



Committee: BUDGET AND PERFORMANCE PANEL

Date: WEDNESDAY, 20TH SEPTEMBER 2023

Venue: LANCASTER TOWN HALL

Time: 6.10 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Appointment of Vice Chair**

In accordance with Rule 8, paragraph c, Part 3 – Rules of Procedure, Section 3, the Chair and Vice Chair shall not be members of the largest political group which has Councillors serving on the Cabinet.

3. **Minutes** (Pages 3 - 4)

Minutes of the Meeting held on 16th March 2023 (attached).

4. **Items of Urgent Business authorised by the Chair**

5. **Declaration of Interests**

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.

6. **Provisional Revenue, Capital and Treasury Management Outturn 2022/23** (Pages 5 - 38)

Report of Chief Officer Finance.

7. **Delivering Our Priorities: Q1 2023/24** (Pages 39 - 61)

Report of Chief Officer Finance.

8. **Work Programme Report** (Pages 62 - 67)

Joint report of Chief Officers Finance and Governance.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Ross Hunter (Chair), Martin Bottoms, Keith Budden, Chris Hanna, Sophie Maddocks, Hamish Mills, Sue Penney, James Sommerville and Paul Tynan

(ii) Substitute Membership

Councillors Suhir Abuhajar, Dave Brookes and Brett Cooper

(iii) Queries regarding this Agenda

Please contact Stephen Metcalfe, Democratic Services - email sjmetcalfe@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on Tuesday, 12th September 2023.

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

16TH MARCH 2023

PRESENT:- Councillors Ross Hunter (Vice-Chair in the Chair), Keith Budden (substitute for Councillor Joan Jackson), Roger Dennison, Colin Hartley and Sally Maddocks

Also in Attendance:

Councillor Anne Whitehead, Cabinet Member with particular responsibility for Finance and Resources
Councillor Joanna Young

Apologies for Absence:

Councillors Victoria Boyd-Power, Tim Dant, Joan Jackson and Margaret Pattison

Officers in attendance:

Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Stephen Metcalfe	Principal Democratic Support Officer

31 MINUTES

The minutes of the meeting held on 1st February 2023 were approved as a correct record.

32 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

33 DECLARATION OF INTERESTS

There were no declarations of interest.

34 DELIVERING OUR PRIORITIES Q3 2022/23

Councillor Anne Whitehead, Cabinet Member with particular responsibility for Finance and Resources, was in attendance for this item.

At the Chair's discretion Councillor Joanna Young was invited to ask questions on the report and appendices.

The Panel received a report from the Chief Executive and 151 Officer that provided members with an update on performance, projects, and resources during the first three quarters of 2022/23 (April – December 2022).

No options were provided as the report was for commenting and noting.

Members asked a number of questions in relation to Morecambe Co-op Building Renovation, the period Council Tax can be collected over, Housing Benefit overpayments, PWLB rate of interest following the Government's recent budget and SALC.

Members advised that they found the format of providing information as part of the quarterly monitoring report very informative and that this assisted with the scrutiny of the priorities contained in the report and appendices.

Resolved:

- (1) That the update on performance, projects and resources for Quarter 3 2022/23 be noted.

Chair

(The meeting ended at 7.00 p.m.)

**Any queries regarding these Minutes, please contact
Stephen Metcalfe, Democratic Services - email sjmetcalfe@lancaster.gov.uk**

BUDGET AND PERFORMANCE PANEL

**Provisional Revenue, Capital, and Treasury Management
Outturn 2022-23**

20 September 2023

Report of the Chief Finance Officer

PURPOSE OF REPORT

To present Members of the Panel with the Provisional Revenue, Capital, and Treasury Management Outturn for 2022-23.

This report is public.

RECOMMENDATIONS

- (1) That Budget and Performance Panel note the Cabinet Report dated 12 September 2023 and attached appendices.

1.0 INTRODUCTION

- 1.0 The report attached at **Appendix 1**, was presented to Cabinet on 12 September 2023, Budget and Performance Panel are asked to consider the Cabinet report and attachments in line with their Terms of Reference within the Constitution.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing): As set out in the relevant appendices.

LEGAL IMPLICATIONS

As set out in the relevant appendices.

FINANCIAL IMPLICATIONS

As set out in the relevant appendices.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

As set out in the relevant appendices.

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None.

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Chief Finance Officer, Head of Financial
Services & s151 Officer
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Provisional Revenue, Capital and Treasury Management Outturn 2022/23 12 September 2023

Report of Chief Finance Officer

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2022/23, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Officer Referral			X
Date of notice of forthcoming key decision		N/A	
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That the provisional outturn for 2022/23 be endorsed, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer as set out in 5.1 and Appendix 5.
- (2) That Cabinet approve the treatment of year end overspends and endorse the do-nothing approach in-light of the current situation.
- (3) That Cabinet note and endorse the ongoing projects funded by reserves set out at Appendices 5a and 6.
- (4) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 7 and 8 be endorsed, with the Capital Programme being updated accordingly.
- (5) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 be noted and referred on to Budget & Performance Panel and Council for information.

1. BACKGROUND

- 1.1. All local authorities have a legal duty to produce an annual Statement of Accounts. For 2022/23 the requirements and timeline for the approval of a Local Authority's Statement of Accounts differed from 2021/22. In accordance with the regulations, the draft Accounts must be published on the Council's website and submitted for audit by 31 May 2023 and the timeline for the conclusion of the audit is 30 September 2023.
- 1.2. Whilst the statutory deadline of 31 May 2023 was not met, the draft Statement of Accounts

was completed and signed off prior to 31 July 2023 by the Chief Finance Officer in line with the previous year's deadline. Deloitte have not yet commenced the audit of accounts, however, the draft Statements are available on the Council's website via the following link [Statement of Accounts - Lancaster City Council](#)

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

2. PROVISIONAL REVENUE OUTTURN: SUMMARY

2.1 General Fund Revenue Outturn

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for council housing. On 23 February 2022 Council approved a General Fund Revenue Budget for 2022/23 of £21.254M (£17.774M 2021/22) which included a budgeted contribution of £0.034M to the General Fund unallocated reserve in order to produce a balanced budget.

- 2.2 On 6 December 2022 Cabinet approved the use of latest projected outturn figures to provide a mid-year reviewed budget position which was to form the basis of noting any variance at year-end. At this position a net overspend of £2.965M was predicted.

- 2.3 The table below provides details of the General Fund revenue income and expenditure for 2022/23 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments, capital charges initially charged to Service.

	2022/23			Remove Reserve Funded Variances	Variance from Working Budget
	Original Budget	Working Budget	Actual		
Expenditure:	£000	£000	£000	£000	£000
Central Services	871	1,061	918	(116)	27
Communities and Environment	7,997	10,892	10,769	115	238
Corporate Services	6,461	7,566	6,294	(193)	1,079
Economic Growth and Regeneration	7,301	8,668	7,875	(241)	552
Other Corporate Income & Expenditure Items	(1,410)	(3,968)	(4,335)	435	802
Contribution to/(from) General Fund Balance	34	(2,965)	(267)	-	(2,698)
NET REVENUE EXPENDITURE	21,254	21,254	21,254	-	-

- 2.3 After allowing for various year-end adjustments, there has been a net overspend of £0.267M against the Working Budget for 2022/23 which has resulted in a reduced transfer from the General Fund unallocated reserve. The overspending represents 1.3% of the Council's net revenue budget (2021/22 comparative: £0.571M underspend, 3.2% of budget) or 2.6% of the Council Tax requirement.

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

3. TREASURY MANAGEMENT

- 3.1 We are required by statute to report our annual treasury management performance. This report is attached at **Appendix 2** and sets out the performance of treasury operations for 2022/23. The Council's treasury operations are conducted in accordance with its annual Treasury

Management Strategy, which was approved by Council on 23 February 2022. This document identifies the investment and borrowing policies of the Council specifying various criteria for investment counterparties, maximum duration and the amount of investments together with the framework for any future borrowing.

Investments

- 3.2 In 2022/23 the Council retained its comparatively low risk appetite towards investments. The average daily amount invested reduced to £44.46M (£45.00M 2020/21) with short term investments on 31 March 2023 (all held in the balance sheet as cash and cash equivalents) totalling £24.00M (£42.70M 20/21). The overall return on investments was £0.962M at an average interest rate of 2.16% (£0.03M and 0.07% 2021/22).

Borrowing

- 3.3 The Council undertook short-term borrowing of £2M in 2022/23 (£0M in 2021/22). Total long-term debt at 31 March 2023 amounted to £57.96M (£59.00M 2021/22) all of which relates to PWLB borrowing. A further £1.04M is included within short term liabilities as payment falls due within 12 months.
- 3.4 In determining its Council Tax charges Councils must make a specific provision for the financing of capital expenditure known as Minimum Revenue Provision (MRP). The outstanding amount for which MRP has to be made is known as the Capital Financing Requirement (CFR). At 31 March 2023 the Councils CFR was £98.69M (£95.24M 2021/22) an increase of £3.45M. The amount of MRP charged in 2022/23 totalled £1.146M (£3.199M 2021/22) with accompanying interest charges £2.854M (£2.882M 2021/22).

4. HOUSING REVENUE ACCOUNT (HRA)

- 4.1 At the end of the financial year, the Council owns 3,630 homes generating rental income of £14.3M. The Local Government & Housing Act 1989 requires that this income and associated expenditure is held in a ring-fenced account, the Housing Revenue Account (HRA).
- 4.2 As part of the 2022/23 budget setting process, the Council approved the use of £1.404M (revised to £2.034M in year) of unallocated reserves in order to deliver its strategic priorities and stated outcomes within a balanced budget. The outturn position was favourable resulting in a reduction of £0.106M being required from the reserve.

	£000
Repairs & Maintenance costs	364
Interest from Investments	107
Net pension adjustment re IAS19	328
Reduced use of Reserves	(890)
Net decrease in Capital funded from Revenue	85
Other minor variances	112
	<u>106</u>

- 4.3 A summary of the HRA provisional outturn is included at **Appendix 3**. Discounting any notional and presentational variances.
- 4.4 As at 31 March 2023, the HRA's unallocated reserve balance stands at £0.624M (£2.552M 2021/22) which is £0.124M above the £0.500M minimum recommended level for 2022/23. Expenditure within the HRA is supported by a 30 year business plan and the Council is planning significant investment over a number of years to improve its social housing stock. A summary of all its Balances & Reserves is included at **Appendix 4**.

5. GENERAL FUND USABLE REVENUE RESERVES AND BALANCES

- 5.1 As discussed in Section 2, the General Fund called on the use of its general unallocated reserve to provide a balanced budget. The amount required was £0.267M. This means that as at 31 March 2023 General Fund Balances amounted to £11.677M (2021/22 £6.032M). This is £6.677M above the current minimum recommended level of reserves £5.00M. Members should be reminded that during 2022/23 an approved transfer of £5.913M was made from a number of unallocated reserves in order to increase financial resilience.
- 5.2 The overall level of General Fund Usable Reserves has reduced to £24.752M (2021/22 £28.886M). Summary details of these movement are provided in **Appendix 5**.
- 5.3 Several projects calling on reserves are yet to be completed and require the reserves funding to be rolled forward into 2023/24 accordingly. A summary of these projects totalling £2.435M is provided in **Appendix 5a**.

6. HOUSING REVENUE ACCOUNT USABLE REVENUE RESERVES AND BALANCES

- 6.1 As discussed in Section 4, the Housing Revenue Account called on the use of its unallocated reserve to provide a balanced budget. The amount required was £1.928M. This means that as at 31 March 2023 the HRA's Unallocated Balances amounted to £0.624M (2021/22 £2.552M). This is £0.124M above the minimum recommended level for 2022/23 of £0.500M.
- 6.2 Several projects calling on HRA earmarked reserves are yet to be completed and require the reserves funding to be rolled forward into 2023/24 accordingly. A summary of these projects totalling £1.265M is provided in **Appendix 6**.

7. CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

- 7.1 Under the financial strategy, provisions exist to adjust budgets between years by carrying forward under or over-spending. These arrangements help to:
- provide some flexibility in delivering the Council's stated objectives
 - remove the incentive to spend up budgets unnecessarily by year end, and
 - promote good financial management.
- 7.2 With regard to the carry forward of revenue underspends, and given the overall outturn position, there are no requests for Cabinet to consider.
- 7.3 With regard to overspendings, arrangements require that
- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Director (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Director and the S151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.
 - The S151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspends occurring and details of any actions taken to prevent the situation recurring.
- 7.4 Given the current financial climate and future challenges facing the Council it is proposed not to carry forward any overspends occurring within 2022/23.

8. CAPITAL OUTTURN

- 8.1 In 2022/23 the Council spent £15.755M in total on capital schemes (£14.892M 2021/22). Total spend on the General Fund was £10.447M against a budget £13.903M, with the HRA spending being £5.308M against a budget of £7.063M.
- 8.2 A provisional capital expenditure and financing statement for the year is included at **Appendix 7**, which is summarised in the following tables:

Capital Expenditure

Service	A	B	C	D	E
	2022/23 Gross Budget £000	2022/23 Expenditure £000	Variance £000	(Slippage)/ Accelerated Expenditure £000	Final Over/(Under) spend £000
			(B-A)		(C-D)
Communities & Environment	11,299	8,858	(2,441)	(1,421)	(1,020)
Economic Growth & Regeneration	2,066	1,225	(841)	(639)	(202)
Corporate Services	538	362	(176)	(176)	-
Central Services	-	2	2	2	-
Total General Fund Programme	13,903	10,447	(3,456)	(2,234)	(1,222)
Housing Revenue Account	7,063	5,308	(1,755)	(1,027)	(728)
Total Council Capital Programme	20,966	15,755	(5,211)	(3,261)	(1,950)

Capital Financing

Service	Grants & Contributions £000	Revenue Contributions £000	Earmarked Reserves £000	Major	Capital Receipts £000	Unsupported Borrowing £000	Total £000
				Repairs Reserve £000			
Communities & Environment	4,400	43	479	-	184	3,752	8,858
Economic Growth & Regeneration	729	-	-	-	-	496	1,225
Corporate Services	-	-	-	-	-	362	362
Central Services	2	-	-	-	-	-	2
Total General Fund Programme	5,131	43	479	-	184	4,610	10,447
Housing Revenue Account	21	-	306	4,939	42	-	5,308
Total Council Capital Programme	5,152	43	785	4,939	226	4,610	15,755

Capital Slippage

- 8.3 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix 8**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual carry forward of slippage can be a formality.

9. DETAILS OF CONSULTATION

9.1 As reflected above, the statutory arrangements regarding the public's rights in relation to the accounts provide for a fixed 30 working day period, which commenced on 1st August for this year.

10. OPTIONS AND OPTIONS ANALYSIS

10.1 The Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Finance Officer, and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

10.2 The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:

- Endorse any number of the items / requests, in full or part.
- Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
- Request further information regarding them, if appropriate.

