/or the Development Plan

Departures from the Development Plan

Decisions should be taken in accordance with the Development Plan unless material considerations indicate otherwise. Departures must be advertised as such and, if it is intended to approve the application, the material considerations must be identified and it must be stated why they override the plan policies. Depending on type and scale, the application may have to be referred to the Secretary of State if the Committee is minded to approve. Justification for the approval of the departure must be included in full in the report.

Decisions Contrary to Recommendation

The Committee must make clear its reasons for any decision which runs contrary to the officer recommendation, including the policies which the Committee considers the proposal to be contrary to, together with technical evidence as far as possible and these will be recorded in the minutes. Members may seek advice from officers on such policies and how they may be used to support a decision. It may be appropriate to defer the matter until a subsequent meeting so that full reasons can be set out.

Committee members voting to reject or approve an application contrary to officer recommendation should be aware that they may be expected to give evidence in support of their decision in the event of any subsequent hearing or public inquiry.

Changes to Conditions

Where Councillors wish to change the recommended conditions on an approval, the officers should be asked to draft any new conditions or amendments to conditions to be agreed at the meeting, or at a subsequent meeting, or by specified senior officers under delegated powers.

12. Appeal

If the council refuses planning permission or imposes conditions that the applicant considers unreasonable, the applicant can appeal to the Secretary of State of the Department for Communities and Local Government within a period of six months from the decision notice.

Any such appeal is then considered by an independent inspector of the Planning Inspectorate who will report the findings to the Secretary of State. The appeal process can either be by written representations, an informal hearing or by a full public inquiry, depending on the complexity and nature of the case.

If the county council or the Secretary of State grants planning permission, there is no right of appeal for those who object to it. It is possible to challenge the decision on a point of law but this would be a matter for the courts

13. Committee Site Visits

Site visits should be the exception rather than the rule. There must be the expectation of substantial benefit from the visit. They should not be used as a means of delaying the determination of a planning application.

The decision for making a site visit should be based on:

- difficulty in visualising the proposed development from the plans and any supporting material, including photographs of the site;
- good reasons why the comments of the applicant and objectors cannot be adequately expressed in writing;
- the particularly contentious nature of the proposal;
- request from the Electoral Division Member or the Planning Officer, subject to expected benefit being substantial.

Where Members of the Committee pass a resolution in favour of undertaking a site visit, it is expected that those Members so voting attend the visit.

Procedures for Site Visits

- Site visits will be organised to ensure the purpose, format and conduct are clearly established at the outset and adhered to throughout the visit.

- Members should have regard to the County Council “Guidelines for Member Site Visits”. (Annex 1 to this Protocol). Members should not disclose details of the site visit to third parties. Site visits are for the benefit of Members of the Committee only and are not intended to be a forum for debate with objectors.
- Applicants for planning permission may attend such site visits but only to answer questions raised by Members regarding the purpose, location and design of the development.

Lancashire County Council Guidelines for Member Site Visits

1. Status and Purpose of these Guidelines

The purpose of the guidelines is to assist the Chair and Members of the Committee in the conduct of site visits. Site visits require careful thought and management, especially where groups of campaigners for or against a proposal may be present. It is essential that the site visit is, and is seen to be, part of the impartial gathering of information about an application, in order to ensure confidence in impartial and transparent decision making.

2. The Purpose of Site Visits

Site visits are not meetings of the Committee and are not intended to involve discussion of the merits of any planning application. The appropriate place for any such discussion is a formally convened meeting of the Committee.

Site visits are intended to give Members of the Committee the opportunity of visiting and viewing the site and its locality.

Site visits should be the exception not the rule. They should not be used as an excuse to delay the determination of a planning application. They are expensive and time-consuming and excessive use of them detracts from their true value.

3. Role of the Chair of the Committee

The Chair is responsible for the conduct of the site visit and his/her decision is final on all issues. In his/her absence the Deputy Chair will assume responsibility.

4. The Local County Councillor

The County Councillor for the division in which the application is located will be invited to attend the visit whether or not they are a Member of the Committee. The local County Councillor is expected to abide by these guidelines.

5. Information to be provided to Members

To assist members a report containing details of the application and general observations on the development and level of representations will be provided to Members prior to the visit.

6. County Council Officers

Officers attend the site visit to assist Members. Officers will acquaint Members with details of the application and the principal planning issues. They will draw Members' attention to details on the site itself and at other places in the locality of the site as appropriate. References will be made to the planning application in question but these will be for the purpose of explanation and should not be taken as implying any partiality on the part of the Officers concerned.

7. Applicant and Landowner

The Applicant will be asked to arrange access to the site. It is not possible to prevent either the Applicant or a Landowner, if separate, from attending the visit. However, the purpose of the visit will be made clear to them and it will be explained that they have no right to address the Members although they may wish to be prepared to answer any questions which Members may wish to raise. Separate arrangements are in place for Applicants to address the committee if they wish to do so

8. Other Interested Parties

It may be the case that campaigners for or against a proposed development are at a site in order to lobby Members. Members should avoid being drawn into individual discussions or debates with campaigners. In general, members should stick to procedural comments, and not express opinions about the proposals which may be taken as an indication of predetermination or otherwise apparently indicate a councillor's view of a matter. Separate arrangements are in place for campaigners to address the committee if they wish to do so.

9. Transport

Normally a coach or similar will be arranged to provide transport for Members to the site and during the site visit. Whilst it may be more convenient for some Members to meet the coach at the site, the visit itself will be conducted from the coach. This ensures that all Members present receive all information relevant to the visit and that the visit can be conducted in an orderly manner.

10. Health and Safety

Sites for proposed developments may present a range of health and safety issues. Members should adhere to any health and safety guidance issued by officers in relation to the site and visit.

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Service, Planning and Environment

Part A

Electoral Division affected:
(All Divisions)

Sub-national Transport Body (Transport for the North) Regulations 2017
(Appendices 'A' and 'B' refer)

Contact for further information:

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Executive Summary

Transport for the North (TfN) is an evolving partnership of local transport authorities, combined authorities and Local Enterprise Partnerships across the North of England acting collectively and working with the Government, Highways England, HS2 and Network Rail to develop a Strategic Transport Plan for the North in support of the Government's wider Northern Powerhouse agenda. The County Council has been fully engaged with TfN since July 2015 through its membership of Transport for Lancashire (TfL).

In July 2016, the County Council agreed 'in principle' support for TfN's draft proposal to establish a sub-national transport body and consented to its submission to the Secretary of State. The Secretary of State is now minded to establish Transport for the North as a statutory sub-national transport body, but requires the consent of each constituent authority to the making of the Sub-national Transport Body (Transport for the North) Regulations 2017. Furthermore, as a member of Rail North Limited, the County Council is also requested to approve the transfer of Rail North Limited to TfN following its inauguration and the signing of a new Rail Franchise Management Agreement with TfN that will replicate as far as possible the arrangements entered into in respect of Rail North Limited.

Recommendation

Full Council is recommended:

- (i) To note the contents of this report.
- (ii) Subject to there being no material changes to the draft Regulations as shared with constituent authorities on 15 June 2017, to agree 'in principle' support to the making by the Secretary of State of Regulations under Section 102E of

the Local Transport Act 2008 to establish Transport for the North as a Sub-national Transport Body and to agree that the Council's formal approval to join TfN be agreed as necessary under the Council's Urgent Business Procedure.

- (iii) To note that the agreement 'in principle' be contingent on TfN exercising any transport powers and functions it holds concurrently with Lancashire County Council only with the full support of the County Council.
- (iv) To consent to the transfer of Rail North Limited to TfN so that it can be subsumed within TfN.
- (v) To approve the signing of a new Rail Franchise Management Agreement with TfN that replicates as far as possible the current Rail North Limited Members Agreement.
- (vi) To approve 'in principle' the continuation of current payments towards funding for Rail North Limited to TfN after its inauguration.

Background and Advice

Transport for the North (TfN) is an evolving partnership of local transport authorities, combined authorities and Local Enterprise Partnerships across the North of England acting collectively and working with the Government, Highways England, HS2 and Network Rail to develop a Strategic Transport Plan for the North in support of the Government's wider Northern Powerhouse agenda. The Government has undertaken to establish TfN on a statutory basis; primary legislation to implement this commitment is set out in the Cities and Local Government Devolution Act 2016.

