

CABINET

6.00 P.M.

6TH FEBRUARY 2024

PRESENT:- Councillors Phillip Black (Chair), Caroline Jackson, Joanne Ainscough, Gina Dowding, Tim Hamilton-Cox, Peter Jackson, Jean Parr, Catherine Potter, Nick Wilkinson and Jason Wood

Officers in attendance:-

Mark Davies	Chief Executive
Luke Gorst	Chief Officer - Governance and Monitoring Officer
Paul Thompson	Chief Officer - Resources and Section 151 Officer
Joanne Wilkinson	Chief Officer - Housing and Property
Peter Linsley	Council Housing Service Support Manager
Liz Bateson	Principal Democratic Support Officer

59 MINUTES

The minutes of the meeting held on Tuesday 16 January 2024 were approved as a correct record.

60 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

61 DECLARATIONS OF INTEREST

No declarations were made at this point.

62 PUBLIC SPEAKING

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

63 BUDGET & POLICY FRAMEWORK UPDATE 2024/25 TO 2028/29

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Finance Officer that set out the latest position in respect of the budget and policy framework and Cabinet's proposed General Fund revenue budget for 2024/25.

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

Council may adjust its revenue budget proposals, so long as the overall budget for 2024/25 balances and fits with the proposed Council Tax level.

Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision making.

Cabinet will have the opportunity to consider any further changes or amendments at its meeting 20th February where it will be asked to recommend its Budget to Full Council for approval at its accordance with the Constitution.

The officer preferred option is that Cabinet considers the updates to the General Fund Revenue Budget 2024/25 recognising that a final report will be presented at its meeting 20th February 2024.

Consideration was given to the comments made by the Budget and Performance Panel on 18 January 2024 as detailed in paragraph 5.1 of the report. With regard to the green waste subsidy, it was noted that the costs of this were difficult to determine and removing the subsidy would likely impact on the number of subscribers. Work continues to take place at Salt Ayre to ensure value for money can be evidenced along with its contribution to Council priorities. This includes benchmarking, performance management and consideration of best practice. The request for council tax information had been addressed and work was ongoing in relation to identified savings. This would be reported back to Budget & Performance Panel.

As the report was for noting there was no vote on this item.

64 CAPITAL STRATEGY & CAPITAL PROGRAMME 2024/25 TO 2028/29

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Finance Officer to present Cabinet's final budget proposals in order that the Council can approve a General Fund Capital Programme for 2023/24 to 2028/29 and a Capital Strategy 2024/25 as required by regulation.

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

Cabinet may put forward alternative proposals or amendments to the proposed Strategy ahead of consideration by Budget & Performance Panel. For capital, Council may adjust its capital investment and financing proposals taking account of spending commitments and priorities, but its proposals for 2024/25 must balance.

Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision-making.

The officer preferred option was for Cabinet to consider the Capital Programme and Strategy as attached to the report and refer it to Budget and Performance Panel for review.

The report addressed the actions required to complete the budget setting process for its Capital Programme and Capital Strategy. If Cabinet, or Budget Council changed its Capital Programme from that which was proposed in the report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy.

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

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet recommends the following for consideration and comment by Budget & Performance Panel:
 - the updated Capital Programme covering financial years 2023/24 to 2032/33 • the Capital Strategy (Investing in the Future) 2024/25

Officer responsible for effecting the decision:

Chief Officer Resources

Reasons for making the decision:

The Council’s revenue and capital budgets should represent, in financial terms what the Council is seeking to achieve through its Policy Framework. The proposed capital programme and supporting strategy is part of the Council’s budget and policy framework, and fits into the Medium Term Financial Strategy. Cabinet will have the opportunity to consider any comments at its meeting 20th February where it will be asked to recommend the strategy to Full Council for approval at its accordance with the Constitution.

The proposed budget incorporates measures to address the climate emergency and digital improvements as well as activities to address wellbeing, health and community safety.

65 TREASURY MANAGEMENT STRATEGY

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Finance Officer to present to Cabinet the draft Treasury Management Strategy and associated documents for 2024/25 and to provide an opportunity for consideration and comment ahead of formal presentation to Budget & Performance Panel for their consideration and comment.

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

Cabinet may put forward alternative proposals or amendments to the proposed Strategy ahead of consideration by Budget & Performance Panel, but these would have to be considered in light of legislative, professional, and economic factors, and importantly, any alternative views regarding the Council’s risk appetite. As such no further options analysis is available currently.

