



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 25 January 2023 -
6.00 p.m.
Morecambe Town Hall**

Lancaster City Council welcomes members of the public to attend meetings. However, space in the public gallery is limited and we encourage you to watch the meeting via the livestream if you have access to MS Teams. A link to the livestream is [HERE](#).

Mark Davies,
Chief Executive,
Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 25 January 2023 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 14 December 2022 (previously circulated).

3. **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.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of questions to a Member of Cabinet or Committee Chairman.

7. **PETITIONS AND ADDRESSES**

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. **LEADER'S REPORT** (Pages 5 - 7)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

9. **BUDGET AND POLICY FRAMEWORK UPDATE 2023/24 - 2027/28** (Pages 8 - 26)

Report of Cabinet.

Published 20 January 2023

MOTIONS ON NOTICE

10. **MOTION ON NOTICE - RULES REGARDING MOTIONS ON NOTICE** (Pages 27 - 28)

To consider a motion on notice submitted by Councillors Austen-Baker, Joan Jackson and Malcolm Thomas

OTHER BUSINESS

11. **INDEPENDENT REMUNERATION PANEL** (Pages 29 - 44)

Report of the Independent Remuneration Panel.

Published 20 January 2023.

12. **APPOINTMENT OF MAYOR-ELECT**

To appoint a Mayor-Elect to be put forward for election by the City Council in May 2023, for the municipal year 2023/24

13. **APPOINTMENTS AND CHANGES TO COMMITTEE MEMBERSHIP**

Group Administrators to report any changes to Committee Membership.

14. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12**

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days' notice, in writing, of the question to the Chief Executive.

15. **MINUTES OF CABINET** (Pages 45 - 58)

To receive the Minutes of Meeting of Cabinet held 25 October 2022.

A handwritten signature in black ink, appearing to read 'Mark', with a long horizontal flourish extending to the right.

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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on 17 January 2023.



Leader's Report

25 January 2023

Report of the Leader of the Council

PURPOSE OF REPORT

To present the Leader's report to Council.

This report is public.

RECOMMENDATIONS

To receive the report of the Leader of Council.

REPORT

1.0 Cabinet

1.1 Information on Cabinet matters is provided in the minutes from the Cabinet meeting held 6 December, later in this agenda.

2.0 Decisions required to be taken urgently

2.1 No urgent Cabinet decisions had been taken in this period.

3.0 Leader's Comments

3.1 Despite being a short month December was extremely busy this year for cabinet and for officers. The chief focus of work was establishing the figures for the first draft of the budget following the government financial statement given the week before Christmas. This work has continued into the first two weeks of January and the first draft will have been available to everyone as part of the cabinet papers last week.

General matters

3.2 **UKSPF including Rural UKSPF:** Our UKSPF submission was approved by government just before Christmas as were the outcome priorities for Rural

UKSPF. Initial allocations for 22/23 UKSPF are to be announced shortly. The Rural UKSPF has expressed a clear wish to continue as a partnership with a broader remit.

- 3.3 The **OBR Partnership** group, consisting largely of the anchor institutions, has met again in order to confirm and explore shared priorities and projects.
- 3.4 **OBR/Budget:** Cabinet and officer working groups completed the programme of meetings on 23/24 budget including savings to be found or possible receipts from: our services, assets portfolio and the capital programme. The first round of key findings has been reported back, setting up the main options for savings to the 23/24 budget. Well-attended briefings were given by portfolio holder to Budget champions and to all Members. A further online meeting was held for residents including Mentimeter input as well as the results of a Keep Connected survey which gathered 300 responses. The work continues to evolve. A chart of the ongoing work from February 2023 to early 2024 is being drawn up.
- 3.5 **Plan 2050** has made no further official progress since the Launch in London. However further meetings are being held to progress the eight main areas of the plan. As political lead on the Environment group I now attend the countywide Environment and Decarbonisation Strategy Group.
- 3.5 An **SLGC** briefing was planned for early in January to bring members up to speed with the current situation and expected developments. Unfortunately, some details are still being worked through with Lancashire County council – this will hopefully have been resolved by the time this report is published.
- 3.6 **Covid vaccination centres** at the Lancaster Town Hall and the mobile bus at Asda **and** elsewhere have now ceased operation. I visited the last bus session and expressed our thanks to all those NHS staff involved in providing all the walk-up services that vaccinated thousands of local residents over the last ten months.

New matters

- 3.7 **Housing and Regeneration** - Officers and members of cabinet met with Karl Tuplin, director of Homes England, to view and discuss future developments on a number of sites including Frontierland and Canal Quarter. This was very useful and led to pointers on further funding opportunities
- 3.8 **Contingencies concerns** over the ambulance strike in the Christmas period led to a meeting of officers and members with RLI to explore the possible consequences.
- 3.9 **The new Chief Inspector** of local police is now Dave Bannon: we will invite him to discuss the community security concerns for the district as we did with Inspector Britton.
- 3.10 **Community Safety Partnerships** have been given the Serious Violence duty. Writing and reviewing our local strategy will be a considerable piece of work to be completed by December 2023. There is also a welcome new focus by the police

on countering anti-social behaviour, also a priority of the CSP which will review its current provision and way of working on this matter.

3.11 **Eden** - despite a great deal of anticipation the awaited news on Levelling Up, round 2 funding did not occur. All partners continue to wait and hope.

4.0 Decisions

The following decisions were scheduled to be considered by Cabinet on 17 January 2023:

Fair Work Charter
Corporate Fees & Charges Review 2023/24
Budget & Policy Framework Update
Mainway Regeneration Next Steps
Lancaster Canal Quarter: Progression of Early Phase Regeneration Proposals

The following Officer Delegated Key Decision has been taken since the last Leaders report.

ODD2	Gateway Insurance Fire Reinstatement Works	Published on 20/12/22
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The following Individual Cabinet Member Decisions were taken since the last Leader's report:

ICMD10	Appointment of Strategic Management and Construction Delivery Partner	Published on 14/12/22 Taken by Cllr Matthews
ICMD11	Independent Living Scheme Equipment Upgrade	Published on 8/12/22 Taken by Cllr Matthews
ICMD12	Fire and Building Safety Improvement Works	Published on 9/12/22 Taken by Cllr Matthews
ICMD13	Grant Acceptance	Published on 5/1/23 Taken by Cllr Matthews Call-in Waived.

Background Papers

Cabinet agenda of the meeting held on 17 January 2023.

COUNCIL**Budget & Policy Framework Update****2023/24 – 2027/28****25 January 2023****Report of Cabinet****PURPOSE OF REPORT**

To update Council and gain its feedback on the latest position regarding the development of the budget and policy framework for 2023/24 to 2027/28 and in that context, to seek approval to the level of Council Tax increase for 2023/24

This report is public however the Appendix B1 is exempt by virtue of paragraphs 2, 3 & 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

RECOMMENDATION OF CABINET

- 1. That Council approves a City Council Tax increase of 2.99% to the Band D Council Tax (from £241.95 to £249.18), together with a year on year target of the maximum allowable under the Government's local referendum thresholds for future years.**
- 2. That Council considers the proposed revenue budget for 2023/24 as set out in this report.**

1.0 INTRODUCTION

- 1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.
- 1.2 This report seeks a final decision on Council Tax increases and feedback on Cabinet's proposed balanced revenue budget for 2023/24.
- 1.3 At its meeting on 14 December 2022 Council considered updated estimates in respect of the Government's Autumn Statement together with consideration of assumptions in respect of various sources of income and expenditure and the corresponding impact this would have on the 2023/24 revenue budget gap and beyond. Members will, therefore, be aware of the financial challenges faced by the Council.
- 1.4 Since that report the Government has released the Provisional Local Government Finance Settlement and a number of proposals from the Councils various Outcomes Based Resourcing (OBR) task groups have been considered by Cabinet and Senior Leadership Team.

1.4 This report sets out:

- An update to the estimates of Council funding including Revenue Support Grant, Retained Business Rates & New Homes Bonus following on from the release of the provisional local government finance settlement and the corresponding impact on the budget gap. **(Section 2)**
- Consideration of options for setting the Council's element of the Council Tax for 2023/24. **(Section 3)**
- A summary of the Business Rates Revaluation (section 4) and the uncertainties that this creates in forecasting. **(Section 4)**
- A summary of the proposals for achieving a balanced revenue budget for 2023/24. **(Section 5)**
- An update on the work undertaken in respect of the capital programme for the remainder of 2022/23 to 2027/28, and a longer-term Capital Strategy. **(Section 6)**
- An update on the development of a Medium-Term Financial Strategy which will secure the long term financial resilience of the authority and identify resources to meet the Council's priority outcomes for the next five years. **(Section 7)**

2.0 LOCAL GOVERNMENT FUNDING UPDATE

2.1 The Secretary of State for the Department of Levelling Up, Housing and Communities outlined his intention of providing Local Government with at least a 2-year timeframe as part of the of the funding settlement for 2023/24.

2.2 Details of the provisional Local Government Finance Settlement for 2023/24 were announced on 19th December 2022. The Provisional Settlement is subject to consultation, with the Final Settlement announced towards the end of January/early February. Values may, therefore, be subject to change. Any changes will be reflected in the final budget and policy framework reports presented to Cabinet, and ultimately Council 22nd February.

2.3 A summary of the provisional settlement for Lancaster City Council is provided in table one below.

Table One – Provisional Settlement allocations for Lancaster City Council

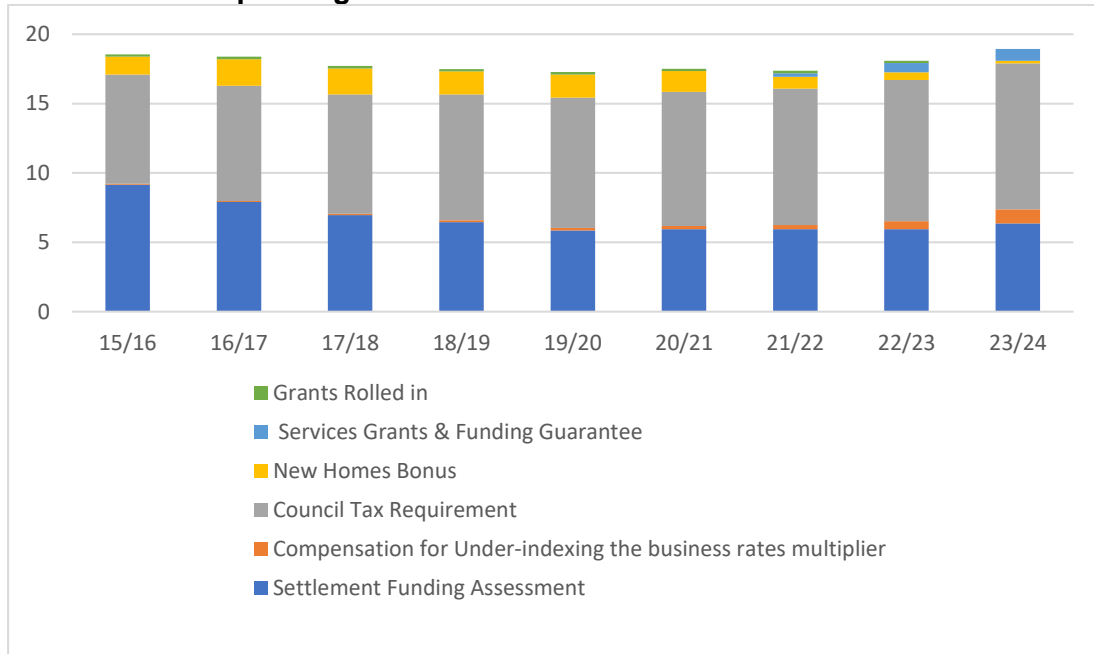
	Provisional Settlement £000	LCC Forecast £000	Difference £000
Settlement Funding Assessment			
Revenue Support Grant	232	0	232
Retained Business Rates	9,407	9,567	(160)
New Homes Bonus	188	180	8
Funding Guarantee	615	0	615
Lower Tier Services Grant	0	257	(257)
Services Grant	223	396	(173)
Total Government Funding	10,665	10,400	265

2.4 As table one shows, the provisional settlement allocates £0.265M more resources than anticipated and this slightly reduces the gap for the 2023/24 revenue budget. However, a number of additional pressures have been identified, many mirroring the wider economic environment. These pressures are reflected in the current budgeted position. These are discussed further in section 5.