In October 2016, with the agreement of all constituent authorities including the County Council, TfN submitted a proposal to the Secretary of State that TfN should be established as a sub-national transport body. The Secretary of State formally responded to the proposal in March 2017, confirming that he was minded to make Regulations creating TfN as the first sub-national transport body with the following functions:

- Preparation of a Northern Transport Strategy;
- Provision of advice on the North's priorities, as a statutory partner in the Department for Transport's investment processes; and
- Co-ordination of regional transport activities, (such as smart ticketing), and the co-management of the Trans-Pennine Express and Northern rail franchises through the acquisition of Rail North Ltd.

TfN has shared a draft of the Regulations with constituent authorities and continues to engage with the Department for Transport to ensure that they reflect the terms of the proposal in so far as they have been agreed by the Secretary of State and give TfN the statutory powers necessary to carry out these functions. TfN has provided a 'Frequently Asked Questions' (FAQs) summary, appended as Appendix 'A'.

General Functions

The draft Regulations set out the statutory basis for TfN and its membership; they also make provision about TfN's constitution. TfN will comprise representatives from

the 19 constituent authorities that are transport authorities in the North. There will be four meetings per year. TfN will have the following general functions:

- a) To prepare a transport strategy for its area;
- b) To provide advice to the Secretary of State about the exercise of transport functions in relation to its area;
- c) To co-ordinate the carrying out of transport functions in relation to its area that are exercisable by the different constituent authorities, with a view to improving the effectiveness and efficiency in carrying out those functions;
- d) If TfN considers that a transport function in relation to its area would more effectively and efficiently be carried out by TfN, to make proposals to the Secretary of State for the transfer of that function to TfN;
- e) To make other proposals to the Secretary of State about the role and functions of TfN.

In carrying out its functions, TfN will be a statutory partner of the Department for Transport. It is not intended that TfN take responsibilities away from its constituent authorities; instead TfN will exercise a coordinating role in relation to specified transport functions. There is no intention that TfN becomes a Highway Authority.

Before exercising any transport powers or functions it will hold concurrently with any constituent authority within the TfN area, TfN will consult such authorities and enter into a protocol covering the way in which those functions will be exercised. The concurrent powers and functions currently specified in the draft Regulations relate to capital grants as specified in Section 56(2) of the Transport Act 1968, ticketing schemes under the provisions of the Transport Act 2000 and franchise agreements under Section 13 of the Railways Act 2005.

TfN will establish a 'Partnership Board' to advise on matters relating to transport to, from or within the combined area. The Board will comprise representatives of all constituent authorities together with representatives of the other authorities who were members of Rail North Limited, representatives of the 11 Local Enterprise Partnerships and representatives of the Department for Transport and of other Government Agencies. This Board will be responsible for setting the strategic agenda for transport in the North of England. It will continue to have an independent chair.

TfN must also appoint a Scrutiny Committee to which constituent authorities will be entitled to appoint a representative and a substitute. The role of the Scrutiny Committee will be to

- a) Review or scrutinise decisions made, or other action taken, in connection with the discharge by TfN of its functions;
- b) Make reports or recommendations to TfN with respect to the discharge by TfN of its functions; and
- c) Make reports or recommendations to TfN on matters relating to transport to, from or within TfN's area.

Voting

A question to be decided by TfN on matters relating to:

- the approval or revision of TfN's transport strategy,
- the approval of TfN's annual budget, and
- any changes to TfN's constitution

may be decided only if agreed by **both** a 75% majority of the members in a weighted vote **and** a simple majority of the members. All other matters may only be decided if agreed by a majority of the members in a weighted vote.

For the purposes of this regulation, a weighted vote is one in which the number of votes to be cast by a member appointed by a constituent authority is determined by dividing the resident population of that constituent authority by 200,000 and, if the result is not a whole number, rounding up to the next whole number. The size of the resident population is taken to be the size estimated by the Statistics Board in its most recent estimate prior to the vote. In the event of a vote being tied, a question to be decided by TfN is deemed not to have been carried.

Rail North Limited

One of the drivers for the creation of TfN as a sub-national transport body is to create an organisation that can speak with one voice on all transport matters affecting the North. To achieve that, it is proposed that TfN take over ownership of Rail North Limited and subsume all of its functions directly into TfN. The Secretary of State's response to the proposal to establish TfN as a sub-national transport body confirmed that TfN would co-manage the Trans-Pennine Express and Northern rail franchises through the acquisition of Rail North. TfN will not, however, be granted the power to carry rail passengers at this present time. TfN has prepared a short briefing note setting out how it proposes to implement the acquisition of Rail North; this is attached as Appendix 'B'.

In summary, the Association of Rail North Partner Authorities (ARNPA) will be subsumed within TfN's governance structure to reduce administration and the burden on constituent authority representatives. Rail North Limited will be replaced by a committee of TfN on which the former Rail North member authorities will be represented and have the same voting rights as under the Memorandum and Articles of the Company. For this to be achieved, all current members of Rail North Limited will need to formally agree to the proposal for the transfer of Rail North Limited to TfN. The current Members Agreement with Rail North Limited will be replaced by a Rail Franchise Management Agreement between TfN and the current members of Rail North Limited, which TfN intends will replicate as far as possible the provisions of the Members Agreement.

The purpose of the Rail North Committee will be to consider and advise TfN on all matters relating to rail transport in the Rail North area (both franchise services and infrastructure), including its statutory partner role with the Department for Transport in relation to rail investment and the development and delivery of TfN's long term rail strategy. The committee will also have oversight of the management of the Trans-Pennine Express and Northern Rail Franchises. It will include representatives of the six non-TfN Rail North authorities as co-opted members. Voting in the Rail North Committee will be on the basis of weighted votes that replicate the voting provisions of Rail North Limited.

TfN will also establish a Rail North sub-committee to replace the existing Rail North Limited Board and comprising representatives of the current 11 Rail North area groups, appointed according to provisions that will replicate those for appointing to the Rail North Limited Board. The sub-committee's remit will include oversight of TfN's rail infrastructure and rail franchise functions. Where requested, TfN will set up area sub-committees to take the place of the Regional Business Units permitted under the provisions of the Rail North Members Agreement.

The Rail North Partnership Strategic Board will continue as a forum through which TfN will work jointly with the Department for Transport to co-manage current rail franchises. Its remit will be broadened to reflect TfN's enhanced role as a statutory partner to DfT for strategic rail infrastructure investment planning. The Rail North Committee will agree with TfN the representatives on the Rail North partnership Strategic Board.

Highways North Board

TfN will participate in a Highways North Board alongside representatives of the Department for Transport and Highways England. The role of the Highways North Board will be to make recommendations to the Department for Transport in respect of future Road Investment Strategies and competitive major roads funding programmes.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified. However, given that discussions between TfN and the Department for Transport are ongoing, it is possible that the final draft Regulations may differ from that shared with constituent authorities on 15 June 2017.

Financial

The draft Regulations allow for constituent authorities to make a contribution in respect of any reasonably incurred costs of TfN, but only if they all agree on the need for a contribution and the amount required.

The amount of any contribution would be apportioned between the constituent authorities in proportion to the total resident population of the area of each authority at the relevant date as estimated by the Statistics Board or on such other basis as may be agreed by all the constituent authorities.

A constituent authority may contribute to the costs of TfN individually if it chooses to do so.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Report to Full Council: Transport for the North	21 July 2016	Dave Colbert (01772) 534501

Reason for inclusion in Part II, if appropriate

N/A

Frequently Asked Questions (FAQs)

Why do you want statutory status/to become a Sub-national Transport Body?

Transport for the North is set to become England's first Sub-national Transport Body, which is a momentous step and a historic moment in the story of devolution. It will be able to speak with one voice on behalf of the North, and be a statutory partner with the Department for Transport. This means that Transport for the North will be able to develop a Northern Transport Strategy and whoever is in Government will have to consider what it says before making decisions that affect the North.

When did Transport for the North submit its proposal?

Transport for the North submitted its proposal to the Secretary of State for Transport, Rt. Hon. Chris Grayling MP, in October 2016, with the support of all 19 constituent authorities.

Did Transport for the North get everything that was asked for in the proposal?

While becoming a statutory body is a big step forward, Transport for the North still retains its ambition to hold joint decision-making powers with the Secretary of State, and to be fully involved in the specification and procurement of the next Northern and TransPennine franchises, preferably as the franchise letting body. A business case for the further devolution of these powers can be developed in the future.

