



Committee: CABINET

Date: TUESDAY, 14 SEPTEMBER 2021

Venue: MORECAMBE TOWN HALL

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Time: 5.00 P.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 13 July 2021 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. Declarations of Interest

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

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

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

5. Public Speaking

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

None

Reports

6. Economic Re-opening Recovery and Renewal Framework (Pages 4 - 24)

(Cabinet Member with Special Responsibility Councillor Heath)

Report of Director for Economic Growth and Regeneration

7. PSDS Decarbonisation of Sheltered Schemes (Pages 25 - 31)

(Cabinet Member with Special Responsibility Councillor Matthews)

Report of the Director for Communities and the Environment

8. Provisional Revenue, Capital and Treasury Management Outturn 2020/21 (Pages 32 - 64)

Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Chief Finance Officer (report published on 7 September 2021)

9. Delivering our Priorities (Pages 65 - 83)

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Report of Director of Corporate Services (report published on 13 September 2021)

10. Exclusion of the Press and Public

Whilst this report is public the appendices are exempt. This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private if it is necessary to refer to the exempt appendices.

Cabinet is recommended to pass the following recommendation in relation to the following item:-

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

Members are reminded that, whilst the following item has been marked as exempt, it is for Cabinet itself to decide whether or not to consider each of them in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

11. High Speed Rail 2 - Lobbying Strategy (Pages 84 - 94)

(Cabinet Member with Special Responsibility Councillor Dowding)

Report of Director for Economic Growth and Regeneration

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Caroline Jackson (Chair), Kevin Frea (Vice-Chair), Dave Brookes, Gina Dowding, Tim Hamilton-Cox, Tricia Heath, Erica Lewis, Cary Matthews, Sandra Thornberry and Anne Whitehead

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk.

(iii) Apologies

Please contact Democratic Support, telephone 582170, or alternatively email democracy@lancaster.gov.uk.

KIERAN KEANE,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on Monday 6 September, 2021.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet			Date	14 September 2021
Title	Economic Re-opening, Recovery and Renewal Framework				
Report of	Director for Economic Growth and Regeneration				
Purpose of Report: To agree a framework for the council's approach to supporting reopening, recovery and renewal of the economy following the COVID pandemic.					
Key Decision (Y/N)	Y	Date of Notice	16 August 2021	Exempt(Y/N)	N

Report Summary

This report provides a draft Economic Reopening, Recovery and Renewal Framework for consideration by Cabinet. The framework provides a broad approach that is intended to form the basis of the council's support for the economy following the COVID pandemic, covering the short, medium and longer term. Overall, the approach is pragmatic and flexible and will allow for both proactive and responsive support bearing in mind local needs and opportunities. Decisions relating to any specific actions or projects will be managed within the council's normal governance arrangements, taking into account resource implications in the usual way. An important principle behind the Framework is partnership working at the local and subregional level, which enables an informed and holistic approach, brings together joint resources around shared priorities and supports strong engagement at all levels.

Recommendations of Councillor Patricia Heath, Portfolio Holder for Recovery

It is recommended that:

1. **The Economic Reopening, Recovery and Renewal Framework is approved as the basis of the council's support for the economy following the COVID pandemic**
2. **Cabinet notes that specific projects and actions within the framework are subject to the council's normal decision making and governance processes**

Relationship to Policy Framework

The proposed framework is consistent with the council's policy framework and it's agreed Principles, Ambitions and Outcomes.

Conclusion of Impact Assessment(s) where applicable	
Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety
The framework provides opportunities for delivery of outcomes relating to all of the above but details will be determined for specific projects, activities and proposals as these are developed and delivered.	
Details of Consultation	
The framework has been developed following ongoing engagement with businesses across the district throughout the pandemic and consultation with business support partners.	
Legal Implications	
There are no direct legal implications as a result of this report. Projects and activities within the framework will be subject to the council's normal governance and decision-making processes where any direct legal implications will be considered.	
Financial Implications	
There are no direct financial implications as a result of this report. Projects and activities within the framework will be subject to the council's normal governance and decision-making processes where any direct financial implications will be considered.	
Other Resource or Risk Implications	
Resource implications and risks will be considered as specific projects and activities are developed.	
Section 151 Officer's Comments	
<p>On the basis that the plan does not propose or commit expenditure, and will not be used for the prioritisation of funds, there do not appear to be any direct financial implications of this plan. It is not proposed to have statutory status.</p> <p>Indirectly, the plan proposes a range of measures to support and enable sustainable economic growth in the district. Such plans have positive benefits for business rates, council tax and the economic resilience of our residence, reducing dependence on other services and support.</p>	
Monitoring Officer's Comments	
Cabinet are responsible for promoting the economic, social and environmental well-being of the area. Approval of this framework is therefore a function of Cabinet. The framework, whilst setting out the broad objectives, is subject to the Council's governance processes for any specific projects.	
Contact Officer	Anne Marie Harrison
Tel	01524 582308
Email	amharrison@lancaster.gov.uk
Links to Background Papers	
N/A	

1.0 Introduction

- 1.1 This report is to provide a proposed framework to support reopening, recovery and renewal of the economy, following the COVID pandemic.
- 1.2 The council has been extremely proactive on all fronts in dealing with the impact of the COVID crisis, putting in place services to deal with varying challenging circumstances since March 2020. At an early stage, early and effective support for businesses and the community were prioritised alongside a strong public health response and a huge public information service.
- 1.3 At this time, most restrictions have been lifted and, whilst dealing with a transition period and some uncertainty, the council is also planning ahead. This report provides a proposed approach to economic recovery in the short, medium and longer term with the intention of supporting existing businesses and creation of new and green businesses; enabling new and emerging sectors; safeguarding and creating jobs and incomes; supporting skills development; and creating local wealth.

2.0 Background

- 2.1 The impact of COVID on the local economy has broadly followed national trends but with some mixed effects that reflect the nature of the local economy. Some of the most affected sectors nationally are significant sectors locally and the impact of COVID for these businesses and their supply chains has been keenly felt. For example, tourism is a strong and growing sector locally supporting over 6,500 jobs, around 10% of the current district wide workforce. The district has an extremely high number of very small and micro businesses and whilst these do not always have a great deal of financial resilience, some have proven to be extremely adaptable and creative. The increase in businesses going digital has been remarkable but equally some businesses have been left behind.
- 2.2 Following the removal of restrictions most businesses have now reopened. However, it is clear that reopening is not simply about switching back on and going back to normal. Some businesses are still seeing the effects of customer hesitancy, reduced or sometimes erratic footfall, additional costs and supply chain issues. Vacancy levels are high but many businesses are reporting significant labour market and skills issues and yet unemployment is higher than it has been for some years, suggesting a mismatch of people and skills and the jobs available. Grant support is likely to end during the next few months but more businesses are now looking for support to help increase overall resilience and adapt to changing circumstances but also to take new opportunities. The business support landscape in the district is more visible and more coherent than it has ever been.
- 2.3 There is no doubt that COVID has been damaging to the local economy but it is important to note that some sectors have not been affected at all or to a lesser extent and new opportunities are emerging that have strong potential to create clean and green growth, building on the district's strengths. One example is the Innovation sector, including digital; health innovation; science and technology; environmental and green energy. This broad sector shows strong potential for investment, new business growth and many well paid jobs.
- 2.4 Recognising the importance of taking an informed approach, a more detailed COVID impact study has been commissioned and will shortly be available to help provide further insights into the impact of COVID on the local economy and to fully understand the deeper underlying trends. In addition, a dashboard of economic indicators will be

regularly provided to monitor of changes and new trends in the local economy and help identify priority needs and opportunities over time.

- 2.5 The council's activities to support businesses and the economy during COVID have been varied. Business grants have been a huge commitment for cross service teams and are still ongoing. It has been clear that the primary support needed by those businesses affected by COVID was grant support and the council was able to prioritise this, disbursing over £65m of government funds into the local economy.
- 2.6 In addition, the council made an early decision to put aside £1m of reserves to support businesses. These funds have been helpful in supporting some early business resilience activities and will also support a range of important recovery activities at a time when further direct support to businesses seems unlikely.
- 2.7 Levels of engagement with businesses have increased dramatically and the council now has direct links with thousands of businesses in the district, many of which are seeking support in one form or another. Additional resource has been provided to help to deal with this and will help drive strong engagement, understanding of business needs and service design.
- 2.8 Engagement with business support partners has been ongoing throughout the pandemic and has helped identify issues and opportunities as well as reinforcing strong relationships, joint working arrangements and access to funded services.
- 2.8 The Business Support Pathway was approved by Cabinet in April 2020 in anticipation of business needs as a result of the pandemic. Since that time, ongoing business engagement has help to capture ongoing needs and issues but also emerging opportunities. These include further digital developments, accounting for businesses, skills developments and green business practices. A revised Business Support Pathway is provided as part of the Reopening, Recovery and Renewal Plan.

3.0 Proposal

- 3.1 The proposed Reopening, Recovery and Renewal Framework lays out a short, medium and long term approach to driving the economy following the COVID pandemic. The overall intention is to overcome the negative economic impact of COVID and work with others to renew our local economy creating jobs and opportunities by tackling underlying issues, building on strengths and increasing resilience.
- 3.2 The Framework approach is intended to be, above all, pragmatic and flexible allowing the council to adapt to emerging circumstances as and when needed.
- 3.3 The Framework will be underpinned by an informed approach including an understanding of COVID impacts and ongoing monitoring of key economic indicators for the district.
- 3.4 The proposed approach will ensure it is possible to provide a strategic view of the combined range of activities and projects within the Framework over time and to monitor the overall impact.
- 3.5 Resources required to deliver activities and projects across the framework will vary but will include existing resources, new resources as a result of external funding and, potentially where a case can be made, further council resources, subject to normal decision-making processes.

3.6 The Framework provides opportunities to directly drive climate change actions, community wealthbuilding and social value outcomes in addition to other outcomes in line with the council's priorities.

4.0 Options and Options Analysis (including risk assessment)

Option 1: Approve the Economic Reopening, Recovery and Renewal Framework
<p>Advantages:</p> <ul style="list-style-type: none"> • Provides clarity and momentum to help drive the council's approach economic recovery • Provides an opportunity to maintain a strategic overview of economic recovery activities and impact in the district • Offers an informed approach to help determine priorities over time • Facilitates delivery of clear economic, social and environmental benefits • The overall impact of all activities within the framework can be monitored • Offers flexibility and adaptability to allow the council to take account of emerging circumstances and new opportunities • Supports access to external funding resources • Provides an engaged approach that takes account of business needs • Strengthens partnership working across the district and the subregion • Helps to combine resources across partnership organisations in the district, creating increased value for money and adding value overall
<p>Disadvantages: None</p>
<p>Risks: No direct risks as a result of the framework but risks for individual activities and projects will be considered as part of normal decision making.</p>
Option 2: Do not approve the Economic Reopening, Recovery and Renewal Framework
<p>Advantages: None</p>
<p>Disadvantages:</p> <ul style="list-style-type: none"> • A strong focus on economic recovery and delivery of associated economic benefits will be undermined • The council's approach to economic recovery will be unclear both within the council and externally • It will be significantly more difficult to monitor the overall impact of the council's economic recovery activities • Potential to combine resources effectively with economic partners could be reduced • Opportunity to build on the current very high levels of business engagement will be undermined
<p>Risks:</p> <ul style="list-style-type: none"> • Potential loss of external funding particularly for key recovery and renewal projects and initiatives, due to the council not having an agreed approach in place

4. Officer Preferred Option (and comments)

- 4.1 The Officer preferred option is Option 1, which is to approve the Reopening, Recovery and Renewal Framework. Whilst still flexible and pragmatic, this provides a clear strategic framework for economic recovery that will help identify links between activities and can be delivered, monitored, evaluated and modified over time, in line with council priorities.

Economic Re-opening, Recovery and Renewal Framework

Lancaster City Council
September 2021

LANCASTER
CITY COUNCIL
Promoting City, Coast & Countryside





COVID Impacts on the district

Comparison from 2019 to 2020

- Out of Work benefit claims rose by 66.4% (1,820 more people)
- Universal Credit claims by people in work rose by 80.5%
- Footfall in Lancaster City Centre fell by 73%
- 40 Professional Scientific and Technical businesses were lost, alongside 10 in Recreation Arts & Entertainment and 30 in Retail and Wholesale trades
- 20 Businesses employing 20-49 people were lost.

Ongoing issues

- Business losses
- Remaining impacts in key sectors and supply chains
- Labour and skills shortages
- Job losses and unemployment
- Erratic footfall
- Customer hesitancy
- Maintaining COVID safety

What has happened so far.....

- £65m+ business grants disbursed
- Over 25,000 business enquiries and regular business briefings
- Business support pathway – bespoke business support helping businesses through the crisis
- Accounting for businesses
- Women entrepreneurs and mentoring
- International trade
- Digital High Street
- Events safety support
- Re-opening the High Street and Welcome Back
- COVID safety (Public Protection Team) – advice and information, 3k site visits. More than 40 businesses signed up to workplace testing.
- Communications – Up to date COVID information keeping businesses and communities informed – 5.8m website views; 11% increase. Social media engagement up 74% over same period.





The Reopening, Recovery and Renewal Framework

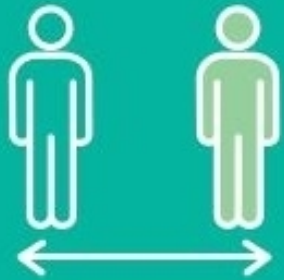
Introduction

- The Framework is a starting point to provide a focus on Recovery and bring together our overall approach
- We will take an informed approach, listening to partners, business and communities, monitoring what is happening in our district
- This will help the Council prioritise plans and actions based on what we hear from others, what matters most and what makes the most difference
- Our Framework will be supported by Delivery Plans across key areas of activity
- We will work closely with our local and sub-regional partners to bring together the knowledge , expertise, skills and resources we have to deliver shared priorities

WE ARE

SHOP LOCAL, SHOP SAFE

Follow these 6 simple rules



Give everyone
SPACE



**WASH YOUR
HANDS**



Wear
MASK



Planning for a confident Recovery

Proposed principles

- An informed approach
- Pragmatic
- Creative, agile and adaptable
- Deliverable
- Responding to needs
- Developing opportunities
- Working in partnership
- Commissioning to achieve Value for Money
- Short, medium and long term
- Confident and positive



Principles, Ambitions and Outcomes

Council Principles:

- ✓ Climate Action
- ✓ Community Wealth Building
- ✓ Community Engagement

Council Ambitions and Outcomes:

- ✓ **A sustainable district** - Net zero carbon - Zero residual waste - Sustainable energy production - Low carbon active transport - Flood resilience and biodiversity - An inclusive and prosperous economy
- ✓ **Inclusive and prosperous economy** - New skills and prospects - Fair employment - Just labour markets - Income equality - Support for new and existing enterprises - Sustainable innovation - Local supply networks - Use of land and property - Securing investment
- ✓ **Healthy and happy communities** - Supporting well being - Connected communities - Warm, comfortable housing for all - Support for and access to arts and culture - Clean, safe places
- ✓ **A co-operative, kind and responsible council** - Listening to our communities - Working in partnership - Innovative ways of working - Value for money



Reopening, Recovery and Renewal Outcomes

- Sustainable economic recovery and renewal, building on increasing resilience, strengths and opportunities
- Restored local confidence in the district as a place of prospects and opportunity, where quality of life, health and well being matter
- Stronger partnerships as a result of joint working and success in tackling shared challenges
- A safe, healthy economy with a shared responsibility for living and working safely



Using £'s and resources smartly

- Government funds including revenue grants, capital funding
- Council's recovery fund, established in 2020
- Delivering value from the Council's existing revenue budgets
- Council land, buildings and public spaces
- External funding
- Local and subregional expertise
- Council and partner delivery capacity

LANCASTER DISTRICT - ECONOMIC REOPENING, RECOVERY AND RENEWAL FRAMEWORK

2021

2031

Reopening – to early 2022

Recovery – 2021 - 2024

Renewal – 2021 - 2031

Reopening

Businesses, people, places and spaces

Recovery

Businesses, jobs and wealth
 Employment skills and opportunities
 Performing places

Renewal

Building a big, green and sustainable future

LANCASTER DISTRICT - ECONOMIC REOPENING, RECOVERY AND RENEWAL FRAMEWORK

2021 Reopening – to early 2022

2031

Priorities

Themes

Measures

Reopening – to early 2022

Businesses, people, places and spaces

- Government funded business grants
- Support for most affected sectors and their supply chains – tourism, hospitality, accommodation, retail, leisure, culture
- Support for businesses closing due to outbreaks
- Welcome Back programme
- Revitalising places and spaces
- Safe festivals and local events support
- Museums, Parks, Platform and other cultural and tourism facilities
- Visitor information and tourism business support services
- COVID safe businesses and spaces
- Working with partners to support local priorities

- Businesses supported to re-open
- Businesses trading safely
- Local events supported
- Local events managed safely
- Public health protected
- Visitor/occupancy levels up
- Footfall increased

2021 Reopening – to early 2022

Recovery – 2021 - 2024

2031

Priorities

Themes

Measures

Recovery 2021 - 2024

Boosting businesses, jobs and wealth

- Supporting the most affected sectors – culture, tourism, accommodation, hospitality, retail and their supply chains
- Developing sectors and new clusters – maritime, tech, digital, new energy, health, low carbon industries
- Responsive and enabling planning and regulatory services, working well to support businesses
- Access to business space, markets, pop up shops
- Local supply chain developments
- Supporting community wealthbuilding initiatives
- Business development and resilience investments
- Building business confidence – events, networks, awards and celebrating success
- Supporting start ups
- Supporting equal access to opportunities
- International trade support
- Digital business developments
- Green business developments
- Keeping businesses engaged, informed and involved
- Safe and healthy businesses