11. OFFICER PREFERRED OPTION AND JUSTIFICATION

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

12. CONCLUSION

12.1 Although the Council's financial position appears relatively healthy with a surplus against the mid-year reviewed budget, it still represents and an overall decrease to the level of unallocated reserves held. The Council's Medium Term Financial Strategy suggests a structural budget gap in 2023/24 onwards of approximately £1.703M rising to £5.263M in 2027/28.

12.2 Work has commenced to support opportunities to address the underlying structural deficit, by:

- Increasing and diversifying income
- Improving productivity and securing efficiencies via new ways of working (e.g., Outcomes Based Resourcing)
- Developing alternative ways to achieve priority outcomes (e.g., partnership)

12.3 However, if these are not successful and the deficit is not closed, then balances will be required to make up the difference.

RELATIONSHIP TO POLICY FRAMEWORK

The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly identifiable, due to the high level nature of this report.

LEGAL IMPLICATIONS

There are no legal implications directly arising.

FINANCIAL IMPLICATIONS

As set out in the report

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

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

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

None.

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FINANCIAL PERFORMANCE**General Fund**

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for council housing. On 23 February 2022 Council approved a General Fund Revenue Budget for 2022/23 of £21.254M (£17.774M 2021/22).

On 6 December 2022 Cabinet approved the use of latest projected outturn figures to provide a mid-year reviewed budget position which was to form the basis of noting any variance at year-end. At this position a net overspend of £2.965M was predicted.

The actual net overspend on the General Fund for the year has reduced to £0.267M, which has been funded from the General Fund unallocated reserve.

The table below provides details of the General Fund revenue income and expenditure for 2022/23 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments and capital charges initially charged to service.

	2022/23			Remove Reserve Funded Variances	Variance from Working Budget	Note
	Original Budget	Working Budget	Actual			
Expenditure:	£000	£000	£000	£000	£000	
Central Services	871	1,061	918	(116)	27	
Communities and Environment	7,997	10,892	10,769	115	238	1
Corporate Services	6,461	7,566	6,294	(193)	1,079	2
Economic Growth and Regeneration	7,301	8,668	7,875	(241)	552	3
Other Corporate Income & Expenditure Items	(1,410)	(3,968)	(4,335)	435	802	4
Contribution to/(from) General Fund Balance	34	(2,965)	(267)	-	(2,698)	5
NET REVENUE EXPENDITURE	21,254	21,254	21,254	-	-	

A core element of the Council's budget is salary driven and the relative variances since the mid-year review are summarised in the table below with further discussion in the following notes.

Service/Section	SALARIES VARIANCE	AGENCY VARIANCE	OTHER VARIANCE	TOTAL VARIANCE	Note
	£000	£000	£000	£000	
Central Services	21	-	-	21	
Communities and Environment	125	(54)	20	91	1
Corporate Services	89	5	-	94	2
Economic Growth & Regeneration	312	(12)	26	326	3
TOTAL VARIANCE FAVOURABLE / (ADVERSE)	547	(61)	46	532	

The following table highlights the significant variances between the mid-year review and the outturn position :-

	2022/23	Note
	£000	
Mid-Year Review Position	(2,965)	
<u>Quarter 3 Variances</u>		
Salary Savings	469	1,2,3
Energy Costs	163	1,3
SALC Income	(72)	1
Minimum Revenue Provision	1,500	4
Investment Interest Received	179	4
Other Variances	(51)	
Quarter 3 Reported Position	(777)	
<u>Quarter 4 & Outturn Variances</u>		
Pensions Top Up	591	1,2,3
Energy Costs	266	1,3
Minimum Revenue Provision	504	4
Investment Interest Received	76	4
Non-specific Government Grants	198	4
Contribution to Restructure Reserve	(400)	4
Business Rates	(1,249)	4
Bad Debt Provision	476	4
Other Variances	48	
Contribution to/(from) General Fund Balance	(267)	5

Further explanations for variances including salaries are detailed in the notes below.

Note 1 Communities & Environment

Salaries (£0.091M underspend)

Further salary savings across the directorate offset by the use of casual staffing and overtime plus a reduction in agency staffing requirement to address shortfalls. This is largely due to non-recruitment to vacant posts; however, increased casual staffing has been needed at Salt Ayre Leisure Centre to cover necessary training to fill lifeguard vacancies due to a national recruitment crisis.

Energy Costs (£0.158M underspend)

Since the mid-year review energy costs have dropped considerably. It is expected that this will continue throughout 2023/24 and further underspends will be built into future projections as part of the monitoring process. Two other significant issues have, however, contributed to the outturn position :-

- Following challenge from officers, refunds totalling £0.088M were received relating to Castle Car Park due to being incorrectly charged a higher electricity tariff during 2021/22.
- Following an independent review, the heating system at Salt Ayre Leisure Centre has been found to be under-performing. Whilst there was an overspend at the centre on energy of £0.071M against the mid-year projection, it is estimated that this issue has cost in the region of £0.100M in 2022/23 and further financial pressure will continue into 2023/24 should the issue not be addressed. Officers are currently working on various options and the ongoing position will be included in future monitoring reports.

Note 2 Corporate Services

Salaries (£0.094M underspend)

Further salary savings across directorate mainly relating to Accountancy and ICT.

Pensions Top-Up (£0.591M saving)

During 2021/22, a requirement for top-up pension payments to be made into the Lancashire County Pension Fund was notified to the City Council following a review of actual pensionable pay compared to that estimated for the 3-year prepayment arrangement entered into in

2020/21. Part of the top up payment accrued for and relating to 2021/22 was inadvertently budgeted for in 2022/23 in line with the cash payment. The saving generated will be partially offset by a further top-up payment of £0.131M in respect of 2022/23 notified after the IAS19 schedule prepared by the actuary. This will be recognised in 2023/24 in line with the IAS19 schedule for that year.

Bad Debt Provision (£0.476M reduced contribution)

There has been an in-year change in the profile of aged debt, in particular a reduction in debt that is between 184-364 days old and to a lesser degree that which is over 365 days old. As a result, it has not been necessary to make the budgeted contribution of £0.250M to the provision and a further £0.226M has been released.

Note 3 Economic Growth & Regeneration

Salaries (£0.326M underspend)

Further salary savings across the directorate largely due to the recruitment freeze in place in the latter half of the year. The service is currently holding a significant number of vacant positions.

Energy Costs (£0.276M underspend)

As per Note 1 energy costs have dropped considerably in relation to the mid-year review forecast.

Note 4 Other Items

Minimum Revenue Provision (£2.004M saving)

An external review of the Council's minimum revenue provision (MRP) policy has been undertaken. The review was completed after the mid-year budget review and the Council has saved £2.004M by changing the methodology for calculating MRP and making some retrospective adjustments. The change in policy was included in the Treasury Management Strategy presented to budget Council meaning that it has been possible to realise the savings within the 2022/23 financial year.

Investment Interest Received (£0.255M increase)

When the mid-year review position was undertaken, the Bank of England base rate was 2.25%. There have been 4 incremental rises between then and 31st March 2023 bringing the bank rate to 4.25%. Whilst some allowance was made for future rate rises in line with our Treasury Management advisers forecasts, continued rising inflation has meant that these have exceeded the expectations at that time.

Non-specific Governments Grants (£0.198M increase)

Unexpected additional grant income was received in March 2023. This is non-ringfenced new burden income and has been used to contribute towards net general fund expenditure.

Contribution to Restructuring Reserve (£0.400M contribution)

The S151 Officer has recommended a contribution to the reserve to help finance future expected restructuring costs in relation to the Outcomes Based Resourcing project.

Business Rates (£1.249M expenditure)

£1.062M relates to the unanticipated impact of Covid Additional Relief Fund grant (CARF) on the business rates levy charged for the year. The remaining £0.187M relates to Section 31 grant in respect of business rate reliefs which is paid on account based on an estimated figure. On outturn more grant than was due had been received on account and is repayable to Central Government.

Note 5 Contribution from General Fund Balance (£0.267M contribution)

Balances are fundamental in protecting the Council's financial standing, as well as being key in helping to address financial challenges and establish a sustainable budget, through their appropriate use. As part of the 2022/23 General Fund budget setting process, the Council approved the contribution of £0.034M towards unallocated reserves to deliver its strategic priorities and stated outcomes within a balanced budget. This position was revised to a contribution of £2.965M in year as part of the mid-year review forecast. As detailed in the previous notes, the General Fund performance was better than expected since the review. Whilst the overall outturn position still required a contribution from the unallocated reserve, this was reduced to £0.267M. At 31 March 2023, the General Fund's unallocated reserve balance stands at £11.678M which is £6.678M above the minimum recommended level.

Housing Revenue Account

At the end of the financial year, the Council owned 3,630 homes generating rental income of c.£14.3M. The Local Government & Housing Act 1989 requires that this income and associated expenditure is held in a ring-fenced account, the Housing Revenue Account (HRA). Full details of the HRA are included within these accounts.

	£000
Repairs & Maintenance costs	364
Interest from Investments	107
Net pension adjustment re IAS19	328
Reduced use of Reserves	(890)
Net decrease in Capital funded from Revenue	85
Other minor variances	112
	106

As part of the 2022/23 budget setting process, the Council approved the use of £1.404M (revised to £2.034M in year) of unallocated reserves to deliver its strategic priorities and stated outcomes within a balanced budget. The outturn position was favourable resulting in a reduction of £0.106M being required from the reserve. At 31 March 2023, the HRA's unallocated reserve balance stands at £0.624M which is £0.124M above the minimum recommended level for 2022/23. Expenditure within the HRA is supported by a 30-year business plan and the Council is planning significant investment over a number of years to improve its social housing stock.

Annual Treasury Management Report
2022/23

For Noting by Cabinet 12 September 2023

Annual Treasury Management Review 2022/23

Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 23 February 2022)
- a mid-year (minimum) treasury update report
- an annual review following the end of the year describing the activity compared to the strategy (this report).

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

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

Introduction and Background

This report summarises the following:-

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

1. The Council's Capital Expenditure and Financing 2022/23

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

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

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

General Fund (GF) £M	2021/22 Actual	2022/23 Estimate	2022/23 Actual
Capital expenditure	11.22	13.85	10.44
Financed in year	(7.73)	(6.73)	(5.83)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	3.49	7.12	4.61

HRA £M	2021/22 Actual	2022/23 Estimate	2022/23 Actual
Capital expenditure	3.76	5.37	5.31
Financed in year	(3.76)	(5.37)	(5.31)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	0.00	0.00	0.00

2. The Council's Capital Financing Requirement 2022/23

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury function organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to

make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs in purpose from other treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

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

The Council's 2022/23 MRP Policy (as required by CLG Guidance) was initially approved as part of the Treasury Management Strategy Report for 2022/23 on 23 February 2022. It was subsequently amended and approved as part of the Treasury Management Strategy Report for 2023/24 on 22 February 2023 following a comprehensive review of the MRP charges and methodology. The amendments to the policy were as a result able to be applied for 2022/23 as approval was given before the end of the financial year.

The Council's CFR for the year is shown below, and represents a key prudential indicator.

No borrowing has actually been required against these schemes, however, as cash supporting the Council's reserves, balances and cash flow has been used as an interim measure

CFR (£M): General Fund	31 March 2022 Actual	31 March 2023 Estimate	31 March 2023 Actual
Opening balance	57.73	64.44	58.96
Add unfinanced capital expenditure (as above)	3.49	7.12	4.61
Less MRP	(2.16)	(2.70)	(0.01)
Less finance lease repayments	0.00	0.00	0.00
Closing balance	59.06	68.86	63.56

CFR (£M): HRA	31 March 2022 Actual	31 March 2023 Estimate	31 March 2023 Actual
Opening balance	37.23	36.18	36.18
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.05)	(1.04)	(1.05)
Closing balance	36.18	35.14	35.13

CFR (£M): Combined	31 March 2022 Actual	31 March 2023 Estimate	31 March 2023 Actual
Opening balance	94.96	100.62	95.14
Add unfinanced capital expenditure (as above)	3.49	7.12	4.61
Less Debt Repayment, Finance Leases and MRP	(3.21)	(3.74)	(1.06)
Closing balance	95.24	104.00	98.69

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Treasury Management Strategy for 2022/23 estimated that some borrowing in advance may be undertaken but was within the forecast CFR for the next two years. The Council has, therefore, complied with this prudential indicator.

£M	31 March 2022 Actual	31 March 2023 Estimate	31 March 2023 Actual
Gross borrowing position	60.05	84.00	59.01
CFR	95.24	104.00	98.69

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

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

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2022/223 Actual
Authorised limit	£115.00M
Maximum gross borrowing position	£59.01M
Operational boundary	£99.00M
Average gross borrowing position	£59.70M

Financing costs as a proportion of net revenue stream - GF	*5.90%
Financing costs as a proportion of net revenue stream - HRA	18.79%

* financing costs as a proportion of net revenue stream reflects the impact of a one-off in-year saving in respect of MRP and is not, therefore, representative of the true underlying position.

3. Treasury Position as at 31 March 2023

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/23 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2022 Principal £M	Average Rate %	Average Life yrs	31 March 2023 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	60.05	4.75	31	59.01	4.78	30
Total debt	60.05			59.01		
CFR	95.24			98.69		
Over / (under) borrowing	(35.19)			(39.69)		

The loan repayment schedule is as follows:

	31 March 2023 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.21
10 years and within 20 years	9.40
20 years and within 30 years	0.00
More than 30 years	39.20

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2022 £M	31 March 2022 %	31 March 2023 £M	31 March 2023 %
Money Market Funds	14.70	34.00	4.00	17.00
Other Local Authorities	28.00	66.00	20.00	83.00
Total investments	42.70		24.00	

The average rate of interest payable on PWLB debt in 2022/23 was 4.78%. A total of £2.85M interest was incurred during the year, of which £1.70M was recharged to the HRA.

Interest Payable

	2022/23
Estimate	£2.85M
Actual	£2.85M

4. The Strategy for 2022/23

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5% reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

The change in investment rates meant that local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cash flow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investments rates as duration was extended became an ongoing feature of the investment landscape.