Transport for the North also requested the power to promote economic, social, and environmental well-being, which it believed would make it easier to carry out its role and deliver a better service for customers. Despite not being granted these powers, a further business case can also be developed going forward.

Will Transport for the North take powers away from local councils?

Transport for the North's role isn't to take away powers from local councils, but to continue to work in partnership with Northern authorities. It is important that the North is able to speak with one voice on regional transport investment, connect our cities, and ensure the sum of the North's major economic centres becomes bigger than the individual parts. This will be done by devolving powers down from central government, not from up from local authorities.

Will Transport for the North build new roads and railways?

Transport for the North's role is to develop a Northern Transport Strategy which will identify regional transport improvements that would allow passengers and transport users across the North to travel comfortably across the region. In line with this, Transport for the North will oversee the

delivery of new roads and railways by Highways England and Network Rail, but wouldn't build the infrastructure itself.

Will Transport for the North become a Highways Authority?

No, Transport for the North is not seeking to become a Highway Authority and any decisions on investment within a particular area regarding highways would have to be done with the consent of relevant highway authorities.

Who is accountable for Transport for the North's activities?

Transport for the North is a partner organisation made up of all 19 Local Transport Authorities in the North of England, and these will be responsible for the major decisions regarding Transport for the North, in consultation with National Transport Bodies, the Government and Local Enterprise Partnerships.

How will Transport for the North be funded?

Transport for the North is funded until 2020. The level of funding will remain the responsibility of the government of the day, but we will constantly seek reassurances of funding commitments going forward when possible.

How will decisions be taken?

Before Transport for the North submitted its proposal to the Secretary of State, a voting matrix was developed with all constituent authorities, based on population. This means that voting on TfN issues will take into account the variations between different authorities and that all decisions are made fairly. For decisions regarding any funding from constituent authorities, this will require the unanimous approval of all authorities.

What will happen to Rail North?

Becoming a statutory body is a good step forward and allows Transport for the North to build on the excellent progress made by Rail North on improving customer benefits on the two franchises. The proposition for establishing TfN as a statutory body includes the acquisition of Rail North Ltd, and a mechanism for implementing this is under development based on functional and operational needs. The Secretary of State (SofS) is not granting TfN the powers to carry rail passengers, as this will be subject to a future business case for further devolution, so the important step at this stage is to enable Transport for the North and Rail North to speak with one voice to Government, the success of which will help to form the business case for further devolved powers.

Transport for the North – Implementing Rail North Acquisition

1. Summary

- 1.1 The case for rail investment in the North is strengthened where both strategic 'track and train' needs have been considered and presented to government by a single, unified and representative body.
- 1.2 The proposition for establishing TfN as a statutory body includes for the acquisition of Rail North Ltd and a mechanism for implementing this is under development.
- 1.3 The Secretary of State (SofS) is not granting TfN the powers to carry rail passengers as this will be subject to a future business case for further devolution.
- 1.4 TfN will become a statutory partner to the SofS and DfT in the rail investment process via the statutory powers granted to it.

2. Background and Response of the Secretary of State to TfN STB Proposal

- 2.1. TfN's submission in October 2016 proposed that the STB should become the sole owner of Rail North Limited, provided that any changes to RNL's constitutional arrangements would ensure:
 - That the rights and interests of those RNL member authorities which are not constituent authorities of TfN are protected; and
 - That Rail North Ltd member authorities which are TfN constituent authorities are able to retain rights similar to their existing rights through TfN's constitutional arrangements.
- 2.2. The Secretary of State's response confirmed that one of the key functions of the STB would be:

'The coordination of regional transport activities, (such as smart ticketing), and the co-management of the TransPennine Express and Northern rail franchises through the acquisition of Rail North Ltd.'
- 2.3. We expect the Statutory Instrument that establishes TfN to reflect this principle and consider this to enhance the status of Rail North's functions from 'contractual' to 'statutory' – a positive step forward for the North's authorities. We have considered how best to achieve an optimum acquisition of Rail North by TfN and our recommendations are set out in section 2 below.

- 2.4. In recognising TfN's ambition for a strong, influential role in rail investment planning, the SofS has also proposed that TfN is established as a 'statutory partner' to the DfT, a role which would see it gain unprecedented access to government's infrastructure investment decision making.
- 2.5. DfT has proposed that the current arrangements for Rail North Ltd and DfT, which see joint working on rail franchising progressed through the Rail North Partnership Strategic Board, are broadened to ensure that TfN has a constructive forum through which it can advise the SofS on rail infrastructure priorities, in addition to continued co-management of rail franchises.
- 2.6. In confirming a key function of TfN will include co-management of rail franchises, the SofS has however confirmed that he is not minded to grant an STB the power to carry rail passengers at this present time.
- 2.7. The TfN Partnership Board and Association of Rail North Partner Authorities have recognised the SofS's response to TfN's STB proposal as a positive step forward for sub-national transport investment planning and confirmed that the ambition towards future devolution of franchising responsibilities should be retained.

3. Implementing Acquisition of Rail North - Recommended Approach

- 3.1. In considering acquisition options, the aim is to achieve functional alignment of TfN and Rail North, ensuring synergies from co-ordinated 'track and train' planning are achieved; that these are driven by 'local decision' making and the strategic economic objectives determined through the IER and STB's Statutory Transport Plan; that investment priorities for the sub-national region are presented by a single and unified voice; and an efficient sub-national governance and administrative structure is achieved. In short, the acquisition model to align TfN and Rail North Ltd should be driven by functional and operational needs.
- 3.2. **Functions and Business Incorporation** – our recommended approach in light of the above and the SofS's response is that the functions and business of Rail North Ltd are transferred to TfN, in effect providing the North's authorities with one single body, operating under a relatively simple final structure that would oversee co-managing rail franchising and development and implementation of a sub-national transport strategy. Given the current functions of RNL would be undertaken by TfN, the requirement for a separate franchising entity would cease to exist. Current Rail North members' rights and obligations would be retained and transferred through to TfN's Constitution and governance arrangements – further details are summarised at the end of this note.
- 3.3. Having a single body representative of the North and responsible for 'track and train' investment planning would also enable effective implementation of the SofS's proposal for a statutory partner role and provide a constructive means of engagement with the DfT on rail infrastructure investment planning through the established Partnership Strategic Board.

- 3.4. Under this approach, the existing Partnership Agreement between DfT and Rail North Ltd that governs co-management of rail franchising would be transferred to TfN with appropriate enhancements to reflect both the acquisition of Rail North by TfN and the extended remit to include TfN's statutory partner role. TfN would continue to represent the whole of the 'Rail North' area through the arrangements set-out in its Constitution and a Franchise Management Agreement that would replicate rights and obligations of member authorities under the current Rail North Ltd Members Agreement.
- 3.5. Under the transferred Partnership Agreement, TfN would retain the same abilities as Rail North Ltd to bring forward proposals for further devolved franchise responsibilities as capabilities and capacity mature. Having a single body responsible for exercising strategic rail services and infrastructure functions across the North would arguably strengthen the case future proposals. Any proposal for further powers would need also to include provision for the STB to be granted powers to carry rail passengers.

4. Alternative Approaches Considered

- 4.1. Ownership Transfer - The option to transfer ownership of Rail North Ltd to TfN was the approach anticipated and previously endorsed when TfN's STB proposal was submitted to the SofS. This approach would enable TfN to indirectly undertake Rail North Ltd's rail franchise functions through transfer of ownership to TfN. Whilst governance and operational arrangements would be streamlined to some extent, Rail North Ltd as a body would continue to exist and with it the inherent risks around contractual complexities, accountable ambiguity, and financial and administrative inefficiencies.
- 4.2. The SofS's requirement for the statutory partner role to be conducted through the existing Partnership Strategic Board arrangements were considered likely to exacerbate the above risks. The intention not to grant STB's the power to carry rail passengers would also impact on the ability to transfer ownership of Rail North Ltd on a 'like for like' basis.
- 4.3. Under a transfer of ownership, the powers of Rail North would be derived from its owner, TfN. Therefore even under this approach, Rail North would not have the power to carry rail passengers at this stage.