Furthermore, the Strategy must fit with other aspects of Cabinet’s budget proposals, such as deposit interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. There are no options available regarding other components of the overall framework.

The officer preferred option was for Cabinet to consider the framework as attached to the report and refer it to Budget and Performance Panel for review.

The report addressed the actions required to complete the budget setting process for Treasury Management, and for updating the Council's associated financial strategy. This was based on the Council continuing to have a comparatively low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It was stressed that in terms of treasury activity, there was no risk free approach. It was felt, however, that the measures set out in the report provided a fit for purpose framework within which to work, pending any update during the course of next year.

If Cabinet, or Budget Council changes its Capital Programme from that which was proposed in this report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy.

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

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet recommend the Treasury Management Strategy 2024/25 and Appendices A to C for consideration and comment by the Budget & Performance Panel.

Officer responsible for effecting the decision:

Chief Officer Resources

Reasons for making the decision:

Treasury Management forms part of the Councils budget framework. Effective Treasury Management and use of the Councils' resources is fundamental to the delivery of its priorities and outcomes. Cabinet will have the opportunity to consider any comments at its meeting 20th February where it will be asked to recommend the strategy to Full Council for approval at its accordance with the Constitution.

66 MEDIUM TERM FINANCIAL STRATEGY

This item was deferred. An additional Cabinet meeting would be convened in the week prior to March Council to consider this report.

67 HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a joint report from the Chief Officer for Housing & Property and the Chief Officer Resources (Section 151 Officer) that sought Cabinet decisions on Council

Housing rent setting proposals and HRA revenue and capital budget proposals.

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

The options with regards to rent setting are set out under section 4, the maximum permitted increase being CPI+1%. By applying this increase, it allows for a budget that can deliver on the Council’s ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and legislative requirements.

In relation to garage rents, the previous decision was to freeze rents for 2023/24. In order to protect current occupancy and income levels, and in line with sector benchmarking, a further 12-month freeze is recommended. Garage rents and occupancy will remain under review.

With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long as their financing is considered and addressed and coherent with the legislative and regulatory requirements of a Registered Provider.

The options available in respect of the minimum level of HRA balances are to retain the level at £750K in line with the advice of the Section 151 Officer, or adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting and it could have implications for the Council’s financial standing, as assessed by its external auditor.

The options available in respect of the Capital Programme are:

- i) To approve the programme in full, with the financing as set out;
- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

Any risks attached to the above would depend on measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known, and Officers may require more time in order to do this.

	Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme	Option 2: To propose alternatives to those outlined in Section 11 to the report.
Advantages	Increased rental income supports the Council to deliver against its Regulatory requirements and ensuring homes are safe and decent.	Unknown
Disadvantages	Increased rent levels for tenants.	Would require further options analysis
Risks/ Mitigation	The HRA budget set out in this	Impact on housing service

	report is sustainable in the long term. The risks associated with Option 1 are outlined in Appendix F – Risks and Assumptions.	and council housing tenants unknown. Potential for housing service to fall foul of legislative and regulatory requirements, leading to unlimited fines and being 'named and shamed' by government.
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The officer preferred option is Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme; and all additional budget proposals as set out.

The Tenant Voice group were consulted on 1st February at their bi-monthly meeting, where budget headlines, including the proposed rent increase and significant areas of spend and investment, were presented by the Neighbourhood and Support Services Manager.

The Tenant Voice expressed their concern about the impact of the rent increase on tenants but understood and agreed that this was appropriate in order for continued delivery of services and future ambitions. They endorsed the rent setting proposal and other key areas within the budget.

Councillor Caroline Jackson proposed, seconded by Councillor Wood:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the minimum level of HRA unallocated balances be retained at £750,000 from 01 April 2024, and that the full Statement on Reserves and Balances as set out at Appendix E to the report be endorsed and referred on to Budget Council for approval.
- (2) That council housing rents be set in accordance with statutory requirements as follows:
 - for existing tenancies, rents will increase by 7.7% from 3 April 2024
 - for new tenancies within 2024/25, rents will be set at 'formula rent'
- (3) That garage rents be frozen for a 12-month period (rather than increased by CPI, as per the rent setting policy established by Cabinet in January 2017) in order to protect income levels currently achieved, and in line with benchmarking across the sector.
- (4) That a delegated decision to approve the tender of five programmes of work (over £200K and key decisions over £250K) during 2024/25 can be made by the Chief Executive (as detailed below) and in line with procurement rules.
 - Energy efficiency improvement works
 - Re-rendering works to properties at Hala

- Whole House Major Voids works and refurbishment
- External door replacement
- Re-roofing of properties on Ryelands Estate (phase 2)

(5) That subject to the above, the resulting Housing Revenue Account budget for 2024/25 onwards, as set out at Appendix A to the report, together with the resulting Capital Programme as set out at Appendix C to the report, be considered by Cabinet, ahead of final presentation on 20th February.