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

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The conundrum facing central banks is that inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

Q2 of 2022 saw UK GDP deliver growth of +0.1% quarter on quarter, but this was quickly reversed in the third quarter. Q4 GDP was positive at 0.1% quarter on quarter. Most recently, January saw a 0.3% month on month increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end

of 2022 was, in part, due to a 1.3% quarter on quarter rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme

CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

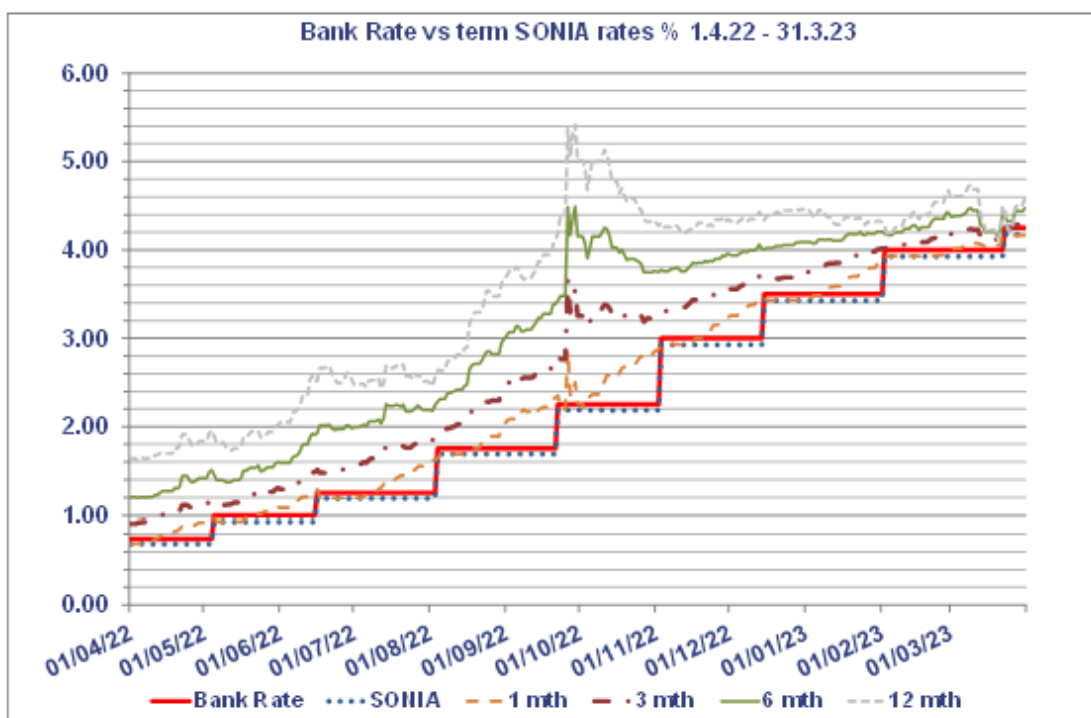
Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2022/23



6. Borrowing Strategy and Control of Interest Rate Risk

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

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

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

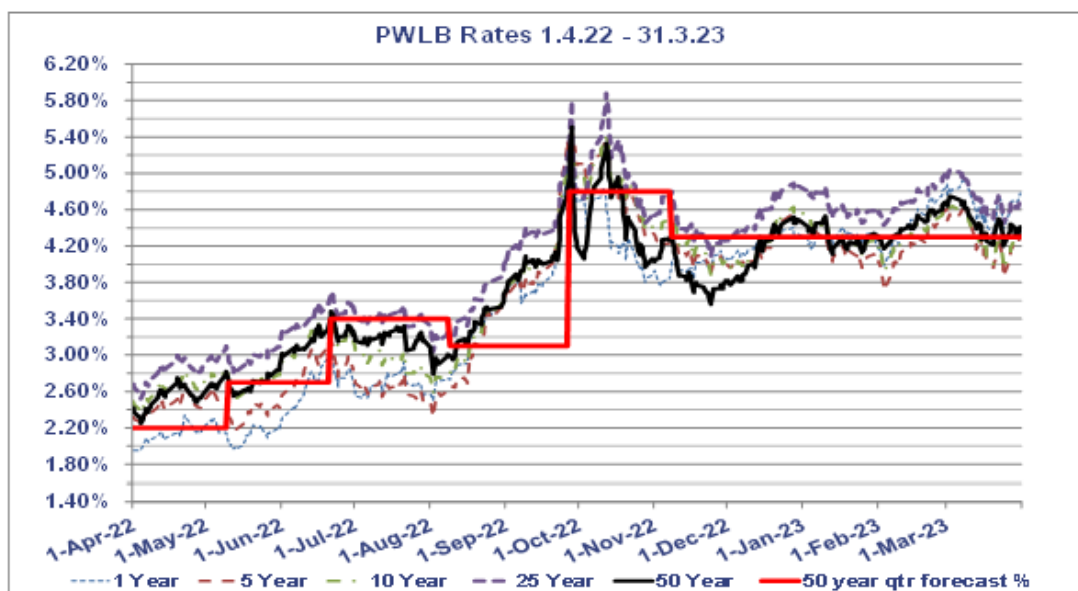
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding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

Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless there remain significant risks to that central forecast.

Forecasts at the time of approval of the treasury management strategy report for 2022/23 were as follows:

	Mar-22	Mar-23	Mar-24	Mar-25
Bank Rate	0.25	0.75	1.00	1.25
3 Month average earnings	0.30	0.70	1.00	1.00
6 Month average earnings	0.50	0.80	1.10	1.10
12 Month average earnings	0.70	0.90	1.20	1.20
5yr PWLB rate	1.50	1.70	1.90	2.00
10yr PWLB rate	1.70	1.90	2.10	2.30
25yr PWLB rate	1.90	2.20	2.30	2.50
50yr PWLB rate	1.70	2.00	2.10	2.30

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



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

7. Borrowing Outturn for 2022/23

Borrowing

No long-term borrowing was undertaken during the year.

Borrowing in advance of need

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

Rescheduling

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

8. Investment Outturn for 2022/23

Investment Policy – the Council’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 23 February 2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

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

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/22	31/03/23	31/03/22	31/03/23	31/03/22	31/03/23
Balances	6.03	11.68	2.55	0.62	8.58	12.30
Earmarked reserves	22.96	13.63	12.33	10.31	35.29	23.94
Provisions	6.66	4.74	0.00	0.00	6.66	4.74
Working Capital	28.73	15.06	4.13	3.96	32.85	19.02
Total	64.38	45.11	19.01	14.89	83.38	60.00
Amount Over/(Under) Borrowed						(39.69)
Baseline Investment Balances						20.31

Investments held by the Council - the Council maintained an average investment balance of £44.46M of internally managed funds. The average rate of interest earned for the year was 2.16%. The weighted average rate of interest being earned on the investment portfolio at the end of the year is also given. These rates are compared to the average base rate and average 7- day SONIA (Sterling Overnight Index Average).

	2022/23
Lancaster CC Investments full year	2.16
Lancaster CC Investments weighted average at 31 March	3.42
Base Rate	2.30
7 day SONIA rate	2.24

The actual interest earned in 2022/23 was £881K.

10. Other Risk Management Issues

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

The 2021 CIPFA codes and guidance notes have placed further importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 22 February 2023

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2021)

1. This organisation defines its treasury management activities as:

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

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

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

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

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

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

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

See also PWLB.

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

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

HOUSING REVENUE ACCOUNT OUTTURN 2022/23**For Consideration by Cabinet 12 September 2023**

	Original Budget £	Mid-year Review £	Actual £
INCOME			
Rental Income - Council Housing	(14,499,900)	(14,369,200)	(14,342,701)
Rental Income - Other (Shops and Garages etc.)	(273,300)	(285,900)	(268,966)
Charges for Services & Facilities	(1,513,000)	(1,683,700)	(1,734,095)
Grant Income	(7,700)	(7,700)	(7,736)
Contributions from General Fund	(95,600)	(98,800)	(99,214)
Total Income	(16,389,500)	(16,445,300)	(16,452,712)
EXPENDITURE			
Repairs & Maintenance	6,354,400	7,412,000	6,989,818
Supervision & Management	4,344,100	5,166,100	6,504,564
Rents, Rates & Insurance	355,600	531,300	513,932
Contribution to Provision for Bad and Doubtful Debts	141,300	114,800	44,930
Depreciation & Impairment of Fixed Assets	2,771,700	2,771,700	8,719,499
Debt Management Costs	0	0	0
Total Expenditure	13,967,100	15,995,900	22,772,743
NET COST OF HRA SERVICES	(2,422,400)	(449,400)	6,320,031
(Gain)/Loss on disposal of non-current assets	0	0	(288,961)
Interest Payable & Similar Charges	1,679,400	1,679,400	1,703,985
Interest & Investment Income	(43,100)	(43,100)	(149,743)
Pensions Interest Costs & Expected Return on Pensions Assets	0	0	281,093
Capital Grants and Contributions Receivable	0	0	(21,033)
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0
(SURPLUS) OR DEFICIT FOR THE YEAR	(786,100)	1,186,900	7,845,372
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,366
Net Charges made for Retirement Benefits	0	0	(1,101,747)
Adjustments to reverse out Notional Charges included above	4,465,000	1,650,000	(3,782,412)
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(4,918,600)	(3,207,000)	(2,074,449)
Capital Expenditure funded from Major Repairs Reserve	1,601,800	1,363,300	0
Transfer from Earmarked Reserves - for Capital Purposes	(4,465,000)	(1,650,000)	(305,799)
Financing of Capital Expenditure from Earmarked Reserves	4,465,000	1,650,000	305,799
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	1,403,500	2,034,600	1,928,130
Housing Revenue Account Balance brought forward	(2,433,269)	(2,551,664)	(2,551,664)
HRA BALANCE CARRIED FORWARD	(1,029,769)	(517,064)	(623,534)

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

HRA RESERVES BUDGET SUMMARY - 2022/23 OUTTURN

2022/23					
HOUSING REVENUE ACCOUNT	Balance as at 31/03/22	Contributions to Reserve	Contributions from Reserve		Balance as at 31/03/23
	£000	From Revenue £000	To Capital £000	To Revenue £000	£000
HRA General Balance	(2,552)	-	-	1,928	(624)
Earmarked Reserves:					
Business Support Reserve	(7,437)	-	306	1,262	(5,869)
Major Repairs Reserve	(742)	(4,325)	4,945	-	(121)
Flats - Planned Maintenance	(817)	(33)	-	62	(788)
I T Replacement	(579)	(39)	-	174	(444)
Office Equipment Reserve	(39)	-	-	39	-
Sheltered - Equipment	(383)	-	-	110	(273)
Sheltered - Planned Maintenance	(446)	-	-	59	(387)
Sheltered Support Grant Mtce	(627)	-	-	135	(492)
Total Earmarked Reserves	(11,069)	(4,397)	5,251	1,841	(8,374)

Appendix 5 General Fund Usable Reserves

General Fund Usable Reserves				
	31/03/2022 £000	Transfer (From) Reserve £000	Transfer To Reserve £000	31/03/2023 £000
General Fund Balance	6,032	(267)	5,913	11,678
Earmarked Reserves				
Revenue Grants Unapplied Reserve	4,358	(3,919)	205	644
Business Rates Retention Reserve	9,091	(2,019)	400	7,472
Corporate Priorities Reserve	2,117	(1,696)		421
Covid 19 Support Reserve	1,747	(1,737)		10
Invest to Save Reserve	826	(630)	107	303
S106 Commuted Sums Reserve	1,389	(123)		1,266
Restructure Reserve	431	(310)	400	521
Corporate Property Reserve	338	(25)		313
Welfare Reforms Reserve	325			325
Renewals Reserves	787	(187)	462	1,062
Economic Growth Reserve	248	(248)		0
Homelessness Support Reserve	110			110
Lancaster District Hardship Fund	377	(137)		240
Other Earmarked Reserves	710	(358)	36	388
Total Earmarked Reserves	22,854	(11,389)	1,610	13,075
Total Usable Revenue Reserves	28,886	(11,656)	7,523	24,753
Capital Receipts Reserve	3	(184)	184	3
Capital Grants Unapplied Reserve	103			103
Total Usable Capital Reserves	106	(184)	184	106
Total Usable Reserves	28,992	(11,840)	7,707	24,859

Appendix 5a - Reserve Funded Projects Slipped from 2022/23

Reserve	Description	Slippage Amount £	Details
Unallocated Reserve	Gateway White Lund Roof	1,155,000	Amount allocated for roof and cladding repairs at Gateway White Lund industrial units
	Burrow Beck Feasibility Work	180,000	Contribution for surveys, reports & consultation to support the planning application for a 4.8MW solar scheme
Corporate Priorities Reserve	Teams Contact Centre	184,000	Required for Anywhere 365 Renewal
	Museum Review - Resilient Heritage Match	30,000	National Lottery Heritage Fund match funding pending outcome of ongoing consultancy review of the Museums
	Digital Strategy	18,800	Required to support Lancaster Local Full Fibre Network & Data Centre feasibility work
	Works in Default	17,500	Reactive activity led allocation to support expenditure
	Business Support & Skills	15,000	Required for Growth Lancashire annual subscription
	Culture Strategy Museums	3,000	Required for match funding to be applied for in 2023/24
Invest To Save Reserve	Heysham Gateway	174,700	Required to fund ongoing project and joint partnership arrangement with Lancashire County Council
	Regeneration Feasibility - Local Plan	49,600	Required to fund ongoing project work
	Regeneration Feasibility - Canal Quarter	3,900	Required to fund ongoing project
Revenue Grants Unapplied Reserve (Council tax rebate new burdens)	Revenue Shared Service Support	204,600	Council tax rebate & business rate new burdens funding transferred into revenue grants unapplied at the end of 2022/23 and intended to be used during 2023/24 to support work of revenues shared service
Revenue Grants Unapplied Reserve (Community Housing & Brownfield)	Estimated Grant Payments (Lapwing & Co-op Buildings)	21,400	Ringfenced funding to be reallocated
	Additional Officer Hours	9,100	Ringfenced funding to be reallocated
Lancaster District Hardship Fund	Household support for residents suffering hardship	240,000	Balance of fund not yet utilised and remaining available to provide support
Renewals Reserve	Remove 2 x bridges over Burrow Beck	7,000	Works to be finalised
Restructure Reserve	Outcomes Based Resourcing Support	121,000	Required to fund Outcomes Based Resourcing support costs in 2023/24
	Total	2,434,600	

Appendix 6 - Housing Revenue Account Reserve Funded Projects Slipped from 2022/23

Reserve	Description	Slippage Amount £	Details
Business Support Reserve	Housing Renewal & Renovation capital expenditure	342,400	Alder Grove development due to commence Summer 2023; non-dwelling conversion due to complete Autumn 2023
Flats - Planned Maintenance Reserve	Fire Safety Works	325,800	Works required in communal areas of general needs flats (approved by Cabinet in October 2022)
ICT and Systems Improvement Reserve	System-related Projects	80,800	System replacement pre-project work and software implementation
Sheltered - Planned Maintenance Reserve	Fire Safety Works	350,000	Works required in communal areas of independent living schemes (approved by Cabinet in October 2022)
Sheltered Support Grant Maintenance Reserve	Warden Call Digital Upgrades	165,500	Replacement programme due to complete within 2023/24
	Total	1,264,500	

Lancaster City Council - Capital Expenditure 2022/23

For consideration by Cabinet 12 September 2023

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2022/23	Expenditure to be financed in 2022/23	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COUNCIL HOUSING										
Adaptations	300,000	322,691.92	322,691.92					322,691.92	322,691.92	0.00
Energy Efficiency boiler Replacements	1,029,000	835,002.38	835,002.38					835,002.38	835,002.38	0.00
Internal Reurbishments	725,000	767,280.12	767,280.12					767,280.12	767,280.12	0.00
External Refurbishments	315,000	253,726.08	253,726.08					253,726.08	253,726.08	0.00
Environmental Improvements	395,000	406,357.35	406,357.35					406,639.54	406,357.35	0.00
Re-roofing & Window Renewals	988,000	826,847.45	826,847.45	21,314.84				805,532.61	826,847.45	0.00
Fire Precaution Works	280,000	295,032.47	295,032.47					295,032.47	295,032.47	0.00
Rewiring	56,000	19,616.04	19,616.04					19,616.04	19,616.04	0.00
Housing Renewal & Renovation	1,720,000	1,346,071.53	1,346,071.53			70,799.32		1,232,991.32	1,303,790.64	42,280.89
Dwelling Acquisitions	0	235,000.00	235,000.00			235,000.00			235,000.00	0.00
Mainway Regeneration Project	1,255,000	0.00	0.00						0.00	0.00
TOTAL - HRA	7,063,000	5,307,625.34	5,307,625.34	21,033	0	305,799	0	4,938,512	5,265,344	42,281