TfN's Constitution and governance arrangements - Key FAQ's***Why can't we retain Rail North Ltd as a completely separate body, with the same current powers?***

A single body representative for the North and responsible for strategically co-ordinating 'track and train' investment at a sub-national level is considered the most effective approach because:

- Exercise of Rail North's Franchise Management functions can now be undertaken by TfN within its statutory powers, supplemented through 'contractual' arrangements that would replicate those currently in effect between Rail North and DfT through the Rail North Partnership Agreement. Delivering these functions under one umbrella body i.e. within the STB organisation, will better inform the development of rail infrastructure priorities and integration with the wider multi-modal sub-national Transport Strategy (Statutory Transport Plan). Greater alignment with the IER and Northern long term economic objectives can also be achieved;
- Efficiencies in governing, directing and administering through a single body will be less bureaucratic and lead to expedient and aligned strategic decision making, greater returns from resources (personnel and financial), and potentially overtime a diminishing reliance on the public purse;
- The case for rail investment is strengthened where both 'track and train' needs have been considered. A single body presenting this case to government will enable effective implementation of the SofS's proposal for the STB's statutory partner role, and increase the chances of securing increased rail investment for the North.

Whilst technically feasible to continue with two separate bodies, this approach would be contrary to the SofS's policy intent that strategic rail functions, both services and infrastructure, are undertaken by one sub-national body and that consequently, Rail North should be acquired by the STB. An approach that seeks to retain two separate bodies would likely require further discussions with the SofS and Department regarding policy intent, with associated adverse implications to the timescales for establishing an STB in 2017.

Will the STB have the same responsibilities as Rail North Ltd?

The SofS's response makes clear that a key function of TfN shall be the co-management of the TransPennine Express and Northern Rail franchises through the acquisition of Rail North Ltd. We expect the Statutory Instrument that establishes the STB to reflect this policy intent.

Will the STB be able to award future franchises?

It is expected that the STB will be able to bring forward Devolution Proposals for future franchises consistent with the arrangements under the current Partnership Agreement. Proposals relating to the

letting of franchises would now need to include a request for powers to carry rail passengers, in addition to franchise awarding powers.

Will TfN's acquisition of Rail North adversely affect members franchising rights and responsibilities?

TfN's Constitution and governance arrangements will seek to ensure the rights and obligations of Rail North's current membership are protected. The arrangements will however need to reflect acquisition of Rail North by TfN as a statutory body, as required by the SofS.

How will the acquisition impact on current Rail North governance?

TfN's Constitution will describe its functions and the governance structures and the major partnerships through which these will be exercised. All current members of Rail North will become members of TfN as described below: (see proposed governance structure at the end of this note)

TfN's Statutory (Corporate) Body will consist of 19 Constituent Authorities. It will operate and take decisions through a Partnership Board which will include representatives of the STB Constituent Authorities (19 members), the Co-opted Authorities (6 members of Rail North Limited), representatives of the 11 LEPs and representatives of the Department for Transport and of other Government Agencies. These arrangements would replace current requirements for the Association of Rail North Partner Authorities – minimising the administrative and logistical burdens on member Authority representatives.

TfN will establish a 'Rail North Committee'. The Committee shall be made up of the Members of TfN and the Co-opted Members representing the current Rail North Authorities.

The purpose of this committee shall be to consider and advise TfN on all matters relating to rail transport in the Rail North area (franchise services) and TfN area (franchise services and infrastructure) including the following matters:

1. the promotion and improvement of rail services in the area of TfN and the wider Rail North area
2. the management of the performance of obligations under franchise agreements let by the Secretary of State in respect of the carriage of passengers by rail;
3. the development of the long term rail strategy of TfN;
4. the delivery of the long term rail strategy of TfN;
5. recommending to TfN the Rail North business Plan and related annual budget and any Rail North policies; and
6. recommending to TfN the appointment of officers to serve on the Rail North Partnership Board and their removal and replacement.

What would happen to the Rail North Ltd Board?

To replace the current Rail North Ltd Board, the Rail North Committee will establish a Sub-Committee, representative of the current 11 Rail North area groups. The Sub-Committee will meet at least 4 times

a year and its main purpose will be the 'business' meeting for monitoring progress of the franchises, developing franchise output changes and business plans. Specifically, the role of the Sub-Committee shall include:

1. overseeing the implementation of the Rail North Business Plan;
2. providing direction to the Rail North Partnership Strategic Board members in relation to Franchise Agreement matters; and
3. making recommendations in relation to Reserved Matters including the Business Plan and Budget.

The Committee's remit will include oversight of both the STB's rail infrastructure and rail franchise functions in line with the aim for strategic co-ordination of 'track and train' priorities across the sub-national region.

How will the committee take decisions on franchise matters?

Key decisions on franchising matters i.e. what are currently defined as Rail North 'Reserved Matters' in the Rail North Ltd Members Agreement, will continue to be taken in line with voting arrangements set out in Rail North's Articles. In essence, these voting rights will be transferred and explicit in TfN's Constitution.

Will all current Rail North Member rights be in TfN's Constitution?

Existing Rail North member's rights in relation to franchise management are covered through a Members Agreement between each authority and Rail North Ltd. These rights would transfer to a 'Franchise Management Agreement' with the exception of voting rights on 'Reserved Matters' which would transfer to TfN's Constitution.

What would happen to Rail North Partnership Strategic Board?

This would continue to be the forum through which TfN would jointly work with DfT to co-manage current rail franchises. Its remit however would be broadened to reflect TfN's enhanced role as Statutory Partner to DfT for strategic rail infrastructure investment planning.

TfN's Rail North Committee would agree with TfN's Operating Board the representatives on the Rail North Partnership Strategic Board.

How will the change affect Regional Business Unit arrangements?

The current Partnership Agreement and Members Agreements set out the parties' obligations and commitments in relation to the allocation of certain Management Team responsibilities to Regional Business Units. These obligations and commitments will be protected and embodied within the revised Partnership Agreement and Franchise Management Agreements and updated where appropriate to reflect agreed arrangements for example, in relation to the North East RBU.