Core Spending Power

2.5 Core Spending Power (CSP) is a measure used by the Government to set out the resources available to a Council to fund service delivery. It combines certain grants payable to Council together with estimates of Business Rates and Council Tax, these estimates are based on Government assumptions. CSP is used by the Government to make comparisons of the resources available to different Councils. As such, it is not necessarily the actual funding a Council will receive to fund service delivery.

Table 2 – Core Spending Power



2.6 On the basis of the provisional Settlement, the Council's CSP for 2023/24 will increase from £18.08M to £18.93M or 4.7% when compared to CSP in 2022/23 and includes an assumption by Government that Councils will increase their Council Tax by the maximum allowable. This is in comparison to the average CSP for all Councils in England of 9.2%

3.0 COUNCIL TAX

3.1 As part of the provisional finance settlement, the Government published its referendum criteria for Council Tax. District councils will be permitted to raise their Council Tax by a maximum of 3% or £5, whichever is higher, without reference to a referendum. Table two below considers the following options for Council Tax:

- Option 1: An annual increase of 2.99%
- Option 2: £5 increase in Council Tax
- Option 3: No increase in Council Tax

For Lancaster City Council, option 1 is the highest of the options

Table Three – Impact of Council Tax Options: 2023/24 to 2027/28

Year	Taxbase (% Annual Increase)	Estimated Annual Movement %	Option 1		Option 2		Option 3		Additional Income from 2.99% increase & 1% Annual Growth	Additional Income from £5 increase & 1% Annual Growth	Income from Increase in Tax Base Only
			Annual increase of 2.99% in Council Tax		Annual increase of £5 in Council Tax		No annual increase in Council Tax				
			Band D	Income	Band D	Income	Band D	Income			
2022/23	42,060		241.95	10,176,417	241.95	10,176,417	241.95	10,176,417			
2023/24	42,579	1.00%	249.18	10,610,019	246.95	10,514,884	241.95	10,301,989	308,029	212,895	125,572
2024/25	43,005	1.00%	256.63	11,036,531	251.95	10,835,057	241.95	10,405,009	631,522	430,048	228,592
2025/26	43,435	1.00%	264.31	11,480,188	256.95	11,160,582	241.95	10,509,059	971,129	651,523	332,642
2026/27	43,869	1.00%	272.21	11,941,680	261.95	11,491,533	241.95	10,614,150	1,327,531	877,384	437,733
2027/28	44,308	1.00%	280.35	12,421,724	266.95	11,827,988	241.95	10,720,291	1,701,433	1,107,697	543,874
									4,939,644	3,279,546	1,668,413

3.2 The budget proposals have assumed the maximum allowable increase in Council Tax and a growth in tax base of 1%. In 2023/24 this will raise an additional £0.308M. If there was no increase in Council Tax, income would increase by £0.126M due to forecast increases in the tax base. The table above shows the difference, in terms of income, between the maximum allowable tax increase (2.99% or £5 whichever is the greater), and no increase. Over five years, this amounts to £4.940M in income if option one is adopted compared to £1.668M if no increase was agreed a difference of £3.271M

3.3 **The recommendation arising from this report is that the Council on 25 January 2023 agree a 2.99% increase (option one) to the level of the 2023/24 Band D Council Tax for the Lancaster City Council element.** It is also recommended that option one is selected for the purposes of completing estimates in the Medium-Term Financial Strategy.

4.0 BUSINESS RATES

- 4.1 All rateable values in England and Wales have been revalued by the Valuation Office Agency (VOA) as part of the 2023 Revaluation. This revaluation has been based on open market rental levels as at 1st April 2021 and will be the basis of the business rates liability for each eligible business property in the District from 1st April 2023.
- 4.2 The VOA published the draft rating list in November 2022. As shown in Table 4 below, the draft rating list for Lancaster City Council provides gross rateable value (RV) for 2023 of £169.117M. Table 4 also provides the equivalent RV figures from the 2017 rating list.

Table 4 Lancaster City Council Classifications

Category	2017	2023	Movement	
	Rateable Value	Rateable Value	£	%
Commercial	64,204,715	63,509,776	(694,939)	(1.08%)
Industrial	9,952,150	12,253,525	2,301,375	23.12%
Leisure	3,437,325	4,041,320	603,995	17.57%
Miscellaneous	6,392,137	6,894,217	502,080	7.85%
Educational	11,173,475	13,021,150	1,847,675	16.54%
Non Formula Assessed Utilities	1,515,813	2,428,436	912,623	60.21%
Formula Assessed Utilities	63,655,600	66,775,940	3,120,340	4.90%
Treasury (Crown)	148,725	192,375	43,650	29.35%
Total	160,479,940	169,116,739	8,636,799	5.38%

- 4.3 Members should note that the gross RV for the Council has increased by £8.637M, an increase of 5.38%. This increase compares less than favourably with, both the national picture for England which, overall, has seen an increase in RV of 7.3%, and the North West where the rateable value on average has increased by 7.4% as shown in table 5 below

Table 5 National & District Comparisons

	Retail	Industry	Office	Other	All Sectors
ENGLAND	(10.0)	27.8	10.3	4.4	7.3
North East	(13.9)	19.1	8.6	1.9	2.2
North West	(9.9)	23.2	17.2	5.4	7.4
Yorks/ Humber	(14.6)	19.4	7.9	6.1	4.7
East Midlands	(10.6)	23.2	5.5	6.2	8.6
West Midlands	(11.9)	26.7	15.3	4.5	9
East Midlands	(10.2)	35.1	26.3	9.9	14.4
London	(8.9)	33.1	6.1	(1.1)	3.3
South East	(10.1)	33.5	20.0	6.6	10.9
South West	(4.7)	27.0	14.0	5.9	9.5

- 4.4 At this stage, it is extremely difficult to accurately predict the impact of the revaluation on the Council's share of income from business rates. Ordinarily an increase in rateable values would provide an increase in the Council's share of business rates income. However, this does not take account of factors such as:-

- any reliefs or exemptions which may be applicable;
- the impact of appeals against the new rateable values, and the adequacy of provisions held in the Business Rates Retention Reserve to meet any appeals;
- the impact of any transitional arrangements the Government will introduce to phase in the effect of changes in rateable values

- 4.5 In addition to the points above, the Council's Revenues and Benefits team are working with the Business Rate software supplier, Academy, to input the relevant system parameters for 2023/24. These will also need to be tested ahead of producing the reports required to support further forecasting and the submission of the mandatory government NNDR 1 return before the end of January 2023. This delay has significantly impacted our ability to undertake forecasting for 2023/24 and beyond. Once the relevant information is available it will be included within the final budget considered by Cabinet at its February meeting.

5.0 BUDGET PROPOSALS

- 5.1 The 6 December 2022 Cabinet report set out the significant challenges facing the Council in balancing its revenue budget for 2023/24 and beyond. Since that report, the OBR Project Groups have been working with Members and Officers to identify savings, efficiency, and income generation proposals. These proposals together with in-year changes and ongoing changes to accounting, forecasting and grant activity have also led to a change in the budgetary position from that previously reported. Proposals for closing the budget gap are shown in table 6 below and are provided in summary detail in **Appendix A** for the period to 2027/28

Table 6 Cabinet's Draft Revenue Budget Proposals – 2023/24

	2023/24
	£000
Revenue Budget Forecast as 23 February 2022	21,943
Base Budget Changes	
Operational Base Budget Changes	2,443
	24,386
Outcomes Based Resourcing Proposals	
Costs of Asset Repurposing	277
Changes to Assumptions (Pay)	542
Additional Income Generation Proposals	(420)
Savings Proposals	(2,439)
Minor Adjustments	62
Impact of Review of the Capital Programme (MRP & Interest)	(1,491)
	20,917
Impact of Provisional Local Government Finance Settlement	(20)
Contribution to/ (from) Unallocated Reserves	(474)
General Fund Revenue Budget	20,423
Core Funding	
Revenue Support Grant	(406)
Net Business Rates Income (Note 1)	(9,407)
Council Tax Requirement	10,610
Estimated Council Tax Income	
(Increase Based on 2.99% for 2023/24 then maximum allowable	(10,610)
Resulting Base Budget (Surplus)/ Deficit	0

- 5.2 The proposals set out in the table 6 above produce a balanced revenue budget for 2023/24, which forms part of the recommendations of this report. Subject to Cabinet agreement, this proposal will then go forward to the Budget and Performance Panel on 01 February 2023 and to Council on 25 January 2023.
- 5.3 Table 7 below reconciles the position reported to Council 14 December 2022 to the current balanced position.

Table 7 Reconciliation Council 14 December 2022 to Current Position

	2023/24
	£000
Resulting Base Budget (Surplus)/ Deficit as at 14th December 2022 (Council)	4,209
Impact of Provisional Local Government Finance Settlement	(425)
Changes to Business Rates Income Forecasts	160 (265)
Savings from Review of Minimum Revenue Provision	(1,500)
Revenue Impact of Capital Programme	9 (1,491)
Savings Proposals	(2,439)
Additional Income Proposals	(420)
Costs of Asset Repurposing	277
Changes to Assumptions	604
Contribution from Reserves	(474)
Resulting Base Budget (Surplus)/ Deficit as at 25th January 2023 (Council)	0

Budget Principles and Assumptions

- 5.4 Within the revenue budget there are several principles and key assumptions underpinning the proposed revenue strategy. These are:
- i. Annually, a balanced revenue budget will be set with expenditure limited to the amount of available resources;
 - ii. No long-term use of balances to meet recurring baseline expenditure.
 - iii. Resources will be targeted to deliver Corporate outcomes and value for money. Any additional investment and spending decisions will be made to reflect Council priorities and strategic commitments.
- 5.5 Table 8 below, lists the major assumptions that have been made for the 2023/23 budget.