GENERAL FUND	Revised Estimate	Expenditure in 2022/23	Expenditure to be financed in 2022/23	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
COMMUNITIES AND ENVIRONMENT										
Vehicle Renewals	4,449,000	3,052,846.86	3,052,846.86					0.00	3,052,846.86	
Property De-Carbonisation Works	2,000,000	1,094,741.16	1,094,741.16	1,094,741.16					1,094,741.16	0.00
Disabled Facilities Grants	2,336,000	2,457,480.91	2,457,480.91	2,457,480.91					2,457,480.91	0.00
SASC Development Partnership	0	-29,068.87	-29,068.87						0.00	-29,068.87
Salt Ayre Replacement Equipment	662,000	563,688.93	563,688.93			141,904.00			141,904.00	421,784.93
Next Steps Accommodation Programme Property Purchases	1,326,000	1,346,317.48	1,346,317.48	576,000.00		300,000.00	43,121.84		919,121.84	427,195.64
SALC optimised solar farm, air source heating pumps & glazing	318,000	208,120.83	208,120.83						208,120.83	0.00
Torrisholme Park Play Area	70,000	63,896.38	63,896.38						63,896.38	0.00
Half Moon Bay Car Park Extension	60,000	63,281.07	63,281.07						0.00	63,281.07
Far Moor Playing Fields S106 scheme	37,000	36,401.90	36,401.90			36,401.90			36,401.90	0.00
Roof Mounted Solar Array - City Labs	33,000	0.00	0.00						0.00	0.00
Happy Mount Park Pathway Replacements	8,000	0.00	0.00						0.00	0.00
Sub-Total	11,299,000	8,857,706.65	8,857,706.65	4,400,239.28	0.00	478,305.90	43,121.84	0.00	4,921,667.02	3,936,039.63
ECONOMIC GROWTH AND REGENERATION										
Lancaster Heritage Action Zone	1,104,000	485,392.94	485,392.94	288,857.41					288,857.41	196,535.53
Caton Road Flood Relief Scheme	340,000	346,925.31	346,925.31	346,925.31					346,925.31	0.00
1 Lodge Street Urgent Structural Repairs	57,000	60,759.00	60,759.00	28,912.95					28,912.95	31,846.05
Gateway Low Voltage Switchgear	170,000	67,665.72	67,665.72						67,665.72	0.00
Palatine Recreation Ground - Pavillion	138,000	154,163.67	154,163.67						0.00	154,163.67
Lancaster City Museum Boiler	131,000	88,885.77	88,885.77	43,358.84					43,358.84	45,526.93
Engineers Electric Vehicle	15,000	0.00	0.00						0.00	0.00
Coastal Revival Fund - Morecambe Co-op Building	11,000	350.00	350.00			350.00			350.00	0.00
S106 Highways Works	25,000	20,842.99	20,842.99	20,842.99					20,842.99	0.00
Our Future Coast	75,000	0.00	0.00						0.00	0.00
Sub-Total	2,066,000	1,224,985.40	1,224,985.40	729,247.50	0.00	0.00	0.00	0.00	729,247.50	495,737.90
CORPORATE SERVICES										
ICT Systems, Infrastructure & Equipment	418,000	332,538.61	332,538.61						0.00	332,538.61
ICT Laptop Replacement & e-campus screens	120,000	25,829.71	25,829.71						0.00	25,829.71
Lancaster Local Fibre Network	0	3,854.50	3,854.50						0.00	3,854.50
Sub-Total	538,000	362,222.82	362,222.82	0.00	0.00	0.00	0.00	0.00	0.00	362,222.82
CENTRAL SERVICES										
UKSPF	0	1,849.00	1,849.00	1,849.00					1,849.00	0.00
Sub-Total	0	1,849.00	1,849.00	1,849.00	0.00	0.00	0.00	0.00	1,849.00	0.00
TOTAL - GENERAL FUND	13,903,000	10,446,764	10,446,764	5,131,336	0	478,306	43,122	0	5,652,764	4,794,000

GENERAL FUND HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2022/23	Expenditure to be financed in 2022/23	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
	13,903,000	10,446,763.87	10,446,763.87	5,131,335.78	0.00	478,305.90	43,121.84	0.00	5,652,763.52	4,794,000.35
	7,063,000	5,307,625.34	5,307,625.34	21,032.65	0.00	305,799.32	0.00	4,938,512.48	5,265,344.45	42,280.89
TOTAL CAPITAL EXPENDITURE & FINANCING	20,966,000	15,754,389.21	15,754,389.21	5,152,368.43	0.00	784,105.22	43,121.84	4,938,512.48	10,918,107.97	4,836,281.24

2020/21 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
Amounts to be financed by General Capital Resources			42,280.89	4,794,000.35	4,836,281.24
Financed by:					
Underlying Borrowing Need - Increase in Capital Financing Requirement			0.00	4,736,242.90	4,736,242.90
Usable Capital Receipts			0.00	57,757.45	57,757.45
General Grants Unapplied			0.00	0.00	0.00
Total Financing from General Capital Resources			0.00	4,794,000.35	4,794,000.35

Appendix 8 - Slippage and Accelerated Expenditure

	Slippage £000	Reason for Slippage £000
Communities & Environment		
Purchase of Vehicles	(1,396)	Protracted vehicle build and delivery times
Salt Ayre Equipment Programme	(98)	Required to complete changing rooms project
Next Steps Accommodation Programme	(23)	Required to finalise works
SALC Salix Funded Optimised Solar Farm	(17)	Required to cover contractor retention falling due in 2023/24
Happy Mount Park Footpaths	(8)	Final element of project slipped due to contractor availability
	<u>(1,542)</u>	
Economic Growth & Regeneration		
Lancaster Heritage Action Zone	(394)	Projects within the scheme did not progress in line with original plans
Low Voltage Switchgear - Gateway	(102)	Project did not commence as quickly as originally anticipated and is ongoing in 2023/24
Our Future Coast Project	(75)	Project did not start in year as expected
Lancaster City Museum Boiler	(42)	Required for professional fees and retention falling due in 2023/24
Engineers Electric Vehicle	(15)	Protracted vehicle delivery times
Coastal Revival fund - Morecambe Co-op	(11)	Required for planned final works in 2023/24
	<u>(639)</u>	
Corporate Services		
ICT Systems, Infrastructure & Equipment including Lancaster Local Fibre Network	(176)	Changing corporate needs during 2022/23 such as the office move out of Palatine Hall led to delays in expenditure
	<u>(176)</u>	
Housing Revenue Account		
Housing Renewal & Renovation	(342)	Alder Grove development due to commence Summer 2023; non-dwelling conversion due to complete Autumn 2023
Fire Precaution Works	(240)	Smoke alarm replacement contract, committed at year end
Energy Efficiency/Boiler Renewals	(194)	Includes PV panels for non-dwelling conversion due to complete Autumn 2023 and other energy efficiency measures
Re-roofing/Window Renewals	(169)	Reroofing contract, committed at year end
External Refurbishment	(45)	Works completed during the first quarter of 2023/24
Rewiring	(37)	Consumer unit replacement contract, committed at year end
	<u>(1,027)</u>	
	<u><u>(3,384)</u></u>	
	Accelerated Expenditure	Reason for Accelerated Expenditure
	£000	£000
Communities & Environment		
Disabled Facilities Grants	121	Grants allocated more quickly than forecast
	<u>121</u>	
Central Services		
UK Shared Prosperity Fund Year One	2	Expenditure incurred in advance of fully grant funded projects being included in Capital Programme
	<u>2</u>	
	<u><u>123</u></u>	
Total Net Slippage & Accelerated Expenditure	<u><u><u>(3,261)</u></u></u>	

BUDGET AND PERFORMANCE PANEL

**Delivering Our Priorities Q1 2023/24
20 September 2023**

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide the Panel with an update on performance, projects, and resources during the first Quarter of 2023/24 (April - June 2023).

This report is public

OFFICER RECOMMENDATIONS

- (1) That Budget and Performance Panel considers the Cabinet Report dated 12 September 2023 and attached appendices, making any comments considered necessary.

1.0 DELIVERING OUR PRIORITIES 2023/24 - QUARTER 1

- 1.1 The report attached at **Appendix 1**, presented to Cabinet on 12 September 2023 provides Members with a view of progress against the Council's agreed priorities for Quarter 1 of the 2023/24 performance monitoring cycle.
- 1.2 Budget and Performance Panel are asked to consider the Cabinet report and attachments in line with their Terms of Reference within the Constitution relating to the monitoring and review of the council's performance.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing): As set out in the relevant appendices.

LEGAL IMPLICATIONS

As set out in the relevant appendices.

FINANCIAL IMPLICATIONS

As set out in the relevant appendices.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

As set out in the relevant appendices.

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 consulted and has no further comments.

BACKGROUND PAPERS

None.

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Chief Finance Officer
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E-mail: pthompson@lancaster.gov.uk
Ref: N/A

CABINET

**Delivering Our Priorities: Q1 2023/24
12 September 2023**

Report of Chief Executive & s151 Officer

PURPOSE OF REPORT				
To provide members with an update on performance, projects, and resources during the first quarter of 2023/24 (April – June 2023).				
Key Decision	N	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

That Cabinet

- (1) Consider the update on performance, projects, and resources for Quarter 1 2023/24.

1.0 INTRODUCTION

- 1.1 The primary purpose of this report is to present information relating to the council's projects, performance and resources for the period April-June 2023, which can be found within the appendices.

2.0 PERFORMANCE REPORTING

- 2.1 The highlight report at Appendix A provides a broadly consistent set of information across 2022-23 and Q1 2023-24.
- 2.2 Gas KWH usage in council buildings has reduced significantly. This has been attributed to Improvements in data collection combined with energy saving measures.
- 2.3 The measure which was "Average number of days' sickness per full-time employee" has been replaced with "Average number of days' sickness per full-time equivalent" to give a truer picture of absence rates as all employees are now included.

3.0 PROJECT REPORTING

- 3.1 The highlight report shows the majority of the council's Strategic Projects are progressing as planned at the end of Quarter 1 2023-24.
- 3.2 Three projects are reporting as Amber:

- Heritage Action Project and Outcomes Based Resourcing due to delays encountered
- Fair Work Charter due to lack of buy in from businesses and resource issues

3.3 The District Heat Network Feasibility study has now concluded.

4.0 FINANCIAL MONITORING

4.1 The 2023/24 Budget and Medium-Term Financial Strategy (MTFS) 2022-2026 approved by Council in February 2023 set a balanced budget for the year based on the assumptions made at that time.

4.2 All portfolios are required to examine their revenue budgets and meet with their budget holders regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement, Financial Services continually reviews and refreshes how it presents the Council's corporate monitoring information, with the Quarter 1 information distributed to Cabinet in August 2023.

4.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets () this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.

The following financial appendices accompany the financial monitoring section of this report

Appendix B:	General Fund Service Analysis
Appendix C:	General Fund Subjective Analysis
Appendix D:	HRA Service Analysis
Appendix E:	General Fund Capital Projects
Appendix F:	HRA Capital Projects
Appendix G:	Reserves Projected Outturn
Appendix H:	Approved Savings Monitoring
Appendix I:	Service Analysis

4.4 It should also be noted that **projected outturn figures are monitored against the working budget** and not the original budget within this report. The working budget includes approved virements and in-year budget adjustments. This alleviates a number of variances surrounding items such as 'grossing-up' of grant income/expenditure and movement of employees to different costs centres which is especially needed in these times of service restructuring. It provides a more accurate up-to date forecast and eliminates the need for duplicate reporting at service and subjective levels.

5.0 COST OF LIVING / ENERGY PRICE CRISIS

5.1 Since the energy budgets were prepared and approved in the previous financial year, there has been high price volatility within the sector. Only more recently the prices seemed to have settled allowing for a more accurate estimated year-end outturn projection. Where appropriate, initial projected variances have been included within the relevant service areas. For information, the estimated projected variance on energy budgets is £0.336M (£0.312M General Fund, £0.024M HRA). These areas will be closely monitored over the coming months and the latest projections will be included in an updated budget produced during Quarter 2 of the financial year, scheduled for reporting in November 2023.

5.2 As part of the 2023/24 budget setting process, an inflationary uplift of 4% was included to salaries across all services of the Council. The National Employers latest offer of an increase of £1,925 on all NJC pay points is currently out to consultation with the Unions. With regard to the financial impact on the Council, it is estimated to result in an estimated additional strain of £0.596M (£0.478M General Fund, £0.118M HRA) including oncosts. Note that although the pay award is not finalised, the marginal impact has been included in the projected outturns within service and has been included in the summary positions and

tables below as appropriate. For information, the Chief Officers pay award has already been agreed and included at 3.5%.

6.0 OUTCOMES BASED RESOURCING

- 6.1 As part of the 2023/24 budget setting process, Members approved a number of savings proposals which would save the Council £2.423M in 2023/24. The process to implement these savings is now underway and Appendix H details the progress of each proposal.
- 6.2 A number of the savings proposals include staffing issues which will ultimately incur restructuring costs. For the purpose of this report no severance payments have been included in the projected figures shown as the financing details are still to be finalised. There is the potential to utilise capital receipts to fund some of these costs (subject to asset disposals in year) or the restructuring reserve will be utilised in the first instance. A further update will be provided as part of the quarter 2 report.

7.0 GENERAL FUND SUMMARY POSITION

- 7.1 Quarter 1 (Q1) monitoring covers the period for April – June 2023. At the end of Q1 (June 2023) a year end underspend of **£0.280M** is projected against the Council's approved original net revenue budget of **£21.091M**. Members will recall that, as part of the 2023/24 budget setting process, Council approved a significant contribution from reserves of **£0.577M** in order to produce a balanced budget. The latest position suggest that the full amount will no longer be needed and there will instead be a call on reserves of **£0.297M**.
- 7.2 A summary of the Q1 revenue position for the main service accounts of the Council is set out in table 1 below with commentary on significant variances provided in the following paragraphs.

