



**Committee:** BUDGET AND PERFORMANCE PANEL

**Date:** WEDNESDAY, 18 SEPTEMBER 2024

**Venue:** LANCASTER TOWN HALL

**Time:** 6.00 P.M.

## A G E N D A

1. **Apologies for Absence**

2. **Appointment of Vice Chair**

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

3. **Minutes**

To receive as a correct record the Minutes of the Meeting held on 14<sup>th</sup> March 2024 (previously circulated).

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

5. **Declaration of Interests**

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

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

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

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

6. **Provisional Revenue, Capital and Treasury Management Outturn 2023/24 (Pages 3 - 40)**

Report of Chief Finance Officer.

7. **Delivering Our Priorities: Q1 2024/25 (Pages 41 - 69)**

Report of Chief Finance Officer.

8. **Projects and Performance - Q1 2024/25** (Pages 70 - 73)

Report of the Chief Executive.

9. **Strategic Risk Register** (Pages 74 - 105)

Report of the Chief Executive.

***This report contains exempt appendices, and the press and public will be excluded from the meeting if the Panel is minded to refer to the information within the exempt appendices.***

10. **Work Programme** (Pages 106 - 111)

Joint report of Chief Officers Finance and Governance.

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Ross Hunter (Chair), Martin Bottoms, Keith Budden, Chris Hanna, Sally Maddocks, Hamish Mills, Sue Penney, James Sommerville and Jackson Stubbs

**(ii) Substitute Membership**

Councillors Suhir Abuhajar, Dave Brookes, Ruth Colbridge 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 Tuesday, 10<sup>th</sup> September 2024.

<b>CABINET</b>
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## Provisional Revenue, Capital and Treasury Management Outturn 2023/24 10 September 2024

### Report of Chief Finance Officer

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2023/24, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Officer Referral
			<b>X</b>
Date of notice of forthcoming key decision		N/A	
This report is public.			

#### RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That the provisional outturn for 2023/24 be endorsed, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer as set out in 5.1 and Appendix 5.
- (2) That Cabinet approve the treatment of year end overspends and endorse the do-nothing approach in-light of the current situation.
- (3) That Cabinet note and endorse the ongoing projects funded by reserves set out at Appendices 5a and 6.
- (4) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 7 and 8 be endorsed, with the Capital Programme being updated accordingly.
- (5) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 be noted and referred on to Budget & Performance Panel and Council for information.

#### 1. BACKGROUND

- 1.1. All local authorities have a legal duty to produce an annual Statement of Accounts. In accordance with the regulations, the draft Accounts must be published on the Council's website and submitted for audit by 31 May 2024.
- 1.2. Whilst the statutory deadline of 31 May 2024 was not met, the draft Statement of Accounts was completed and signed off prior on 02 August 2024 by the Chief Finance Officer. Deloitte have not yet commenced the audit of accounts, however, the draft Statements are available on the Council's website via the following link [Statement of Accounts - Lancaster City Council](#)

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

## 2. PROVISIONAL REVENUE OUTTURN: SUMMARY

### 2.1 General Fund Revenue Outturn

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for Council Housing. On 22 February 2023 Council approved a General Fund Revenue Budget for 2023/24 of £21.091M (£21.254M 2022/23). In order for a balanced budget to be achieved, a contribution from unallocated reserves of £0.577M was required.

- 2.2 The table below provides details of the General Fund revenue income and expenditure for 2023/24 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments and capital charges initially charged to Service.

	2023/24			Remove Reserve Funded Variances	Variance from Working Budget
	Original Budget	Working Budget	Actual		
<b>Expenditure:</b>	£000	£000	£000	£000	£000
Environment & Place	10,840	10,655	11,653	32	(966)
Governance	1,372	1,498	1,619	(27)	(148)
Housing & Property	2,176	3,812	2,692	(1,191)	(71)
People & Policy	2,634	2,632	3,351	(51)	(770)
Planning & Climate Change	1,647	1,907	1,455	(247)	205
Resources	4,330	4,713	3,862	(264)	587
Sustainable Growth	2,165	2,431	1,369	(251)	811
Other Corporate Income & Expenditure Items	(3,497)	(4,646)	(3,560)	1,999	913
Contribution to/(from) General Fund Balance	(577)	(1,912)	(1,351)	-	(561)
<b>NET REVENUE EXPENDITURE</b>	<b>21,090</b>	<b>21,090</b>	<b>21,090</b>	<b>-</b>	<b>-</b>

- 2.3 With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £0.158M. However, in real terms when adjusted for the budgeted contribution as above, the actual net overspend was £0.419M (1.99% of budget), which has been funded from the General Fund unallocated reserve.
- 2.4 Details of the significant variances and detailed explanations of the major differences between provisional outturn and the working budgeted position is provided at **Appendix 1**.

## 3. TREASURY MANAGEMENT

- 3.1 We are required by statute to report our annual treasury management performance. This report is attached at **Appendix 2** and sets out the performance of treasury operations for 2023/24. The Council's treasury operations are conducted in accordance with its annual Treasury Management Strategy, which was approved by Council on 22 February 2023. This document identifies the investment and borrowing policies of the Council specifying various criteria for investment counterparties, maximum duration and the amount of investments together with the framework for any future borrowing.

### Investments

- 3.2 In 2023/24 the Council retained its comparatively low risk appetite towards investments. The average daily amount invested reduced to £32.42M (£44.46M 2022/23) with short term

investments on 31 March 2024 (all held in the balance sheet as cash and cash equivalents) totalling £10.50M (£24.00M 2022/23). The overall return on investments was £1.604M at an average interest rate of 4.90% (£0.962M and 2.16% 2022/23).

**Borrowing**

- 3.3 The Council undertook no short-term borrowing in 2023/24 (£2M 2022/23). Total long-term debt at 31 March 2024 amounted to £56.92M (£57.96M 2022/23) all of which relates to PWLB borrowing. A further £1.04M is included within short term liabilities as payment falls due within 12 months.
- 3.4 In determining its Council Tax charges Councils must make a specific provision for the financing of capital expenditure known as Minimum Revenue Provision (MRP). The outstanding amount for which MRP has to be made is known as the Capital Financing Requirement (CFR). At 31 March 2024 the Council's CFR was £98.58M (£98.69M 2022/23), a decrease of £0.11M. The amount of MRP charged in 2023/24 totalled £3.702M - GF £2.661M HRA £1.041M (£1.146M 2022/23).

**4. HOUSING REVENUE ACCOUNT (HRA)**

- 4.1 At the end of the financial year, the Council owned 3,617 homes generating rental income of c.£15.3M. The Local Government & Housing Act 1989 requires that this income and associated expenditure is held in a ring-fenced account, the Housing Revenue Account (HRA).
- 4.2 The net overspend on the HRA was £0.107M resulting in a net surplus for 2023/24 of £0.126M (2022/23 £1.928M deficit), which has been transferred into the HRA unallocated reserve.

	£000
Repairs & Maintenance costs	(90)
Interest from Investments	148
Net pension adjustment re IAS19	230
Increased use of Reserves	65
Net increase in Capital funded from Revenue	(559)
Other minor variances	99
	<b>(107)</b>

- 4.3 A summary of the HRA provisional outturn is included at **Appendix 3**. Discounting any notional and presentational variances.
- 4.4 As at 31 March 2024, the HRA's unallocated reserve balance stands at £0.750M, the minimum recommended level for 2023/24. Expenditure within the HRA is supported by a 30-year business plan and the Council is planning significant investment over a number of years to improve its social housing stock. A summary of all its Balances & Reserves is included in **Appendix 4**.

**5. GENERAL FUND USABLE REVENUE RESERVES AND BALANCES**

- 5.1 As discussed in Section 2, the General Fund called on the use of its general unallocated reserve to provide a balanced budget. The amount required was £0.577M. This means that as at 31 March 2024 General Fund Balances amounted to £10.326M (2022/23 £11.677M). This is £5.326M above the current minimum recommended level of reserves £5.000M.

- 5.2 The overall level of General Fund Usable Reserves has increased to £27.367M (2022/23 £24.752M). Summary details of these movement are provided in **Appendix 5**.
- 5.3 Several projects calling on reserves are yet to be completed and require the reserves funding to be rolled forward into 2023/24 accordingly. One project spent money in advance and as such this is classed as accelerated expenditure. A summary of these projects totalling £1.515M is provided in **Appendix 5a**.

## 6. HOUSING REVENUE ACCOUNT USABLE REVENUE RESERVES AND BALANCES

- 6.1 As discussed in Section 4, as at 31 March 2024 the HRA's Unallocated Balances amounted to £0.750M (2022/23 £0.624M) which is in line with the updated minimum recommended level for 2023/24 of £0.750M.
- 6.2 Several projects calling on HRA earmarked reserves are yet to be completed and require the reserves funding to be rolled forward into 2024/25 accordingly. A summary of these projects totalling £0.628M is provided in **Appendix 6**.

## 7. CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

- 7.1 Under the financial strategy, provisions exist to adjust budgets between years by carrying forward under or over-spending. These arrangements help to:
- provide some flexibility in delivering the Council's stated objectives
  - remove the incentive to spend up budgets unnecessarily by year end, and
  - promote good financial management.
- 7.2 With regard to the carry forward of revenue underspends, and given the overall outturn position, there are no requests for Cabinet to consider.
- 7.3 With regard to overspendings, arrangements require that :-
- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Director (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Director and the S151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.
  - The S151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspends occurring and details of any actions taken to prevent the situation recurring.
- 7.4 Given the current financial climate and future challenges facing the Council it is proposed not to carry forward any overspends occurring within 2023/24.

## 8. CAPITAL OUTTURN

- 8.1 In 2023/24 the Council spent £14.353M in total on capital schemes (£15.754M 2022/23). Total spend on the General Fund was £7.597M against a budget estimate of £10.623M, with the HRA spending being £6.756M against a budget estimate of £8.033M.
- 8.2 A provisional capital expenditure and financing statement for the year is included in **Appendix 7**, which is summarised in the following tables:

## Capital Expenditure

Service	A	B	C	D	E
	2023/24 Gross Budget £000	2023/24 Expenditure £000	Variance £000 (B-A)	(Slippage)/ Accelerated Expenditure £000	Final Over/(Under) spend £000 (C-D)
Environment & Place	1,651	1,690	39	80	(41)
Housing & Property	5,420	4,217	(1,203)	(1,239)	36
People & Policy	444	387	(57)	(57)	-
Planning & Climate Change	17	7	(10)	(10)	-
Resources	1,386	493	(893)	(862)	(31)
Sustainable Growth	1,422	803	(619)	(635)	16
Schemes Under Development	283	-	(283)	(283)	-
<b>Total General Fund Programme</b>	<b>10,623</b>	<b>7,597</b>	<b>(3,026)</b>	<b>(3,006)</b>	<b>(20)</b>
Housing Revenue Account	8,033	6,756	(1,277)	(1,552)	275
<b>Total Council Capital Programme</b>	<b>18,656</b>	<b>14,353</b>	<b>(4,303)</b>	<b>(4,558)</b>	<b>255</b>

## Capital Financing

Service	Grants & Contributions £000	Revenue Contributions £000	Earmarked Reserves £000	Major Repairs Reserve £000	Capital Receipts £000	Unsupported Borrowing £000	Total £000
Environment & Place	1	5	124	-	3	1,557	1,690
Housing & Property	3,186	-	-	-	-	1,031	4,217
People & Policy	387	-	-	-	-	-	387
Planning & Climate Change	7	-	-	-	-	-	7
Resources	-	-	-	-	-	493	493
Sustainable Growth	287	3	-	-	-	513	803
Schemes Under Development	-	-	-	-	-	-	-
<b>Total General Fund Programme</b>	<b>3,868</b>	<b>8</b>	<b>124</b>	<b>-</b>	<b>3</b>	<b>3,594</b>	<b>7,597</b>
Housing Revenue Account	650	-	1,923	4,111	72	-	6,756
<b>Total Council Capital Programme</b>	<b>4,518</b>	<b>8</b>	<b>2,047</b>	<b>4,111</b>	<b>75</b>	<b>3,594</b>	<b>14,353</b>

## Capital Slippage

8.3

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

## **9. DETAILS OF CONSULTATION**

9.1 As reflected above, the statutory arrangements regarding the public's rights in relation to the accounts provide for a fixed 30 working day period, which commenced on 5 August for this year.

## **10. OPTIONS AND OPTIONS ANALYSIS**

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

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

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

## **11. OFFICER PREFERRED OPTION AND JUSTIFICATION**

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

## **12. CONCLUSION**

12.1 Although both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.

12.2 The Council has embarked on a programme called Outcomes-Based Resourcing (OBR)/Fit for the Future (FtF) that will see it examine every area of its budget and match resources more closely with its priorities. The OBR/FtF programme includes looking at ways the council can do things differently by utilising technology and being more efficient, as well as considering areas in which it can generate more income.

12.3 The Council embarked on its OBR/FtF process in 2022/23, as set out in the Council Plan, with its intention to ensure that funds are allocated according to a set of predefined outcomes, or priorities 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.



12.4 The proposed actions through the OBR/FftF process currently include:

- Application of alternative funding to deliver key Council outcomes
- Detailed review and sensitivity analysis on all key and significant income streams
- Further rationalisation work on the Council's asset base
- Expansion of the investment to reduce cost principle
- The potential use of capital receipts to finance existing projects
- Capitalisation of transformation costs where appropriate
- Exploration of closer working and collaboration with other Councils, Public Sector Bodies and Partner Institutions
- Challenging existing cost base through the application of zero-based budgeting principles

12.5 Given the size of the ongoing financial issues the Council faces this fundamental reshaping of the Council's services and realigning against its priorities through the OBR/FftF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. It is imperative that the work, or similar principles continues. The application of OBR/FftF across the Council will be a significant piece of work and to fully achieve its stated aims will take an estimated further 12 to 24 months.

12.6 Cabinet and Senior Leadership Team have agreed on principles and common goals as they continue to work through the OBR/FftF process.

- We need to continue tackle the structural deficit over the short medium and long term
- We need to use reserves carefully to transition
- We want to continue to deliver services that residents/ businesses need and rely on
- We want to achieve positive outcomes for our district

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

**RELATIONSHIP TO POLICY FRAMEWORK**

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

**CONCLUSION OF IMPACT ASSESSMENT**

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

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

**LEGAL IMPLICATIONS**

There are no legal implications directly arising.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:**

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

**SECTION 151 OFFICER'S COMMENTS**

The report has been written by the Section 151 Officer.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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## FINANCIAL PERFORMANCE

### Financial Summary 2023/24

As per the previous years, the continued road to recovery following the pandemic has presented significant challenges from both internal and external pressures.