Officers responsible for effecting the decision:

Chief Officer Housing & Property
 Chief Officer Resources (Section 151 Officer)

Reasons for making the decision:

The budget represents, in financial terms, what the Council is seeking to achieve through its approved Housing Strategy in relation to council housing. Whilst the report highlights challenges faced within the current economic environment, Lancaster City Council’s Housing Service continues to operate a sensible but forward-looking approach, seeking to meet Regulatory requirements and deliver safe and decent homes.

The proposals set out in the report will have positive impacts residents within Council Housing dwellings specifically climate change, wellbeing / social value, health and safety and community safety.

68 DECISION TO CONSIDER SUSTAINABILITY OF A COUNCIL HOUSING DWELLING BLOCK

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a report from the Chief Officer Housing & Property that sought decisions from Cabinet regarding the future sustainability of Bridge House, Mainway, in the context of the ongoing Mainway project and liabilities contained within the Building Safety Act.

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

	Option 1: Cease to let dwellings within Bridge House and support current residents to move out of the block.	Option 2: Commit to fully tenanting Bridge House while it remains operational.
Advantages	Safety risks are eliminated, and maintenance and other costs are not incurred	Rental income can be achieved in the short term.
Disadvantages	Loss of income from rents would be seen – this has provisionally been factored into the HRA budget report.	The exact lifespan of the block is unknown. It is feasible that significant money may be spent on the block only for it to be considered unsustainable in the

		near future.
Risks	An empty block would pose its own security risks, which would need management by the service.	Financial liabilities relating to tenanting the block make this a risky financial decision. Failure of the cladding, and the risk to health and safety, is likely to be an increasing risk.

Due to the current condition of Bridge House and the risks relating to this, Option 1 is the preferred option.

It is recognised that the decision to cease letting of Bridge House will impact current residents. The housing team are committed to supporting residents to accessing a suitable alternative housing solution, including financially in respect of reasonable moving costs. In addition, ceasing to let Bridge House creates some flexibility within the Mainway project regarding the prospective demolition of the block. It should be noted that the loss of rental income for this block from April 2024 onwards has currently been built into HRA budget projections to be presented to Cabinet within the HRA Budget Report for consideration in February 2024.

It was noted that the third recommendation should have read 4.4 and not 3.3 and this along with a typo in the introduction would be amended in the published report.

Councillor Caroline Jackson proposed, seconded by Councillor Potter:-

“That the recommendations, as set out in the report, be approved with ‘3.3’ in recommendation (3) amended to 4.4.”

Councillors then voted:-

Resolved unanimously:

- (1) That the decision to cease to let empty properties in Bridge House, Mainway, be approved.
- (2) That it be noted that options to facilitate vacating the remainder of Bridge House, Mainway, will be explored by officers.
- (3) That, should the BFLR funding application in paragraph 4.4 be successful, the Chief Executive has delegated authority to approve acceptance of any attendant funding award following publication of key decision notice as required.

Officer responsible for effecting the decision:

Chief Officer Housing and Property

Reasons for making the decision:

The proposal is in support of wider Council ambitions to deliver redevelopment of the Mainway Estate. More widely, it supports the objectives within the Council plan to promote a sustainable district, and health and happy communities, by contributing to the

development of the Mainway Masterplan and the provision of new affordable homes.

The impact of this decision will be mitigated. Residents currently living in Bridge House will be supported to move elsewhere within the council's housing stock, into alternative accommodation which meets their needs as assessed using the standard allocation criteria. The true cost to the Council of a failure in the cladding, or another structural defect due to the age of the building, while the block is occupied may far exceed the income lost in the intervening period until the masterplan for Mainway has been fully developed and approved.

Chair

(The meeting ended at 7.54 p.m.)

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

MINUTES PUBLISHED ON FRIDAY 16 FEBRUARY 2024.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
MONDAY 26 FEBRUARY, 2024.**