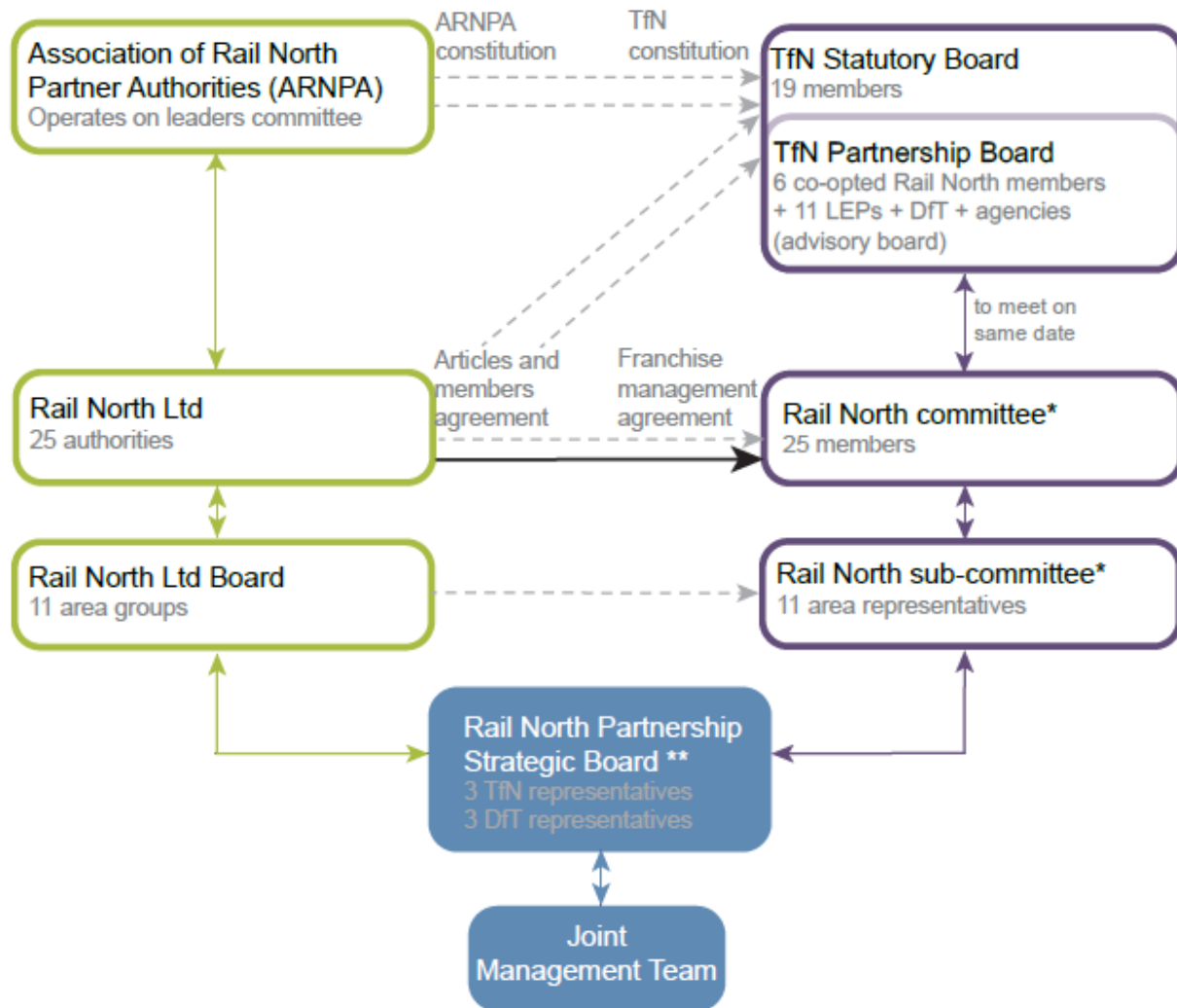
Revised Governance Structure – Proposed



Rail North current governance structure



Transport for the North structure post Rail North acquisition



Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
(None)

Nuclear Legacy Advisory Forum

Contact for further information:
Chris Mather, Tel: (01772) 533559, Democratic Services Manager,
chris.mather@lancashire.gov.uk

Executive Summary

This report proposes the appointment of a member to serve as the County Council's representative on the Nuclear Legacy Advisory Forum.

Recommendation

Full Council is recommended to approve the appointment of County Councillor Michael Green as the County Council's representative on the Nuclear Legacy Advisory Forum for 2017/18.

Background and Advice

The Nuclear Legacy Advisory Forum (NuLeAF) is a Special Interest Group of the Local Government Association.

NuLeAF represents and supports local authorities in England and Wales in dealing with nuclear waste and legacy issues. NuLeAF seeks to:

- provide a mechanism to identify, where possible, a common local government viewpoint on nuclear legacy management issues;
- represent that viewpoint, or the range of views of our member authorities, in discussion with national bodies, including Government, the Nuclear Decommissioning Agency (NDA), and Radioactive Waste Management Ltd (RWM) and the regulators;
- influence policy and strategy for nuclear legacy management in the interests of affected communities; and
- develop the capacity of member authorities to engage with nuclear legacy management at a local level.

The County Council has previously been represented on this Forum by a Cabinet Member. It is proposed that County Councillor Michael Green, Cabinet Member for Economic Development, Environment and Planning, be appointed as the County Council's representative to serve on NuLeAF for 2017/18.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Financial Implications

There are no financial implications identified.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part B

Electoral Division affected:
(None)

Report of the Cabinet (Part B)
(Annex 1 refers)

Contact for further information:
Josh Mynott, Tel: (01772) 534580, Democratic and Member Services Manager,
josh.mynott@lancashire.gov.uk

Executive Summary

The report of Cabinet from its meeting on 15 June 2017.

Recommendation

That the report of Cabinet, as now presented, be noted.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Agenda and Minutes of Cabinet	15 June 2017	Josh Mynott/(01772) 534580

Reason for inclusion in Part II, if appropriate

N/A

Meeting of the Full Council - 20 July 2017

The agenda and minutes of the meeting below may be viewed on the County Council's website [here](#).

Report of the Cabinet meeting on 15 June 2017

Annual Reports of the County Council's Former Champions 2016/17

Cabinet received a report outlining the activities of the six County Council Champions undertaken between 1 April 2016 and 31 March 2017.

Resolved: That the annual reports of the former County Council's six Champions for 2016/17 be noted.

Procurement Report - Request Approval to Commence Procurement Exercises

Cabinet received a report in line with the County Council's procurement rules, setting out recommendations to approve the commencement of two procurement exercises for:

- (i) Apprenticeship Levy Training and Assessment Providers; and
- (ii) The Supply of Liquid Fuels

Resolved: That the commencement of the procurement exercises for the Apprenticeship Levy Training and Assessment Providers and the Supply of Liquid Fuels, as set out in the report, be approved.

Report on the Outcome of the Office of Surveillance Commissioner's Triennial Inspection

Cabinet received a report on the outcome of the triennial inspection of the Council's use of covert surveillance in accordance with the Regulation of Investigatory Powers Act 2000 (RIPA) by the Office of Surveillance Commissioners (OSC) on 28 February 2017.

Resolved:

That:

- i. the OSC Inspection Report be noted.
- ii. the amended corporate policies on RIPA and Shadow RIPA be approved.
- iii. a policy for the use of social media in connection with investigations be developed for appropriate services and presented to Cabinet for approval.

Appointments to Outside Bodies 2017/18

The Cabinet received the annual report on the appointment of County Council representatives to various outside bodies.

Resolved:

That:

- i. the representation and appointments listed in Appendix 'A' for outside bodies for 2017/18 be approved.
- ii. Political Group Secretaries be requested to co-ordinate the nomination of members to fill any vacancies and any in-year changes; and in consultation with Democratic Services and the Deputy Leader of the Council notify the Director of Governance, Finance and Public Services.

Residential Strategy

Cabinet received a report proposing a revised Children Looked After (CLA) Residential Strategy, building on the actions relating to residential care identified in Lancashire's CLA Sufficiency and Commissioning Effective Placements Strategy (2014-2017).

Resolved: That the revised Children Looked After Residential Strategy, as set out in the report now presented, be approved.

Department for Transport (DfT) 2017/18 Highway Incentive Fund

Cabinet considered a report setting out proposals for allocating the Highway Maintenance Incentive Element funding in 2017/18 of £1.973m awarded by the Department for Transport (DfT).

Resolved: That the schemes set out for funding from the Highway Maintenance Incentive Element funding in 2017/18 totalling £1.973m be approved.

Accrington Townscape Heritage Initiative – Proposed Public Realm Improvements to the Town Square, Blackburn Road and Peel Street

A report was presented on the Accrington Townscape Heritage Initiative (THI), promoted by Hyndburn Borough Council (HBC), a public realm improvement scheme proposed for the town square and adjacent sections of Blackburn Road and Peel Street.

Resolved:

That:

- i. the award of the tender to the winning contractor be approved subject to the S278 agreement being in place and the County Council having received and added the necessary resources from Hyndburn Borough Council to the 2015/16 Highways block of the capital programme.
- ii. the County Council will accept staged payments totalling £1,704,751 from Hyndburn Borough Council together with any other additional financial resources for the project that may be agreed, on the condition that payments are received and added to the Highways block of the 2015/16 capital programme in advance of any application for payment from the appointed contractor.
- iii. the expenditure be phased across the financial years 2017/18 and 2018/19 in line with the receipt of income.

40mph Speed Limit Revocation Order Branch Road, Mellor Brook, Mellor

Cabinet received a report setting out a proposal to revoke a 40mph Speed Limit Order (SLO) along the entire length of Branch Road, Mellor Brook, Mellor.

Resolved: That the making of a 40mph Revocation Order which revokes the existing 40mph Speed Limit Order along the whole length of Branch Road, Mellor Brook be approved.

Upgrade of Existing Zebra Crossing to Puffin Crossing - Broadway, Haslingden

Cabinet considered a report setting out a scheme to upgrade the existing Zebra Crossing on Broadway, Haslingden, to a Puffin crossing. The proposal had an approved capital allocation of £58,000 in the 2015/16 Road Safety Programme.

Resolved : That the existing Zebra Crossing on Broadway, Haslingden, be removed and that the construction of a new Puffin crossing and associated road markings on Broadway, from a point 5.5m east of the centreline of Devon Crescent for a length of 41 metres eastwards be approved.

Burnley Road and Goodshawfold Road, Loveclough - Prohibition and Restriction of Waiting

Cabinet received a report setting out a proposal to introduce a Traffic Regulation Order to Prohibit Waiting at Burnley Road and Goodshawfold Road, Loveclough and to Restrict Waiting at Burnley Road, Loveclough.

Resolved: That the making of a Traffic Regulation Order which prohibits waiting and restricts waiting, as set out in the report, be approved.

Acquisition of Household Waste Recycling Centre Infrastructure

A report was considered on the acquisition of the Household Waste Recycling Centre Infrastructure.