Table 8 Major Assumptions within Draft Revenue Budget 2023/24

	2023/24
Council Tax Base Growth	1.00%
Council Tax Increase	2.99%
Council Tax Collection Rate (Band D Equivalent)	98.67%
Business Rates Multiplier	Frozen
Fees & Charges	Various
Inflation – Pay	4.00%
Employer Pensions Contribution	16.30%
Inflation – General (Minor Cost Centres)	2.40%
Inflation – Insurance	10.00%
Inflation Utilities	Gas: 3.0% (current price) Electric: 5.0% (anticipated price)
Interest Rate – investments	3.50%
Interest Rate – new borrowing	4.00%

Base Budget and Operational Changes

- 5.6 Operational and Base Budget changes for 2023/24 currently amount to an increase in expenditure of £1.393M (Base Budget £2.443M Other (£1.050M)). A summary of operational changes is given in the table 9 below:

Table 9 Base Budget & Operational Changes

Base Budget Changes	£M
Employees	0.868
Premises Related	2.895
Transport Related	0.294
Supplies and Services	0.907
Support Services	(0.084)
Capital Financing Costs	0.480
Appropriations	0.139
Income	(1.671)
Reserve Adjustments	(1.385)
Sub Total	2.443
Operational Changes	
Costs of Asset Repurposing	0.277
Change in Pay Assumption	0.542
Revenue Impact of Capital Programme Review	0.009
Minimum Revenue Provision Adjustment	(1.500)
Fees & Charges	(0.420)
Other Minor Changes	(0.042)
Sub Total	(1.050)
Total	1.393

Base Budget ChangesEmployees Assumptions £0.868M

- 5.7 As part of the 2022/23 budget setting process, in line with the majority of Councils, an inflationary uplift of 2% was included to salaries across all service areas for all projected years. During the current financial year a pay award of an increase of £1,925 on all NJC pay points was accepted. When consolidated the composite rate was considerably higher than 2% budgeted. The impact on 2023/24 was initially estimated as an additional £0.868M when considered against the 2% originally included.

Premises Related £2.895M

- 5.8 This base budget increase largely represents inflation surrounding energy costs. As has been well documented, the cost of living crisis has massively impacted on the cost of energy. The estimates have been prepared on information available during quarter 3 of 2022/23 and will be closely monitored during the 2023/24 financial year.

Transport Related £0.294M

- 5.9 This base budget increase largely represents the inflation surrounding fuel costs. Again, the cost of living crisis has massively impacted on the cost of fuel. The estimates have been prepared on information available during quarter 3 of 2022/23 and will be closely monitored during the 2023/24 financial year.

Supplies and Services £0.907M

- 5.10 The council support a number of housing schemes (resettlement programmes, Changing Futures etc.) where funding for 2023/24 was confirmed during 2022/23. Related expenditure has now been included in the draft revenue budget. These are mainly government funded

initiatives and a corresponding adjustment is included within the income section.

Support Services (£0.084M)

- 5.11 The original budgets within general fund housing accounts included a recharge to other accounts within service. This is no longer required as the costs are now being directly coded to the originating cost centre. There is a corresponding adjustment within the income section.

Capital Financing Costs £0.480M

- 5.12 This represents the interest cost of new loans required during 2023/24 to support the capital programme.

Appropriations £0.139M

- 5.13 This represents a net increase in amounts being utilised principally from the revenue grants unapplied reserve which is the repository for grants received without conditions in previous years such as Community Housing and Brownfield/Self Build.

Income (£1.671M)

- 5.14 As detailed above, a significant proportion of this base budget change relates to the government funding on an array of initiatives where a corresponding amount of expenditure has been included within the supplies and services section.

- 5.15 As part of the 2022/23 budget setting process, a savings item of c.£0.5M was included to reflect the impact of a car parking tariff review. Due to subsequent tariff changes and other factors, this additional income has not been realised. The 2023/24 projection has, therefore, been reduced by that amount as a realistic measure of what income level the council can expect to achieve. New investment property income of c.£0.250M was also included in the original budget. Changes to borrowing requirements have, however prevented the acquisition of properties purely for commercial gain and the income target has subsequently been removed.

Reserve Adjustments £1.385M

- 5.16 This amount includes £1.1m for roof and cladding works at Gateway, White Lund together with £0.180M and £0.105M for Burrow Beck solar farm feasibility and urgent property maintenance works respectively.

Operational Changes

Costs of Asset Repurposing £0.277M

- 5.17 As part of their review of the Council's estate, the Asset Group highlighted a number of properties requiring essential maintenance as well as several potential properties for disposal. These costs reflect both the level of required maintenance and loss of income associated with disposal.

5.18 Change in Pay Assumptions £0.542M

As noted above, the initial pay planning assumption was for an increase of 2%. Following discussions with Members, and consideration of information received from other North West Council's, it was felt that 2% was insufficient. The budget was, therefore increased to a rate of 4%. This equated to a further £0.542M for 2023/24 and has also created a further burden on future years.

Revenue Impact of Capital Programme Review £0.009M

- 5.19 Cabinet and Senior Leadership Team have reviewed in detail the Council's existing capital programme and have added, deleted and reprofiled a number of capital schemes in line with its Capital Investment Strategy. This has resulted in a small net cost in 2023/24 for Minimum Revenue Provision (MRP) and interest charges.

Minimum Revenue Provision Adjustment (£1.500M)

- 5.20 As part of the OBR process officers commissioned an external review of the Council's MRP policy and historic provision. The review highlighted a number of historic adjustments, which given the length of time could generate a significant retrospective windfall to the Council. Members need to note that to realise this value, a significant amount of work will be required from officers. It is anticipated that this work will commence in the second quarter of the 2023/24 financial year

Fees & Charges (£0.420M)

- 5.19 As reported elsewhere on this agenda, fees and charges are subject to annual inflationary rises. Since the previously reported budgetary position, a change has been made to the percentage increase in fees which has a positive impact on the net position of the general fund.

Other Minor Changes £0.042M

- 5.20 This largely relates to the financial impact of Museums staff completing the job evaluation process and the net impact of the Local Government Finance Settlement.

Savings Proposals £2.439M

- 5.21 As noted previously, the OBR groups have identified a number of budget savings. Given the sensitivities around some of the proposals, those have been presented at summary Directorate level at **Appendix B**. Following discussion with Cabinet further information has been provided at exempt **Appendix B1** to enable effective discussion and consultation
- 5.22 Failure to deliver these savings, efficiency and income proposals would represent a significant risk to the Council as any shortfall would result in further financial pressures in 2024/25 and beyond.

6.0 CAPITAL PROGRAMME

- 6.1 Cabinet and Senior Leadership Team are currently finalising the proposed Capital Programme for 2023/24 and beyond in accordance with its Capital Strategy (Investing in the Future).
- 6.2 Details of the current proposed Capital Programme are provided at **Appendix C**. The final Capital Programme for 2023/24 to 2027/28 and supporting Capital Strategy to cover this period and beyond will be considered by Cabinet at its February meeting ahead of the Budget Council on 22 February 2023.
- 6.3 It is expected that a number of significant capital proposals will be put forward in line with the Capital Investment Strategy during the forthcoming year covering major upcoming corporate priority projects. These ambitious schemes, which cover economic development, regeneration, housing development and meeting the climate emergency, will contribute to achieving the Council's ambitions and deliver its stated outcomes.

7.0 MEDIUM TERM FINANCIAL STRATEGY

- 7.1 An update to the Council's Medium Term Financial Strategy (MTFS) was presented to Council on 14 December 2022. The MTFS presented to that meeting was a baselined position, in that it did not include any of the interventions now considered within this report.
- 7.2 Members will appreciate that there are a significant number of factors to be considered as part of the medium-term financial planning exercise. The revision of the MTFS is progressing well and will be considered at Budget Setting Council on 22 February 2023. The revision of the MTFS will be key in providing sound financial planning processes to underpin the Council's ambitions following the May 2023 election. Key considerations of the MTFS include

taking account of the impact of decisions made to balance the 2023/24 budget alongside forecasts for future funding.

- 7.3 Table 10 below provides the most recent forecasts with providing more detail across the 5 year period

Table 10 Net Revenue Budget & Budget Gaps 2023/24 – 2027/28

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Net Revenue Budget (Estimate 17/01/23)	20,423	24,137	25,989	28,082	28,437
Budget Gap (Incremental)	0	3,410	5,562	7,014	6,706
% of Net Revenue Budget (Incremental)	0%	14%	21%	25%	24%
Budget Gap (Cumulative)	0	3,410	8,972	15,987	22,692
% of Net Revenue Budget (Cumulative)	0%	14%	35%	57%	80%

- 7.4 The forecast budget gaps are structural in nature, meaning that the Council's forecast spending exceeds the income it expects to receive. Despite the £2.439M savings proposals identified so far as part of the current budget process, a further £3.410M savings, efficiencies or income generation will be required in order to balance the 2024/25 budget. Overall, the current estimated shortfall is £7.014M. This represents a significant challenge over the short and medium term.

- 7.5 Officers are currently working with Cabinet and will seek early engagement following the election to agree a series of actions to address this issue as a matter of urgency. The proposed actions currently include

- Seeking a mandate from Cabinet for Officers to continue to develop proposals in the run up to the election
- Exploration of alternative service delivery models including closer working and collaboration with other Councils, Public Sector Bodies and Partner Institutions
- Application of alternative funding to deliver key Council outcomes
- Detailed review and sensitivity analysis on all key and significant income streams
- Further rationalisation work on the Council's asset base
- Expansion of the investment to reduce cost principle
- The potential use of capital receipts to finance existing projects
- Capitalisation of transformation costs where appropriate
- Development of a series of efficiency targets for Chief Officers to deliver

- 7.6 These proposals will form part of a wider consolidated strategy to be presented to Cabinet and Council in the new financial year

- 7.7 Many of the financial pressures identified within the Councils General Fund are also present within the Housing Revenue Account (HRA). A full update on the HRA budget and financial outlook will be considered alongside the General Fund revenue budget including options to ensure that the service's 30-year business plan is viable and that its ongoing budget is balanced, whilst delivering value for money to tenants.

8.0 DETAILS OF CONSULTATION

- 8.1 Given the size of the challenges faced by the Council and the need for fundamental change in service delivery for both 2023/24 and beyond, enhanced consultation with relevant internal and external stakeholders on the budget has been undertaken as part of the development of this budget with a number of briefings taking place. Further engagement will be undertaken

prior to Budget Council in February. More specific consultation will continue as work continues to address the issues identified in the next few years.

9.0 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

9.1 Options are very much dependent on Council’s views regarding spending priorities balanced against Council Tax levels.

- In respect of Council Tax, the main options are set out at section 3 of the report.
- In respect of the proposed 2023/24 revenue budget (set out in section 5 of the report and Appendix A), the recommendation reflects the culmination of work completed to date, and so no alternative options are put forward.
- In respect of the Capital Programme (section 6 of this report) and MTFS (section 7 of this report), Council is requested to give feedback and no final decisions are sought at this stage.

9.2 However, it is essential that the Council Tax rate is set in line with the Council Tax billing timetable. Any delay would put the Council at risk of not being able to collect the tax which would have serious cash flow implications.

9.3 In terms of the actual budget position, Cabinet’s recommendations produce a balanced revenue budget for 2023/24. The Cabinet proposals will be considered by Budget and Performance Panel on 01 February 2023 and any feedback from this event considered prior to the agreement of a final budget proposal for Budget Council on 22 February 2023.

9.4 Depending on the nature of any alternative proposals put forward by Council, Officers may need additional time to assess them fully prior to detailed consideration by Members. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision-making.