As part of the 2023/24 budget setting process, Members approved savings proposals to save the Council £2.423M in 2023/24. This represented significant transformational change for the Council and the process to deliver these savings is now underway and it is pleasing to note that £2.219M (91.6%) were achieved within the year.

However, although both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.

### General Fund

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for Council Housing. On 22<sup>nd</sup> February 2023 Council approved a General Fund Revenue Budget for 2023/24 of £21.091M (£21.254M 2022/23). In order for a balanced budget to be achieved, a contribution from unallocated reserves of £0.577M was required.

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	2023/24			Remove Reserve Funded Variances	Variance from Working Budget	Note
	Original Budget	Working Budget	Actual			
	£000	£000	£000	£000	£000	
<b>Expenditure:</b>						
Environment & Place	10,840	10,655	11,653	32	(966)	1
Governance	1,372	1,498	1,619	(27)	(148)	2
Housing & Property	2,176	3,812	2,692	(1,191)	(71)	3
People & Policy	2,634	2,632	3,351	(51)	(770)	4
Planning & Climate Change	1,647	1,907	1,455	(247)	205	5
Resources	4,330	4,713	3,862	(264)	587	6
Sustainable Growth	2,165	2,431	1,369	(251)	811	7
Other Corporate Income & Expenditure Items	(3,497)	(4,646)	(3,560)	1,999	913	8
Contribution from General Fund Balance	(577)	(1,912)	(1,351)	-	(561)	9
<b>NET REVENUE EXPENDITURE</b>	<b>21,090</b>	<b>21,090</b>	<b>21,090</b>	<b>-</b>	<b>-</b>	

A core element of the Council's budget is salary driven and 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. The Chief Officer's pay award was agreed and included at 3.5%. This resulted in an estimated additional strain of £0.390M including oncosts and the relative variances are summarised in the table below and contribute in part to the notes to follow.

Service/Section	SALARIES VARIANCE £000	PAY AWARD £000	AGENCY VARIANCE £000	OTHER VARIANCE £000	TOTAL VARIANCE £000	Note
Environment & Place	251	(274)	(359)	158	(224)	1
Governance	13	(13)	0	0	-	2
Housing & Property	358	(65)	(67)	81	307	3
People & Policy	(221)	(4)	0	51	(174)	4
Planning & Climate Change	395	(17)	0	(144)	234	5
Resources	391	(14)	(13)	(32)	332	6
Sustainable Growth	268	(3)	(2)	17	280	7
Approved Staffing Savings	(142)	0	0	0	(142)	4
Provision for Staff Turnover	(596)	-	-	-	(596)	8
<b>TOTAL FAVOURABLE VARIANCE</b>	<b>717</b>	<b>(390)</b>	<b>(441)</b>	<b>131</b>	<b>17</b>	

During the financial year the Council implemented a planned programme of restructuring which contributed towards previously approved savings. This resulted in transformational costs being incurred which were funded in part by the flexible use of capital receipts. The compulsory element of redundancy and any pension strain payments are eligible to be capitalised, as per the government directive. Redundancy payments (-£0.595M) are included within the People & Policy outturn figures and pension strain payments (-£0.507M) are included within Other Corporate & Expenditure Items. Capital receipts of +£0.477M were made available for these transformational purposes which resulted in a net cost of (-£0.625M) being covered from General Fund balances.

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 projection going forward. With regard to the outturn position, a saving of £0.541M was achievable in the financial year. These areas will continue to be closely monitored and the latest price and usage information has been included in the draft budget for the forthcoming year which is currently being prepared.

Service/Section	ELECTRICITY VARIANCE £000	GAS VARIANCE £000	TOTAL ENERGY VARIANCE £000	Note
Environment & Place	48	106	154	1
Housing & Property	215	73	288	3
Sustainable Growth	83	16	99	7
<b>TOTAL FAVOURABLE VARIANCE</b>	<b>346</b>	<b>195</b>	<b>541</b>	

Further explanations for variances excluding those listed in the above tables are detailed in the notes below.

#### Note 1 Environment & Place

- Net salary costs (-£0.224M) largely due to pay award (-£0.274M) however additional use of overtime and agency costs of (-£0.344M) largely due to unprecedented sickness levels within waste collection should be noted
- Energy savings +£0.154M
- Insurance savings +£0.063M
- Hire of portacabins at White Lund Depot and associated project work due to safety issues (-£0.108M)
- Transport costs have increased due to vehicle repairs & maintenance (-£0.262M) and associated hire costs (-£0.141M) arising from delayed delivery of new fleet. 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. Additional fuel costs due to stock write-off (-£0.075M)

- Additional trade waste disposal costs for recycling (-£0.132M) offset by increased income levels +£0.072M
- Williamson Park café and shop stock items have increased in cost (-£0.037M) and whilst prices have been addressed in year, they have not been increased by similar inflationary levels
- Car parks at Williamson Park no longer exempt from business rates and charging has been back-dated to 2017/18 (-£0.052M)
- Increase in the cost of supply of goods and services at Salt Ayre Leisure Centre due to increases in supplier costs over and above inflation (-£0.207M), particularly marketing support, Instructors fees, stock purchases, management and collection fees and tools & equipment plus additional (-£0.015M) delayed costs of Gym upgrade
- 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

#### Note 2 Governance

- Increase in utilising specialist legal advice (-£0.036M) for more complex cases where expert opinion was required
- Cost of living and mortgage interest rate increase has resulted in a downturn in the housing market leading to a decline in search fee applications since late 22/23 (-£0.050M)
- Legal court costs recovery income not achieved (-£0.047M) due to nature of cases in year

#### Note 3 Housing & Property

- Net salary savings +£0.307M largely due to difficulties in recruiting and retaining staff
- Energy savings +£0.288M
- Insurance savings +£0.066M
- Building cleaning now coded directly to individual services (-£0.152M)
- Increased bed & breakfast costs due to higher number of homeless families (-£0.381M), to be funded from external grants +£0.383M
- Reduction in income due to ceasing of Housing Benefit subsidy (-£0.074M)
- Income shortfall from Disabled Facilities Grants (-£0.056M) due to reduced referrals from County mitigated by the team generating own referrals to compensate
- Additional costs relating to Mellishaw Park redevelopment including site clearance, insurance and loss of rent due to delays starting on site (-£0.113M)
- Compliancy consultancy relating to corporate and commercial buildings (-£0.041M)
- Rent shortfall and betterment costs in respect of 3 fire damaged units at Gateway (-£0.270M)
- Business rates payable due to vacant commercial unit at Hilmore Way (-£0.056M)

#### Note 4 People & Policy

- Net salary costs (-£0.174M) largely due to removal of approved corporate staffing savings target met elsewhere within services (see also note 7)
- Redundancy costs (-£0.595M) relating to transformational change financed partly +£0.257M by flexible use of capital receipts (see also note 8)

Note 5 Planning & Climate Change

- Net salary savings +£0.234M largely due to difficulties in recruiting and retaining staff inclusive of additional cost of Capita consultancy required to deliver building control (-£0.109M)
- Additional net fee income due to Capital consultancy being able to secure more work during the financial year +£0.034M
- Planning fee income has slowed down in-line with nationwide trend (-£0.084M)
- Legal/expert witness costs (-£0.079M) regarding planning appeals
- Net saving from delayed procurement of EDMS against purchase of new essential computer equipment +£0.042M
- Saving due to cessation of Lancaster South AAP +£0.024M

Note 6 Resources

- Net salary savings +£0.332M due to vacancies within Finance and ICT
- Management charges relating to externally funded schemes +£0.033M
- External audit fees payable savings +£0.028M
- ICT software and support savings +£0.049M
- Net Housing Benefit Support saving (increased overpayment recovery) +£0.097M
- Increase in court costs recovered from Council Tax/NNDR +£0.028M

Note 7 Sustainable Growth

- Net salary savings +£0.228M. Posts identified for deletion wef 30<sup>th</sup> September 2023 as part of the transformational process were not recruited to when vacant. Posts within service were deleted which contributed towards the approved savings (see note 4)
- Energy savings +£0.099M
- R&M expenditure savings +£0.094M in relation to sea defence works, bridge maintenance and land drainage. Part delayed spend and part reactive element not required
- Business rates revaluations largely relating to Museums and Car Parks +£0.293M
- Parking income exceeded the target by +£0.240M however this is offset by increased electronic payment expenses (-£0.037M) and management charges in respect of St Nics Arcade car park and by Lancashire County Council for enforcement (-£0.107M)

Note 8 Other Corporate Income & Expenditure Items

- The provision for staff turnover target (-£0.596M) 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) was underspent by +£0.017M. However, it should be noted that the approved pay award has had a significant detrimental impact of (-£0.390M) 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 (-£0.507M) relating to redundancies made through the year as per note 4
- The use of flexible capital receipts for transformational purposes offsets pension strain above and compulsory element of redundancy costs +£0.477M
- Increased contribution to insurance provision (-£0.462M) following numerous high-level claims/incidents in recent years

- A reassessment of the bad debt provision (-£0.251M) includes a significant increase in allowances for rental income due from commercial properties, including (-£0.233M) for rental income due from building on Penny Street
- 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.
- The Council's minimum revenue provision (MRP) is underspending against budget +£0.262K due to 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 +£1.019M
- 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 +£0.571M
- Additional contributions made to corporate priorities reserve (-£0.150M) and investment property maintenance reserve (-£0.050M)
- Government grants levy surplus payment and non-ringfenced new burden funding received in year +£0.134M
- Sale proceeds from de minimum asset sales +£0.080M

#### Note 9 Contribution to General Fund Balance

As detailed above, in order for a balanced budget to be achieved at budget setting time, a contribution from unallocated reserves of £0.577M was required. During the year, the unallocated reserve was used to fund the following areas whilst also addressing any under or overspend of General Fund revenue within the financial year.

	2023/24			Variance from
	Original Budget	Working Budget	Actual	Working Budget
<b>Expenditure:</b>	£000	£000	£000	£000
Contribution required to provide balanced budget	(577)	(577)	(419)	158
Supaskips Major Incident	-	-	(649)	(649)
Burrow Beck Solar Project	-	(180)	(214)	(34)
Gateway Repairs	-	(1,155)	(4)	1,151
General Fund Stock Condition Survey	-	-	(65)	(65)
<b>NET REVENUE EXPENDITURE</b>	<b>(577)</b>	<b>(1,912)</b>	<b>(1,351)</b>	<b>561</b>

With regard to items included in the above table, attention should be paid to the following areas where one-off expenditure items were funded from the General Fund unallocated reserve.

- A major incident which was declared by both the Lancashire Fire and Rescue Service and Lancaster City Council in December 2023, in respect of a fire at the former Supaskips building in Lancaster. The Council spent £1.479M within the financial year in respect of building clearance and demolition. A contribution of £0.765M was received from DLUHC and a further contribution of £0.065M was received from another key partner. The remaining £0.649M was funded from the unallocated reserve.
- A request to use the unallocated reserve for the Burrow Beck Solar project slipped from 2022/23 in respect of a contribution for surveys, reports & consultation to support the planning application for a 4.8MW solar scheme. This work has now taken place and £0.214M was funded within the financial year.
- The amount relating to Gateway repairs needs slipping into 2024/25 as the refurbishment works haven't taken place yet. A further report to Cabinet is being

considered to include the various current options available.

With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £0.158M. However in real terms when adjusted for the budgeted contribution as above, the actual net overspend is £0.419M, which has been funded from the General Fund unallocated reserve.



**Annual Treasury Management Report**  
**2023/24**

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For Noting by Cabinet 10 September 2024

# Annual Treasury Management Review 2023/24

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## Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2023/24 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 22 February 2023)
- a mid-year (minimum) treasury update report (Council 13 December 2023)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

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

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

## Introduction and Background

This report summarises the following:-

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

## 1. The Council's Capital Expenditure and Financing 2023/24

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

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

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

General Fund (GF) £M	2022/23 Actual	2023/24 Estimate	2023/24 Actual
<b>Capital expenditure</b>	<b>10.44</b>	<b>23.97</b>	<b>7.60</b>
Financed in year	(5.83)	(10.85)	(4.01)
<b>Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)</b>	<b>4.61</b>	<b>13.12</b>	<b>3.59</b>

HRA £M	2022/23 Actual	2023/24 Estimate	2023/24 Actual
<b>Capital expenditure</b>	<b>5.31</b>	<b>7.22</b>	<b>6.76</b>
Financed in year	(5.31)	(7.22)	(6.76)
<b>Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## 2. The Council's Capital Financing Requirement 2023/24

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

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

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

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

The total CFR can also be reduced by:

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

The Council's 2023/24 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2023/24 on 22 February 2023.

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

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

CFR (£M): General Fund	31 March 2023 Actual	31 March 2024 Estimate	31 March 2024 Actual
<b>Opening balance</b>	<b>58.96</b>	<b>63.56</b>	<b>63.56</b>
Add unfinanced capital expenditure (as above)	4.61	13.12	3.59
Less MRP	(0.01)	(2.63)	(2.66)
Less finance lease repayments	0.00	0.00	0.00
<b>Closing balance</b>	<b>63.56</b>	<b>74.05</b>	<b>64.49</b>

CFR (£M): HRA	31 March 2023 Actual	31 March 2024 Estimate	31 March 2024 Actual
<b>Opening balance</b>	<b>36.18</b>	<b>35.13</b>	<b>35.13</b>
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.05)	(1.04)	(1.04)
<b>Closing balance</b>	<b>35.13</b>	<b>34.09</b>	<b>34.09</b>

CFR (£M): Combined	31 March 2023 Actual	31 March 2024 Estimate	31 March 2024 Actual
<b>Opening balance</b>	<b>95.14</b>	<b>98.69</b>	<b>98.69</b>

CFR (£M): Combined	31 March 2023 Actual	31 March 2024 Estimate	31 March 2024 Actual
Add unfinanced capital expenditure (as above)	4.61	13.12	3.59
Less Debt Repayment, Finance Leases and MRP	(1.06)	(3.67)	(3.70)
<b>Closing balance</b>	<b>98.69</b>	<b>108.14</b>	<b>98.58</b>

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

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2023/24. The table below highlights the Council's gross borrowing position against the CFR. The Treasury Management Strategy for 2023/24 estimated that some borrowing in advance may be undertaken but was within the forecast CFR for the next two years. The Council has, therefore, complied with this prudential indicator.