- Local jobs created
- Local jobs safeguarded
- Businesses and jobs supported as a result of new developments in the district
- Local business survival rates
- Local business resilience measures
- Level of business confidence
- New local business/ community enterprise/ social enterprise start ups
- Increased spend in the local area
- No of businesses supporting local supply chains
- Increased local and international trade opportunities
- Businesses implementing digital improvements
- Businesses reducing carbon emissions
- Businesses meeting quality health and safety standards

Priorities	Themes	Measures
<p><i>Recovery 2021 - 2024</i></p> <p>Employment, skills and opportunities</p>	<ul style="list-style-type: none"> • Key sector skills • Tech and innovation skills • Green skills including construction • Digital skills • Workplace skills • Fair access to training and education • Enterprise and entrepreneurialism • Fair access to fair employment • Employment for All initiatives 	<ul style="list-style-type: none"> • Nos returning to work • Nos accessing learning, training and education • Nos/ from excluded groups/ women/ young people accessing employment • Nos/ from excluded groups/ women/ young people training • Increased skills – green, digital, workplace, leadership and management • Average pay/ earnings • Business start ups
<p><i>Recovery 2021 - 2024</i></p> <p>Performing Places</p>	<ul style="list-style-type: none"> • Festivals and local events • District wide arts and culture programme • Visitor Information Centres • Tourism and cultural attractions and facilities • Promoting places, attractions and events • Town/ city centre management • Business space, markets and pop up businesses • Attractiveness of key centres and destinations • Major festivals • Smart city developments • Safe and healthy places 	<ul style="list-style-type: none"> • Increased footfall • Increased visitor numbers • Increased visitor spend • Nos attending locally run events • Nos attending locally run major festivals, cultural events and exhibitions • Positive perceptions of the district • Increased dwell times • Reduced emissions and air pollution • Businesses/ facilities operating to good practice health and safety standards

Reopening – to early 2022

Recovery – 2021 - 2024

Renewal – 2021 - 2031

Priorities

Themes

Measures

Renewal 2021 – 2031

Building a big, green and sustainable future

- Supporting the Eden Project as a "first in the NW" tourism development
- Re-imagining and regenerating Morecambe Town centre and the West End
- Creating a Vision for Lancaster City
- Regenerating the Canal Quarter in Lancaster to create housing, business space and an arts village
- Opening up Heysham Gateway for business and to support green and clean industries
- Establishing Bailrigg Garden Village
- Driving our economy by developing our land, property and cultural assets to help create quality of life, jobs and local wealth
- Developing opportunity sites in key locations to create local wealth, prosperity and jobs
- Creating and improving public realm and open spaces to create better places for people and businesses
- District wide fast fibre infrastructure for future world connectivity
- Maximising value potential of ports, docks and waterways
- Green transport improvements to create green, healthy and accessible places
- Investing in our Heritage, including the Lancaster Heritage Action Zone, important archaeological sites and our heritage buildings
- Care, protection and management of our outstanding natural environments, habitats and landscapes

- Hectares improved
- Serviced land created
- Business space provided
- Quality, green homes developed
- Cultural spaces created
- Green spaces created
- Environmental improvements
- Reduced emissions
- Reduced air pollution
- Jobs created
- Visitor numbers and spend
- Stronger local supply chains
- Health and wellbeing
- Local quality of life satisfaction
- Safe and healthy businesses and places
- Increased connectivity across the district



How will we deliver?

Understanding

- An informed approach using data and insights to understand our district, monitoring and evaluating the impact of what we do

Communicating and engaging

- Providing good information that is easy to access, engaging with and listening to partners, businesses and communities, promoting the right things in the right way at the right time

Creating and adapting

- Encouraging creativity and innovation to develop an adaptable resilient economy

Supporting a safe and healthy district

- Maintaining a safe and healthy economy through all our services, the spaces and places we manage and the way we support businesses and communities

Using resources wisely and delivering value

- Government funds, existing council budgets, partner match funding/resources, external funding – capital and revenue, council assets, land and property

Business Recovery and Resilience Pathway 2021 - 2024

BUSINESS ENGAGEMENT, COMMUNICATIONS & INFORMATION

- Available to all businesses
- Direct enquiries and referrals – business information and bulletins
- Ongoing engagement across sectors and business groups – networks, events and celebrating success -
- Signposting to business information, diagnostics, advice and support - funding

BUSINESS ADVICE & SUPPORT

- Available to all businesses, particularly small, local, social economy, worker owned businesses, start ups and key sector businesses
- Business diagnostics, business development - Start up support - Funding - Coaching and mentoring - Digital - Financial planning and investment - Imports and exports - New markets - New products and services - Marketing - Productivity - Management and leadership - Environmental assessments and green business delivery plans - Other

EMPLOYMENT, SKILLS & OPPORTUNITIES

- Sector and workplace skills - tech and innovation skills - green skills - enterprise and entrepreneurialism - fair work - and fair access to employment and opportunities

DRIVING THE ECONOMY

- Performing places – local assets, attractions and events - business and trading spaces - smart places and connectivity - promoting the right things in the right way

WORKING IN PARTNERSHIP

- Working across the across the economy with our business support partners

PLANS, ACTIONS, PLEDGES

- Business Recovery and Resilience Plans, Green Action Plans, CWB and Social Value Pledges

INVESTMENT in BUSINESS RESILIENCE AND CLEAN, GREEN BUSINESS DEVELOPMENTS

For small, local businesses able to improve resilience and create new, clean business developments, local jobs and wealth. Emphasis on CWB, Climate Change Action and Social Value.

- Small grants to contribute to:
 - Delivery of Recovery and Resilience Plans and Green Action Plans
 - Development grants for new start ups, products and services
 - Funds to support projects benefitting groups of CWB businesses

SUPPORT PROCESS

PLANNING

FUNDING

BUSINESS ENGAGEMENT

BUSINESS SUPPORT and SKILLS & OPPORTUNITIES

PLANS, ACTIONS, PLEDGES

BUSINESS RESILIENCE INVESTMENTS

DRIVING THE ECONOMY

WORKING WITH BUSINESS SUPPORT PARTNERS
 Chamber, BID's, Higher and Further Education, Growth Lancashire, LEP, County Council, FSB, ESTA, business and social enterprise groups and sector clusters, parish and town councils, local business support providers

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	14 September 2021
Title	PSDS Decarbonisation of Sheltered Schemes		
Report of	Director for Communities and The Environment		
Purpose of the Report			
<p>That Cabinet support the application for further schemes and approve the Public Sector Decarbonisation Scheme funding should an offer be forthcoming noting that any final acceptance by a Director is subject to S151 officer consent following due diligence.</p> <p>Should acceptance of funding be granted it is requested that Cabinet provide the Chief Executive with delegated authority to award the contract for the solar scheme, ground source heat pumps and building upgrades following compliant procurement exercises.</p>			
Key Decision (Y/N)	Y	Date of Notice	23/08/21
		Exempt (Y/N)	N

Report Summary

In Jan 2019, the Council declared a climate change emergency. The Council's priorities include the theme of 'Taking action to meet the challenges of the climate emergency'. Specific actions include-

- Net zero carbon by 2030 while supporting other individuals, businesses and organisations across the district to reach the same goal.
- Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use.

In February 2021, the council received £6.8M of PSDS funding to decarbonise Salt Ayre Leisure Centre (SALC). Due to grid restrictions, the solar scheme was reduced from 3MWp to 1.3MWp, reducing the expected project costs to below £5M.

The scheme was resubmitted to Salix Finance / BEIS and was accepted. Officers expect construction to be completed by October 2021 and energisation completed by November 2021. The project is expected to reduce the council's natural gas emissions by 35% The full project is expected to be delivered for £4.8M.

In June 2021, Salix Finance informed officers that the £2M underspend on SALC could be reinvested in further decarbonisation schemes providing they meet the PSDS criteria. This includes full project completion by March 2022. An application to Salix would be required to facilitate this.

In line with the grant criteria, officers commissioned desktop reviews of all properties within the council's scope 1 (direct) emissions.

Desktop feasibility was completed on 19th August with four sheltered schemes appearing to offer the most complete solutions using a combination of Ground Source Heat Pumps and Solar PV:

1. Beck View,
2. Ripley Court,
3. Parkside Court

4. Melling House.

Collectively the sites contribute 15% of the council's natural gas emissions. Estimated costs for delivering all four schemes is £1.9M.

Consent has been provided by S151 Officer and Director of Communities & The Environment to submit a new application to Salix Finance and utilise the funding on these schemes.

If successful, capital costs of this project will be covered by the current PSDS grant underspend. This also means any capital provisions made in the HRA programme for boiler replacements at these sites can be removed or reallocated.

Initial estimates and modelling suggests that energy costs across the sites will reduce, on average, by £7,000 per scheme. Estimates will be confirmed following completion of detailed design, should the funding application be successful.

Engineer site visits carried out as part of the feasibility also suggests that internal upgrades to pipework and radiators are not necessary, minimising any disruption to residents and limiting it to external works only (GSHP and solar).

Directors have authority to accept funding bids approved by Cabinet/or Full Council, subject to due diligence being completed and with the written consent of the Chief Finance Officer.

The timescales of the grant funding are very tight and officers are exploring available procurement frameworks. Due to the value, a Key Decision has been submitted.

Recommendations of Councillor Matthews

- (1) That Cabinet support the application for further schemes and approve the PSDS funding should an offer be forthcoming noting that any final acceptance by a Director is subject to S151 officer consent following due diligence checks, in accordance with the Council's own financial procedure rules
- (2) Subject to the acceptance of an offer for external funding, that Cabinet approve the reallocation of £2M unspent funding in respect of further decarbonisation projects across the HRA and approve the necessary adjustments between the General Fund and HRA capital programmes
- (3) That Cabinet support the request to provide delegated authority to the Chief Executive to award the associated contracts when a decision is ready to be made

Relationship to Policy Framework

The project links to the following priorities and cross-cutting themes:

1. An inclusive and prosperous local economy. A proportion of the overall evaluation will include an element of social value, in line with the procurement strategy and contract procedure rules.
2. Climate Emergency – Net zero 2030 ambition. Collectively, the sheltered schemes listed within the report produce 15% of the council's natural gas emissions.

Conclusion of Impact Assessment(s), where applicable

Climate- As set out in report	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

Details of Consultation

The Climate Emergency Projects team have been working in collaboration with the council housing team to review desktop feasibility. Additional consultation with residents at each scheme will take place should the funding be approved and projects progress.

Legal Implications

Section 31 of the Local Government Act 2003 allows the government wide-ranging powers to make grants for any purpose, capital or revenue, to any local authority. Legal Services will need to check any conditions of grant offer in consultation with Finance.

Financial Implications

As part of the due diligence checks, desktop feasibility has been completed for each of the schemes listed. Costs and CO2 savings appear to meet the current grant criteria and there aren't expected to be any direct revenue implications for the council by accepting the funding (should it be approved) and delivering the projects.

Within the schemes listed, the tenants are subject to service charging which include a charge for gas and electricity. Once complete, there will be no charge for gas but the electricity charge will increase. Initial indications as carried out within the desktop feasibility were that the overall impact would lead to savings in the region of £7,000 per annum per scheme when considered against current usage and the proposed system. This will be subject to further review as part of the next phase of due diligence checks.

Following subsequent due diligence checks, should there be a significant increase to tenants then a tenant consultation exercise will need to take place prior to acceptance of the funding or an alternative way of funding the increase will need to be identified.

As detailed in the report, both the General Fund and HRA capital programmes will need to be updated to include the movement of the required £2M to fund this scheme (albeit covered by external funding).

Officer time in delivering the schemes can be managed within existing budgets.

Other Resource or Risk Implications

Project will be delivered by the Climate Emergency and Council Housing Teams. Support provided by finance and external consultants where appropriate.

Section 151 Officer's Comments

The s151 Officer has provided written support for the application for further funding in accordance with Financial Procedure Rules. If the application is successful and an offer is made acceptance will be subject to further due diligence and viability assessments, further commentary will be made at that point.

Monitoring Officer's Comments

Acceptance of the grant will be subject to due diligence and S151 written consent. Pursuant to Section 3 of the Council's Contract Procedure Rules approval of tenders with a value of over £200K can be delegated to the Chief Executive

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Links to Background Papers

1.0 Introduction

1.1 In Jan 2019 the declared a climate change emergency. The Council's priorities include the theme of 'Taking action to meet the challenges of the climate emergency'. Specific actions include-

- Net zero carbon by 2030 while supporting other individuals, businesses and organisations across the district to reach the same goal.
- Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use.

1.2 The Council's CO2 emissions from its direct activities (scope 1 and 2) are split between 59% from gas (heating), 40% from road diesel and 1% from business travel.

1.3 In February 2021, the council received £6.8M of PSDS funding to decarbonise Salt Ayre Leisure Centre (SALC) reducing natural gas emissions by 35%. Due to grid restrictions, the solar scheme was reduced from 3MWp to 1.3MWp, reducing the expected project costs to under £5M.

2.0 Proposal Details

2.1 In June 2021, Salix Finance informed officers that the £2M underspend on SALC could be utilised on further decarbonisation schemes providing they meet the PSDS criteria and subject to a successful application. This includes full project completion by March 2022.

2.2 In line with the grant criteria, officers commissioned desktop reviews of all properties within the council's scope 1 (direct) emissions.

2.3 Desktop feasibility was completed on 19th August with four sheltered schemes appearing to offer the most complete solutions: using a combination of Ground Source Heat Pumps and Solar PV: *Beck View, Ripley Court, Parkside Court and Melling House*.

2.4 Collectively the sites contribute 15% of the council's natural gas emissions. Estimated costs for delivering all schemes is £1.9M.

2.5 If successful, capital costs of this project will be covered by the current PSDS grant. This means any capital provisions made in the HRA programme for boiler replacements can be removed or reallocated.

2.6 The timescales of the grant funding are very tight and officers are exploring available procurement frameworks. Due to the value, a Key Decision has been submitted.

2.7 Due to timescales and conditions attached to the grant funding, this report seeks approval to submit an application for further schemes and approve the PSDS funding should an offer be forthcoming noting that any final acceptance by a Director is subject to S151 officer consent following due diligence checks, in accordance with the Council's own financial procedure rules.

- 2.8 Subject to the acceptance of an offer for external funding, that Cabinet approve the reallocation of £2M unspent funding in respect of further decarbonisation projects across the HRA and approve the necessary adjustments between the General Fund and HRA capital programmes.
- 2.9 The report also seeks to provide the Chief Executive with delegated authority to award the contracts when a procurement decision is made to support a delivery deadline of March 2022.
- 2.10 Due diligence continues and full detailed design will be commissioned once funding is secured. This will be shared with S151 Officer and Director for Communities & The Environment for final project approval.
- 2.11 At this stage, CO2 reductions have not had a benefits value assigned beyond their direct impact on energy costs. It is widely recognised that decarbonising heat is one of the most significant challenges in achieving carbon neutrality in the UK context. The decarbonisation of these schemes would make a significant contribution to both
- 2.12 The decarbonisation of these schemes would make a significant contribution to shifting away from the direct use of fossil fuels and generating local, renewable energy, reducing the council's natural gas emissions by a further 15%. In total, this would provide the council with a 50% CO2 reduction (from natural gas) by the end of 21/22.
- 2.13 Officers are exploring procurement frameworks to support in order to help expedite the delivery of the project. Due to the value, a Key Decision has been submitted.
- 2.14 Conditions attached to the funding require the project to be delivered by the end of March 2022. Officers need to work at pace and in an agile manner to deliver the schemes within the required timeframe.

3.0 Options and Options Analysis (including risk assessment)

Option 1: Approve proposal in full
<p>Advantages:</p> <ul style="list-style-type: none"> • Enables officers to continue working at pace and deliver the project within the required timeframes in line with the PSDS funding set out by the department for Business, Energy and Industrial Strategy (BEIS). A demonstration of how well this has worked is reflected in the SALC scheme. • Project has the potential to deliver a CO2 saving from natural gas of a further 15% bringing the council's total natural gas emissions down by as much as 50% by the end of 21/22
<p>Disadvantages:</p> <p>None</p>
<p>Risks:</p>

- Procurement will be in line with the council's procurement strategy.
- Further due diligence on capital costs and revenue implications will come from the next phase of detailed design.
- Officers intend to review the Salix/BEIS T&Cs to ensure risks of not delivering by March 2022 are known, included in due diligence and mitigated where possible.

Option 2: Reject Proposal in full

Advantages:

- None.

Disadvantages:

- Reject Transfer of funding between GF and HRA
 - Project cannot be delivered. Surplus funding returned to Salix/BEIS once SALC project is completed.
- Reject delegated authority to CEX for the associated contracts
 - Decision to award contract will require a cabinet decision, which would present and put the project at risk of not achieving the delivery deadline of March 2022.

Risks: As above

4. Officer Preferred Option (and comments)

Option 1: Approve Proposal

That Cabinet support the proposal and enable officers to progress with the schemes in line with the required delivery deadline. The proposal effectively mirrors the previous arrangements and approvals provided for the original scheme at SALC.

CABINET

**Provisional Revenue, Capital and Treasury Management
Outturn 2020/21
14 September 2021**

Chief Finance Officer

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2020/21, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Officer Referral	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:

- (1) That the provisional outturn for 2020/21 be endorsed, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer as set out in 6.1 and Appendix 5.
- (2) That Cabinet approve the treatment of year end overspends and endorse the do-nothing approach in-light of the current pandemic situation.
- (3) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 6 and 7 be endorsed, with the Capital Programme being updated accordingly.
- (4) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 be noted and referred on to Council for information.