10.0 CONCLUSION

10.1 The current budget proposal produces a balanced budget through utilisation of the Councils reserves. Cabinet and Officers will continue to work ahead of Cabinet’s 07 February 2023 meeting to identify further opportunities for savings, efficiencies, and income generation in order to further reduce the use of reserves.

10.2 Whilst the longer term financial forecasts contain numerous estimates and assumptions, which will change over time, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council now faces. Although this position is not unique to this Council, and is reflected nationally across many public sector bodies, the gaps identified for 2024/25 and beyond are of such a level that both Members and Officers need to be under no illusion of the size of the challenge ahead. Significant transformational change in the way that the Council delivers both its statutory and non-statutory services across the district will be required.

RELATIONSHIP TO POLICY FRAMEWORK

The budget framework in general sets out a financial plan for achieving the Council’s corporate priorities and outcomes which incorporate the above cross cutting themes. Equalities impact assessments are undertaken for the relevant activities which are reflected in the budget.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

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

FINANCIAL IMPLICATIONS

As set out in the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.

Whilst the longer term financial forecasts contain numerous estimates and assumptions, which will change over time, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council now faces. Although this position is not unique to this Council, and is reflected nationally across many public sector bodies, the gaps identified for 2024/25 and beyond are of such a level that both Members and Officers need to be under no illusion of the size of the challenge ahead. Significant transformational change in the way that the Council delivers both its statutory and non-statutory services across the district will be required.

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and would remind members and officers that Appendix B1 is an exempt item not for publication.

BACKGROUND PAPERS

Council

[Agenda for Council on Wednesday, 27th February 2019, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 26th February 2020, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 24th February 2021, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 23rd February 2022, 6.00 p.m.](#)

Cabinet

[Agenda for Cabinet on Tuesday, 6th December 2022, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Cabinet on Tuesday, 17th January 2023, 6.00 p.m. - Lancaster City Council](#)

Contact Officer: Paul Thompson

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref: N/A

General Fund Revenue Budget Projections 2022/23 to 2027/28

For Consideration by Council 26 January 2023

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Budget/Forecast as at 23 February 2022	21,254	21,943	23,479	24,766	0	0
Base Budget Changes						
		Base Budget Adjustments				
Employees	+1,597	868	818	689	28,034	28,742
Premises Related Exp	+1,987	2,895	3,002	3,128	8,263	8,491
Transport Related Exp	+650	294	300	302	1,676	1,704
Supplies and Services	+2,021	907	558	394	11,639	12,035
Support Services	(36)	(84)	(33)	(20)	71	71
Capital Financing Costs	(291)	480	579	672	311	311
Appropriations	(1,091)	139	(250)	(483)	6,096	5,747
Income	(2,566)	(1,671)	(1,176)	(675)	(25,801)	(26,111)
Reserve Adjustments	0	(1,385)	(101)	(47)		
Latest Budgetary Position	23,525	24,386	27,176	28,726	30,289	30,990
Outcomes Based Resourcing Proposals						
Asset Repurposing		277	295	450	1,075	790
Changes to Pay Assumption		542	809	812	819	823
Additional Income Generation Proposals		(420)	(434)	(444)	(452)	(464)
Savings Proposals		(2,439)	(3,349)	(3,463)	(3,560)	(3,652)
Income Generation Proposals			(675)	(675)	(675)	(675)
Revenue Impact of Capital Programme Review (MRP & Interest)		(1,491)	269	537	537	570
Minor Adjustments		62	66	66	69	75
Budgetary Position	23,525	20,917	24,157	26,009	28,102	28,457
Impact of Settlement (Non Core Funding)		(20)	(20)	(20)	(20)	(20)
Contribution to/ (from) Unallocated Reserves		(474)				
General Fund Revenue Budget	23,525	20,423	24,137	25,989	28,082	28,437
Core Funding:						
Revenue Support Grant	(212)	(406)	(406)			
Prior Year Council Tax Surplus	(66)					
Net Business Rates Income	(10,106)	(9,407)	(9,284)	(8,947)	(9,126)	(9,309)
Council Tax Requirement	13,141	10,610	14,447	17,042	18,956	19,128
Estimated Council Tax Income - (Increases based on 2.99% for 2023/24 then max allowable)	10,176	10,610	11,037	11,480	11,942	12,422
Resulting Base Budget (Surplus)/Deficit	2,965	(0)	3,410	5,562	7,014	6,706
Estimated Revised Incremental Deficit (Sept 2022)	2,965	(0)	3,410	5,562	7,014	6,706
Incremental Deficit as Percentage of Net Revenue Budget	13%	0%	14%	21%	25%	24%

General Fund Unallocated Balance							
	£M	£M	£M	£M	£M	£M	
BALANCES	Balance as at 1 April 2022-25	(6.032)	(7.645)	(7.645)	(4.235)	+1.327	+8.342
	In Year allocations	+0.000	+0.000	+0.000	+0.000	+0.000	+0.000
	Forecast (Under)/Overspend	+2.965	(0.000)	+3.410	+5.562	+7.014	+6.706
	Other Adjustments	+1.335	+0.000	+0.000	+0.000	+0.000	+0.000
	Contributions (to)/ from Allocated Reserves Review September 2022	(5.913)	+0.000	+0.000	+0.000	+0.000	+0.000
	Projected Balance as at 31 March 2023-26	(7.645)	(7.645)	(4.235)	+1.327	+8.342	+15.047
	Less Recommended Minimum Level of Balances	5.000	5.000	5.000	5.000	5.000	5.000
	Available Balances	(2.645)	(2.645)	+0.765	+6.327	+13.342	+20.047

Saving and Budget Proposals 2023/24 to 2027/28

	Upfront Investment	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<i>Central Services</i>		76	143	145	147	149
<i>Communities & the Environment</i>		445	507	519	527	539
<i>Corporate Services</i>		338	352	362	372	382
<i>Economic Growth & Regeneration</i>		1,132	1,889	1,974	2,045	2,095
<i>Senior Leadership Restructure</i>		448	458	463	469	487
Net Savings		2,439	3,349	3,463	3,560	3,652

By virtue of paragraph(s) 2, 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

General Fund Capital Programme

Service / Scheme	2022/23			2023/24			2024/25			2025/26			2026/27			2027/28			6 YEAR TOTAL		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Communities and Environment																					
Vehicle Renewals (including electrification of fleet)	4,449,000		4,449,000	1,239,000		1,239,000	2,478,000		2,478,000	1,636,000		1,636,000	36,000		36,000	833,000		833,000	10,671,000	0	10,671,000
Burrow Beck Solar	0		0	4,000,000		4,000,000	1,000,000		1,000,000			0			0			0	5,000,000	0	5,000,000
Property De-carbonisation Works	0		0	1,025,000	(538,000)	487,000	4,100,000	(2,154,000)	1,946,000			0			0			0	5,125,000	(2,692,000)	2,433,000
Disabled Facilities Grants	2,336,000	(2,336,000)	0	3,271,000	(3,271,000)	0	2,144,000	(2,144,000)	0	2,144,000	(2,144,000)	0	2,144,000	(2,144,000)	0	2,144,000	(2,144,000)	0	14,183,000	(14,183,000)	0
Salt Ayre Asset Management Plan	662,000		662,000	161,000		161,000	976,000		976,000	291,000		291,000			0			0	2,090,000	0	2,090,000
Next Steps Accommodation Programme	1,326,000	(576,000)	750,000			0			0			0			0			0	1,326,000	(576,000)	750,000
Mellishaw Park	0		0	1,540,000	(768,000)	772,000	360,000	(192,000)	168,000			0			0			0	1,900,000	(960,000)	940,000
Home Improvement Agency Vehicles	0		0	105,000		105,000			0			0			0			0	105,000	0	105,000
SALC - optimised solar farm, air source heating pumps & glazing efficiency	318,000	(318,000)	0			0			0			0			0			0	318,000	(318,000)	0
Torrisholme Park Play Area	70,000	(70,000)	0			0			0			0			0			0	70,000	(70,000)	0
Half Moon Bay Car Park Extension	60,000		60,000			0			0			0			0			0	60,000	0	60,000
Far Moor Playing Fields s106 Scheme	37,000		37,000			0			0			0			0			0	37,000	0	37,000
Roof Mounted Solar Array - City Labs	33,000		33,000			0			0			0			0			0	33,000	0	33,000
One Million Trees	0		0	0		0			0			0			0			0	0	0	0
Happy Mount Park Pathway Replacements	8,000		8,000			0			0			0			0			0	8,000	0	8,000
Economic Growth and Regeneration																					
Lancaster Heritage Action Zone	1,104,000	(676,000)	428,000	754,000	(126,000)	628,000			0			0			0			0	1,858,000	(802,000)	1,056,000
Lancaster Heritage Action Zone - St John's Church	0		0	0		0	0		0	500,000		500,000			0			0	500,000	0	500,000
Gateway Solar Array	0		0	984,000		984,000			0			0			0			0	984,000	0	984,000
Sea & River Defence Works	340,000	(340,000)	0	554,000	(554,000)	0			0			0			0			0	894,000	(894,000)	0
Bailrigg Garden Village Contribution	0		0	0		0	306,000		306,000	306,000		306,000			0			0	612,000	0	612,000
1 Lodge Street Urgent Structural Repairs	57,000		57,000	422,000		422,000			0			0			0			0	479,000	0	479,000
Morecambe Co-Op Building Renovation	0		0	425,000		425,000			0			0			0			0	425,000	0	425,000
Gateway Low Voltage Switchgear	170,000		170,000			0			0			0			0			0	170,000	0	170,000
Palatine Recreation Ground Pavillion	138,000		138,000			0			0			0			0			0	138,000	0	138,000
Lancaster City Museum Boiler	131,000	(78,000)	53,000			0			0			0			0			0	131,000	(78,000)	53,000
Edward Street Coach House Area Improvement	0		0			0			0			0			0			0	0	0	0
Lancaster District Empty Homes Partnership	0		0	0		0			0			0			0			0	0	0	0
Lawsons Bridge S106 Scheme	0		0	63,000		63,000			0			0			0			0	63,000	0	63,000
Lancaster Square Routes	0		0	21,000	(16,000)	5,000			0			0			0			0	21,000	(16,000)	5,000
Engineers Electric Vehicle	15,000		15,000			0			0			0			0			0	15,000	0	15,000
Coastal Revival Fund - Morecambe Co-Op Building	11,000	(11,000)	0			0			0			0			0			0	11,000	(11,000)	0
S106 Highways Works	0		0			0			0			0			0			0	0	0	0
S106 Highways Works	25,000	(25,000)	0			0			0			0			0			0	25,000	(25,000)	0
Property - Capital Works	0		0	0		0	47,000		47,000	638,000		638,000	177,000		177,000	965,000		965,000	1,827,000	0	1,827,000
Commercial Property - Capital Works	0		0	0		0	233,000		233,000	19,000		19,000	336,000		336,000	115,000		115,000	703,000	0	703,000

