



**Committee:** BUDGET AND PERFORMANCE PANEL

**Date:** THURSDAY, 7<sup>TH</sup> DECEMBER 2023

**Venue:** LANCASTER TOWN HALL

**Time:** 6.10 P.M.

## A G E N D A

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on 20<sup>th</sup> September 2023 (previously circulated).

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

4. **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.

5. **Exclusion of the Press and Public**

Whilst the following report is public, it contains an exempt appendix. The Panel is recommended to pass the following recommendation in relation to the following item if it is minded to discuss the exempt appendix:- "That in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act."

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

6. **Strategic Risk Register** (Pages 3 - 13)

Report of the Chief Executive.

Note: At this point, if required, the press and public will be re-admitted to the meeting.

7. **Delivering Our Priorities Q2 2023/24** (Pages 14 - 35)

Cabinet Report and Appendices to be considered by Cabinet on 5<sup>th</sup> December 2023 attached.

8. **Treasury Management Mid-Year Review 2023/24** (Pages 36 - 56)

Cabinet Report and Appendices considered by Cabinet on 24<sup>th</sup> October 2023 attached.

9. **Medium Term Financial Strategy** (Pages 57 - 69)

Cabinet Report and Appendices to be considered by Cabinet on 5<sup>th</sup> December 2023 attached (published on 01.12.23).

10. **Work Programme Report** (Pages 70 - 72)

Attached.

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

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

**(ii) Substitute Membership**

Councillors Suhir Abuhajar, Dave Brookes and Brett Cooper

**(iii) Queries regarding this Agenda**

Please contact Stephen Metcalfe, Democratic Support - email [sjmetcalfe@lancaster.gov.uk](mailto:sjmetcalfe@lancaster.gov.uk).

**(iv) Changes to Membership, substitutions or apologies**

Please contact Democratic Support email [democracy@lancaster.gov.uk](mailto:democracy@lancaster.gov.uk).

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

Published on Wednesday, 29<sup>th</sup> November 2023.

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| <b>BUDGET AND PERFORMANCE PANEL</b> |
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## Strategic Risk Management

**07 December 2023**

### Report of Chief Executive

|                          |
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| <b>PURPOSE OF REPORT</b> |
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To provide Members of the Panel with an update on the authority's progress in updating the Strategic Risk Register.

**This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.**

#### RECOMMENDATIONS

1. The Budget and Performance Panel note the Audit Committee report dated 22 November and attached appendices.

##### 1.0 Introduction

- 1.1 The report attached as appendix A was presented to Audit Committee 22 November 2023. Budget and Performance Panel are asked to note the report and its appendices in line with their Terms of Reference within the Constitution.
- 1.2 The Budget and Performance Panel consider if they wish to view all risks on the Strategic Risk Register going forward, or if they only wish to certain risk categories, such as Financial Risk.

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|--|
| <b>CONCLUSION OF IMPACT ASSESSMENT</b> |
|--|

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

No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.

|                           |
|---------------------------|
| <b>LEGAL IMPLICATIONS</b> |
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No direct legal implications arising from this report.

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| <b>FINANCIAL IMPLICATIONS</b> |
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No direct financial implications arising from this report.

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

No direct resource implications arising from this report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has contributed to this report in his role as Head of Financial Services, including responsibility for Internal Audit.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

**Contact Officer:** Chief Executive  
**Telephone:** 01524 582501  
**Email:** chiefexecutive@lancaster.gov.uk  
**Ref:** N/A

**AUDIT COMMITTEE**

**Strategic Risk Management**

**22 November 2023**

**Report of Chief Executive**

**PURPOSE OF REPORT**

To provide the Committee with an update on the authority's progress in updating the Strategic Risk Register.

**This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.**

**RECOMMENDATIONS**

1. The Audit Committee note the updated Strategic Risk Register, as shown as appendix A (public report) and appendix B (restricted report).
- 1.0 Report**
- 1.1 Audit Committee last received a report on 26 July 2023 providing an update of the Strategic Risk Register.
- 1.2 The GRACE (Governance, Risk Assessment and Control Evaluation) system has been updated since the end of Q2 23-24 and in line with our policy, risks will be reviewed every quarter.
- 1.3 Risks SR08 and SR13 have been re-worded to provide more clarity and focus.
- 1.4 Risk SR18 "Failure of the South Lancaster Growth Catalyst programme to deliver high quality homes and recoup financial investment" has been closed.
- 1.5 Risk SR23 Corporate Health and Safety, has been reworded following a query raised at the last meeting.
- 1.6 Since the previous report, two further strategic risks have been added labelled in the appendices as SR26-SR27. Risk SR27 is yet to have the risk scoring fully populated.
- 1.7 Audit Committee members are asked to note Appendices A and B; any comments will be considered and implemented as appropriate in the ongoing risk management process.

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

No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.

**LEGAL IMPLICATIONS**

No direct legal implications arising from this report.

**FINANCIAL IMPLICATIONS**

No direct financial implications arising from this report.

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

No direct resource implications arising from this report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has contributed to this report in his role as Head of Financial Services, including responsibility for Internal Audit.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

Appendix A: Strategic Risk Register Map and Detail – Export 10.11.23  
Appendix B: Strategic Risk Register Restricted Items – Export 10.11.23

**Contact Officer:** Chief Executive  
**Telephone:** 01524 582501  
**Email:** chiefexecutive@lancaster.gov.uk  
**Ref:** N/A

# Strategic Risk Register, report created 10.11.23

NOTE: All risks have been reviewed between 13th October and 10th November 2023

| Risk                      | Risk Description   | Residual Risk Score (impact x likelihood) | Risk Category | Existing Control Measure                               | Existing Control Measure Description  | Target Risk Level (impact x likelihood) | Action Plan Title                  | Action Plan Description   | Action Plan Owners | Action Plan Type | Action Plan Due Date |  |  |
|---------------------------|--|---|---------------|--|---|---|------------------------------------|---|--------------------|------------------|----------------------|--|--|
| 1                         | SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.<br><br>Link to Plan 2030: Value for Money | 4 (2x2)                                   | Financial     | Officer/Member Working Groups                          | Capital Assurance Group (CAG) and Financial Resilience Group (FRG)  | 2 (2x1)                                 | Outcomes Based Resourcing          | Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain   | Suzanne Lodge      | In Progress      | 30/12/2024           |  |  |
|                           |  |   |               | Council Strategies                                     | Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy   |   | Commercialisation                  | Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.                             | Mark Davies        | In Progress      | 01/10/2023           |  |  |
|                           |  |   |               | Monthly income monitoring by applicable services       | Monthly income monitoring by applicable services  |   | Funding the Future Strategy        | The Strategy contains 4 Pillars to achieve Financial Stability. 1) Investment to reduce costs; 2) Pursuing efficiencies with vigour; 3) Outcomes based resourcing; and 4) Commercialisation | Paul Thompson      | In Progress      | 31/03/2024           |  |  |
|                           |  |   |               | Quarterly reporting                                    | Formal quarterly reporting to Cabinet and Budget and Performance Panel  |   | Business Plans for Investments     | Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.  | Paul Thompson      | In Progress      | 31/03/2024           |  |  |
|                           |  |   |               |  |   |   | Fees and Charges Income Monitoring | Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.  | Paul Thompson      | In Progress      | 31/03/2024           |  |  |
|                           |  |   |               |  |   |   |                                    |   |                    |                  |                      |  |  |
| 2                         | SR02 The Council fails to meet the 2024/25 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects.<br><br>Link to Plan 2030: Value for Money projects.                           | 6 (3x2)                                   | Financial     | Budget and Performance Panel                           | Budget and Performance Panel  | 2 (2x1)                                 | Outcomes Based Resourcing          | Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.   | Suzanne Lodge      | Implemented      | 31/12/2024           |  |  |
|                           |  |   |               | Reserves Policy  | Reserves Policy   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Project Managers                                       | Project Managers - suitably skilled PMs assigned to lead strategic projects   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Programme Managers                                     | Programme Managers in place for specific programmes   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Programme Delivery Board                               | Programme Delivery Board  |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Cabinet  | Cabinet   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Portfolio Holder                                       | Portfolio Holder  |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Outcomes Based Resourcing for 23/24 financial year     | Outcomes Based Resourcing for 23/24 financial year  |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Project Delivery Board                                 | Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Projects and Performance Manager                       | Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.  |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Delivering Our Priorities Quarterly Monitoring Reports | Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.   |   |                                    |   |                    |                  |                      |  |  |
|                           |  |   |               | Quarterly Cabinet Meetings                             | Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance.<br><br>As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond. |   |                                    |   |                    |                  |                      |  |  |
| Outcomes Based Resourcing | Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.  |   |               |  |   |   |                                    |   |                    |                  |                      |  |  |

|   |  |  |         |  |   |   |                |  |  |                  |             |            |
|---|--|--|---------|--|---|---|----------------|--|--|------------------|-------------|------------|
| 3 | SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver     | The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities.<br>Link to Plan 2030: Investing in Our Skills | 6 (3x2) | Management                             | New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk      | New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk  | 6 (3x2)        |  |  |                  |             |            |
|   |  |  |         |  | Annual Appraisal Process  | Annual Appraisal Process embedded   |                |  |  |                  |             |            |
|   |  |  |         |  | Pay and Grading Structure   | Pay and Grading Structure - The new pay and grading structure and job evaluation process ensures that all posts are objectively evaluated and then placed on a new pay and grading scale.                           |                |  |  |                  |             |            |
|   |  |  |         |  | Restructure Toolkit   | Recent experience suggests that this assisted in attracting applicants with the desired skills and values.  |                |  |  |                  |             |            |
|   |  |  |         |  | Restructure Toolkit   | Restructure Toolkit - In order to retain the most talented staff as we go through the OBR process, a restructure toolkit has been produced.   |                |  |  |                  |             |            |
|   |  |  |         |  | People Strategy   | A People Strategy is launched to ensure staff experience, development and management are aligned to support the success of the council's workforce.   |                |  |  |                  |             |            |
| 4 | SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.              | Future capital investment is dependent on capital receipts from the sale and utilisation of council assets.<br>Link to Plan 2030: Innovative Public Service  | 9 (3x3) | Financial Reputation Management Assets | Use of Council Assets   | Capital Strategy Group  | 6 (3x2)        | Council Assets   | To progress with disposals of council assets as outlined through 22/23 OBR process.                                | Joanne Wilkinson | Proposed    | 29/03/2024 |
|   |  |  |         |  | Use of Council Assets   | Ongoing OBR workstream reviewing assets   |                |  |  |                  |             |            |
|   |  |  |         |  | Use of Council Assets   | Compliance review and structure update being undertaken   | Council Assets | Updated Asset Management Plan to be developed to incorporate property performance. | Paul Mackie<br>Joanne Wilkinson<br>Dan Wood  | Proposed         | 31/10/2024  |            |
|   |  |  |         |  | Use of Council Assets   | Performance monitoring of leases implemented  |                |  |  |                  |             |            |
|   |  |  |         |  | Council Assets  | Review of Property Group being undertaken to ensure fit for purpose   |                |  |  |                  |             |            |
|   |  |  |         |  | Use of Council Assets   | Budget Monitoring   |                |  |  |                  |             |            |
| 5 | SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies | Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.   | 6 (3x2) | Regulatory                             | Resourcing the emergency response function  | The Council continues to adequately resource its emergency planning function, including maintaining its team of out of appropriately trained emergency response officers.   | 6 (3x2)        | Financial Planning   | Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic. | Paul Thompson    | In Progress | 31/03/2024 |
|   |  |  |         |  | District emergency  | Lancaster District Emergency Plan and LRF (Lancashire Resilience Forum) plans that cover site or incident specific risks, including for example: an incident at Heysham Power Station, or a flooding/weather event. |                |  |  |                  |             |            |
|   |  |  |         |  | Business Continuity Plans   | Business Continuity Plans   |                |  |  |                  |             |            |
|   |  |  |         |  | National Emergency (such as a pandemic)   | LRF plans.  |                |  |  |                  |             |            |
|   |  |  |         |  | Follow Government Direction   |   |                |  |  |                  |             |            |
|   |  |  |         |  | Financial Planning  | Financial Planning - Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.   |                |  |  |                  |             |            |
|   |  |  |         |  | Business Resilience   | Business Resilience - The Council continues to invest in resilience measures eg technology to facilitate remote working.  |                |  |  |                  |             |            |
|   |  |  |         |  | Partnerships  | Partnerships - The Council continues to allocate resource to developing its key partnerships LRF, CSP (Community Safety Partnership) and local resilience partners.   |                |  |  |                  |             |            |
|   |  |  |         |  | County wide emergency (such as widespread loss of power and extreme weather events) | The LERP (Lancashire Emergency Response Plan) and plans as required from box 2 and box 3 plans, held in resilience direct.  |                |  |  |                  |             |            |



|    |  |  |          |   |  |   |         |                          |  |                              |             |            |
|----|--|--|----------|---|--|---|---------|--------------------------|--|------------------------------|-------------|------------|
| 6  | SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.   | In January 2019 the Council declared a 'climate change emergency' and have now sought endorsement of an approach to reduce the Council's direct Co2 emissions to 'net zero' by 2030. Whilst an action plan is in place, costs associated with implementing the actions are considerable and are constantly under review.<br><br>Link to Plan 2030: Carbon Zero | 12 (4x3) | Environment                                     | Delivery plan in place   | Delivery plan in place  | 8 (4x2) | Delivery Plan            | The Council continues to work on the delivery of its action plan. More details can be found on our website: <a href="https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates">https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates</a>  | Mark Davies                  | In Progress | 31/03/2024 |
|    |  |  |          |   | Peoples Jury   | Peoples Jury - The Council considers the recommendations of the Peoples Jury and builds recs that can be delivered directly by the Council into its plans   |         | Local area energy plan   | Local area energy plan (LAEP) has proceeded through procurement (Energy Systems Catapult, June 2023). This document will provide a high-level, costed roadmap to net zero for the district. The LAEP is a 12-month project that will involve Member, stakeholder and public engagement.                                      | Mark Cassidy                 | In Progress | 30/06/2024 |
| 7  | SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.                                     | On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years.   | 6 (3x2)  | Opportunities/ Outcomes                         | Carbon Zero +  | More details can be found on our website: <a href="https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates">https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates</a> | 4 (2x2) | Local Development Plan   | Local Development Plan   | Mark Davies<br>Suzanne Lodge | In Progress | 30/09/2024 |
|    |  |  |          |   | Medium Term Financial Strategy (MTFS)  | MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.  |         |                          |  |                              |             |            |
|    |  |  |          |   | Programme Management   | Programme Management - in place to ensure strategy is followed and monitored on a regular basis.  |         |                          |  |                              |             |            |
|    |  |  |          |   | Corporate Plan / Plan 2030   | Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.   |         |                          |  |                              |             |            |
| 8  | SR08 The Council fails to deliver its key projects due to the lack of capacity and resources.  | The Council has a number of key projects (Canal Quarter, Eden Project Morecambe, OBR, My Mainway, Heysham Gateway, Frontierland etc) all of which have detailed strategies for implementation. In order to deliver these key projects it is essential they are properly prioritised and resourced.<br><br>Link to Plan 2030: Innovative Public Services        | 6 (3x2)  | Financial New Partnerships/ Projects/ Contracts | Local Plan   | Local Plan  | 3 (3x1) | Local Plan               | Local Plan   | Mark Davies                  | In Progress | 31/03/2024 |
|    |  |  |          |   | Medium Term Financial Strategy (MTFS)  | Medium Term Financial Strategy (MTFS)   |         | Funding the Future       | Funding the Future Strategy  | Mark Davies                  | In Progress | 31/03/2024 |
|    |  |  |          |   | Investment Strategy  | Investment Strategy   |         | Reserves                 | Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.  | Mark Davies<br>Paul Thompson | In Progress | 31/03/2024 |
|    |  |  |          |   | Capital Programme  | Capital Programme   |         | Capital Programme        | Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.   | Mark Davies<br>Paul Thompson | In Progress | 31/03/2024 |
|    |  |  |          |   | The Council continues to resource key service teams in Planning, economic development, regeneration, property investment | The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.   |         | Staffing Capacity Issues | HRBPs working with services where there are staffing capacity issues to find solutions, e.g. succession planning where there are hard to fill roles, more creative online campaigns for recruitment; service reviews to be undertaken as part of OBR. Wider People Strategy to support services to attract and retain staff. | Alex Kinch                   | In Progress | 31/01/2024 |
|    |  |  |          |   | Collaborative Working  | We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council.  |         |                          |  |                              |             |            |
|    |  |  |          |   | Partnership Working  | Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe.   |         |                          |  |                              |             |            |
| 10 | SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.<br><br>Link to Plan 2030: Value for money | SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.   | 6 (3x2)  | Regulatory                                      | Continued monitoring and horizon scanning of Government policy   | Continued monitoring and horizon scanning of Government policy  | 6 (3x2) |                          |  |                              |             |            |
|    |  |  |          |   | Clear and focused Council strategy to maximise alignment with Government policy and resourcing                           | Clear and focused Council strategy to maximise alignment with Government policy and resourcing  |         |                          |  |                              |             |            |
|    |  |  |          |   | Strategic Plans  | Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy  |         |                          |  |                              |             |            |
| 11 | SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.                     | SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.<br><br>This risk is outside of the control of the Council. It can not be fully mitigated against but should still be recorded on the strategic risk register.                                       | 9 (3x3)  | Financial                                       | Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues                             | Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues  | 9 (3x3) |                          |  |                              |             |            |
|    |  |  |          |   | Strategic responsiveness through continued risk management review  | Strategic responsiveness through continued risk management review   |         |                          |  |                              |             |            |
|    |  |  |          |   | Agility and Resilience   | Agility and Resilience - Continue to develop agility and resilience across the organisation   |         |                          |  |                              |             |            |
|    |  |  |          |   | Strategic risk management approach   | Strategic risk management approach  |         |                          |  |                              |             |            |

|    |  |   |         |   |  |   |         |   |  |                              |             |            |
|----|--|---|---------|---|--|---|---------|---|--|------------------------------|-------------|------------|
| 12 | SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.   | SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.  | 6 (3x2) | Financial   | Budget Development   | Comprehensive, robust and transparent approach to budget development and service delivery.  | 4 (2x2) | OBR                                       | Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.                                 | Suzanne Lodge                | In Progress | 31/12/2024 |
| 13 | SR13 The Council's reputation is damaged through its own actions or actions of others in the District  | SR13 The Council's reputation is damaged through its own actions or actions of others in the District.<br><br>Link to Plan 2030: Community Engagement   | 3 (3x1) | Reputation  | Communications   | Pro-active communications and transparency  | 3 (3x1) |   |  |                              |             |            |
|    |  |   |         |   | Strategic Management of Activities                           | Strategic management of all Council activities to ensure continued high reputation  |         |   |  |                              |             |            |
|    |  |   |         |   | Delivery of Services   | Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council.   |         |   |  |                              |             |            |
|    |  |   |         |   | Strategic communication                                      | Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation  |         |   |  |                              |             |            |
| 14 | SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.   | SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.<br><br>Link to Plan 2030: Value for money  | 6 (3x2) | Financial   | Budget and Performance Panel                                 | Budget and Performance Panel  | 6 (3x2) | Move to sustainable solutions             | Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures   | Mark Davies<br>Paul Thompson | In Progress | 31/12/2024 |
|    |  |   |         |   | Reserves Policy  | Reserves Policy   |         |   |  |                              |             |            |
|    |  |   |         |   | Continue financial forecasting                               | Continue financial forecasting and scenario planning e.g. for energy costs  |         |   |  |                              |             |            |
| 15 | SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district.  | SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district.<br><br>Link to Plan 2030: Innovative Public Services, Value for money                       | 4 (2x2) | Assets  | Asset Management Plan  | Asset Management Plan   | 2 (1x2) | Asset Management Plan                     | Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.   | Mark Davies                  | In Progress | 27/09/2024 |
|    |  |   |         |   | Continuous review of assets and infrastructure               | Continuous review of assets and infrastructure  |         |   |  |                              |             |            |
| 16 | SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses. | SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.<br><br>Link to Plan 2030: Enabling | 6 (2x3) | Customers/<br>Citizens                                | Corporate Plan   | Corporate Plan  | 3 (1x3) |   |  |                              |             |            |
|    |  |   |         |   | Policy Framework   | Policy Framework  |         |   |  |                              |             |            |
|    |  |   |         |   | Continuous review of strategy and policy                     | Continuous review of strategy and policy, and alignment with service delivery.  |         |   |  |                              |             |            |
|    |  |   |         |   | LGA Workshop with Members                                    | These took place in September 2023.   |         |   |  |                              |             |            |
| 17 | SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.   | SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.  | 6 (2x3) | Reputation Management                                 | Corporate Governance   | Corporate Governance  | 6 (2x3) | Training and development                  | Training and development to ensure staff and members are equipped to follow governance requirements  | Luke Gorst                   | In Progress | 31/03/2024 |
|    |  |   |         |   | Continuous review of governance processes                    | Continuous review of governance processes to ensure they are fit for purpose  |         |   |  |                              |             |            |
|    |  |   |         |   | Annual Governance Statement and Code of Corporate Governance | The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.<br><br>The Council has recently reviewed and adopted an amended Code of Corporate Governance (dated April 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework). |         |   |  |                              |             |            |
| 18 | SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the   | SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.  | 4 (2x2) | Assets<br>New Partnerships<br>/Projects/<br>Contracts | Programme Management   | Programme Management  | 2 (1x2) | Development of a Canal Quarter Masterplan | Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities | Jonathan Noad                | In Progress | 31/03/2024 |

|  |  |   |         |   |  |   |                    |  |  |  |             |   |
|--|--|---|---------|---|--|---|--------------------|--|--|--|-------------|---|
| 19   | SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings | LCC has three high rise buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance, due to the buildings not meeting specified standards. These risks are:-<br>1. Failure to register with BSE for 3 x blocks by 1st October 2023.<br>2. Submit safety case files for each block by 1st October 2023.<br>3. Establish Tenants Voice by 1st October 2023.<br>4. Undertake the legal obligations of the Act, including fire door audits, cladding survey, premises information box, signage<br>5. Risk of financial penalty for non-compliance with the Building Safety Act 2022. | 6 (3x2) | Economic<br>Financial<br>Reputation<br>Assets<br>Customers/<br>Citizens<br>Regulatory               | Registration with BSE for high rise blocks                               | Asset and Compliance Team in RMS working through registration documents   | 2 (2x1)            | Registration with BSE for high risk blocks   | Submit safety case files - Template obtained from Penningtons, currently under review in terms of records and resources (physical and financial)                       | Dennis Graham<br>Paul Mackie<br>Joanne Wilkinson | In Progress | 01/04/2024  |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Pennington Choices have been employed and providing guidance on registration process  |                    |  |  |  |             |   |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Further testing of fire doors being undertaken to seek certification  |                    |  |  |  |             |   |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Fortnightly senior housing management meetings updating on risks and plans around building safety review.                             |                    |  |  |  |             |   |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Fire safety works being completed.  |                    |  |  |  |             |   |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Fire door audits being undertaken   |                    |  |  |  |             |   |
|  |  |   |         |   | Registration with BSE for high rise blocks                               | Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.  |                    |  |  |  |             |   |
| Registration with BSE for high rise blocks | Establish Tenants Voice group established  |   |         |   |  |   |                    |  |  |  |             |   |
| 20   | SR21 Non compliance with Regulator of Social Housing Standards                       | The Social Housing White Paper and subsequent amendments have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity.   | 6 (3x2) | Economic<br>Financial<br>Reputation<br>Management<br>Assets<br>Customers/<br>Citizens<br>Regulatory | Social Housing Regulation  | Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning | 2 (2x1)            | Social Housing Regulation                    | Training for new members to be delivered so members are clear on regulation expectations.  | Joanne Wilkinson                                 | Proposed    | 24/11/2023  |
|  |  |   |         |   | Social Housing Regulation  | Action planning within the service occurs in preparation for changes  |                    |  |  |  |             |   |
|  |  |   |         |   | Social Housing Regulation  | Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.                                  |                    |  |  |  |             |   |
|  |  |   |         |   | Social Housing Regulation  | Service Improvement Plan well established   |                    |  |  |  |             |   |
|  |  |   |         |   | Social Housing Regulation  | Annual self assessment undertaken against current standards   |                    |  |  |  |             |   |
|  |  |   |         |   | Social Housing Regulation  | Member advisory group for continued / wider input into the housing service established.   |                    |  |  |  |             |   |
| 22   | SR23 Corporate Health and Safety   | The Council fails to effectively manage, prioritise and embed a proactive Health and Safety culture, leading to avoidable health and safety risks being taken.  | 9 (3x3) | Regulatory  | Health and Safety Checklist for New Starters                             | Health and Safety Checklist for New Starters  | 4 (2x2)            | Procurement of Health and Safety Consultants | H&S consultants being procured to assess as is and implement changes to address shortfalls and support create of culture of collective ownership of Health and Safety. | Alex Kinch                                       | Proposed    | 29/02/2024  |
|  |  |   |         |   | Intranet guidance  | Intranet guidance   |                    |  |  |  |             |   |
|  |  |   |         |   | Health and Safety Policy   | Health and Safety Policy  |                    |  |  |  |             |   |
|  |  |   |         |   | Risk assessments   | Risk assessments  |                    |  |  |  |             |   |
|  |  |   |         |   | H&S Training Courses   | H&S Training Courses  |                    |  |  |  |             |   |
|  |  |   |         |   | DSE assessments  | DSE assessments   |                    |  |  |  |             |   |
|  |  |   |         |   | H&S Committee established  | Health and Safety Committee set up. First meeting took place in October 2023, the next meeting is due in December 2023.               |                    |  |  |  |             |   |
| 23   | SR24 ICT Data Centre   | Data Centre is dated and improvements needed to satisfy future demand.  | 6 (3x2) | Assets  | Air conditioning in place to keep the data centre at optimal temperature | 2 (2x1)   | Full Fibre Project |  | Nick Goulden   | Proposed   | 28/06/2024  |   |
|  |  |   |         |   | Back up Date Centre at SALC  |   |                    |  |  |  |             |   |
|  |  |   |         |   | Regular fire safety servicing carried out                                |   |                    |  |  |  |             |   |
|  |  |   |         |   | Water ingress alerts   |   |                    |  |  |  |             | To alert all ICT senior managers to any water detected in data centre |