£M	31 March 2023 Actual	31 March 2024 Estimate	31 March 2024 Actual
Gross borrowing position	59.01	73.47	57.96
CFR	98.69	108.14	98.58

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2023/24 the Council has maintained gross borrowing within its authorised limit.

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

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

	2023/24 Actual
Authorised limit	£115.00M
Maximum gross borrowing position	£57.96M
Operational boundary	£99.00M
Average gross borrowing position	£58.65M
Financing costs as a proportion of net revenue stream - GF	17.98%

Financing costs as a proportion of net revenue stream - HRA	17.52%
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### 3. Treasury Position as at 31 March 2024

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2023/24 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2023 Principal £M	Average Rate %	Average Life yrs	31 March 2024 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	59.01	4.78	30	57.96	4.81	29
<b>Total debt</b>	<b>59.01</b>			<b>57.96</b>		
<b>CFR</b>	<b>98.69</b>			<b>98.59</b>		
<b>Over / (under) borrowing</b>	<b>(39.69)</b>			<b>(40.63)</b>		

The loan repayment schedule is as follows:

	31 March 2024 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.21
10 years and within 20 years	8.35
20 years and within 30 years	0.00
More than 30 years	39.20

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2023 £M	31 March 2023 %	31 March 2024 £M	31 March 2024 %
Money Market Funds	4.00	17.00	0.50	5.00
Other Local Authorities	20.00	83.00	10.00	95.00
<b>Total investments</b>	<b>24.00</b>		<b>10.50</b>	

The average rate of interest payable on PWLB debt in 2023/24 was 4.82%. A total of £2.82M interest was incurred during the year, of which £1.68M was recharged to the HRA.

#### *Interest Payable*

	2023/24
Estimate	£2.82M
Actual	£2.82M

## 4. The Strategy for 2023/24

Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated.

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

While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

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

*Against a backdrop of stubborn inflationary pressures, the Russian invasion of Ukraine, and war in the Middle East, UK interest rates have continued to be volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2023/24.*

*Markets have sought an end to central banks’ on-going phase of keeping restrictive monetary policy in place on at least one occasion during 2023/24 but to date only the Swiss National Bank has cut rates and that was at the end of March 2024.*

*UK, EZ and US 10-year yields have all stayed stubbornly high throughout 2023/24. The table below provides a snapshot of the conundrum facing central banks: inflation is easing, albeit gradually, but labour markets remain very tight by historical comparisons, making it an issue of fine judgment as to when rates can be cut.*

	UK	Eurozone	US
<b>Bank Rate</b>	5.25%	4%	5.25%-5.5%
<b>GDP</b>	-0.3%q/q Q4 (-0.2%y/y)	+0.0%q/q Q4 (0.1%y/y)	2.0% Q1 Annualised



<b>Inflation</b>	3.4%y/y (Feb)	2.4%y/y (Mar)	3.2%y/y (Feb)
<b>Unemployment Rate</b>	3.9% (Jan)	6.4% (Feb)	3.9% (Feb)

*The Bank of England sprung no surprises in their March meeting, leaving interest rates at 5.25% for the fifth time in a row and, despite no MPC members no longer voting to raise interest rates, it retained its relatively hawkish guidance. The Bank's communications suggest the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that "the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labour market and is bearing down on inflationary pressures", conversely it noted that key indicators of inflation persistence remain elevated and policy will be "restrictive for sufficiently long" and "restrictive for an extended period".*

*Of course, the UK economy has started to perform a little better in Q1 2024 but is still recovering from a shallow recession through the second half of 2023. Indeed, Q4 2023 saw negative GDP growth of -0.3% while y/y growth was also negative at -0.2%.*

*But it was a strange recession. Unemployment is currently sub 4%, against a backdrop of still over 900k of job vacancies, and annual wage inflation is running at above 5%. With gas and electricity price caps falling in April 2024, the CPI measure of inflation - which peaked at 11.1% in October 2022 - is now due to slide below the 2% target rate in April and to remain below that Bank of England benchmark for the next couple of years, according to Capital Economics. The Bank of England still needs some convincing on that score, but upcoming inflation and employment releases will settle that argument shortly. It is noted that core CPI was still a heady 4.5% in February and, ideally, needs to fall further.*

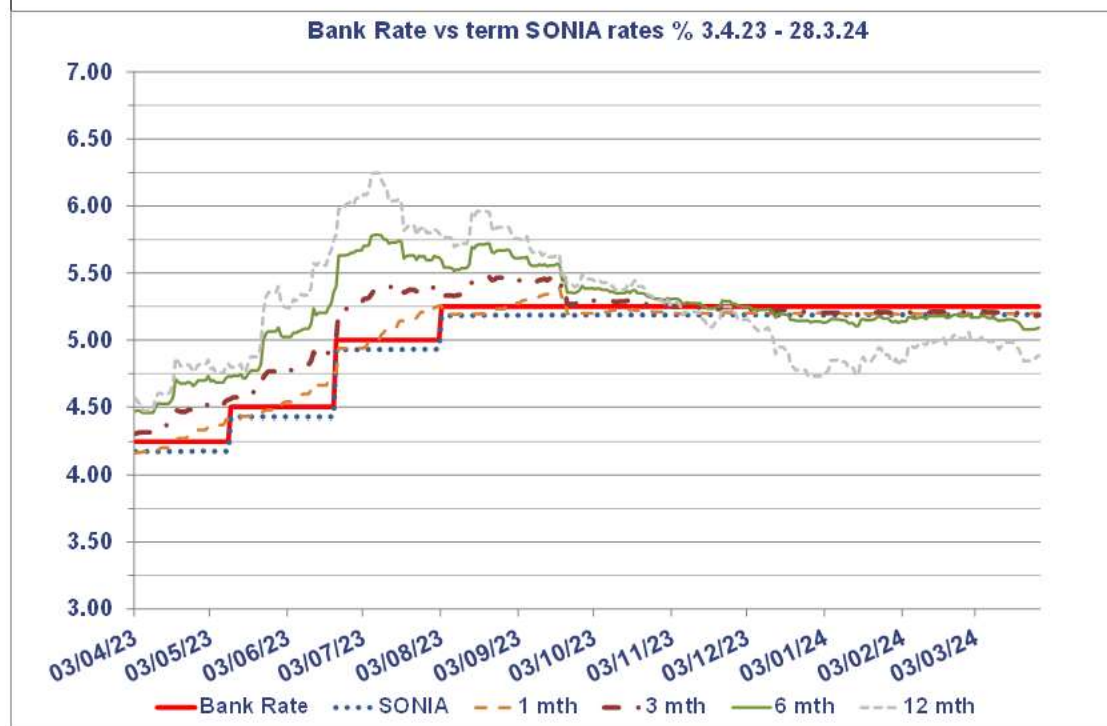
*Shoppers largely shrugged off the unusually wet weather in February, whilst rising real household incomes should support retail activity throughout 2024. Furthermore, the impact of higher interest rates on household interest payments is getting close to its peak, even though fixed rate mortgage rates on new loans have shifted up a little since falling close to 4.5% in early 2024.*

*From a fiscal perspective, the further cuts to national insurance tax (from April) announced in the March Budget will boost real household disposable income by 0.5 - 1.0%. After real household disposable income rose by 1.9% in 2023, Capital Economics forecast it will rise by 1.7% in 2024 and by 2.4% in 2025. These rises in real household disposable income, combined with the earlier fading of the drag from previous rises in interest rates, means GDP growth of 0.5% is envisaged in 2024 and 1.5% in 2025. The Bank of England is less optimistic than that, seeing growth struggling to get near 1% over the next two to three years.*

*As for equity markets, the FTSE 100 has risen to nearly 8,000 and is now only 1% below the all-time high it reached in February 2023. The modest rise in UK equities in February was driven by strong performances in the cyclical industrials and consumer discretionary sectors, whilst communications and basic materials have fared poorly.*

*Despite its performance, the FTSE 100 is still lagging behind the S&P 500, which has been at an all-time high for several weeks.*

## Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2023/24



## 6. Borrowing Strategy and Control of Interest Rate Risk

During 2023/24, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2024 and 2025 as inflation concerns are dampened.

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

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

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

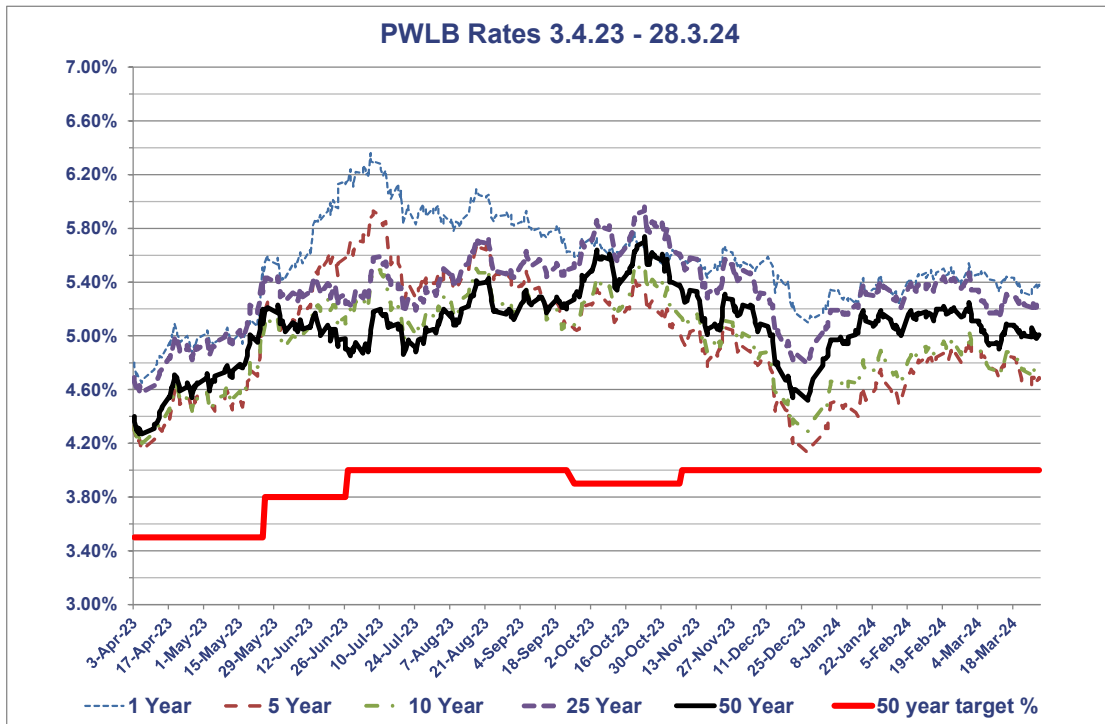
Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but is now expected to have peaked at 5.25%.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and stay there in 2025 and 2026. Nonetheless, there remain significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages, and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

Forecasts at the time of approval of the treasury management strategy report for 2023/24 were as follows:

	Mar-23	Mar-24	Mar-25	Dec-25
Bank Rate	4.25	4.00	3.00	2.50
3 Month average earnings	4.30	4.00	3.00	2.50
6 Month average earnings	4.50	4.10	3.00	2.60
12 Month average earnings	4.70	4.20	3.10	2.70
5yr PWLB rate	4.20	3.90	3.40	3.10
10yr PWLB rate	4.30	4.00	3.50	3.30
25yr PWLB rate	4.60	4.20	3.70	3.50
50yr PWLB rate	4.30	3.90	3.50	3.20

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



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.54%	4.99%	4.97%	5.34%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

## 7. Borrowing Outturn for 2023/24

### Borrowing

No long-term borrowing was undertaken during the year.

### Borrowing in advance of need

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

### Rescheduling

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

## 8. Investment Outturn for 2023/24

**Investment Policy** – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 22 February 2023. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

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

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/23	31/03/24	31/03/23	31/03/24	31/03/23	31/03/24
Balances	11.68	10.33	0.62	0.75	12.30	11.08
Earmarked reserves	13.63	17.14	10.31	6.93	23.94	24.07
Provisions	4.74	3.98	0.00	0.00	4.74	3.98
Working Capital	15.06	7.28	3.96	3.58	19.02	10.86
<b>Total</b>	<b>45.11</b>	<b>38.73</b>	<b>14.89</b>	<b>11.26</b>	<b>60.00</b>	<b>49.99</b>
<b>Amount Over/(Under) Borrowed</b>						<b>(40.61)</b>
<b>Baseline Investment Balances</b>						<b>9.38</b>

**Investments held by the Council** - the Council maintained an average investment balance of £32.42M of internally managed funds. The average rate of interest earned for the year was 4.90%. The weighted average rate of interest being earned on the investment portfolio at the end of the year is also given. These rates are compared to the average base rate and average 7- day SONIA (Sterling Overnight Index Average).

	2023/24
Lancaster CC Investments full year	4.90
Lancaster CC Investments weighted average at 31 March	5.58
Base Rate	5.03
7 day SONIA rate	4.96

The actual interest earned in 2023/24 was £1.604M.

## 10. Other Risk Management Issues

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

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

**LANCASTER CITY COUNCIL**  
**TREASURY MANAGEMENT POLICY STATEMENT**

**Last reported to Council on 28 February 2024**

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

1. This organisation defines its treasury management activities as:  
  
“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  
  2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
  
  3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
-

## Treasury Management Glossary of Terms

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

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

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
  - **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
  - **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
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E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as  $8\%/1.45 = 5.5\%$ .

See also PWLB.