General Fund Capital Programme

Service / Scheme	2022/23			2023/24			2024/25			2025/26			2026/27			2027/28			6 YEAR TOTAL		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Corporate Services																			0	0	0
ICT Systems, Infrastructure & Equipment	418,000		418,000	135,000		135,000	115,000		115,000	130,000		130,000			0			0	798,000	0	798,000
ICT Laptop Replacement & e-campus screens	120,000		120,000	30,000		30,000			0			0			0			0	150,000	0	150,000
ICT Nimble	0		0			0	300,000		300,000			0			0			0	300,000	0	300,000
Local Full Fibre Network	0		0	800,000		800,000	1,000,000		1,000,000			0			0			0	1,800,000	0	1,800,000
Schemes Under Development																			0	0	0
Canal Quarter	0		0	800,000		800,000			0			0			0			0	800,000	0	800,000
Canal Quarter - Nelson St/St Leonardsgate	0		0	2,769,000	(2,769,000)	0			0			0			0			0	2,769,000	(2,769,000)	0
White Lund Depot - Offices	0		0	300,000		300,000			0			0			0			0	300,000	0	300,000
Our Future Coast	75,000	(75,000)	0	208,000	(208,000)	0	62,000	(62,000)	0	63,000	(63,000)	0	85,000	(85,000)	0			0	493,000	(493,000)	0
GENERAL FUND CAPITAL PROGRAMME	11,903,000	(4,505,000)	7,398,000	19,606,000	(8,250,000)	11,356,000	13,121,000	(4,552,000)	8,569,000	5,727,000	(2,207,000)	3,520,000	2,778,000	(2,229,000)	549,000	4,057,000	(2,144,000)	1,913,000	57,192,000	(23,887,000)	33,305,000
Financing :																					
Capital Receipts			(130,800)			(105,000)			0			0			0			0			(235,800)
Direct Revenue Financing			0			0			0			0			0			0			0
Earmarked Reserves			(490,000)			(187,000)			(38,000)			0			0			0			(715,000)
Increase / (Reduction) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)			6,777,200			11,064,000			8,531,000			3,520,000			549,000			1,913,000			32,354,200

BRIEFING NOTE**MOTION: RULES REGARDING MOTIONS ON NOTICE**

The Council notes that:

- (a) A number of debates at full Council concern matters irrelevant to the business of a district council (such as nuclear warheads, foreign policy, the mode of conducting parliamentary elections), usually brought tenuously within the ambit of the Council's Constitution by including a resolution that the Chief Executive write a letter to some external authority or body reflecting the outcome of the debate.
- (b) Although the financial cost to the Council of writing such letters is confined to the cost of the paper, envelope and postage, the debates themselves take up the time of councillors and officers, and also delay other Council personnel staffing the building leaving for the day.
- (c) The debates also involve the use of energy for lighting and heating in the Council chamber and other parts of Morecambe Town Hall, beyond what would be necessary if the debates did not occur, thus also generating concomitant carbon dioxide emissions, contrary to the purposes of the Council's declaration of a Climate Emergency.
- (d) Debates the substantive content of which is beyond the competence of a District Council are apt to bring local government into disrepute.

It is therefore RESOLVED that:

- (1) Save as provided in paragraph (2), below, the Chief Executive shall rule out of order (in accordance with clause 15.4 of the Constitution of Lancaster City Council) any motion on notice for an ordinary meeting of the Council, the substantive content of which does not, in his reasonable opinion, fall within the scope of district council responsibilities, notwithstanding that the notice includes a resolution technically within the power of the Council to carry into effect.
- (2) Notwithstanding paragraph (1), above, the Chief Executive may allow a motion on notice which, whilst falling to be ruled out of order under paragraph (1), above, falls within the terms of clause 15.4 of the Council Constitution, only provided that the matter so raised affects "the area or residents, workers or visitors to the District" in a degree significantly greater than it affects residents, workers or visitors to other districts in England, so making its discussion of particular pertinence to Lancaster City Council.
- (3) The Monitoring Officer be authorized to make such amendment to the Constitution of the Council as is required to give effect to the above resolutions.

PROPOSER:

Councillor Austen-Baker, seconders Councillors Jackson (Joan) and Thomas.

OFFICER BRIEFING NOTE

Council Procedure Rule 15 in Part 3, Section 1 of the Council's Constitution sets out the requirements for Motions on Notice. Rule 15.4 is concerned with the Scope of motions and, as quoted in motion, this currently states that "Motions must be about matters for which the Council has a responsibility or which affect the area of residents, workers or visitors to the District."

Should the motion above be passed by Council, the Monitoring Officer would make the required amendments to Council Procedure Rule 15.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been involved in the drafting of this briefing note.

COUNCIL

**Members' Allowances Scheme: Review
25 January 2023**

Report of the Head of Democratic Services

PURPOSE OF REPORT
To present the report and recommendations of the Independent Remuneration Panel, which Council must give due regard to in setting its Members' Allowances Scheme from May 2023.
This report is public

RECOMMENDATIONS

- (1) That Council sets a Members' Allowances Scheme to come into effect following the City Council's elections in May 2023 and, in doing so, considers the attached report and recommendations of the Independent Remuneration Panel (IRP).

The IRPs recommendations for amendments to the scheme are as follows:

With regard to the Basic Allowance:

- (1) That the basic allowance be increased to £4,200 backdated to 1 April 2022 to reflect the Employee Pay Award for 2022/23. That, for future years, the basic allowance be increased, year on year, in line with Employee Pay Awards, unless the IRP recommends otherwise. Should the IRP recommend otherwise, its recommendation will be put to Council at the appropriate time.***

With regard to Special Responsibility Allowances:

- (2) That Special Responsibility Allowances (SRAs) do not increase for 2022/23.***
- (3) That, for future years, SRAs be increased by the same percentage increase as the basic allowance.***

With regard to Travel Allowances:

- (4) That no change be made to the arrangements for travel outside the district and that Councillors be encouraged to use public transport wherever possible.***

(5) That the current levels of allowance should remain unchanged and remain in line with HMRC guidelines.

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

Regarding the scheme in general:

(6) That the Council should continue to adhere to the established conventions that no member should receive more than one SRA and that no more than 50% of elected members should receive an SRA.

Regarding Dependents Carers Allowance:

(7) That the existing levels of allowance should be increased to allow the reimbursement of up to a maximum of the current National Living Wage (currently £9.50 per hour, due to rise to £10.42 in April 2023).

1.0 Introduction

1.1 Local authorities are required to establish and maintain an Independent Remuneration Panel to provide them with recommendations on a scheme of allowances to be paid to members and others. The authority must have regard to the recommendations of its IRP before it makes or amends its members' allowance scheme.

2.0 The Review

2.1 The review was carried out from September to the end of December 2022. Full details are in the IRP's report attached.

3.0 Salt Ayre Leisure Centre

3.1 Employees currently receive a reduced price membership of Salt Ayre Leisure Centre and Officers had enquired about whether a similar scheme could be opened up to Councillors and whether the IRP had a view on that. The IRP did not look into that matter during their review, as this sort of benefit falls outside the narrow scope of the Councillors' Allowance Scheme, in a similar fashion to the parking permit for Councillors. That issue can be taken up separately by officers in Democratic Services and Salt Ayre Leisure Centre.

4.0 Conclusion

4.1 Members are requested to have regard to the report of the IRP when setting a scheme for Members' Allowances to come into effect after the May 2023 elections.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

There are no direct implications as a result of this report.

FINANCIAL IMPLICATIONS

The provisional 2023/24 budget for members' basic allowances is £237.3K and for special responsibility allowances £93.7K giving a total of £331K.

The recommended increase to Councillors' would equate to an additional increase of around £31.6K from 2023/24 and in the region of an additional £4K per year thereafter and will need to be built into the budget as part of the 2023/24 budget process. There will also be an additional cost of in the region of £24K in 2022/23 for the backdated award. However, the total required for Members' special responsibility allowances will depend on the number of members appointed to Cabinet by the Leader in May 2023, and on whether there is any duplication of member roles, given that the scheme provides for any member to receive only one special responsibility allowance.

LEGAL IMPLICATIONS

The relevant regulation is set out in the IRP's report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Contact Officer: Debbie Chambers
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Report To: Lancaster City Council

From: The Independent Remuneration Panel



**Recommendations for Members' Remuneration
for the Municipal Year 2023/24**

Report to Council on Wednesday 25th January 2023



PANEL REMIT

- 1.1 Lancaster City Council's Independent Remuneration Panel (IRP) was established in accordance with Local Authorities (Members' Allowances) (England) Regulations 2003.
- 1.2 A local authority is required to establish and maintain an Independent Remuneration Panel to provide it with recommendations on a scheme of allowances to be paid to members and others. The authority must have regard to the recommendations of its IRP before it makes or amends its members' allowance scheme.
- 1.3 The allowances payable under a local authority scheme of allowances are as follows:
 - **Basic Allowance** (*Each local authority **must** make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority which must be the same for each member*).
 - **Special Responsibility Allowance** (*Each authority **may** also make provision for payment of special responsibility allowances for those members who have significant responsibilities e.g. leader of the council, member of the executive/cabinet, presiding at meetings of committees, acting as spokesperson for a political group*).
 - **Dependents' Carers' Allowance** (*Each authority **may** also provide for the payment of a dependents' carers' allowance to those members who incur expenditure for the care of children or other dependents whilst undertaking particular duties*).
 - **Travelling and Subsistence Allowance** (*Each authority **may** also provide for the payment of a travelling and subsistence allowance to its members, including co-opted members*).
 - **Co-optees' Allowance** (*Each authority **may** also provide an allowance to any co-opted and appointed members of a council's committees or sub committees*).

2. PANEL MEMBERSHIP

- 2.1 There are currently three members on the panel:

Mr Ameer H Hakim (Chair) was appointed to the Panel on 29 July 2020 and is employed as a Digital Transformation Consultant in the Telecoms and Technology sector.

Mrs Harsha Shukla was appointed to the Panel on 15th July 2015. Mrs Shukla the President of Lancaster and Morecambe Hindu Society, and a member of the Faith in Lancaster Group and Communities Together.

Mr Ryan Hyde was appointed to the Panel on 30th September 2020. Mr Hyde has a law degree and works as a Governance professional. He is currently also a member of Wyre Borough Council's Independent Remuneration Panel.



3.0 BACKGROUND TO LANCASTER CITY COUNCIL'S SCHEME OF ALLOWANCES

- 3.1 The current Members Allowances Scheme is reviewed on a regular basis with a full review every four years, before the Council elections. The last full review took place during 2018 and the Scheme was approved by Council in December 2018 to take effect from May 2019.
- 3.3 The Council experienced recruitment issues to the Panel, which was not quorate for some months during the pandemic. Once quorate the new Panel undertook its first 'light touch' review of the Scheme and reported their recommendations to Council 24 February 2021, followed by a further small scale review on 26 January 2022. In January 2022 the Panel's recommendations were accepted, raising the basic allowance by 1.75% for 2021/22 to match the employee pay award of 1.75%.
- 3.4 The Regulations require an authority before the beginning of each year to 'make' the Scheme for the payment of allowances in that year.
- 3.5 The Regulations require an authority to publish the scheme if it changes and to publish the amounts of allowances paid to individual Members every year.

4.0 SUMMARY OF RECOMMENDATIONS

A summary of the recommendations is set out below. The rest of the report sets out the methodology, findings and rationale behind each recommendation.