|    |  |  |         |   |   |   |         |   |   |                                      |          |            |
|----|--|--|---------|---|---|---|---------|---|---|--------------------------------------|----------|------------|
| 24 | SR25 LCC Property Portfolio (non housing) does not meet its Health and Safety compliance obligations | The Council fails to effectively manage Property portfolio health and safety / compliance and meet statutory requirements. Risk is not managed and steps are not taken to protect workers and others from harm. A structure is not in place to ensure that compliance is prioritised and a proactive culture does not exist.   | 9 (3x3) | Financial Reputation Management Assets Opportunities/ Outcomes Regulatory | Property Group compliance                         | Review of asset compliance being undertaken.  | 1 (1x1) | Property Group Compliance                         | Implement Action plan based on findings from Property Group review.   | Paul Mackie<br>Joanne Wilkinson      | Proposed | 29/12/2023 |
|    |  |  |         |   | Property Group compliance                         | Review of Property Group and report shared with SLT including updated position statement on compliance                                      |         |   |   |                                      |          |            |
|    |  |  |         |   | Property Group Compliance                         | Regular reports to be shared with SLT highlighting current position.  |         |   |   |                                      |          |            |
|    |  |  |         |   | Property Group Compliance                         | Dedicated Team established - combining expertise from Council Housing Compliance Team to monitor and address compliance within the service. |         | Property Group Compliance                         | Pilot Stock Condition Surveys within property group portfolio to monitor and understand works required.   | Paul Mackie<br>Joanne Wilkinson      | Proposed | 26/01/2024 |
|    |  |  |         |   | Property Group Compliance                         | Team employs sector expert to support overall approach to health and safety and compliance.   |         |   |   |                                      |          |            |
|    |  |  |         |   | Property Group compliance                         | Review structure of Property Group ensuring team members have the right skill set and workflows are set up correctly.                       |         |   |   |                                      |          |            |
|    |  |  |         |   | Property Group compliance                         | Establish accurate data recording and position statement through individual workbooks for assets.   |         |   |   |                                      |          |            |
| 25 | SR26 - Increasing costs of temporary accommodation for the homeless                                  | In 23-24 we are forecasting the Council will be required to contribute an additional £500k towards the cost of B+B accommodation for homeless residents. Increase in costs is linked to increasing homelessness, reduced subsidy recovery from HB and reduced grant availability. Costs of accommodation also increasing and increase in larger families needing to be accommodated for longer. The subsidy can be met from within budgets this year, however this will need to be | 8 (2x4) | Financial   | Increasing homeless temporary accommodation costs | Budget reviews ongoing with service accountant.   | 3 (1x3) | Increasing homeless temporary accommodation costs | Bed and breakfast plan to be developed for DLUHC.   | Sharon Parkinson<br>Joanne Wilkinson | Proposed | 28/12/2023 |
|    |  |  |         |   |   |   |         | Increasing homeless temporary accommodation costs | Housing Taskforce to be developed   | Joanne Wilkinson                     | Proposed | 28/12/2023 |
|    |  |  |         |   |   |   |         | Increasing homeless temporary accommodation costs | Letter to registered provider chief execs to be sent reminding of responsibility around consumer regulation and responsibilities to supporting local authorities around | Joanne Wilkinson                     | Proposed | 15/12/2023 |
| 26 | SR27 - Waste Strategy  | Increased revenue cost burden to the authority and failure to deliver in line with milestones set out by government (31st March 2026).   |         | Financial Reputation Management Assets Environment                        |   |   |         |   |   |                                      |          |            |

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

Document is Restricted



**Delivering Our Priorities: Q2 2023/24  
5 December 2023**

**Report of Chief Executive & s151 Officer**

| PURPOSE OF REPORT  |          |                  |  |                              |
|--|----------|------------------|--|------------------------------|
| To provide members with an update on performance, projects, and resources during the first two quarters of 2023/24 (April – September 2023). |          |                  |  |                              |
| Key Decision   | <b>N</b> | 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 2 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-September 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 Q2 – Q4 2022-23 and Q1 and Q2 2023-24.
- 2.2 Direction of travel indicators are now included against each performance measure to show if the KPI has improved, is broadly the same or has worsened. The typical definition of 'broadly the same' is within 3% variation on the comparative quarter. Most indicators compare to the previous quarter, those marked with an asterisk compare to the like quarter from the previous year.
- 2.3 The direction of travel indicators show that 4 KPIs have improved, 11 are broadly the same and 3 have worsened.
- 2.4 The definition of the three measures shown in the 'A Sustainable District' section that are used to show energy usage have changed their definition.

The measure used to include the 4 main council office buildings and now include all 51 of the council assets classified as corporate. The data shown for all quarters on the report has been updated to reflect the changes. Therefore, the quarters included are comparable.

### 3.0 PROJECT REPORTING

- 3.1 In order to provide a more accurate view of the progress for each project, the Red – Amber – Green status is now assigned for three elements of the project, these being Plan, Cost and Scope, instead of one status being applied across the whole project.
- 3.2 Of the 11 projects where full update reports have been received, five are reporting ‘amber’ (minor) delays with their project plans (progress) and three have reported ‘amber’ (minor) deviations in the cost of the project. No projects are reporting concerns about their ability to deliver the planned scope (benefits). No projects have reported ‘red’ (significant) variations.
- 3.3 The highlight report shows the majority of the council’s Strategic Projects are progressing as planned at the end of Quarter 2 2023-24.
- 3.4 The South Lancaster Growth Catalyst project has been closed.
- 3.5 The District Heat Network Feasibility project has now completed.

### 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 2 information distributed to Cabinet in November 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 reduces a number of variances in respect of items such as ‘grossing-up’ of grant income/expenditure and the movement of employees to different costs centres which is especially needed during 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. More recently prices appear to have settled

allowing for a more accurate estimated year-end outturn projection. Based on the latest price information available, projected variances have been included within the relevant service areas. For information, the estimated projected variance on energy budgets is £0.566M (£0.555M General Fund, £0.011M HRA). These areas will continue to be closely monitored over the coming months and the latest projections have been included in the draft budget for the forthcoming year which is currently being prepared.

- 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 offer of an increase of £1,925 on all NJC pay points was accepted on 1<sup>st</sup> November 2023. This is estimated to result in an estimated additional strain of £0.517M (£0.399M General Fund, £0.118M HRA) including oncosts. The marginal impact has been included in the projected outturns within services 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 savings proposals to 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 Several savings proposals impact on staffing which will incur restructuring costs. Severance payments (-£0.598M) are included within the People & Policy projected outturn figures and pension strain payments (-£0.393M) are included within Corporate Services. The financing of these costs are still to be finalised but there is the potential to utilise capital receipts to fund some of them (subject to asset disposals arising in year) or use the revenue restructuring reserve, which currently has a projected balance of £0.400M. A further update will be provided as part of the quarter 3 report.

### 7.0 GENERAL FUND SUMMARY POSITION

- 7.1 Quarter 2 (Q2) monitoring covers the period for April – September 2023. At the end of Q2 (September 2023) a year end overspend of **£0.611M** 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** to produce a balanced budget. The latest position suggests that the projected amount required from reserves will be **£1.188M**.
- 7.2 A summary of the Q2 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 2 Financial Monitoring – Service Analysis

|   | Original<br>Budget<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q2<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Working<br>Variance<br>2023/24<br>£'000 |
|---|--|---------------------------------------|----------------------------------|--|---|
| Communities & Leisure                                   | 2,895                                  | 2,700                                 | 1,348                            | 2,646                                    | +54                                     |
| Environment & Place                                     | 6,954                                  | 6,996                                 | 1,655                            | 7,171                                    | (175)                                   |
| Governance  | 1,314                                  | 1,415                                 | 899                              | 1,509                                    | (94)                                    |
| Housing & Property                                      | 991                                    | 1,200                                 | (885)                            | 1,455                                    | (255)                                   |
| People & Policy   | 2,169                                  | 2,047                                 | 1,150                            | 2,703                                    | (656)                                   |
| Planning & Climate Change                               | 1,705                                  | 1,705                                 | 586                              | 1,746                                    | (41)                                    |
| Resources   | 4,521                                  | 4,521                                 | (1,044)                          | 4,368                                    | +153                                    |
| Sustainable Growth                                      | 310                                    | 275                                   | (282)                            | (168)                                    | +443                                    |
| Corporate Services                                      | (135)                                  | (135)                                 | 229                              | 1,458                                    | (1,593)                                 |
| Other Items   | 1,538                                  | 1,538                                 | (799)                            | 152                                      | +1,386                                  |
| <b>Sub Total</b>  | <b>22,262</b>                          | <b>22,262</b>                         | <b>2,857</b>                     | <b>23,040</b>                            | <b>(778)</b>                            |
| Net Recharges to Housing Revenue Account                | (1,032)                                | (1,032)                               | 0                                | (1,032)                                  | 0                                       |
| RMS Capital Charges (now Housing Revenue Account)       | (139)                                  | (139)                                 | 907                              | (139)                                    | 0                                       |
| Revenue Reserve funded items included in above analysis | 297                                    | 2,541                                 | (139)                            | 1,418                                    | +1,123                                  |
| Revenue Reserve funded items included in above analysis | (297)                                  | (2,541)                               | 49                               | (1,418)                                  | (1,123)                                 |
| <b>Sub Total</b>  | <b>(1,171)</b>                         | <b>(1,171)</b>                        | <b>817</b>                       | <b>(1,171)</b>                           | <b>0</b>                                |
| <b>General Fund Revenue Budget</b>                      | <b>21,091</b>                          | <b>21,091</b>                         | <b>3,674</b>                     | <b>21,869</b>                            | <b>(778)</b>                            |
| Financing Income  | (10,481)                               | (10,481)                              | 4,464                            | (10,648)                                 | +167                                    |
| <b>Council Tax Requirement</b>                          | <b>10,610</b>                          | <b>10,610</b>                         | <b>8,138</b>                     | <b>11,221</b>                            | <b>(611)</b>                            |

### Communities & Leisure +£0.054M Favourable

#### 7.3 Significant budget variances : -

- Estimated pay award additional cost (-£0.086M)
- Salary savings +£0.206M including recharges to other local authorities for seconded officers.
- Rechargeable staff time to externally funded projects +£0.078M
- Salt Ayre Leisure Centre income (-£0.093M) due to participation rates in Main Hall; increases in cost of goods and services across the centre (-£0.060M). Fortuitously changes to the VAT treatment of local authority leisure services will offset some of this shortfall and a VAT repayment claim is being prepared to submit to HMRC. The exact amount of the claim hasn't yet been determined.

### Environment & Place (-£0.175M) Adverse

#### 7.4 Significant budget variances : -

- Estimated pay award additional cost (-£0.222M)
- Additional salary costs across service (-£0.039M) which includes (-£0.163M) overspend in waste collection due to unprecedented high levels of long-term sickness.
- Energy price changes +£0.260M
- Insurance costs +£0.063M
- Hire of portacabins at White Lund Depot due to safety issues (-£0.120M)
- Transport costs have increased due to vehicle Repairs & Maintenance and associated hire costs arising from delayed delivery of new fleet (-£0.183M). Lead-in times for delivery have increased dramatically over the last few years due to supply chain issues and this is expected to continue in the short term. Fuel savings due to price fluctuations +£0.042M
- Budgeted income from promenade vendors and events had been reduced due to the expectation of sites not being available in 23/24. Delays have meant the reduction has not yet materialised resulting in the continuation of existing rentals +£0.044M

### Governance (-£0.094M) Adverse

#### 7.5 Significant budget variances : -

- Estimated pay award additional cost (-£0.014M)
- Cost of living and mortgage interest rate increase has resulted in a downturn in the housing market leading to a decline in applications since late 22/23 (-£0.028M)
- No income expected from Street Trading as this is still under review (-£0.020M) and reduced Premises Licence income (-£0.014M)

Housing & Property (-£0.255M) Adverse

7.6 Significant budget variances : -

- Estimated pay award additional cost (-£0.045M)
- Salary savings +£0.248M largely due to vacancies within private sector housing section
- Energy price changes +£0.217M
- Increased bed & breakfast costs due to higher number of homeless families (-£0.483M), to be funded from external grants +£0.483M
- Reduction in income due to ceasing of Housing Benefit subsidy (-£0.076M)
- Additional costs relating to Mellishaw Park redevelopment including site clearance, insurance and loss of rent due to delays starting on site (-£0.094M)
- Compliance consultancy relating to corporate and commercial buildings (-£0.053M)
- Rent & service charge shortfall in respect of 3 fire damaged units at Gateway (-£0.256M)
- Cost to remove and rebuild wall at Gateway (-£0.055M)
- Business rates payable due to vacant commercial unit at Hilmore Way (-£0.056M)

People & Policy +£0.656M Adverse

7.7 Significant budget variance: -

- Salary savings +£0.088M
- Removal of approved staff savings target (-£0.142M) made elsewhere within services.
- Projected severance payments (-£0.598M) relating to redundancies in the year as detailed in section 6.2 above.

Planning & Climate Change (-£0.041M) Adverse

7.8 Significant budget variances: -

- Estimated pay award additional cost (-£0.017M)
- Salary savings +£0.307M which includes 7fte 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 (-£0.100M)
- Legal/expert witness costs (-£0.085M) regarding planning appeals

Resources +£0.153M Favourable

7.9 Significant budget variances: -

- Estimated pay award additional cost (-£0.013M)
- Salary savings +£0.271M including key accountancy and ICT vacancies.
- Increase in external audit fees payable (-£0.093M)
- Revenues shared service charges from Preston City Council reduced +£0.021M
- Reduction in Housing Benefit management fee grant (-£0.037M) received from central government.

Sustainable Growth +£0.443M Favourable

7.10 Significant budget variances: -

- Estimated pay award additional cost (-£0.008M)
- Salary savings +£0.213M which includes Economic Development Manager position to be deleted and various positions funded by UKSPF for an interim period.
- Consultancy costs (-£0.035M) for Canal Quarter and Frontierland not included in budget.
- Energy price changes +£0.070M
- Business rates revaluations largely relating to Museums and Car Parks +£0.255M
- Market income (-£0.030M) down on last year with a higher number of vacant stalls and units. A publicity drive and signage improvements are underway to encourage new stall holders.

Corporate Services (-£1.593M) Adverse

7.11 Significant budget variances: -

- The provision for staff turnover target (-£0.447M) is held within Corporate Services

whilst the additional costs/savings generated are attributed to the individual service lines. The council salary related position as a whole (including the additional pay award, agency and consultancy costs) is expected to be overspent by -£0.051M. However, it should be noted that the approved pay award has had a significant detrimental impact of (-£0.399M) which is included within the overall total.

- 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)
- Projected pension strain payments (-£0.393M) relating to redundancies made through the year as detailed in section 6.2.
- A reassessment of the bad debt provision (-£0.389M) includes a significant increase in allowances for rental income due from commercial properties.
- 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 +£1.386M Favourable

#### 7.12 Significant budget variances: -

- The Council's minimum revenue provision (MRP) is underspending against budget +£0.285K due slippage on capital programme schemes during 2022/23.
- New borrowing has not been incurred as anticipated largely due to significant levels of slippage on schemes in the capital programme leading to higher levels of cash balances +£0.582M
- Interest rates on investment income are substantially higher than the 4% forecast in September 2022 due to increase in bank rate in response to inflationary pressures +£0.519M

### Financing +£0.167M Favourable

#### 7.13 Significant budget variances: -

- There is a back-dated one-off technical adjustment to retained business rates income which DHLUC employ relating to the 2023 rating revaluation. The same process occurred for the 2017 revaluation. The adjustment relates to the difference between the draft NNDR data used for 22/23 and the updated position following the submission of the NNDR3 form at the end of the financial year.

7.14 Appendix B: General Fund Service Analysis (Q2) set out the above information in more detail and provides summary percentage variations for variances +/- £30K. Appendix I provides additional analysis across individual service areas.

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

Table 2 Quarter 2 Financial Monitoring – Subjective Analysis

|   | Original<br>Budget<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q2<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Working<br>Variance<br>2023/24<br>£'000 |
|---|--|---------------------------------------|----------------------------------|--|---|
| Employees   | 24,741                                 | 24,829                                | 11,981                           | 25,751                                   | (922)                                   |
| Premises Related Exp                                    | 6,967                                  | 6,973                                 | 3,592                            | 6,285                                    | +688                                    |
| Transport Related Exp                                   | 1,656                                  | 1,656                                 | 958                              | 1,771                                    | (115)                                   |
| Supplies and Services                                   | 12,934                                 | 13,013                                | 7,062                            | 15,737                                   | (2,724)                                 |
| Transfer Payments                                       | 21,977                                 | 21,977                                | 9,185                            | 21,977                                   | 0                                       |
| Support Services  | 60                                     | 60                                    | 44                               | 152                                      | (92)                                    |
| Capital Charges   | 17                                     | 17                                    | 0                                | 17                                       | 0                                       |
| Capital Financing Costs                                 | 2,152                                  | 2,152                                 | 300                              | 1,570                                    | +582                                    |
| Appropriations  | 1,255                                  | 1,255                                 | 0                                | 970                                      | +285                                    |
| Income  | (49,197)                               | (49,370)                              | (30,265)                         | (50,890)                                 | +1,520                                  |
| Capital Financing Inc                                   | (300)                                  | (300)                                 | 0                                | (300)                                    | 0                                       |
| <b>Sub Total</b>  | <b>22,262</b>                          | <b>22,262</b>                         | <b>2,857</b>                     | <b>23,040</b>                            | <b>(778)</b>                            |
| Net Recharges to Housing Revenue Account                | (1,032)                                | (1,032)                               | 0                                | (1,032)                                  | 0                                       |
| RMS Capital Charges (now Housing Revenue Account)       | (139)                                  | (139)                                 | 907                              | (139)                                    | 0                                       |
| Revenue Reserve funded items included in above analysis | 297                                    | 2,541                                 | (139)                            | 1,418                                    | +1,123                                  |
| Revenue Reserve funded items included in above analysis | (297)                                  | (2,541)                               | 49                               | (1,418)                                  | (1,123)                                 |
| <b>Sub Total</b>  | <b>(1,171)</b>                         | <b>(1,171)</b>                        | <b>817</b>                       | <b>(1,171)</b>                           | <b>0</b>                                |
| <b>General Fund Revenue Budget</b>                      | <b>21,091</b>                          | <b>21,091</b>                         | <b>3,674</b>                     | <b>21,869</b>                            | <b>(778)</b>                            |
| Financing Income  | (10,481)                               | (10,481)                              | 4,464                            | (10,648)                                 | +167                                    |
| <b>Council Tax Requirement</b>                          | <b>10,610</b>                          | <b>10,610</b>                         | <b>8,138</b>                     | <b>11,221</b>                            | <b>(611)</b>                            |

7.16 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 Q2, a year end overspend against budget of **(-£0.020M)** is projected. A summary of the Q2 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 2 Financial Monitoring – HRA Service Analysis

|                                       | Original<br>Budget<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q2<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Working<br>Variance<br>2023/24<br>£'000 |
|---------------------------------------|--|---------------------------------------|----------------------------------|--|---|
| Policy & Management                   | 2,883                                  | 3,123                                 | 1,296                            | 3,063                                    | +60                                     |
| Repairs & Maintenance                 | 7,272                                  | 7,958                                 | 3,144                            | 8,133                                    | (175)                                   |
| Welfare Services                      | (20)                                   | 146                                   | (367)                            | 87                                       | +59                                     |
| Special Services                      | 232                                    | 276                                   | 156                              | 277                                      | (1)                                     |
| Miscellaneous Expenses                | 1,027                                  | 977                                   | 517                              | 948                                      | +29                                     |
| Income Account                        | (16,450)                               | (16,450)                              | (8,132)                          | (16,466)                                 | +16                                     |
| Capital Charges                       | 5,453                                  | 5,453                                 | 0                                | 5,453                                    | 0                                       |
| Appropriations                        | (914)                                  | (2,000)                               | 0                                | (1,992)                                  | (8)                                     |
| <b>Sub Total</b>                      | <b>(517)</b>                           | <b>(517)</b>                          | <b>(3,386)</b>                   | <b>(497)</b>                             | <b>(20)</b>                             |
| Net Recharges to General Fund         | 517                                    | 517                                   | 0                                | 517                                      | 0                                       |
| <b>Housing Revenue Account Budget</b> | <b>0</b>                               | <b>0</b>                              | <b>(3,386)</b>                   | <b>20</b>                                | <b>(20)</b>                             |

8.2 Significant budget variances: -

- Estimated pay award additional cost (-£0.118M)
- Reduction in buildings insurance premium +£0.156M
- Additional costs relating to damp and mould inspections and remediation (-£0.150M)
- Energy price changes +£0.029M
- Additional rent loss from voids due to ongoing capital projects (-£0.145M)
- Additional service charge income including increased uptake of furniture package service and due to volatility in energy costs +£0.232M

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 Q2 a year end variance against budget of **£7.027M** (General Fund +£6.982M, HRA (+£0.045M)) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 2 Financial Monitoring – Capital Projects

|  | Original<br>Budget<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q2<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Projected<br>Variance<br>2023/24<br>£'000 |
|--|--|---------------------------------------|----------------------------------|--|---|
| <b>General Fund</b>                    |  |                                       |                                  |  |   |
| Communities & Leisure                  | 161                                    | 259                                   | 264                              | 264                                      | (5)                                       |
| Environment & Place                    | 1,239                                  | 2,643                                 | 68                               | 1,608                                    | +1,035                                    |
| Housing & Property                     | 2,283                                  | 2,437                                 | (2,669)                          | 1,857                                    | +580                                      |
| People & Policy                        | 0                                      | 0                                     | (40)                             | 0  | 0   |
| Planning & Climate Change              | 4,487                                  | 4,487                                 | (240)                            | 100                                      | +4,387                                    |
| Resources                              | 965                                    | 1,141                                 | 179                              | 1,386                                    | (245)                                     |
| Sustainable Growth                     | 2,221                                  | 2,467                                 | (5,037)                          | 1,237                                    | +1,230                                    |
| <b>GENERAL FUND - TOTAL</b>            | <b>11,356</b>                          | <b>13,434</b>                         | <b>(7,475)</b>                   | <b>6,452</b>                             | <b>6,982</b>                              |
| <b>Housing Revenue Account</b>         |  |                                       |                                  |  |   |
| Adaptations                            | 300                                    | 300                                   | 158                              | 420                                      | (120)                                     |
| Energy Efficiency / Boiler Replacement | 999                                    | 1,193                                 | 247                              | 1,216                                    | (23)                                      |
| Kitchen / Bathroom Refurbishment       | 938                                    | 938                                   | 405                              | 972                                      | (34)                                      |
| External Refurbishment                 | 357                                    | 282                                   | 40                               | 153                                      | +129                                      |
| Environmental Improvements             | 150                                    | 570                                   | 82                               | 570                                      | 0   |
| Re-roofing / Window Renewals           | 557                                    | 726                                   | 159                              | 671                                      | +55                                       |
| Rewiring                               | 88                                     | 125                                   | 33                               | 125                                      | 0   |
| Lift Replacement                       | 0                                      | 0                                     | 0                                | 0  | 0   |
| Fire Precaution Works                  | 280                                    | 520                                   | 257                              | 526                                      | (6)                                       |
| Housing Renewal & Renovation           | 577                                    | 1,263                                 | 227                              | 1,219                                    | +44                                       |
| Mainway Pilot Scheme                   | 1,950                                  | 1,950                                 | 869                              | 1,950                                    | 0   |
| <b>HOUSING REVENUE ACCOUNT - TOTAL</b> | <b>6,196</b>                           | <b>7,867</b>                          | <b>2,477</b>                     | <b>7,822</b>                             | <b>45</b>                                 |
| <b>GRAND TOTAL</b>                     | <b>17,552</b>                          | <b>21,301</b>                         | <b>(4,998)</b>                   | <b>14,274</b>                            | <b>+7,027</b>                             |

- 9.2 The Capital Programme working budget has been adjusted as follows during quarter 2:  
£M

|  |              |
|--|--------------|
| Working budget reported at quarter 1   | 11.378       |
| Net Slippage & accelerated expenditure | <u>2.056</u> |
| Working budget at quarter 2            | 13,434       |

- 9.3 The underspending against budget relates principally to General Fund. Schemes currently in the Development Pool account for £4.7M of the underspend. Extended timescales for vehicle deliveries are expected to lead to £1.035M and £0.127M slippage in the vehicle replacement programme and the purchase of vehicles for the home improvement team. £0.984M expenditure in respect of the Gateway Solar Array will not be completed until 2024/25 following a wider review of the asset. The allocation of £0.487M for Property De-Carbonisation works is now expected to commence in 2024/25.
- 9.4 Two schemes are expected to utilise some of their 2024/25 capital budget during the current financial year as works are proceeding more quickly than originally anticipated. These are Lancaster Local Fibre Network (-£0.245M) and Mellishaw Park (-£0.168M). It is expected that the £0.425M budget for Morecambe Co-op Renovation is likely to be released as the scheme is now likely to be fully funded using Brownfield Land Release Fund grant. This will be subject to a future separate report to Cabinet.
- 9.5 Three schemes within the General Fund capital programme are currently expected to overspend largely as a result of unexpected costs. These are Mellishaw Park (-£0.256M), Gateway Low Voltage Switchgear (-£0.045M) and 1 Lodge Street (-£0.057M).
- 9.6 The overall projected favourable variance on the HRA Capital Programme of (+£0.045M) relates to additional materials costs off-set by underspends elsewhere within the

programme, alongside a virement to fund additional adaptation works, subject to ICMD approval.