1. BACKGROUND

- 1.1. All local authorities have a legal duty to produce an annual Statement of Accounts. For 2020/21 the requirements and timeline for the approval of a Local Authority's Statement of Accounts have changed. In accordance with the amended Regulations, the draft Accounts must now be published on the Council's website and submitted for audit by 30 July 2021 rather than 31 August and the timeline for the conclusion of the audit is now 31st September 2021 rather than 30 November.
- 1.2. It is pleasing to report that the statutory deadline of 31 July 2021 was met, and the Statement of Accounts was completed and signed off prior to that date by the Chief Finance Officer. Deloitte have not yet commenced the audit of accounts, however, the draft Statements are available on the Council's website via the following link [Statement of Accounts - Lancaster City Council](#)

- 1.3. This report provides Cabinet with an update on the provisional outturn, including Treasury Management, and seeks endorsement for certain matters. The Council's financial performance is integral to its service performance overall, which is included elsewhere on this agenda, and Members are advised to consider this report in that context.

2. COVID-19 GOVERNMENT GRANTS & SUPPORT FOR THE LOCAL ECONOMY

- 2.1 The Council received a wide range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic.
- 2.2 The grants were administered by the Council in line with the guidance received from Central Government. In unusual circumstances, the Council received an allocation and the grant in advance to assist with cash flow. It then had to be determined whether the Council were administering the grant acting as either an agent or as principal.
- 2.3 In acting as agent the Council was essentially acting as an intermediary between the recipient and the Government Department and had no control of the level of grant payable; whereas in acting as principal, it was able to use its own discretion when allocating the amount of grant payable.
- 2.4 The following table gives a high-level summary of specific grant funding received showing in each instance whether the Council acted as either principal or as agent in distributing the monies. Further detail on specific grant funding is given at **Annex A to Appendix 1**:

	Council Acting as Agent	Council Acting as Principal	Total Grant Allocation	Unspent Grant as at 31 March 2021
Grants	£000	£000	£000	£000
Small Business Grants/Retail, Leisure and Hospitality Grant Fund	30,820	-	30,820	-
Local Authority Discretionary Grant Fund	-	1,684	1,684	-
Local Restrictions Support Grant	21,865	5,375	27,240	9,800
Contain Outbreak Management Fund	-	1,684	1,684	1,684
Council Tax Hardship Fund	-	1,425	1,425	414
COVID Winter Grant Scheme	-	14	14	14
Local Authority Compliance & Enforcement Grant	-	77	77	27
Local Authority Emergency Assistance Grant	-	179	179	-
Reopening the High Street Safely Grant	-	70	70	-
Support for Clinically Extremely Vulnerable Individuals	-	422	422	422
Test and Trace Support Payments	-	422	422	214
	52,685	11,352	64,037	12,575

- 2.5 All remaining unspent funds as at 31st March 2021 are included in the Council's balance sheet within Short Term Creditors, or held in Reserve with the funds available to be utilised within 2021/22.
- 2.6 In addition to the business grant funding and COVID specific grants, the Council also received non-ringfenced general grants to support its COVID response. These were:

- General grant allocation of £2.399M alongside unspent monies of £0.081M from 2019/20 totalling £2.480M. The Council applied £1.975M of these allocations to expenditure in 2020/21 and have carried forward the remaining £0.505M in reserves to support the ongoing requirement within 2021/22;
- Compensation for the loss of Sales, Fees and Charges income of £4.197M;
- Local Tax Income Guarantee grant of £0.291M;
- New Burdens funding of £0.503M to support the introduction of business grants payment arrangements, the management of Council Tax and Business rate reliefs and the administration of the Test and Trace Support Payments scheme.

With the exception of the £0.505M unspent general Covid response grant, the grants set out in paragraph 2.6 have been used to support expenditure in year and thus impact the final net financial position of the Council.

3. PROVISIONAL REVENUE OUTTURN: SUMMARY

3.1 General Fund Revenue Outturn

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for council housing. On 26 February 2020 Council approved a General Fund Revenue Budget for 2020/21 of £17.903M (£15.937M 2019/20). However, in order to reflect best estimates of the impact of COVID-19 on the Council's finances this was revised 16 December 2020 to £23.148M.

3.2 The table below provides details of the General Fund revenue income and expenditure for 2020/21 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments, capital charges and the removal of various COVID grants initially charged to Service.

	2020/21		Actual	Remove Covid-19 Related Variances	Remove Reserve Funded Variances	Variance from Revised Budget	Note
	Original Budget	Revised Budget					
Expenditure:	£000	£000	£000	£000	£000	£000	
Central Services	1,108	1,131	1,156	2	(3)	(26)	
Communities & Environment	8,068	9,548	13,387	4,287	(627)	(179)	1
Economic Growth & Regeneration	5,373	7,615	5,836	262	(1,514)	527	2
Corporate Services	7,867	8,823	8,404	1,188	(1,429)	178	3
Other Corporate Income & Expenditure Items	(4,513)	(3,969)	(6,330)	(5,739)	3,573	195	4
Contribution to General Fund Balance			695			(695)	
NET REVENUE EXPENDITURE	17,903	23,148	23,148	-	-	-	

3.3 After allowing for various year-end adjustments, there has been a net underspend of £0.695M against the Revised Budget for 2020/21 which has been transferred to the General Fund unallocated reserve. The underspending represents 3% of the Council's net revenue budget (2019/20 comparative: £0.688 overspend, 4.2% of budget) or 7.2% of the Council Tax requirement.

3.4 Details of the significant variances and a detailed explanations of the major differences between provisional outturn and the revised budgeted position is provided at **Appendix 1**.

3. TREASURY MANAGEMENT

- 4.1 We are required by statute to report our annual treasury management performance. This report is attached at **Appendix 2** and sets out the performance of treasury operations for 2020/21. The Council's treasury operations are conducted in accordance with its annual Treasury Management Strategy, which was approved by Council on 26 February 2020. This document identifies the investment and borrowing policies of the Council specifying various criteria for investment counterparties, maximum duration and the amount of investments together with the framework for any future borrowing.

Investments

- 4.2 In 2020/21 the Council retained its comparatively low risk appetite towards investments. The average daily amount invested increased slightly to £38.541M (£36.829M 2019/20) with short term investments on 31 March 2021 (all held in the balance sheet as cash and cash equivalents) totalling £22.0M (£40.1M 2019/20). The overall return on investments was £0.061M at an average interest rate of 0.12% (£0.273M and 0.74% 2019/20).

Borrowing

- 4.3 The Council did not undertake any short-term borrowing in 2020/21. Total long-term debt at 31 March 2021 amounted to £60.04M (£61.08M 2019/20) all of which relates to PWLB borrowing. A further £1.04M is included within short term liabilities as payment falls due within 12 months.
- 4.4 In determining its Council Tax charges Councils must make a specific provision for the financing of capital expenditure known as Minimum Revenue Provision (MRP). The outstanding amount for which MRP has to be made is known as the Capital Financing Requirement (CFR). At 31 March 2021 the Councils CFR was £94.95M (£86.70M 2019/20) an increase of £8.25M. The amount of MRP charged in 2020/21 totalled £2.801M (£2.640M 2019/20) with accompanying interest charges £2.916M (£2.951M 2019/20).

5. HOUSING REVENUE ACCOUNT (HRA)

- 5.1 At the end of the financial year, the Council owns 3,660 homes generating rental income of over £13.601M. The Local Government & Housing Act 1989 requires that this income and associated expenditure is held in a ring-fenced account, the Housing Revenue Account (HRA).
- 5.2 The net overspend on the HRA was £0.048M resulting in a net surplus for 2020/21 of £0.428M (£0.623M 2019/20), which has been transferred into the HRA unallocated reserve.

	£000
Repairs & Maintenance costs	354
Net pension adjustment re IAS19	233
Reduced use of Reserves	(218)
Net increase in Capital funded from Revenue	(388)
Other minor variances	(29)
	<u>(48)</u>

- 5.3 A summary of the HRA provisional outturn is included at **Appendix 3**. Discounting any notional and presentational variances.
- 5.4 As at 31 March 2021 the HRA's unallocated reserve balance stands at £3.287M (£2.859M 2019/20) which is £2.787M above the £0.500M minimum recommended level. Expenditure within the HRA is supported by a 30 year business plan and the Council is planning significant

investment over a number of years to improve its social housing stock. A summary of all its Balances & Reserves is included at **Appendix 4**.

6. GENERAL FUND USABLE RESERVES AND BALANCES

- 6.1 The General Fund net underspending of £0.695M has been transferred into Balances. This means that as at 31 March 2021 General Fund Balances amounted to £7.808M (2019/20 £5.361M). This is £4.208M above the current minimum recommended level of reserves £3.500M. However, as part of the 2021/22 budget process the Council forecast a draw on reserves of £2.267M in order to balance its revenue budget and continues to face a number of significant budgetary pressures in the forthcoming years.
- 6.2 The overall level of General Fund Earmarked Revenue Reserves has increased to £33.445M (2019/20 £20.681M) however, this includes £7.891M of Central Government COVID -19 grants held in reserves for distribution in 2021/22. Summary details of these movement are provided in **Appendix 5**.

7. CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

- 7.1 Under the financial strategy, provisions exist to adjust budgets between years by carrying forward under or over-spending. These arrangements help to:
- provide some flexibility in delivering the Council's stated objectives
 - remove the incentive to spend up budgets unnecessarily by year end, and
 - promote good financial management.
- 7.2 With regard to the carry forward of revenue underspends, and given the overall outturn position, there are no requests for Cabinet to consider.
- 7.3 With regard to overspendings, arrangements require that
- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Director (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Director and the S151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.
 - The S151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspends occurring and details of any actions taken to prevent the situation recurring.
- 7.4 Given the current pandemic situation it is proposed not to carry forward any overspends occurring within 2020/21.

8. CAPITAL OUTTURN

- 8.1 In 2020/21 the Council spent £22.068M in total on capital schemes (£11.259M 2019/20). Total spend on the General Fund was £19.025M against a budget £20.078M, with the HRA spending being £3.042M against a budget of £3.543M.
- 8.2 Prior to the publication of the changes to PWLB future lending terms in November 2020, the Council acquired an investment property for £8.878M. Following the announcement of the changes, the purchase of investment properties ceased.

- 8.3 A provisional capital expenditure and financing statement for the year is included at **Appendix 6**, which is summarised in the following tables:

Capital Expenditure

Service	A	B	C	D	E
	2020/21 Gross Budget	2020/21 Expenditure	Variance	(Slippage)/ Accelerated Expenditure	Final Over/(Under) spend
	£000	£000	£000	£000	£000
			(B-A)		(C-D)
Communities & Environment	3,835	3,706	(129)	(65)	(64)
Economic Growth & Regeneration	15,647	15,121	(526)	(190)	(336)
Corporate Services	298	198	(100)	(100)	-
Development Pool	298	-	(298)	(298)	-
Total General Fund Programme	20,078	19,025	(1,053)	(653)	(400)
Housing Revenue Account	3,543	3,042	(501)	(413)	(88)
Total Council Capital Programme	23,621	22,067	(1,554)	(1,066)	(488)

Capital Financing

Service	Grants & Contributions	Earmarked Reserves	Major			Total
			Repairs Reserve	Capital Receipts	Unsupported Borrowing	
			£000	£000	£000	
Communities & Environment	1,492	242		13	1,959	3,706
Economic Growth & Regeneration	6,199				8,922	15,121
Corporate Services		25			173	198
Development Pool	-	-	-	-	-	-
Total General Fund Programme	7,691	267		13	11,054	19,025
Housing Revenue Account	2	127	2,913	-	-	3,042
Total Council Capital Programme	7,693	394		13	11,054	22,067

Capital Slippage

- 8.4 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix 7**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual carry forward of slippage can be a formality.

9. DETAILS OF CONSULTATION

- 9.1 As reflected above, the statutory arrangements regarding the public's rights in relation to the accounts provide for a fixed 30 working day period, which commenced on 2nd August for this year.

10. OPTIONS AND OPTIONS ANALYSIS

- 10.1 The Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Finance Officer, and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.
- 10.2 The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:
 - o Endorse any number of the items / requests, in full or part.
 - o Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
 - o Request further information regarding them, if appropriate.

11. OFFICER PREFERRED OPTION AND JUSTIFICATION

- 11.1 The Officer preferred options are as set out in the recommendations, on the assumption that Members continue to support their previously approved spending plans.

12 CONCLUSION

- 12.1 Although the Council’s financial position appears relatively healthy with a surplus against the revised budget and an overall increase in the level of reserves held, the Council’s Medium Term Financial Strategy suggests a structural budget gap in 2022/23 onwards of approximately £2.183M raising to £4.668M.
- 12.2 Work has commenced to support opportunities to address the underlying structural deficit, by:
 - o Increasing and diversifying income
 - o Improving productivity and securing efficiencies via new ways of working (e.g., Outcomes Based Resourcing)
 - o Developing alternative ways to achieve priority outcomes (e.g., partnership)
- 12.3 However, if these are not successful and the deficit is not closed, then balances will be required to make up the difference.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>None directly identifiable, due to the high level nature of this report.</p>
<p>LEGAL IMPLICATIONS</p> <p>There are no legal implications directly arising.</p>

FINANCIAL IMPLICATIONS

As set out in the report

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

References and any related implications are contained within the report and related appendices.

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

None.

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Appendix 1: Annex A

In March 2020, the first major grants available to businesses were the Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF). The grant details were issued in late March 2020 and the Council received £35.932M. As the grants sums payable were £10K or £25K for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants.

The Discretionary Grant Fund was also introduced, within a maximum sum of £1.684M. As the Council determined eligibility for these grants it therefore acted as a principal for this source of funding.

These grant schemes ended in October 2020, and a total £30.820M had been paid in SBGF and RLHGF to 2,683 businesses and the full allocation of £1.684M in discretionary grants to 424 businesses. The balance was returned to Central Government. The table below sets out the summary grant information.

	Final grant allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 March 2021	Grant Remaining as at 31 March 2021
Grants	£000	£000	£000	£000	£000
Small Business Grants/Retail, Leisure and Hospitality Grant Fund	30,820	30,820	-	30,820	-
Local Authority Discretionary Fund Grant	1,684	-	1,684	1,684	-
	32,504	30,820	1,684	32,504	-

For the months covering September 2020 to March 2021, the Government introduced a range of grants under the general heading of Local Restrictions Support Grant (LRSB). In total the Council were allocated and received £27.240M in grant funding. Each separate scheme of LRSB had its own eligibility criteria. All except one scheme of grant funding (the Christmas Support Payments for Wet Led Public Houses) remained open for final payments beyond 31 March 2021. The table below summarises the LRSB allocation and expenditure in 2020/21.

	Total grant allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 March 2021	Grant Remaining as at 31 March 2021
Grants	£000	£000	£000	£000	£000
Closed Tier 3 17th October 2020 (19 days)	89	77	-	77	12
Closed Addendum 5th November 2020 (28 days)	2,860	1,906	-	1,906	954
Closed Tier 3 3rd December 2020 (28 days)	420	868	-	868	(448)
Closed Tier 4 31st December 2020 (5 days)	1,045	338	-	338	707
Closed Addendum 5th January 2021 (42 days)	4,290	2,848	-	2,848	1,442
Closed Business Lockdown One-Off Payment	8,577	5,695	-	5,695	2,882
Closed Addendum 16th February 2021 (44 days)	4,494	2,941	-	2,941	1,553
Christmas Support Payment (Wet Led Pubs)	90	88	-	88	2
Open/Additional Restrictions Grant	5,375	-	2,679	2,679	2,696
	27,240	14,761	2,679	17,440	9,800

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants and it will continue to administer this grant regime until the closing date for final payments on 31 July 2021.

As outlined in the table below, the COVID-19 pandemic led the Government to introduce further specific grant regimes for the Council to administer. Each of these grants had its own terms, conditions and eligibility criteria and some had detailed reporting requirements.

	Total grant allocation	The Council acting as Principal	Expenditure as at 31 March 2021	Grant Remaining as at 31 March 2021
Grants	£000	£000	£000	£000
Contain Outbreak Management Fund	1,684	-	-	1,684
Council Tax Hardship Fund	1,425	1,011	1,011	414
COVID Winter Grant Scheme	14	-	-	14
Local Authority Compliance and Enforcement Grant	77	50	50	27
Local Authority Emergency Assistance Grant	179	179	179	-
Reopening the High Street Safely Grant	70	70	70	-
Support for Clinically Extremely Vulnerable Individuals	422	-	-	422
Test and Trace Support Payments	422	208	208	214
	4,293	1,518	1,518	2,775

Appendix 1: General Fund Revenue Outturn

Section One - General Fund Revenue Outturn as at 31st March 2021

The latest summary of the revenue outturn position for the main service accounts of the Authority is set out in the table below.

	2020/21			Remove Covid-19 Related Variances	Remove Reserve Funded Variances	Variance from Working Budget	Appendix 1 Note
	Original Budget	Working Budget	Actual				
	£000	£000	£000	£000	£000	£000	
Expenditure:							
Central Services	1,108	1,131	1,156	2	(3)	(26)	
Communities & Environment	8,068	9,548	13,387	4,287	(627)	(179)	1
Corporate Services	5,373	7,615	5,836	262	(1,514)	527	2
Economic Growth & Regeneration	7,867	8,823	8,404	1,188	(1,429)	178	3
Other Corporate Income & Expenditure Items	(4,513)	(3,969)	(6,330)	(5,739)	3,573	195	4
NET REVENUE EXPENDITURE	17,903	23,148	22,453	-	-	695	

Note 1 Communities & EnvironmentCar Parking Income (£84K shortfall)

The extended lockdown period since the revised budget position was set has naturally seen a shortfall in income, this is offset by a proportion of compensation received from the government as detailed in appendix note 4.

Licensing Income (£63K shortfall)

Largely due to suspending the payment of licences and closures due to the pandemic. Again, this shortfall in income is offset by a proportion of compensation received from the government as detailed in appendix note 4.

Note 2 Corporate ServicesBad Debt Provision (£192K increase)

Following the review of historic information and the levels of collectability regarding debt, the annual contribution was deemed insufficient and increased in-line with current income projections.