With regard to the Basic Allowance:

- (1) That the basic allowance be increased to £4,200 backdated to 1 April 2022 to reflect the Employee Pay Award for 2022/23. That, for future years, the basic allowance be increased, year on year, in line with Employee Pay Awards, unless the IRP recommends otherwise. Should the IRP recommend otherwise, its recommendation will be put to Council at the appropriate time.***

With regard to Special Responsibility Allowances:

- (2) That Special Responsibility Allowances (SRAs) do not increase for 2022/23.***
- (3) That, for future years, SRAs be increased by the same percentage increase as the basic allowance.***

With regard to Travel Allowances:

- (4) That no change be made to the arrangements for travel outside the district and that Councillors be encouraged to use public transport wherever possible.***



(5) That the current levels of allowance should remain unchanged and remain in line with HMRC guidelines.

<i>Type of Vehicle</i>	<i>First 10,000 miles</i>	<i>Above 10,000 miles</i>
<i>Cars and vans</i>	<i>45p per mile</i>	<i>25p per mile</i>
<i>Motorcycles</i>	<i>24p per mile</i>	<i>24p per mile</i>
<i>Cycles</i>	<i>20p per mile</i>	<i>20p per mile</i>

Regarding the scheme in general:

(6) That the Council should continue to adhere to the established conventions that no member should receive more than one SRA and that no more than 50% of elected members should receive an SRA.

Regarding Dependents Carers Allowance:

(7) That the existing levels of allowance should be increased to allow the reimbursement of up to a maximum of the current National Living Wage (currently £9.50 per hour, due to rise to £10.42 in April 2023).



5.0 APPROACH OF THE PANEL

5.1 Context

5.2 The Panel began its work in September 2022. The main priorities of the Panel have been to understand how the scheme sits in the context of other comparable local authority Member's Allowances Schemes bearing in mind that Lancaster City Council faces significant financial challenges.

5.3 The Panel was keen to engage with Members from an early stage of the process and invited all Members to express their views on the suitability of the existing Members' Allowance Scheme via a survey online, in the first instance. The Panel considered these views in its final recommendations.

5.4 Methodology

5.5 The Panel undertook the following activities:

- An online survey of all current Lancaster City Councillors to understand the time they devote to their role as Elected Members and their special responsibility roles (where applicable). The survey asked Members how much time they spend fulfilling their duties as councillors and their views on the adequacy of the Basic Allowance and other allowances including the Special Responsibility Allowances. to elicit opinions about the suitability of the current Councillors' Allowance Scheme;
- A 'benchmarking' exercise against comparable district/borough councils. This considered the Basic Allowance, the Special Responsibility Allowances for each Council and the size of the Council;
- All Councillors were invited to speak to the Panel to discuss their views on the Allowance Scheme to help the Panel gain a more in-depth understanding of the roles and responsibility of Members and to seek views on the pros and cons of the current Scheme. One Councillor took up that opportunity and met with the Chair of the IRP over MS Teams.

6.0 BASIC ALLOWANCE

6.1 Current Arrangements

6.2 Each Lancaster City Councillor is entitled to receive a Basic Allowance of £3,793.56 per annum. In accordance with the Regulations, this allowance is intended to recognise the time commitment of Members including the inevitable calls on their time such as meetings with officers and constituents. It is also intended to cover relevant incidental costs. ***It is important to recognise that this is an allowance, not a salary or wage.***



6.3 Review findings

- 6.4 The Panel last reviewed the scheme at the end of 2021 and reported to Council on 26 January 2022. In its report the Panel recommended that the Basic Allowance be increased in line with the employee pay award and backdated, like the employee pay award, to 1 April 2021. That recommendation was approved by Council. At the time of drafting the report the pay award had not been agreed. It was later confirmed as 1.75%.
- 6.5 14 Members (out of a possible 58, due to two vacant seats) completed the survey in 2022 which asked for Councillors' views on how much time they spent fulfilling their duties as Elected Members and the adequacy of the Basic Allowance. This was a response rate of just over 24%, much lower than the 52% who responded to a similar survey in 2018/19.
- 6.6 64% of those who responded to the survey felt that the allowance was inadequate. Those Members who felt that the allowance was inadequate explained why; their views were on similar themes:
- concerns that the allowance was so low that it would exclude people from standing for Council unless they were retired or worked for an employer who allowed time off for public duties
 - the importance of attracting Councillors from all backgrounds was being negatively impacted by the poor remuneration
 - the basic allowance at Lancaster City Council was low in comparison to other Councils
 - cost of living increases meant that travelling to meet with constituents had become more expensive
 - the basic allowance did not rise with inflation
 - the workload had increased significantly
- 6.7 The Panel was also keen to understand how Lancaster City Council compared to other local authorities, particularly as one or two Members had expressed a view that the allowances at Lancaster were low in comparison to other Councils. The Panel undertook a benchmarking exercise which looked at the Basic Allowances of other councils in Lancashire, as well as further afield. Results are appended.
- 6.8 Following the benchmarking exercise the Panel noted that it was clear from this evidence that Lancaster City Council did pay low basic allowances compared to other authorities in the local area, though they were not the lowest. Looking at similar sized Councils outside Lancashire, Lancaster did have the lowest basic allowance.
- 6.9 To try to address this, the Panel wanted to recommend an increase that was in some way comparable to the staff pay award which, unusually for 2022/23, was a flat figure of £1,925 for all full time staff (pro rata for part time staff), rather than a percentage increase. The flat figure for employees equated to around 4% for the highest paid, with the lowest paid benefitting by around 10%. The Panel felt that raising the basic allowance by £406.44 per annum from £3,793.56 per annum to £4,200 per annum



(which equates to a similar percentage increase to staff on the lowest grade of pay) would be fair, given that the Council is facing financial difficulties.

Recommendation:

- (1) That the basic allowance be increased to £4,200 backdated to 1 April 2022 to reflect the Employee Pay Award for 2022/23. That, for future years, the basic allowance be increased, year on year, in line with Employee Pay Awards, unless the IRP recommends otherwise. Should the IRP recommend otherwise, its recommendation will be put to Council at the appropriate time.**

7.0 SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

7.1 Current Arrangements

7.2 The current range of SRAs is as follows:

Allowance	Amount (pa)
Leader of the Council and Chair of Cabinet	£11, 281.20
Deputy Leader of the Council	£6,660.60
Cabinet Members	£5,640.60
Overview and Scrutiny Committee Chair	£4,227.90
Budget and Performance Panel Chair	£3,381.30
Planning Committee Chair	£4,370.70
Licensing Committee Chair	£4,370.70
Licensing Act Hearings Sub Committee Chair	£443.70
Personnel Committee Chair	£3,335.40
Audit Committee Chair	£2,325.60
Appeals Committee Chair	£295.80
Council Business Committee Chair	£1,428.00
Standards Committee Chair	£1,234.20
Leader of Opposition Groups (allocated on a pro rata basis)	£5,640.60
Champions - £1000 (maximum) allowance to be divided equally between serving 'Champions' to a cap of £250 each Champion per annum. There are currently two Champions (Armed Forces Champion and Champion for Disabilities), so the total spend currently is £500 per annum.	£1000.00 MAX

7.3 Review

7.4 The Panel which was in place for the 2018 review recommended, and Council approved, that the SRAs for Members be increased by 2% and that detailed role profiles be prepared for each role qualifying for an SRA to assist with future evaluation of responsibilities, complexity and time commitment. Work on the role profiles is



underway but not fully completed. Some role descriptions have been completed and the Panel have had sight of those. Others are still with the Councillors in those roles awaiting their comments. It is important that the Councillors carrying out those roles shape the new 'job descriptions' that Council asked for.

- 7.5 Only five Councillors in receipt of a SRA responded to the online survey this time. One Councillor, not currently in receipt of an SRA made a strong case for the Leader of the Council and Cabinet Members' allowances to be increased. However, the Panel felt that if there had been widespread dissatisfaction with SRAs, there would have been a much greater response to the survey from those currently in roles receiving an SRA.

Because of this, and because the Panel felt that it was important to raise the basic allowance despite the Council's financial challenges, the recommendation of the Panel is not to increase SRAs at this point. However the Panel recommends that, for future years, SRAs should rise in line with the basic allowance.

Recommendations

(2) That Special Responsibility Allowances (SRAs) do not increase for 2022/23.

(3) That, for future years, SRAs be increased by the same percentage increase as the basic allowance.

8.0 CARERS' ALLOWANCES

8.1 Current Arrangements

8.2 The Council provides for the payment of a dependents' carers' allowance to Members who incur expenditure on the care of children aged 14 years and under, or other dependants whilst undertaking official Council duties.

8.3 The current scheme provides that *"The actual cost of care will be reimbursed, up to a maximum of £8.75 per hour, irrespective of the number of dependents"*.

8.4 Review

8.5 The Panel noted that the carers allowance was used very infrequently at Lancaster City Council. However, it was considered important to keep that at an appropriate level, should Councillors need to make use of it and that the resolution made by Council in 2018 should still apply, which was to keep the carers allowance in line with the National Living Wage.

Recommendation

(4) The Panel recommends that the carers allowance be increased to allow reimbursement up to a maximum of the National Living Wage (currently £9.50 per hour, due to rise to £10.42 in April 2023)



9.0 TRAVEL AND SUBSISTENCE ALLOWANCES

9.1 Current Arrangements

9.2 Arrangements are in place to enable members to claim the costs of travel and subsistence associated with undertaking approved duties within the district. Any travel outside the district is arranged via Democratic Services using public transport wherever feasible and where it will be the most economical option.

9.3 Review

9.4 The Panel considers that the mileage rates payable for the use of cars/vans, motorcycles and cycles should remain aligned to the HMRC rates which are the same as for staff. Although one survey response suggested that the rates of mileage should rise with the cost of fuel, using HMRC rates was considered to be fair.

Recommendation

(5) That the HMRC rates of travel allowances should apply:

<i>Type of Vehicle</i>	<i>First 10,000 miles</i>	<i>Above 10,000 miles</i>
<i>Cars and vans</i>	<i>45p per mile</i>	<i>25p per mile</i>
<i>Motorcycles</i>	<i>24p per mile</i>	<i>24p per mile</i>
<i>Cycles</i>	<i>20p per mile</i>	<i>20p per mile</i>

10.0 CO-OPTEE'S ALLOWANCE

10.1 Each authority **may** also provide an allowance to any co-opted and appointed members of a council's committees or sub committees. No appointments requiring an allowance have been made at Lancaster City Council, therefore the Panel had no recommendations to make regarding allowances for Co-optees.

11.0 COSTS OF RECOMMENDATIONS

11.1 The Scheme of Members' Allowances currently in place cost £311,228.03 in 2021/22, the last year where final figures are available. This was made up of £219,024.58 basic allowances, £92,048.35 SRAs and £155.10 Travel/Subsistence.

11.2 Based on 60 Councillors, the Scheme of Members' Allowances now recommended by the IRP would increase basic allowances by £24,386.40 in 2023/24. There would be no effect on the SRAs or Travel costs. However, costs will increase in May 2023 when the Council will gain an additional Councillor as a result of the Local Boundary Commission for England's decision to increase the Council size from 60 to 61 Councillors. That will entail an additional basic allowance of £4,200.