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

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

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**HOUSING REVENUE ACCOUNT OUTTURN 2023/24****For Consideration by Cabinet 10 September 2024**

	<b>Original Budget £</b>	<b>Working Budget £</b>	<b>Actual £</b>
<b>INCOME</b>			
Rental Income - Council Housing	(15,487,200)	(15,487,200)	(15,304,493)
Rental Income - Other (Shops and Garages etc.)	(285,900)	(285,900)	(276,730)
Charges for Services & Facilities	(2,130,300)	(2,130,300)	(2,415,057)
Grant Income	(7,700)	(17,700)	(17,736)
Contributions from General Fund	(101,500)	(101,500)	(101,584)
<b>Total Income</b>	<b>(18,012,600)</b>	<b>(18,022,600)</b>	<b>(18,115,600)</b>
<b>EXPENDITURE</b>			
Repairs & Maintenance	7,104,400	7,789,900	7,802,940
Supervision & Management	5,698,900	6,109,000	5,675,245
Rents, Rates & Insurance	577,200	577,200	453,926
Contribution to Provision for Bad and Doubtful Debts	137,500	137,500	198,357
Depreciation & Impairment of Fixed Assets	2,771,700	2,771,700	9,144,430
Debt Management Costs	0	0	0
<b>Total Expenditure</b>	<b>16,289,700</b>	<b>17,385,300</b>	<b>23,274,898</b>
<b>NET COST OF HRA SERVICES</b>	<b>(1,722,900)</b>	<b>(637,300)</b>	<b>5,159,298</b>
(Gain)/Loss on disposal of non-current assets	0	0	(296,505)
Interest Payable & Similar Charges	1,640,300	1,640,300	1,687,788
Interest & Investment Income	(44,800)	(44,800)	(192,441)
Pensions Interest Costs & Expected Return on Pensions Assets	0	0	(308,381)
Capital Grants and Contributions Receivable	0	0	(649,868)
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0
<b>(SURPLUS) OR DEFICIT FOR THE YEAR</b>	<b>(127,400)</b>	<b>958,200</b>	<b>5,399,891</b>
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,366
Net Charges made for Retirement Benefits	0	0	363,607
Adjustments to reverse out Notional Charges included above	2,020,000	2,382,400	(2,159,800)
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(3,167,000)	(5,599,700)	(5,429,656)
Capital Expenditure funded from Major Repairs Reserve	0	984,700	658,125
Transfer from Earmarked Reserves - for Capital Purposes	(2,020,000)	(2,382,400)	(1,923,534)
Financing of Capital Expenditure from Earmarked Reserves	2,020,000	2,382,400	1,923,534
<b>TOTAL (SURPLUS) / DEFICIT FOR THE YEAR</b>	<b>(233,000)</b>	<b>(233,000)</b>	<b>(126,467)</b>
Housing Revenue Account Balance brought forward	(517,064)	(623,533)	(623,533)
<b>HRA BALANCE CARRIED FORWARD</b>	<b>(750,064)</b>	<b>(856,533)</b>	<b>(750,000)</b>

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

## HRA RESERVES BUDGET SUMMARY - 2023/24 OUTTURN

<b>2023/24</b>					
<b>HOUSING REVENUE ACCOUNT</b>	Balance as at 31/03/23	Contributions to Reserve	Contributions from Reserve		Balance as at 31/03/24
	£000	From Revenue £000	To Capital £000	To Revenue £000	£000
<b>HRA General Balance</b>	<b>(624)</b>	<b>(126)</b>	-	-	<b>(750)</b>
<b>Earmarked Reserves:</b>					
Business Support Reserve	(5,869)	-	1,700	3,587	(582)
Major Repairs Reserve	(121)	(4,775)	4,117	-	(779)
Flats - Planned Maintenance	(788)	(33)	-	417	(405)
I T Replacement	(444)	(600)	-	70	(974)
Sheltered - Equipment	(273)	(74)	-	48	(299)
Sheltered - Planned Maintenance	(387)	(148)	224	27	(284)
Sheltered Support Grant Mtce	(492)	(74)	-	286	(279)
<b>Total Earmarked Reserves</b>	<b>(8,374)</b>	<b>(5,703)</b>	<b>6,040</b>	<b>4,434</b>	<b>(3,603)</b>

## Appendix 5 General Fund Usable Reserves

General Fund Usable Reserves				
	31/03/2023 £000	Transfer (From) Reserve £000	Transfer To Reserve £000	31/03/2024 £000
<b>General Fund Balance</b>	<b>11,678</b>	<b>(1,351)</b>		<b>10,327</b>
<b>Earmarked Reserves</b>				
Revenue Grants Unapplied Reserve	644	(202)		442
Business Rates Retention Reserve	7,472	(1,632)	5,474	11,314
Corporate Priorities Reserve	421	(116)	150	455
Covid 19 Support Reserve	10			10
Invest to Save Reserve	303	(37)		266
S106 Commuted Sums Reserve	1,266	(38)	265	1,493
Restructure Reserve	521	(70)		451
Corporate Property Reserve	313			313
Welfare Reforms Reserve	325			325
Renewals Reserves	1,062	(127)	495	1,430
Homelessness Support Reserve	110			110
Lancaster District Hardship Fund	240	(135)		105
Other Earmarked Reserves	388	(164)	102	326
<b>Total Earmarked Reserves</b>	<b>13,075</b>	<b>(2,521)</b>	<b>6,486</b>	<b>17,040</b>
<b>Total Usable Revenue Reserves</b>	<b>24,753</b>	<b>(3,872)</b>	<b>6,486</b>	<b>27,367</b>
Capital Receipts Reserve	3	(3)		0
Capital Grants Unapplied Reserve	103			103
<b>Total Usable Capital Reserves</b>	<b>106</b>	<b>(3)</b>	<b>0</b>	<b>103</b>
<b>Total Usable Reserves</b>	<b>24,859</b>	<b>(3,875)</b>	<b>6,486</b>	<b>27,470</b>

## Appendix 5a - Slippage and Accelerated Expenditure of Reserve Funded Projects

Reserve	Description	Slippage Amount £	Details
<b>Unallocated Reserve</b>	Gateway - Whitelund Roof	295,600	Roof and Cladding works at Gateway
	Local Plan Review	207,000	Review of the adopted Local Plan for Lancaster District
	Stock Condition Surveys	99,600	Stock condition surveys of the council's commercial and corporate estate
	Burrow Beck Feasibility Work	5,800	Contribution for surveys, reports & consultation to support the planning application for a 4.8MW solar scheme
<b>Corporate Priorities Reserve</b>	Teams Contact Centre	127,300	Required for Anywhere 365 Renewal
	Frontierland legal & financial due diligence	49,600	To support legal and financial/commercial due diligence across the procurement stages
	Museum Review - Resilient Heritage Match	30,000	National Lottery Heritage Fund match funding pending outcome of ongoing consultancy review of the Museums
	Digital Strategy	18,800	Required to support Lancaster Local Full Fibre Network & Data Centre feasibility work
	Works in Default	17,500	Reactive activity led allocation to support expenditure
<b>Invest To Save Reserve</b>	Heysham Gateway	109,400	Required to fund ongoing project and joint partnership arrangement with Lancashire County Council
	Regeneration Feasibility - Local Plan	49,600	Required to fund ongoing project work
<b>Revenue Grants Unapplied Reserve (Council tax rebate new burdens)</b>	Revenue Shared Service Support	117,900	Council tax rebate & business rate new burdens funding transferred into revenue grants unapplied at the end of 2023/24 and intended to be used during 2024/25 to support work of revenues shared service
<b>Revenue Grants Unapplied Reserve (Community Housing &amp; Brownfield)</b>	Estimated Grant Payments (Lapwing & Co-op Buildings)	168,900	Ringfenced funding to be reallocated
<b>S106 Commuted Sums</b>	Lawson's Bridge s106 Scheme	63,000	Creation of a pedestrian/cycleway
<b>Lancaster District Hardship Fund</b>	Household support for residents suffering hardship	105,400	Balance of fund not yet utilised and remaining available to provide support
<b>Renewals Reserve</b>	Remove 2 x bridges over Burrow Beck	4,100	Works to be finalised
<b>Restructure Reserve</b>	Outcomes Based Resourcing Support	50,600	Required to fund Outcomes Based Resourcing support costs in 2024/25
	<b>Total</b>	<b>1,520,100</b>	

Reserve	Description	Accelerated Expenditure Amount £	Details
<b>Revenue Grants Unapplied Reserve (Community Housing &amp; Brownfield)</b>	Estimated Grant Payments (Lapwing & Co-op Buildings)	-5,100	Ringfenced funding spent in advance
	<b>Total</b>	<b>-5,100</b>	

Total Net Slippage &amp; Accelerated Expenditure

1,515,000

**Appendix 6 - Housing Revenue Account Reserve Funded Projects Slipped from 2023/24**

<b>Reserve</b>	<b>Description</b>	<b>Slippage Amount £</b>	<b>Details</b>
<b>Business Support Reserve</b>	Housing Renewal & Renovation capital expenditure	219,000	Alder Grove development due to complete January 2025
<b>Business Support Reserve</b>	Redevelopment Projects	328,600	Scheme design and development fees relating to Mainway and Coopers Fields redevelopment projects
<b>Flats - Planned Maintenance Reserve</b>	Fire Safety Works	44,200	Works required in communal areas of general needs flats (approved by Cabinet in October 2022)
<b>ICT and Systems Improvement Reserve</b>	System-related Projects	11,000	Software implementation, completed April 2024
<b>Sheltered - Planned Maintenance Reserve</b>	Reconfiguration Works	25,000	Works required in communal areas of independent living schemes
	<b>Total</b>	<b>627,800</b>	

**Lancaster City Council - Capital Expenditure 2023/24**

For consideration by Cabinet 10 September 2024

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure in 2023/24	Expenditure to be financed in 2023/24	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>COUNCIL HOUSING</b>										
Adaptations	420,000	468,015.99	468,015.99	1,895.52				466,120.47	468,015.99	0.00
Energy Efficiency Boiler Replacements	1,192,900	951,430.38	951,430.38	102,025.12				849,405.26	951,430.38	0.00
Environmental Improvements	570,000	459,254.43	459,254.43					459,254.43	459,254.43	0.00
External Refurbishments	162,000	85,987.22	85,987.22					85,987.22	85,987.22	0.00
Fire Precaution Works	520,000	657,418.49	657,418.49	2,200.00		223,842.47		431,376.02	657,418.49	0.00
Kitchen Bathroom Replacement	938,000	840,812.50	840,812.50					840,812.50	840,812.50	0.00
Re-roofing & Window Renewals	726,000	385,869.96	385,869.96	-250.00				386,119.96	385,869.96	0.00
Rewiring	124,800	93,456.86	93,456.86					93,456.86	93,456.86	0.00
Whole House Improvements	639,000	589,300.65	589,300.65			108,754.46		408,297.13	517,051.59	72,249.06
Construction	790,000	212,937.04	212,937.04	177,000.00		35,937.04			212,937.04	0.00
Demolition	0	366,996.92	366,996.92	366,996.92					366,996.92	0.00
Dwelling Acquisitions	0	90,000.00	90,000.00					90,000.00	90,000.00	0.00
Mainway Regeneration Project	1,950,000	1,555,000.00	1,555,000.00			1,555,000.00			1,555,000.00	0.00
<b>TOTAL - HRA</b>	<b>8,032,700</b>	<b>6,756,480.44</b>	<b>6,756,480.44</b>	<b>649,867.56</b>	<b>0.00</b>	<b>1,923,533.97</b>	<b>0.00</b>	<b>4,110,829.85</b>	<b>6,684,231.38</b>	<b>72,249.06</b>

GENERAL FUND	Revised Estimate	Expenditure in 2023/24	Expenditure to be financed in 2023/24	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>ENVIRONMENT &amp; PLACE</b>										
Vehicle Renewals	1,284,000	1,417,341.75	1,417,341.75					0.00	1,417,341.75	0.00
Happy Mount Park Pathway Replacements	8,000	7,700.00	7,700.00					0.00	7,700.00	0.00
UK Shared Prosperity Fund - The Streets Are Ours Public Realm	100,000	881.86	881.86	881.86					881.86	0.00
Salt Ayre Asset Management Plan	259,000	264,470.01	264,470.01			124,000.00	5,470.01		129,470.01	135,000.00
<b>Sub-Total</b>	<b>1,651,000</b>	<b>1,690,393.62</b>	<b>1,690,393.62</b>	<b>881.86</b>	<b>0.00</b>	<b>124,000.00</b>	<b>5,470.01</b>	<b>0.00</b>	<b>130,351.87</b>	<b>1,560,041.75</b>
<b>HOUSING &amp; PROPERTY</b>										
Mellishaw Park	1,900,000	1,826,651.07	1,826,651.07	960,000.00					960,000.00	866,651.07
Disabled Facilities Grants	2,099,000	2,022,652.49	2,022,652.49	2,022,652.49					2,022,652.49	0.00
HIA Purchase of Vehicles	0	86,865.00	86,865.00	86,865.00					86,865.00	0.00
Next Steps Accommodation Programme	23,000	19,823.74	19,823.74					0.00	19,823.74	0.00
1 Lodge Street Urgent Structural Repairs	422,000	0.00	0.00	3,212.55					3,212.55	-3,212.55
Gateway Low Voltage Switchgear	102,000	151,690.50	151,690.50					0.00	151,690.50	0.00
Lancaster City Museum Boiler	10,000	6,601.34	6,601.34	4,438.90					4,438.90	2,162.44
Palatine Recreation Ground	0	-6,113.09	-6,113.09						0.00	-6,113.09
UK Shared Prosperity Fund Lancs CVS Community Warm Hubs	26,000	26,407.00	26,407.00	26,407.00					26,407.00	0.00
White Lund Deopt - Offices	838,000	0.00	0.00						0.00	0.00
Coopers Fields - BLRF	0	82,791.73	82,791.73	82,791.73					82,791.73	0.00
<b>Sub-Total</b>	<b>5,420,000</b>	<b>4,217,369.78</b>	<b>4,217,369.78</b>	<b>3,186,367.67</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,186,367.67</b>	<b>1,031,002.11</b>
<b>PEOPLE &amp; POLICY</b>										
UK Shared Prosperity Fund External Projects	269,000	255,425.93	255,425.93	255,425.93					255,425.93	0.00
Rural England Prosperity Fund External Projects	125,000	101,743.82	101,743.82	101,743.82					101,743.82	0.00
UK Shared Prosperity Fund Digital Tourism	50,000	29,674.60	29,674.60	29,674.60					29,674.60	0.00
<b>Sub-Total</b>	<b>444,000</b>	<b>386,844.35</b>	<b>386,844.35</b>	<b>386,844.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>386,844.35</b>	<b>0.00</b>
<b>PLANNING &amp; CLIMATE CHANGE</b>										
SALC - optimised solar farm, air source heat pumps & glazing	17,000	7,014.14	7,014.14	7,014.14					7,014.14	0.00
<b>Sub-Total</b>	<b>17,000</b>	<b>7,014.14</b>	<b>7,014.14</b>	<b>7,014.14</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,014.14</b>	<b>0.00</b>
<b>RESOURCES</b>										
ICT Systems, Infrastructure & Equipment	221,000	66,840.01	66,840.01						0.00	66,840.01
ICT Laptop Replacement & e-campus screens	124,000	7,955.34	7,955.34						0.00	7,955.34
Local Full Fibre Network	1,041,000	417,633.05	417,633.05						0.00	417,633.05
<b>Sub-Total</b>	<b>1,386,000</b>	<b>492,428.40</b>	<b>492,428.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>492,428.40</b>
<b>SUSTAINABLE GROWTH</b>										
Lancaster Heritage Action Zone	1,148,000	750,956.26	750,956.26	264,798.50					264,798.50	486,157.76
Caton Road Flood Relief Scheme	100,000	5,285.61	5,285.61	5,285.61					5,285.61	0.00
Lawson's Bridge S106 Scheme	63,000	0.00	0.00						0.00	0.00
Engineers Electric Vehicle	15,000	26,751.55	26,751.55						0.00	26,751.55
Coastal Revival Fund - Morecambe Co-Op Building	11,000	350.00	350.00	350.00					350.00	0.00
UK Shared Prosperity Fund Maritime Museum Access Improvement	13,000	16,360.00	16,360.00	13,500.00		2,860.00			16,360.00	0.00
UK Shared Prosperity Fund Lodge St Environs Enabling Works	72,000	3,000.00	3,000.00	3,000.00					3,000.00	0.00
<b>Sub-Total</b>	<b>1,422,000</b>	<b>802,703.42</b>	<b>802,703.42</b>	<b>286,934.11</b>	<b>0.00</b>	<b>0.00</b>	<b>2,860.00</b>	<b>0.00</b>	<b>289,794.11</b>	<b>512,909.31</b>
<b>SCHEMES UNDER DEVELOPMENT</b>										
Our Future Coast	283,000	0.00	0.00						0.00	0.00
<b>Sub-Total</b>	<b>283,000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL - GENERAL FUND</b>	<b>10,623,000</b>	<b>7,596,753.71</b>	<b>7,596,753.71</b>	<b>3,868,042.13</b>	<b>0.00</b>	<b>124,000.00</b>	<b>8,330.01</b>	<b>0.00</b>	<b>4,000,372.14</b>	<b>3,596,381.57</b>