Luneside East Legal Case (£688K removal)

For a number of years the Council have carried an accrual in the accounts relating to the court case which was also held within the bad debt provision. An opinion has been sought and the accrual has now been removed from the accounts. This is offset by a shortfall in the income position as also included within note 3.

Note 3 Economic Growth & RegenerationLuneside East Legal Case (£688K removal)

As detailed in note 2, the removal of an accrual is offset by a corresponding reduction to the bad debt provision.

Employee Costs (£262K underspend)

Salary savings in the year were achieved largely due to vacancies held which have historically

been difficult to recruit to. Also, due to the pandemic, there was a reduced need for casual staff largely at venues which were closed during the year. This figure is offset by any additional agency/consultancy costs incurred with the exception of PTT consultancy as detailed below).

Property Transaction Team Consultancy (£118K underspend)

A budget of £175K was included in the revised budget to assist towards due diligence work required on PTT investments. The Council's position regarding external investments has since changed and the requirement for due diligence work has diminished.

Supplies & Services (£89K underspend)

The closure of venues and festivals has led to a significantly reduced demand for marketing and supplies and services in general.

Property R&M and use of Municipal Buildings (£150K underspend)

The Council has had to react to the pandemic and this has resulted in varying use and usage levels of its buildings. Lancaster Town Hall has been utilised by the NHS for its vaccine programme and the Court Service have occupied the Ashton Hall. This has led to additional income of £74K within 2020/21. There has been a net saving of £76K attributable to R&M.

Land Drainage/Sea Defences R&M (£61K underspend)

The R&M budget was not fully utilised due to pandemic restrictions being in place. Also, staff time has largely been directed to the Caton Road flood defence scheme which is externally funded.

White Lund Gateway (£125K debtor)

As part of the White Lund Gateway scheme, budgetary provision of £125K was included in the revised estimate to reflect the amount paid to the managing agents (Sanderson/Weatherall) in advance of service provided. Upon receipt of further information, the company are to recover the money via service charging and therefore are to return the cash advance at a later date, resulting in a debtor position and no budgetary provision was required in 2020/21.

Note 4 Other Corporate Income & Expenditure

New Burdens Grants (£503K credit)

The Council have benefitted from new burdens grants received from governments to help tackle the pandemic which weren't included in estimates throughout the year. This is largely due to amounts not being known and uncertainty relating to whether or not the grants were subject to ringfencing and could be used to offset the overall net cost of services.

Sales, Fees & Charges Compensation (£280K credit)

As part of the pandemic the government introduced a scheme which allowed Councils reclaim a portion of their in-year income losses relating to sales fees and charges. At the time the revised budget was set, income targets were reassessed. However due to the extended lockdown periods endured during the winter months, further losses were realised. These losses have been included as appropriate within the relevant service areas and whilst not always detailed in full within the above sections, collectively they amount to approximately £400K.

Business Rates Retention Reserve (£558K provision)

We have already adopted a prudent approach to forecasting the level of retained business rates for 2021/22. A certain level of volatility, however, remains and the City Council's share of the Collection Fund deficit is sensitive to differences that arise in year between the estimated and actual level of net rates payable. To mitigate against this risk an amount of £558K has been transferred to the Business Rates Retention Reserve to boost resilience against

movements on the fund deficit. (This represents the impact of a potential 2% reduction in net rates payable between the amount estimated at 31 January 2021 and that at 31 March 2022).

Annual Treasury Management Report
2020/21

For Noting by Cabinet 14 September 2021

Annual Treasury Management Review 2020/21

Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2020/21 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26 February 2020)
- a mid-year (minimum) treasury update report
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, Members have received quarterly treasury management update reports which were presented to Cabinet and Budget and Performance Panel.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny (by Budget and Performance Panel) to all of the above treasury management reports before they were reported to the full Council.

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
 - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
 - The actual prudential and treasury indicators;
 - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
 - Summary of interest rate movements in the year;
 - Detailed debt activity; and
 - Detailed investment activity.
-

1. The Council's Capital Expenditure and Financing 2020/21

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- if insufficient financing is available from the above sources, or a decision is taken not to apply such resources, the capital expenditure will give rise to a borrowing need (also referred to as "unfinanced", within the tables and sections below).

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

There is a significant difference between the level of capital expenditure estimated in the 2020/21 Treasury Management Strategy and the actual level of expenditure incurred. General Fund expenditure is £26.21m lower than expected whilst HRA is £1.08m lower. An ambitious Capital Programme was agreed for General Fund for the year with schemes in the Development Pool of £24.56m many of which did not keep pace with officer and member aspirations. Changes to PWLB borrowing rules to exclude lending for commercial investments also led to the abandonment of some planned property acquisitions in year. The delivery of the HRA Capital Programme was impacted by the Covid 19 pandemic.

General Fund (GF) £M	2019/20 Actual	2020/21 Estimate	2020/21 Actual
Capital expenditure	12.08	45.24	19.03
Financed in year	(5.61)	(13.05)	(7.97)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	6.47	32.19	11.06

HRA £M	2019/20 Actual	2020/21 Estimate	2020/21 Actual
Capital expenditure	4.08	4.12	3.04
Financed in year	(4.08)	(4.12)	(3.04)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	0.00	0.00	0.00

2. The Council's Capital Financing Requirement 2020/21

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury

function organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs in purpose from other treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2020/21 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2020/21 on 26 February 2020.

The Council's CFR for the year is shown below, and represents a key prudential indicator. There is a difference of £30.69m between the CFR estimated in the 2020/21 Treasury Management Strategy and the actual closing CFR. As outlined in section 1 this is due to levels of actual capital expenditure not materialising in line with officer and member ambitions.

No borrowing has actually been required against these schemes, however, as cash supporting the Council's reserves, balances and cash flow has been used as an interim measure. The disjoint between the forecast and actual levels of capital expenditure during the year has made the timing of potential borrowing and cash flow decisions more challenging than it might have otherwise been.

CFR (£M): General Fund	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	43.55	58.34	48.43
Add unfinanced capital expenditure (as above)	6.47	32.19	11.06
Less MRP	(1.59)	(2.11)	(1.76)
Less finance lease repayments	0.00	0.00	0.00
Closing balance	48.43	88.42	57.73

CFR (£M): HRA	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	39.33	38.29	38.27
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.06)	(1.04)	(1.05)
Closing balance	38.27	37.25	37.22

CFR (£M): Combined	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	82.88	96.63	86.70
Add unfinanced capital expenditure (as above)	6.47	32.19	11.06
Less Debt Repayment, Finance Leases and MRP	(2.65)	(3.15)	(2.81)
Closing balance	86.70	125.67	94.95

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

The Treasury Management Strategy for 2020/21 estimated that new borrowing during the year would be £33m in line with expenditure levels set out in the approved Capital Programme. No new borrowing was, however, undertaken for reasons explained previously.

£M	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Gross borrowing position	62.13	94.08	61.08
CFR	86.70	125.67	94.95

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The actual financing costs as a proportion of net revenue stream for General fund are seeing the impact of Renewable Energy Disregard Income from Walney Sub-station for the first time. This has increased the net revenue stream by £3m. Whether this indicator remains lower than the 20.11% originally estimated in the 2020/21 Treasury Management Strategy will be dependent on the actual performance of the Capital Programme against the levels of capital expenditure currently forecast for 2021/22 which remain ambitious.

	2020/21 Actual
Authorised limit	£111.00M
Maximum gross borrowing position	£62.13M
Operational boundary	£94.95M
Average gross borrowing position	£61.78M
Financing costs as a proportion of net revenue stream - GF	14.61%
Financing costs as a proportion of net revenue stream - HRA	20.79%

3. Treasury Position as at 31 March 2021

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2020/21 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2020 Principal £M	Average Rate %	Average Life yrs	31 March 2021 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	62.13	4.69	33	61.08	4.72	32
Total debt	63.13			61.08		
CFR	86.70			94.95		
Over / (under) borrowing	(24.58)			(33.86)		

The loan repayment schedule is as follows:

	31 March 2020 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.20
10 years and within 20 years	10.40
20 years and within 30 years	1.08
More than 30 years	39.20

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2020 £M	31 March 2020 %	31 March 2021 £M	31 March 2021 %
Money Market Funds	16.00	40.00	0.00	0.00
Other Local Authorities	24.00	60.00	22.00	100.00
Total investments	40.00		22.00	

The average rate of interest payable on PWLB debt in 2020/21 was 4.72%. A total of £2.91M interest was incurred during the year, of which £1.84M was recharged to the HRA.

Interest Payable

	2020/21
Estimate	£2.91M
Actual	£2.91M

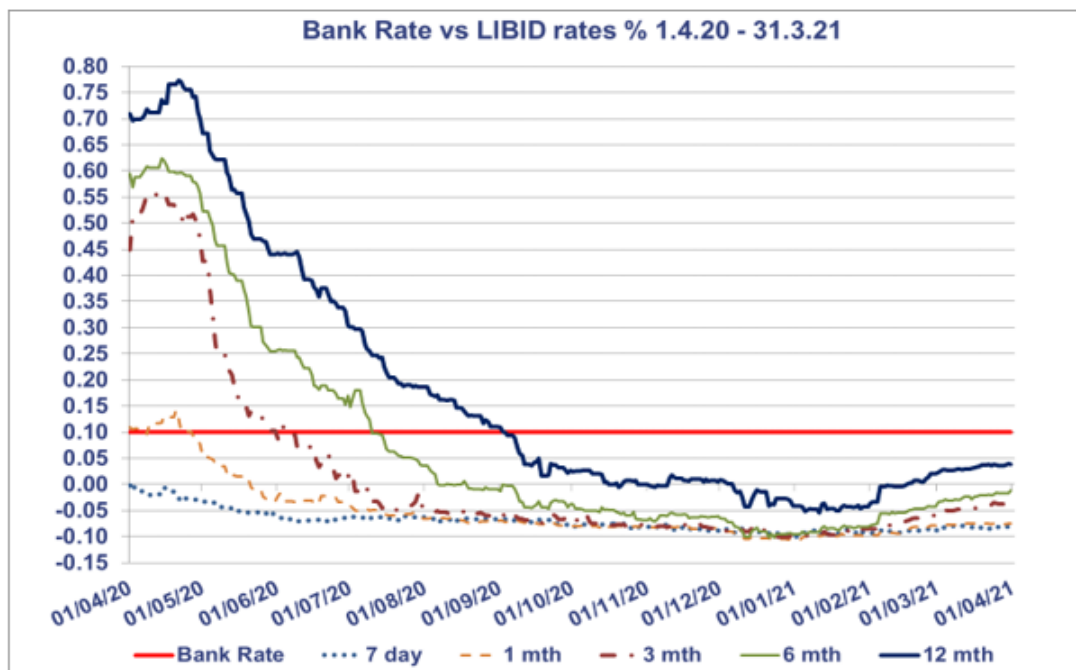
4. The Strategy for 2020/21

The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75% during the year before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting on to the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

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

Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most Local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

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



6. Borrowing Strategy and Control of Interest Rate Risk

During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

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

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

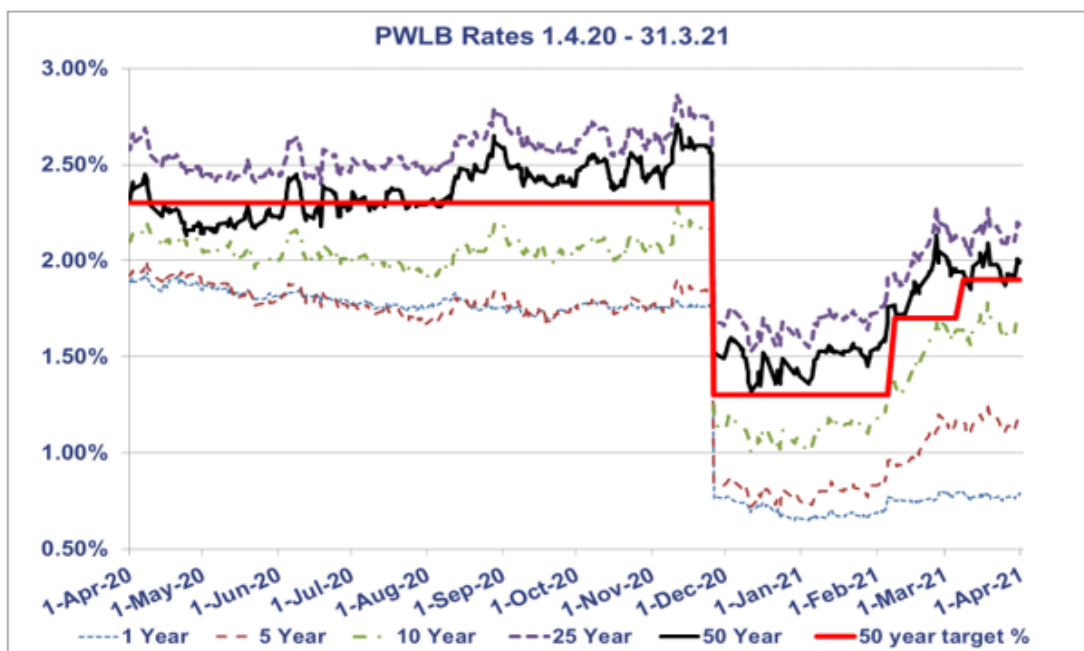
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding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

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Forecasts at the time of approval of the treasury management strategy report for 2020/21 were as follows:

	Mar-20	Mar-21	Mar-22	Mar-23
Bank Rate	0.75	0.75	1.00	1.25
3 Month LIBID	0.70	0.90	1.20	1.30
6 Month LIBID	0.80	1.00	1.40	1.50
12 Month LIBID	0.90	1.20	1.60	1.70
5yr PWLB rate	2.30	2.50	2.90	3.10
10yr PWLB rate	2.50	2.70	3.10	3.30
25yr PWLB rate	3.00	3.30	3.70	3.90
50yr PWLB rate	2.90	3.20	3.60	3.80

PWLB borrowing rates - the graph and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year:



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Low date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
High date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%
Spread	1.29%	1.27%	1.28%	1.33%	1.39%

7. Borrowing Outturn for 2020/21

Borrowing

No long-term borrowing was undertaken during the year.

Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Outturn for 2020/21

Investment Policy – the Council’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 26 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Resources – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21
Balances	5.05	7.81	2.86	3.29	7.91	11.10
Earmarked reserves	15.32	25.74	10.59	11.59	25.91	37.33
Provisions	6.23	7.14	0.00	0.00	6.23	7.14
Working Capital	21.06	11.81	2.89	4.48	23.95	16.29
Total	47.66	52.50	16.34	19.36	64.00	71.86
Amount Over/(Under) Borrowed						(33.86)
Baseline Investment Balances						38.00

Within General Fund Earmarked Reserves for 2020/21 is £8.121m in respect of business rates deficit/section 31 grant which will be utilised during 2021/22 to discharge the Collection Fund deficit arising in 2020/21 due to the Covid 19 pandemic. There are also unapplied grants totalling £0.84m in respect of Covid 19 support grant and the Covid Hardship fund.

Investments held by the Council - the Council maintained an average investment balance of £38.5M of internally managed funds. The average rate of interest earned for the year as a whole was 0.15%. The weighted average rate of interest being earned on the investment portfolio at the end of both years is also given. These rates are compared to the base rate and average 3-month LIBID rate at the end of the year.

	2019/20	2020/21
Lancaster CC Investments full year	0.74%	0.15%
Lancaster CC Investments weighted average at 31 March	0.80%	0.08%
Base Rate	0.10%	0.10%
3 Month LIBID	0.70%	-0.04%

The actual interest earned in 2020/21 was £56K.

10. Other Risk Management Issues

Many of the risks in relation to treasury management are managed through the setting and monitoring of performance against the relevant Prudential and Treasury Indicators and the approved Investment Strategy, as discussed above.

The Authority's Investment Strategy is designed to engineer risk management into investment activity by reference to credit ratings and the length of deposit to generate a pool of counterparties, together with consideration of other creditworthiness information to refine investment decisions. The Council is required to have a strategy

is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2020/21 complied with the latest Code of Practice (December 2017) and relevant Government investment guidance.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 24 February 2021

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

1. This organisation defines its treasury management activities as:

“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

 2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

 3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
-

Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Call account** – instant access deposit account.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They currently analyse credit worthiness under four headings (but see changes referred to in the strategy):
 - **Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
 - **Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
 - **Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
 - **Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
 - **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
 - **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
-

E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.

See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Money Market Fund (MMF)** – Type of investment where the Council purchases a share of a cash fund that makes short term deposits with a broad range of high quality counterparties. These are highly regulated in terms of average length of deposit and counterparty quality, to ensure AAA rated status.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Link Asset Services** – Link Asset Services are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

Members may also wish to make reference to *The Councillor's Guide to Local Government Finance*.