11.3 There is always the potential for the cost of the Councillors' Allowances Scheme to be slightly lower or higher than estimated each year. Costs are affected by seats left



vacant whilst by-elections are held, for example, or if more than one Special Responsibility posts is held by the same Member.



ACKNOWLEDGEMENTS

The IRP wishes to thank the fourteen Councillors below who responded to the survey for their input during this review, in particular Councillor Lewis who met remotely with the Chair of the Panel to expand on her survey response.

Councillor Gerry Blaikie (Liberal Democrat)

Councillor Dave Brookes (Green and Independents) – Cabinet Member

Councillor Roger Dennison (Morecambe Bay Independents) – Armed Forces Champion

Councillor Colin Hartley (Labour) – Licensing Committee Chair

Councillor Geoff Knight (Morecambe Bay Independents) – Council Business Committee Chair

Councillor Jack Lenox (Green and Independents)

Councillor Erica Lewis (Labour)

Councillor Abi Mills (Green and Independents)

Councillor Jean Parr (Labour)

Councillor Margaret Pattison (Labour)

Councillor Robert Redfern (Labour)

Councillor Alistair Sinclair (Green and Independents)

Councillor Sandra Thornberry (Labour) – Planning Committee Chair

Councillor David Whitaker (Labour)


SUMMARY OF LANCASHIRE DISTRICT/BOROUGH COUNCIL'S ALLOWANCES SHOWING AVERAGES

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	10,663.90	3,000.00	4,936.07	4,545.00
Leader	11,281.20	31,991.72	4,000.00	15,480.86	14,661.25
Deputy Leader	6,660.60	19,195.03	2,272.50	7,952.01	7,015.00
Cabinet Member	5,640.60	14,396.28	4,785.21	7,213.28	6,548.14
Planning Chair	4,370.70	8,531.12	2,934.54	5,280.70	4,842.00
Scrutiny Chair	4,227.90	10,663.90	2,421.00	4,982.70	4,269.47
Licensing Chair	4,370.70	8,531.12	500.00	3,385.15	2,854.83
Avg of other Chairs	1,773.43	7,798.24	850.00	2,859.05	2,421.00
Median of other Chairs	1428.00	6,398.34	765.00	2,696.88	2,163.14

Summary without Blackpool or Pendle (highest and lowest)

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	7,464.38	3,342.00	4,591.36	4,545.00
Leader	11,281.20	21,594.00	9651.00	15,023.59	14,661.25
Deputy Leader	6,660.60	12,797.10	2272.50	6,929.91	7,015.00
Cabinet Member	5,640.60	9,090.00	4785.21	6,415.17	6,412.27
Planning Chair	4,370.70	7,770.00	2,934.54	4,985.21	4,842.00
Scrutiny Chair	4,227.90	6,817.50	2,421.00	4,351.46	3,753.72
Licensing Chair	4,370.70	5,827.00	1,529.00	3,179.62	3,288.65
Avg of other Chairs	1,773.43	6,312.75	2426.86	2,592.67	2,421.00
Median of other Chairs	1428.00	5,827.00	765.00	2,528.29	2,163.14

SUMMARY OF SELECTED COUNCILS* OUTSIDE LANCASHIRE SHOWING AVERAGES

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	6,425.00	4,326.00	5,380.86	5,245.00
Leader	11,281.20	20,880.00	12114.00	17,441.57	18,000.00
Deputy Leader	6,660.60	11,229.00	5,245.00	8,030.80	8,480.00
Cabinet Member	5,640.60	14,242.00	5,000.00	8,555.00	7,868.00
Planning Chair	4,370.70	6,425.00	2,623.00	4,343.14	4,497.00
Scrutiny Chair	4,227.90	6,425.00	2,999.00	4,598.57	4,500.00
Licensing Chair	4,370.70	4,818.00	899.00	3,748.20	4,500.00
Avg of other Chairs	1,773.43	4,024.00	541.00	2,038.92	1,968.75
Median of other Chairs	1428.00	4,024.00	541.00	1,763.00	1,128.00

*Councils were:

Canterbury City Council Number of Members Population 165,349

Carlisle City Council Number of Members 39 Population 108,678



Cheltenham City Council Number of Members 40 Population 116,495

Dover District Council Number of Members 32 Population 106,900

Exeter City Council Number of Members 39 Population 128,900

Ipswich Borough Council Number of Members 48 Population 133,384

Oxford City Council Number of Members 48 Population 151,600

CABINET

6.00 P.M.

25TH OCTOBER 2022

PRESENT:- Councillors Caroline Jackson (Chair), Kevin Frea (Vice-Chair),
 Dave Brookes, Gina Dowding, Tim Hamilton-Cox, Tricia Heath,
 Cary Matthews, Sandra Thornberry and Jason Wood

Apologies for Absence:-

Councillor Anne Whitehead

Officers in attendance:-

Mark Davies	Chief Executive
Jason Syers	Director for Economic Growth and Regeneration
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Joanne Wilkinson	Head of Housing
Daniel Wood	Partnerships Officer
Paul Rogers	Senior Regeneration Officer
Liz Bateson	Principal Democratic Support Officer

31 MINUTES

The minutes of the meeting held on Tuesday 13 September 2022 were approved as a correct record.

32 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chair advised that there were two items of urgent business. The first was the Treasury Management Report (minute 36 refers) and the second to report to Cabinet an Urgent Business Decision taken by the Chief Executive (minute 40 refers.) The Chair confirmed that the order of the agenda would therefore be revised with the Treasury Management Report being considered as the first report and the Urgent Business Decision, which was exempt, being tabled after the exclusion of the press and public.

33 DECLARATIONS OF INTEREST

No declarations were made at this point.

34 PUBLIC SPEAKING

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

35 URGENT BUSINESS - TREASURY MANAGEMENT MID-YEAR REVIEW 2022/23**(Cabinet Member with Special Responsibility Councillor Whitehead)**

Cabinet received a report from the Chief Finance Officer to consider various matters in connection with the Treasury Management Mid-Year Review 2022/23. The Leader had

agreed to take this as an item of urgent business to avoid any delay in enabling it to be scrutinised by the Budget & Performance Panel prior to being submitted to Council.

The report was for consideration and progressing to Budget & Performance Panel and Full Council. The Treasury Management Strategy (TMS) for 2022/23, which included the Annual Investment Strategy was approved by the Council on 23 February 2022. There were no policy changes to the TMS; the details in the report updated the position in light of the updated economic position and budgetary changes already approved.

Councillor Caroline Jackson proposed, seconded by Councillor Wood:-

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

Resolved unanimously:

- (1) That the various matters in connection with the Treasury Management Mid-Year Review 2022/23 be noted and the report forwarded to the Budget & Performance Panel and Full Council for consideration in accordance with CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

Effective Treasury Management and use of the Councils' resources is fundamental to the delivery of its priorities and outcomes. Treasury Management forms part of the Council's budget framework and consideration of Treasury Management Mid-Year Review and presentation to Full Council will ensure the Council complies with CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

36 ASSET MANAGEMENT STRATEGY (NON-HOUSING) 2022-26

Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Director for Economic Growth & Regeneration which presented the Asset Management Strategy (Non-Housing) 2022-26 to Cabinet for approval.

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

	Option 1: Adopt the Asset Management Strategy (Non-Housing) 2022-26	Option 2: Do not adopt the Asset Management Strategy (Non-Housing) 2022-26
Advantages	Ensure that the council provides the right assets in the right place, time and cost to meet and	More resources available for other areas of ambition.

	<p>support its current and future objectives.</p> <p>Allow the council to optimise and prioritise the level of investment in property assets to minimise maintenance backlog, improve fitness for purpose and optimise occupancy levels.</p> <p>Maximise the value the council can gain from its non-operational commercial portfolio and surplus assets in both financial and social value terms.</p> <p>Allow the council, in a structured and clear way, to regularly challenge the use of its land and buildings to minimise revenue expenditure and maximise the generation of capital receipts/revenue income.</p> <p>Provide officers with clear decision-making framework for activities relating to asset use and acquisition.</p>	
Disadvantages	Additional resources will be required to effectively deliver the priorities.	<p>Property decisions will be made reactively and from a siloed approach, and may not create the best outcomes for the Council financially, for its staff or its residents.</p> <p>The Council will not be able to effectively manage its property portfolio.</p> <p>Opportunities to maximise income from our portfolio will be missed.</p>
Risks	May identify spending requirements which have not previously been accounted for	<p>Potential for wasted effort and resources being applied to activities which are found to not be in line with service or member aspirations.</p> <p>Increased risk of properties falling into disrepair and accidents occurring.</p>

The officer preferred option is Option 1. Only through the effective implementation of an Asset Management Strategy can the council be confident that it is efficiently and effectively managing its property portfolio.

It was proposed by Councillor Hamilton-Cox

"That recommendations 1 to 4 as set out in the report be approved, together with a revision to recommendation (5) which would now read '*that Cabinet reviews the existing list of all assets to identify those which may provide opportunities for disposal*' along with two further recommendations:(6) *Cabinet requests that a confidential report comes forward to December cabinet which summarises all expressions of interest received for development of the Frontierland site & (7) Cabinet requests that the Economic Growth & Regeneration directorate's proposal for land owned by the council at Scotforth - referencing the status update on the use of the land to October's Capital Assurance Group that: 'Officers are reviewing structure of a deal for the council's land subject to Planning and Member approval that will generate a long term revenue for the council' is brought to December cabinet in order to determine whether the principle of the deal (not its structure) is accepted by cabinet.'*

Councillor Heath seconded the proposal and with the agreement of the meeting the amendments were accepted and the recommendations, as revised, were voted on collectively.

Councillors then voted:-

Resolved unanimously:

- (1) That the Asset Management Strategy 2022-26 and associated Delivery Plan be approved.
- (2) That the development of associated property related Policies be approved.
- (3) That a report confirming the Key Performance Indicators which will be used to monitor the performance of the council's portfolio is presented to Cabinet for agreement to allow for implementation from the beginning of the 2023/24 financial year.
- (4) That Cabinet agrees that the priority is to review the use of municipal office space with a report detailing findings provided for December Cabinet.
- (5) That Cabinet reviews the existing list of all assets to identify those which may provide opportunities for disposal.
- (6) That Cabinet requests that a confidential report comes forward to December cabinet which summarises all expressions of interest received for development of the Frontierland site.
- (7) That Cabinet requests that the Economic Growth & Regeneration directorate's proposal for land owned by the council at Scotforth - referencing the status update on the use of the land to October's Capital Assurance Group that: 'Officers are reviewing structure of a deal for the council's land subject to

Planning and Member approval that will generate a long term revenue for the council' is brought to December cabinet in order to determine whether the principle of the deal (not its structure) is accepted by cabinet.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The Asset Management Strategy is concerned with matters relating to prudent management of the city council's property portfolio and sets out seven priorities which in turn contribute to all four of the council's overarching priorities. The relationships between the respective priorities are summarised within the Strategy.

The opportunities to utilise our property portfolio to support the achievement of our ambitions for the district are significant and there is more we can do to harness these assets. It is therefore hoped that the strategy will be a starting point and will evolve to meet the future ambitions of Lancaster City Council.

Councillor Brookes arrived whilst the following item was being introduced and was in attendance during questions and debate.