Table 1 Quarter 1 Financial Monitoring – Service Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Communities & Leisure	2,518	2,291	251	2,268	+23
Environment & Place	7,167	7,249	418	7,306	(57)
Governance	1,314	1,314	505	1,411	(97)
Housing & Property	1,368	1,513	(2,385)	1,236	+277
People & Policy	2,169	2,169	528	2,081	+88
Planning & Climate Change	1,705	1,705	226	1,815	(110)
Resources	4,521	4,521	(632)	4,337	+184
Sustainable Growth	97	97	(672)	(152)	+249
Corporate Services	(135)	(135)	(17)	427	(562)
Other Items	1,538	1,538	(1,058)	1,253	+285
Sub Total	22,262	22,262	(2,836)	21,982	+280
Net Recharges to Housing Revenue Account	(1,032)	(1,032)	0	(1,032)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	696	(139)	0
Revenue Reserve funded items included in above analysis	297	297	(65)	857	(560)
Revenue Reserve funded items included in above analysis	(297)	(297)	0	(857)	+560
Sub Total	(1,171)	(1,171)	631	(1,171)	0
General Fund Revenue Budget	21,091	21,091	(2,205)	20,811	+280
Financing Income	(10,481)	(10,481)	770	(10,481)	0
Council Tax Requirement	10,610	10,610	(1,435)	10,330	+280

Communities & Leisure +£0.023M Favourable

7.3 Significant budget variances : -

- Estimated pay award additional cost (-£0.117M)
- Salary savings +£0.238M including recharges to other local authorities for seconded officers
- Rechargeable staff time to externally funded projects +£0.067M)

- Salt Ayre Leisure Centre income (-£0.158M) partly due to lack of marketing support and resource in key cost centres, fortuitously the changes in the law around VAT will offset some of this shortfall

Environment & Place (-£0.057M) Adverse

7.4 Significant budget variances : -

- Estimated pay award additional cost (-£0.226M)
- Salary savings +£0.079M
- Energy price changes +£0.150M
- Transport costs have increased due to vehicle Repairs & Maintenance and associated hire costs arising from delayed delivery of new fleet (-£0.095M). Lead-in times have increased dramatically as a result over the last few years due to supply chain issues and this is expected to continue in the short term.
- Budgeted income from promenade vendors and events was reduced due to sites not being available in the future. Delays have resulted in the continuation of existing rentals +£0.041M

Governance (-£0.097M) Adverse

7.5 Significant budget variances : -

- Estimated pay award additional cost (-£0.012M)
- Salary costs (-£0.031M)
- Cost of living and mortgage interest rate increase has resulted in a downturn in the housing market resulting in a decline in applications since late last year (-£0.028M)

Housing & Property +£0.277M Favourable

7.6 Significant budget variances : -

- Estimated pay award additional cost (-£0.047M)
- Salary savings +£0.268M largely due to vacancies within private sector housing section
- Energy price changes +£0.095M
- Business rates payable due to vacant commercial unit at Hilmore Way (-£0.028M)

People & Policy +£0.088M Favourable

7.7 Significant budget variance: -

- Salary savings +£0.073M

Planning & Climate Change (-£0.110M) Adverse

7.8 Significant budget variances: -

- Estimated pay award additional cost (-£0.026M)
- Salary savings +£0.155M which includes 8fte vacant planning positions
- Additional cost of Capita consultancy required to deliver building control (-£0.130M)
- Planning fee income has slowed down in-line with nationwide trend (-£0.095M)

Resources +£184K Favourable

7.9 Significant budget variances: -

- Estimated pay award additional cost (-£0.017M)
- Salary savings +£0.199M including key accountancy and ICT vacancies

Sustainable Growth +£0.249M Favourable

7.10 Significant budget variances: -

- Estimated pay award additional cost (-£0.034M)
- Salary savings +£0.257M which includes Economic Development Manager position to be deleted and various positions now funded by UKSPF for interim period
- Energy price changes +£0.066M
- Market income (-£0.030M) down on last year with a higher number of vacant stalls and units. Publicity drive and signage improvements underway to encourage new stall holders.

Corporate Services (-£0.562M) Adverse

7.11 Significant budget variances: -

- The provision for staff turnover target (-£0.149M) is held within Corporate Service whilst the additional costs/savings generated are attributed to the individual services. When taking this into account the whole council salary related position (including the additional pay award, agency and consultancy costs as appropriate) is expected to be underspent by (+£0.196M). However, as referenced earlier, it should be noted that the proposed pay award will have a significant detrimental impact on the council's finances and (-£0.478M) is included within this figure.
- An additional top-up pension payment in of £0.131M is due in respect of 2022/23 actual pensionable pay (originally planned for in 2022/23 but notified after the IAS 19 schedule had been prepared by the actuary so not able to be recognised in that year) together with a £0.049M pension strain payment arising from the senior management restructure.
- An amount of £0.232M income from HRA relating to a proportion of recharged pension cost is not expected as this cost is now accounted for directly within HRA.

Other Items +£0.285M Favourable

7.12 Significant budget variances: -

- The Council's minimum revenue provision (MRP) is underspending against budget as a result of slippage on Capital Programme schemes during 2022/23.

7.13 Appendix B: General Fund Service Analysis (Q1) covers this information in more detail and provides summary percentage variations for variances +/- £30K. Appendix I provides additional analysis across individual service areas

7.14 The revenue position provided within table 1 above is analysed across the Council's subjective headings is set out in table 2 below.

Table 2 Quarter 3 Financial Monitoring – Subjective Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Employees	24,741	24,804	5,626	24,546	+258
Premises Related Exp	6,967	6,973	1,764	6,684	+289
Transport Related Exp	1,656	1,656	415	1,753	(97)
Supplies and Services	12,934	12,934	3,548	14,411	(1,477)
Transfer Payments	21,977	21,977	4,744	21,977	0
Support Services	60	60	20	139	(79)
Capital Charges	17	17	0	17	0
Capital Financing Costs	2,152	2,152	0	2,152	0
Appropriations	1,255	1,255	0	970	+285
Income	(49,197)	(49,266)	(18,948)	(50,367)	+1,101
Capital Financing Inc	(300)	(300)	0	(300)	0
Sub Total	22,262	22,262	(2,831)	21,982	+280
Net Recharges to Housing Revenue Account	(1,032)	(1,032)	0	(1,032)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	696	(139)	0
Revenue Reserve funded items included in above analysis	297	297	(65)	857	(560)
Revenue Reserve funded items included in above analysis	(297)	(297)	0	(857)	+560
Sub Total	(1,171)	(1,171)	631	(1,171)	0
General Fund Revenue Budget	21,091	21,091	(2,200)	20,811	+280
Financing Income	(10,481)	(10,481)	770	(10,481)	0
Council Tax Requirement	10,610	10,610	(1,430)	10,330	+280

7.15 Appendix C: General Fund Subjective Analysis covers this information in more detail

8.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

8.1 As at the end of Q1, a year end overspend against budget of **(-£0.231M)** is projected. A summary of the Q1 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 3 Financial Monitoring – HRA Service Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Policy & Management	2,883	3,133	588	3,157	(24)
Repairs & Maintenance	7,272	7,272	1,463	7,990	(718)
Welfare Services	(20)	(20)	(271)	204	(224)
Special Services	232	232	77	276	(44)
Miscellaneous Expenses	1,027	987	97	1,097	(110)
Income Account	(16,450)	(16,450)	(3,730)	(16,405)	(45)
Capital Charges	5,453	5,453	0	5,453	0
Appropriations	(914)	(1,124)	0	(2,058)	+934
Sub Total	(517)	(517)	(1,776)	(286)	(231)
Net Recharges to General Fund	517	517	0	517	0
Housing Revenue Account Budget	0	0	(1,776)	231	(231)

8.2 Significant budget variances: -

- Estimated pay award additional cost (-£0.118M)
- Energy price changes +£0.024M
- Additional rent loss from voids due to ongoing capital projects (-£0.145M)

8.3 Appendix D: Housing Revenue Account Service Analysis covers this information in more detail and provides summary percentage variations for variances +/- £30K.

9.0 CAPITAL PROJECTS (General Fund & HRA)

9.1 At Q1 a year end variance against budget of **£2.589M** (General Fund + £4.002M, HRA (-£1.413M) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000
General Fund					
Communities & Leisure	161	161	205	264	(103)
Environment & Place	1,239	1,239	(116)	1,608	(369)
Housing & Property	2,283	2,305	(1,758)	2,869	(564)
People & Policy	0	0	(40)	0	0
Planning & Climate Change	4,487	4,487	(246)	487	+4,000
Resources	965	965	64	1,206	(241)
Sustainable Growth	2,221	2,221	(4,285)	942	+1,279
Other Items	0	0	(62)	0	0
GENERAL FUND - TOTAL	11,356	11,378	(6,238)	7,376	4,002
Housing Revenue Account					
Adaptations	300	300	74	300	0
Energy Efficiency / Boiler Replacement	999	999	94	1,193	(194)
Kitchen / Bathroom Refurbishment	938	938	140	970	(32)
External Refurbishment	357	357	35	393	(36)
Environmental Improvements	150	150	40	150	0
Re-roofing / Window Renewals	557	557	77	736	(179)
Rewiring	88	88	29	125	(37)
Lift Replacement	0	0	0	0	0
Fire Precaution Works	280	280	58	520	(240)
Housing Renewal & Renovation	2,527	2,527	1,624	3,222	(695)
Mainway Pilot Scheme	0	0	0	0	0
HOUSING REVENUE ACCOUNT - TOTAL	6,196	6,196	2,171	7,609	(1,413)
GRAND TOTAL	17,552	17,574	(4,067)	14,985	+2,589

- 9.2 The Capital Programme working budget has been adjusted to include the following fully grant funded schemes:

	£M
Electric Taxis	0.341
UK Shared Prosperity Fund Capital Funding	0.527
Rural England Prosperity Fund Capital Funding	0.500

In addition, the budget for Caton Road Flood Defence works has been grossed up by £1.115M to reflect additional grant claimed from the Environment Agency and the budget for Home Improvement Agency Vehicle Purchases has been increased by £0.022M to reflect the availability of further capital receipts from Disabled Facilities grants clawed back since the scheme was first approved.

- 9.3 The underspending against budget relates principally to General Fund. Schemes currently in the Development Pool account for £5.1M of the underspend. Slippage of £2.234M from 2022/23 pending approval by Cabinet has not yet been included in the programme and the impact of this will be reflected at quarter 2 mitigating some of the apparent overspends on individual schemes at quarter 1.
- 9.4 Three schemes within the General Fund capital programme are currently expected to overspend largely as a result of unexpected costs. These are Mellishaw Park (-£0.148M), Gateway Low Voltage Switchgear & Solar Array (-£0.056M) and 1 Lodge Street (-£0.057M).
- 9.5 The overall projected overspend on the HRA Capital Programme of (-£1.413M) relates mainly to the slippage requested in the outturn report also on this agenda.
- 9.6 Appendix E General Fund Capital Projects and Appendix F HRA Capital Projects provide further information and summary commentary.

10.0 RESERVES

- 10.1 The Council's provisional outturn position for 2022/23 in respect of reserves is reported elsewhere on this agenda. The projected reserve position has been updated to reflect this and has seen the Council's opening level of unallocated balances increase to £11.678M with the combined level of reserves currently £24.753M, £4.110M higher than originally forecast. Table 5 Reserves Movement reconciles the movement between the budgeted and forecast opening position.

Table 5

	£M
Budgeted Combined Level of Reserves	20.643
Reserve	
<u>General Fund Unallocated</u>	
2022/23 forecast contribution from reserve	2.800
2022/23 actual contribution from reserve	(0.267)
<u>Revenue Grants Unapplied</u>	
Revenues new burdens grants transferred to reserve to support Revenues Shared Services work	0.204
<u>Business Rates Retention Reserve</u>	
Contribution to cover increase in forecast levy & S31 grant repayment not utilised	0.688
Various	
Slippage on projects & initiatives from 2022/23	0.895
Movements on s106 Reserves	(0.230)
Underspends & Allocations no longer required	0.020
	24.753

- 10.2 The Council's unallocated balances are projected to be **£9.469M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to decrease to **£21.829M**. Table 6 Quarter 1 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 6 Quarter 3 Financial Monitoring – Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2023	From Revenue	To / (From) Capital	To Revenue	31 March 2024	31 March 2023	From Revenue	To / (From) Capital	To Revenue	31 March 2024
	£	£	£	£	£	£	£	£	£	£
Unallocated Balances	(9,145,100)				(9,145,100)	(11,678,400)			2,209,000	(9,469,400)
Total Earmarked Reserves	(11,497,500)	(2,591,000)	187,000	2,019,000	(11,882,500)	(13,074,700)	(2,591,000)	187,000	3,118,600	(12,360,100)
Total Combined Reserves	(20,642,600)	(2,591,000)	187,000	2,019,000	(21,027,600)	(24,753,100)	(2,591,000)	187,000	5,327,600	(21,829,500)

- 10.3 Appendix G: Reserves Projected Outturn provides further detailed analysis.

- 10.4 The Council's reserves will be used to manage the impact of the cost of living crisis and also support the work to address the underlying structural deficit through the OBR process. As a result, they are fundamental to ensuring the financial sustainability of the Council as it deals with these pressures and will be kept under review by Officers and Members.

11.0 COLLECTION FUND

Business Rates

- 11.1 At the Autumn Statement on 17 November 2022 Central Government announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties in 2023/24. The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme provides eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business. The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief, using a grant under section 31 of the Local Government Act 2003.

- 11.2 The collection rate for Business Rates is currently 36.8%, which is ahead of the profiled target of 33.0%. The annual target is 98.0%.

Council Tax

- 11.3 The current collection rate for Council Tax is 28.4% which is slightly ahead of the profiled target of 27.9%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q1 is 9,549.

12.0 WRITE OFFS

- 12.1 Table 7 below provides details of the debts have been written off by the Council's Revenues and Benefits service in relation to Council Tax, Business Rates and Housing Benefits Overpayments.

Table 7: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	54,395				54,395
Business Rates	190,998				190,998
Housing Benefit Overpayments	0				0
Housing Rents (HRA)	31,577				31,577
Total	276,970	0	0	0	276,970

- 12.2 Debts are deemed non recoverable after all reasonable recovery steps have been taken and can be written off in accordance with the Council's Debt Management Policy in a number of circumstances such as unable to trace, uneconomical to pursue, insolvency as well as imprisonment and death.

RELATIONSHIP TO POLICY FRAMEWORK

Performance, project and resource monitoring provides a link between the Council plan and operational achievement by providing regular updates on the impact of operational initiatives against strategic aims.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly identifiable, due to the high level nature of this report.

LEGAL IMPLICATIONS

There are no legal implications directly arising.

FINANCIAL IMPLICATIONS

As set out in the report

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

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

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS


None.