HOUSING REVENUE ACCOUNT OUTTURN 2020/21

For Consideration by Cabinet 14th September 2021

	Original Budget £000	Revised Budget £000	Actual £000	Variance £000	Adjusted Variance £000
INCOME				(Adverse) / Favourable	(Adverse) / Favourable
Rental Income - Council Housing	(13,746)	(13,601)	(13,601)	1	1
Rental Income - Other (Shops and Garages etc.)	(276)	(266)	(263)	(3)	(3)
Charges for Services & Facilities	(1,640)	(1,557)	(1,589)	32	32
Grant Income	(8)	(8)	(8)	0	0
Contributions from General Fund	(112)	(83)	(76)	(7)	(7)
Total Income	(15,782)	(15,514)	(15,537)	23	23
EXPENDITURE					
Repairs & Maintenance	5,415	5,250	5,005	246	246
Supervision & Management	3,669	3,728	3,762	(34)	482
Rents, Rates & Insurance	210	302	307	(4)	(4)
Contribution to Provision for Bad and Doubtful Debts	159	161	148	12	12
Depreciation & Impairment of Fixed Assets	2,772	2,772	6,161	(3,388)	(597)
Debt Management Costs	1	0	0	0	0
Total Expenditure	12,226	12,214	15,382	(3,169)	138
NET COST OF HRA SERVICES	(3,556)	(3,300)	(155)	(3,145)	162
(Gain)/Loss on disposal of non-current assets	0	0	(321)	321	321
Interest Payable & Similar Charges	1,757	1,757	1,840	(83)	(83)
Interest & Investment Income	(24)	(24)	(18)	(5)	(5)
Pensions Interest Costs & Expected Return on Pensions Assets	232	0	214	(214)	0
Capital Grants and Contributions Receivable	0	0	(2)	2	2
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0	0	0
(SURPLUS) OR DEFICIT FOR THE YEAR	(1,590)	(1,567)	1,559	(3,126)	396
Self Financing Debt Repayment	1,041	1,041	1,041	0	0
Net Charges made for Retirement Benefits	0	0	(731)	731	0
Adjustments to reverse out Notional Charges included above	0	0	(2,791)	2,791	0
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(86)	49	89	(40)	(40)
Capital Expenditure funded from Major Repairs Reserve	722	0	404	(404)	(404)
Transfer from Earmarked Reserves - for Capital Purposes	(282)	(290)	(127)	(163)	(163)
Financing of Capital Expenditure from Earmarked Reserves	282	290	127	163	163
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	88	(476)	(429)	(48)	(48)
Housing Revenue Account Balance brought forward	(1,840)	(2,859)	(2,859)	0	0
HRA BALANCE CARRIED FORWARD	(1,752)	(3,335)	(3,287)	(48)	(48)

Note: The shaded items relate directly to financing the capital programme, and comprise depreciation on Council Dwellings, grants and contributions, use of the Major Repairs Reserve and specific Earmarked Reserves.

HRA RESERVES BUDGET SUMMARY - 2020/21 OUTTURN

2020/21					
HOUSING REVENUE ACCOUNT	Balance as at 31/03/20	Contributions to Reserve	Contributions from Reserve		Balance as at 31/03/21
	£000	From Revenue £000	To Capital £000	To Revenue £000	£000
HRA General Balance	(2,859)	(429)	-	-	(3,287)
Earmarked Reserves:					
Business Support Reserve	(8,097)	-	100	87	(7,910)
Major Repairs Reserve	-	(3,323)	2,919	-	(404)
Flats - Planned Maintenance	(692)	(133)	27	40	(758)
I T Replacement	(583)	-	-	3	(580)
Office Equipment Reserve	(39)	-	-	-	(39)
Sheltered - Equipment	(375)	(59)	-	22	(412)
Sheltered - Planned Maintenance	(283)	(117)	-	-	(401)
Sheltered Support Grant Mtce	(509)	(59)	-	-	(568)
Total Earmarked Reserves	(10,578)	(3,691)	3,046	152	(11,071)

Appendix 5 General Fund Usable Reserves

General Fund Usable Reserves				
	31/03/20 £000	Transfer (From) Reserve £000	Transfer To Reserve £000	31/03/21 £000
General Fund Balance	5,361	(2,000)	4,447	7,808
Earmarked Reserves				
Revenue Grants Unapplied Reserve	827	(260)	7,930	8,497
Business Rates Retention Reserve	7,377	(814)	1,738	8,301
Corporate Priorities Reserve	2,153	(557)	882	2,478
Covid 19 Support Reserve	-	(187)	2,000	1,813
Invest to Save Reserve	1,397	(193)	29	1,233
S106 Commuted Sums Reserve	1,176	(376)	169	969
Restructure Reserve	531	(80)	-	451
Corporate Property Reserve	339	-	-	339
Welfare Reforms Reserve	325	-	-	325
Renewals Reserves	381	(272)	493	602
Economic Growth Reserve	126	(55)	118	189
Homelessness Support Reserve	110	-	-	110
Other Earmarked Reserves	578	(301)	53	330
Total Earmarked Reserves	15,320	(3,095)	13,412	25,637
Total Usable Revenue Reserves	20,681	(5,095)	17,859	33,445
Capital Receipts Reserve	36		485	521
Capital Grants Unapplied Reserve	103			103
Total Usable Capital Reserves	139	0	485	624
Total Usable Reserves	20,820	(5,095)	18,344	34,069

APPENDIX 6

Lancaster City Council - Capital Expenditure 2020/21

For consideration by Cabinet 14 September 2021

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2020/21	Expenditure to be financed in 2020/21	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COUNCIL HOUSING										
Adaptations	300,000	235,581.73	235,581.73					235,582	235,582	0
Energy Efficiency boiler Replacements	850,000	805,658.28	805,658.28					805,658	805,658	0
Internal Reurbishments	27,000	25,323.72	25,323.72					25,324	25,324	0
External Refurbishments	310,000	0.00	0.00						0	0
Environmental Improvements	379,000	599,331.79	599,331.79	-161		27,077		572,416	599,332	0
Re-roofing & Window Renewals	995,000	902,149.49	902,149.49					902,149	902,149	0
Rewiring	84,000	12,737.27	12,737.27					12,737	12,737	0
Fire Precaution Works	164,000	162,921.43	162,921.43	1,836				161,086	162,921	0
Housing Renewal & Renovation	434,000	298,559.25	298,559.25			100,087		198,472	298,559	0
Lift Replacements									0	0
TOTAL - HRA	3,543,000	3,042,262.96	3,042,262.96	1,674	0	127,164	0	2,913,425	3,042,263	0

GENERAL FUND	Revised Estimate	Expenditure in 2020/21	Expenditure to be financed in 2020/21	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COMMUNITIES AND ENVIRONMENT										
Vehicle Renewals	1,505,000	1,686,449.10	1,686,449.10						0.00	1,686,449.10
Happy Mount Park Pathway Replacements	112,000	99,467.00	99,467.00			99,467.00			99,467.00	0.00
Solar Installation SALC Phase 1	50,000	0.00	0.00						0.00	0.00
Far Moor Playing Fields S106 scheme	72,000	0.00	0.00						0.00	0.00
Disabled Facilities Grants	1,724,000	1,491,950.96	1,491,950.96	1,491,950.96					1,491,950.96	0.00
Pool Cars	174,000	159,954.59	159,954.59						0.00	159,954.59
Salt Ayre Replacement Equipment	0	142,914.40	142,914.40			142,914.40			142,914.40	0.00
One Million Trees	25,000	17,000.00	17,000.00						0.00	17,000.00
Electronic Vehicle Charging Points	58,000	0.00	0.00						0.00	0.00
Customer Contact System	115,000	108,760.99	108,760.99						0.00	108,760.99
Sub-Total	3,835,000	3,706,497.04	3,706,497.04	1,491,950.96	0.00	242,381.40	0.00	0.00	1,734,332.36	1,972,164.68
ECONOMIC GROWTH AND REGENERATION										
Sea & River Defence Works & Studies	6,034,000	6,068,771.64	6,068,771.64	6,068,771.64					6,068,771.64	0.00
Lancaster Square Routes	26,000	4,922.80	4,922.80	4,922.80					4,922.80	0.00
Lancaster District Empty Homes Partnership	4,000	0.00	0.00						0.00	0.00
S106 Highways Works	70,000	0.00	0.00						0.00	0.00
Coastal Revival Fund - Morecambe Co-op Building	11,000	0.00	0.00						0.00	0.00
Coastal Revival Fund - Morecambe Winter Gardens	92,000	93,622.00	93,622.00	93,622.00					93,622.00	0.00
Other Cemeteries	8,000	1,053.12	1,053.12						0.00	1,053.12
Queen Victoria Memorial	0	7,032.50	7,032.50						0.00	7,032.50
Winter Gardens Loan	103,000	103,828.00	103,828.00						0.00	103,828.00
1 Lodge Street Urgent Structural Repairs	6,000	6,725.00	6,725.00						0.00	6,725.00
Units at White Lund Industrial Estate	9,100,000	8,767,136.30	8,767,136.30						0.00	8,767,136.30
Lancaster Heritage Action Zone	193,000	67,936.24	67,936.24	31,916.47					31,916.47	36,019.77
Sub-Total	15,647,000	15,121,027.60	15,121,027.60	6,199,232.91	0.00	0.00	0.00	0.00	6,199,232.91	8,921,794.69
CORPORATE SERVICES										
ICT Systems, Infrastructure & Equipment	298,000	198,173.90	198,173.90			25,000.00			25,000.00	173,173.90
Sub-Total	298,000	198,173.90	198,173.90	0.00	0.00	25,000.00	0.00	0.00	25,000.00	173,173.90
DEVELOPMENT POOL										
Cable Street Christmas Lights	24,000	0.00	0.00						0.00	0.00
Morecambe High Streets Provision	274,000	0.00	0.00						0.00	0.00
Sub-Total	298,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL - GENERAL FUND	20,078,000	19,025,698.54	19,025,698.54	7,691,183.87	0.00	267,381.40	0.00	0.00	7,958,565.27	11,067,133.27

GENERAL FUND HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2020/21	Expenditure to be financed in 2020/21	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
GENERAL FUND	20,078,000	19,025,698.54	19,025,698.54	7,691,183.87	0.00	267,381.40	0.00	0.00	7,958,565.27	11,067,133.27
HOUSING REVENUE ACCOUNT	3,543,000	3,042,262.96	3,042,262.96	1,674.32	0.00	127,164.11	0.00	2,913,424.53	3,042,262.96	0.00
TOTAL CAPITAL EXPENDITURE & FINANCING	23,621,000	22,067,961.50	22,067,961.50	7,692,858.19	0.00	394,545.51	0.00	2,913,424.53	11,000,828.23	11,067,133.27

2020/21 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
Amounts to be financed by General Capital Resources			0.00	11,067,133.27	11,067,133.27
Financed by:					
Underlying Borrowing Need - Increase in Capital Financing Requirement			0.00	11,054,352.17	11,054,352.17
Usable Capital Receipts			0.00	12,781.10	12,781.10
General Grants Unapplied			0.00	0.00	0.00
Total Financing from General Capital Resources			0.00	11,067,133.27	11,067,133.27

Appendix 7 - Slippage and Accelerated Expenditure

	Slippage £000	Reason for Slippage £000
Communities & Environment		
Disabled Facilities Grants	(232)	Marginally lower turnover in grant applications in year than originally anticipated
Far Moor Playing Fields	(72)	Impact of Covid 19 has delayed expenditure
Electronic Vehicle Charging Points Phase 2	(58)	Scheme completed in July 2021
Happy Mount Park Footpaths	(13)	Minor delay to completion of scheme
One Million Trees	(8)	Impact of Covid 19 has delayed expenditure
Customer Contact System	(6)	Minor delay to completion of scheme
	<u>(389)</u>	
Economic Growth & Regeneration		
Lancaster Heritage Action Zone	(125)	Unanticipated delays with building projects in the Heritage Action Zone programme
		Payment awaiting trigger point or evidence of scheme
S106 Payments to Lancashire County Council	(70)	Impact of Covid 19 has delayed expenditure
Lancaster Square Routes	(21)	Coastal Revival Fund funded element of
Coastal Revival Fund - Morecambe Co-op	(11)	Morecambe Co-op renovation to be progressed in 2021/22
Lancaster District Empty Homes Partnership	(4)	Expenditure has currently stalled as the Council's former delivery partnership has gone into receivership
	<u>(231)</u>	
Corporate Services		
ICT Systems, Infrastructure & Equipment	(100)	Required for final elements of full migration to Teams, laptop replacement & e-campus screens
	<u>(100)</u>	
Development Pool		
Morecambe High Streets Provision	(274)	Used to facilitate acquisition of former Frontierland site in July 2021
Cable Street Christmas Lights	(24)	Impact of Covid 19 has delayed expenditure
	<u>(298)</u>	
Housing Revenue Account		
Housing Renewal & Renovation	(133)	Property conversions delayed due to lockdown
Re-roofing/Window Renewals	(92)	Delays in project commencement due to lockdown
Adaptations	(60)	Delays due to restrictions on visiting and obtaining planning permission
Environmental Improvements	(45)	Delays in supply of enhanced security communal entrance doors
External Refurbishment	(43)	External door replacement delayed due to supply issues with the manufacturer
Rewiring	(30)	Delays due to issues accessing sheltered properties arising from shielding restrictions
Energy Efficiency/Boiler Replacement	(10)	LED lighting installation cannot proceed until electrical work on enhanced security communal entrance doors is completed
	<u>(413)</u>	
	<u><u>(1,431)</u></u>	
	Accelerated Expenditure	Reason for Accelerated Expenditure
Communities & Environment		
Purchase of Vehicles	181	Refuse Collection Vehicle delivered earlier than originally anticipated
Salt Ayre Equipment Programme	143	Expenditure has been accelerated following the re-opening of the centre after Covid 19 closures
	<u>324</u>	
Economic Growth & Regeneration		
Caton Road Flood Relief Scheme	34	Minor variance in expenditure profiling
Queen Victoria Memorial	7	Specification in advance of works to memorial
	<u>41</u>	
	<u><u>365</u></u>	
Total Net Slippage & Accelerated Expenditure	<u><u>(1,066)</u></u>	

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	14 September 2021
Report	Delivering Our Priorities: Q1 2021-22		
Report of	Director of Corporate Services		
Purpose of Report			
To provide an update on the status of corporate projects and performance indicators.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

This report, and its Appendix, provides an update on the progress of key corporate projects and performance measures for the period April-June 2021 (Q1 2021-22).

Recommendations of Councillor

- (1) That Cabinet consider the updates on projects, performance and finance measures from April-June 2021 (Q1) at Appendix A to G.

Relationship to Policy Framework

Robust, meaningful, and timely information on the council's key projects and success measures provides an important perspective on the direction of the organisation in delivering its strategic priorities under its Policy Framework.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

No direct impact arising from this report.

Details of Consultation

No direct consultation relating to this report.

Legal Implications

No direct implications arising from this report.

Financial Implications

No direct implications arising from this report.

Other Resource or Risk Implications

No direct implications arising from this report.

Section 151 Officer's Comments

The s151 Officer has contributed to the writing of this report

Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no further comments.	
Contact Officer	Sarah Davies, Director of Corporate Services
Tel	01524 582501
Email	sdavies@lancaster.gov.uk
Links to Background Papers	

1.0 Report

- 1.1 The primary purpose of this report is to present the information contained in the projects and performance Highlight Report for the period April-June 2021, which can found at Appendix A.
- 1.2 During this period, many of the council's day-to-day service activities have continued to experience disruption, or emerged from experiencing disruption, due to the requirements of responding to the pandemic. This is reflected in the information and comments contained within the Highlight Report.

2.0 Financial Monitoring

- 2.1 The 2021/22 Budget and MTFs 2021-2024 approved by Council in February 2021 set a balanced budget for the year based on the assumptions made at that time. The COVID - 19 pandemic continues to create a significant shock to the economy and result in unplanned expenditure and income losses for the Council.
- 2.2 All portfolios are required to examine their revenue budgets regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement Financial Services continually reviews and refreshes how it presents the Council's Corporate Monitoring information.
- 2.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets () this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.

The following financial appendices accompany this report

- Appendix B: General Fund Service Analysis
- Appendix C: General Fund Subjective Analysis
- Appendix D: HRA Service Analysis
- Appendix E: General Fund Capital Projects
- Appendix F: HRA Capital Project
- Appendix G: Reserves Projected Outturn

3.0 COVID - 19

3.1 As stated above, the COVID - 19 pandemic has resulted in significant unplanned expenditure and income losses, which are being monitored by each directorate. The Government's Sales, Fees and Charges support scheme finished at the end of June 2021 and all subsequent losses will need to be covered by Council resources.

3.2 With regard to economic activity and the potential ongoing impact, the government's own data indicates activity is not expected to return to pre-Covid-19 levels until 2023. The impact of the pandemic led to a 10% fall in economic output over 2020 which is only expected to recover by 4% this year and 7% in 2022/23.

4.0 General Fund Summary Position

4.1 Quarter 1 (Q1) monitoring covers the period for April – June 2021. At the end of Q1 (June 2021) we are currently projecting a year end overspend against budget of **£0.631M**. This amount equates to approximately **3.55%** of the Council's approved Net Revenue Budget of **£17.774M**. Members should acknowledge that it is early in the financial year and work will continue over the coming months to monitor and forecast the costs and savings associated with both the pandemic and any other emerging budget pressures. In the meantime, arrangements are in place to scrutinise all existing expenditure plans. However, should an overspent position remain at the year-end it would be met from the Council's unallocated reserves.

4.2 A summary of the Q1 revenue position for the main service accounts of the Council is set out in table 1 below. Appendix C: General Fund Service Analysis covers this information in more with commentary on significant variances provided on the following paragraphs

Table 1 Quarter 1 Financial Monitoring – Service Analysis

	Original Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Communities and Environment	6,882	(1,300)	7,116	(234)
Economic Growth and Regeneration	4,134	1,124	4,350	(216)
Corporate Services	6,762	6,080	6,947	(185)
Central Services	1,059	256	1,062	(3)
Other Items	96	(1,534)	89	+7
Sub Total	18,933	4,626	19,564	(631)
Net Recharges to Housing Revenue Account	(1,018)	0	(1,018)	0
RMS Capital Charges (now Housing Revenue Account)	(141)	888	(141)	0
Revenue Reserve funded items included in above analysis	0	246	0	0
Sub Total	(1,159)	1,134	(1,159)	0
General Fund Revenue Budget	17,774	5,760	18,405	(631)
Revenue Support Grant	(204)	(55)	(204)	0
Net Business Rates Income	(7,737)	(10,328)	(7,737)	0
Council Tax Requirement	9,833	(4,623)	10,464	(631)

Communities and Environment (£0.234M Adverse)

- 4.3 Significant budget variances including termination costs for the Combined Heating and Power unit maintenance contract (-£0.032M), income losses as a result of the continued closure of nursery shop (-£0.040M), additional cost of staff to cover long term absence and shortage of HGV drivers (-£0.063M) as well as the impact of job evaluation appeals and restructure proposals delayed (-£0.070M). These pressures have been offset by staff turnover savings (+£0.102M) and additional income from fairgrounds (+£0.028M) and garden waste subscriptions (+£0.012M).