37 ELECTRICITY CONTRACT RENEWAL

Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Director for Economic Growth & Regeneration to outline a proposal for the Council's electricity contract for the next four years. The Council's electricity contract was due to expire on March 31, 2023 and the report outlined the reasons why the contract should be renewed for a period of four years. The contract covered all the non-Council housing property portfolio, as well as some Council Housing properties.

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

	Option 1: Remain with current provider (Npower) for a short contract period whilst the Council investigates other supplier options.	Option 2: Renew the electricity contract via the YPO and go with a standard electricity tariff	Option 3: Renew the electricity contract via the YPO and go with a REGO backed electricity tariff
Advantages	The Council will have completed its' own tender process and have contractor control Will allow the council	YPO have already completed an evaluation of various suppliers before opting for Npower.	As Option 2 Additional REGO considerations: Contributes to the council's Carbon

	the opportunity to identify if there are alternative suppliers who offer preferable rates/service	We will have continued support from YPO to help us address and solve any issues should they arise. The YPO will provide annual fixed rates costs which will allow the council to budget accordingly.	Zero agenda Provides a guarantee electricity is from renewable energy sources e.g. wind farms. Removes approx. 900 tCO ₂ e (~20%) of the council's Scope 1 and 2 carbon emissions
Disadvantages	Additional resource will be needed within the Council to carry out this work as current staffing levels and expertise in energy markets are not sufficient to do this. The costs during the short period (likely one year) could increase above current rates if market conditions deteriorate further	There hasn't been an investigation into other options that might be available to us, i.e. other agents that may offer the same service as YPO.	As Option 2 Additional REGO considerations: There is an additional cost associated with the REGO. Costs will be confirmed once Npower have gone to market but current estimates are iro £73K per annum
Risks	This option has not been fully investigated so other advantages and disadvantages will be prevalent. The council could fail to find a better provider and incur higher energy costs	Other suppliers may offer preferable rates Energy rates for the next financial year have yet to be confirmed	As Option 2 Additional costs for the REGO have yet to be confirmed

The officer preferred option is Option 3. Renewing the current approach to managing our electricity contracts provides a degree of confidence that would not otherwise be possible without incurring additional time and expense. This will also provide the maximum available security during a period of volatility in the energy market and allow for the council to continue towards its Zero Carbon agenda.

In accordance with the constitution the Chief Executive had consulted with the Chair of Overview & Scrutiny with regard to waiving call-in on Recommendation (1) in order that the completed contract could be returned to Npower before the end of October. Further details were contained in the Decision Notice to waive call-in appended to the minutes.

Councillor Hamilton-Cox proposed:

“That the recommendations, as set out in the report, be approved with a further recommendation ‘that Cabinet delegate authority to the Chief Executive to approve the award of contract with Npower, via the YPO, and to sign the same.”

Councillor Dowding seconded the recommendations and with the agreement of the meeting it was agreed that each of the recommendations should be voted on separately.

Cabinet voted on Recommendation (1) – *(To renew the contract with Npower, via YPO, for four years)* and agreed unanimously:

Resolved unanimously:

- (1) That the contract with Npower, via YPO be renewed for four years.

Cabinet then voted on Recommendation (2) :- *(To pay the additional rate for the Renewable Energy Guarantees of Origin (REGO) backed tariff in order to support the Council’s decision to be net zero carbon by 2030.)*

Resolved:

(8 Members (Councillors Brookes, Dowding, Frea, Hamilton-Cox, Jackson (Caroline), Matthews, Thornberry & Wood) voted in favour, and 1 Member (Councillor Heath) voted against

- (2) That approval be given to paying the additional rate for the Renewable Energy Guarantees of Origin (REGO) backed tariff in order to support the Council’s decision to be net zero carbon by 2030.

Cabinet then voted and agreed unanimously with the additional recommendation, Recommendation (3) – *(that Cabinet delegate authority to the Chief Executive to approve the award of contract with Npower, via the YPO, and to sign the same.)*

Resolved unanimously:

- (3) That authority be delegated to the Chief Executive to approve the award of contract with Npower, via the YPO, and to sign the same.

Officers responsible for effecting the decision:

Chief Executive
Director for Economic Growth & Regeneration

Reasons for making the decision:

The decision is consistent with the council’s priorities most notably those associated with the Climate Emergency.

The agreement of a 4-year long-term energy contract with Npower, via the YPO procurement framework should provide benefit to the Council through the collaborative nature and involvement of other parties and afford a degree of certainty within our

financial forecasts, in what is currently a very volatile area of significant expense to the Council.

38 UPDATED RESERVES STRATEGY 2022/23

Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer to consider and approve the transfer from allocated reserves, the updated Reserves Strategy and note the s151 Officer's assessment of the minimum level of reserves.

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

Option 1: Adopt the Revisions to the Strategy

Advantages

- Improved clarity with respect to the use of reserves whilst enabling the Council to retain its financial resilience

Disadvantages

- None

Risks

- The agreement for the use of reserves reduces the risk that reserves expenditure is not adequately controlled which in turn might result in reduced financial resilience.

Option 2: Do not adopt the Revisions to the Strategy

Advantages

- None

Disadvantages

- Lack of clarity with respect to using reserves and processes for authorisation

Risks

- That reserves expenditure is not adequately controlled and impact the Council's financial sustainability

The officer preferred option is Option 1. This option is designed to clarify how reserves are managed and utilised in order to balance the delivery of Council priorities with securing financial resilience in light of the current pressures.

Councillor Caroline Jackson proposed, seconded by Councillor Wood:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet approve the transfer of £5.913M from the Council's allocated reserves to the General Fund unallocated reserve.
- (2) That Cabinet recommend that Full Council amend the Budget & Policy Framework to incorporate the amendment to the Reserves Strategy.
- (3) That Cabinet recommend that Full Council notes the s151 Officer revised minimum level of unallocated reserves.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

The Reserves Strategy aims to ensure that the Council retains sufficient reserves to provide financial resilience but, at the same time, balances this with the prudent use of those reserves in order to support key outcomes. The report and appendices provide an update to the Council's Reserve Strategy which is part of the budget framework and any decision to amend the budget framework is a function of full council.

39 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Heath and seconded by Councillor Wood:-

"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 then voted as follows:-

Resolved unanimously:

- (1) 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.

40 ITEM OF URGENT BUSINESS - ACCEPTANCE OF EXTERNAL FUNDING

In accordance with the Scheme of Delegation to Officers (Part 2, Section 7 – Delegations to the Chief Executive Matters of Urgency the Chief Executive submitted a report to Cabinet with details of an urgent decision taken following consultation with the Leader and relevant portfolio holders with regard to the acceptance of external funding. The report was exempt from publication under the OPE grant publicity embargo terms and exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.

Details of the urgent decision including the circumstances which made the action necessary were set out in the exempt report.

Resolved:

That Cabinet note the decision taken as a matter of urgency by the Chief Executive in accordance with the Constitution, as detailed in the exempt report.

41 BUILDING AND FIRE SAFETY UPDATE

Cabinet Member with Special Responsibility Councillor Cary Matthews)

Cabinet received a report from the Head of Housing with regard to key forthcoming changes to building compliance and fire safety legislation associated with the Council Housing function, as well as highlighting key risks and actions that arose from these. The report set out associated costs linked to building safety works across the Council Housing portfolio, and requested Cabinet decide on funding this programme of works. The report was exempt from publication by virtue of Paragraph 3, Schedule 12A of the Local Government Act, 1972.

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

Councillor Matthews proposed, seconded by Councillor Dowding:-

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

Councillors then voted:-

Resolved unanimously:

The resolution is set out in a minute exempt from publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act, 1972.

Officer responsible for effecting the decision:

Head of Housing

Reasons for making the decision:

The decision is consistent with the Council’s priorities. Exactly how the decision fits with Council priorities is set out in the exempt minute.

42 FIBRE NETWORK AND DIGITAL EXCHANGE

Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Interim Head of ICT & Head of Financial Services to seek capital growth approval in the 2022/23 Capital Programme to cover investment into a district-wide 33km optical fibre spine network and supporting infrastructure. The report was exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local

Government Act 1972.

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

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

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

Councillors then voted:-

Resolved unanimously:

The resolution is set out in a minute exempt from publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act, 1972.

Officers responsible for effecting the decision:

Interim Head of ICT & Head of Financial Services

Reasons for making the decision:

The decision is consistent with the Council's priorities. Exactly how the decision fits with Council priorities is set out in the exempt minute.

Chair

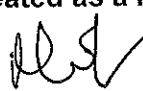
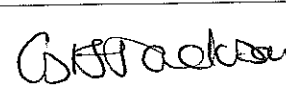
(The meeting ended at 7.21 p.m.)

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

MINUTES PUBLISHED ON TUESDAY 1 NOVEMBER 2022

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
WEDNESDAY 9 NOVEMBER 2022 WITH THE EXCEPTION OF RECOMMENDATION (1) OF
MINUTE 37 ELECTRICITY CONTRACT RENEWAL AS CALL-IN HAS BEEN WAIVED ON THAT
RECOMMENDATION.**

DECISION TO WAIVE EXECUTIVE DECISION TAKEN BY CABINET
NOTICE OF DECISION

TITLE OF DECISION: ELECTRICITY CONTRACT RENEWAL		
NAME OF DECISION TAKER:	CABINET	
CONTACT OFFICER:	DANIEL WOOD	
TELEPHONE:	01524 582061	
E-MAIL:	dwood@lancaster.gov.uk	
Details of Decision made by Cabinet: (1) To renew the contract with Npower, via YPO, for four years.		
Reasons for the decision:		
<p>1. The reasons as set out in the Cabinet Report – Electricity Contract Renewal and upon acceptance of the officers' preferred Option. In particular, it is noted that:</p> <ol style="list-style-type: none"> YPO have already completed an evaluation of various suppliers before opting for Npower. We will have continued support from YPO to help us address and solve any issues should they arise. The YPO will provide annual fixed rates costs which will allow the council to budget accordingly. Contributes to the council's Carbon Zero agenda Provides a guarantee electricity is from renewable energy sources e.g. wind farms. Removes approx. 900 tCO₂e (~20%) of the council's Scope 1 and 2 carbon emissions 		
IS THE DECISION URGENT		
YES		
PLEASE DELETE AS APPROPRIATE AND GIVE REASONS FOR URGENCY BELOW:		
THIS IS BECAUSE THE RECENTLY ANNOUNCED ENERGY BILL RELIEF SCHEME COMBINED WITH AN UNCERTAIN AND VOLATILE ENERGY MARKET HAS CAUSED NPOWER TO RECOMMEND THAT COMPLETED CONTRACTS ARE RETURNED TO THEM BY THE END OF OCTOBER TO ALLOW THEM TO PURCHASE ENERGY ON THE BEST MARKET CONDITIONS.		
I can confirm that this decision is urgent as any delay likely to be caused by the Call-in process would seriously prejudice the Council's or the public's interests and therefore is not subject to Call-in. The Chair of the Overview and Scrutiny Committee has been consulted. I hereby agree both that the decision proposed is reasonable, in all the circumstances, and to it being treated as a matter of urgency.		
Signed : 		
Chief Executive		
SIGNATURE OF CHAIR OF CABINET:		
DATE:		25 October 2022
DATE DECISION TAKEN:	25 October 2022	IMPLEMENTATION DATE – immediate call-in waived on recommendation (1)

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

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