

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>	
<p>Disadvantages</p>	<p>Additional resources will be required to effectively deliver the priorities.</p>	<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>
<p>Risks</p>	<p>May identify spending requirements which have not previously been accounted for</p>	<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**

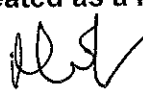
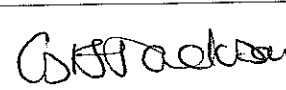
MINUTES PUBLISHED ON TUESDAY 1 NOVEMBER 2022

**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.**



Promoting City, Coast & Countryside

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: 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: a. YPO have already completed an evaluation of various suppliers before opting for Npower. b. We will have continued support from YPO to help us address and solve any issues should they arise. c. The YPO will provide annual fixed rates costs which will allow the council to budget accordingly. d. Contributes to the council's Carbon Zero agenda e. Provides a guarantee electricity is from renewable energy sources e.g. wind farms. f. 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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