	Revised Estimate	Expenditure in 2023/24	Expenditure to be financed in 2023/24	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
				GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
	£	£	£	£	£	£	£	£	£	
<b>GENERAL FUND</b>	10,623,000	7,596,753.71	7,596,753.71	3,868,042.13	0.00	124,000.00	8,330.01	0.00	4,000,372.14	3,596,381.57
<b>HOUSING REVENUE ACCOUNT</b>	8,032,700	6,756,480.44	6,756,480.44	649,867.56	0.00	1,923,533.97	0.00	4,110,829.85	6,684,231.38	72,249.06
<b>TOTAL CAPITAL EXPENDITURE &amp; FINANCING</b>	<b>18,655,700</b>	<b>14,353,234.15</b>	<b>14,353,234.15</b>	<b>4,517,909.69</b>	<b>0.00</b>	<b>2,047,533.97</b>	<b>8,330.01</b>	<b>4,110,829.85</b>	<b>10,684,603.52</b>	<b>3,668,630.63</b>

2023/24 CAPITAL EXPENDITURE FINANCING			Housing Revenue Account	General Fund	Grand Total for all Funds
			£	£	£
<b>Amounts to be financed by General Capital Resources</b>			<b>72,249.06</b>	<b>3,596,381.57</b>	<b>3,668,630.63</b>
<b>Financed by:</b>					
<b>Underlying Borrowing Need - Increase in Capital Financing Requirement</b>			<b>0.00</b>	<b>3,593,508.21</b>	<b>3,593,508.21</b>
<b>Usable Capital Receipts</b>			<b>72,249.06</b>	<b>2,873.36</b>	<b>75,122.42</b>
<b>General Grants Unapplied</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Financing from General Capital Resources</b>			<b>72,249.06</b>	<b>3,596,381.57</b>	<b>3,668,630.63</b>

## Appendix 8 - Slippage and Accelerated Expenditure

	Slippage £000	Reason for Slippage £000
<b>Environment &amp; Place</b>		
Purchase of Vehicles	(172)	The lead times of some vehicles was longer than expected, these vehicles will be received in 2024/25
	<u>(172)</u>	
<b>Housing &amp; Property</b>		
White Lund Depot - Offices	(838)	Project delayed awaiting revised plans to inform planning application
1 Lodge Street Urgent Structural Repairs	(422)	Project delayed
Disabled Facilities Grants	0	Marginally lower turnover (£76K) in grant applications in year than originally anticipated, however externally funded
Mellishaw Park	(73)	Scheme over ran due to delays with ENWL
	<u>(1,333)</u>	
<b>Planning &amp; Climate Change</b>		
SALC Salix Funded Optimised Solar Farm	0	Required to cover contractor retention falling due in 2024/25. £10K slippage fully funded by Grant.
	<u>0</u>	
<b>Resources</b>		
ICT Systems, Infrastructure & Equipment including Lancaster Local Fibre Network	(862)	Changing corporate needs during 2023/24 including changes to staff working locations and new 5 year replacement cycle led to delays in expenditure
	<u>(862)</u>	
<b>Sustainable Growth</b>		
Lancaster Heritage Action Zone	(373)	net of £24K income requested to be slipped
Caton Road Flood Relief Scheme	0	£95K slippage requested, externally funded scheme
Lawson's Bridge S106 Scheme	(63)	
Coastal Revival Fund - Morecambe Co-Op Building	0	£11K required for planned final works in 2024/25, externally funded
	<u>(436)</u>	
<b>Other Items</b>		
REPF & UKSPF Schemes	0	Projects totalling £225K did not progress in line with original plans and will now take place in 2024/25. This has nil cost as fully financed from REPF/UKSPF funding
	<u>0</u>	
<b>Schemes Under Development</b>		
Our Future Coast	0	£283K slippage requested. Projects within the scheme did not progress in line with original plans. Will now commence in 2024/25, externally funded
	<u>0</u>	
<b>Housing Revenue Account</b>		
Housing Renewal & Renovation	(574)	Alder Grove development due to complete January 2025; works on major voids ongoing at year end
Energy Efficiency/Boiler Renewals	(425)	Match funding for Social Housing Decarbonisation Fund, committed at year end
Re-roofing/Window Renewals	(289)	Reroofing contract, committed at year end
Environmental Improvements	(128)	Works completed during the first quarter of 2023/24
Fire Precaution Works	(94)	Smoke alarm replacement contract, committed at year end
Rewiring	(22)	Consumer unit replacement contract, committed at year end
External Refurbishment	(21)	Door replacement contract, committed at year end
	<u>(1,553)</u>	
	<u><u>(4,356)</u></u>	

Environment & Place	Accelerated Expenditure £000	Reason for Accelerated Expenditure
Purchase of Vehicles	351	Lead in times of some vehicles was shorter than anticipated meaning vehicles were delivered in 2023/24 that were not expected until 2024/25
	<u>351</u>	
<b>Housing &amp; Property</b>		
HIA Purchase of Vehicles	0	Vehicles acquired earlier than originally anticipated at cost of £87K. However, vehicles were fully funded from external contributions.
Coopers Fields - BLRF	0	Expenditure incurred of £83K in advance of fully grant funded project being included in Capital Programme
	<u>0</u>	
	<u>351</u>	
<b>Total Net Slippage &amp; Accelerated Expenditure</b>	<u><u>(4,005)</u></u>	





**Delivering Our Priorities: Q1 2024/25  
10 September 2024**

**Report of Chief Executive & s151 Officer**

PURPOSE OF REPORT				
To provide members with an update on financial performance during the first quarter of 2024/25 (April – June 2024).				
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 financial performance for Quarter 1 2024/25.

**1.0 INTRODUCTION**

- 1.1 The primary purpose of this report is to present information relating to the Council’s financial performance for the period April-June 2024, which can be found within the appendices.

**2.0 FINANCIAL MONITORING**

- 2.1 The 2024/25 Budget and Medium-Term Financial Strategy (MTFS) 2024-2029 approved by Council in February 2024 set a balanced budget for the year based on the assumptions made at that time.
- 2.2 All portfolios are required to examine their revenue budgets and meet with their budget holders regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement, Financial Services continually reviews and refreshes how it presents the Council’s corporate monitoring information, with the Quarter 1 information distributed to Cabinet in August 2024.
- 2.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets ( ) this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position. The following financial appendices accompany the financial monitoring section of this report.

- Appendix A: General Fund Service Analysis
- Appendix B: General Fund Subjective Analysis
- Appendix C: HRA Service Analysis
- Appendix D: General Fund Capital Projects

Appendix E:	HRA Capital Projects
Appendix F:	Reserves Projected Outturn
Appendix G:	Approved Savings Monitoring
Appendix H:	Service Analysis
Appendix I:	Treasury Management Quarterly Update

- 2.4 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.

### 3.0 SALARY PROJECTIONS

- 3.1 Salary expenditure is one of the largest areas of expenditure in the Council and the latest budgeted pay bill for direct employee expenses is £32.592M (£26.333M General Fund, £6.259M HRA).

As part of the 2024/25 budget setting process, an inflationary uplift of 5.95% was included to salaries across all services of the Council. The National Employers latest offer of an increase of £1,290 on all NJC pay points is currently out to consultation with the Unions. Whilst the offered increase is a flat monetary increase, the proposal is estimated to be lower than the budgeted inflationary uplift amount included. For information, should the pay award be agreed at the latest offer level, annual savings in the region of £0.599M (£0.460M General Fund, £0.099M HRA) could be achieved.

Note that as the pay award is not finalised, no marginal impact has been included in the projected outturns within service and has been included in the summary positions and tables below as appropriate. It is hopeful for a further update to be available at Quarter 2.

The Chief Officers pay award has already been agreed and included at 2.5%.

### 4.0 OUTCOMES BASED RESOURCING

- 4.1 As part of the 2024/25 budget setting process, Members approved savings and budget proposals to save the Council £1.108M in 2024/25. The process to implement these savings is now underway and Appendix G details the progress of each proposal.

- 4.2 A majority of these net savings were budgeted to be achieved by the increase of fees and charges for which additional receipts of £0.838M were included. However, at this early stage within the financial year, this is difficult to project as there are shortfalls in income across services which may be attributable to other issues over pricing strategy. Where income shortfalls are already known, income has been updated within the service analysis and in section 5 below but for the time being, an on-track projected variance has been included for reporting purposes within the appendix.

For information, the key areas of off-street car parking and garden waste collection are performing within acceptable tolerances and don't warrant inclusion at this point in time. A more robust projection for all areas will be provided at Quarter 2.

## 5.0 GENERAL FUND SUMMARY POSITION

5.1 Quarter 1 (Q1) monitoring covers the period for April – July 2024. At the end of Q1 (July 2024) a year end overspend of **£0.157M** is projected against the Council's approved original net revenue budget of **£25.008M**. As part of the 2024/25 budget setting process, Council approved a contribution to reserves of **£0.250M** to produce a balanced budget. The latest position suggests that the projected net amount contributed to reserves in respect of general fund activities will be **£0.093M**.

5.2 A summary of the Q1 revenue position for the main service accounts of the Council is set out in table 1 below with commentary on significant variances provided in the following paragraphs.

Table 1 Quarter 1 Financial Monitoring – Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Environment & Place	9,154	7,886	7,980	(125)	8,398	(418)
Governance	1,588	1,592	1,592	68	1,618	(26)
Housing & Property	2,296	3,002	2,917	(2,617)	2,810	+107
People & Policy	3,397	2,644	2,644	861	2,463	+181
Planning & Climate Change	1,447	2,043	2,099	492	2,014	+85
Resources	3,959	4,873	4,873	6,315	4,724	+149
Sustainable Growth	(642)	(1,134)	(1,199)	(1,346)	(1,122)	(77)
Corporate Accounts	2,093	98	98	(272)	256	(158)
Other Items	4,675	5,169	5,169	(660)	5,169	0
<b>Sub Total</b>	<b>27,967</b>	<b>26,173</b>	<b>26,173</b>	<b>2,716</b>	<b>26,330</b>	<b>(157)</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	1,376	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	1,444	178	4,270	(2,826)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(1,444)	0	(4,270)	+2,826
<b>Sub Total</b>	<b>(1,162)</b>	<b>(1,165)</b>	<b>(1,165)</b>	<b>528</b>	<b>(1,165)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>26,805</b>	<b>25,008</b>	<b>25,008</b>	<b>3,244</b>	<b>25,165</b>	<b>(157)</b>
Financing Income	(16,351)	(14,080)	(14,080)	3,443	(14,080)	0
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>10,928</b>	<b>6,687</b>	<b>11,085</b>	<b>(157)</b>

### Environment & Place (-£0.418M) Adverse

5.3 Significant budget variances : -

- General staff turnover savings +£0.341M due to vacancies across the service offset by overspend within waste collection due to high levels of long-term sickness (-£0.047M)
- Projected income at Splash Park reduced due to poor summer weather to date (-£0.026M)
- Increased supplier costs at SALC (-£0.055M), significant income shortfalls, including Spa and Swimming (-£0.240M)
- Vehicle R&M (-£0.111M) across street cleaning and waste collection due to extension of vehicles whilst further information sought surrounding food waste collection; hire vehicles now returned (-£0.015M)
- Additional trade waste disposal costs for recycling (-£0.135M)
- Williamson Park Zoo, wedding venue and park no longer exempt from business rates and charging back-dated to 2017/18 (-£0.061M)

### Governance (-£0.026M) Adverse

5.4 Significant budget variances : -

- Agency cover for Procurement Officer (-£0.026M) offset by vacant post savings within service +£0.036M
- Reduced Search Fee income (-£0.026M) due to current market conditions
- Street Trading Consent scheme not yet commenced (-£0.020M)

Housing & Property +£0.107M Favourable

5.5 Significant budget variances: -

- Salary savings +£0.079M largely due to vacancies within private sector housing and property services sections
- Net additional rent income due to lease and other commercial property changes +£0.054M
- Reduction in income due to Selective Licensing scheme not progressing (-£0.136M), off-set by salary savings +£0.135M

People & Policy +£0.181M Favourable

5.6 Significant budget variance: -

- Savings from retirement of senior management officers +£0.179M

Planning & Climate Change +£0.085M Favourable

5.7 Significant budget variances: -

- Savings from 9 vacant posts currently in process of readvertising +£0.139M
- Additional cost of planning appeals & works in default (-£0.059M)

Resources +£0.149M Favourable

5.8 Significant budget variances: -

- Salary savings +£0.124M including key accountancy and ICT vacancies.
- Net saving on data line connections and ICT support costs +£0.029M

Sustainable Growth +£0.077M Adverse

5.9 Significant budget variances: -

- Salary savings +£0.058M which includes 4 vacant Engineer posts and a reduction in post hours
- Business rates revaluations largely relating to off-street car parks (-£0.027M)
- Market income (-£0.100M) 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 Accounts (-£0.158M) Adverse

5.10 Significant budget variances: -

- The provision for staff turnover target (-£0.158M) 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 underspent by +£0.913M. However, it should be noted again that the impact of the pay award has had not been included within the figures presented.