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

National productivity Investment Fund - Approval to Submit a Funding Bid

A report was considered on the approval of the submission of a funding bid to the National Productivity Investment Fund.

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

Fleetwood to Knott End Ferry Service

A report was considered on the Fleetwood to Knott End Ferry Service.

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

Relocation of Youth Offending Team (Preston and South)

A report was considered on the relocation of the Youth Offending Team (Preston and South).

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

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part B

Electoral Division affected:
(None)

The Urgency Committee

Contact for further information:
Chris Mather, Tel: (01772) 533559, Democratic Services Manager,
chris.mather@lancashire.gov.uk

Executive Summary

This report sets out a decision of the Chief Executive under the Council's Urgent Business Procedure on behalf of the Urgency Committee.

Recommendation

Full Council is recommended to note the report.

Background and Advice

Since the last meeting of the Full Council, the Chief Executive has, in consultation with the Chair and Deputy Chair of the Urgency Committee, taken the following decision under the Urgent Business Procedure on behalf of the Urgency Committee:

Amendments to the Constitution

On 20 June 2017 approval was given to:

- (i) The revised Terms of Reference of the Council's Overview and Scrutiny Committees. This followed the introduction of a new Scrutiny structure, as agreed by Full Council on 25 May 2017.

The new Terms of Reference can be found on the Council's website at:

<http://council.lancashire.gov.uk/documents/s113261/Part%20%20Article%205%20Overview%20Scrutiny%20Committees.pdf>

- (ii) An amendment to the Development Control Committee's terms of reference and to the Council's Standing Orders the effect of which removed the

requirement for the Cabinet Member with responsibility for Planning to be a member of the Development Control Committee.

- (iii) The replacement of County Councillor Anne Cheetham by County Councillor David Stansfield as chair of the Student Support Appeals Committee.
- (iv) A reduction in the size of the Corporate Complaints Committee from 9 to 8 members with 5 Conservative and 3 Labour members being appointed to serve on the Committee.

The Urgent Business Procedure was used to enable the constitutional amendments to be implemented immediately and in time for the first cycle of meetings following the Council's Annual General Meeting on 25 May 2017.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
Item of Urgent Business	20 June 2017	Chris Mather/(01772) 533559

Reason for inclusion in Part II, if appropriate

N/A

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part B

Electoral Division affected:
(None)

The Audit and Governance Committee
(Annex 1 refers)

Contact for further information:
Samantha Parker, Tel: (01772) 538221, Democratic Services Officer,
sam.parker@lancashire.gov.uk

Executive Summary

The report of the Audit and Governance Committee from its meeting held on 26 June 2017 is attached at Annex 1.

Copies of the agenda and reports considered by the Committee are available to view via the following link:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeId=728>

Councillors can also contact the officers specified in each report for further information about each item.

Recommendation

That the report of the Audit and Governance Committee, as now presented, be noted.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Agenda and Minutes of the Audit and Governance Committee	26 June 2017	Samantha Parker/(01772) 538221

Reason for inclusion in Part II, if appropriate

N/A

Meeting of the Full Council - Thursday 20 July 2017

Report of the Audit and Governance Committee meeting on 26 June 2017

Chair: County Councillor Alan Schofield

Treasury Management Activity 2016/17

The report on Treasury Management Activity for 2016/17 was presented to the Committee.

Resolved: The review of treasury management activities for 2016/17 be noted.

Lancashire County Council - Treasury Management Investment Policy

The report was presented on the Treasury Management Investment Policy which set out a review of the current policy to consider whether the type of investments held were the most appropriate in line with future anticipated levels of resource and economic context.

Resolved: That the change to the Treasury Management Strategy allowing investment in property and equity investment funds of up to £50m in each category as set out in the report be considered and agreed to be submitted to Full Council for approval.

The Council's Annual Governance Statement 2016/17 & Code of Corporate Governance

The report was presented to members on the Annual Governance Statement (AGS) 2016/17 and the Code of Corporate Governance.

Resolved: That;

- i. The draft Annual Governance Statement for 2015/16 for inclusion in the draft Statement of Accounts be considered and approved
- ii. The Annual Governance Statement signed by the Chief Executive and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts be noted
- iii. The updated Code of Corporate Governance and any amendments be considered and agreed to be submitted to Full Council for approval

Liquid Logic System Update

The Liquid Logic system update report was presented to the Committee. This update followed a report to the Committee in September 2016 and sets out the actions taken in relation to the Liquid Logic Adults system.

Resolved: That;

- i. The progress to date be noted.
- ii. A further report be provided to the September meeting of the Committee

Internal Audit Charter

The Internal Audit Charter report was presented to members which provided details on the updated charter for consideration and approval.

Resolved: That the Internal Audit Charter be considered and approved.

Internal Audit Annual Report 2016/17

The Internal Audit Annual Report 2016/17 was presented which summarised the work undertaken by the Internal Audit Service during 2016/17 and the key themes arising in relation to internal control, governance and risk management across the County Council.

Resolved: That the Internal Audit Service's annual report for 2016/17 and the information it provides to support the County Council's annual governance statement for the year be considered and noted.

Risk and Opportunity Register Quarter 1

The Quarter 1 report of the Risk and Opportunity Register was presented to the Committee.

Resolved: That;

- i. The updated Risk and Opportunity Register be noted.
- ii. A report on the Civil Contingencies/Emergency Planning Risk Register be provided to a future meeting of the Committee.

Internal Audit Plan 2017/18

The Internal Audit Plan 2017/18 was presented which detailed the work proposed that would support the Head of Internal Audit's overall opinion for the year on the County Council's framework of governance, risk management and control.

Resolved: That the Internal Audit Plan 2017/18 as set out in Appendix A be considered and approved.

Internal/External Audit Protocol

The report on the Internal/External Audit Protocol was presented which set out the framework for coordination, cooperation and exchange of information.

Resolved: That the report be noted.

External Audit Update

The External Audit update report was presented to members which included progress to date with the 2016/17 audit of accounts, value for money conclusion and other work. In addition, the report provided information on sector developments.

Resolved: That the update report be noted.

Accounting policies used in the preparation of the Statement of Accounts 2016/17

The report was presented to members which detailed the accounting policies used in the preparation of the Statement of Accounts 2016/17.

Resolved: That;

- i. The accounting policies used in the preparation of the Statement of Accounts, as set out in Appendix 'A' be considered and approved
- ii. A briefing note be circulated to members on the business rates pooling

Whistleblowing, Special Investigations and Counter Fraud Annual Report 2016/17

Not for publication – exempt information as defined in Paragraphs 1 and 7 of Part 1 of Schedule 12 to the Local Government Act 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The report was presented to members which detailed the working undertaken by services across the County Council in relation to counter-fraud, investigations and whistleblowing during 2016/17.

Resolved: That the report be noted.

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part B

Electoral Division affected:
(None)

The Pension Fund Committee
(Annex 1 refers)

Contact for further information:
Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer,
mike.neville@lancashire.gov.uk

Executive Summary

The report from the Pension Fund Committee on 30 June 2017 is attached as Annex 1.

Copies of the agenda and reports considered by the Committee are available to view on the County Council's website [here](#).

Members can also contact the officers specified in each report for further information about each item.

Recommendation

That the report of the Pension Fund Committee, as now presented, be noted.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Agenda and Minutes of the Pension Fund Committee	30 June 2017	Mike Neville/(01772) 533431

Reason for inclusion in Part II, if appropriate

N/A

**Report of the Pension Fund Committee - 30 June 2017
Matters for Information**

Part I (Open to the Press and Public)

2. Constitution, Membership and Terms of Reference of the Committee

The Committee received a report on the constitution, membership and terms of reference of the Committee following the full County Council on 25th May 2017.

With regard to voting co-opted members of the Committee it was reported that Councillor D Borrow and Councillor I Moran had been appointed as representatives of the District Leaders Group on the 22nd May 2017 and Ms J Eastham, Vice Principal – Finance and Corporate Services at Blackburn College had been appointed as the new representative for FE/HE institutions.