- 9.7 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 unallocated balances are projected to be **£9.970M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to decrease to **£22.547M**. Table 6 Quarter 2 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 6 Quarter 2 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 |
|                                 | £                             | £            | £                   | £          | £                               | £             | £            | £                   | £          | £             |
| <b>Unallocated Balances</b>     | (9,145,100)                   |              |                     |            | (9,145,100)                     | (11,678,400)  |              |                     | 1,708,000  | (9,970,400)   |
| <b>Total Earmarked Reserves</b> | (11,497,500)                  | (2,591,000)  | 187,000             | 2,019,000  | (11,882,500)                    | (13,074,700)  | (2,852,000)  | 229,000             | 3,121,090  | (12,576,610)  |
| <b>Total Combined Reserves</b>  | (20,642,600)                  | (2,591,000)  | 187,000             | 2,019,000  | (21,027,600)                    | (24,753,100)  | (2,852,000)  | 229,000             | 4,829,090  | (22,547,010)  |

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

- 10.3 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 54.8%, which is ahead of the profiled target of 51.4%. The annual target is 98.0%.

### Council Tax

- 11.3 The current collection rate for Council Tax is 55% which is slightly behind the profiled target of 56.5%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q2 is 9,671.

## 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         | 147,683        |          |          | 202,078        |
| Business Rates               | 190,998        | 69,756         |          |          | 260,754        |
| Housing Benefit Overpayments | 0              | 38,126         |          |          | 38,126         |
| Housing Rents (HRA)          | 31,577         | 17,452         |          |          | 49,029         |
| <b>Total</b>                 | <b>276,970</b> | <b>273,017</b> | <b>0</b> | <b>0</b> | <b>549,987</b> |

- 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.

|  |   |
|--|---|
| <p><b>RELATIONSHIP TO POLICY FRAMEWORK</b><br/>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.</p>     |   |
| <p><b>CONCLUSION OF IMPACT ASSESSMENT</b><br/><b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b><br/>None directly identifiable, due to the high level nature of this report.</p> |   |
| <p><b>LEGAL IMPLICATIONS</b><br/>There are no legal implications directly arising.</p>   |   |
| <p><b>FINANCIAL IMPLICATIONS</b><br/>As set out in the report.</p>   |   |
| <p><b>OTHER RESOURCE IMPLICATIONS</b><br/><b>Human Resources / Information Services / Property / Open Spaces:</b><br/>References and any related implications are contained within the report and related appendices.</p>  |   |
| <p><b>SECTION 151 OFFICER'S COMMENTS</b><br/>The report has been written by the Section 151 Officer.</p>   |   |
| <p><b>MONITORING OFFICER'S COMMENTS</b><br/>The Monitoring Officer has been consulted and has no further comments</p>  |   |
| <p><b>BACKGROUND PAPERS</b><br/>None.</p>  | <p><b>Contact Officers:</b> Paul Thompson<br/>Chief Finance Officer &amp; s151 Officer<br/><b>Telephone:</b> 01524 582603<br/><b>E-mail:</b> <a href="mailto:pthompson@lancaster.gov.uk">pthompson@lancaster.gov.uk</a><br/><b>Ref:</b></p> |



|   |   |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
|---|---|---|---|---|--|--------------------|--|--|---|--|---|--|---|-----------------------------|---|---|--|--|
|  <p>Promoting City, Coast &amp; Countryside</p>  | <b>Corporate programmes, projects and performance update – 30<sup>th</sup> September 2023 (Q2)</b>  | <b>Status Key - Projects</b>  |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
|   |   | <table border="1"> <tr> <td><b>R</b></td> <td>Red – The project has experienced some major issues. Plan – the go-live date has slipped, Cost – over or under budget by more than 20%, Scope – several of the expected benefits may not be realised.</td> <td><b>C</b></td> <td>Complete or Closed</td> </tr> <tr> <td><b>A</b></td> <td>Amber – The project has experienced some issues. Plan – has slipped but won't affect go-live date, Cost – over or under budget by less than 20%, Scope – one or more benefits may not be realised.</td> <td><b>N</b></td> <td>Not Started</td> </tr> <tr> <td><b>G</b></td> <td>Green – The project is on track (within the project tolerance)</td> <td><b>H</b></td> <td>On hold</td> </tr> <tr> <td><b>X</b></td> <td>No data available / data not requested due to stage</td> <td></td> <td></td> </tr> </table> | <b>R</b>  | Red – The project has experienced some major issues. Plan – the go-live date has slipped, Cost – over or under budget by more than 20%, Scope – several of the expected benefits may not be realised. | <b>C</b>                               | Complete or Closed | <b>A</b>                               | Amber – The project has experienced some issues. Plan – has slipped but won't affect go-live date, Cost – over or under budget by less than 20%, Scope – one or more benefits may not be realised. | <b>N</b>  | Not Started  | <b>G</b>  | Green – The project is on track (within the project tolerance) | <b>H</b>  | On hold                     | <b>X</b>  | No data available / data not requested due to stage |  |  |
| <b>R</b>  | Red – The project has experienced some major issues. Plan – the go-live date has slipped, Cost – over or under budget by more than 20%, Scope – several of the expected benefits may not be realised. | <b>C</b>  | Complete or Closed                                  |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>A</b>  | Amber – The project has experienced some issues. Plan – has slipped but won't affect go-live date, Cost – over or under budget by less than 20%, Scope – one or more benefits may not be realised.    | <b>N</b>  | Not Started   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>G</b>  | Green – The project is on track (within the project tolerance)  | <b>H</b>  | On hold   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>X</b>  | No data available / data not requested due to stage   |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>Priorities Key</b> <table border="1"> <tr> <td><b>I</b></td> <td>An Inclusive and Prosperous Local Economy (Economy)</td> </tr> <tr> <td><b>S</b></td> <td>A Sustainable District (Environmental)</td> </tr> <tr> <td><b>H</b></td> <td>Healthy and Happy Communities (Social)</td> </tr> <tr> <td><b>R</b></td> <td>A Co-operative, Kind and Responsible Council (Governance)</td> </tr> </table> |   | <b>I</b>  | An Inclusive and Prosperous Local Economy (Economy) | <b>S</b>  | A Sustainable District (Environmental) | <b>H</b>           | Healthy and Happy Communities (Social) | <b>R</b>   | A Co-operative, Kind and Responsible Council (Governance) | <table border="1"> <tr> <td></td> <td>The KPI has improved</td> <td></td> <td>The KPI is broadly the same</td> <td></td> <td>The KPI has worsened</td> </tr> </table> |  | The KPI has improved   |  | The KPI is broadly the same |  | The KPI has worsened                                |  |  |
| <b>I</b>  | An Inclusive and Prosperous Local Economy (Economy)   |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>S</b>  | A Sustainable District (Environmental)  |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>H</b>  | Healthy and Happy Communities (Social)  |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <b>R</b>  | A Co-operative, Kind and Responsible Council (Governance)   |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
|    | The KPI has improved  |    | The KPI is broadly the same                         |    | The KPI has worsened                   |                    |  |  |   |  |   |  |   |                             |   |   |  |  |
| <p>* Projects in the Concept stage will not usually have updates</p>  |   |   |   |   |  |                    |  |  |   |  |   |  |   |                             |   |   |  |  |




### An Inclusive and Prosperous Local Economy (Economy)

#### Projects

| Priority | Project Name  | Update   | Stage           | Updated  | Status |      |       |
|----------|---|--|-----------------|----------|--------|------|-------|
|          |   |  |                 |          | Plan   | Cost | Scope |
| I        | Heritage Action Project   | No update received.  | Delivery        | N/A      | X      | X    | X     |
| I        | South Lancaster Growth Catalyst   | Lancashire County Council's announcement (June 2023) to return the Housing Infrastructure Fund (HIF) monies due to escalating costs, supply chain issues and inflationary pressures was supported by the City Council. Re-evaluation of plans for strategic transport across the city, including South Lancaster, is taking place with County Council colleagues. The emergence of new strategic transport proposals will be informed by these discussions; the availability of any national funding; and the progress of the proposed new District Local Plan. For future project reporting purposes, SLGC will no longer appear as a 'project'. It will eventually be replaced by 'Lancaster Strategic Transport Infrastructure' once new proposals begin to emerge. | Closed          | 06/10/23 | C      | C    | C     |
| I        | <a href="#">Canal Quarter Phase 3</a> (part of Canal Quarter programme)       | Masterplan and phasing formally adopted as corporate policy by Full Council in July 2023. Work progressing on the Coopers Field scheme with regard to ground investigation and scheme viability. Nelson St tender returns did not meet the Councils aspirations and the opportunity was re-tendered late September with a December deadline.   | Delivery        | 17/10/23 | G      | G    | G     |
| I        | <a href="#">Our Future Coasts</a>   | We have implemented our design for community co-design at our Hest Bank Site, our drop in was a very successful event, 60 people between 12-7pm. Our Steering group has sat and the design specification for the design committee is in the process of being formalised, the design committee date has been set for the 17th October. We are in the process of organising a drop in and steering group meeting for Jenny Brown's Point.  | Delivery        | 04/10/23 | A      | G    | G     |
| I        | <a href="#">Heysham Gateway</a>   | Consultants WSP have continued to prepare progress work to develop the masterplan and delivery strategy for both the city and county council's land interests on Imperial Road and the wider Heysham Gateway area. Over summer they have undertaken ground investigation works, prepared draft masterplan, environmental and transport documents.  | Detailed Design | 17/10/23 | A      | G    | G     |
| I        | <a href="#">Canal Quarter - Coopers Field</a>                                 | Some delays to programme seen, although progress with project not significantly impacted. Project programme recast alongside PRP & Eric Wright Construction. Design work being finalised, and surveys and site investigations have continued (awaiting findings) ready for progression for pre-app submission.   | Detailed Design | 12/10/23 | G      | G    | G     |
| I        | <a href="#">Fair Work Charter</a>   | Lancaster City Council has received Real Living Wage (RLW) employer accreditation from the Living Wage Foundation. The Fair Work Charter will be promoted at the launch of the Training Providers Network and the Business Support Providers Network due to be launched mid November 2023.   | Detailed Design | 17/10/23 | A      | G    | G     |
| I        | 1 Lodge Street Urgent Structural Repairs                                      | Work with the Musicians Co-Op as continued over the quarter and a long-term lease of the premises has been agreed on the Lodge Street property along with a Grant Funding Agreement for the buildings roofing works. With the advice and support of Council officers the Musicians Co-op have tendered for works to start in Q3 and will commence claiming the City Councils contribution to the works on a monthly basis shortly. Along with £300,000 of Governments Community Ownership funding (£250,000 for capital works and £50,000 revenue) the Co-Op is also looking to secure UKSPF funding and the property may also benefit from a LSHAZ grant.   | Feasibility     | 17/10/23 | X      | X    | X     |
| I        | Centenary House (formerly reported on as Morecambe Co-op Building Renovation) | The Council made a successful bid to the governments Brownfield Lane Release Fund programme. Subject to Cabinet approval in December, the £749K grant will enable the Council working with a developer to develop plans to bring forward plans to regenerate this prominent building in the Morecambe's West End. The intention is to refurbish the upper floors to provide affordable housing and accommodation for local arts businesses whilst retaining the Co-Op store that occupies half of the ground floor.  | Feasibility     | 17/10/23 | X      | X    | X     |
| I        | Eden Project Morecambe  | Work on Eden continues at a pace with work focused on Subsidy Control evidence to submit to the Competition and Markets Authority. Meanwhile match funding is being sourced to enable detailed design and start on site during 2024. A study to re-baseline the costs and programme is underway and due for completion October 2024.   | Feasibility     | 06/10/23 | X      | X    | X     |
| I        | Frontierland  | Following a revised expression of interest competition over the summer the Councils Cabinet have agreed to take forward the procurement of a preferred developer for the site. To help inform the re-development of the site a public  | Feasibility     | 17/10/23 | X      | X    | X     |









|   |   |   |  |   |  |             |          |   |   |   |
|---|---|---|--|---|--|-------------|----------|---|---|---|
|   |   |   |  | consultation on high level objectives will be undertaken shortly. A project board for the site has been established and includes six cabinet members as well as officers. |  |             |          |   |   |   |
| I | S |   |  | <a href="#">Lune Flood Protection, Caton Road</a>   | Confirming financial position and any outstanding contributions that need to be secured. Position has been confirmed and we are moving to design and delivery. | Feasibility | 02/10/23 | G | G | G |
| I |   | H |  | Williamson Park (Café and Play Development)   | This project is currently on hold.   | On hold     | N/A      | H | H | H |

| Priority | Measure  | 2022-23 |       |       | 2023-24 |       | Comments and direction of travel  |
|----------|--|---------|-------|-------|---------|-------|---|
|          |  | Q2      | Q3    | Q4    | Q1      | Q2    |   |
| I        | % of minor planning applications determined within 8 weeks or agreed time (National Target 70%)  | 87.69   | 89.93 | 91.61 | 88.57   | 87.14 | There is a slight decrease from last Quarter, but the figure is broadly the same.  |
| I        | % of other planning applications determined within 8 weeks or agreed time (National Target 70%)  | 95.08   | 88.14 | 88.40 | 95.55   | 93.27 | There is a slight decrease from last Quarter, but the figure is broadly the same.  |
| I        | % of major planning applications determined within 13 weeks or agreed time (National Target 60%) | 100     | 83.33 | 100   | 100     | 87.50 | There is a decrease from last Quarter.   |

### A Sustainable District (Environmental)

#### Projects

| Priority | Project Name  | Update  | Stage       | Updated  | Status |      |       |
|----------|---|---|-------------|----------|--------|------|-------|
|          |   |   |             |          | Plan   | Cost | Scope |
| S        | District Heat Network Feasibility (part of Carbon Neutral Programme)              | The project is now complete.  | Complete    | N/A      | C      | C    | C     |
| S        | Burrow Beck Solar Farm (part of Carbon Neutral Programme)                         | We are working towards submitting a full planning application by November 2023. The final business case will be going to Cabinet in or around December 2023 and if approved, the project will then move into the Detailed Design and Procurement Stage, then onto Delivery. | Feasibility | 18/10/23 | X      | X    | 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      | H    | H     |

| Priority | Measure   | 2022-23 |         |           | 2023-24   |         | Comments and direction of travel   |
|----------|---|---------|---------|-----------|-----------|---------|--|
|          |   | Q2      | Q3      | Q4        | Q1        | Q2      |  |
| S        | % of household waste recycled (quarter behind)                  | 39      | 38.3    | 38.3      | 34.7      | 39.1    | Figure in line with expectation and year on year comparison.    |
| S        | Kg of residual waste per household (quarter behind)             | 90.2    | 90.5    | 94.3      | 84.9      | 90.8    | Figure in line with expectations and previous quarters.   |
| S        | Diesel consumption of council vehicle fleet (ltrs)              | 117,736 | 104,184 | 113,298   | 114,907   | 117,060 | There is a slight increase from last Quarter, but the figure is broadly the same.   |
| S        | Cost/m2 (£) energy across corporate buildings (quarter behind)* | £7.51   | £6.48   | £12.69    | £12.94    | £9.16   | We have changed the definition of this measure and updated all the previous data shown on this report. The measure used to include the 4 main council office buildings and it now includes all 51 of the council assets classified as corporate.    |
| S        | Gas KWH usage in council buildings (quarter behind)*            | 373,646 | 116,123 | 777,515   | 824,978   | 223,109 | We have changed the definition of this measure and update all the previous data shown on this report. The measure used to include the 4 main council office buildings and it now includes all 51 of the council buildings classified as corporate.  |
| S        | Electricity KWH usage in council buildings (quarter behind)*    | 605,911 | 604,981 | 1,000,721 | 1,188,505 | 601,585 | We have changed the definition of this measure and updated all the previous data shown on this report. The measure used to include commercial and corporate assets, but now only covers all 51 of the council assets classified as corporate.       |







\* The measures marked with a \* compare to like quarters of the previous year, and not the previous quarter.

### Healthy & Happy Communities (Social)

#### Projects

| Priority | Project Name   | Update  | Stage    | Updated  | Status |      |       |
|----------|--|---|----------|----------|--------|------|-------|
|          |  |   |          |          | Plan   | Cost | Scope |
|          | <a href="#">Mellishaw Park</a> (part of Homes Programme) | Progress against plan continues. Underground drainage has been installed, foundations to the plots have been dug including floor-level brickwork installed and timber frames and roof trusses installed to the majority of plots. The project has seen an increase in projected project costs linked to a renewed quote from Electricity North West with the project requiring to support substation upgrades which was over and above previous figures received. | Delivery | 12/10/23 | G      | A    | G     |

|   |   |  |   |                 |          |   |   |   |
|---|---|--|---|-----------------|----------|---|---|---|
| S | H | <a href="#">My Mainway</a> (part of Homes Programme)   | Progress to plan continues. At the start of this quarter the Council completed on the purchase of the Skerton High School, there have been delays with progressing with the demolition of this site, however this currently does not impact on the overall project. Funding application with Brownfield Land Release Fund (BLRF) successful towards demolition costs. Pre-app has been received at the end of the quarter and will inform progress and consultation alongside viability appraisal work. | Detailed Design | 12/10/23 | A | A | G |
| S | H | Extra Care Scheme (part of Homes Programme)            | This project is currently on hold.  | On hold         | N/A      | H | H | 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 | H | H |

| Priority | Measure | 2022-23   |         |         | 2023-24 |         | Comments and direction of travel |  |
|----------|---------|---|---------|---------|---------|---------|----------------------------------|--|
|          |         | Q2  | Q3      | Q4      | Q1      | Q2      |                                  |  |
|          | H       | Number of people statutorily homeless   | 7       | 15      | 24      | 27      | 27                               | The lack of private rented properties for people on benefits is becoming increasingly difficult to access as rents have increased and the local housing allowance rates have not increased leaving a significant shortfall causing affordability issues and landlords opting for tenants who are working and can afford to pay the higher rents. Social housing is also in short supply which means we are unable to find a housing solution for those having to leave accommodation and move them on in a timely manner resulting in more and households having to move into hotel/bnb temporary accommodation and accepting a full main duty to rehouse increasing the statutory homeless numbers.    |
|          | H       | Number of Disabled Facilities Grants completed                                | 89      | 84      | 75      | 63      | 91                               | Referrals for Disabled Facilities Grants (DFG) are received from the County Council, Occupational Therapy (OT) service who have the duty to assess residents to determine their needs for adaptations. Throughout Q1 the number of referrals reduced significantly. This was the result of the county council focusing on other districts to clear backlogs. These backlogs do not exist in Lancaster. This lack of referrals resulted in a lower than forecasted level of grant approvals and subsequent completions in Q1. At the beginning of Q2 the city councils Home Improvement Agency commenced an extensive promotional campaign to raise awareness of grants to local partners and residents, to encourage direct referrals. As a result, the number of approvals required to fully commit the annual DFG allocation was on target at the end of Q2. Based on current grant approvals the number of completed grants at the end 23/24 is expected to be as forecasted.  |
|          | H       | Number of properties improved   | 126     | 89      | 63      | 137     | 71                               | Michael Gove wrote to all Chief Executives in September encouraging them to prioritise housing standards in the private sector, in particular around damp and mould. A significant proportion of our work continues to be related to cold, damp homes, so we are preparing for an increase in complaints over the winter. Other changes in legislation around the private rented sector are anticipated and will have an impact on our work.    |
| I        | H       | % of premises scoring 4 or higher on the food hygiene rating scheme           | 89.8    | 90.4    | 91.1    | 93      | 92.5                             | 98.9% scored 3 or higher (3 = satisfactory)   |
|          | H       | Number of admissions to Salt Ayre Leisure Centre*                             | 225,949 | 217,166 | 263,320 | 227,950 | 249,184                          | SALC has seen a significant increase in footfall compared to Q2 22/23. Contributing factors have been running the Holiday Activity and Food Programme and an increase in take up for Summer Holiday Activities due to wet weather conditions.   |
|          | H       | Average number of days taken to re-let Council houses (Internal KPI <28 days) | 27.2    | 26.36   | 27.92   | 19.76   | 18.21                            | This is representative of the Standard Relet Time and does not include Major Voids (in keeping with advice and guidance from Housemark).    |

\* The measures marked with a \* compare to like quarters of the previous year, and not the previous quarter.