Economic Growth and Regeneration (£0.216M Adverse)

- 4.4 Significant year end variances include the continuation of the Capita Building Control contract (-£0.115M), estimated additional support for temporary planning officer posts (-£0.080M), the use of agency staff to cover the vacant Head of Property Investment and Regeneration (PIR) post (-£0.083M), as well as Business Rates payable (-£0.041M) for former Frankie & Benny's site due to vacated tenant. There are a number of areas where salary savings have been identified including Future High Streets vacant post (+£0.036M), various Building Cleaning / Property Services vacant posts (+£0.022M) as well as savings from Head of PIR post (+£0.030M) and other growth posts not yet recruited to (+£0.027M).

Corporate Services (£0.185M Adverse)

- 4.5 An increase in the Council's insurance renewal premium (-£0.160M) together with the need for additional Microsoft user licences (-£0.045M) and additional mobile phone costs (-£0.039M) resulting from increased agile/homeworking provide the most significant forecast budget pressures. Other significant variances relate to vacant posts with Finance (+£0.057M), Human Resources (+£0.034M), Democratic Services (+£0.021M) and Internal Audit (+£0.029M)

4.6 Appendix C: General Fund Service Analysis (Q1) provides a more in-depth analysis covering service and activity levels.

4.7 The revenue position provided within table 1 above is analysed across the Councils subjective headings is set out in table 2 below.

Table 2 Quarter 1 Financial Monitoring – Subjective Analysis

	Original Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Employees	24,836	5,022	24,673	+163
Premises Related Exp	5,729	3,046	5,912	(183)
Transport Related Exp	1,175	283	1,177	(2)
Supplies and Services	10,418	3,038	11,209	(793)
Transfer Payments	22,027	4,298	22,027	0
Support Services	130	8	122	+8
Capital Charges	17	0	17	0
Capital Financing Costs	1,797	0	1,797	0
Appropriations	732	0	725	+7
Income	(47,630)	(11,056)	(47,799)	+169
Capital Financing Inc	(300)	0	(300)	0
Sub Total	18,931	4,639	19,560	(631)
Net Recharges to Housing Revenue Account	(1,018)	0	(1,018)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	888	(139)	0
Revenue Reserve funded items included in above analysis	0	246	0	0
Sub Total	(1,157)	1,134	(1,157)	0
General Fund Revenue Budget	17,774	5,773	18,403	(631)

4.8 Appendix D: General Fund Subjective Analysis covers this information in more detail.

5.0 Housing Revenue Account Summary Position

5.1 As at the end of Q2 we are currently projecting a year end overspend against budget of **£0.049M**. A summary of the Q1 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 1 Financial Monitoring – HRA Service Analysis

	Original Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Policy & Management	1,716	401	2,022	(5)
Repairs & Maintenance	5,790	732	5,681	+109
Welfare Services	(157)	(112)	(163)	+6
Special Services	172	72	178	(6)
Miscellaneous Expenses	680	39	713	(33)
Income Account	(14,672)	(3,301)	(14,552)	(120)
Capital Charges	5,532	0	5,532	0
Appropriations	417	0	117	0
Sub Total	(522)	(2,169)	(472)	(49)
Net Recharges to General Fund	520	0	520	0
Housing Revenue Account Budget	(2)	(2,169)	48	(49)

5.2 At this stage the overspend is predominantly due to an anticipated reduction in Income (-£0.120M) and an increase in a number of Miscellaneous Expenses (-£0.033M) offset by a forecast reduction in expenditure on Repairs & Maintenance (+£0.109M).

5.3 Appendix E: Housing Revenue Account Service Analysis covers this information in more detail and provides summary explanations for variances +/- £30K.

6.0 Capital Projects (General Fund & HRA)

6.1 At Q1 we are currently projecting a year end slippage against budget of **£33.148M** (General Fund **£33.148M** and HRA **£0M**). Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Communities and Environment				
Business Support	3,084	15	3,084	0
Customer Involvement & Leisure	2,057	33	1,436	+321
Public Protection	0	0	0	0
Housing Services	0	(894)	(58)	+58
Public Realm	17,904	(6,601)	110	+16,444
Total	23,045	(7,447)	4,572	+16,823
Economic Growth and Regeneration				
Planning & Place	777	0	0	+777
Economic Development	0	0	0	0
Property, Investment and Regeneration	17,710	485	4,021	+13,877
Total	18,487	485	4,021	+14,654
Corporate Services				
HR	0	(40)	0	0
ICT	135	52	135	0
Corporate Services Development Pool	1,671	0	0	+1,671
Total	1,806	12	135	+1,671
Central Services				
Chief Executive	0	0	0	0
Total	0	0	0	0
GENERAL FUND - TOTAL	43,338	(6,950)	8,728	+33,148
Housing Revenue Account				
Adaptations	300	60	300	0
Energy Efficiency / Boiler Replacement	959	116	959	0
Kitchen / Bathroom Refurbishment	888	0	188	+700
External Refurbishment	192	21	192	0
Environmental Improvements	360	69	1,060	(700)
Re-roofing / Window Renewals	1,093	9	1,093	0
Rewiring	54	1	54	0
Lift Replacement	0	0	0	0
Fire Precaution Works	150	(1)	150	0
Housing Renewal & Renovation	1,217	107	1,217	0
HOUSING REVENUE ACCOUNT - TOTAL	5,213	382	5,213	0
GRAND TOTAL	48,551	(6,568)	13,941	+33,148

6.2 The areas of significant slippage mainly related to schemes currently within the Council's Development Pool which are unlikely to proceed in 2021/22.

6.3 Appendix F General Fund Capital Projects and Appendix G HRA Capital Projects provide further information and summary commentary.

7.0 Reserves

8.1 The Council's projected reserve position has been updated to reflect the provisional outturn and has seen the Councils opening level of unallocated balances increase to **£7.808M** with the combined level of reserves currently **£33.446M**.

7.2 We are currently projecting the Council's unallocated balances to increase slightly to **£4.910M** from the budgeted position of **£4.529M**. Overall the combined level of usable reserves is forecast to increase to **£18.999M** against the budgeted balance of **£15.639M**. Table 5 Quarter 2 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves. Appendix H: Reserves Projected Outturn provides further detailed analysis.

Table 5 Quarter 1 Financial Monitoring – Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	Budgeted Opening Balance on Reserves'31 March 2021	From Revenue	To / (From) Capital	To Revenue	Budgeted Closing Balance on Reserves'31 March 2022	31 March 2021	From Revenue	To / (From) Capital	To Revenue	Budgeted Closing Balance on Reserves'31 March 2022
	£M				£M	£M				£M
Unallocated Balances	(6.796)			2.267	(4.529)	(7.808)			2.898	(4.910)
Total Earmarked Reserves	(12.885)	(1.808)	1.113	2.470	(11.110)	(25.637)	(1.808)	1.113	12.244	(14.088)
Total Combined Reserves	(19.681)	(1.808)	1.113	4.737	(15.639)	(33.446)	(1.808)	1.113	15.142	(18.999)

7.3 The increase is a result of a number of factors such as the impact of the backed dated Green Energy Disregard on the 2019/20 balance, inclusion of the 2020/21 surplus and growth in the Business Rates Retention Reserve to reflect current government guidance for the treatment of Collection Fund deficits on the Council's finances. Table 6 Reserves Movement reconciles the movement between the budgeted and forecast closing position.

Table 6 Reserves Movement

		£M
Budgeted Combined Level of Reserves		15.639
Reserve		
General Fund Unallocated	2021/22 Forecast Overspend	(0.631)
	2020/21 Actual Surplus	0.695
	2019/20 Impact of backdated Green Energy Disregard	0.317
Business Rates Retention	Spreading of exception Collection Fund deficit	1.180
	Contribution to 2021/22 Collection Fund deficit	0.558
COVID-19 Support	Currently uncommitted COVID support expenditure	0.949
Revenue Grants Unapplied	Currently uncommitted Brexit Ports Grant	0.132
s106 Commuted Sums	Increase in s106 monies	0.153
Various	Other net movements	0.007
Projected Combined Level of Reserves		18.999

7.4 The use of the Council's reserves to manage fluctuations in expenditure and income will be key to the delivery of the Council's stated priorities and outcomes over the next 4 years and will be kept under review by Officers and Members. The current forecast includes £2.267M to balance the 2021/22 budget with current projections requiring further calls to balance future budgets 2022/23 (£2.183M), 2023/24 (£4.223M) and 2024/25 (£4.668M).

8.0 Collection Fund


Business Rates

8.1 Similarly to 2020/21, Central Government has introduced a scheme of enhanced rates reliefs applying to occupied retail, leisure, and hospitality properties. The discounts are 100% for the period April to June reducing to 66% from July. Funds to fully reimburse local authorities for the local share of these enhanced reliefs have been paid on account using a grant under section 31 of the Local Government Act 2003, with a full reconciliation to be carried out at year-end. The Council has received £6.941M and this has been credited to the Council's General Fund and held in the Revenue Grants Unapplied reserve to offset any business rates deficit carried forward.

8.2 The collection rate for Business Rates is currently 23.4%, which is behind the Q1 profiled position of 26.2%. Based on this level of performance collection would be below the annual target 97.2%.

Council Tax

8.3 The number of Local Council Tax Support claimants appear to have stabilised at around 1,300, although this is considerably higher than the position in March 2020. The current collection rate for Council Tax is 28.4% which is slightly above the profiled position at 27.9% and projected to exceed the annual target of 94.60%.

 <p>Promoting City, Coast & Countryside</p>	Corporate programmes, projects and performance update – 30th June 2021 (Q1)	Status Key	
		R Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken	C Complete or Closed
Priorities Key		A Amber – The project is at risk of failing to meet its agreed plan, timescales, costs or benefits unless action is taken	N Not Started
I An inclusive and Prosperous Local Economy (Economy)		G Green – The project is on track to meet its agreed plan, timescales, costs and benefits	H On hold
S A Sustainable District (Environmental)		X No data available	
H Healthy and Happy Communities (Social)		All projects, programmes and performance figures on this list are reporting quarterly	
R A Co-operative, Kind and Responsible Council (Governance)			

Healthy & Happy Communities (Social)

Projects

Priority	Programme & Project Name	Update	Date of Update	Status	
	Homes Programme	-	-	-	
S	H - My Mainway	A project board has been formed who have appointed Anderton Gables to assist with project planning, exploring further development options and detailed viability modelling and tenure scenarios. Good progress is being made.	8/7/21	G	
S	H - Extra Care Scheme	This project is on hold until confirmation is received of whether the council's offer on the site has been accepted.	13/7/21	H	
	H - Housing Acquisitions	A modelling tool has been created to allow the council to view different scenarios around proposed rents. The business plan has been drafted and will be presented during Q2.	12/7/21	TBC	
	H R - Mellishaw Park	A project board has been established and a programme plan has been developed. Communication has started with the residents on the site.	9/7/21	G	
I	H R - Funding the Future	-	-	-	
	H - LATCo - Housing Companies	The LATCo – Morehomes for the Bay was incorporated at the end of June 2021. The Articles of Association and Shareholder Agreement have been prepared and training for relevant parties has been undertaken.	12/7/21	G	
I		LATCo - Commercial Trading Services	Suspended as initial appraisal did not suggest LATCo model would be viable at that time. Revisit as pandemic work eases.	19/7/21	H
	R - Outcomes Based Resourcing (OBR)	Evidence gathering stage is now complete a short-term phase of work to address the structural deficit is being carried out by Heads of Service and Executive during August and the mid-term project design for detailed OBR will be implemented in Q4 2021/22.	19/7/21	G	

Performance

	Measure	Q1	Q2	Q3	Q4	Comments
	H Number of people statutorily homeless	12				Still below the national average for homeless acceptances. An increase in numbers is possible as lockdown restrictions, including eviction ban, are lifted.
	H Number of Disabled Facilities Grants completed	76				The number of DFGs completed in 20/21 reduced to 225 due to pandemic disruption. Demand for DFGs in Q1 has risen to pre-pandemic levels. This should result in a significant increase in the number of completions in 21/22.
	H Number of properties improved	59				The pandemic has impacted on the speed at which improvements can be secured.
I	H % of premises scoring 4 or higher on the food hygiene rating scheme	90.5%				Figure has been adjusted to remove number of premises awaiting inspection and therefore do not have a rating. This applies to new businesses and businesses that have new ownership. This accounts for 116 premises out of a total 1177 businesses eligible for a rating and in the public domain listed in the Food Standards Agency website. 97.5 % of all rated premises are rated broadly compliant or better (i.e. rated 3, 4, or 5)
I	H % of high risk food hygiene inspections completed	28%				When routine Food Hygiene inspections were reinstated during the first quarter, the high risk premises were prioritised for visits. Before inspections were again paused, all overdue category "A" premises (being the highest risk) were inspected, and then category "B" premises were targeted. Unfortunately, not all overdue category "B" premises were inspected before inspections were halted.
	H Number of admissions to Salt Ayre Leisure Centre	105,640				This reflects closure, reduced opening hours and reduced capacity due to the pandemic.
	H Average time taken to re-let Council houses (days)	51.80				The re-let time remains significantly higher than previous year, largely due to pandemic disruption which limited our ability to let properties for a prolonged period of time in 2020-21. However, the re-let time has steadily decreased through the course of Q1. We continue to lessen the backlog of void properties, which have accrued a large amount of void time. A performance & procedure review is currently underway to achieve further improvement.

A Sustainable District (Environmental)

Projects

Priority	Programme & Project Name	Update	Date of Update	Status
S	Carbon Neutral Programme	-	-	-
S	- Salt Ayre Leisure Centre Decarbonisation	The decarbonisation project is currently on track to achieve the delivery deadline at the end of September 2021.	30/7/21	G
S	- Electric Car Club	In May two cars were launched for public use in the evenings and weekends.	28/7/21	G
S	- Travel Plan	Officers have found a potential system which provides a suite of software tools that will enable the council to evidence, track modal shift, plan and change staff commuter emissions by analysing the real-world active travel, public transport and Liftshare options available.	30/7/21	G

S		- Electric Vehicle Charge Points	Update pending (Izzy Maher)	N/A	X
S		- Burrow Beck 2.5MW Solar Farm and Battery	Site not considered financially viable due ROI exceeding 19 years	26/7/21	H
S		- Roof Mounted Solar Array – Gateway, White Lund	The project is on track to deliver solar electricity from roof mounted panels by 30 th September 2022, subject to a structural survey of the roof.	30/7/21	G
S		Corporate CCTV Platform	All cameras part of Phase 2 have been installed. Amendments to cameras requested by site staff to suit their operational needs have been made. The project is now complete.	28/7/21	C
S		Local Authority Delivery for Green Homes Grant (part of Council Housing Thermal Energy Efficiency)	The council have been successful in securing funding of approximately £175K for works to improve thermal energy efficiency in the bottom 25% of our housing stock to at least an EPC 'c' rating. Work is scheduled for completion by end of September 2021.	12/7/21	G
S		1 Million Trees	On hold until Q3	N/A	H

Performance							
		Measure	Q1	Q2	Q3	Q4	Comments
S		Number of fly-tipping reports actioned within 5 days	117				
S		% of household waste recycled (quarter behind)	34.3%				This has increased from 32.7% when compared to the same quarter last year.
S		Kg of residual waste per household (quarter behind)	84.0kg				Despite an increase in green waste and recycling tonnage, residual waste weight remains similar.
S		Diesel consumption of council vehicle fleet	115733 ltrs				Litre usage decreased compared to both Q1 and Q4 2020-21.
S		Cost/m2 energy across corporate buildings (quarter behind)	£2.37				Corporate buildings are: -Lancaster Town Hall -Morecambe Town Hall -Palatine Hall -Old Fire Station Slight increase on previous quarter and as expected given that LTH was in use during this quarter by the courts and NHS, and the Jan-March quarter is often the coldest.
S		Gas KWH usage in council buildings (quarter behind)	2,280,000				Increase from previous quarter as expected due to winter months and LTH in use by courts and NHS during this quarter.
S		Electricity KWH usage in council buildings (quarter behind)	593,000				Increase from previous quarter as expected due to winter months and LTH in use by courts and NHS during this quarter. As last quarters report, the usage is a lot lower compared to the same period last year. This is likely to be because the number of lights and PCs running in the buildings is significantly lower due to working from home.