Resolved:

1. That the current Membership of the Committee, as set out below, is noted.

J Burrows	T Martin
S Clarke	J Mein
G Dowding	E Pope (Chair)
C Edwards	A Riggott
K Ellard	A Schofield (Deputy Chair)
J Fillis	A Snowden

Voting Co-opted members

Mr P Crewe - Trade Unions
Mr J Tattersall - Trade Unions
Councillor M Smith - Blackpool Council
Councillor R Whittle - Blackburn with Darwen Council
Councillor D Borrow – District Leaders
Councillor I Moran – District Leaders
Ms J Eastham – FE/HE Institutions

2. That the current Terms of Reference of the Committee, as set out in the report presented, is noted.

5. Internal Audit Annual Report 2016/17 and Audit Plan 2017/18

The Committee received a report on the Internal Audit Service annual report for 2016/17 and the outline annual work plan for 2017/18.

Resolved: That the Internal Audit Service Annual Report for 2016/17 and the outline annual work plan for 2017/18, as set out in the report presented, are approved.

6. Annual Administration Report 2016/17

The Head of Fund presented a report on the administration of the Fund and informed the meeting that overall performance of 97% had been achieved against standards and targets during 2016/17. In considering the report the Committee noted that information regarding the financial performance of the Administration Service would be regularly monitored, as mentioned in the Risk Register, and would be the subject of quarterly reports for future meetings.

Resolved: That the contents of the Lancashire County Pension Fund Annual Administration Report 2017, as set out in the report presented, is noted.

7. Lancashire County Pension Fund - Annual Governance Statement 2016/17

The Head of Fund informed the meeting that the Annual Governance Statement (AGS) for the Lancashire County Pension Fund had been produced as the overall statement prepared by the County Council could not cover the activities of the Fund in sufficient detail to provide the necessary assurance. It was noted that the AGS related to a review of the governance arrangements for 2016/2017 and, if approved, would be incorporated into the statement of accounts.

Resolved: That the Annual Governance Statement for the Lancashire County Pension Fund, as set out in the report presented, is approved and be submitted to the Chair and the Head of the Fund for signature and subsequent inclusion in the statement of accounts.

8. Lancashire County Pension Fund 2016/17 Statement of Accounts and out-turn report

A report was presented regarding the review of the final out-turn position for the Lancashire County Pension Fund, including a set of draft unaudited statutory accounts for review and comment.

Resolved:

1. That the final outturn position and review of the 2016/17 Accounts of the Fund, as set out in the report presented, are noted and referred to the Audit & Governance Committee for approval at its meeting in July 2017.
2. That the Head of Fund be requested to provide members of the Committee with a breakdown of the figure for Debtors set out at 'Current Assets' in the accounts.

9. Progress on Delivering the Lancashire County Pension Fund Strategic Plan

The Head of Fund presented an update on the delivery of the specific objectives set out in the Lancashire County Pension Fund (LCPF) Strategic Plan.

It was reported that the creation of the Local Pension Partnership (LPP) and LPP Investments Limited had resulted in changes that had required some of the plans to be reviewed as certain objectives would be managed directly by LPP rather than the County Council. The Committee noted that as the LPP developed and the transition of assets continued a new Strategy for the LCPF would be drafted and presented to the Committee in September 2017.

Resolved:

1. That the progress made on the delivery of the Lancashire County Pension Fund Strategic Plan, as set out in the report presented, is noted.
2. That a draft revised Strategic Plan for the Lancashire County Pension Fund be presented to the meeting on the 15th September 2017.

10. Lancashire County Pension Fund Risk Register

The Head of Fund informed the meeting that the Risk Register presented to the Committee in December 2016 had been updated and finalised by risk owners and a copy of the final version was set out at Appendix 'A' to the report.

In considering the report the Committee noted that updates would be reported on a six monthly basis and it was requested that future reports highlight those areas where the assessment of risks had changed. It was recognised that the Pension Board had a role in monitoring the Risk Register and it was also suggested that members of the Committee have an opportunity to examine the Risk Register in detail at a future training workshop.

Resolved:

1. That the updated Risk Register, as set out in Appendix 'A' to the report presented, is noted.
2. That the Committee receive updates on a six monthly basis and that future reports highlight those areas in the Risk Register where the assessment of risk has changed.
3. That arrangements be made for members of the Committee to examine the Risk Register in detail at a future training workshop.

11. Responsible Investment

The Head of Fund updated the Committee on stewardship activities associated with the Lancashire County Pension Fund (LCPF) and reported that signatories to the UK Stewardship Code were tiered according to the quality of reporting in their statement. LCPF had been assigned Tier 1 status (the highest rating) as it had provided a good quality and transparent description of the approach to stewardship and explanations of an alternative approach where necessary.

It was also noted that the Committee had agreed in December 2016 to establish a Working Group to explore how to further support responsible investment. Following the local government election in May it was proposed to establish a Working Group comprising four members (on the basis of one representative from each political group on the Committee together with a single voting co-opted member) with Terms of Reference to be determined by the Chair.

Resolved:

1. That the report is noted.
2. That a Working Group, comprising the following members of the Committee and with Terms of Reference to be determined by the Chair be established to explore how to further support responsible investment.

County Councillor S Clarke - Conservative
County Councillor K Ellard - Labour
County Councillor G Dowding - Green
Councillor R Whittle - co-opted member representing Trade Unions.

3. That the Responsible Investment Manager from Local Pensions Partnership Investment Ltd be invited to attend the Working Group specified at 2 above.

12. Feedback from members of the Committee on pensions related training, conferences and events

A report was presented on attendance at pension related training events and conferences since the last meeting and individual members of the Committee gave feedback at the meeting.

Resolved: That the report and feedback given at the meeting are noted.

13. Transaction of Urgent Business - revised Statement of Compliance with the UK Stewardship Code

A report was presented regarding a decision taken by the Director of Governance, Finance and Public Services under the urgent business procedure to approve a revised Statement of Compliance with the UK Stewardship Code for the Lancashire County Pension Fund.

Resolved: That the report is noted.

14. Urgent Business

No items of urgent business were raised under this heading.

15. Date of Next Meeting

It was reported that at the previous meeting the Committee had agreed to hold an additional meeting in July to consider the Statement of Accounts for the LCPF. However, that meeting was no longer considered necessary as the 2016/17 Statement of Accounts and outturn report had been presented to the Committee earlier in the meeting.

In view of the above the Chair proposed that the meeting arranged for 10.30am on the 27th July in Cabinet Room 'D' – The Henry Bolingbroke Room at County Hall, Preston be cancelled and the venue used for a workshop to give members of the Committee an opportunity to examine the Risk Register in detail as discussed earlier in the meeting.

Resolved:

1. That the Committee scheduled to be held at 10.30am on the 27th July 2017 in Cabinet Room 'D' – The Henry Bolingbroke Room at County Hall, Preston be cancelled.
2. That the date, time and venue specified at 1 above be used for a workshop to enable members of the Committee to examine the Risk Register in detail, as discussed earlier in the meeting.
3. That in view of the cancellation specified at 1 above the next scheduled meeting of the Committee be held at 10.30am (preceded by a 30 minute briefing) on the 15th September 2017 in Cabinet Room 'C' - The Duke of Lancaster Room at County Hall, Preston.

Part II (Not Open to the Press and Public)

17. Investment Panel Report.

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Committee received a report on various matters which had been considered by the Investment Panel since its last meeting, including the disenchantment of the electorate in the US and across Europe, the current expansion of markets, activity by central banks, future interest rates and the impact of inflation on consumer spending in the UK retail sector.

Resolved: That the report of the Investment Panel is noted.

18. LCPF Performance Overview March 2017

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

A report was presented which summarised the performance of the LCPF up to March 2017. It was noted that since the March 2016 actuarial valuation the Fund had outperformed both internal and actuarial benchmarks. Prior to the meeting the Committee had received a presentation by Mr Lambert, Independent Advisor, regarding performance of the Fund.

It was noted that an update in relation to the LCPF Investment Strategy would be presented in September with the finalised Strategy being submitted to the Committee in November for approval.

Resolved: That the contents of report and the earlier presentation on the performance of the Fund are noted.

19. Local Pension Partnership business plan and 3 year budget.

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Head of Fund presented the report on the 2016/17 financial position of the Local Pension Partnership (LPP) and the 3 year budget until 2019/20 together with an updated strategic business plan for LPP.

It was suggested that the Director of Finance from LPP be invited to attend a future workshop on the budget.

Resolved:

1. That the updated strategic business plan and 3 year budget for the Local Pensions Partnership, as set out in the report presented, is approved.
2. That the Director of Finance from LPP be invited to attend a future workshop on the budget.