Contact Officers: Paul Thompson
Chief Finance Officer & s151 Officer

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref:

 <p>LANCASTER CITY COUNCIL Promoting City, Coast & Countryside</p>	<p>Corporate programmes, projects and performance update – 30th June 2023 (Q1)</p>	<p>Status Key</p> <table border="1"> <tr> <td>R</td> <td>Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken</td> <td>C</td> <td>Complete or Closed</td> </tr> <tr> <td>A</td> <td>Amber – The project is at risk of failing to meet its agreed plan, timescales, costs or benefits unless action is taken</td> <td>N</td> <td>Not Started</td> </tr> <tr> <td>G</td> <td>Green – The project is on track to meet its agreed plan, timescales, costs and benefits</td> <td>H</td> <td>On hold</td> </tr> <tr> <td>X</td> <td>No data available / data not requested due to stage</td> <td colspan="2">* Projects in the Concept stage will not usually have updates</td> </tr> </table>		R	Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken	C	Complete or Closed	A	Amber – The project is at risk of failing to meet its agreed plan, timescales, costs or benefits unless action is taken	N	Not Started	G	Green – The project is on track to meet its agreed plan, timescales, costs and benefits	H	On hold	X	No data available / data not requested due to stage	* Projects in the Concept stage will not usually have updates	
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<p>Priorities Key</p> <table border="1"> <tr> <td>I</td> <td>An inclusive and Prosperous Local Economy (Economy)</td> </tr> <tr> <td>S</td> <td>A Sustainable District (Environmental)</td> </tr> <tr> <td>H</td> <td>Healthy and Happy Communities (Social)</td> </tr> <tr> <td>R</td> <td>A Co-operative, Kind and Responsible Council (Governance)</td> </tr> </table>		I	An inclusive and Prosperous Local Economy (Economy)	S	A Sustainable District (Environmental)	H	Healthy and Happy Communities (Social)	R	A Co-operative, Kind and Responsible Council (Governance)	<p>All projects, programmes and performance figures on this list are reporting quarterly</p>									
I	An inclusive and Prosperous Local Economy (Economy)																		
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R	A Co-operative, Kind and Responsible Council (Governance)																		

An Inclusive and Prosperous Local Economy (Economy)					
Projects					
Priority	Project Name	Update	Stage	Updated	Status
I	Heritage Action Project	Building grants implementation and preparation for the final year of programme delivery continues. A public realm scheme for North Road and Church Street is being detailed and reviewed ahead of statutory consultations. Delivery is anticipated towards the end of the financial year, alongside potential for additional intervention to St Leonard's Gate to improve pedestrian safety and connectivity.	Delivery	19/07/23	A
I	South Lancaster Growth Catalyst	In late June it was publicly announced that the Council, Lancashire County Council and Homes England would be pausing plans for South Lancaster which would have been part-funded by HES Housing Infrastructure Fund. Rising costs, inflation and world supply chain issues had made the financial risk for taking forward the scheme untenable. The Council and its partners intend to re-evaluate plans for South Lancaster and local housing and infrastructure needs.	Delivery	13/07/23	X
I S	Canal Quarter Phase 2 – Masterplan and Delivery Strategy (part of Canal Quarter programme)	Completed final version of recommended masterplan iteration and phasing to be considered by city council Cabinet and referred to Full Council for adoption as corporate policy. Early housing delivery options agreed and implemented for both the Coopers Field affordable housing project and Nelson Street land disposal. Negotiations ongoing on commercial proposal for Heron Works site with Lancashire-based developer Maple Grove.	Detailed Design	13/07/23	G
I	Heysham Gateway	Consultants WSP have been appointed to take forward a masterplan and delivery strategy for both the city and county council's land interests on Imperial Road and a wider strategy for the city council's strategic approach to bringing forward development across the Heysham Gateway area. Review of existing information is ongoing and studies have been initiated covering on ecology, flood and drainage, landscape, ground conditions, and transport. This will inform likely constraints on site developable area, costs, and site viability matters which will inform both councils' site delivery approach.	Detailed Design	13/07/23	G
I	Canal Quarter - Coopers Field	Progress to plan continues – Over the last quarter the project has started in earnest. The Project Team have appointed Eric Wright as preferred developer for the enabling works with the opportunity to be the main contractor on the scheme. A wider consultancy team has also been appointed to support bringing the planning application forward. This team are now integrated into monthly design team project meetings. Through this approach the project has moved to RIBA Stage 2 with early cost consultancy developing on the emerging designs. The last quarter has also seen an alignment of Energy Strategy for this scheme as well as the neighbouring Mainway project and working with the wider LCC team on the heat network aspirations.	Detailed Design	17/07/23	G
I	Fair Work Charter	The external engagement survey has been conducted and the information contained is now available to officers for analysis and review with a view to finalising the draft of the charter. The application to become an Accredited Foundation Living Wage employer has been completed and we are awaiting approval and next steps from the foundation.	Detailed Design	22/06/23	A
I	1 Lodge Street Urgent Structural Repairs	In Q4 2022/23 the Musicians Coop secured funding from the Governments Community Ownership Fund for up to £250,000. Council Officers are supporting the Coop in drawing down the funding and using it to match the Councils capital funds. Support is also being provided to ensure project delivery. Discussions are ongoing with the Coop regarding a long term lease of the property. The aim is for works to be undertaken during 2023/24 to bring the building back in to use.	Feasibility	13/07/23	X
I	Centenary House (formerly reported on as Morecambe Co-op Building Renovation)	The previous proposal agreed upon by Cabinet in July 2020 failed to secure sufficient funding to progress. A revised proposal has been devised with the original project partner and Place Capital Group to refurbish Centenary House to provide live-work accommodation, with affordable housing on the upper floors and artists' workshops on the ground-floor and basement. Cabinet agreed to this proposal in a bid has been submitted to the Brownfield Land Release Fund to overcome viability issues and abnormal cost items. If successful, then the project structure can be defined and progressed. The council would contract with Place Group Capital to deliver the project.	Feasibility	19/07/23	X

I	H	Eden Project Morecambe	Eden Project Morecambe will transform a derelict site on Morecambe's seafront to create a world class cultural and tourism destination. Following the announcement of the Levelling Up Fund award earlier this year LCiC, as the accountable body, as been working with Eden and Partners to bring forward the contractual arrangements with DLUHC to achieve project completion by 2026/27. Work over the past quarter has included: - Establishing governance arrangements including Sponsor Group, Programme Board and Delivery Group arrangements; - Gathering information and advice with regard to satisfy DLUHC Subsidy Control Act evidence requirements; - Eden progressing funding and investment matters.	Feasibility	13/07/23	X
I	R	Frontierland	The Council is currently looking to explore market interest in schemes to regenerate the site and is continuing to manage, keep the site secure and including consideration of potential meantime uses as appropriate.	Feasibility	13/07/23	X
I	S	Lune Flood Protection, Caton Road	Outline designs have been produced for consideration. Meeting with the landowner has taken place to consider the outline designs and agree the preferred option.	Feasibility	14/07/23	G
I	S	Our Future Coasts	The project is still in the concept stage and we are currently putting in place the project management structure including governance and relevant agreements. We are however working with stakeholders and partners to understand the needs of those involved and the outcomes the schemes should deliver.	Concept	14/07/23	G
I	H	Williamson Park (Café and Play Development)	This project is currently on hold.	On hold	N/A	H

Priority	Measure	2022-23				2023-24	Comments
		Q1	Q2	Q3	Q4	Q1	
I	% of minor planning applications determined within 8 weeks or agreed time	86.57	87.69	89.93	91.61	88.57	N/A
I	% of other planning applications determined within 8 weeks or agreed time	95.07	95.08	88.14	88.40	95.55	N/A
I	% of major planning applications determined within 13 weeks or agreed time	91.67	100	83.33	100	100	N/A

A Sustainable District (Environmental)					
Projects					
Priority	Project Name	Update	Stage	Updated	Status
S	District Heat Network Feasibility (part of Carbon Neutral Programme)	The appointed consultants (Anthesis) have completed the Feasibility Report which provides the results of techno-economic analysis of heat network opportunities across the Lancaster area. The work completed is helping shape the energy strategies at Mainway and Coopers Field which will be reported on separately.	Delivery	31/07/23	G
S	Burrow Beck Solar Farm (part of Carbon Neutral Programme)	The design of the 4MW solar farm, is ongoing with consultation starting at the end of June. The grid offer from ENWL has now been paid for. The necessary work to achieve planning consent for the project continues. Officers intend to present a final business case to cabinet/council in due course.	Feasibility	26/06/23	X
S	Roof Mounted Solar Array – Gateway, White Lund (part of Carbon Neutral Programme)	This project is currently on hold.	On hold	N/A	H

Priority	Measure	2022-23				2023-24	Comments
		Q1	Q2	Q3	Q4	Q1	
S	% of household waste recycled (quarter behind)	35.4	39	38.3	38.3	34.7	This is a reduction in previous quarters, but there is no pattern to highlight a shift in resident behaviour. Staff are integrating the data with County to identify the reasons.
S	Kg of residual waste per household (quarter behind)	82.1	90.2	90.5	94.3	84.9	This is in line with previous quarters
S	Diesel consumption of council vehicle fleet (ltrs)	119,000	117,736	104,184	113,298	114,907	N/A
S	Cost/m2 (£) energy across corporate buildings (quarter behind)	2.40	3.63	3.07	4.98	Unavailable	Complete and accurate is not currently available and will be forwarded as soon as possible
S	Gas KWH usage in council buildings (quarter behind)	1,462,224	536,965	180,681	1,131,705	844,139	Improvements in data collection combined with energy saving measures are showing an improvement on gas consumption figures
S	Electricity KWH usage in council buildings (quarter behind)	1,422,016	854,328	964,752	813,295	Unavailable	Complete and accurate is not currently available and will be forwarded as soon as possible

Healthy & Happy Communities (Social)

Projects						
Priority	Project Name	Update	Stage	Updated	Status	
H R	Mellishaw Park (part of Homes Programme)	Progress to plan continues – Over the last quarter the project has moved on significantly. All residents have been moved off-site and the site has been cleared. The site has now been handed over to the contractor Pinningtons who will be completing the development over the coming nine months.	Delivery	17/07/23	G	
S H	My Mainway (part of Homes Programme)	Progress to plan continues – Over the last quarter the project has worked at pace. The completion of purchasing the school site has just fallen into Q2, whilst within the quarter significant progress has been made in advancing towards a planning application later this year and ensuring demolition contractors for the school site are lined up for a start on site over the summer holidays as well as progress with procuring an investment partner for Lune and Derby Houses.	Detailed Design	17/07/23	G	
S H	Extra Care Scheme (part of Homes Programme)	This project is currently on hold.	On hold	N/A	H	
H	LATCo - Housing Companies (part of Funding the Future)	Morehomes for the Bay incorporated and Business Plan approved. Options for schemes being considered but none currently in progress.	On hold	N/A	H	

Priority	Measure	2022-23				2023-24	Comments
		Q1	Q2	Q3	Q4	Q1	
H	Number of people statutorily homeless	10	7	15	24	27	Increased homeless presentations and lack of access to social and private rented sector options due to lack of supply and affordability due to increased rents in the private rental sector.
H	Number of Disabled Facilities Grants completed	117	89	84	75	63	Number of completed grants in Q1 was lower than forecasted due to lack of new grant referrals being received from Lancashire County Council Occupational Therapy Service. There are no waiting lists in system and any unspent grant monies can be carried forward at the end of the financial year. However, recent promotional work has already increased the number of new grant enquiries which should result in increased number of completions in Q2.
H	Number of properties improved	93	126	89	63	137	N/A
I H	% of premises scoring 4 or higher on the food hygiene rating scheme	90	89.8	90.4	91.1	93	99.1% scored 3 or higher (3 = satisfactory)
H	Number of admissions to Salt Ayre Leisure Centre	225,442	225,949	217,166	263,320	227,950	Throughput has increased in comparison to Q1 22/23. Contributing factors are an increase in Gym Memberships, a significant increase in school session attendance and the extensive school holiday programme.
H	Average time taken to re-let Council houses (days)	25.4	27.2	26.36	27.92	19.76	This figure is well within Council Housing's internal KPI of 28 days.

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

Projects						
Priority	Project Name	Update	Stage	Updated	Status	
R	Outcomes Based Resourcing (OBR)	Phase 1 (savings agreed at Council on 22/2/23) is currently being implemented and is on track. Phase 2 consists of several workstreams, many of which are still being scoped.	Delivery	17/07/23	A	
I H R	UK Shared Prosperity Fund (UKSPF)	Twenty-two local organisations have been allocated grants following a full competitive grant application process in Year 2 of the UK Shared Prosperity Fund life cycle. Recommendations were made to cabinet in April following a robust evaluation of applications. The democratic decision-making process confirmed twenty-two projects to be awarded funding. Decisions were communicated in May. Projects awarded funding in Year 1 are now delivering their projects. Further commissioning and targeted calls for grant applications are scheduled for later stages of the UK Shared Prosperity Fund programme. The REPF investment plan was approved by central government in April. The application launch took place in May and applications for funding are now being received. The awarding of grants and project delivery is scheduled to take place in Quarter 2 of this financial year (July – September 2023).	Delivery	27/06/23	G	
R	High-Capacity Fibre Cable Network Provision (part of Digital Programme)	We have now completed the design of the fibre backbone (including detailed specifications for the fibre and the access chambers) and have raised orders for further Milestones. It has been agreed that due to the complexity of the project the work (and payment) for different Milestones would be made simultaneously to enable the project to move forward smoothly. We are continuing to talk with Lancashire County Council to see where we can work together.	Detailed Design	18/07/23	G	
R	5G Strategy (part of Digital Programme)	This project is currently on hold.	On hold	N/A	H	

Priority	Measure	2022-23				2023-24	Comments		
		Q1	Q2	Q3	Q4	Q1			
	R	Average social media engagement rate	0.46	1.05	-	-	-	This measure is under review	
	R	Total digital audience	455,324	428,981	-	-	-	This measure is under review	
	R	Average number of days' sickness per full-time equivalent	(1.47)	(1)	(2.24)	(3.17)	2.91	This measure was previously "Average number of days' sickness per full-time employee" and has now changed to be per full-time equivalent, to provide more insightful data. The figures shown in brackets are for the previous measure.	
	R	% occupancy rates for commercial properties	96.61	98.37	98.53	98.53	98.18	Occupancy rates show a slight decrease on the last quarter due to accommodation in Ryelands Park being surrendered back. The occupation of our commercial properties continues at an exceptionally high level.	
	H	R	Average time taken to process new Housing Benefit claims (days)	30.16	21.23	16.08	16.8	26.51	Increased processing times due to a staffing issue which has now been resolved.

QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2023/24

	Original Budget 2023/24 £'000	Budget Amendments 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000	Variance +/- £30K %
Services							
	279	0	279	87	263	16	
	576	0	576	136	576	0	
	50	0	50	108	38	12	
Communities & Leisure	795	(227)	568	(27)	397	171	+30%
	(31)	0	(31)	(62)	(27)	(4)	
	545	0	545	(106)	717	(172)	(32%)
	304	0	304	115	304	0	
	115	0	115	(46)	95	20	
	446	0	446	(92)	425	21	
	36	0	36	17	25	11	
	411	0	411	(145)	417	(6)	
Environment & Place	1,386	0	1,386	1,741	1,353	33	+2%
	639	82	721	133	626	95	+13%
	1,607	0	1,607	308	1,608	(1)	
	92	0	92	3	83	9	
	(870)	0	(870)	(1,533)	(897)	27	
	2,849	0	2,849	29	3,114	(265)	(9%)
	456	0	456	3	457	(1)	
Governance	1,027	0	1,027	341	1,030	(3)	
	395	0	395	149	449	(54)	(14%)
	(108)	0	(108)	15	(68)	(40)	(37%)
	(1,625)	0	(1,625)	(156)	(1,599)	(26)	
	1,269	0	1,269	125	1,185	84	+7%
	108	0	108	1	108	0	
Housing & Property	103	0	103	50	103	0	
	639	145	784	(2,579)	606	178	+23%
	750	0	750	148	705	45	+6%
	124	0	124	26	128	(4)	
	0	0	0	0	0	0	
	557	0	557	144	516	41	+7%
	889	0	889	225	870	19	
People & Policy	303	0	303	61	286	17	
	90	0	90	4	92	(2)	
	70	0	70	14	70	0	
	127	0	127	36	128	(1)	
	133	0	133	44	119	14	
	58	0	58	58	57	1	
Planning & Climate Change	125	0	125	(30)	128	(3)	
	87	0	87	(13)	194	(107)	(123%)
	583	0	583	71	603	(20)	
	852	0	852	140	833	19	
	163	0	163	18	163	0	
Resources	1,598	0	1,598	346	1,455	143	+9%
	1,645	0	1,645	616	1,604	41	+2%
	1,115	0	1,115	(1,612)	1,115	0	
	279	0	279	63	179	100	+36%
	(47)	0	(47)	(78)	(40)	(7)	
	599	0	599	113	597	2	
Sustainable Growth	(2,251)	0	(2,251)	(884)	(2,276)	25	
	877	0	877	140	768	109	+12%
	534	0	534	43	511	23	
	106	0	106	(69)	109	(3)	
	20,859	0	20,859	(1,761)	20,302	557	+3%
Corporate Services							
Corporate Accounts	(135)	0	(135)	(17)	427	(562)	(416%)
	(1,855)	0	(1,855)	0	(1,855)	0	
	(1,026)	0	(1,026)	(885)	(1,026)	0	
	2,151	0	2,151	1	2,151	0	
	(842)	0	(842)	(174)	(842)	0	
Other Items	2,923	0	2,923	0	2,638	285	+10%
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	187	0	187	0	187	0	
	0	0	0	0	0	0	
	1,403	0	1,403	(1,075)	1,680	(277)	(20%)
Net Recharges to Housing Revenue Account	(1,032)	0	(1,032)	0	(1,032)	0	
RMS Capital Charges (now Housing Revenue Account)	(139)	0	(139)	696	(139)	0	
Revenue Reserve funded items included in above analysis (Revenue)	297	0	297	(65)	857	(560)	(189%)
Revenue Reserve funded items included in above analysis (Appropriati	(297)	0	(297)	0	(857)	560	+189%
General Fund Revenue Budget	21,091	0	21,091	(2,205)	20,811	280	+1%
Core Funding :							
Revenue Support Grant	(406)	0	(406)	(110)	(406)	0	
Additional New Homes Bonus	0	0	0	0	0	0	
Supplementary Government Grants	0	0	0	0	0	0	
Prior Year Council Tax Surplus	181	0	181	0	181	0	
Net Business Rates Income	(10,256)	0	(10,256)	880	(10,256)	0	
Council Tax Requirement	10,610	0	10,610	(1,435)	10,330	280	+3%

Notes:

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

QUARTER 3 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2023/24

		Original Budget 2023/24 £'000	Budget Amendments 2023/24 £'000	Working Budget 2023/24 £'000	Q3 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,982	62	24,044	5,590	23,469	575	+2%
	Indirect Employee Expenses	759	0	759	36	1,077	(318)	(42%)
Premises Related Exp	Cleaning and Domestic Supplies	392	0	392	34	394	(2)	
	Energy Costs	2,747	0	2,747	(155)	2,372	375	+14%
	Fixtures and Fittings	1	0	1	0	1	0	
	Grounds Maintenance Costs	44	0	44	6	50	(6)	
	Operational Bldgs Allocation	246	0	246	4	246	0	
	Other Premises Costs	0	0	0	0	0	0	
	Premises Insurance	421	0	421	1	421	0	
	Rates	1,440	0	1,440	1,398	1,498	(58)	(4%)
	Rents	61	0	61	35	67	(6)	
	Repair and Maintenance	1,268	0	1,268	364	1,302	(34)	(3%)
Water Services	347	0	347	77	333	14		
Transport Related Exp	Car Allowances	3	0	3	2	6	(3)	
	Contract Hire Operating Leases	69	0	69	43	125	(56)	(81%)
	Direct Transport Costs	1,462	0	1,462	364	1,501	(39)	(3%)
	Other Transport Costs	0	0	0	0	0	0	
	Public Transport	21	0	21	1	20	1	
Transport Insurance	101	0	101	5	101	0		
Supplies and Services	Catering	55	0	55	17	54	1	
	Clothing Uniform and Laundry	86	0	86	23	87	(1)	
	Communications and Computing	1,574	0	1,574	991	1,580	(6)	
	Contribution to Provisions	250	0	250	0	250	0	
	Equip Furniture and Materials	1,436	0	1,436	379	1,432	4	
	Expenses	689	0	689	115	689	0	
	General Office Supplies	255	0	255	91	255	0	
	Grants and Subscriptions	1,381	0	1,381	698	1,736	(355)	(26%)
	Miscellaneous Expenses	1,584	0	1,584	290	2,130	(546)	(34%)
Services	5,624	0	5,624	944	6,198	(574)	(10%)	
Transfer Payments	Housing Benefit	21,977	0	21,977	4,744	21,977	0	
Support Services	Recharges Exp	60	0	60	20	139	(79)	(132%)
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	
	Depreciation	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	2,152	0	2,152	0	2,152	0	
Appropriations	Appropriations	1,255	0	1,255	0	970	285	+23%
Income	Customer Fees and Charges	(19,082)	0	(19,082)	(6,095)	(18,844)	(238)	(1%)
	Government Grants	(25,256)	(39)	(25,295)	(10,875)	(26,100)	805	+3%
	Interest	(887)	0	(887)	(174)	(887)	0	
	Other Grants and Contributions	(1,926)	(23)	(1,949)	(1,586)	(2,542)	593	+30%
Recharges Inc	(2,046)	0	(2,046)	(218)	(1,994)	(52)	(3%)	
Capital Financing Inc	Capital Related Income	(300)	0	(300)	0	(300)	0	
	Net Recharges to Housing Revenue Account	(1,032)	0	(1,032)	0	(1,032)	0	
	RMS Capital Charges (now Housing Revenue Account)	(139)	0	(139)	696	(139)	0	
	Revenue Reserve funded items included in above analysis (Revenue)	297	0	297	(65)	857	(560)	(189%)
	Revenue Reserve funded items included in above analysis (Appropriations)	(297)	0	(297)	0	(857)	560	+189%
GRAND TOTAL		21,091	0	21,091	(2,200)	20,811	280	+1%

Notes:

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

QUARTER 1 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2023/24

	Original Budget 2023/24 £'000	Budget Amendments 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000	Variance +/- £30K %
Housing Revenue Account							
Policy & Management	2,883	250	3,133	588	3,157	(24)	
Repairs & Maintenance	7,272	0	7,272	1,463	7,990	(718)	(10%)
Welfare Services	(20)	0	(20)	(271)	204	(224)	(1120%)
Special Services	232	0	232	77	276	(44)	(19%)
Miscellaneous Expenses	1,027	(40)	987	97	1,097	(110)	(11%)
Income Account	(16,450)	0	(16,450)	(3,730)	(16,405)	(45)	(0%)
Capital Charges	5,453	0	5,453	0	5,453	0	
Appropriations	(914)	(210)	(1,124)	0	(2,058)	934	+83%
Gain/Loss on Asset Sales	0	0	0	0	0	0	
Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	
	(517)	0	(517)	(1,776)	(286)	(231)	(45%)
Net Recharges to General Fund	517	0	517	0	517	0	
Housing Revenue Account Budget	0	0	0	(1,776)	231	(231)	

Notes:

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

QUARTER 1 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2023/24

	Original Budget 2023/24 £'000	Budget Amendments 2023/24 £'000	Working Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000	Variance +/- £30K %
Services							
Communities & Leisure							
Salt Ayre Equipment Programme	161	0	161	205	264	(103)	(64%)
Purchase Of Vehicles	1,239	0	1,239	226	1,600	(361)	(29%)
Environment & Place							
Happy Mount Park Footpaths	0	0	0	0	8	(8)	
Torrisholme Park Play Area	0	0	0	0	0	0	
Electric Taxis	0	0	0	(342)	0	0	
Mellishaw Park	772	0	772	(960)	1,088	(316)	(41%)
Disabled Facilities Grants	0	0	0	(778)	0	0	
HIA Purchase of Vehicles	105	22	127	0	127	0	
Housing & Property							
Next Steps Accommodation Programme	0	0	0	(6)	23	(23)	
1 Lodge Street Urgent Structural Repairs	422	0	422	(1)	479	(57)	(14%)
Lancaster City Museum	0	0	0	(1)	10	(10)	
Low Voltage Switchgear & Solar Array - Gateway	984	0	984	0	1,142	(158)	(16%)
Palatine Recreation Ground - Veterans CI	0	0	0	(12)	0	0	
People & Policy							
PRG Grant	0	0	0	(40)	0	0	
Planning & Climate Change							
Heat De-carbonisation Programme	4,000	0	4,000	0	0	4,000	+100%
Property De-carbonisation Works	487	0	487	(106)	487	0	
SALC Salix Funded Optimised Solar Farm	0	0	0	(140)	0	0	
Resources							
Application System Renewal	0	0	0	18	0	0	
I.S. Desktop Equipment	0	0	0	1	0	0	
I.T.Strategy	135	0	135	6	135	0	
ICT Laptop Replacement & E-campus screens	30	0	30	0	30	0	
ICT Telephony	0	0	0	0	0	0	
Lancaster Local Fibre Network	800	0	800	39	1,041	(241)	(30%)
Sustainable Growth							
Artle Beck Improvements	0	0	0	0	0	0	
Brownfield Land Release Fund	0	0	0	(2,769)	0	0	
Caton Road Flood Relief Scheme	0	0	0	(1,603)	0	0	
Coastal Revival Fund - Morecambe Co-op	0	0	0	(9)	0	0	
Engineers Electric Vehicle	0	0	0	0	15	(15)	
Economic Growth & Regen Devpt Pool	1,100	0	1,100	0	0	1,100	+100%
Lancaster HS Heritage Action Zone	628	0	628	114	859	(231)	(37%)
Lancaster Square Routes Project	5	0	5	(18)	5	0	
Lawsons Bridge S106 scheme	63	0	63	0	63	0	
Morecambe Co-op Renovation	425	0	425	0	0	425	+100%
	11,356	22	11,378	(6,176)	7,376	4,002	+35%
Corporate Services							
Other Items							
UKSPF - 22/23 (yr1) Capital Funding Allocation	0	0	0	(69)	0	0	
UKSPF - 23/24 (yr2) Capital Funding Allocation	0	0	0	7	0	0	
REPF - 23/24 (yr1) Capital Funding Allocation	0	0	0	0	0	0	
	0	0	0	(62)	0	0	
GRAND TOTAL	11,356	22	11,378	(6,238)	7,376	4,002	+35%

Notes:

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

Council Housing Capital Programme 2023/24

	2023/24 Original Budget	2023/24 Working Budget	2023/24 P3 Actual	2023/24 Projected Outturn	2023/24 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	300,000	73,570	300,000	0	
Energy Efficiency / Boiler Replacement	999,000	999,000	94,374	1,192,900	(193,900)	Slippage from 2022/23 £193.9K, not yet approved
Kitchen / Bathroom Refurbishment	938,000	938,000	139,738	970,000	(32,000)	Net increase in costs due to materials price rises
External Refurbishment	357,000	357,000	35,174	392,600	(35,600)	Slippage from 2022/23 £45.0K, not yet approved
Environmental Improvements	150,000	150,000	39,518	150,000	0	
Re-roofing / Window Renewals	557,000	557,000	77,045	736,300	(179,300)	Slippage from 2022/23 £169.0K, not yet approved
Rewiring	88,000	88,000	28,744	124,800	(36,800)	Slippage from 2022/23 £36.8K, not yet approved
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	280,000	280,000	58,186	520,000	(240,000)	Slippage from 2022/23 £240.0K, not yet approved
Housing Renewal & Renovation	2,527,000	2,527,000	1,623,775	3,222,100	(695,100)	Slippage from 2022/23 £342.4K, not yet approved; £351.9K Alder Grove redevelopment, additional cost to be funded from non-RTB capital receipts subject to Homes England funding
Mainway Regeneration Project	0	0	0	0	0	
TOTAL EXPENDITURE	6,196,000	6,196,000	2,170,125	7,608,700	(1,412,700)	

Note: Variances are expressed as negative () for adverse and positive + for favourable

Reserves Statement (Including Unallocated Balances)

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

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

	31 March 2023 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2024 £	31 March 2023 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2024 £
Unallocated Balances	(9,145,100)				(9,145,100)	(11,678,400)			2,209,000	(9,469,400)
Earmarked Reserves:										
Corporate Priorities	(84,600)			84,600		(421,200)			352,900	(68,300)
Capital Support	(73,000)				(73,000)	(73,000)				(73,000)
Corporate Property	(313,500)				(313,500)	(313,500)				(313,500)
Covid 19 Support Reserve						(9,700)				(9,700)
Economic Growth										
Investment Property Maint	(34,900)				(34,900)	(34,900)				(34,900)
Invest to Save						(301,700)			228,200	(73,500)
Morecambe Area Action Plan										
Museums Acquisitions	(34,300)	(4,500)			(38,800)	(36,300)	(4,500)			(40,800)
Planning Fee Income	(61,100)				(61,100)	(30,400)				(30,400)
Restructure						(521,000)			121,000	(400,000)
To Support Revenue & Capital Expenditure	(601,400)	(4,500)		84,600	(521,300)	(1,741,700)	(4,500)		702,100	(1,044,100)
Renewals Reserves	(1,084,900)	(491,800)	124,000		(1,452,700)	(1,061,900)	(491,800)	124,000		(1,429,700)
<i>General Renewals</i>	<i>(746,400)</i>	<i>(295,800)</i>			<i>(1,042,200)</i>	<i>(775,500)</i>	<i>(295,800)</i>		<i>7,000</i>	<i>(1,064,300)</i>
<i>Salt Ayre Leisure Centre</i>	<i>(18,600)</i>	<i>(150,000)</i>	<i>124,000</i>		<i>(44,600)</i>	<i>(29,700)</i>	<i>(150,000)</i>	<i>124,000</i>		<i>(55,700)</i>
<i>Williamson Park</i>	<i>(80,200)</i>	<i>(18,000)</i>			<i>(98,200)</i>	<i>(29,000)</i>	<i>(18,000)</i>			<i>(47,000)</i>
<i>Car Parks</i>	<i>(135,200)</i>	<i>(12,000)</i>			<i>(147,200)</i>	<i>(123,200)</i>	<i>(12,000)</i>			<i>(135,200)</i>
<i>Happy Mount Park</i>	<i>(35,900)</i>	<i>(14,000)</i>			<i>(49,900)</i>	<i>(35,900)</i>	<i>(14,000)</i>			<i>(49,900)</i>
<i>Arnsdale & Silverdale AONB</i>	<i>(68,600)</i>	<i>(2,000)</i>			<i>(70,600)</i>	<i>(68,700)</i>	<i>(2,000)</i>			<i>(70,700)</i>
Elections	(120,000)	(40,000)		160,000		(115,400)	(40,000)		160,000	4,600
Homelessness Support	(110,800)				(110,800)	(110,800)				(110,800)
Business Rates Retention	(6,784,100)	(1,854,700)		1,632,400	(7,006,400)	(7,471,700)	(1,854,700)		1,632,400	(7,694,000)
Revenue Grants Unapplied	(443,200)			142,000	(301,200)	(642,400)			377,100	(265,300)
S106 Commuted Sums	(1,552,200)	(200,000)	63,000		(1,689,200)	(1,266,400)	(200,000)	63,000		(1,403,400)
Welfare Reforms	(324,900)				(324,900)	(324,900)				(324,900)
Lancaster District Hardship	(377,100)				(377,100)	(240,500)			240,000	(500)
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)	(47,700)				(47,700)
Total ring-fenced/held against risk	(10,896,100)	(2,586,500)	187,000	1,934,400	(11,361,200)	(11,333,000)	(2,586,500)	187,000	2,416,500	(11,316,000)
Total Earmarked Reserves	(11,497,500)	(2,591,000)	187,000	2,019,000	(11,882,500)	(13,074,700)	(2,591,000)	187,000	3,118,600	(12,360,100)
Total Combined Reserves	(20,642,600)	(2,591,000)	187,000	2,019,000	(21,027,600)	(24,753,100)	(2,591,000)	187,000	5,327,600	(21,829,500)