5.11 Appendix A: General Fund Service Analysis (Q1) set out the above information in more detail and provides summary percentage variations for variances +/- £30K. Appendix H provides additional analysis across individual service areas.

5.12 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 1 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Employees	26,117	25,932	26,136	5,514	25,178	+958
Premises Related Exp	6,215	5,210	5,168	1,699	5,311	(143)
Transport Related Exp	2,094	1,658	1,658	274	1,787	(129)
Supplies and Services	16,279	14,294	18,151	3,797	18,550	(399)
Transfer Payments	25,310	21,977	21,977	4,848	21,977	0
Support Services	151	141	228	0	228	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,132	1,542	1,542	0	1,542	0
Appropriations	6,670	5,373	5,373	0	5,373	0
Income	(56,001)	(49,671)	(53,777)	(13,416)	(53,333)	(444)
Capital Financing Inc	0	(300)	(300)	0	(300)	0
<b>Sub Total</b>	<b>27,967</b>	<b>26,173</b>	<b>26,173</b>	<b>2,716</b>	<b>26,330</b>	<b>(157)</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	1,376	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	1,444	178	4,270	(2,826)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(1,444)	0	(4,270)	+2,826
<b>Sub Total</b>	<b>(1,162)</b>	<b>(1,165)</b>	<b>(1,165)</b>	<b>528</b>	<b>(1,165)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>26,805</b>	<b>25,008</b>	<b>25,008</b>	<b>3,244</b>	<b>25,165</b>	<b>(157)</b>
Financing Income	(16,351)	(14,080)	(14,080)	3,443	(14,080)	0
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>10,928</b>	<b>6,687</b>	<b>11,085</b>	<b>(157)</b>

5.13 Appendix B: General Fund Subjective Analysis covers this information in more detail.

## 6.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

6.1 As at the end of Q1, a year end overspend against budget of **(-£0.636M)** is projected. A summary of the Q1 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 1 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Policy & Management	2,748	3,080	3,080	759	3,415	(335)
Repairs & Maintenance	7,935	6,911	6,911	1,056	7,041	(130)
Welfare Services	(90)	(237)	(237)	(160)	(237)	0
Special Services	266	238	238	74	245	(7)
Miscellaneous Expenses	1,039	952	952	162	1,173	(221)
Income Account	(17,551)	(17,985)	(17,985)	(4,397)	(18,090)	+105
Capital Charges	(4,298)	7,014	7,014	0	7,463	(449)
Appropriations	9,434	(490)	(490)	0	(891)	+401
<b>Sub Total</b>	<b>(517)</b>	<b>(517)</b>	<b>(517)</b>	<b>(2,506)</b>	<b>119</b>	<b>(636)</b>
Net Recharges to General Fund	517	517	517	517	517	0
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,989)</b>	<b>636</b>	<b>(636)</b>

6.2 Significant budget variances: -

- Additional repairs costs relating to defending and settling disrepair claims (-£0.061M)
- Additional rent loss from voids due to ongoing capital projects (-£0.061M)
- Additional council tax on re-lets due to major voids and capital projects (-£0.107M)
- Additional service charge income including increased uptake of furniture package service +£0.167M, partly off-set by increase in costs (-£0.114M)
- Increase in depreciation charge (-£0.449M), due to 2023/24 revaluations

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

## 7.0 CAPITAL PROJECTS (General Fund & HRA)

- 7.1 At Q1 a year end variance against budget of **(-£3.834M)** (General Fund (-£2.256M), HRA (-£1.578M)) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Slippage/ (Accelerated Expenditure) £'000
<b>General Fund</b>						
Environment & Place	2,277	2,277	(1,593)	1,079	+1,198	(179)
Housing & Property	2,524	2,524	(625)	4,176	(1,652)	1,333
People & Policy	0	0	(40)	0	0	0
Planning & Climate Change	440	440	(239)	950	(510)	0
Resources	1,341	1,341	182	2,203	(862)	862
Sustainable Growth	115	115	(4,676)	545	(430)	436
Other Items	0	0	(1,359)	0	0	0
<b>GENERAL FUND - TOTAL</b>	<b>6,697</b>	<b>6,697</b>	<b>(8,350)</b>	<b>8,953</b>	<b>(2,256)</b>	<b>2,452</b>
<b>Housing Revenue Account</b>						
Adaptations	300	300	121	300	0	0
Energy Efficiency / Boiler Replacement	909	909	147	1,334	(425)	425
Kitchen / Bathroom Refurbishment	888	888	120	888	0	0
External Refurbishment	526	526	3	547	(21)	21
Environmental Improvements	150	150	21	278	(128)	128
Re-roofing / Window Renewals	493	493	42	782	(289)	289
Rewiring	88	88	3	110	(22)	22
Lift Replacement	0	0	0	0	0	0
Fire Precaution Works	392	392	41	486	(94)	94
Housing Renewal & Renovation	607	607	43	1,206	(599)	574
Mainway Pilot Scheme	0	0	(364)	0	0	0
<b>HOUSING REVENUE ACCOUNT - TOTAL</b>	<b>4,353</b>	<b>4,353</b>	<b>177</b>	<b>5,931</b>	<b>(1,578)</b>	<b>1,553</b>
<b>GRAND TOTAL</b>	<b>11,050</b>	<b>11,050</b>	<b>(8,173)</b>	<b>14,884</b>	<b>(3,834)</b>	<b>+4,005</b>

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

DEFRA AONB Capital Access Works £0.341M

- 7.3 The overspending against budget relates to both General Fund and HRA. The table above highlights the slippage and accelerated expenditure, which is considered as part of the provisional outturn 2023/24 report, as detailed elsewhere on this agenda. Once accounted for, the following differences represent the true latest position of any forecast under/(over)spends :-

- Environment & Place: Salt Ayre Equipment Programme for the replacement of the moving floor at Salt Ayre not expected to be required until the next financial year +£0.976M; accelerated vehicle purchases have resulted in price savings +£0.043M
- Housing & Property: anticipated overspend after slippage request of (-£0.446M) for the Mellishaw Park project; HIA Purchase of Vehicles scheme budget no longer required +£0.127M as accelerated expenditure took place in 2023/24 and was externally funded in full. Any residual purchases will be subject to external funding too
- Planning & Climate Change: Property Decarbonisation Works require an adjustment relating to accelerating expenditure of (-£0.250M) from 2025/26 into 2024/25, plus also noting that budgeted grant income of (-£0.260M) will not be realised until 2025/26. This is due to the revised application for PSDS phase works which excluded works to MTH. Despite this, the full project is expected to result in an underspend against the approved budget for this scheme
- Sustainable Growth: anticipated underspend on Lawsons Bridge S106 scheme +£0.006M

- 7.4 With regard to the overall projected adverse variance on the HRA Capital Programme of £1.578M, this is largely caused by slippage from 2023/24 as detailed in the table. As per General Fund, this is still to be considered and approved elsewhere on this agenda. However, on the Housing Renewal & Renovation Project, there is a +£25K additional cost

to increase Alder Grove Development to EPC A, this is currently projected to be funded from HRA Business Support Reserve, although the service is currently reviewing opportunities around changes to Right-to-Buy receipt funds which may enable a transfer of funds for this purpose.

7.5 Appendix D General Fund Capital Projects and Appendix E HRA Capital Projects provide further information and summary commentary.

## 8.0 RESERVES

8.1 The Council's General Fund unallocated balances are projected to be **£7.819M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£25.196M**. Table 6 Quarter 1 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 6 Quarter 1 Financial Monitoring – General Fund Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(8,620,400)	(1,070,000)	0	1,277,500	(8,412,900)	(10,327,000)	(913,000)		3,420,700	(7,819,300)
<b>Total Earmarked Reserves</b>	(12,349,300)	(1,492,300)	38,000	156,100	(13,647,500)	(17,039,000)	(1,492,300)	101,000	1,053,900	(17,376,400)
<b>Total Combined Reserves</b>	(20,969,700)	(2,562,300)	38,000	1,433,600	(22,060,400)	(27,366,000)	(2,405,300)	101,000	4,474,600	(25,195,700)

8.2 The increase in usage of unallocated balances since the budget was approved include :-

- The inclusion of slippage (-£0.608M) as detailed within the Provisional Outturn report to be considered on this agenda
- The revenue overspend of (-£0.157M) as detailed in section 5.1
- Supporting the refurbishment of the roof and cladding works at the Gateway building (-£1.413M)
- Set-up costs relating to the Civica Property Management system (-£0.102M)
- To commission a waste composite audit in order to prepare for the collection of food waste in order to meet the government's waste strategy (-£0.020M)

8.3 The increase in usage of unallocated balances since the budget was approved include :-

- The inclusion of slippage (-£0.912M) as detailed within the Provisional Outturn report to be considered elsewhere on this agenda
- Vehicle Dynamic Assessments to be funded from corporate priorities (-£0.040M)
- A landscape and heritage management plan at Williamson Park to be funded from corporate priorities (-£0.010M)

8.4 The Council's Housing Revenue Account unallocated balances are projected to be **£0.211M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£2.608M**. Table 7 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>HRA Unallocated Balances</b>	(750,000)	(95,600)			(845,600)	(750,000)	(95,600)		634,900	(210,700)
<b>Total Earmarked Reserves</b>	(2,139,000)	(4,510,100)	4,325,700	770,100	(1,553,300)	(3,603,000)	(5,584,400)	5,611,300	1,178,900	(2,397,200)
<b>Total Combined Reserves</b>	(2,889,000)	(4,605,700)	4,325,700	770,100	(2,398,900)	(4,353,000)	(5,680,000)	5,611,300	1,813,800	(2,607,900)

- 8.5 As the projected net overspend will cause HRA unallocated balances to fall below the recommended minimum level of £0.750M, largely due to the anticipated increase in depreciation charges, work is underway to closely monitor areas of expenditure known to be under pressure, to evaluate forecast spends against service priorities as well as review the use of earmarked reserves in order to identify opportunities for the redirection of funds to support the revenue account. As noted in section 3, should the pay award be agreed at the latest offer level, annual savings in the region of £0.099M could be achieved within the HRA, but this has not been reflected within the figures presented.
- 8.6 Appendix F: Reserves Projected Outturn provides further detailed analysis for both funds.
- 8.7 The Council's reserves are used to manage pressures such as 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.

## 9.0 COLLECTION FUND

### Business Rates

- 9.1 At the Autumn Statement on 22 November 2023, the Chancellor announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street. For 2024/25 the Chancellor announced that:
- The small business multiplier will be frozen at 49.9p
  - The standard multiplier will be updated in April by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p
  - The 2024/25 Retail, Hospitality and Leisure (RHL) scheme will be extended for a fifth year into 2024/25, retaining the existing scope and providing eligible properties with 75% relief, up to a cap of £110,000 per business

These changes came into effect from 1 April 2024.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant Retail, Hospitality and Leisure relief in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from the government. No new legislation will be required to deliver this scheme. [Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/business-rates-relief-2024-25-retail-hospitality-and-leisure-scheme)

Section 1 of the Non-Domestic Rating Act 2023 created a mandatory relief to support business making improvements to properties they occupy. From 1 April 2024, businesses that have made qualifying improvements may benefit from 100% relief from higher bills for 12 months. The scheme will run until 1 April 2029.

- 9.2 The collection rate for Business Rates is currently 27.8%, which is ahead of the profiled target of 26.2%. The annual target is 98.0%.

### Council Tax

- 9.3 The current collection rate for Council Tax is 28.0% which is slightly ahead of the profiled target of 27.9%. The annual target is 95.0%. The number of Local Council Tax Support



claimants at Q1 is 9,418.

## 10.0 WRITE OFFS

10.1 Table 8 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 8: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	90,716				90,716
Business Rates	48,798				48,798
Housing Benefit Overpayments	16,847				16,847
Housing Rents (HRA)	4,085				4,085
<b>Total</b>	<b>160,446</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160,446</b>

10.2 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.

## 11.0 TREASURY MANAGEMENT

11.1 Appendix I gives a quarterly update in respect of treasury management activities and the most recent economic prospects.

11.2 The average level of funds available for investment at the end of quarter 1 was £21.69M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 5.25%
7 day SONIA	– 5.20%
Lancaster City Council	– 5.23%

Details of investment holdings are set out in Appendix I

11.3 No new borrowing was undertaken during quarter 1 with balance sheet projections indicating that temporary borrowing may be required before the end of the financial year. The ultimate amount and timing of this will depend on working capital cashflows in the run up to year end which are kept under close review with a further update being made available at quarter 2.

11.4 The Council has operated withing the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2024/25. Appendix I gives an update in respect of prudential indicators showing the current forecast for the year against estimate and last year's actuals.