A Co-operative, Kind and Responsible Council (Governance)

Projects					
Priority		Programme & Project Name	Update	Date of Update	Status
I		R Working Well Project	Stakeholder engagement is being undertaken before project planning is carried out, allowing workstreams to progress during quarter 2.	13/7/21	G
		R -Culture and Behaviours	Indicators and measures have been proposed in relation to a diversity and inclusion dashboard.	-	-
		R -Org Design and HR Policy	Update to be supplied in Q2, once the outcome of the Have Your Say staff survey is known.	-	-
		R -Digital Inclusion (ICT)	Migration from the council's existing smartphone management system, Mobile Iron, to Microsoft Intune, has commenced which will result in savings in the year 2022/23.	-	-
I		R -Working Environment	The property team are seeing an increased number of requests from staff to book desk and meeting space. On some days demand has outstripped supply.	-	-
		R -Connecting with our Community	The elections took place with the appropriate social distancing and other Covid safe measures in place. Members have now returned to face to face meetings. Mobile CS continues to gather momentum.	-	-
		R Customer Contact System	The main element of the project is now nearing completion. The one comprehensive conditional form called the 'Report It' form which will replace 60+ existing forms is finished.	13/7/21	G
		R Digital Programme		16/7/21	A
		R - High Capacity Fibre Cable Network Provision	Discussions are continuing to progress around utilising PIA (publicly available fibre ducting) to drive down the cost and increase the coverage for the available budget.	-	-
		R - Digital Market Place	This is delayed due to resourcing issue but will be progressed ASAP.	-	-
		R - 5G Strategy	The 5G strategy has been completed, the next step is to determine how and what should be taken forward.	-	-
		R -Dalton Square Connectivity		-	-
I	S	R Community Wealth Building Programme	Projects are in the process of being scoped for this programme	-	N

Performance								
			Measure	Q1	Q2	Q3	Q4	Comments
		R	Average social media engagement rate	0.72				
		R	Total digital audience	388,690				
		R	Average number of days' sickness per full-time employee	1.85				
		R	Occupancy rates for commercial properties	96.65%				Occupancy rates have increased mainly due to offices and accommodation being let at CityLab and The Storey, plus the lease for accommodation at 26 St George's Quay has been completed.
	H	R	Average time taken to process new Housing Benefit claims	20.41 days				Processing time within target

An Inclusive and Prosperous Local Economy (Economy)

Projects						
Priority	Programme & Project Name	Update	Date of Update	Status		
S	Canal Quarter	The phase 2 masterplan approach has been defined and the master-planning procurement launched.	12/7/21	G		
I	Bailrigg Garden Village Masterplanning	Extensive community and stakeholder engagements led by consultancy JTP led and significantly informed work by JTP to prepare the Masterplan.	9/7/21	G		
I	Heysham Gateway	Project management and procurement route has been set out by officers. Documentation has been approved by senior management and tender process initiated.	12/7/21	G		
I	H	Eden Project North	The City Council and Eden have continued working in partnership towards planning application submission. Detailed design work continues to advance, and is accompanied by environmental, flood risk, heritage and landscape/visual modelling and assessment.	25/6/21	G	
I	S	Lune Flood Protection, Caton Road	A Practical Completion certificate was issue for 29 th May 2021, following the flood defence being in place in Dec 2020 and the cycle path opening on 1 st April 2021. Work continues with delivery of a Community Pump and Upstream Attenuation Ponds to add further surface water flood risk benefit to the businesses on Caton Road	7/7/21	G	
I		Heritage Action Project	Delivery in terms of outputs is only a little behind at this stage, but there are risks of further delays going forward which could impact on funding and therefore delivery.	9/7/21	A	
I	H	Morecambe Co-op Building Renovation	The impact of the pandemic have put the project behind schedule in terms of external funding, updated costs and the lease. Work is needed to update costs and plans in Q2 to begin bidding in Q3.	7/7/21	A	
I	H	Lancaster City Museum Boiler	Authorisation to utilise the budget set aside in the capital programme will not be sought until it is clear which of the two options for replacement is favoured.	5/7/21	A	
I	H	Museums Redevelopment	The project has been delayed due to staff being reallocated during the pandemic. Request for reserves allocated to be re-programmed into future years being drawn up.	12/7/21	H	
I		1 Lodge Street Urgent Structural Repairs	A site visit by Building Control has meant that the tenants have had to cease use of the property. Costs for this project have increased as the building has deteriorated further.	5/7/21	A	
I	H	Palatine Recreation Ground Pavilion	The project has been delayed because of the pandemic. The surveyor is reviewing the site and schedule of works before discussions with the contractor recommence.	5/7/21	A	
I		Dalton Square	The focus of this project is the repair and restoration of the Queen Victoria Monument in the centre of the square. A condition and structural report has been carried out and a schedule of works has been created so we can go out to tender.	5/7/21	G	
I		Morecambe Regeneration	This project is currently being established and will be reported on from Q2.	-	N	
I	H	Rylands Park – Rylands House	The project to carry out extensive roof repairs is currently in the planning phase and a structural engineer has carried out site visits and a drone survey.	6/7/21	G	
I	H	Williamson Park Development	Williamson Park play development – Project paused pre COVID and is ready to put out for public consultation should the council which to pursue the idea. Williamson Park Café – now COVID demands are reducing, a scope has been drafted internally and is close to being ready to procure an architect to offer the council a RIBA stage 2 feasibility of the site and any associated costs.	16/7/21	TBC	
I		R	Council Assets Programme (Palatine Hall, Old Fire Station Development Works, Improvements to Ashton Hall)	Palatine Hall on hold until decisions are made around the future working environments etc. from the Working Well project. Old Fire Station is a stand-alone project as it is currently in the planning phase.	6/7/21	H
I		R	White Lund Depot Project	Update pending (Mark Davies)	X	

Performance								
			Measure	Q1	Q2	Q3	Q4	Comments
I			% of minor planning applications determined within 8 weeks or agreed time	80.77				Performance for Q1 shows improvement across each of the three measures. The service is currently implementing an improvement plan, including the allocation of extra resource and a review of its practices, with the intention of further increasing the timely processing of applications.
I			% of other planning applications determined within 8 weeks or agreed time	81.43				
I			% of major planning applications determined within 13 weeks or agreed time	81.82				

I	H	Number of empty properties brought back into use	0				The Empty Homes Officer has been redeployed to Business Support to assist with the Covid response and so has not been able to carry out any empty homes work this quarter.
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QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2021/22

	Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	Variance +/- £30K %
Communities and Environment							
Business Support	White Lund Depot	(14)	0	(14)	2	(14)	0
	Vehicle Maintenance	(6)	0	(6)	103	7	(13)
Customer Involvement & Leisure	Customer Services	719	0	719	164	720	(1)
	Leisure	33	0	33	(34)	32	1
	Salt Ayre	1,344	0	1,344	602	1,286	58 +4%
Public Protection	Environmental Health	1,193	0	1,193	106	1,186	7
	Emergency Planning	62	0	62	11	61	1
	Housing Standards	62	0	62	(105)	56	6
	Licensing	(91)	0	(91)	(1)	(80)	(11)
	Safety	154	0	154	(5)	148	6
Housing Services	GF Housing	31	0	31	7	21	10
	Home Improvement Agency	(146)	0	(146)	(376)	(145)	(1)
	Housing Options	286	0	286	(1,608)	291	(5)
	Strategic Housing	202	0	202	28	204	(2)
Public Realm	Cemeteries	184	0	184	36	190	(6)
	Grounds Maintenance	(179)	0	(179)	126	(139)	(40) +22%
	Household Waste Collection	1,983	0	1,983	(197)	2,116	(133) (7%)
	Markets	(110)	0	(110)	8	(53)	(57) +52%
	Parking	(1,115)	0	(1,115)	180	(1,097)	(18)
	Parks	924	0	924	80	899	25
	Public Conveniences	178	0	178	41	178	0
	Public Realm Highways	74	0	74	12	74	0
	Service Support	354	0	354	251	383	(29)
	Street Cleaning	1,140	0	1,140	149	1,149	(9)
	Trade Waste	(623)	0	(623)	(995)	(603)	(20)
	Williamson Park	243	0	243	115	246	(3)
		6,882	0	6,882	(1,300)	7,116	(234) (3%)
Economic Growth and Regeneration							
Planning & Place	Building Control	93	0	93	29	208	(115) (124%)
	Conservation & Environment	50	0	50	6	50	0
	Development Control	42	0	42	(83)	175	(133) (317%)
	Local Plan	772	0	772	172	749	23
Economic Development	AONB	44	0	44	25	44	0
	Economic Development	392	0	392	69	343	49 +13%
	Marketing & Comms	282	0	282	66	287	(5)
	Grants	220	0	220	50	220	0
	The Platform	43	0	43	4	36	7
	Tourism & Events	502	0	502	98	489	13
	Museums	577	0	577	146	585	(8)
Property, Investment and Regeneration	Highways	0	0	0	0	0	0
	Regeneration	876	0	876	134	896	(20)
	Sea Defence & Land Drainage	416	0	416	79	423	(7)
	Property	(175)	0	(175)	256	(150)	(25)
	Building Cleaning	0	0	0	73	(5)	5
		4,134	0	4,134	1,124	4,350	(216) (5%)
Corporate Services							
Corporate Accounts	Central Expenses	431	0	431	(637)	551	(120) (28%)
Democratic	Democratic Services	939	0	939	218	918	21
Finance	Finance	1,271	0	1,271	1,238	1,328	(57) (4%)
HR	HR	1,176	0	1,176	271	1,142	34 +3%
ICT	ICT	1,504	0	1,504	526	1,590	(86) (6%)
Internal Audit	Internal Audit	194	0	194	16	165	29
Legal	Legal Services	297	0	297	9	303	(6)
Revenues & Benefits	Revenues & Benefits	950	0	950	4,439	950	0
		6,762	0	6,762	6,080	6,947	(185) (3%)
Central Services							
Chief Executive	Executive Team	777	0	777	149	780	(3)
	Grants to other bodies	282	0	282	107	282	0
		1,059	0	1,059	256	1,062	(3)
Other Items							
Other Items	New Homes Bonus	(1,966)	0	(1,966)	(1,531)	(1,966)	0
	Revenue Funding of Capital	1,113	0	1,113	0	1,113	0
	Minimum Revenue Provision	2,175	0	2,175	0	2,175	0
	Interest Payable	1,393	0	1,393	0	1,393	0
	Interest Receivable	(63)	0	(63)	(3)	(63)	0
	Notional Charges	0	0	0	0	0	0
	Contributions to Reserve	932	0	932	0	925	7
	Contributions from Reserve	(2,375)	0	(2,375)	0	(2,375)	0
	Capital Contributions from Reserve	(1,113)	0	(1,113)	0	(1,113)	0
		96	0	96	(1,534)	89	7
	Net Recharges to Housing Revenue Account	(1,018)	0	(1,018)	0	(1,018)	0
	RMS Capital Charges (now Housing Revenue Account)	(141)	0	(141)	888	(141)	0
	Revenue Reserve funded items included in above analysis	0	0	0	246	0	0
General Fund Revenue Budget		17,774	0	17,774	5,760	18,405	(631) (4%)
Core Funding :	Revenue Support Grant	(204)	0	(204)	(55)	(204)	0
	Net Business Rates Income	(7,737)	0	(7,737)	(10,328)	(7,737)	0
Council Tax Requirement		9,833	0	9,833	(4,623)	10,464	(631) (6%)

Notes:

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative () for adverse and positive + for favourable

QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2021/22

		Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	24,000	0	24,000	4,903	23,618	382	+2%
	Indirect Employee Expenses	836	0	836	119	1,055	(219)	(26%)
Premises Related Exp	Cleaning and Domestic Supplies	402	0	402	28	402	0	
	Energy Costs	713	0	713	168	713	0	
	Fixtures and Fittings	1	0	1	0	1	0	
	Grounds Maintenance Costs	1,471	0	1,471	277	1,449	22	
	Operational Bldgs Allocation	92	0	92	38	92	0	
	Other Premises Costs	0	0	0	0	0	0	
	Premises Insurance	219	0	219	902	319	(100)	(46%)
	Rates	1,333	0	1,333	1,342	1,373	(40)	(3%)
	Rents	85	0	85	35	84	1	
	Repair and Maintenance	1,085	0	1,085	164	1,118	(33)	(3%)
	Water Services	328	0	328	92	361	(33)	(10%)
Transport Related Exp	Car Allowances	1	0	1	2	3	(2)	
	Contract Hire Operating Leases	55	0	55	17	55	0	
	Direct Transport Costs	1,020	0	1,020	264	1,020	0	
	Other Transport Costs	0	0	0	0	0	0	
	Public Transport	20	0	20	0	20	0	
	Transport Insurance	79	0	79	0	79	0	
Supplies and Services	Catering	43	0	43	2	43	0	
	Clothing Uniform and Laundry	84	0	84	31	84	0	
	Communications and Computing	1,398	0	1,398	863	1,494	(96)	(7%)
	Contribution to Provisions	250	0	250	0	250	0	
	Equip Furniture and Materials	1,348	0	1,348	286	1,351	(3)	
	Expenses	519	0	519	89	519	0	
	General Office Supplies	188	0	188	169	216	(28)	
	Grants and Subscriptions	1,139	0	1,139	276	1,250	(111)	(10%)
	Miscellaneous Expenses	557	0	557	67	557	0	
Services	4,892	0	4,892	1,255	5,447	(555)	(11%)	
Transfer Payments	Housing Benefit	22,027	0	22,027	4,298	22,027	0	
Support Services	Recharges Exp	130	0	130	8	122	8	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	
	Depreciation	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,797	0	1,797	0	1,797	0	
Appropriations	Appropriations	732	0	732	0	725	7	
Income	Customer Fees and Charges	(14,765)	0	(14,765)	(4,794)	(14,666)	(99)	+1%
	Government Grants	(24,872)	0	(24,872)	(4,151)	(25,016)	144	(1%)
	Interest	(104)	0	(104)	(3)	(104)	0	
	Other Grants and Contributions	(1,644)	0	(1,644)	(921)	(1,789)	145	(9%)
	Recharges Inc	(6,245)	0	(6,245)	(1,187)	(6,224)	(21)	
Capital Financing Inc	Capital Related Income	(300)	0	(300)	0	(300)	0	
	Net Recharges to Housing Revenue Account	(1,018)	0	(1,018)	0	(1,018)	0	
	RMS Capital Charges (now Housing Revenue Account)	(139)	0	(139)	888	(139)	0	
	Reserve funded items included in above analysis	0	0	0	246	0	0	
GRAND TOTAL		17,774	0	17,774	5,773	18,405	(631)	(4%)

Notes:

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative () for adverse and positive + for favourable

QUARTER 1 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2021/22

	Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	Variance +/- £30K %
Communities and Environment							
Policy & Management	1,716	301	2,017	401	2,022	(5)	
Repairs & Maintenance	5,790	0	5,790	732	5,681	109	+2%
Welfare Services	(157)	0	(157)	(112)	(163)	6	
Special Services	172	0	172	72	178	(6)	
Miscellaneous Expenses	680	0	680	39	713	(33)	(5%)
Housing Revenue Account Income Account	(14,672)	0	(14,672)	(3,301)	(14,552)	(120)	+1%
Capital Charges	5,532	0	5,532	0	5,532	0	
Appropriations	417	(300)	117	0	117	0	
Gain/Loss on Asset Sales	0	0	0	0	0	0	
Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	
	(522)	1	(521)	(2,169)	(472)	(49)	+9%
Net Recharges to General Fund	520	0	520	0	520	0	
Housing Revenue Account Budget	(2)	1	(1)	(2,169)	48	(49)	+4900%

Notes:

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative () for adverse and positive + for favourable