GENERAL FUND - 2023/24 SAVINGS MONITORING (QUARTER 1)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
	£'000	£'000	£'000	£'000	
2023/24 APPROVED SAVINGS					
Communities & Leisure					
Children and Young People	9	0	9	0	template delivered - savings on track
Community Connectors	69	17	69	0	template delivered - savings on track
Community Development	3	3	3	0	template delivered
Customer Services	23	0	23	0	restructure to be implemented and savings due from October
SALC Gravity	3	3	3	0	template delivered
Pest Control Fees & Charges	26	7	26	0	template delivered - savings on track
Building Cleaning	51	0	51	0	Savings due to be made from October from new operational practices
Environment & Place					
Open Spaces (ad-hoc Councillor requests)	50	50	50	0	template delivered
Happy Mount Park (Splash Park Charging)	15	5	15	0	template delivered - additional income being raised
Public Conveniences Charging	20	5	20	0	template delivered - additional income being raised
Trade Waste Price Review	20	5	20	0	template delivered - additional income being raised
Trade Waste Bin Hire Charging	80	20	80	0	template delivered - additional income being raised
Waste Collection Charging	20	5	20	0	template delivered - additional income being raised
Anti-Social Behaviour	21	21	21	0	template delivered
Public Protection Fees & Charges	3	1	3	0	template delivered - additional income being raised
Deletion of Vacant Post (Public Health Projects)	47	47	47	0	template delivered
Hospitality & Printroom	75	0	37	(38)	amended establishment model now in place in order to protect income targets and future bookings
Light Up Lancaster	35	35	35	0	template delivered
Vintage By The Sea	11	11	11	0	template delivered
Governance					
Staffing Review (Legal)	3	0	3	0	Part of bigger saving proposal from previous year and to be implemented later in year
Housing & Property					
Municipal Building Review	166	166	166	0	template delivered
Courier	14	0	14	0	template delivered - savings on track
People & Policy					
Senior Leadership Restructure	448	448	448	0	template delivered
Wellbeing (Mental Health)	10	10	10	0	template delivered
Projects, Performance & Risk	43	0	43	0	restructure to be implemented and savings due from October
Communications	23	0	23	0	restructure to be implemented and savings due from October
Commercial Marketing & Tourism	53	0	53	0	restructure to be implemented and savings due from October
Deletion of Vacant Post (Democratic Services)	16	16	16	0	template delivered
Corporate Training	50	50	50	0	template delivered
Deletion of Vacant Post (HROD)	60	60	60	0	template delivered
Planning & Climate Change					
Building Control Fees	10	3	10	0	template delivered - additional income being raised
Building Control Staffing	43	(32)	(130)	(173)	function now being delivered by Capita, cost have risen exponentially as a consequence. Officer review taking place
Planning Pre-Application Fees	9	2	9	0	template delivered
Deletion of Vacant Post (Planning Policy)	60	60	60	0	template delivered
Resources					
MIAA Contract Extension	75	75	75	0	template delivered
Deletion of Vacant Post (ICT)	61	61	61	0	template delivered
Shared Service Operational Savings (Revenues & Benefits)	73	18	73	0	savings on track
Sustainable Growth					
Lancaster & Morecambe VIC's	116	0	116	0	savings on track
The Platform	32	8	32	0	savings on track
Museums	147	0	147	0	restructure to be implemented and savings due from October
Growth Lancashire Subscription	13	13	13	0	template delivered
Business Support Team	100	0	100	0	restructure to be implemented and savings due from October
Regeneration Staffing	92	92	92	0	template delivered
Deletion of Vacant Posts (Engineers)	89	89	89	0	template delivered
Car Parking Permit Review	13	13	13	0	template delivered - savings on track
Parking EV Charging	23	8	23	0	template delivered - savings on track
TOTAL	2,423	1,395	2,212	(211)	

GENERAL FUND SERVICE ANALYSIS 2023/24

	Original Budget	Q1 Projected	Q2 Projected	Q3 Projected	Q4 Projected
Services					
	Community Connectors	279	263		
	Customer Services	576	576		
Communities & Leisure	Facilities Management	50	38		
	Food Safety	795	397		
	Pest Control	(31)	(27)		
	Salt Ayre Leisure Centre	545	717		
	VCFS	304	304		
	AONB & Nature Reserves	115	95		
	Environmental Protection	446	425		
	Fleet Management	36	25		
	Hospitality & Events Management	411	417		
Environment & Place	Parks & Open Spaces	1,386	1,353		
	Service Support	639	626		
	Street Cleaning	1,607	1,608		
	Streetscape	92	83		
	Trade Refuse	(870)	(897)		
	Waste Collection	2,849	3,114		
	Williamson Park	456	457		
	Democratic Support & Elections	1,027	1,030		
Governance	Legal Services	395	449		
	Licensing	(108)	(68)		
	Commercial Land & Properties	(1,625)	(1,599)		
	Municipal Buildings	1,269	1,185		
Housing & Property	Other Land & Buildings	108	108		
	GF Housing Schemes	103	103		
	Private Sector Housing	639	606		
	Property Group	750	705		
	Public Health Services	124	128		
	Repairs & Maintenance	0	0		
	Exec Support	557	516		
People & Policy	HR & OD	889	870		
	Communications & Marketing	303	286		
	Emergency Planning & CSP	90	92		
	Health & Safety	70	70		
	Projects & Performance	127	128		
	Visitor Information Centres	133	119		
	CCTV	58	57		
Planning & Climate Change	Corporate Climate Change	125	128		
	DM - Building Control	87	194		
	DM - Planning	583	603		
	Planning & Housing Strategy	852	833		
	Internal Audit	163	163		
Resources	Finance	1,598	1,455		
	ICT	1,645	1,604		
	Revenues & Benefits	1,115	1,115		
	Economic Development & Culture	279	179		
Sustainable Growth	Markets	(47)	(40)		
	Museums	599	597		
	Parking	(2,251)	(2,276)		
	Regeneration	877	768		
	Strategic Projects & Engineers	534	511		
	The Platform	106	109		
		20,859	20,302	0	0
				0	0
				0	0
Corporate Services					
Corporate Services	Corporate Accounts	(135)	427		
	Contributions from Reserves	(1,855)	(1,855)		
	Government Grants	(1,026)	(1,026)		
	Interest Payable	2,151	2,151		
Other Items	Interest Receivable	(842)	(842)		
	Minimum Revenue Provision	2,923	2,638		
	Notional Charges	0	0		
	Pandemic Support	0	0		
	Revenue Funding of Capital	187	187		
	UKSPF	0	0		
		1,403	1,680	0	0
				0	0
				0	0
	Net Recharges to Housing Revenue Account	(1,032)	(1,032)		
	RMS Capital Charges (now Housing Revenue Account)	(139)	(139)		
	Revenue Reserve funded items included in above analysis (Revenue)	297	857		
	Revenue Reserve funded items included in above analysis (Appropriations)	(297)	(857)		
General Fund Revenue Budget		21,091	20,811	0	0
				0	0
				0	0
Core Funding :	Revenue Support Grant	(406)	(406)		
	Additional New Homes Bonus	0	0		
	Supplementary Government Grants	0	0		
	Prior Year Council Tax Surplus	181	181		
	Net Business Rates Income	(10,256)	(10,256)		
Council Tax Requirement		10,610	10,330	0	0
				0	0
				0	0

Notes:

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

BUDGET AND PERFORMANCE PANEL

Budget and Performance Panel – Work Programme

20th September 2023

Joint report of Chief Officers Finance and Governance

PURPOSE OF REPORT

To consider the Panel's Work Programme.

This report is public.

RECOMMENDATIONS

- (1) That Members note the updated Work Programme, as detailed in Appendix A.
- (2) That the Committee consider and agree what is to be included in the Committee's Work Programme.

1. Introduction

- 1.1 The Committee is responsible for setting its own annual Work Programme within the terms of reference, as set out in the Council's Constitution.
- 1.2 Members are requested to consider the Work Programme attached at Appendix A and also consider the updates set out below. Also attached at Appendix B are the Terms of Reference of the Panel.

2. Updates

- 2.1 In accordance with the Constitution all Councillors, the Chief Executive and the public have been asked for issues that should be considered for inclusion in the Scrutiny Work Programme. Comments were then obtained on the issues from Senior Leadership Team and the following item is within the Terms of Reference of the Panel and has been referred for consideration as part of the Panel's forthcoming Work Programme.

we need to be able to scrutinise the Outcomes Based Resourcing work - so councillors can better understand how much different things cost and have a chance to explore the relationship between services and their costs.

The Panel is asked to consider the referral.

3. Training

Treasury Management

- 3.1 The CIPFA Treasury Management Code requires the responsible officer (Chief Officer Resources) to ensure that Members with responsibility for Treasury Management receive adequate training. This especially applies to Councillors responsible for scrutiny in the Council’s case, Budget & Performance Panel.
- 3.2 Teams training has been provisionally booked with our Treasury Management advisors, Link Asset Services ahead of the Panels meeting December 7th. This will enable the Panel to effectively scrutinise the 2023/24 Mid-Year review report due to be presented at that meeting ahead of the Annual Treasury Management 2024/25 14th February 2024.

Budget & Project Monitoring (Delivering Our Priorities)

- 3.3 A key role of the Budget & Performance Panel ensuring effective scrutiny of the Councils financial and non-financial performance. Operational and Navigational training on the spreadsheets used to produce the quarterly Delivering Our Priorities (DoP) mid-September 2023
- 3.4 Introductory Capital Financing is being delivered to Cabinet September/ October and will be rolled out to B&PP members in due course.
- 3.5 In addition Members may wish to suggest additional training or request areas for closer scrutiny in line with the Panels Terms of Reference at Appendix B.

RELATIONSHIP TO POLICY FRAMEWORK

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

**CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

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

LEGAL IMPLICATIONS

Overview and Scrutiny Procedure Rule 9 (a) advises that the Overview and Scrutiny Committee and Budget and Performance Panel will be responsible for setting their own Annual Work Programme within the Terms of Reference set out in Part 2, Section 5, 9 and 10 of the Constitution.

FINANCIAL IMPLICATIONS

There are no financial implications as a direct result of this report. Any further reports on specific issues contained within the Work Programme will require further consideration of the financial implications.

OTHER RESOURCE IMPLICATIONS, such as Human Resources; Information Services; Property; Open Spaces:

None.

SECTION 151 OFFICER'S COMMENTS

The S151 officer has been consulted and has no comments to make.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add.

BACKGROUND PAPERS

None.

Contact Officer: Stephen Metcalfe
Telephone: 01524 582073
E-mail: sjmetcalfe@lancaster.gov.uk

Meeting Date	Training			Report	Agenda Items
	Training	Provider	Time/ Location		
19th September 2023	Delivering our Priorities Q1 2023/24 Spreadsheet Operatons & Navigation	Chief Finance Officer	17.00 Teams		
20th September 2023					Provisional Revenue & Capital Outturn 2022/23 Annual Treasury Management Outturn 2022/23 Delivering Our Priorities: Q1 2023/24
6th December 2023					Delivering Our Priorities 2023/24 Q2 Treasury Management Mid Year Review 2023/24
31st January 2024					Budget & Policy Framework General Fund Revenue Budget 2024/25 Public Consultation
14th February 2024					Capital Strategy (Investing in the Future) Treasury Management Strategy 2024/25 Delivering Our Priorities 2023/24 Q3

Training Suggestions Introduction to Treasury Management
 Introduction to Capital Accounting

APPENDIX B

Budget and Performance Panel

Composition: **Nine Councillors in political balance.**

Members of the Committee shall not be members of the Cabinet.

The Chair of Budget and Performance Panel will be appointed by Council annually. Only non-cabinet members are entitled to vote for the Chair.

The Chair and Vice Chair shall not be members of the largest political group on the Council.

Terms of Reference

10.1 To scrutinise the Council's arrangements and performance in relation to financial planning, including budget / target setting, e.g. items within the Budget Framework including reviewing the effectiveness of the:

- (a) budget setting process;
- (b) contents of the Medium Term Financial Strategy (MTFS);
- (c) Capital Investment Strategy; and
- (d) financial targets in the Council Plan.

10.2 To review the management of resources by scrutinising the Council's financial performance

in year against agreed budgets or other targets. e.g.:

- (a) capital and revenue spending against approved budgets;
- (b) specific activities including treasury management, generation of revenue and capital income targets; and
- (c) monitoring of financial savings/efficiency targets (including within the MTFS).
- (d) monitor the delivery and effectiveness of Service Level Agreement targets;
- (e) assess performance against key performance indicators and benchmarks; and
- (f) assess whether services are delivering their expected outcomes.

10.3 To review the effectiveness of the Council's overall performance management arrangements in relation to partnership working and to scrutinise the performance of the Council's major partnerships.

10.4 To scrutinise the Council's policies and procedures and other supporting arrangements for securing value for money (i.e. economy, efficiency, effectiveness) e.g.:

- (a) value for money strategy;

- (b) procurement practices;
- (c) income management and collection arrangements;
- (d) asset management practices; and
- (e) insurance arrangements.

10.5 To consider risk management issues in reviewing and scrutinising performance.

10.6 To make recommendations, as appropriate, in respect of the above.

Extract from LCC constitution Part 2 – Responsibility for Function Section 5 (Pages 41 – 42)