**RELATIONSHIP TO POLICY FRAMEWORK**

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

**CONCLUSION OF IMPACT ASSESSMENT**

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

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

**LEGAL IMPLICATIONS**

There are no legal implications directly arising.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:**

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

**SECTION 151 OFFICER'S COMMENTS**

The report has been written by the Section 151 Officer.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**Ref:**

**QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Services</b>								
	98	106	6	112	10	112	0	
	330	387	0	387	(68)	350	37	+10%
	47	35	(11)	24	42	(20)	44	+183%
	364	591	0	591	32	496	95	+16%
	251	229	23	252	13	255	(3)	
	1,376	1,236	3	1,239	439	1,256	(17)	
<a href="#">Environment &amp; Place</a>	0	(18)	0	(18)	(68)	(20)	2	
	960	356	22	378	146	593	(215)	(57%)
	662	786	2	788	189	770	18	
	1,739	1,793	6	1,799	384	1,791	8	
	65	72	0	72	17	72	0	
	(786)	(1,037)	0	(1,037)	(1,363)	(899)	(138)	(13%)
	3,510	2,984	0	2,984	25	3,166	(182)	(6%)
	538	366	43	409	77	476	(67)	(16%)
	962	1,030	0	1,030	(145)	1,025	5	
<a href="#">Governance</a>	647	634	0	634	201	686	(52)	(8%)
	(21)	(72)	0	(72)	12	(93)	21	
	(1,366)	(1,415)	(69)	(1,484)	(371)	(1,527)	43	+3%
	533	597	0	597	136	603	(6)	
	550	664	0	664	135	635	29	
	179	(10)	0	(10)	(1)	3	(13)	
<a href="#">Housing &amp; Property</a>	628	570	63	633	124	658	(25)	
	62	106	(72)	34	5	34	0	
	885	1,521	0	1,521	(2,845)	1,486	35	+2%
	703	842	(7)	835	175	784	51	+6%
	122	127	0	127	25	134	(7)	
	0	0	0	0	0	0	0	
	246	240	0	240	36	238	2	
	313	382	0	382	66	204	178	+47%
	92	97	0	97	16	97	0	
<a href="#">People &amp; Policy</a>	678	215	0	215	139	217	(2)	
	85	74	0	74	14	59	15	
	1,384	1,123	0	1,123	241	1,144	(21)	
	127	183	0	183	26	174	9	
	302	312	0	312	300	312	0	
	170	18	0	18	23	18	0	
	121	190	0	190	15	186	4	
<a href="#">Planning &amp; Climate Change</a>	429	712	56	768	261	723	45	+6%
	150	167	0	167	32	173	(6)	
	747	974	0	974	184	932	42	+4%
	51	59	0	59	67	63	(4)	
	1,257	1,625	0	1,625	334	1,546	79	+5%
<a href="#">Resources</a>	1,503	1,807	0	1,807	610	1,733	74	+4%
	156	169	0	169	58	169	0	
	992	1,213	0	1,213	5,246	1,213	0	
	346	220	0	220	51	220	0	
	(53)	(126)	(10)	(136)	(70)	(31)	(105)	(77%)
<a href="#">Sustainable Growth</a>	433	485	0	485	137	490	(5)	
	(2,553)	(2,753)	0	(2,753)	(288)	(2,726)	(27)	
	873	590	(55)	535	(1,180)	514	21	
	312	450	0	450	4	411	39	+9%
	<b>21,199</b>	<b>20,906</b>	<b>0</b>	<b>20,906</b>	<b>3,648</b>	<b>20,905</b>	<b>1</b>	
<b>Corporate Services</b>								
<a href="#">Corporate Accounts</a>	2,093	98	0	98	(272)	256	(158)	(161%)
	3,880	2,362	0	2,362	0	2,362	0	
	(1,159)	(1,239)	0	(1,239)	(482)	(1,239)	0	
	1,132	1,541	0	1,541	0	1,541	0	
	(1,413)	(505)	0	(505)	(178)	(505)	0	
<a href="#">Other Items</a>	2,660	3,010	0	3,010	0	3,010	0	
	(80)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	132	0	0	0	0	0	0	
	(477)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	<b>6,768</b>	<b>5,267</b>	<b>0</b>	<b>5,267</b>	<b>(932)</b>	<b>5,425</b>	<b>(158)</b>	<b>(3%)</b>
	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	(130)	(139)	0	(139)	1,376	(139)	0	
	1,295	1,272	172	1,444	178	4,270	(2,826)	(196%)
	(1,295)	(1,272)	(172)	(1,444)	0	(4,270)	2,826	+196%
<b>General Fund Revenue Budget</b>	<b>26,805</b>	<b>25,008</b>	<b>0</b>	<b>25,008</b>	<b>3,244</b>	<b>25,165</b>	<b>(157)</b>	<b>(1%)</b>
Core Funding :								
	(406)	(433)	0	(433)	(117)	(433)	0	
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	181	141	0	141	0	141	0	
	(16,126)	(13,788)	0	(13,788)	3,560	(13,788)	0	
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>0</b>	<b>10,928</b>	<b>6,687</b>	<b>11,085</b>	<b>(157)</b>	<b>(1%)</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 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2024/25**

		Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,769	25,116	203	25,319	5,577	24,153	1,166	+5%
	Indirect Employee Expenses	2,348	816	0	816	(63)	1,025	(209)	(26%)
	Cleaning and Domestic Supplies	272	169	0	169	55	169	0	
	Energy Costs	2,207	1,548	0	1,548	(63)	1,548	0	
	Fixtures and Fittings	1	1	0	1	0	1	0	
	Grounds Maintenance Costs	52	61	0	61	10	61	0	
	Operational Bldgs Allocation	219	107	0	107	62	107	0	
Premises Related Exp	Other Premises Costs	0	0	0	0	0	0	0	
	Premises Insurance	294	320	0	320	1	320	0	
	Rates	1,284	1,339	0	1,339	1,480	1,485	(146)	(11%)
	Rents	72	65	0	65	29	65	0	
	Repair and Maintenance	1,421	1,262	(121)	1,141	62	1,144	(3)	
	Water Services	393	338	73	411	63	411	0	
	Car Allowances	12	2	0	2	2	2	0	
	Contract Hire Operating Leases	215	46	0	46	22	63	(17)	
Transport Related Exp	Direct Transport Costs	1,777	1,503	0	1,503	244	1,615	(112)	(7%)
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	13	20	0	20	3	20	0	
	Transport Insurance	77	87	0	87	3	87	0	
	Catering	51	40	0	40	5	40	0	
	Clothing Uniform and Laundry	104	88	0	88	33	88	0	
	Communications and Computing	1,496	1,693	0	1,693	1,010	1,688	5	
	Contribution to Provisions	963	250	0	250	0	250	0	
Supplies and Services	Equip Furniture and Materials	1,807	1,610	77	1,687	419	1,799	(112)	(7%)
	Expenses	588	528	0	528	115	512	16	
	General Office Supplies	245	247	0	247	70	253	(6)	
	Grants and Subscriptions	1,929	1,782	74	1,856	554	1,869	(13)	
	Miscellaneous Expenses	1,458	1,232	1,803	3,035	219	3,044	(9)	
	Services	7,638	6,824	1,903	8,727	1,372	9,007	(280)	(3%)
Transfer Payments	Housing Benefit	25,310	21,977	0	21,977	4,848	21,977	0	
Support Services	Recharges Exp	151	141	87	228	0	228	0	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	0	
	Depreciation	0	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,132	1,542	0	1,542	0	1,542	0	
Appropriations	Appropriations	6,670	5,373	0	5,373	0	5,373	0	
	Customer Fees and Charges	(19,482)	(20,040)	0	(20,040)	(6,308)	(19,781)	(259)	(1%)
	Government Grants	(29,176)	(25,281)	(2,852)	(28,133)	(5,137)	(28,055)	(78)	(0%)
Income	Interest	(1,611)	(568)	0	(568)	(178)	(568)	0	
	Other Grants and Contributions	(3,261)	(2,281)	(1,247)	(3,528)	(1,465)	(3,448)	(80)	(2%)
	Recharges Inc	(2,471)	(1,501)	0	(1,501)	(328)	(1,481)	(20)	
Capital Financing Inc	Capital Related Income	0	(300)	0	(300)	0	(300)	0	
	Net Recharges to Housing Revenue Account	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	0	(139)	1,376	(139)	0	
	Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	172	1,444	178	4,270	(2,826)	(196%)
	Revenue Reserve funded items included in above analysis (Appropriations)	(1,295)	(1,272)	(172)	(1,444)	0	(4,270)	2,826	+196%
<b>General Fund Revenue Budget</b>		<b>26,805</b>	<b>25,008</b>	<b>0</b>	<b>25,008</b>	<b>3,244</b>	<b>25,165</b>	<b>(157)</b>	<b>(1%)</b>
Core Funding :	Revenue Support Grant	(406)	(433)	0	(433)	(117)	(433)	0	
	Additional New Homes Bonus	0	0	0	0	0	0	0	
	Supplementary Government Grants	0	0	0	0	0	0	0	
	Prior Year Council Tax Surplus	181	141	0	141	0	141	0	
	Net Business Rates Income	(16,126)	(13,788)	0	(13,788)	3,560	(13,788)	0	
<b>Council Tax Requirement</b>		<b>10,454</b>	<b>10,928</b>	<b>0</b>	<b>10,928</b>	<b>6,687</b>	<b>11,085</b>	<b>(157)</b>	<b>(1%)</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 1 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Housing Revenue Account</b>								
Policy & Management	2,748	3,080	0	3,080	759	3,415	(335)	(11%)
Repairs & Maintenance	7,935	6,911	0	6,911	1,056	7,041	(130)	(2%)
Welfare Services	(90)	(237)	0	(237)	(160)	(237)	0	
Special Services	266	238	0	238	74	245	(7)	
Miscellaneous Expenses	1,039	952	0	952	162	1,173	(221)	(23%)
<a href="#">Housing Revenue Account</a>	(17,551)	(17,985)	0	(17,985)	(4,397)	(18,090)	105	+1%
Income Account	(4,298)	7,014	0	7,014	0	7,463	(449)	(6%)
Capital Charges	9,434	(490)	0	(490)	0	(891)	401	+82%
Appropriations	0	0	0	0	0	0	0	
Gain/Loss on Asset Sales	0	0	0	0	0	0	0	
Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	0	
	<b>(517)</b>	<b>(517)</b>	<b>0</b>	<b>(517)</b>	<b>(2,506)</b>	<b>119</b>	<b>(636)</b>	<b>(123%)</b>
Net Recharges to General Fund	517	517	0	517	517	517	0	
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,989)</b>	<b>636</b>	<b>(636)</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 1 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25**

	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q1 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	2023/24 Slippage / (Accelerated Expenditure) Request £'000	Variance +/- £30K %	
<b>Services</b>									
<a href="#">Environment &amp; Place</a>	AONB - Capital Access Works	0	0	0	0	0	0		
	Electric Taxis	0	0	0	(342)	0	0		
	Food Waste Strategy	0	0	0	(1,462)	0	0		
	Happy Mount Park Footpaths	0	0	0	0	0	0		
	Purchase Of Vehicles	1,301	0	1,301	211	1,079	222	(179)	
	Salt Ayre Equipment Programme	976	0	976	0	0	976	+100%	
<a href="#">Housing &amp; Property</a>	1 Lodge Street Urgent Structural Repairs	0	0	0	0	422	(422)	422	
	Commercial Property Works	62	0	62	0	62	0		
	Coopers Fields - BLRF	0	0	0	(300)	0	0	0	
	Disabled Facilities Grants	0	0	0	(715)	0	0	0	
	HIA Purchase of Vehicles	127	0	127	0	0	127	0	
	Lancaster City Museum	0	0	0	0	0	0	+100%	
	Low Voltage Switchgear & Solar Array - Gateway	984	0	984	0	984	0		
	Mellishaw Park	0	0	0	393	519	(519)	73	
	Next Steps Accommodation Programme	0	0	0	(6)	0	0		
	Palatine Recreation Ground - Veterans CI	0	0	0	0	0	0		
	Property Capital Works	355	0	355	0	355	0		
	White Lund Depot Improvements	996	0	996	3	1,834	(838)	838	
<a href="#">People &amp; Policy</a>	PRG Grant	0	0	0	(40)	0	0	(84%)	
<a href="#">Planning &amp; Climate Change</a>	Burrow Beck Solar	200	0	200	0	200	0		
	Property De-carbonisation Works	240	(240)	0	(106)	0	0		
	Property De-carbonisation Works 2024-25	0	240	240	1	750	(510)	(213%)	
	SALC Salix Funded Optimised Solar Farm	0	0	0	(134)	0	0	0	
<a href="#">Resources</a>	Application System Renewal	0	0	0	13	0	0		
	Capital Clearance	0	0	0	0	0	0		
	I.S. Desktop Equipment	166	0	166	12	166	0		
	I.T.Strategy	115	0	115	27	231	(116)	116	
	ICT Laptop Replacement & E-campus screens	0	0	0	5	113	(113)	113	
	ICT Nimble	300	0	300	0	300	0		
	ICT Telephony	5	0	5	3	15	(10)	10	
	Lancaster Local Fibre Network	755	0	755	122	1,378	(623)	623	
	Transformation Costs - Flexible Use of Cap Receipt	0	0	0	0	0	0		
<a href="#">Sustainable Growth</a>	Artle Beck Improvements	0	0	0	0	0	0		
	Bare Outfall Flooding	50	0	50	0	50	0		
	Brownfield Land Release Fund	0	0	0	(2,389)	0	0	0	
	Caton Road Flood Relief Scheme	0	0	0	(1,653)	0	0	0	
	Centenary House Grant Funded Works	0	0	0	(725)	0	0		
	City Museum Shop	30	0	30	8	30	0		
	Coastal Revival Fund - Morecambe Co-op	0	0	0	(9)	0	0	0	
	Economic Growth & Regen Devpt Pool	0	0	0	0	0	0	0	
	Engineers Electric Vehicle	0	0	0	0	0	0		
	Lancaster HS Heritage Action Zone	0	0	0	62	373	(373)	373	
	Lancaster Square Routes Project	5	0	5	(18)	5	0		
	Lawsons Bridge S106 scheme	0	0	0	48	57	(57)	63	
	Morecambe Sea Front Parapet	30	0	30	0	30	0		
<a href="#">Other Items</a>	REPF 23/24 (yr1) External Projects	0	0	0	(23)	0	0		
	REPF 24/25 (Yr2) External Projects	0	0	0	(375)	0	0		
	UKSPF - 23-24 (yr2) External Projects	0	0	0	(11)	0	0		
	UKSPF - 24/25 (yr3) Capital Funding Allocation	0	0	0	(790)	0	0		
	UKSPF-23/24 (yr2) Digital Tourism Transformation	0	0	0	(20)	0	0		
	UKSPF-23-2(yr2) The Streets Are Ours Public Realm	0	0	0	(73)	0	0		
	UKSPF-23-24 (yr2) Lancs CVS Community Warm Hubs	0	0	0	0	0	0		
	UKSPF-23-24 (yr2) Lodge St Environs Enabling Works	0	0	0	(69)	0	0		
	UKSPF-23-24 (yr2) Maritime Museum Access	0	0	0	0	0	0		
	UKSPF-23-24 (yr3) Heysham Village Toilets	0	0	0	0	0	0		
	UKSPF-24/25 (yr3) External Projects	0	0	0	2	0	0		
	UKSPF-24-25 (yr3) City Museums Accessible Engagemt	0	0	0	0	0	0		
	UKSPF-24-25 (yr3) Digital Tourism Transformation	0	0	0	0	0	0		
	UkSpF-24-25 (yr3) Lancs CVS Community Warm Hubs	0	0	0	0	0	0		
		<b>6,697</b>	<b>0</b>	<b>6,697</b>	<b>(8,350)</b>	<b>8,953</b>	<b>(2,256)</b>	<b>2,452</b>	<b>(34%)</b>
<b>GRAND TOTAL</b>		<b>6,697</b>	<b>0</b>	<b>6,697</b>	<b>(8,350)</b>	<b>8,953</b>	<b>(2,256)</b>	<b>2,452</b>	<b>(34%)</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 2024/25