| A Co-operative, Kind and Responsible Council (Governance) |              |   |   |  |          |          |       |   |   |
|---|--------------|---|---|--|----------|----------|-------|---|---|
| Projects  |              |   |   |  |          |          |       |   |   |
| Priority  | Project Name | Update  | Stage   | Updated  | Status   |          |       |   |   |
|   |              |   |   |  | Plan     | Cost     | Scope |   |   |
|   | R            | <a href="#">Outcomes Based Resourcing (OBR)</a> | The bulk of the savings agreed in February 23 have now been realised in line with the project plan. The digitalisation workpiece which in the first instance is looking at improvements in three services is progressing well, with outline business cases for these improvements in place. | Delivery   | 13/10/23 | A        | G     | G |   |
| I   | H            | R   | <a href="#">UK Shared Prosperity Fund (UKSPF)</a>   | Projects allocated funding in earlier stages of the UK Shared Prosperity Fund are now delivering outputs and outcomes and providing report updates on individual project progress. Following an application window and evaluation process, a further | Delivery | 13/10/23 | G     | A | G |

|  |  |  |   |   |  |                 |          |   |   |   |
|--|--|--|---|---|--|-----------------|----------|---|---|---|
|  |  |  |   | round of projects are due to commence during Quarter 3 of 2023-2024. Further commissioning and targeted calls for grant applications are scheduled for later stages of the UK Shared Prosperity Fund programme. The first Rural England Prosperity Fund application launch resulted in 8 funding awards for project delivery. A further round of applications are expected in Quarter 4 of 2023-2024. |  |                 |          |   |   |   |
|  |  |  | R | <a href="#">High-Capacity Fibre Cable Network Provision</a> (part of Digital Programme)   | We are reviewing the route for the fibre backbone to reduce costs where possible and avoid areas where the ducts are already full. Sub-contractors have been chosen for the works and they are working with us to take deliveries of equipment and cables as they become available. Lancashire County Council highways department has offered us assistance by reducing the costs for permits to work and they want to work with us as the fibre network is deployed as they can see the benefits it can bring them. Due to the lead times on the fibre etc we are unable to move forward until the components are delivered ready for us to install, this delay was expected and unavoidable. | Detailed Design | 18/10/23 | G | G | G |
|  |  |  | R | 5G Strategy (part of Digital Programme)   | This project is currently on hold.   | On hold         | N/A      | H | H | H |

| Priority | Measure | 2022-23 |   |   | 2023-24 |       | Comments and direction of travel |                                     |   |  |   |
|----------|---------|---------|---|---|---------|-------|----------------------------------|-------------------------------------|---|--|---|
|          |         | Q2      | Q3  | Q4  | Q1      | Q2    |                                  |                                     |   |  |   |
|          |         | R       | Average social media engagement rate  | 1.05  | -       | -     | -                                | -                                   | This measure is under review  | N/A  |   |
|          |         | R       | Total digital audience  | 428,981   | -       | -     | -                                | -                                   | This measure is under review  | N/A  |   |
|          |         | R       | Average number of days' sickness per full-time equivalent (measure revised in Q1 23-24) | -   | -       | -     | 2.91                             | 2.76                                | There is a slight decrease from last Quarter, but the figure is broadly the same.   | ➔  |   |
|          |         | R       | % occupancy rates for commercial properties   | 98.37   | 98.53   | 98.53 | 98.18                            | 97.38                               | Occupancy rates show a slight decrease on the last quarter due to some offices in CityLab 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) | 21.23   | 16.08 | 16.8                             | Revised Q1 figure 24.5 (prev 26.51) | 26.8  | The Benefits team reviewed their new claims statistics back to 01/04/23 and identified some issues that required correction. As a result, the Quarter 1 figure has been amended. | ➔ |

**QUARTER 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2023/24**

|   | Original<br>Budget<br>2023/24<br>£'000                               | Budget<br>Amendments<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q1<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Projected<br>Variance<br>2023/24<br>£'000 | Variance<br>+/- £30K<br>% |
|---|--|--|---------------------------------------|----------------------------------|--|---|---------------------------|
| <b>Services</b>                               |  |  |                                       |                                  |  |   |                           |
| <a href="#">Communities &amp; Leisure</a>     | Community Connectors   | 279                                      | 0                                     | 279                              | 161                                      | 316                                       | (37) (13%)                |
|   | Customer Services  | 576                                      | 0                                     | 576                              | 315                                      | 561                                       | 15                        |
|   | Facilities Management  | 426                                      | 31                                    | 457                              | 349                                      | 381                                       | 76 +17%                   |
|   | Food Safety  | 796                                      | (226)                                 | 570                              | 70                                       | 396                                       | 174 +31%                  |
|   | Pest Control   | (31)                                     | 0                                     | (31)                             | (46)                                     | (29)                                      | (2)                       |
|   | Salt Ayre Leisure Centre   | 545                                      | 0                                     | 545                              | 324                                      | 717                                       | (172) (32%)               |
|   | VCFS   | 304                                      | 0                                     | 304                              | 175                                      | 304                                       | 0                         |
| <a href="#">Environment &amp; Place</a>       | AONB & Nature Reserves   | 115                                      | 0                                     | 115                              | (120)                                    | 91  | 24                        |
|   | Environmental Protection   | 446                                      | (52)                                  | 394                              | (19)                                     | 381                                       | 13                        |
|   | Fleet Management   | 36                                       | 0                                     | 36                               | 112                                      | 68  | (32) (89%)                |
|   | Hospitality & Events Management                                      | 198                                      | (44)                                  | 154                              | (65)                                     | 100                                       | 54 +35%                   |
|   | Parks & Open Spaces  | 1,386                                    | 0                                     | 1,386                            | 715                                      | 1,354                                     | 32 +2%                    |
|   | Service Support  | 639                                      | 138                                   | 777                              | 290                                      | 725                                       | 52 +7%                    |
|   | Street Cleaning  | 1,607                                    | 0                                     | 1,607                            | 771                                      | 1,682                                     | (75) (5%)                 |
|   | Streetscape  | 92                                       | 0                                     | 92                               | 17                                       | 73  | 19                        |
|   | Trade Refuse   | (870)                                    | 0                                     | (870)                            | (1,214)                                  | (906)                                     | 36 +4%                    |
|   | Waste Collection   | 2,849                                    | 0                                     | 2,849                            | 1,102                                    | 3,143                                     | (294) (10%)               |
|   | Williamson Park  | 456                                      | 0                                     | 456                              | 66                                       | 460                                       | (4)                       |
| <a href="#">Governance</a>                    | Democratic Support & Elections                                       | 1,027                                    | 0                                     | 1,027                            | 584                                      | 1,006                                     | 21                        |
|   | Legal Services   | 395                                      | 101                                   | 496                              | 301                                      | 549                                       | (53) (11%)                |
|   | Licensing  | (108)                                    | 0                                     | (108)                            | 14                                       | (46)                                      | (62) (57%)                |
| <a href="#">Housing &amp; Property</a>        | Commercial Land & Properties   | (1,625)                                  | 0                                     | (1,625)                          | 239                                      | (1,326)                                   | (299) (18%)               |
|   | Municipal Buildings  | 892                                      | 0                                     | 892                              | 328                                      | 760                                       | 132 +15%                  |
|   | Other Land & Buildings   | 108                                      | 0                                     | 108                              | 23                                       | 83  | 25                        |
|   | GF Housing Schemes   | 103                                      | 0                                     | 103                              | 141                                      | 196                                       | (93) (90%)                |
|   | Private Sector Housing   | 639                                      | 197                                   | 836                              | (1,924)                                  | 846                                       | (10)                      |
|   | Property Group   | 750                                      | 12                                    | 762                              | 266                                      | 779                                       | (17)                      |
|   | Public Health Services   | 124                                      | 0                                     | 124                              | 42                                       | 117                                       | 7                         |
|   | Repairs & Maintenance  | 0  | 0                                     | 0                                | 0  | 0   | 0                         |
| <a href="#">People &amp; Policy</a>           | Exec Support   | 557                                      | 0                                     | 557                              | 302                                      | 646                                       | (89) (16%)                |
|   | HR & OD  | 889                                      | (101)                                 | 788                              | 436                                      | 1,379                                     | (591) (75%)               |
|   | Communications & Marketing   | 303                                      | (21)                                  | 282                              | 116                                      | 258                                       | 24                        |
|   | Emergency Planning & CSP   | 90                                       | 0                                     | 90                               | 27                                       | 92  | (2)                       |
|   | Health & Safety  | 70                                       | 0                                     | 70                               | 29                                       | 69  | 1                         |
|   | Projects & Performance   | 127                                      | 0                                     | 127                              | 101                                      | 128                                       | (1)                       |
|   | Visitor Information Centres  | 133                                      | 0                                     | 133                              | 139                                      | 131                                       | 2                         |
| <a href="#">Planning &amp; Climate Change</a> | CCTV   | 58                                       | 0                                     | 58                               | 57                                       | 58  | 0                         |
|   | Corporate Climate Change   | 125                                      | 0                                     | 125                              | 4  | 147                                       | (22)                      |
|   | DM - Building Control  | 87                                       | 0                                     | 87                               | (12)                                     | 178                                       | (91) (105%)               |
|   | DM - Planning  | 583                                      | 0                                     | 583                              | 231                                      | 544                                       | 39 +7%                    |
|   | Planning & Housing Strategy  | 852                                      | 0                                     | 852                              | 306                                      | 819                                       | 33 +4%                    |
| <a href="#">Resources</a>                     | Internal Audit   | 163                                      | 0                                     | 163                              | 111                                      | 162                                       | 1                         |
|   | Finance  | 1,598                                    | 0                                     | 1,598                            | 647                                      | 1,500                                     | 98 +6%                    |
|   | ICT  | 1,645                                    | 0                                     | 1,645                            | 874                                      | 1,575                                     | 70 +4%                    |
|   | Revenues & Benefits  | 1,115                                    | 0                                     | 1,115                            | (2,676)                                  | 1,131                                     | (16)                      |
| <a href="#">Sustainable Growth</a>            | Economic Development & Culture                                       | 492                                      | (35)                                  | 457                              | 220                                      | 377                                       | 80 +18%                   |
|   | Markets  | (47)                                     | 0                                     | (47)                             | (94)                                     | (38)                                      | (9)                       |
|   | Museums  | 599                                      | 0                                     | 599                              | 178                                      | 459                                       | 140 +23%                  |
|   | Parking  | (2,251)                                  | 0                                     | (2,251)                          | (1,113)                                  | (2,359)                                   | 108 +5%                   |
|   | Regeneration   | 877                                      | 0                                     | 877                              | 418                                      | 832                                       | 45 +5%                    |
|   | Strategic Projects & Engineers                                       | 534                                      | 0                                     | 534                              | 145                                      | 487                                       | 47 +9%                    |
|   | The Platform   | 106                                      | 0                                     | 106                              | (36)                                     | 74  | 32 +30%                   |
|   |  | <b>20,859</b>                            | <b>0</b>                              | <b>20,859</b>                    | <b>3,427</b>                             | <b>21,430</b>                             | <b>(571) (3%)</b>         |
| <b>Corporate Services</b>                     |  |  |                                       |                                  |  |   |                           |
| <a href="#">Corporate Accounts</a>            | Corporate Accounts   | (135)                                    | 0                                     | (135)                            | 229                                      | 1,458                                     | (1,593) (1180%)           |
|   | Contributions from Reserves  | (1,855)                                  | 0                                     | (1,855)                          | 0  | (1,855)                                   | 0                         |
|   | Government Grants  | (1,026)                                  | 0                                     | (1,026)                          | (695)                                    | (1,026)                                   | 0                         |
|   | Interest Payable   | 2,151                                    | 0                                     | 2,151                            | 301                                      | 1,569                                     | 582 +27%                  |
|   | Interest Receivable  | (842)                                    | 0                                     | (842)                            | (405)                                    | (1,361)                                   | 519 +62%                  |
| <a href="#">Other Items</a>                   | Minimum Revenue Provision  | 2,923                                    | 0                                     | 2,923                            | 0  | 2,638                                     | 285 +10%                  |
|   | Notional Charges   | 0  | 0                                     | 0                                | 0  | 0   | 0                         |
|   | Pandemic Support   | 0  | 0                                     | 0                                | 0  | 0   | 0                         |
|   | Revenue Funding of Capital   | 187                                      | 0                                     | 187                              | 0  | 187                                       | 0                         |
|   | UKSPF  | 0  | 0                                     | 0                                | 0  | 0   | 0                         |
|   |  | <b>1,403</b>                             | <b>0</b>                              | <b>1,403</b>                     | <b>(570)</b>                             | <b>1,610</b>                              | <b>(207) (15%)</b>        |
|   | 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)                            | 907                                      | (139)                                     | 0                         |
|   | Revenue Reserve funded items included in above analysis (Revenue)    | 297                                      | 2,244                                 | 2,541                            | (139)                                    | 1,418                                     | 1,123 +44%                |
|   | Revenue Reserve funded items included in above analysis (Appropriati | (297)                                    | (2,244)                               | (2,541)                          | 49                                       | (1,418)                                   | (1,123) (44%)             |
| <b>General Fund Revenue Budget</b>            |  | <b>21,091</b>                            | <b>0</b>                              | <b>21,091</b>                    | <b>3,674</b>                             | <b>21,869</b>                             | <b>(778) (4%)</b>         |
| Core Funding :                                | Revenue Support Grant  | (406)                                    | 0                                     | (406)                            | (211)                                    | (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)                         | 4,675                                    | (10,423)                                  | 167 +2%                   |
| <b>Council Tax Requirement</b>                |  | <b>10,610</b>                            | <b>0</b>                              | <b>10,610</b>                    | <b>8,138</b>                             | <b>11,221</b>                             | <b>(611) (6%)</b>         |

**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 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2023/24**

|                         |  | Original<br>Budget<br>2023/24<br>£'000 | Budget<br>Amendments<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q3<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Projected<br>Variance<br>2023/24<br>£'000 | Variance<br>+/- £30K<br>% |
|-------------------------|--|--|--|---------------------------------------|----------------------------------|--|---|---------------------------|
| Employees               | Direct Employee Expenses   | 23,982                                 | 87                                       | 24,069                                | 11,366                           | 23,528                                   | 541                                       | +2%                       |
|                         | Indirect Employee Expenses   | 759                                    | 0  | 759                                   | 615                              | 2,223                                    | (1,464)                                   | (193%)                    |
| Premises Related Exp    | Cleaning and Domestic Supplies                                     | 392                                    | 0  | 392                                   | 169                              | 380                                      | 12  |                           |
|                         | Energy Costs   | 2,747                                  | 0  | 2,747                                 | 337                              | 2,192                                    | 555                                       | +20%                      |
|                         | Fixtures and Fittings  | 1                                      | 0  | 1                                     | 0                                | 1  | 0   |                           |
|                         | Grounds Maintenance Costs  | 44                                     | 0  | 44                                    | 7                                | 59                                       | (15)                                      |                           |
|                         | Operational Bldgs Allocation                                       | 246                                    | 0  | 246                                   | 84                               | 246                                      | 0   |                           |
|                         | Other Premises Costs   | 0                                      | 0  | 0                                     | 0                                | 0  | 0   |                           |
|                         | Premises Insurance   | 421                                    | 0  | 421                                   | 290                              | 294                                      | 127                                       | +30%                      |
|                         | Rates  | 1,440                                  | 0  | 1,440                                 | 1,269                            | 1,273                                    | 167                                       | +12%                      |
|                         | Rents  | 61                                     | 0  | 61                                    | 70                               | 74                                       | (13)                                      |                           |
|                         | Repair and Maintenance   | 1,268                                  | 0  | 1,268                                 | 1,216                            | 1,420                                    | (152)                                     | (12%)                     |
|                         | Water Services   | 347                                    | 0  | 347                                   | 150                              | 346                                      | 1   |                           |
| Transport Related Exp   | Car Allowances   | 3                                      | 0  | 3                                     | 5                                | 5  | (2)                                       |                           |
|                         | Contract Hire Operating Leases                                     | 69                                     | 0  | 69                                    | 109                              | 102                                      | (33)                                      | (48%)                     |
|                         | Direct Transport Costs   | 1,462                                  | 0  | 1,462                                 | 764                              | 1,568                                    | (106)                                     | (7%)                      |
|                         | Other Transport Costs  | 0                                      | 0  | 0                                     | 0                                | 0  | 0   |                           |
|                         | Public Transport   | 21                                     | 0  | 21                                    | 4                                | 20                                       | 1   |                           |
| Transport Insurance     | 101  | 0                                      | 101                                      | 76                                    | 76                               | 25                                       |   |                           |
| Supplies and Services   | Catering   | 55                                     | 0  | 55                                    | 27                               | 54                                       | 1   |                           |
|                         | Clothing Uniform and Laundry                                       | 86                                     | 0  | 86                                    | 48                               | 86                                       | 0   |                           |
|                         | Communications and Computing                                       | 1,574                                  | 0  | 1,574                                 | 1,193                            | 1,538                                    | 36  | +2%                       |
|                         | Contribution to Provisions   | 250                                    | 0  | 250                                   | 0                                | 639                                      | (389)                                     | (156%)                    |
|                         | Equip Furniture and Materials                                      | 1,436                                  | 0  | 1,436                                 | 887                              | 1,555                                    | (119)                                     | (8%)                      |
|                         | Expenses   | 689                                    | 17                                       | 706                                   | 261                              | 663                                      | 43  | +6%                       |
|                         | General Office Supplies  | 255                                    | (11)                                     | 244                                   | 158                              | 256                                      | (12)                                      |                           |
|                         | Grants and Subscriptions   | 1,381                                  | 76                                       | 1,457                                 | 1,044                            | 1,860                                    | (403)                                     | (28%)                     |
| Miscellaneous Expenses  | 1,584  | 3                                      | 1,587                                    | 386                                   | 1,634                            | (47)                                     | (3%)                                      |                           |
| Services                | 5,624  | (6)                                    | 5,618                                    | 3,058                                 | 7,452                            | (1,834)                                  | (33%)                                     |                           |
| Transfer Payments       | Housing Benefit  | 21,977                                 | 0  | 21,977                                | 9,185                            | 21,977                                   | 0   |                           |
| Support Services        | Recharges Exp  | 60                                     | 0  | 60                                    | 44                               | 152                                      | (92)                                      | (153%)                    |
| 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                                 | 300                              | 1,570                                    | 582                                       | +27%                      |
| Appropriations          | Appropriations   | 1,255                                  | 0  | 1,255                                 | 0                                | 970                                      | 285                                       | +23%                      |
| Income                  | Customer Fees and Charges  | (19,082)                               | 0  | (19,082)                              | (10,231)                         | (18,741)                                 | (341)                                     | (2%)                      |
|                         | Government Grants  | (25,256)                               | (140)                                    | (25,396)                              | (16,971)                         | (26,051)                                 | 655                                       | +3%                       |
|                         | Interest   | (887)                                  | 0  | (887)                                 | (405)                            | (1,552)                                  | 665                                       | +75%                      |
|                         | Other Grants and Contributions                                     | (1,926)                                | (26)                                     | (1,952)                               | (1,975)                          | (2,518)                                  | 566                                       | +29%                      |
|                         | Recharges Inc  | (2,046)                                | 0  | (2,046)                               | (683)                            | (2,028)                                  | (18)                                      |                           |
| 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)                                 | 907                              | (139)                                    | 0   |                           |
|                         | Revenue Reserve funded items included in above analysis (Revenue)  | 297                                    | 2,244                                    | 2,541                                 | (139)                            | 1,418                                    | 1,123                                     | +44%                      |
|                         | Revenue Reserve funded items included in above analysis (Appropri: | (297)                                  | (2,244)                                  | (2,541)                               | 49                               | (1,418)                                  | (1,123)                                   | (44%)                     |
| <b>GRAND TOTAL</b>      |  | <b>21,091</b>                          | <b>0</b>                                 | <b>21,091</b>                         | <b>3,674</b>                     | <b>21,869</b>                            | <b>(778)</b>                              | <b>(4%)</b>               |

**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 2 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2023/24**

|                                       | Original<br>Budget<br>2023/24<br>£'000 | Budget<br>Amendments<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q2<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Projected<br>Variance<br>2023/24<br>£'000 | Variance<br>+/- £30K<br>% |
|---------------------------------------|--|--|---------------------------------------|----------------------------------|--|---|---------------------------|
| <b>Housing Revenue Account</b>        |  |  |                                       |                                  |  |   |                           |
| Policy & Management                   | 2,883                                  | 240                                      | 3,123                                 | 1,296                            | 3,063                                    | 60  | +2%                       |
| Repairs & Maintenance                 | 7,272                                  | 686                                      | 7,958                                 | 3,144                            | 8,133                                    | (175)                                     | (2%)                      |
| Welfare Services                      | (20)                                   | 166                                      | 146                                   | (367)                            | 87                                       | 59  | +40%                      |
| Special Services                      | 232                                    | 44                                       | 276                                   | 156                              | 277                                      | (1)                                       |                           |
| Miscellaneous Expenses                | 1,027                                  | (50)                                     | 977                                   | 517                              | 948                                      | 29  |                           |
| Income Account                        | (16,450)                               | 0  | (16,450)                              | (8,132)                          | (16,466)                                 | 16  |                           |
| Capital Charges                       | 5,453                                  | 0  | 5,453                                 | 0                                | 5,453                                    | 0   |                           |
| Appropriations                        | (914)                                  | (1,086)                                  | (2,000)                               | 0                                | (1,992)                                  | (8)                                       |                           |
| Gain/Loss on Asset Sales              | 0                                      | 0  | 0                                     | 0                                | 0  | 0   |                           |
| Gain/Loss on Asset Sales(Move)        | 0                                      | 0  | 0                                     | 0                                | 0  | 0   |                           |
|                                       | <b>(517)</b>                           | <b>0</b>                                 | <b>(517)</b>                          | <b>(3,386)</b>                   | <b>(497)</b>                             | <b>(20)</b>                               |                           |
| Net Recharges to General Fund         | 517                                    | 0  | 517                                   | 0                                | 517                                      | 0   |                           |
| <b>Housing Revenue Account Budget</b> | <b>0</b>                               | <b>0</b>                                 | <b>0</b>                              | <b>(3,386)</b>                   | <b>20</b>                                | <b>(20)</b>                               |                           |