20. Local Pensions Partnership Quarter 4 update

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Director of Strategic Programmes and Group Company Secretary and the Managing Director and Chief Investment Officer from the Local Pensions Partnership (LPP) presented a report on the investment and administration functions operating within LPP.

Resolved: That the report and verbal updates given at the meeting are noted.

21. Supply of Pension Fund Actuarial Services

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Head of Fund informed the meeting that as the current contract for actuarial services was due to expire on the 30th September 2017 it was proposed to procure services on the basis of the timelines and award criteria set out in the report.

Resolved: That the County Council's Procurement Service undertake a procurement exercise via the National LGPS Framework to appoint an independent provider, to undertake actuarial services for the next 6 years, on the basis set out in the report presented.

Meeting of the Full Council
Meeting to be held on Thursday, 20 July 2017

Report submitted by: Head of Legal and Democratic Services

Part B

Electoral Division affected:
(None)

Report of the Lancashire Combined Fire Authority
(Annex 1 refers)

Contact for further information:
Diane Brooks, (01772) 866720, Lancashire Fire and Rescue Service
dianebrooks@lancsfireandrescue.org.uk

Executive Summary

Annex 1 sets out a summary report of the Lancashire Combined Fire Authority following its meeting on 19 June 2017. This is now presented to the Full Council for information.

Recommendation

That the report of the Lancashire Combined Fire Authority, as now presented, be noted.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Proceedings of the Lancashire Combined Fire Authority	19 June 2017	Diane Brooks, (01772) 866720

Reason for inclusion in Part II, if appropriate

N/A

REPORT OF THE LANCASHIRE COMBINED FIRE AUTHORITY 19 JUNE 2017

1. COMBINED FIRE AUTHORITY ANNUAL MEETING

The meeting held 19 June was the Authority's Annual Meeting and Members appointed County Councillors F De Molfetta and M Parkinson as Chairman and Vice-Chairman of the Authority respectively for 2017/18. On taking the Chair, County Councillor De Molfetta thanked past and continuing Members for their considerable contributions to the work of the Authority.

2. COMPOSITION OF THE COMBINED FIRE AUTHORITY

The Composition of the Combined Fire Authority for 2017/18 included 11 new Members; namely, County Councillors: Beavers, Brown, Clarke, Eaton, Hennessy, Howarth, Kay, Martin, Tomlinson and Wilkins, appointed by Lancashire County Council and Councillor Coleman appointed by Blackpool Council.

3. RE-APPOINTMENT OF INDEPENDENT PERSON

As required by the Localism Act 2011, the Authority had a duty to promote and maintain high standards of Members which included the appointment of one or more Independent Persons. Following consideration, the Authority re-appointed Mrs Hilary Banks as its Independent Person for a period of 2 years until the CFA Annual Meeting in June 2019.

4. PERFORMANCE MANAGEMENT INFORMATION 2016/17 AND ANNUAL ROAD SAFETY INITIATIVES UPDATE

The Assistant Chief Fire Officer informed Members that Lancashire Fire and Rescue Service (LFRS) had strongly sustained its performance results, highlighting that:

- There had been a 10% reduction in accidental fires in people's homes over the previous year, equating to almost 100 fewer fires, and a 24% reduction than there was 5 years ago;
- The number of people killed within dwelling fires had fallen by half of that recorded 5 years ago, and these were at their lowest since 2005/06;
- Fire within buildings (other than dwellings) were at an all-time low and had reduced by 25% over the last 5 years;
- Similarly, deliberate secondary fires, which were fires related to anti-social behaviour, were at a 10 year low, and had reduced by 72% over that time;
- Accidents to staff continue to decrease with 2016/17 recording one of the lowest counts over the last 10 years.

LFRS continued to work with partners in reducing the numbers of road traffic collisions and improving outcomes. Through a partnership approach LFRS had been working to improve road safety outcomes and to work with partners to deliver various initiatives, including:

- LFRS had a representative on the Lancashire Road Safety Partnership. The partners worked very closely with each other and utilised the partnership strategy, 'Towards Zero Lancashire: Road Safety Strategy For Lancashire 2016 – 2026' in an attempt to reduce those killed or seriously injured on our roads in Lancashire;

- The Road Safety Thematic Group (attended by Road Safety Champion, Councillor Jackson) had developed a new road safe primary school package for year 6;
- LFRS had developed and promoted a young driver road safety education programme entitled 'Wasted Lives' which was aimed at young and pre-drivers and aimed to influence behaviour and change attitudes either as a driver or a passenger, thereby reducing risk to this specific group and other road users. To date this programme had been delivered to over 80,000 young people throughout Lancashire;
- LFRS worked in partnership with emergency services and families affected by road collisions to present real life stories and share emotional experiences to support the reduction of young people killed or seriously injured on Lancashire's roads. Members were actively encouraged to attend to observe a 'Safe Drive Stay Alive' session. To date 13,413 students had seen this hard hitting educational programme.

5. SAFETY, HEALTH AND ENVIRONMENT ANNUAL REVIEW 2016/17

The Director of People and Development was pleased to report that LFRS had again seen a very positive year in terms of overall safety, health and environment performance. The number of accidents to LFRS staff was the second lowest on record with 58 events being reported of which only 25 resulted in lost time accidents. The Health and Safety Executive was notified under RIDDOR regarding 16 events, 1 major specified injury, 14 for over 7 day absences following accidents and 1 for a dangerous occurrence for a breathing apparatus set failure. LFRS continued to deliver projects to manage health and wellbeing, learn from accidents and provide operational assurance, reduce its carbon emissions, review National Operational Guidance, research and develop equipment and firefighting techniques to ensure firefighter safety etc. The health and safety and environment management systems would continue to be developed and this was supported by external reviews that advocated robust policies, systems and a positive culture were in place within LFRS.

6. COMMUNITY FIRE SAFETY REPORTS

As part of this report Members received a presentation by Jane Williams, Prevention Support Manager on what LFRS was doing to support people living in Lancashire with dementia. This included: dementia prompt stickers, dementia buddies, dementia action alliances, dementia friends and dementia cafes and events.

7. URGENT BUSINESS – GRENFELL TOWER FIRE TRAGEDY IN LONDON – HIGH RISE BUILDINGS IN LANCASHIRE

Members received a presentation by Tony Crook, Group Manager that informed Members on the Grenfell Tower Fire investigation process and the actions being undertaken to reassure the public in Lancashire.

Across Lancashire there were 73 High Rise premises (residential and non-residential) listed as high rise (6 floors and above). Sixty-nine of those were residential, either students' halls of residence or occupied by the general public. All have had a fire safety audit between 2010 and 2017. In Lancashire there were 3 Local Authority owned high-rise premises all of which had been re-inspected the previous week.

Since 1 January 2017 there had been 18 primary fires in dwellings of 5 storeys or above. All fire spread had remained within the room of origin. The total number of casualties was 2 at one fire. Fire crews were last trained in operational procedures in May 2017 as part of a scheduled 2-year frequency. Training was updated to incorporate lessons learnt from recent high rise fires of Harrow Court and Lakanal House. Investment had been made in telemetry

and facilities to prevent entanglement as a direct result of learning from previous national incidents in high rise premises.

Firefighters and community fire safety staff were out and about in all areas, reassuring the public, providing face-to-face guidance on key messages in respect of fire plans, the use of lifts, evacuation, smoke alarms and dialling 999. Additionally, LFRS had begun an immediate review of the high rise accommodation fire safety provision in Lancashire, regardless of how recently they were last audited. In addition, the Deputy Chief Fire Officer would be arranging a Lancashire Resilience Forum meeting to agree the Lancashire county activities undertaken by partners and how these should be coordinated / captured.

What we tell anyone reporting a fire in high rise premises

If the Fire Plan for the building is not 'Stay Put'

- Get Out Stay Out;
- Follow Evacuation Policy;
- Do not use the lift;
- If you find that you can't get to a safe place, ring the fire service again on 999.

Or for 'Stay Put'

- If there is a 'Stay Put' policy and the caller is safe and is not in the flat where the fire is, then stay put;
- If the situation changes, then inform the fire service immediately, dialling 999;
- If the caller wants to evacuate then we ask them to follow the building's evacuation route;
- If they can't get to a safe place, ring the fire service again on 999.

Support is available to assist businesses to comply with fire safety regulations; information is available from www.lancsbusinessplus.org.uk / www.lancsfirerescue.org.uk

FRANK DE MOLFETTA
Chairman

LFRS
Fulwood