QUARTER 1 FINANCIAL CAPITAL MONITORING - SERVICE ANALYSIS 2021/22

	Original Budget 2021/22 £'000	Budget Amendments 2021/22 £000	Working Budget 2021/22 £000	Q1 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	Commentary Variances +/- £100K
Communities and Environment							
Business Support							
Purchase Of Vehicles	2,684	0	2,684	15	2,684	0	
2 x Electric RCVs	400	0	400	0	400	0	
Salt Ayre Boiler	300	(300)	0	0	0	0	Scheme removed and MRP savings factored into Salix funded solar project
Customer Involvement & Leisure							
Salt Ayre Equipment Programme	1,757	0	1,757	62	1,436	321	A significant project for pool hall renovations is expected to commence before January 2022 but a proportion of the works are likely to slip into 2022/23
SASC Developer Partnership	0	0	0	(29)	0	0	
Public Protection							
Disabled Facilities Grants	0	0	0	(894)	(58)	58	Anticipated expenditure on the project is currently being reprofiled and is expected to be available in quarter 2
Mellishaw Park	480	0	480	0	0	480	
Happy Mount Park Footpaths	0	0	0	0	0	0	
Far Moor Playing Fields Scheme	0	0	0	0	0	0	
Williamson Park Development	1,000	0	1,000	0	0	1,000	Executive Team are intending to remove this provision following a recent review of the Capital Programme
Electronic Vehicle Charging Points - Phase 2	0	0	0	1	0	0	
Half Moon Bay Car Park Extension	60	0	60	0	0	60	Capacity issues due to Covid 19 have delayed the scheme. Works are likely to be tendered out in quarter 3 with a view to commencing in quarter 4
Solar Installation Phase 1 SALC	1,350	(1,350)	0	0	0	0	Scheme removed and MRP savings factored into Salix funded solar project
Public Realm							
One Million Trees	25	0	25	0	25	0	
Customer Contact System	85	0	85	43	85	0	
SALC Salix Funded Optimised Solar Farm	0	0	0	(6,645)	0	0	£6.8M grant funding has been received in advance of related expenditure
Communities & Environment Devpt Pool	14,904	0	14,904	0	0	14,904	General Fund Housing - £6M, Solar Arrays at Gateway White Lund & City Labs - £1.423M & Vehicle Maintenance Unit brake rollers - £0.036M remain in the development pool.
	23,045	(1,650)	21,395	(7,447)	4,572	16,823	Executive Team are intending to remove budgetary provision of £3.845M & £3.6M respectively for the potential contribution fo SALC solar farm & Burrow Beck 2.5MW solar farm & battery following a recent review of the Capital Programme.
Economic Growth and Regeneration							
Planning & Place							
Cable Street Christmas Lights	0	0	0	0	0	0	
S106 payments to Lancs County Council	0	0	0	0	0	0	
Tank demolition & removal - Heysham Gate	487	0	487	0	0	487	Revenue feasibility work to be completed during 2021/22 which will determine future capital requirements
Canal Quarter	290	0	290	0	0	290	Revenue master planning work currently being commissioned which will determine future capital requirements
Economic Development							
Palatine Recreation Ground - Veterans Club	116	22	138	0	138	0	
Palatine Hall	150	0	150	0	0	150	Executive Team are intending to remove this provision following a recent review of the Capital Programme
Edward Street Dance Studio	84	0	84	0	0	84	There are no expenditure plans for 2021/22. A request will be made for slippage into 2022/23
1 Lodge Street Urgent Structural Repairs	490	0	490	0	250	240	Works are likely to commence in year but are expected to run into 2022/23
Queen Victoria Memorial	169	0	169	1	0	169	There are no expenditure plans for 2021/22. A request will be made for slippage into 2022/23
Lancaster City Museum	127	(22)	105	1	105	0	
Strategic Monitoring Baywide	0	0	0	3	0	0	
Artle Beck Improvements	0	0	0	0	0	0	
Slynedale Culvert	0	0	0	(6)	0	0	
Lancaster Square Routes Project	0	0	0	(18)	0	0	
Lancaster HS Heritage Action Zone	556	0	556	11	175	381	Both expenditure and projects coming forward are at a slower pace than originally anticipated in September 2020. Project has been reprofiled with Historic England and this will be reflected in the revised capital programme later in the year.
Property, Regeneration & Investment							
Lancaster District Empty Homes Partnersh	69	0	69	0	0	69	Project has been stalled since Methodist Action went into administration. It is not expected that any of the money will be spent in this financial year
Canterbury Avenue Flood Relief	0	0	0	(1)	0	0	
Caton Road Flood Relief Scheme	0	188	188	476	188	0	Expected expenditure in year on phase 3 & 3a of the scheme is £0.907M with further expenditure of £0.725M in 22/23. With the exception of £0.188M unsupported borrowing brought forward the expenditure is funded by the securing of £1.4m additional Environment Agency grant in 2020/21 together with some additional private contributions
Economic Growth & Regen Devpt Pool	13,024	(665)	12,359	0	0	12,359	Canal Quarter £4M, South Lancaster Growth Catalyst (project developments/aquisition and capital contribution) - £4.3M Heysham Gateway Development - £1.513M and smaller schemes totalling £0.900M remain in the development pool. Executive Team are intending to remove budgetary provision of £1.646M in respect of Museums Redevelopment, White Lund Depot and The Old Fire Station following a recent review of the Capital Programme.
Units 1,2,3,4&5 White Lund Industrial Estate	0	0	0	28	0	0	
Frontierland	2,500	665	3,165	0	3,165	0	Land acquired in July 2021
Morecambe Co-op Renovation	425	0	425	0	0	425	Need to secure external funding to unlock council investment.
Coastal Revival Fund - Morecambe Co-op	0	0	0	(10)	0	0	
	18,487	188	18,675	485	4,021	14,654	
Corporate Services							
Corporate Accounts							
Democratic	0	0	0	0	0	0	
Finance	0	0	0	0	0	0	
HR	0	0	0	(40)	0	0	
PRG Grant	0	0	0	0	0	0	
ICT							
I.T.Strategy	45	0	45	0	45	0	
Application System Renewal	0	0	0	0	0	0	
I.S. Desktop Equipment	60	0	60	39	60	0	
ICT Telephony	0	0	0	13	0	0	
ICT Laptop Replacement & E-campus screens	30	0	30	0	30	0	
Corporate Services Development Pool	1,671	0	1,671	0	0	1,671	LLFN network bids scheme in development pool - still to be progressed
Internal Audit							
Legal	0	0	0	0	0	0	
Revenues & Benefits							
	1,806	0	1,806	12	135	1,671	
Central Services							
Chief Executive							
	0	0	0	0	0	0	
	0	0	0	0	0	0	
GRAND TOTAL	43,338	(1,462)	41,876	(6,950)	8,728	33,148	

Notes:

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative () for adverse and positive + for favourable

Council Housing Capital Programme 2021/22

	2021/22 Original Budget	2021/22 Working Budget	2021/22 P3 Actual	2021/22 Projected Outturn	2021/22 Variance (Working v Projected)	Comments (Original Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	300,000	59,948	300,000	0	
Energy Efficiency / Boiler Replacement	959,000	959,000	116,258	959,000	0	
Kitchen / Bathroom Refurbishment	888,000	888,000	483	188,000	700,000	No activity expected for the majority of this financial year, budget to be re-directed to Environmental Improvements to fund removal of composite (plastic) fencing panels and replace with close boarded timber panels to the rear of all properties
External Refurbishment	192,000	192,000	21,174	192,000	0	
Environmental Improvements	360,000	360,000	69,209	1,060,000	(700,000)	Budget to be re-directed from Kitchen / Bathroom Refurbishment to fund removal of composite (plastic) fencing panels and replace with close boarded timber panels to the rear of all properties, to utilise operatives released from kitchens programme
Re-roofing / Window Renewals	1,093,000	1,093,000	9,257	1,093,000	0	
Rewiring	54,000	54,000	860	54,000	0	
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	150,000	150,000	(670)	150,000	0	
Housing Renewal & Renovation	1,217,000	1,217,000	106,979	1,217,000	0	
TOTAL EXPENDITURE	5,213,000	5,213,000	383,498	5,213,000	0	

Reserves Statement (Including Unallocated Balances)

<----- ORIGINAL BUDGET ----->

<----- PROJECTED OUTTURN ----->

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2021 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2022 £	31 March 2021 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2022 £
Unallocated Balances	(6,796,000)			2,267,000	(4,529,000)	(7,808,400)			2,898,000	(4,910,400)
Earmarked Reserves:										
Amenity Improvements						(29,000)				(29,000)
Business Rates Retention	(6,562,400)	(886,386)		96,500	(7,352,286)	(8,300,700)	(886,386)		96,500	(9,090,586)
Canal Quarter	(42,900)				(42,900)					
Capital Support	(69,000)		69,000			(73,000)		69,000		(4,000)
Corporate Priorities	(1,929,900)		684,000	867,600	(378,300)	(2,478,200)		684,000	1,446,300	(347,900)
Corporate Property	(338,500)			25,000	(313,500)	(338,500)			25,000	(313,500)
Covid 19 Support	(225,000)			225,000		(1,813,000)			864,100	(948,900)
Economic Growth	(207,600)	(96,500)		166,500	(137,600)	(188,500)	(96,500)		180,500	(104,500)
Elections	(40,000)	(40,000)			(80,000)	(40,000)	(40,000)			(80,000)
Homelessness Support	(133,800)	(6,600)			(140,400)	(110,800)	(6,600)			(117,400)
Invest to Save	(584,100)	(92,200)		624,500	(51,800)	(1,233,500)	(92,200)	1,201,000		(124,700)
Investment Property Maint & Voids						(9,400)				(9,400)
Local Plan										
Morecambe Area Action Plan						(27,300)				(27,300)
Museums Acquisitions	(24,300)	(4,500)			(28,800)	(24,300)	(4,500)			(28,800)
Planning Fee Income	(74,600)				(74,600)	(39,400)				(39,400)
Renewals Reserves	(558,200)	(481,800)	360,000	102,100	(577,900)	(602,200)	(481,800)	360,000	229,800	(494,200)
Restructure	(450,700)			262,500	(188,200)	(451,100)		217,100		(234,000)
Revenue Grants Unapplied	(416,400)			82,800	(333,600)	(8,497,600)		7,965,900		(531,700)
S106 Commuted Sums - Open Spaces	(16,600)			11,800	(4,800)	(16,600)		11,800		(4,800)
S106 Commuted Sums - Affordable Housing	(189,800)				(189,800)	(192,800)				(192,800)
S106 Commuted Sums - Highways, Cycle Paths etc.	(626,500)	(200,000)		5,700	(820,800)	(776,500)	(200,000)	5,700		(970,800)
Welfare Reforms	(324,900)				(324,900)	(324,900)				(324,900)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)	(47,700)				(47,700)
Total Earmarked Reserves	(12,885,100)	(1,807,986)	1,113,000	2,470,000	(11,110,086)	(25,637,200)	(1,807,986)	##### 12,243,700		(14,088,486)
Total Combined Reserves	(19,681,100)	(1,807,986)	1,113,000	4,737,000	(15,639,086)	(33,445,600)	(1,807,986)	##### 15,141,700		(18,998,886)

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet			Date	14 September 2021
Title	High Speed Rail 2 – Lobbying Strategy				
Report of	Director for Economic Growth and Regeneration				
Purpose of Report:					
To endorse the City Council’s 2021-2022 strategy in respect of the High Speed Rail 2 Project.					
Key Decision (Y/N)	N	Date of Notice	16 August 2021	Exempt(Y/N)	(N) - Public Report (Y) - Exempt Appendix

Report Summary

This report sets out the current anticipated impacts of the High Speed Rail 2 Project upon the Lancaster District, and seeks to agree a strategy to press Lancaster’s case for being a stopping station for High Speed Rail 2 trains.

Recommendations of Councillor Gina Dowding

- (i) It is recommended that Cabinet agrees the Strategy appended to this report.
- (ii) That Cabinet agrees that Officers may pursue any legitimate, additional opportunities for lobbying or other similar activities that will enable the Council to advance Lancaster’s case, in accordance with the existing project budget.
- (iii) That in the event that any future additional work (beyond the current budget) is considered necessary, such as further engagement of consultants to assist with advancing Lancaster’s case, a further report shall be brought to Cabinet to determine whether to agree to resource the additional work.

Relationship to Policy Framework

In agreeing to the Lobbying Strategy, the Council will be achieving several of its’ Corporate Priorities identified in the 2020 Update. In particular, it will be taking action to meet the challenges of the climate emergency by helping to continue the transition to an accessible, inclusive and low-carbon transport systems. It will also be supporting Lancaster’s status as a major city on the West Coast Mainline network, which help to secure investment and regeneration across the Lancaster District. The retention of direct London-bound services will help serve the needs of our local residents, organisations and businesses;

The Lancaster District Local Plan includes policies which seek to maximise the opportunities provided by Lancaster’s location on the main strategic rail network and improve transport connectivity.

Conclusion of Impact Assessment(s) where applicable	
<p>Climate The increased use of rail within the district has the potential to positively influence transport modal choices and thus mitigate against the impacts of climate change. Rail journeys provide a low carbon alternative to car transportation.</p>	<p>Wellbeing & Social Value By seeking to protect Lancaster's status as a stopping station for direct London-bound services, the local authority aims to ensure that they are genuine, viable alternatives to private vehicular travel.</p>
<p>Digital N/A</p>	<p>Health & Safety N/A</p>
<p>Equality Viable public transport alternatives to private transport by car for long distance journeys (e.g. to London)</p>	<p>Community Safety N/A</p>
<p>Details of Consultation</p> <p>None.</p> <p>Further future consultation regarding the High Speed Rail 2 Project will be undertaken at a national level, and it is anticipated that the City Council will formally respond.</p>	
<p>Legal Implications</p> <p>None.</p>	
<p>Financial Implications</p> <p>In terms of agreeing the strategy, there are no additional financial implications. All work undertaken to date and the steps identified in the Appendix are anticipated to be met from the existing budget commitment.</p> <p>If further programme work is considered necessary because of changes to the High Speed Rail 2 programme, then Officers will provide Cabinet with a suite of options prior to any additional financial commitment.</p>	
<p>Other Resource or Risk Implications</p> <p>None in terms of enacting the recommendations.</p>	
<p>Section 151 Officer's Comments</p> <p>The s151 Officer has been consulted and has no additional comments to add to this report.</p>	
<p>Monitoring Officer's Comments</p> <p>The Monitoring Officer has been consulted and has no additional comments to add to this report.</p>	

Contact Officer	Mark Cassidy
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Links to Background Papers	
Appendix 1: Draft HS2 Lobbying Strategy (Appendix Exempt)	

1.0 Introduction

- 1.1 The High Speed (HS) 2 project aims to deliver new railway infrastructure to improve rail capacity and reduce rail journey times across the country. The project is phased, and the current phases are:

Phase 1:

A new 140 mile railway line will be constructed from London Euston to north of Birmingham. Phase One is currently due to open between 2029 and 2033.

Phase 2a:

This phase will connect the West Midlands to Crewe, and it is anticipated that high speed services could be operating on this part of the line between 2029 and 2033.

Phase 2b:

This phase is more complex because it involves separate eastern and western legs. The eastern leg connects the West Midlands through to Leeds. The western leg will connect Manchester to the high speed lines at Crewe. Last year the Department for Transport confirmed that it would prioritise development of the western leg, whilst a decision regarding the “best approach” to the eastern leg would be considered in due course.

- 1.2 No new railway lines are delivered through the Lancaster District, because HS2 services will use the existing West Coast Mainline route. HS2 services would initially join the existing rail network (the West Coast Mainline) south of Crewe. HS2 trains will travel as far north as Glasgow and Edinburgh. HS2 services will either stop at, or pass through, Lancaster Station.
- 1.3 Momentum is building around the HS2 project. HS2 Ltd have confirmed that the majority of their early works programme, comprising demolitions and site clearance, is nearing completion. There is considerable tunnelling, piling and other associated works at a number of sites along the new route.

2.0 Background – Predicted Loss of Direct London Services

- 2.1 Last year, HS2 Ltd produced a report titled PFMv9 (PLANET Framework Model) Assumptions Report. The Report aimed to provide a summary of modelling and forecasting assumptions to generate part of the economic business case for the HS2

project. It establishes a set of train services which HS2 expected to operate, and changes to the existing ('classic') rail network services once HS2 opens.

- 2.2 Analysis of this report enables the City Council to consider the impacts of the various changes to rail services relating to Lancaster Station. The impacts include the loss of Lancaster's direct service to London when the first phase of HS2 opens, and the loss of the slower service direct to London which runs via Birmingham New Street when all phases of HS2 are open.
- 2.3 PFMv9 does envisage an hourly Birmingham to Scotland HS2 train service which will call at Lancaster, but this does not provide a direct train to London.
- 2.4 The loss of a London direct train service will result in a marked deterioration in this district's rail connectivity. If implemented, Lancaster to London travellers would change to a HS2 train at Preston. Whilst the overall end-to-end journey time would be quicker than the current journey time, the psychological barrier of a change of train is likely to be off-putting to some travellers. Additionally, the removal of Lancaster from the list of calling rail stations will cause significant damage to perceptions of the prestige of the city, implying a demotion of importance on the strategic transport network.

3.0 Future Service Provision and Timetabling

- 3.1 The fact that PFMv9 indicates a loss of direct London services for Lancaster does not automatically mean that this will be the final outcome. The purpose of PFMv9 is to illustrate a set of train service assumptions, of which benefits and operating costs can then be compiled. It is not a Train Service Specification. This is clarified in paragraph 5.1.5 of PFMv9 which states:

"These assumptions are designed only for the purpose of providing a suitable reference case for the appraisal of HS2. Decisions have not yet been taken about train service requirements, or which stock will operate them...and therefore these service patterns should be considered indicative".

- 3.2 Earlier, in December 2019 the Department for Transport entered into a contract with West Coast Partnership (WCP) to operate InterCity train services on the West Coast Mainline, and also to carry out the role of Shadow Operator. The role of the Shadow Operator is to prepare for and implement the changes to train services. In other words, they will be responsible for devising the future Train Service Specification. Progress regarding this is anticipated during 2022 and will be subject to stakeholder and public consultation. WCP have confirmed that due to the impact of Covid, the precise timing of this is still to be confirmed.
- 3.3 Timetabling is not fixed irrevocably, and it is likely that timetables will continue to be reviewed based upon changes in demand, wider rail funding issues, commercial aspirations, rail user priorities and government policy.

4.0 Progress Since PFMv9

- 4.1 Both Lancashire County Council, in its' role as strategic transport authority, and the Lancashire Enterprise Partnership are supportive of the need for HS2 services to serve its' two largest mainline West Coast stations, Preston and Lancaster. Notwithstanding

this welcome support, the City Council resolved to develop and formally adopt its' Rail Strategy for Lancaster District' (Cabinet, 9 June 2020).

- 4.2 Since the adoption of the Rail Strategy, the City Council has been working with its' rail consultants, SLC Rail, and has met with various key parties including the Shadow Operator. There is still clearly an opportunity for the Lancaster District to press its' case for a continued direct London service.
- 4.3 The City Council also participated in the WCP Stakeholder Conference in Spring 2021 and advocated the case for Lancaster's inclusion as a stopping station for London-bound HS2 services. The Conference subsequently noted that there would be a "clean sheet" approach to planning future HS2 services, which provides further encouragement for the Council's continued lobbying efforts.

5.0 Next Steps

- 5.1 Following the work undertaken this year, the City Council now needs to move to the next stage of advancing the case for Lancaster, in order for the city (and the wider district) to retain its' status as a location that is served by direct London services.
- 5.2 Appended to this report is a draft strategy which identifies the activities that the City Council should aim to undertake as part of arguing the case for Lancaster's retention as a stopping station.
- 5.3 If approved, it is recommended that the strategy is implemented immediately.

6.0 Options and Options Analysis (including risk assessment)

Option 1: Agree the strategy appended to the report
<p>Advantages:</p> <p>The strategy is considered the most effective way in which to state the case for a Lancaster call for London-bound HS2 services.</p>
<p>Disadvantages:</p> <p>None – highlighting Lancaster's case is considered an appropriate and responsible course of action.</p>
<p>Risks:</p> <p>There are no identifiable risks in terms of arguing Lancaster's position.</p>
Option 2: Not agree the strategy appended to the report
<p>Advantages:</p>

None that are apparent – it is possible that the future Train Service Specification may deliver Lancaster stopping services without direct input from the City Council, but this is a risk.

Disadvantages:

Without a cohesive strategy, there is a risk that Lancaster's case for direct London services is ineffective or is not heard at all.

Risks:

Not agreeing the strategy would potentially allow a draft Train Service Specification to be published without City Council input.

7.0. Officer Preferred Option (and comments)

7.1 The officer preferred option is Option 1.

7.2 There are compelling economic, environmental and social reasons why Lancaster should continue to be served by direct London trains. By agreeing and implementing the strategy, the City Council is continuing to be proactive in terms of influencing the debate regarding future HS2 service provision.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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