**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 2 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2023/24**

|   | Original<br>Budget<br>2023/24<br>£'000 | Budget<br>Amendments<br>2023/24<br>£'000 | Working<br>Budget<br>2023/24<br>£'000 | Q1<br>Actual<br>2023/24<br>£'000 | Projected<br>Outturn<br>2023/24<br>£'000 | Projected<br>Variance<br>2023/24<br>£'000 | Variance<br>+/- £30K<br>% |
|---|--|--|---------------------------------------|----------------------------------|--|---|---------------------------|
| <b>Services</b>                                   |  |  |                                       |                                  |  |   |                           |
| <b>Communities &amp; Leisure</b>                  |  |  |                                       |                                  |  |   |                           |
| Salt Ayre Equipment Programme                     | 161                                    | 98                                       | 259                                   | 264                              | 264                                      | (5)                                       |                           |
| Purchase Of Vehicles                              | 1,239                                  | 1,396                                    | 2,635                                 | 510                              | 1,600                                    | 1,035                                     | +39%                      |
| <b>Environment &amp; Place</b>                    |  |  |                                       |                                  |  |   |                           |
| Electric Taxis                                    | 0                                      | 0  | 0                                     | (342)                            | 0  | 0   |                           |
| Happy Mount Park Footpaths                        | 0                                      | 8  | 8                                     | 0                                | 8  | 0   |                           |
| UKSPF-23-2(yr2) The Streets Are Ours Public Realm | 0                                      | 0  | 0                                     | (100)                            | 0  | 0   |                           |
| Mellishaw Park                                    | 772                                    | 0  | 772                                   | (393)                            | 1,198                                    | (426)                                     | (55%)                     |
| Disabled Facilities Grants                        | 0                                      | 0  | 0                                     | (2,407)                          | 0  | 0   |                           |
| HIA Purchase of Vehicles                          | 105                                    | 22                                       | 127                                   | 0                                | 0  | 127                                       | +100%                     |
| Next Steps Accommodation Programme                | 0                                      | 23                                       | 23                                    | 4                                | 23                                       | 0   |                           |
| <b>Housing &amp; Property</b>                     |  |  |                                       |                                  |  |   |                           |
| 1 Lodge Street Urgent Structural Repairs          | 422                                    | 0  | 422                                   | (1)                              | 479                                      | (57)                                      | (14%)                     |
| Lancaster City Museum                             | 0                                      | 7  | 7                                     | (1)                              | 10                                       | (3)                                       |                           |
| Low Voltage Switchgear & Solar Array - Gateway    | 984                                    | 102                                      | 1,086                                 | 141                              | 147                                      | 939                                       | +86%                      |
| Palatine Recreation Ground - Veterans Cl          | 0                                      | 0  | 0                                     | (12)                             | 0  | 0   |                           |
| <b>People &amp; Policy</b>                        |  |  |                                       |                                  |  |   |                           |
| UKSPF - 23-24 (yr2) External Projects             | 0                                      | 0  | 0                                     | (359)                            | 0  | 0   |                           |
| REPF 23/24 (yr1) External Projects                | 0                                      | 0  | 0                                     | (125)                            | 0  | 0   |                           |
| PRG Grant   | 0                                      | 0  | 0                                     | (40)                             | 0  | 0   |                           |
| <b>Planning &amp; Climate Change</b>              |  |  |                                       |                                  |  |   |                           |
| Heat De-carbonisation Programme                   | 4,000                                  | (4,000)                                  | 0                                     | 0                                | 0  | 0   |                           |
| Burrow Beck Solar                                 | 0                                      | 4,000                                    | 4,000                                 | 0                                | 100                                      | 3,900                                     |                           |
| Property De-carbonisation Works                   | 487                                    | 0  | 487                                   | (106)                            | 0  | 487                                       | +100%                     |
| SALC Salix Funded Optimised Solar Farm            | 0                                      | 0  | 0                                     | (134)                            | 0  | 0   |                           |
| <b>Resources</b>                                  |  |  |                                       |                                  |  |   |                           |
| Application System Renewal                        | 0                                      | 32                                       | 32                                    | 18                               | 32                                       | 0   |                           |
| I.S. Desktop Equipment                            | 0                                      | 8  | 8                                     | 7                                | 8  | 0   |                           |
| I.T.Strategy                                      | 135                                    | 19                                       | 154                                   | 10                               | 154                                      | 0   |                           |
| ICT Laptop Replacement & E-campus screens         | 30                                     | 94                                       | 124                                   | 0                                | 124                                      | 0   |                           |
| ICT Telephony                                     | 0                                      | 27                                       | 27                                    | 0                                | 27                                       | 0   |                           |
| Lancaster Local Fibre Network                     | 800                                    | (4)                                      | 796                                   | 144                              | 1,041                                    | (245)                                     | (31%)                     |
| <b>Sustainable Growth</b>                         |  |  |                                       |                                  |  |   |                           |
| Artle Beck Improvements                           | 0                                      | 0  | 0                                     | 0                                | 0  | 0   |                           |
| Brownfield Land Release Fund                      | 0                                      | 0  | 0                                     | (3,518)                          | 0  | 0   |                           |
| Caton Road Flood Relief Scheme                    | 0                                      | 0  | 0                                     | (1,669)                          | 0  | 0   |                           |
| Coastal Revival Fund - Morecambe Co-op            | 0                                      | 0  | 0                                     | (9)                              | 0  | 0   |                           |
| Engineers Electric Vehicle                        | 0                                      | 15                                       | 15                                    | 0                                | 15                                       | 0   |                           |
| Economic Growth & Regen Devpt Pool                | 1,100                                  | 0  | 1,100                                 | 0                                | 300                                      | 800                                       | +73%                      |
| Lancaster HS Heritage Action Zone                 | 628                                    | 231                                      | 859                                   | 240                              | 859                                      | 0   |                           |
| Lancaster Square Routes Project                   | 5                                      | 0  | 5                                     | (18)                             | 0  | 5   |                           |
| Lawsons Bridge S106 scheme                        | 63                                     | 0  | 63                                    | 0                                | 63                                       | 0   |                           |
| UKSPF-23-24 (yr2) Maritime Museum Access          | 0                                      | 0  | 0                                     | (13)                             | 0  | 0   |                           |
| UKSPF-23/24 (yr2) Digital Tourism Transformation  | 0                                      | 0  | 0                                     | (50)                             | 0  | 0   |                           |
| Morecambe Co-op Renovation                        | 425                                    | 0  | 425                                   | 0                                | 0  | 425                                       | +100%                     |
|   | <b>11,356</b>                          | <b>2,078</b>                             | <b>13,434</b>                         | <b>(7,959)</b>                   | <b>6,452</b>                             | <b>6,982</b>                              | <b>+52%</b>               |
| <b>GRAND TOTAL</b>                                | <b>11,356</b>                          | <b>2,078</b>                             | <b>13,434</b>                         | <b>(7,959)</b>                   | <b>6,452</b>                             | <b>6,982</b>                              | <b>+52%</b>               |

**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

## Council Housing Capital Programme 2023/24

|  | 2023/24<br>Original<br>Budget | 2023/24<br>Working<br>Budget | 2023/24<br>P6 Actual | 2023/24<br>Projected<br>Outturn | 2023/24<br>Variance<br>(Working v<br>Projected) | Comments (Working Budget to Projected Outturn)  |
|--|-------------------------------|------------------------------|----------------------|---------------------------------|---|---|
|  | £                             | £                            | £                    | £                               | £   |   |
| <b>EXPENDITURE</b>                     |                               |                              |                      |                                 |   |   |
| Adaptations                            | 300,000                       | 300,000                      | 158,439              | 420,000                         | (120,000)                                       | Additional extension to facilitate needs of disabled tenant, to be funded by virement from External Refurbishment, subject to ICMD approval |
| Energy Efficiency / Boiler Replacement | 999,000                       | 1,192,900                    | 247,122              | 1,215,600                       | (22,700)  | Net additional cost to replace 3 failing communal boilers   |
| Kitchen / Bathroom Refurbishment       | 938,000                       | 938,000                      | 405,072              | 972,000                         | (34,000)  | Net increase in costs due to materials price rises  |
| External Refurbishment                 | 357,000                       | 282,000                      | 39,583               | 152,600                         | 129,400   | £120K virement to Adaptations, subject to ICMD approval   |
| Environmental Improvements             | 150,000                       | 570,000                      | 81,997               | 570,000                         | 0   |   |
| Re-roofing / Window Renewals           | 557,000                       | 726,000                      | 159,207              | 671,400                         | 54,600  | Net projected underspend based on awarded contract  |
| Rewiring                               | 88,000                        | 124,800                      | 32,760               | 124,800                         | 0   |   |
| Lift Replacement                       | 0                             | 0                            | 0                    | 0                               | 0   |   |
| Fire Precaution Works                  | 280,000                       | 520,000                      | 256,704              | 526,000                         | (6,000)   | Net increase in costs due to materials price rises  |
| Housing Renewal & Renovation           | 577,000                       | 1,263,400                    | 227,221              | 1,219,200                       | 44,200  | Property conversion slipped to future years   |
| Mainway Regeneration Project           | 1,950,000                     | 1,950,000                    | 869,445              | 1,950,000                       | 0   |   |
| <b>TOTAL EXPENDITURE</b>               | <b>6,196,000</b>              | <b>7,867,100</b>             | <b>2,477,551</b>     | <b>7,821,600</b>                | <b>45,500</b>                                   |   |

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



## Reserves Statement (Including Unallocated Balances)

&lt;----- ORIGINAL BUDGET -----&gt;

&lt;----- PROJECTED OUTTURN -----&gt;

|   | 31 March<br>2023 | From<br>Revenue | To / (From)<br>Capital | To Revenue | 31 March<br>2024 | 31 March<br>2023 | From Revenue | To / (From)<br>Capital | To Revenue | 31 March<br>2024 |
|---|------------------|-----------------|------------------------|------------|------------------|------------------|--------------|------------------------|------------|------------------|
|   | £                | £               | £                      | £          | £                | £                | £            | £                      | £          | £                |
| <b>Unallocated Balances</b>                             | (9,145,100)      |                 |                        |            | (9,145,100)      | (11,678,400)     |              |                        | 1,708,000  | (9,970,400)      |
| <b>Earmarked Reserves:</b>                              |                  |                 |                        |            |                  |                  |              |                        |            |                  |
| Corporate Priorities                                    | (84,600)         |                 |                        | 84,600     |                  | (421,200)        |              |                        | 238,750    | (182,450)        |
| 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)        |
| <b>To Support Revenue &amp;<br/>Capital Expenditure</b> | (601,400)        | (4,500)         |                        | 84,600     | (521,300)        | (1,741,700)      | (4,500)      |                        | 587,950    | (1,158,250)      |
| <b>Renewals Reserves</b>                                | (1,084,900)      | (491,800)       | 124,000                |            | (1,452,700)      | (1,061,900)      | (491,800)    | 124,000                | 7,000      | (1,422,700)      |
| <i>General Renewals</i>                                 | (746,400)        | (295,800)       |                        |            | (1,042,200)      | (775,500)        | (295,800)    |                        | 7,000      | (1,064,300)      |
| <i>Salt Ayre Leisure Centre</i>                         | (18,600)         | (150,000)       | 124,000                |            | (44,600)         | (29,700)         | (150,000)    | 124,000                |            | (55,700)         |
| <i>Williamson Park</i>                                  | (80,200)         | (18,000)        |                        |            | (98,200)         | (29,000)         | (18,000)     |                        |            | (47,000)         |
| <i>Car Parks</i>  | (135,200)        | (12,000)        |                        |            | (147,200)        | (123,200)        | (12,000)     |                        |            | (135,200)        |
| <i>Happy Mount Park</i>                                 | (35,900)         | (14,000)        |                        |            | (49,900)         | (35,900)         | (14,000)     |                        |            | (49,900)         |
| <i>Armside &amp; Silverdale AONB</i>                    | (68,600)         | (2,000)         |                        |            | (70,600)         | (68,700)         | (2,000)      |                        |            | (70,700)         |
| Elections   | (120,000)        | (40,000)        |                        | 160,000    |                  | (115,400)        | (45,000)     |                        | 170,000    | 9,600            |
| 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)        |              |                        | 483,740    | (158,660)        |
| S106 Commuted Sums                                      | (1,552,200)      | (200,000)       | 63,000                 |            | (1,689,200)      | (1,266,400)      | (456,000)    | 105,000                |            | (1,617,400)      |
| 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)         |
| <b>Reserves Held in Perpetuity:</b>                     |                  |                 |                        |            |                  |                  |              |                        |            |                  |
| Graves Maintenance                                      | (22,200)         |                 |                        |            | (22,200)         | (22,200)         |              |                        |            | (22,200)         |
| Marsh Capital   | (47,700)         |                 |                        |            | (47,700)         | (47,700)         |              |                        |            | (47,700)         |
| <b>Total ring-fenced/held against<br/>risk</b>          | (10,896,100)     | (2,586,500)     | 187,000                | 1,934,400  | (11,361,200)     | (11,333,000)     | (2,847,500)  | 229,000                | 2,533,140  | (11,418,360)     |
| <b>Total Earmarked Reserves</b>                         | (11,497,500)     | (2,591,000)     | 187,000                | 2,019,000  | (11,882,500)     | (13,074,700)     | (2,852,000)  | 229,000                | 3,121,090  | (12,576,610)     |
| <b>Total Combined Reserves</b>                          | (20,642,600)     | (2,591,000)     | 187,000                | 2,019,000  | (21,027,600)     | (24,753,100)     | (2,852,000)  | 229,000                | 4,829,090  | (22,547,010)     |

## GENERAL FUND - 2023/24 SAVINGS MONITORING (QUARTER 2)

| Initiative   | Budget       | Actual to Date | Projected Outturn | Projected Variance | Progress   |
|--|--------------|----------------|-------------------|--------------------|--|
|  | £'000        | £'000          | £'000             | £'000              |  |
| <b>2023/24 APPROVED SAVINGS</b>                          |              |                |                   |                    |  |
| <b>Communities &amp; Leisure</b>                         |              |                |                   |                    |  |
| Children and Young People                                | 9            | 0              | 9                 | 0                  | template delivered - savings due from October  |
| 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 in place 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                  | restructure in place and savings due from October  |
| <b>Environment &amp; Place</b>                           |              |                |                   |                    |  |
| Open Spaces (ad-hoc Councillor requests)                 | 50           | 50             | 50                | 0                  | template delivered   |
| Happy Mount Park (Splash Park Charging)                  | 15           | 13             | 13                | (2)                | template delivered - shortfall in annual income due to summer weather not decision related   |
| Public Conveniences Charging                             | 20           | 5              | 10                | (10)               | template delivered - additional income being raised but not levels as anticipated  |
| Trade Waste Price Review                                 | 20           | 10             | 20                | 0                  | template delivered - additional income being raised  |
| Trade Waste Bin Hire Charging                            | 80           | 40             | 80                | 0                  | template delivered - additional income being raised  |
| Waste Collection Charging                                | 20           | 8              | 16                | (4)                | template delivered - additional income being raised  |
| Anti-Social Behaviour                                    | 21           | 21             | 21                | 0                  | template delivered   |
| Public Protection Fees & Charges                         | 3            | 2              | 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              | 45                | (30)               | 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   |
| <b>Governance</b>  |              |                |                   |                    |  |
| Staffing Review (Legal)                                  | 3            | 0              | 3                 | 0                  | Part of bigger saving proposal from previous year and to be implemented later in year  |
| <b>Housing &amp; Property</b>                            |              |                |                   |                    |  |
| Municipal Building Review                                | 166          | 166            | 166               | 0                  | template delivered   |
| Courier  | 14           | 0              | 14                | 0                  | template delivered - savings on track  |
| <b>People &amp; Policy</b>                               |              |                |                   |                    |  |
| 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 in place and savings met from October  |
| Communications   | 23           | 0              | 23                | 0                  | restructure in place and savings met from October  |
| Commercial Marketing & Tourism                           | 53           | 0              | 53                | 0                  | restructure in place and savings met 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   |
| Lancaster & Morecambe VIC's                              | 116          | 0              | 107               | (9)                | now closed. Additional rent costs whilst future of MVIC considered (assumed to end of calendar year)   |
| <b>Planning &amp; Climate Change</b>                     |              |                |                   |                    |  |
| Building Control Fees                                    | 10           | 3              | 10                | 0                  | template delivered - additional income being raised function now being delivered by Capita, costs have risen exponentially as a consequence. Officer review taking place |
| Building Control Staffing                                | 43           | (57)           | (113)             | (156)              |  |
| Planning Pre-Application Fees                            | 9            | 2              | 9                 | 0                  | template delivered - additional income being raised  |
| Deletion of Vacant Post (Planning Policy)                | 60           | 60             | 60                | 0                  | template delivered   |
| <b>Resources</b>   |              |                |                   |                    |  |
| 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           | 36             | 73                | 0                  | savings on track   |
| <b>Sustainable Growth</b>                                |              |                |                   |                    |  |
| The Platform   | 32           | 16             | 32                | 0                  | savings on track   |
| Museums  | 147          | 147            | 147               | 0                  | template delivered   |
| Growth Lancashire Subscription                           | 13           | 13             | 13                | 0                  | template delivered   |
| Business Support Team                                    | 100          | 100            | 100               | 0                  | template delivered   |
| 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   |
| Parking EV Charging                                      | 23           | 12             | 23                | 0                  | template delivered - savings on track  |
| <b>TOTAL</b>   | <b>2,423</b> | <b>1,684</b>   | <b>2,212</b>      | <b>(211)</b>       |  |

**GENERAL FUND SERVICE ANALYSIS 2023/24**

|   | Original Budget   | Q1 Projected  | Q2 Projected  | Q3 Projected  | Q4 Projected |
|---|---|---------------|---------------|---------------|--------------|
| <b>Services</b>                               |   |               |               |               |              |
| <a href="#">Communities &amp; Leisure</a>     | Community Connectors  | 279           | 263           | 316           |              |
|   | Customer Services   | 576           | 576           | 561           |              |
|   | Facilities Management   | 426           | 38            | 381           |              |
|   | Food Safety   | 796           | 397           | 396           |              |
|   | Pest Control  | (31)          | (27)          | (29)          |              |
|   | Salt Ayre Leisure Centre  | 545           | 717           | 717           |              |
|   | VCFS  | 304           | 304           | 304           |              |
| <a href="#">Environment &amp; Place</a>       | AONB & Nature Reserves  | 115           | 95            | 91            |              |
|   | Environmental Protection  | 446           | 425           | 381           |              |
|   | Fleet Management  | 36            | 25            | 68            |              |
|   | Hospitality & Events Management                                       | 198           | 417           | 100           |              |
|   | Parks & Open Spaces   | 1,386         | 1,353         | 1,354         |              |
|   | Service Support   | 639           | 626           | 725           |              |
|   | Street Cleaning   | 1,607         | 1,608         | 1,682         |              |
|   | Streetscape   | 92            | 83            | 73            |              |
|   | Trade Refuse  | (870)         | (897)         | (906)         |              |
|   | Waste Collection  | 2,849         | 3,114         | 3,143         |              |
|   | Williamson Park   | 456           | 457           | 460           |              |
| <a href="#">Governance</a>                    | Democratic Support & Elections  | 1,027         | 1,030         | 1,006         |              |
|   | Legal Services  | 395           | 449           | 549           |              |
|   | Licensing   | (108)         | (68)          | (46)          |              |
| <a href="#">Housing &amp; Property</a>        | Commercial Land & Properties  | (1,625)       | (1,599)       | (1,326)       |              |
|   | Municipal Buildings   | 892           | 1,185         | 760           |              |
|   | Other Land & Buildings  | 108           | 108           | 83            |              |
|   | GF Housing Schemes  | 103           | 103           | 196           |              |
|   | Private Sector Housing  | 639           | 606           | 846           |              |
|   | Property Group  | 750           | 705           | 779           |              |
|   | Public Health Services  | 124           | 128           | 117           |              |
|   | Repairs & Maintenance   | 0             | 0             | 0             |              |
| <a href="#">People &amp; Policy</a>           | Exec Support  | 557           | 516           | 646           |              |
|   | HR & OD   | 889           | 870           | 1,379         |              |
|   | Communications & Marketing  | 303           | 286           | 258           |              |
|   | Emergency Planning & CSP  | 90            | 92            | 92            |              |
|   | Health & Safety   | 70            | 70            | 69            |              |
|   | Projects & Performance  | 127           | 128           | 128           |              |
|   | Visitor Information Centres   | 133           | 119           | 131           |              |
| <a href="#">Planning &amp; Climate Change</a> | CCTV  | 58            | 57            | 58            |              |
|   | Corporate Climate Change  | 125           | 128           | 147           |              |
|   | DM - Building Control   | 87            | 194           | 178           |              |
|   | DM - Planning   | 583           | 603           | 544           |              |
|   | Planning & Housing Strategy   | 852           | 833           | 819           |              |
| <a href="#">Resources</a>                     | Internal Audit  | 163           | 163           | 162           |              |
|   | Finance   | 1,598         | 1,455         | 1,500         |              |
|   | ICT   | 1,645         | 1,604         | 1,575         |              |
|   | Revenues & Benefits   | 1,115         | 1,115         | 1,131         |              |
| <a href="#">Sustainable Growth</a>            | Economic Development & Culture  | 492           | 179           | 377           |              |
|   | Markets   | (47)          | (40)          | (38)          |              |
|   | Museums   | 599           | 597           | 459           |              |
|   | Parking   | (2,251)       | (2,276)       | (2,359)       |              |
|   | Regeneration  | 877           | 768           | 832           |              |
|   | Strategic Projects & Engineers  | 534           | 511           | 487           |              |
|   | The Platform  | 106           | 109           | 74            |              |
|   |   | <b>20,859</b> | <b>20,302</b> | <b>21,430</b> | <b>0</b>     |
|   |   |               |               |               | <b>0</b>     |
| <b>Corporate Services</b>                     |   |               |               |               |              |
| <a href="#">Corporate Services</a>            | Corporate Accounts  | (135)         | 427           | 1,458         |              |
|   | Contributions from Reserves   | (1,855)       | (1,855)       | (1,855)       |              |
|   | Government Grants   | (1,026)       | (1,026)       | (1,026)       |              |
|   | Interest Payable  | 2,151         | 2,151         | 1,569         |              |
| <a href="#">Other Items</a>                   | Interest Receivable   | (842)         | (842)         | (1,361)       |              |
|   | Minimum Revenue Provision   | 2,923         | 2,638         | 2,638         |              |
|   | Notional Charges  | 0             | 0             | 0             |              |
|   | Pandemic Support  | 0             | 0             | 0             |              |
|   | Revenue Funding of Capital  | 187           | 187           | 187           |              |
|   | UKSPF   | 0             | 0             | 0             |              |
|   |   | <b>1,403</b>  | <b>1,680</b>  | <b>1,610</b>  | <b>0</b>     |
|   |   |               |               |               | <b>0</b>     |
|   | Net Recharges to Housing Revenue Account                              | (1,032)       | (1,032)       | (1,032)       |              |
|   | RMS Capital Charges (now Housing Revenue Account)                     | (139)         | (139)         | (139)         |              |
|   | Revenue Reserve funded items included in above analysis (Revenue)     | 297           | 857           | 1,418         |              |
|   | Revenue Reserve funded items included in above analysis (Appropriatic | (297)         | (857)         | (1,418)       |              |
|   |   | <b>21,091</b> | <b>20,811</b> | <b>21,869</b> | <b>0</b>     |
|   |   |               |               |               | <b>0</b>     |
| <b>General Fund Revenue Budget</b>            |   | <b>21,091</b> | <b>20,811</b> | <b>21,869</b> | <b>0</b>     |
|   |   |               |               |               | <b>0</b>     |
| Core Funding :                                | Revenue Support Grant   | (406)         | (406)         | (406)         |              |
|   | Additional New Homes Bonus  | 0             | 0             | 0             |              |
|   | Supplementary Government Grants                                       | 0             | 0             | 0             |              |
|   | Prior Year Council Tax Surplus  | 181           | 181           | 181           |              |
|   | Net Business Rates Income   | (10,256)      | (10,256)      | (10,423)      |              |
| <b>Council Tax Requirement</b>                |   | <b>10,610</b> | <b>10,330</b> | <b>11,221</b> | <b>0</b>     |
|   |   |               |               |               | <b>0</b>     |

**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

**Cabinet Report**

**Treasury Management Mid-Year Review 2023/24  
24<sup>th</sup> October 2023**

**Report of Chief Finance Officer**

| PURPOSE OF REPORT   |                          |                  |                                     |                              |
|---|--------------------------|------------------|-------------------------------------|------------------------------|
| This report seeks Cabinet’s consideration of various matters in connection with the amendments to the Treasury Management Strategy for 2023/24 and the Treasury Management Mid-Year Review 2023/24. |                          |                  |                                     |                              |
| Key Decision  | <input type="checkbox"/> | Non-Key Decision | <input checked="" type="checkbox"/> | Referral from Cabinet Member |
| Date of notice of forthcoming key decision  |                          |                  |                                     |                              |
| This report is public   |                          |                  |                                     |                              |

**RECOMMENDATIONS:**

That Cabinet

- (1) Consider the various matters in connection with the amendments to the Treasury Management Strategy for 2023/24 and the Treasury Management Mid-Year Review 2023/24
- (2) Forward the amendments to the Treasury Management Strategy for 2023/24 as set out in **Appendix B** on to Budget & Performance Panel for consideration and comment then to Full Council for approval in accordance with CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- (3) Forward the Mid-Year Review 2023/24 as set out in **Appendix C** on to Budget & Performance Panel and Full Council for consideration in accordance with CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

**1.0 INTRODUCTION**

1.1 The Council’s Treasury Management Activities are regulated the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) issued under the Local Government Act 2003

1.2.1 During 2022/23 the minimum reporting requirements are that 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 (This report).
- an annual review following the end of the year describing the activity compared to the strategy

1.3 In addition, Members will receive treasury management update reports on which are presented to Cabinet and Budget and Performance Panel.

## **2.0 BACKGROUND**

2.1 As part of the Treasury Management Strategy for 2023/24 approved by Council on 22 February 2023 an amended Minimum Revenue Provision (MRP) Policy in relation to 2022/23 enabling savings of £2M to be realised in that year.

2.2 In order to fully reflect the impact of the change in MRP policy in financial years 2023/24 to 2026/27 several of the prudential indicators included in the original approved Treasury Management Strategy for 2023/24 now require amendment. These amendments need to be considered by Budget & Performance Panel and referred on the Full Council for approval.

2.3 The Mid-Year Review (Appendix A) sets out the performance of treasury operations for the first six months of the 2022/23 financial year in terms of long and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators.

2.4 Under CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) it is a requirement that an information report on these matters be presented to Cabinet and full Council.

## **3.0 AMENDMENTS TO THE TREASURY MANAGEMENT STRATEGY 2023/24-2026/27**

3.1 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable.

3.2 The change to the MRP policy included within the original Treasury Management Strategy for 2023/24 was not able to be fully reflected in the prudential indicators at that time. Officers have now updated the indicators for adoption within the amended strategy and these require Council approval. Given that the 2022/23 accounts have been finalised and slippage on the capital programme has been approved this has also been incorporated into the amended strategy.

3.3 The impact of the change in policy is reflected primarily in the capital financing requirement which has increased by circa £2m. The same circa £2m impact can also be seen in an increase in the level of under-borrowing and an upwards movement in the operational boundary and authorised limit.

- 3.4 The amended indicators are set out in **Appendix B** and for comparative purposes the original indicators are set out in **Appendix C**. The remainder of the strategy is unchanged.

#### **4.0 MID YEAR REVIEW SUMMARY DETAILS**

- 4.1 Mid-year quarter 2 position incorporates the amended indicators set out in the amended TM strategy

##### Investments

- 4.2 The average level of funds available for investment purposes over the six-month period was £32.9M (2022/23 £44.5M). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.
- 4.3 The Council's investments returned a weighted average rate of 5.07% on deposit generating £748K of interest against a profiled budget of £433K.

##### Borrowing

- 4.4 The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e., its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.
- 4.5 The Council's capital financing requirement (CFR) for 2023/24 was forecast as £105.97M with the current forecast CFR at quarter 2 is, however, £108.14M. This is principally due to the impact of the change in MRP policy as set out earlier in this report.
- 4.6 If the CFR is positive the Council may borrow from the PWLB, or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £59.01M and has utilised £49.13M of cash flow funds in lieu of borrowing and with current forecasts estimating new borrowing of £15.5M later in the financial year. However, the potential for slippage & uncertainty regarding the progress of some schemes under development make this difficult to quantify with certainty and the actual amount of borrowing may be lower.
- 4.7 Consideration also needs to be given to the recent volatility in the markets leading to PWLB interest rates being in excess of 5% at the time of writing. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

##### Prudential Indicators

- 4.8 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable. The indicators are set out in **Annex A** of The Mid -Year Report at **Appendix A**

**5.0 OPTIONS AND OPTIONS ANALYSIS**

5.1 As the report is for consideration and progressing to Budget and Performance Panel and Full Council, no alternative options are put forward.

**6.0 CONCLUSION**

6.1 Consideration of Treasury Management Mid-Year Review and presentation to Full Council will ensure the Council complies with CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

|   |   |
|---|---|
| <p><b>RELATIONSHIP TO POLICY FRAMEWORK</b><br/>Treasury Management forms part of the Councils budget framework</p>  |   |
| <p><b>CONCLUSION OF IMPACT ASSESSMENT<br/>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b><br/><br/>Effective Treasury Management and use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.</p>   |   |
| <p><b>LEGAL IMPLICATIONS</b><br/>None directly arising from this report.</p>  |   |
| <p><b>FINANCIAL IMPLICATIONS</b><br/>There are no financial implications arising directly from this report.<br/><br/>However, due to the financial pressures faced by the Council, and the significant increase in interest rates and borrowing costs areas of capital investment may be delayed, reprofiled or stopped. Financial due diligence and assessment will ensure that all the appropriate costs are considered for each proposal and external advice considered ahead of any borrowing being incurred.</p> |   |
| <p><b>OTHER RESOURCE IMPLICATIONS</b><br/>There are no additional resource or risk implications</p>   |   |
| <p><b>SECTION 151 OFFICER'S COMMENTS</b><br/>The s151 Officer has written this report in his role as Chief Finance Officer</p>  |   |
| <p><b>MONITORING OFFICER'S COMMENTS</b><br/>The Monitoring Officer has been consulted and has no further comments</p>   |   |
| <p><b>BACKGROUND PAPERS</b></p>   | <p><b>Contact Officer:</b> Paul Thompson<br/><b>Telephone:</b> 01524 582603<br/><b>E-mail:</b> pthompson@lancaster.gov.uk<br/><b>Ref:</b> N/A</p> |

**Treasury Management Strategy Statement and Annual  
Investment Strategy**

**Mid-Year Review 2023/24**

**Report of Chief Finance Officer**



## 1. Background

### Capital Strategy

In December 2021, CIPFA (Chartered Institute of Public Finance and Accountancy) issued revised Prudential and Treasury Management codes. These require all local authorities to prepare a Capital Strategy which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out our Capital Strategy was taken to Council on 22 February 2023.

### Treasury Management

The Council operates a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management services is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and, on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, 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. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice for Treasury Management.

The primary requirements of the Code are as follows:

- (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

- (iii) Receipt by full council of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a Mid-year Review Report and an Annual Report, covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Budget and Performance Panel.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2023/24 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators
- A review of the Council's investment portfolio for 2023/24
- A review of the Council's borrowing strategy for 2023/24
- A review of any debt rescheduling undertaken during 2023/24
- A review of compliance with Treasury and Prudential Limits for 2023/24

### **3. Economics update (provided by Link Asset Services)**

- *The first half of 2023/24 saw:*
  - *Interest rates rise by a further 100 basis points, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.*
  - *Short, medium and long-dated gilts remain elevated as inflation is continually surprised to the upside.*
  - *A 0.5% month on month decline in real GDP in July, mainly due to more strikes.*
  - *CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.*
  - *Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.*
  - *A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage.*
- *The 0.5% month on month fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.*
- *As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall*

into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. The cooling in labour market conditions still has not fed through to an easing in wage growth.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.

#### 4. Interest Rate Forecast

The Council’s treasury advisor, Link Asset Services, provided the following forecast on 25 September 2023. This sets out a view that, short, medium and long-dated interest rates will be elevated for some little while as the Bank of England seeks to squeeze inflation out of the economy. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012:

| Link Group Interest Rate View | 25.09.23 |        |        |        |        |        |        |        |        |        |        |        |        |
|-------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | Dec-23   | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 |
| <b>BANK RATE</b>              | 5.25     | 5.25   | 5.25   | 5.00   | 4.50   | 4.00   | 3.50   | 3.00   | 2.75   | 2.75   | 2.75   | 2.75   | 2.75   |
| 3 month ave earnings          | 5.30     | 5.30   | 5.30   | 5.00   | 4.50   | 4.00   | 3.50   | 3.00   | 2.80   | 2.80   | 2.80   | 2.80   | 2.80   |
| 6 month ave earnings          | 5.60     | 5.50   | 5.40   | 5.10   | 4.60   | 4.10   | 3.60   | 3.10   | 2.90   | 2.90   | 2.90   | 2.90   | 2.90   |
| 12 month ave earnings         | 5.80     | 5.70   | 5.50   | 5.20   | 4.70   | 4.20   | 3.70   | 3.20   | 3.00   | 3.00   | 3.00   | 3.00   | 3.00   |
| 5yr PWLB                      | 5.10     | 5.00   | 4.90   | 4.70   | 4.40   | 4.20   | 4.00   | 3.90   | 3.70   | 3.70   | 3.60   | 3.60   | 3.50   |
| 10 yr PWLB                    | 5.00     | 4.90   | 4.80   | 4.60   | 4.40   | 4.20   | 4.00   | 3.80   | 3.70   | 3.60   | 3.60   | 3.50   | 3.50   |
| 25 yr PWLB                    | 5.40     | 5.20   | 5.10   | 4.90   | 4.70   | 4.40   | 4.30   | 4.10   | 4.00   | 3.90   | 3.80   | 3.80   | 3.80   |
| 50 yr PWLB                    | 5.20     | 5.00   | 4.90   | 4.70   | 4.50   | 4.20   | 4.10   | 3.90   | 3.80   | 3.70   | 3.60   | 3.60   | 3.60   |

#### 5. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy (TMS) for 2023/24, which includes the Annual Investment Strategy was approved by the Council on 22 February 2023. The underlying TMS approved previously requires revision in light of the change in MRP policy. The required changes are reflected in the quarter 2 position reported in Annex A and will be

forwarded on to Budget & Performance Panel for consideration and comment then to Full Council for approval.

## 6. Investment Portfolio

In accordance with the CIPFA Treasury Management Code of Practice the Council's investment priorities are set out as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Following the Government's fiscal event on 23<sup>rd</sup> September 2022, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. Nothing further has evolved in the first half of 2023/24.

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

The average level of funds available for investment purposes over the six-month period was **£32.9M**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

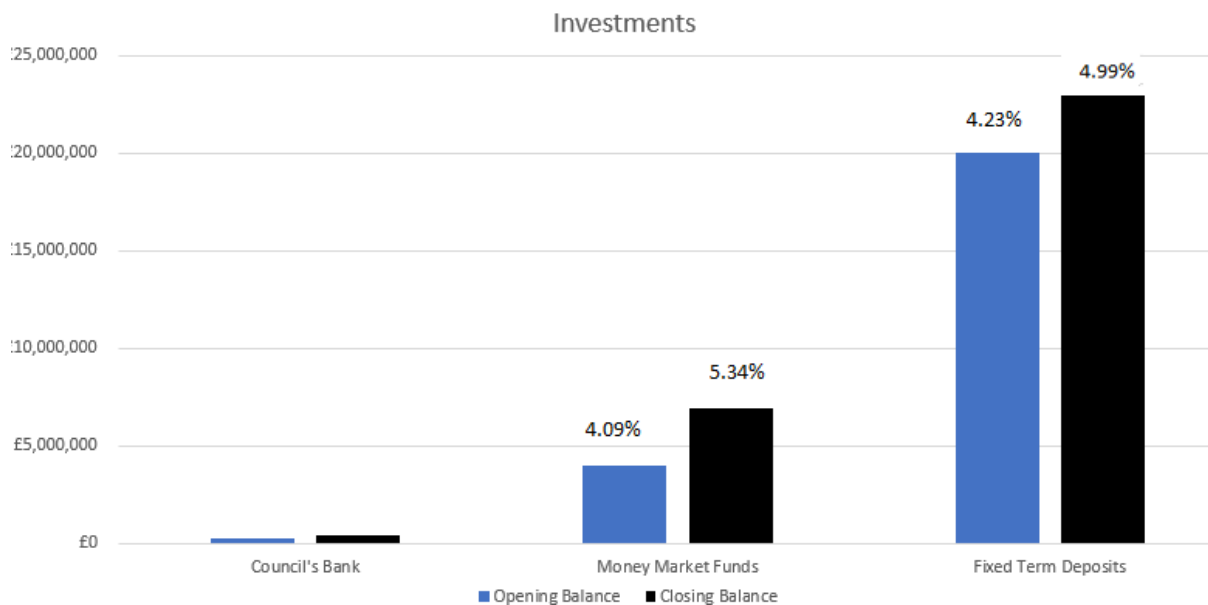
In terms of performance against external benchmarks, the return on investments compared to the SONIA (average) and bank rates at the end of the period is as follows. This is viewed as reasonable performance, given the need to prioritise security of investments, and liquidity (i.e. making sure that the Council's cashflow meets its needs):

|                                    |       |
|------------------------------------|-------|
| Base Rate                          | 5.25% |
| SONIA (average)                    | 4.74% |
| Lancaster City Council investments | 5.07% |

### Investment Balances – quarter ended 30 September 2023

At the start of the year investments totalled £24.0M rising to £29.9M by 30 September. Fixed term investments rose from £20M to £23M whilst Money Market Fund balances rose from £4M to £6.9M

| Other Investments                       | Term     | Maturity Date | Opening 1.4.23<br>£ | Closing 3.09.23<br>£ | Indicative Rate (YTD) | Current Fixed Rate     | Interest to Date<br>£ |
|---|----------|---------------|---------------------|----------------------|-----------------------|------------------------|-----------------------|
| <b>Call Accounts</b>                    |          |               |                     |                      |                       |                        |                       |
| Natwest (Cash Manager Plus)             |          |               | 244,000             | 396,500              | 0.12%                 |                        | 3,797                 |
| <b>Money Market Funds</b>               |          |               |                     |                      |                       |                        |                       |
| Aberdeen Life Investments               |          |               | 0                   | 900,000              | 5.28%                 |                        | 105,515               |
| Blackrock Sterling Liquidity First Fund |          |               | 4,000,000           | 0                    | 4.09%                 |                        | 51,739                |
| LGIM                                    |          |               | 0                   | 6,000,000            | 5.35%                 |                        | 106,022               |
| Insight                                 |          |               | 0                   | 0                    | 5.14%                 |                        | 34,512                |
| Goldman Sachs                           |          |               | 0                   | 0                    | 5.14%                 |                        | 7,045                 |
| Lancashire County Council               |          |               | 0                   | 0                    | 5.00%                 |                        | 2,147                 |
| <b>Fixed Term Deposits</b>              |          |               |                     |                      |                       |                        |                       |
| London Borough of Newham                | 233 days | 26/05/2023    | 5,000,000           | 0                    |                       | 3.50%                  | 26,370                |
| West Dunbartonshire                     | 184 days | 22/11/2023    | 5,000,000           | 5,000,000            |                       | 4.55%                  | 104,979               |
| Halton Borough Council                  | 186 days | 20/11/2023    | 5,000,000           | 5,000,000            |                       | 4.50%                  | 104,438               |
| Aberdeen City Council                   | 92 days  | 03/08/2023    | 5,000,000           | 0                    |                       | 4.35%                  | 68,849                |
| Birmingham City Council                 | 213 days | 19/01/2024    | 0                   | 5,000,000            |                       | 5.05%                  | 71,253                |
| Bradford City Council                   | 184 days | 31/01/2024    | 0                   | 5,000,000            |                       | 5.50%                  | 46,712                |
| London Borough of Barking & Dagenham    | 153 days | 30/01/2024    | 0                   | 3,000,000            |                       | 5.60%                  | 14,729                |
| <b>Sub-total</b>                        |          |               | <b>24,244,000</b>   | <b>30,296,500</b>    |                       |                        | <b>748,107</b>        |
|   |          |               |                     |                      |                       | <b>Budgeted income</b> | <b>433,000</b>        |
|   |          |               |                     |                      |                       |                        | <b>315,107</b>        |



### Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMS is meeting the requirement of the treasury management function.

### Approved Limits

Officers can confirm that, with one exception where funds held in the Council's bank account overnight exceeded the £1.5M specified limit, the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2023.

## **Borrowing**

The Council's capital financing requirement (CFR) for 2023/24 was forecast as £105.97M as set out in **Annex A**. The current forecast CFR at quarter 2 is, however, £108.14M. This is principally due to the impact of the change in the Council's MRP policy during 2022/23. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £59.01m and has utilised £49.13m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

No new external borrowing has, to date, been undertaken. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Rates are forecast to fall back over the next two to three years as inflation dampens and 50 year rates are forecast to stand at 3.9% by the end of September 2025, however, there is a high degree of uncertainty as to whether rates will fall that far.

It is anticipated that further borrowing will need to be undertaken during this financial year. This is currently in the region of £15.5M, however, the potential for slippage & uncertainty regarding the progress of some schemes under development make this difficult to quantify with certainty and the actual amount of borrowing may be lower. Consideration also needs to be given to the recent volatility in the markets leading to PWLB interest rates being in excess of 5% at the time of writing. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

## **7. Debt Rescheduling**

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

## **8. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30<sup>th</sup> September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The amendments to the Treasury Management Strategy for 2023/24 are reflected in the quarter 2 position set out at Annex A and will be passed on the Budget & Performance panel for consideration and comment then presented to Dull Council for approval. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

**9. Other Issues**

**Changes in risk appetite**

The 2021 CIPFA Codes and guidance notes have placed enhanced 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 to other types of investment instruments this change in risk appetite and policy should be brought to members' attention in treasury management update reports. There are no such changes to report.

**PRUDENTIAL INDICATORS - MID YEAR REVIEW****Prudential Indicator for Capital Expenditure**

This table shows the current estimates for the General Fund and Housing Revenue Account capital programmes, compared to the original estimates.

| Capital Expenditure by Fund      | 2023/24                 |                          |
|----------------------------------|-------------------------|--------------------------|
|                                  | Original Estimate<br>£m | Quarter 2 Position<br>£m |
| General Fund                     | 19.61                   | 23.97                    |
| Council Housing (HRA)            | 6.20                    | 7.22                     |
| <b>Total Capital Expenditure</b> | <b>25.81</b>            | <b>31.19</b>             |

**ANNEX A****Changes to the Financing of the Capital Programmes**

This table shows the changes in the financing of the capital programme and the level of borrowing required.

| Capital Expenditure              | 2023/24                 |                          |
|----------------------------------|-------------------------|--------------------------|
|                                  | Original Estimate<br>£m | Quarter 2 Position<br>£m |
| <b>Total capital expenditure</b> | <b>25.81</b>            | <b>31.19</b>             |
| Financed by:                     |                         |                          |
| Capital receipts                 | 1.52                    | 1.53                     |
| Capital grants                   | 8.25                    | 10.54                    |
| Reserves                         | 2.77                    | 4.77                     |
| Revenue                          | 2.21                    | 2.55                     |
| <b>Total Financing</b>           | <b>14.75</b>            | <b>19.39</b>             |
| <b>Borrowing Requirement</b>     | <b>11.06</b>            | <b>11.80</b>             |

**Changes to the Capital Financing Requirement**

| Capital Financing Requirement              | 2023/24                 |                          |
|--|-------------------------|--------------------------|
|  | Original Estimate<br>£m | Quarter 2 Position<br>£m |
| General Fund                               | 71.87                   | 74.05                    |
| HRA  | 34.10                   | 34.09                    |
| <b>Total Capital Financing Requirement</b> | <b>105.97</b>           | <b>108.14</b>            |
| <b>Net movement in CFR</b>                 | <b>3.47</b>             | <b>2.17</b>              |



### Limits to Borrowing Activity

A key control over treasury management activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total capital financing requirement.

| External Debt v Borrowing Need (CFR)           | 2023/24                 |                          |
|--|-------------------------|--------------------------|
|  | Original Estimate<br>£m | Quarter 2 Position<br>£m |
| External Debt                                  | 59.01                   | 59.01                    |
| Expected Change in Other long term liabilities | 14.46                   | 14.46                    |
| <b>Total Debt</b>                              | <b>73.47</b>            | <b>73.47</b>             |
| <b>Compared to current :</b>                   |                         |                          |
| Capital Financing Requirement                  | 105.97                  | 108.14                   |
| <b>Operational Boundary:-</b>                  |                         |                          |
| Debt   | 106.96                  | 109.14                   |
| <b>Authorised Limit:-</b>                      |                         |                          |
| Debt   | 122.00                  | 124.00                   |

#### Definitions:

##### Operational Boundary

The limit beyond which external debt is not normally expected to exceed is known as the operational boundary.

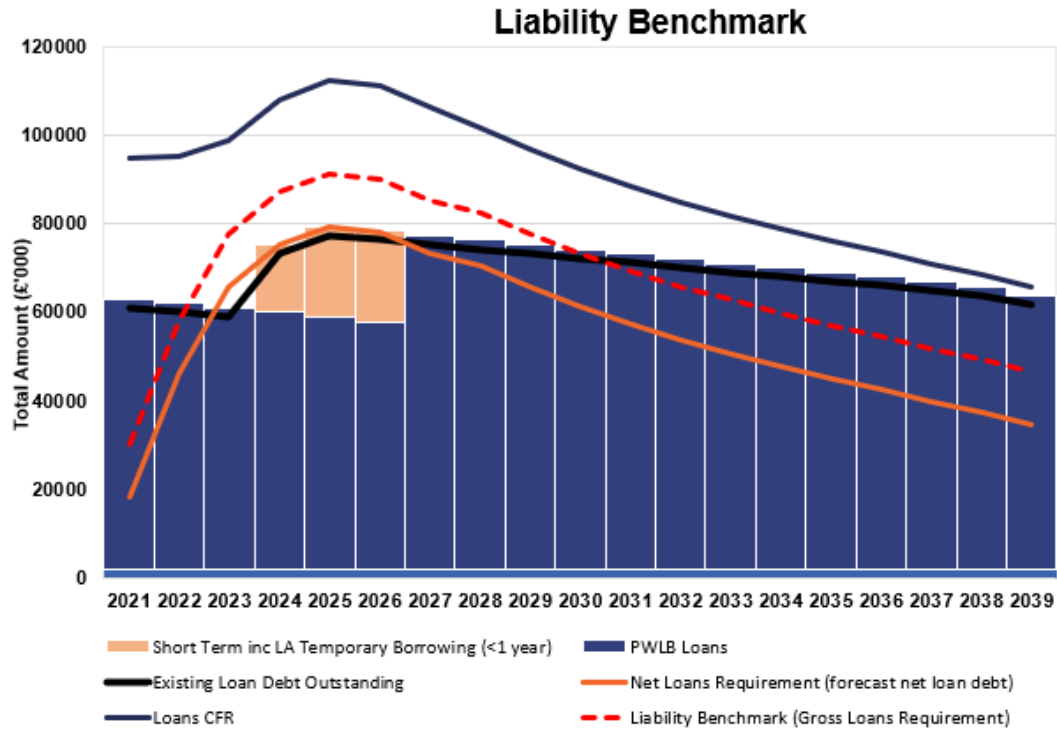
##### Authorised Limit for External Debt

A further prudential indicator controls the overall level of borrowing. This is the authorised limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but it is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements.

### Liability Benchmark

The Council's liability benchmark reflecting the mid-year position is set out below. This charts the following four key components:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.





| Capital Expenditure                    | 2021/22 Actual £m | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                           | 11.22             | 10.44             | 23.97               | 14.29               | 5.73                | 2.78                |
| Housing Revenue Account (HRA)          | 3.76              | 5.31              | 7.22                | 4.46                | 4.00                | 3.90                |
| <b>Total</b>                           | <b>14.98</b>      | <b>15.75</b>      | <b>31.19</b>        | <b>18.75</b>        | <b>9.73</b>         | <b>6.68</b>         |
| <b>Financed by:</b>                    |                   |                   |                     |                     |                     |                     |
| Capital receipts                       | -0.06             | -0.22             | -1.53               | -0.54               | -0.50               | -0.50               |
| Capital grants                         | -7.49             | -5.15             | -10.54              | -4.55               | -2.21               | -2.23               |
| Capital reserves                       | -3.46             | -4.94             | -3.45               | -3.85               | -3.43               | -3.40               |
| Revenue                                | -0.48             | -0.83             | -2.55               | -0.11               | -0.07               | -0.00               |
| <b>Net financing need for the year</b> | <b>3.49</b>       | <b>4.61</b>       | <b>13.12</b>        | <b>8.53</b>         | <b>3.52</b>         | <b>0.55</b>         |

| Capital Financing Requirement | 2021/22 Actual £m | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|-------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| CFR – Non Housing             | 59.06             | 63.56             | 74.05               | 79.17               | 78.97               | 75.47               |
| CFR – Housing                 | 36.18             | 35.13             | 34.09               | 33.05               | 32.01               | 30.97               |
| <b>Total CFR</b>              | <b>95.24</b>      | <b>98.69</b>      | <b>108.14</b>       | <b>112.22</b>       | <b>108.78</b>       | <b>106.44</b>       |
| <b>Movement in CFR</b>        |                   |                   |                     |                     |                     |                     |
| Non Housing                   | 1.34              | 4.51              | 10.48               | 5.12                | -0.20               | -3.49               |
| Housing                       | -1.04             | -1.05             | -1.04               | -1.04               | -1.04               | -1.04               |
| <b>Net Movement in CFR</b>    | <b>0.29</b>       | <b>3.46</b>       | <b>9.44</b>         | <b>4.08</b>         | <b>-1.24</b>        | <b>-4.54</b>        |

| Movement in CFR represented by                         |             |             |             |             |              |              |
|--|-------------|-------------|-------------|-------------|--------------|--------------|
| Net financing need for the year (above) re Non Housing | 3.49        | 4.61        | 13.12       | 8.53        | 3.52         | 0.55         |
| Less MRP/VRP and other financing movements             | -3.20       | -1.15       | -3.68       | -4.45       | -4.76        | -5.09        |
| <b>Net Movement in CFR</b>                             | <b>0.29</b> | <b>3.46</b> | <b>9.44</b> | <b>4.08</b> | <b>-1.24</b> | <b>-4.54</b> |

| Year End Resources          | 2021/22 Actual £m | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|-----------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Fund balances / reserves    | 42.60             | 33.85             | 28.41               | 27.22               | 27.39               | 27.93               |
| Capital receipts            | 1.27              | 2.39              | 0.00                | 0.00                | 0.00                | 0.00                |
| Provisions                  | 6.66              | 4.74              | 5.00                | 5.00                | 5.00                | 5.00                |
| <b>Total core funds</b>     | <b>50.53</b>      | <b>40.98</b>      | <b>33.41</b>        | <b>32.22</b>        | <b>32.39</b>        | <b>32.93</b>        |
| Working capital*            | 32.85             | 19.02             | 15.00               | 15.00               | 15.00               | 15.00               |
| Under borrowing             | -35.19            | -39.68            | -34.67              | -34.79              | -34.58              | -31.09              |
| <b>Expected investments</b> | <b>48.19</b>      | <b>20.32</b>      | <b>13.74</b>        | <b>12.43</b>        | <b>12.81</b>        | <b>16.84</b>        |

\*Working capital balances shown are estimated year end; these may be higher mid-year

| Ratio of Financing Costs to Net Revenue Stream | 2021/22 Actual % | 2022/23 Actual % | 2023/24 Estimate % | 2024/25 Estimate % | 2025/26 Estimate % | 2026/27 Estimate % |
|--|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund                                   | 18.50            | 5.90             | 22.96              | 25.01              | 25.08              | 24.34              |
| HRA  | 19.87            | 18.79            | 17.00              | 16.22              | 16.25              | 15.99              |

|  | 2021/22 Actual £m | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>External Debt</b>                     |                   |                   |                     |                     |                     |                     |
| Debt at 1 April                          | 61.09             | 60.05             | 59.01               | 73.47               | 77.43               | 76.39               |
| Expected change in Debt                  | -1.04             | -1.04             | 14.46               | 3.96                | -1.04               | -1.04               |
| Other long-term liabilities (OLTL)       | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                | 0.00                |
| Expected change in OLTL                  | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                | 0.00                |
| <b>Actual gross debt at 31 March</b>     | <b>60.05</b>      | <b>59.01</b>      | <b>73.47</b>        | <b>77.43</b>        | <b>76.39</b>        | <b>75.35</b>        |
| <b>The Capital Financing Requirement</b> | 95.24             | 98.69             | 108.14              | 112.22              | 110.97              | 106.44              |
| <b>Under Borrowing</b>                   | <b>-35.19</b>     | <b>-39.68</b>     | <b>-34.67</b>       | <b>-34.79</b>       | <b>-34.58</b>       | <b>-31.09</b>       |

| Operational boundary for external debt | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Debt*                                  | 99.00             | 108.14              | 112.22              | 110.97              | 106.44              |
| Other long term liabilities            | 0.00              | 1.00                | 1.00                | 1.00                | 1.00                |
| <b>Total</b>                           | <b>99.00</b>      | <b>109.14</b>       | <b>113.22</b>       | <b>111.97</b>       | <b>107.44</b>       |

| Authorised Limit for external debt | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Debt                               | 115.00            | 123.00              | 127.00              | 126.00              | 121.00              |
| Other long-term liabilities        | 0.00              | 1.00                | 1.00                | 1.00                | 1.00                |
| <b>Total</b>                       | <b>115.00</b>     | <b>124.00</b>       | <b>128.00</b>       | <b>127.00</b>       | <b>122.00</b>       |

| Capital Expenditure                    | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                           | 11.22             | 13.90               | 19.61               | 13.12               | 5.73                | 2.78                |
| Housing Revenue Account (HRA)          | 3.76              | 7.06                | 6.20                | 4.46                | 4.00                | 3.90                |
| <b>Total</b>                           | <b>14.98</b>      | <b>20.96</b>        | <b>25.81</b>        | <b>17.58</b>        | <b>9.73</b>         | <b>6.68</b>         |
| <b>Financed by:</b>                    |                   |                     |                     |                     |                     |                     |
| Capital receipts                       | -0.06             | -0.67               | -1.52               | -0.54               | -0.50               | -0.50               |
| Capital grants                         | -7.49             | -6.51               | -8.25               | -4.55               | -2.21               | -2.23               |
| Capital reserves                       | -3.46             | -4.87               | -2.77               | -3.85               | -3.43               | -3.40               |
| Revenue                                | -0.48             | -2.14               | -2.21               | -0.11               | -0.07               | -0.00               |
| <b>Net financing need for the year</b> | <b>3.49</b>       | <b>6.77</b>         | <b>11.06</b>        | <b>8.53</b>         | <b>3.52</b>         | <b>0.55</b>         |

| Capital Financing Requirement | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|-------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| CFR – Non Housing             | 59.06             | 63.73               | 71.87               | 76.98               | 76.77               | 73.30               |
| CFR – Housing                 | 36.18             | 35.14               | 34.10               | 33.05               | 32.01               | 30.97               |
| <b>Total CFR</b>              | <b>95.24</b>      | <b>98.86</b>        | <b>105.96</b>       | <b>110.04</b>       | <b>108.78</b>       | <b>104.28</b>       |
| <b>Movement in CFR</b>        |                   |                     |                     |                     |                     |                     |
| Non Housing                   | 1.34              | 4.67                | 8.14                | 5.11                | -0.21               | -3.46               |
| Housing                       | -1.04             | -1.04               | -1.04               | -1.04               | -1.04               | -1.04               |
| <b>Net Movement in CFR</b>    | <b>0.29</b>       | <b>3.63</b>         | <b>7.10</b>         | <b>4.07</b>         | <b>-1.26</b>        | <b>-4.51</b>        |

| Movement in CFR represented by                         |             |             |             |             |              |              |
|--|-------------|-------------|-------------|-------------|--------------|--------------|
| Net financing need for the year (above) re Non Housing | 3.49        | 6.77        | 11.06       | 8.53        | 3.52         | 0.55         |
| Less MRP/VRP and other financing movements             | -3.20       | -3.14       | -3.96       | -4.46       | -4.78        | -5.06        |
| <b>Net Movement in CFR</b>                             | <b>0.29</b> | <b>3.63</b> | <b>7.10</b> | <b>4.07</b> | <b>-1.26</b> | <b>-4.51</b> |

| Year End Resources          | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|-----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund balances / reserves    | 42.60             | 31.50               | 28.41               | 27.22               | 27.39               | 27.93               |
| Capital receipts            | 1.27              | 0.73                | 0.00                | 0.00                | 0.00                | 0.00                |
| Provisions                  | 6.66              | 5.00                | 5.00                | 5.00                | 5.00                | 5.00                |
| <b>Total core funds</b>     | <b>50.53</b>      | <b>37.23</b>        | <b>33.41</b>        | <b>32.22</b>        | <b>32.39</b>        | <b>32.93</b>        |
| Working capital*            | 32.85             | 31.00               | 15.00               | 15.00               | 15.00               | 15.00               |
| Under borrowing             | -35.20            | -39.86              | -32.50              | -32.62              | -32.40              | -28.94              |
| <b>Expected investments</b> | <b>48.18</b>      | <b>28.37</b>        | <b>15.91</b>        | <b>14.60</b>        | <b>14.99</b>        | <b>18.99</b>        |

\*Working capital balances shown are estimated year end; these may be higher mid-year

| Ratio of Financing Costs to Net Revenue Stream | 2021/22 Actual % | 2022/23 Estimate % | 2023/24 Estimate % | 2024/25 Estimate % | 2025/26 Estimate % | 2026/27 Estimate % |
|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund                                   | 18.50            | 14.90              | 24.31              | 25.05              | 25.12              | 24.23              |
| HRA  | 19.87            | 18.57              | 17.00              | 16.22              | 16.25              | 15.99              |

|  | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>External Debt</b>                     |                   |                     |                     |                     |                     |                     |
| Debt at 1 April                          | 61.08             | 60.04               | 59.00               | 73.46               | 77.42               | 76.38               |
| Expected change in Debt                  | -1.04             | -1.04               | 14.46               | 3.96                | -1.04               | -1.04               |
| Other long-term liabilities (OLTL)       | 0.00              | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| Expected change in OLTL                  | 0.00              | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| <b>Actual gross debt at 31 March</b>     | <b>60.04</b>      | <b>59.00</b>        | <b>73.46</b>        | <b>77.42</b>        | <b>76.38</b>        | <b>75.34</b>        |
| <b>The Capital Financing Requirement</b> | 95.24             | 98.86               | 105.96              | 110.04              | 108.78              | 104.28              |
| <b>Under Borrowing</b>                   | <b>-35.20</b>     | <b>-39.86</b>       | <b>-32.50</b>       | <b>-32.62</b>       | <b>-32.40</b>       | <b>-28.94</b>       |

| Operational boundary for external debt | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt*                                  | 98.86               | 105.96              | 110.04              | 108.78              | 104.28              |
| Other long term liabilities            | 1.00                | 1.00                | 1.00                | 1.00                | 1.00                |
| <b>Total</b>                           | <b>99.86</b>        | <b>106.96</b>       | <b>110.04</b>       | <b>109.78</b>       | <b>105.28</b>       |

| Authorised Limit for external debt | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt                               | 114.00              | 121.00              | 125.00              | 124.00              | 119.00              |
| Other long-term liabilities        | 1.00                | 1.00                | 1.00                | 1.00                | 1.00                |
| <b>Total</b>                       | <b>115.00</b>       | <b>122.00</b>       | <b>126.00</b>       | <b>125.00</b>       | <b>120.00</b>       |





**CABINET****Medium Term Financial Strategy Update****2023/24 – 2028/29****5 December 2023****Report of Chief Finance Officer****PURPOSE OF REPORT**

To provide an update on the Council's Medium Term Financial Strategy forecasts for 2023/24 to 2028/29 and outline the approach to balancing the budget.

**This report is public.**

**RECOMMENDATION OF COUNCILLOR HAMILTON-COX**

That Cabinet considers :

- (1) The draft future years estimates as set out in the report as the latest information available, accepting that this is an interim position.
- (2) Agrees that the update be referred on to December Council for information.
- (3) Notes the Council Tax Base for 2024/25 as set out in paragraph 3.12.

**1.0 INTRODUCTION**

1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.

1.2 This report sets out:

- An updated budget gap analysis taking account of the latest funding outlook and other information on expenditure and income pressures.
- A summary of the budget framework strategy

1.3 It is critically important that all Members understand that the position reported is an interim update of the baseline position and primarily for information. It contains a series of estimates and assumptions that are based on the latest information available. These are highly likely to change over the coming months as we work through the budget process. Nor does it include any interventions through the Council's agreed Outcomes Based Resourcing process, or any impact the Local Government Finance Settlement due mid-December may have.

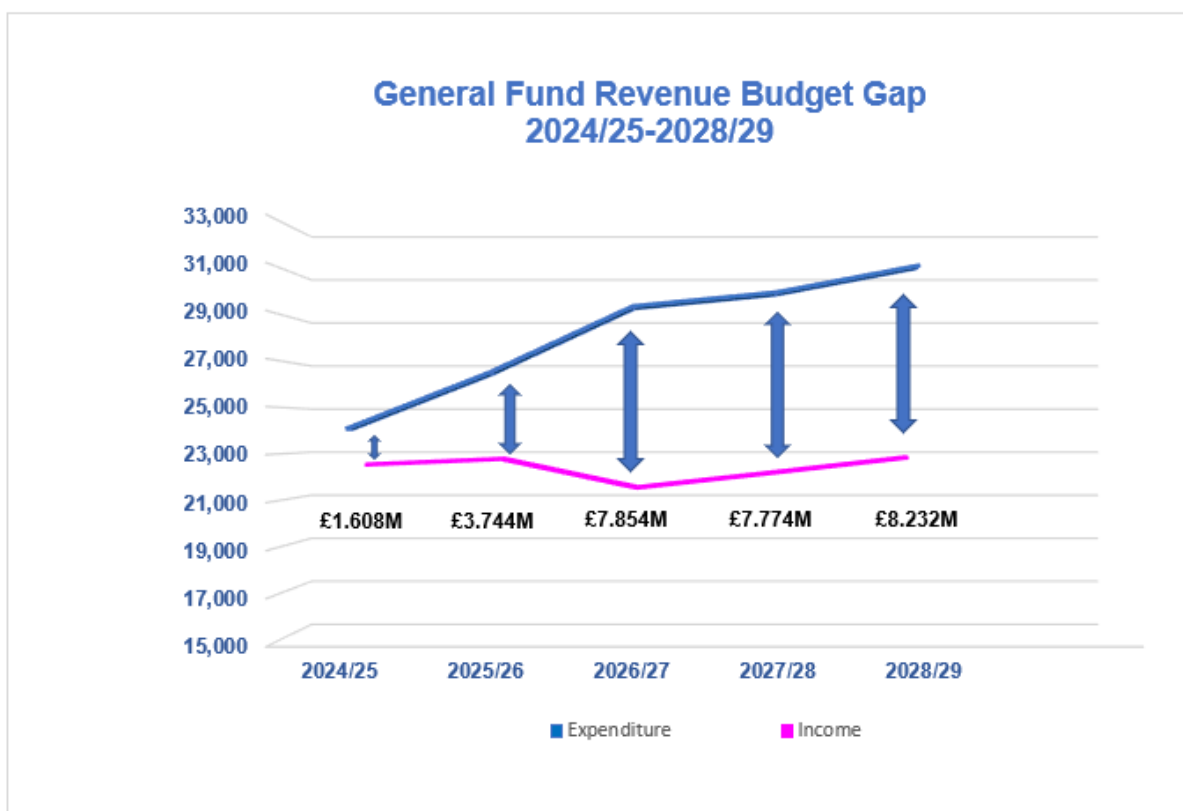
**2.0 UPDATED BUDGET GAP ANALYSIS**

2.1 Officers have been working with budget holders and Senior Leadership Team to update the Council's Medium Term Financial position. The review considered latest available information around government funding, other income streams as well as forecast expenditure levels incorporating known budget pressures including those associated with the current cost of living crisis. It aims to provide a baseline position.

2.2 As noted above, this baseline forecast is subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any Outcomes Based Resourcing (OBR) proposals, nor does it reflect the revenue impact of any revisions to the capital programme. It sets a baseline position without any further interventions in the Budget setting process. The interventions and actions being undertaken include:

- A range of income and efficiency proposals aiming to significantly reduce the 2024/25 budget gap, to be brought forward in the upcoming Budget and Policy Framework.
- A mid-term Outcomes-Based Resourcing process to realign our expenditure with core duties and priorities

2.4 The current budget gap for the next five years to 2028/29 is summarised in the graph below. The graph below assumes no intervention, but it does highlight the scale of the challenge facing the Council, the reasons for which are outlined in the report.



**3.0 GOVERNMENT FUNDING PROSPECTS**

3.1 Members will be aware that Local Government funding has changed significantly over recent years. Significant reductions in central funding have taken place and as a result the Council is now almost entirely reliant on Council Tax and Business Rates with a small amount of income from some assets and services to fund net expenditure. It is, therefore, important to provide regular estimates of these key funding streams.

Autumn Statement

3.2 Government announced its Autumn Statement on 22 November and whilst a number of announcements made national and local headlines particularly around personnel taxation and devolution. The statement was silent on a number of key points notably:

- o The level and distribution of specific grants such as Lower Tier Services Grant and One-off Services Grant
- o Fair Funding Review
- o Business rates reset
- o Reforms to the New Homes Bonus

- 3.3 This in turn significantly reduces the level of certainty needed to plan effectively and efficiently.
- 3.4 The Autumn Statement itself only provides useful headline messages regarding Local Government’s funding prospects over the next few years but it does not provide information at individual Authority level. The level of detail required for Council’s to finalise their budgets will not be available until the announcement of the Local Government Finance Settlement. It is understood that this is likely to be published in the week before Christmas.
- 3.5 A further update will be produced for all Members once the Settlement has been announced and its impact assessed. This will be reported into January’s Cabinet and Council meetings.

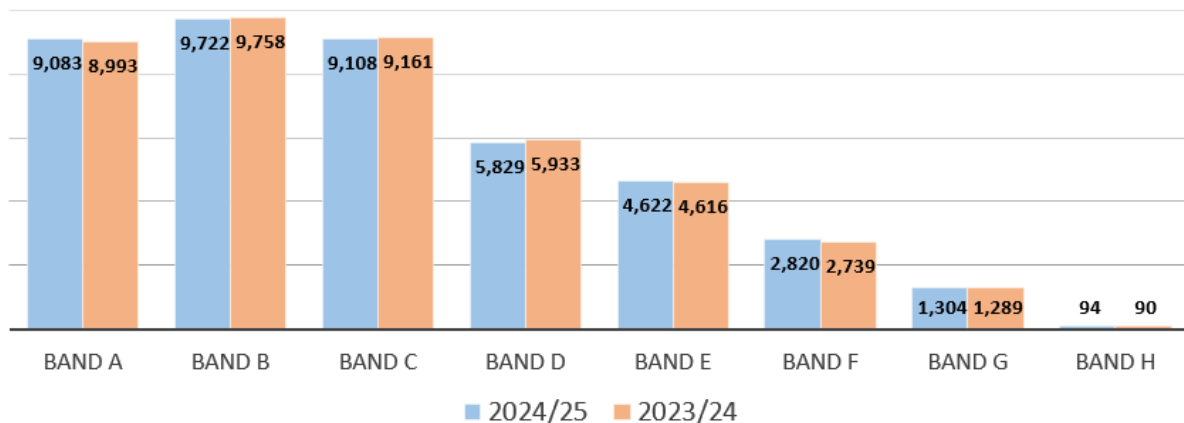
Local Government Finance Settlement

- 3.6 Given that the Settlement announcement is imminent, and the current level of uncertainty, there is little benefit to be gained from spending significant time on modelling different funding scenarios; real information is needed at this stage in the process.
- 3.7 Nonetheless, some preliminary high-level work has been done to update the budget scenarios, in order that we do not to lose sight of the potential risks and the challenge created by the underlying position.
- 3.8 This has taken the updated budget position and reflected several assumptions such as general inflation, the Local Government Pay Award and prospects for retained Business Rates, Council Tax yield and New Homes Bonus.

Council Tax

- 3.9 Council tax is the Council’s primary source of funding and is calculated by multiplying the tax base, the number of eligible residential properties (expressed in band D equivalents), by the level of the district council precept which is determined each year.
- 3.10 The tax base for 2024/25 has been calculated as 42,583 Band D equivalent properties after allowing for a collection rate of 98.68%, the same as in previous years. This equates to a negligible increase in the tax base from 42,579 in 2023/24. There are three issues underlying the lack of growth which in previous years has been in the region of 1% increase per annum. Fewer new properties than forecast were completed during 2023/24 and the number of new properties forecast for 2024/25 is also reduced. There has also been an increase in exempt accounts together with an increase in the number of properties eligible for 25% occupancy reductions. From 2025/26 1% growth in the Tax base has been used for forecasting.

**Council Tax Base Comparison**



- 3.11 The Government's referendum criteria which limits increases in the Council's element of Council Tax currently remains unchanged at 3% or £5, whichever is greater. For the purposes of forecasting, it has been assumed that the Council will increase council tax by 2.99%, the maximum allowed before triggering a referendum, in each of the next three years.
- 3.12 The table below sets out Council Tax forecasts for the next four years including a sensitivity analysis showing the potential impact on council tax yield of different scenarios:

|   | Actual<br>2023/24  | Forecast<br>2024/25 | Forecast<br>2025/26 | Forecast<br>2026/27 | Forecast<br>2027/28 | Forecast<br>2028/29 |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Council Tax Band D<br>2.99% increase  |                    | £256.63             | £264.31             | £272.21             | £280.35             | £288.73             |
| Council Tax Band D<br>(£5 increase)   | £249.18            | £254.18             | £259.18             | £264.18             | £269.18             | £274.18             |
| Tax base (1% growth<br>from 2025/26)  | 42,579             | 42,583              | 43,009              | 43,439              | 43,873              | 44,312              |
| <b>Council Tax Income</b>   | <b>£10,610,019</b> | <b>£10,928,285</b>  | <b>£11,367,591</b>  | <b>£11,824,557</b>  | <b>£12,299,892</b>  | <b>£12,794,335</b>  |
| Previous MTFS   |                    | £11,037,000         | £11,480,000         | £11,942,000         | £12,422,000         | £12,422,000         |
| <b>Difference Increase<br/>or (Decrease)</b>  |                    | <b>(£108,715)</b>   | <b>(£112,409)</b>   | <b>(£117,443)</b>   | <b>(£122,108)</b>   | <b>(£122,108)</b>   |
| <b>Scenario 1</b> – No<br>increase in Council<br>tax over period of<br>MTFS                     |                    | (£425,985)          | (£762,875)          | (£1,117,703)        | (£1,489,460)        | (£1,380,135)        |
| <b>Scenario 2</b> – Council<br>Tax Band D (£5<br>increase)                                      |                    | (£213,070)          | (£332,786)          | (£466,120)          | (£611,994)          | (£272,334)          |
| <b>Scenario 3</b> – 1.5%<br>increase in tax base<br>growth & 2.99%<br>increase from<br>2025/26) |                    | (£108,715)          | (£56,134)           | (£79)               | £61,469             | £627,576            |

#### Business Rates

- 3.13 Business Rates is now a fundamental part of the local government finance settlement and, along with Council Tax, accounts for the majority of local government financing. There are currently several significant uncertainties which make forecasting and planning extremely difficult, these are set out below.
- 3.14 The Chancellor's autumn statement set out a number of reliefs and discounts. The small and standard business rates multipliers have been de-coupled for the first time. The small business rates multiplier has been frozen for the fourth year in a row whilst the standard multiplier has been uprated by the increase in CPI inflation of 6.7%. In its consultation on the proposal to de-couple the multipliers DHLUC did recognise that this would present an implementation challenge to local authorities and additional technical feasibility issues and that there would be a knock-on impact on arrangements to index baseline funding levels. These changes make forecasting which is already challenging more difficult than usual.
- 3.15 Councils are usually fully compensated for the reliefs and discounts referred to above. Such compensation usually takes the form of Section 31 grant which is factored into the retained rates calculation. The detail behind this is not yet available. In prior years the Section 31 grant adjustments, particularly those related to freezing the multiplier have been significant. The adjustment factor related to the freezing of the multiplier is normally confirmed with the release of the NNDR1 form after the finance settlement.
- 3.16 The Local Government Finance Settlement is not expected until mid-December. This sets out tariff, baseline and safety net levels which drive the retained rates calculation and, as noted above, these will be impacted by the decision to de-couple the business rates multipliers. The forecasts in the later table use assumptions based on 2023/24 levels.

- 3.17 We are one of only a small number of Councils with a nuclear power station within its boundary. The rateable value of the Heysham1 and Heysham 2 nuclear reactors accounts for over 30% of the Council's total rateable value. Although the retained business rates scheme does have a safety net mechanism in place to ensure that an authority's income does not drop below more than a set percentage of its index linked spending baseline, the Council is vulnerable to swings in income levels relating to the power station' operations. Heysham 1 is shortly due to be decommissioned with its operators, EDF currently giving an end of generation date of March 2026 rather than the date of March 2024 previously given. There remains a level of uncertainty around the exact timing and whilst EDF have an ambition to continue generation for a further year past the March 2026 date they have also commented that the March 2026 date may not be achieved and remains dependent on future graphite inspection results.
- 3.18 The Autumn Statement remained silent on the prospect of a potential business rates growth reset which would effectively remove all growth from the system by setting the business rates baseline to equal actual rates levels. The decommissioning of the Heysham 1 reactor will, however, have the effect of triggering a safety net payment from Central Government unless there is a significant amount of year-on-year growth over that currently assumed before the end of generation date. This would most likely shift the focus of the baseline reset for Lancaster onto the level of the new safety net payment rather than on the level of growth which can be retained.
- 3.19 The table below provides Business Rates forecasts for the next four years incorporating a number of assumptions and sensitivity analysis. For the reasons set out in the above paragraphs these must remain heavily caveated. Current forecast assumptions are:
- Income to remain in line with business rates monitoring during 2022/23 together with a 2% uplift to baseline and tariff in respect of inflation.
  - Growth of 2% in 2025/26 onwards
  - Heysham 1 reactor to be decommissioned March 2026

|  | 2024/25<br>£      | 2025/26<br>£      | 2026/27<br>£     | 2027/28<br>£     | 2028/29<br>£     |
|--|-------------------|-------------------|------------------|------------------|------------------|
| Retained Business Rates  | 7,517,990         | 7,668,349         |                  |                  |                  |
| Safety Net Payment   | -                 | -                 | 5,842,040        | 5,958,881        | 6,078,059        |
| Renewable Energy Disregard Income  | 3,617,530         | 3,689,881         | 3,763,678        | 3,838,952        | 3,915,731        |
| <b>Sub Total</b>   | <b>11,135,520</b> | <b>11,358,230</b> | <b>9,605,718</b> | <b>9,797,833</b> | <b>9,993,789</b> |
| Previous MTFS  | 10,261,000        | 9,617,000         | 9,809,000        | 10,005,000       | 10,005,000       |
| Difference increase/(decrease)   | 874,520           | 1,741,230         | (203,282)        | (207,167)        | (556,211)        |
| Scenario 1 – Heysham 1 reactor closes March 2026 and rating income tapers off over 6 months in 2026/27 | -                 | -                 | 839,136          | -                | -                |
| Scenario 2 – Heysham 1 reactor life extended to March 2027   | -                 | -                 | 1,776,395        | -                | -                |

- 3.20 In order to reduce the potential impact of large surpluses or deficits in respect of business rates on the General Fund transfers from the Business Rates Retention Reserve are used. The Council also uses the reserve to manage significant fluctuations in income levels in order to smooth the impact and provide some budgetary stability. As further information becomes available, and the forecast position clarifies the current use of the reserve will be reviewed and updated with this aim in mind. The table below shows the current planned transfers from the Reserve.

|                               | 2024/25<br>£ | 2025/26<br>£ | 2026/27<br>£ | 2027/28<br>£ | 2028/29<br>£ |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Planned transfer from reserve | 516,100      | 316,100      | -            | -            | -            |

- 3.21 Further information which will inform the estimates will become available during December and January and updates will be provided as a clearer picture emerges. Further monitoring for 2023/24 will also be undertaken to inform the forecast surplus or deficit for the year. Members are asked to note that the changes could be significant.

#### New Homes Bonus

- 3.22 New Homes Bonus is a reward grant which is calculated from Council Taxbase figures. The growth in the Taxbase is negligible and in consequence no new homes bonus is expected in 2024/25. It has been assumed that there is some recovery in 2025/26 and future years though for the sake of prudence this has been reduced from the previous MTFs assumption. There has been a risk for several years that the Government will seek to further reduce the grant going forward and this remains the case.
- 3.23 The current forecast of levels of New Homes Bonus is set out in the table below. This may be impacted by the finance settlement.

|  | 2023/24<br>£   | 2024/25<br>£     | 2025/26<br>£    | 2026/27<br>£    | 2027/28<br>£    | 2028/29<br>£    |
|--|----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Annual Reward                          | 188,000        | 0                | 90,000          | 90,000          | 90,000          | 90,000          |
| <b>Total</b>                           | <b>188,000</b> | <b>0</b>         | <b>90,000</b>   | <b>90,000</b>   | <b>90,000</b>   | <b>90,000</b>   |
| Previous MTFs                          | 188,000        | 188,000          | 188,000         | 188,000         | 188,000         | 188,000         |
| <b>Difference Increase/ (Decrease)</b> | <b>-</b>       | <b>(188,000)</b> | <b>(98,000)</b> | <b>(98,000)</b> | <b>(98,000)</b> | <b>(98,000)</b> |

#### **4.0 MEDIUM TERM FINANCIAL STRATEGY – CURRENT PROSPECTS TO 2028/29**

- 4.1 Total operational changes included in the base budget for 2024/25 currently amount to an increase in expenditure of £0.671M and are provided in the General Fund Revenue Budget Projections 2024/25-2028/29 table at paragraph 4.3.

#### MTFS Planning Assumptions

- 4.2 Within the current base budget there are several principles and key assumptions underpinning the proposed revenue strategy. The table below, lists the major assumptions that have been made within the MTFs. Members should note these assumptions are highly likely to change as we move through the budget cycle

|                                      | 2024/25                    | 2025/26                    | 2026/27                    | 2027/28                    | 2028/29                    |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Council Tax Base Growth              | -                          | 1.0%                       | 1.0%                       | 1.0%                       | 1.0%                       |
| Council Tax Increase                 | 2.99%                      | 2.99%                      | 2.99%                      | 2.99%                      | 2.99%                      |
| Council Tax Collection Rate          | 98.67%                     | 98.67%                     | 98.67%                     | 98.67%                     | 98.67%                     |
| Fees & Charges                       | 2.8%                       | 1.7%                       | 1.5%                       | 1.5%                       | 1.5%                       |
| Inflation – Pay                      | 5.9%                       | 3.5%                       | 3.0%                       | 3.0%                       | 3.0%                       |
| Employer Pensions Contribution       | 16.3%                      | 16.3%                      | 16.3%                      | 16.3%                      | 16.3%                      |
| Utilities                            | Re-based at current prices | Re-based at current prices | Re-based at current prices | Re-based at current prices | Re-based at current prices |
| Other inflation (Minor cost centres) | 2.8%                       | 1.7%                       | 1.5%                       | 1.5%                       | 1.5%                       |
| Interest Rate – investments          | 4.5%                       | 3.0%                       | 2.8%                       | 2.8%                       | 2.8%                       |
| Interest Rate – new borrowing        | 4.6%                       | 3.8%                       | 3.6%                       | 3.6%                       | 3.6%                       |

## 4.3 General Fund Revenue Projections 2023/24 – 2028/29

| <b>General Fund Revenue Budget Projections 2024/25 to 2028/29</b>                                  |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
| For Consideration by Cabinet 05 December 2023  |               |               |               |               |               |
|  | 2024/25       | 2025/26       | 2026/27       | 2027/28       | 2028/29       |
|  | £'000         | £'000         | £'000         | £'000         | £'000         |
| <b>Revenue Budget/Forecast as at 22 February 2023</b>  | <b>23,407</b> | <b>25,253</b> | <b>27,342</b> | <b>27,690</b> | <b>0</b>      |
| <b>Base Budget Changes</b>   |               |               |               |               |               |
| Employees  | 1,558         | 2,448         | 2,021         | 2,349         | 33,734        |
| Premises Related Exp   | (1,748)       | (1,931)       | (2,096)       | (2,248)       | 11,009        |
| Transport Related Exp  | 52            | 2             | (19)          | (31)          | 1,967         |
| Supplies and Services  | 3,049         | 1,678         | 1,220         | 1,201         | 14,241        |
| Transfer Payments  | 0             | 0             | 0             | 0             | 21,977        |
| Support Services   | (32)          | (36)          | (36)          | (36)          | 546           |
| Capital Charges  | (2)           | (2)           | (2)           | (2)           | 6,804         |
| Capital Financing Costs  | (812)         | (480)         | (483)         | (476)         | 2,124         |
| Capital Financing Inc  | 0             | 0             | 0             | 0             | (8,700)       |
| Appropriations   | (1,317)       | (62)          | 401           | 451           | 6,702         |
| Income   | (77)          | (401)         | 936           | 974           | (59,384)      |
|  |               |               |               |               |               |
| Latest Budgetary Position  | <b>24,078</b> | <b>26,469</b> | <b>29,284</b> | <b>29,872</b> | <b>31,020</b> |
| <b>Outcomes Based Resourcing Proposals:</b>  |               |               |               |               |               |
| Savings/ Income Generation Proposals   |               |               |               |               |               |
| Communities & Leisure  | 0             | 0             | 0             | 0             | 0             |
| Corporate Accounts   | 0             | 0             | 0             | 0             | 0             |
| Environment & Place  | 0             | 0             | 0             | 0             | 0             |
| Financing  | 0             | 0             | 0             | 0             | 0             |
| Governance   | 0             | 0             | 0             | 0             | 0             |
| Housing & Property   | 0             | 0             | 0             | 0             | 0             |
| Other Items  | 0             | 0             | 0             | 0             | 0             |
| Parish Precepts  | 0             | 0             | 0             | 0             | 0             |
| People & Policy  | 0             | 0             | 0             | 0             | 0             |
| Planning & Climate Change  | 0             | 0             | 0             | 0             | 0             |
| Resources  | 0             | 0             | 0             | 0             | 0             |
| Sustainable Growth   | 0             | 0             | 0             | 0             | 0             |
| Revenue Impact of Capital Programme Review (MRP & Interest)  | 0             | 0             | 0             | 0             | 0             |
|  |               |               |               |               |               |
| <b>General Fund Revenue Budget</b>   | <b>24,078</b> | <b>26,469</b> | <b>29,284</b> | <b>29,872</b> | <b>31,020</b> |
| Core Funding:  |               |               |               |               |               |
| Revenue Support Grant  | (406)         |               |               |               |               |
| Prior Year Council Tax (Surplus)/Deficit   |               |               |               |               |               |
| Net Business Rates Income  | (11,136)      | (11,358)      | (9,606)       | (9,798)       | (9,994)       |
|  |               |               |               |               |               |
| <b>Council Tax Requirement</b>   | <b>12,536</b> | <b>15,111</b> | <b>19,678</b> | <b>20,074</b> | <b>21,026</b> |
|  |               |               |               |               |               |
| <b>Estimated Council Tax Income -</b><br>(Increases based on 2.99% for 2024/25 then max allowable) | <b>10,928</b> | <b>11,367</b> | <b>11,824</b> | <b>12,300</b> | <b>12,794</b> |
|  |               |               |               |               |               |
| <b>Resulting Base Budget (Surplus)/Deficit</b>   | <b>1,608</b>  | <b>3,744</b>  | <b>7,854</b>  | <b>7,774</b>  | <b>8,232</b>  |

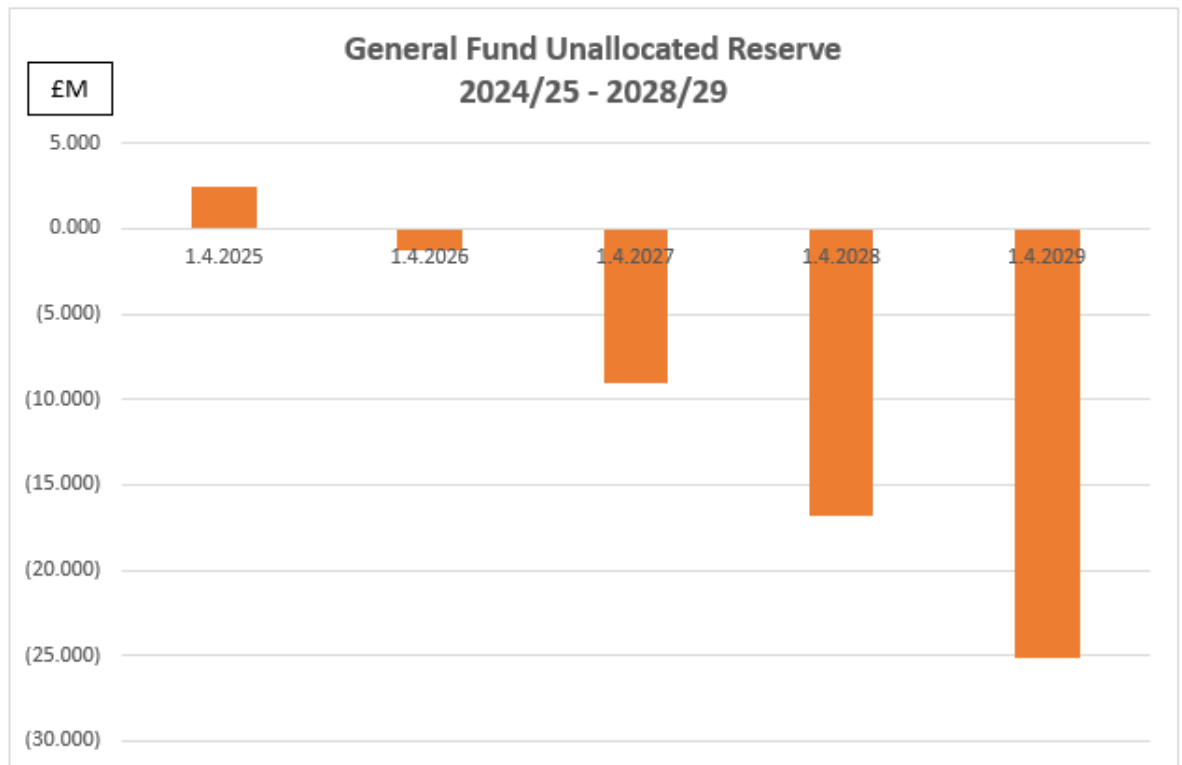
- 4.4 To reaffirm, this baseline forecast deficit positions above are subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any OBR proposals, nor does it reflect the revenue impact of any revisions to the capital programme.



## 5.0 PROVISIONS, RESERVES AND BALANCES

- 5.1 A Council's reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. Councils generally hold two types of reserves, "Unallocated" to meet short term unexpected cost pressures or income reductions and "Earmarked". These can be held to provide for some future anticipated expenditure for identified projects (particularly in respect of corporate priorities), address specific risks such as business rates, provide up-front costs which specifically result in future efficiencies, cost savings or increased income, or to hold funding from other bodies, mainly Government, for specified purposes.
- 5.2 As noted above, reserve levels and their usage are an important part of the budget framework. It is important that the Council maintains a healthy level of reserves in order to maintain financial resilience. Members will recall that during 2022/23 Cabinet approved the transfer of £5.913M from a number of the Council's allocated reserves to the General Fund unallocated balances in order to increase financial resilience. Council also noted the advice of the s151 officer that the Council's minimum level of General Fund balance be increased to £5M, as well as revisions to the governance arrangements for the approval of reserve funded expenditure within the Council's Reserve Strategy.
- 5.3 The Council's Outturn Report 2022/23 showed the Council's Unallocated General Fund Balance as £11.677M. Without significant intervention by the Council the General Fund budget gaps will remain and unallocated balances will be required to fund them. Whilst the required level of reserves is assessed annually the forecast deficits are of such a size that available unallocated reserves will be expended within 2 years, as illustrated in the tables below. It should be noted that the potential call on unallocated reserves to support the Local Plan Review which is subject to a report elsewhere on this agenda are **not** included in the figures below.

| General Fund Unallocated Balance |   |                |                |                |                |                |
|----------------------------------|---|----------------|----------------|----------------|----------------|----------------|
|                                  | £M  | £M             | £M             | £M             | £M             |                |
| <b>BALANCES</b>                  | <b>Balance as at 1 April 2024-28</b>              | <b>(9.970)</b> | <b>(7.507)</b> | <b>(3.763)</b> | <b>+4.091</b>  | <b>+11.865</b> |
|                                  | In Year allocations                               | +0.000         | +0.000         | +0.000         | +0.000         | +0.000         |
|                                  | Forecast (Under)/Overspend                        | +1.608         | +3.744         | +7.854         | +7.774         | +8.232         |
|                                  | Other Adjustments                                 | +0.855         | +0.000         | +0.000         | +0.000         | +0.000         |
|                                  | <b>Projected Balance as at 31 March 2025-29</b>   | <b>(7.507)</b> | <b>(3.763)</b> | <b>+4.091</b>  | <b>+11.865</b> | <b>+20.097</b> |
|                                  | <b>Reserves</b>                                   | <b>(7.507)</b> | <b>(3.763)</b> | <b>+4.091</b>  | <b>+11.865</b> | <b>+20.097</b> |
|                                  | <b>Less Recommended Minimum Level of Balances</b> | <b>5.000</b>   | <b>5.000</b>   | <b>5.000</b>   | <b>5.000</b>   | <b>5.000</b>   |
|                                  | <b>Available Balances</b>                         | <b>(2.507)</b> | <b>+1.237</b>  | <b>+9.091</b>  | <b>+16.865</b> | <b>+25.097</b> |



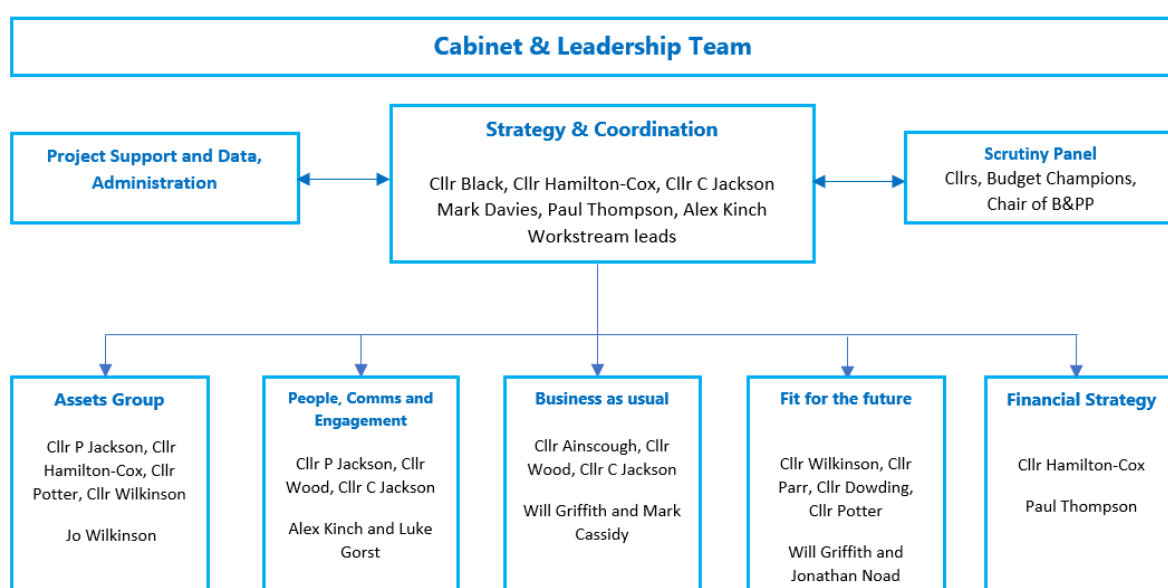
- 5.4 In addition to the General Fund Unallocated Reserve the Council holds some further non-ringfenced reserves. These include the Business Rates Retention (BRR), and the renewals reserve. The table below shows the position were these also to be utilised to support the budget gap and indicates that all reserves would be expended by 2027/28.
- 5.5 However, Members should be aware that whilst the BRR can be utilised to support the general fund its main function to manage fluctuations within with Business Rates Retention regime. It contains several technical entries such as provision for appeals against business rating values. The appeals are independently managed by the Valuation Office Agency (VOA) and so outcomes is out of the Council's control. As a result the movement in the BRR can be significant depending on the volume and value of any appeals. The reserve is also there to manage routine surpluses and deficits encountered during the normal administration of the business rates system. It is therefore recommended that the use of this reserve treated with extreme caution

|                                       | 2023/24<br>£M  | 2024/25<br>£M  | 2025/26<br>£M  | 2026/27<br>£M | 2027/28<br>£M | 2028/29<br>£M |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Unallocated Reserve                   | -11.678        | -10.581        | -9.025         | -5.281        | -5.281        | 0.000         |
| Other Non-Ring Fenced Reserves        | -2.096         | -0.901         | 0.000          | 0.000         | 0.000         | 0.000         |
| Business Rates Retention Reserve      | -7.472         | -7.694         | -7.178         | -6.862        | 0.000         | 0.000         |
| Renewals Reserve                      | -1.062         | -1.423         | -1.876         | -2.368        | -1.869        | 0.000         |
| Estimated Additional Call on Reserves | 0.611          | 0              | 0              | 0             | 0             | 0             |
| Forecast Deficit Funded From Reserves | 0.000          | 1.608          | 3.744          | 7.854         | 7.774         | 8.232         |
| <b>Balance carried forward</b>        | <b>-21.697</b> | <b>-18.991</b> | <b>-14.335</b> | <b>-6.657</b> | <b>0.624</b>  | <b>8.232</b>  |

- 5.5 Whilst reserves can be used to manage the current financial crisis, as the tables clearly show, funding of the forecast deficits from reserves is **NOT** a viable option. Addressing the underlying structural issues within the Council's budget requires significant interventions from Cabinet, Senior Leadership Team, and Council to address the forecast deficit levels.

**6.0 OUTCOMES BASED RESOURCING**

- 6.1 The Council embarked on its OBR process in 2022/23 with its intention to ensure that funds are allocated according to a set of predefined outcomes, or priorities in order to ensure that funds are directed toward the Council’s key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.
- 6.2 The fundamental reshaping of the Council’s services and realigning against its priorities through the ongoing OBR process will be key to shrinking the budget gap and securing the financial sustainability of the Council.
- 6.3 The table below shows the current operational structure of the OBR process, its governance processes along with the key Member and Senior Officer involvement. The process is split into 5 task groups each charged with a discreet area of responsibility. Progress against all of these areas will be reported to Members together with any implications of the Local Government Settlement as part of January’s update.



**7.0 BALANCING THE BUDGET TO 2028/29**

- 7.1 A number of workshops have already been held between Cabinet and Senior Leadership Team and to explore initial proposals from the OBR task groups and these will be ongoing throughout the budget process.
- 7.2 Savings were identified during the 2023/24 budget process which have made some initial inroad into the structural deficit. The continuation of the application of OBR across the Council is an ongoing and significant piece of work and will continue to have a particularly important part to play in driving down budget gaps from 2024/25 to achieve a position of financial sustainability.
- 7.3 Capital proposals have been reviewed by Capital Assurance Group and passed on to Cabinet who have given an initial steer on which proposals they would like to see worked up further. This work is ongoing and the revenue impact of MRP and interest charges will be included in future update reports to Members.

**8.0 DETAILS OF CONSULTATION**

- 8.1 Given the size of the challenges faced by the Council and the need for fundamental change in service delivery enhanced consultation with relevant internal and external stakeholders on the budget will be undertaken prior to Budget Council in February. Group. Consultation on council housing matters will be undertaken through the District Wide Tenants’ Forum.

**9.0 OPTIONS AND OPTIONS ANALYSIS**

9.1 As the report is for consideration no alternative options are put forward, the Cabinet could make supplementary recommendations regarding any matters.

**10.0 CONCLUSION**

10.1 It must be reiterated that the current forecasts **do not** include any interventions by Cabinet, Senior Leadership Team or the outcomes of the Local Government Settlement. Whilst some savings have been delivered, the forecasts show that potential annual and cumulative budget deficits remain over the next 5 years and continue to need to be addressed. In light of this, balancing the budget both in the short and the medium term remains a tough task and **all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.**

|  |   |
|--|---|
| <p><b>RELATIONSHIP TO POLICY FRAMEWORK</b><br/>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.</p>   |   |
| <p><b>CONCLUSION OF IMPACT ASSESSMENT</b><br/>(including Diversity, Human Rights, Community Safety, Sustainability etc)<br/><br/>None identified at this stage</p>   |   |
| <p><b>FINANCIAL IMPLICATIONS</b><br/>As set out in the report</p>  |   |
| <p><b>SECTION 151 OFFICER’S COMMENTS</b><br/>The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.<br/><br/>It must be reiterated that the current forecasts <b>do not</b> include any interventions by Cabinet, Senior Leadership Team or the outcomes of the Local Government Settlement. However, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council now faces, a position shared nationally across the public sector. In light of this, balancing the budget both in the short and the medium term will be a tough task and <b>all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.</b></p> |   |
| <p><b>LEGAL IMPLICATIONS</b><br/>No specific legal implications arising from this report.</p>  |   |
| <p><b>MONITORING OFFICER’S COMMENTS</b><br/>The Monitoring Officer has been consulted and has no comments</p>  |   |
| <p><b>BACKGROUND PAPERS</b><br/>Council – MTFS<br/><a href="#">Agenda for Council on Wednesday, 27th February 2019, 6.00 p.m.</a><br/><a href="#">Agenda for Council on Wednesday, 26th February 2020, 6.00 p.m.</a><br/><a href="#">Agenda for Council on Wednesday, 24th February 2021, 6.00 p.m.</a></p>  | <p><b>Contact Officer:</b> Paul Thompson<br/><b>Telephone:</b> 01524 582603<br/><b>E-mail:</b> pthompson@lancaster.gov.uk<br/><b>Ref:</b> N/A</p> |

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

Cabinet – Delivering our Priorities Q1

[Agenda for Cabinet on Tuesday, 13th September 2022, 6.00 p.m.](#)

Cabinet – Updated Reserves Strategy

[Agenda for Cabinet on Tuesday, 25th October 2022, 6.00 p.m.](#)

Council - Updated Reserves Strategy

[Agenda for Council on Wednesday, 9th November 2022, 6.00 p.m.](#)



## 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)