	2024/25 Original Budget	2024/25 Working Budget	2024/25 P3 Actual	2024/25 Projected Outturn	2024/25 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)	2023/24 Slippage Request
	£	£	£	£	£		£
<b>EXPENDITURE</b>							
Adaptations	300,000	300,000	120,907	300,000	0		0
Energy Efficiency / Boiler Replacement	909,000	909,000	147,217	1,333,700	(424,700)	Projected Outturn Variance relates to slippage as per column to right	424,700
Kitchen / Bathroom Refurbishment	888,000	888,000	120,094	888,000	0		0
External Refurbishment	526,000	526,000	3,093	546,800	(20,800)	Projected Outturn variance relates to slippage as per column to right	20,800
Environmental Improvements	150,000	150,000	21,391	277,600	(127,600)	Projected Outturn variance relates to slippage as per column to right	127,600
Re-roofing / Window Renewals	493,000	493,000	41,764	781,500	(288,500)	Projected Outturn variance relates to slippage as per column to right	288,500
Rewiring	88,000	88,000	2,745	109,900	(21,900)	Projected Outturn variance relates to slippage as per column to right	21,900
Lift Replacement	0	0	0	0	0		0
Fire Precaution Works	392,000	392,000	41,117	486,100	(94,100)	Projected Outturn variance relates to slippage as per column to right	94,100
Housing Renewal & Renovation	607,000	607,000	42,883	1,206,000	(599,000)	Projected Outturn variance relates to slippage as per column to right; £25K Additional cost to increase Alder Grove development to EPC A, funded from HRA Business Support Reserve	574,000
Mainway Regeneration Project	0	0	-363,919	0	0		0
<b>TOTAL EXPENDITURE</b>	<b>4,353,000</b>	<b>4,353,000</b>	<b>177,291</b>	<b>5,929,600</b>	<b>(1,576,600)</b>		<b>1,551,600</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 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(8,620,400)	(1,070,000)	0	1,277,500	(8,412,900)	(10,327,000)	(913,000)		3,420,700	(7,819,300)
<b>Earmarked Reserves:</b>										
Corporate Priorities	(18,300)			82,700	64,400	(454,700)			375,800	(78,900)
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)	(9,700)				(9,700)
Investment Property Maint	(34,900)				(34,900)	(84,900)				(84,900)
Invest to Save	(73,500)				(73,500)	(264,300)			162,900	(101,400)
Museums Acquisitions	(40,800)	(4,500)			(45,300)	(42,500)	(4,500)			(47,000)
Planning Fee Income	(30,400)				(30,400)	(10,600)				(10,600)
Restructure	(399,900)				(399,900)	(450,600)			50,600	(400,000)
<b>To Support Revenue &amp; Capital Expenditure</b>	<b>(994,000)</b>	<b>(4,500)</b>	<b>0</b>	<b>82,700</b>	<b>(915,800)</b>	<b>(1,703,800)</b>	<b>(4,500)</b>	<b>0</b>	<b>589,300</b>	<b>(1,119,000)</b>
<b>Renewals Reserves</b>	<b>(1,422,700)</b>	<b>(491,800)</b>	<b>38,000</b>		<b>(1,876,500)</b>	<b>(1,430,300)</b>	<b>(491,800)</b>	<b>38,000</b>	<b>4,100</b>	<b>(1,880,000)</b>
General Renewals	(1,064,300)	(295,800)			(1,360,100)	(1,068,500)	(295,800)		4,100	(1,360,200)
Salt Ayre Leisure Centre	(55,700)	(150,000)	38,000		(167,700)	(55,700)	(150,000)	38,000		(167,700)
Williamson Park	(47,000)	(18,000)			(65,000)	(47,000)	(18,000)			(65,000)
Car Parks	(135,200)	(12,000)			(147,200)	(135,200)	(12,000)			(147,200)
Happy Mount Park	(49,900)	(14,000)			(63,900)	(49,900)	(14,000)			(63,900)
Arnsdale & Silverdale AONB	(70,600)	(2,000)			(72,600)	(74,000)	(2,000)			(76,000)
Elections	9,600	(45,000)			(35,400)	(17,300)	(45,000)			(62,300)
Homelessness Support	(110,800)				(110,800)	(110,800)				(110,800)
Lancaster District Hardship	(500)				(500)	(106,000)			105,400	(600)
Business Rates Retention	(7,694,000)	(751,000)			(8,445,000)	(11,313,400)	(751,000)			(12,064,400)
Revenue Grants Unapplied	(158,700)			73,400	(85,300)	(440,400)			355,100	(85,300)
S106 Commuted Sums - Affordable Housing	(155,800)				(155,800)	(218,800)				(218,800)
S106 Commuted Sums - Highways, Cycle Paths etc.	(1,398,600)	(200,000)			(1,598,600)	(1,274,400)	(200,000)	63,000		(1,411,400)
Welfare Reforms	(324,900)				(324,900)	(324,900)				(324,900)
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
<b>Reserves Held in Perpetuity:</b>					0					
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 risk</b>	<b>(11,355,300)</b>	<b>(1,487,800)</b>	<b>38,000</b>	<b>73,400</b>	<b>(12,731,700)</b>	<b>(15,335,200)</b>	<b>(1,487,800)</b>	<b>101,000</b>	<b>464,600</b>	<b>(16,257,400)</b>
<b>Total Earmarked Reserves</b>	<b>(12,349,300)</b>	<b>(1,492,300)</b>	<b>38,000</b>	<b>156,100</b>	<b>(13,647,500)</b>	<b>(17,039,000)</b>	<b>(1,492,300)</b>	<b>101,000</b>	<b>1,053,900</b>	<b>(17,376,400)</b>
<b>Total Combined Reserves</b>	<b>(20,969,700)</b>	<b>(2,562,300)</b>	<b>38,000</b>	<b>1,433,600</b>	<b>(22,060,400)</b>	<b>(27,366,000)</b>	<b>(2,405,300)</b>	<b>101,000</b>	<b>4,474,600</b>	<b>(25,195,700)</b>



## HRA Reserves Statement (Including Unallocated Balances)

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

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

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>HRA Unallocated Balances</b>	(750,000)	(95,600)			(845,600)	(750,000)	(95,600)		634,900	(210,700)
<b>Earmarked Reserves:</b>										
Business Support Reserve	(35,400)				(35,400)	(581,900)		219,000	328,600	(34,300)
Major Repairs Reserve	(121,400)	(4,325,700)	4,325,700		(121,400)	(779,500)	(5,392,300)	5,392,300		(779,500)
Flats - Planned Maintenance	(472,400)	(33,000)		22,900	(482,500)	(404,500)	(33,000)		67,100	(370,400)
ICT and Systems Improvement	(963,200)			688,900	(274,300)	(974,200)			699,900	(274,300)
Sheltered - Equipment	(254,200)	(37,900)		43,000	(249,100)	(299,300)	(39,800)		43,000	(296,100)
Sheltered - Planned Maintenance	(56,500)	(75,600)		15,300	(116,800)	(284,100)	(79,500)		40,300	(323,300)
Sheltered Support Grant Maintenance	(235,900)	(37,900)			(273,800)	(279,500)	(39,800)			(319,300)
<b>Total Earmarked Reserves</b>	<b>(2,139,000)</b>	<b>(4,510,100)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(1,553,300)</b>	<b>(3,603,000)</b>	<b>(5,584,400)</b>	<b>5,611,300</b>	<b>1,178,900</b>	<b>(2,397,200)</b>
<b>Total Combined Reserves</b>	<b>(2,889,000)</b>	<b>(4,605,700)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(2,398,900)</b>	<b>(4,353,000)</b>	<b>(5,680,000)</b>	<b>5,611,300</b>	<b>1,813,800</b>	<b>(2,607,900)</b>

**GENERAL FUND - 2024/25 SAVINGS & BUDGET PROPOSALS MONITORING (QUARTER 1)**

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
	£'000	£'000	£'000	£'000	
<b>2023/24 APPROVED SAVINGS</b>					
<b>Council Wide</b>					
Fees & Charges	838	210	838	0	This is difficult to project as there are shortfalls in income across services however this maybe attributable to other issues over pricing strategy. A more robust projection will be provided at Q2.
<b>Environment &amp; Place</b>					
Service Administration	12	0	12	0	restructuring in process - template on target
EHO (Apprentice/Student) Staffing Review	25	25	25	0	template delivered
Salt Ayre Leisure Centre (Soft Play Charging)	18	0	0	(18)	template delivered - income levels are down at SALC and will be reviewed within Q2
Happy Mount Park (Splash Park Charging)	22	0	0	(22)	template delivered - weather affected income levels which isn't connected to pricing
Parks & Open Spaces Staffing Review	55	55	55	0	template delivered
<b>Housing &amp; Property</b>					
Customer Services	32	0	32	0	Budgeted for 2nd half of year
Property Compliance Staffing Review	0	0	0	0	savings to be delivered from 25/26 onwards
Mellishaw Park Staffing Review	15	15	15	0	template delivered - budget removed
<b>People &amp; Policy</b>					
Playschemes	26	26	26	0	template delivered - budget removed
<b>Planning &amp; Climate Change</b>					
Planning Fees	100	20	100	0	National downturn in major apps; hoped that Gov't changes will encourage an upturn in latter quarters of the year
S106 Monitoring Fees	10	0	10	0	Profiled from Q2 onwards - template on target
<b>Resources</b>					
Financial Services Staffing Review	30	8	30	0	Staff changes on-going and savings will be made by end of year - template on target
<b>Sustainable Growth</b>					
Coastal Maintenance	50	50	50	0	Post not yet filled, savings from R&M already taken
<b>TOTAL SAVINGS</b>					
	<b>1,233</b>	<b>409</b>	<b>1,193</b>	<b>(40)</b>	
<b>2024/25 APPROVED GROWTH</b>					
<b>Environment &amp; Place</b>					
The Platform	75	19	75	0	Part of running costs in year; will be within budget
<b>People &amp; Policy</b>					
Project Management System	12	0	12	0	Software not yet purchased
<b>Planning &amp; Climate Change</b>					
Restructuring/Biodiversity Officer	38	0	22	(16)	Difficulties recruiting to post, expected for second half of year
<b>TOTAL GROWTH</b>					
	<b>125</b>	<b>19</b>	<b>109</b>	<b>(16)</b>	
<b>NET SAVINGS</b>					
	<b>1,108</b>	<b>390</b>	<b>1,084</b>	<b>(24)</b>	

**GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Q1 Projected 2024/25 £'000	Q2 Projected 2024/25 £'000	Q3 Projected 2024/25 £'000	Q4 Projected 2024/25 £'000
<b>Services</b>						
<a href="#">Environment &amp; Place</a>						
AONB & Nature Reserves	98	106	112			
Environmental Protection	330	387	350			
Fleet Management	47	35	(20)			
Food Safety	364	591	496			
Hospitality & Events Management	251	229	255			
Parks & Open Spaces	1,376	1,236	1,256			
Pest Control	0	(18)	(20)			
Salt Ayre Leisure Centre	960	356	593			
Service Support	662	786	770			
Street Cleaning	1,739	1,793	1,791			
Streetscape	65	72	72			
Trade Refuse	(786)	(1,037)	(899)			
Waste Collection	3,510	2,984	3,166			
Williamson Park	538	366	476			
<a href="#">Governance</a>						
Democratic Support & Elections	962	1,030	1,025			
Legal Services	647	634	686			
Licensing	(21)	(72)	(93)			
<a href="#">Housing &amp; Property</a>						
Commercial Land & Properties	(1,366)	(1,415)	(1,527)			
Customer Services	533	597	603			
Facilities Management	550	664	635			
GF Housing Schemes	179	(10)	3			
Municipal Buildings	628	570	658			
Other Land & Buildings	62	106	34			
Private Sector Housing	885	1,521	1,486			
Property Group	703	842	784			
Public Health Services	122	127	134			
Repairs & Maintenance	0	0	0			
<a href="#">People &amp; Policy</a>						
Communications & Marketing	246	240	238			
Community Connectors	313	382	204			
Emergency Planning & CSP	92	97	97			
Exec Support	678	215	217			
Health & Safety	85	74	59			
HR & OD	1,384	1,123	1,144			
Projects & Performance	127	183	174			
VCFS	302	312	312			
Visitor Information Centres	170	18	18			
<a href="#">Planning &amp; Climate Change</a>						
DM - Building Control	121	190	186			
DM - Planning	429	712	723			
Energy and Sustainability	150	167	173			
Planning & Housing Strategy	747	974	932			
<a href="#">Resources</a>						
CCTV	51	59	63			
Finance	1,257	1,625	1,546			
ICT	1,503	1,807	1,733			
Internal Audit	156	169	169			
Revenues & Benefits	992	1,213	1,213			
<a href="#">Sustainable Growth</a>						
Economic Development & Culture	346	220	220			
Markets	(53)	(126)	(31)			
Museums	433	485	490			
Parking	(2,553)	(2,753)	(2,726)			
Regeneration	873	590	514			
Strategic Projects & Engineers	312	450	411			
	<b>21,199</b>	<b>20,906</b>	<b>20,905</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Services</b>						
<a href="#">Corporate Accounts</a>						
Corporate Accounts	2,093	98	256			
Contributions from Reserves	(1,594)	2,362	2,362			
Government Grants	(1,159)	(1,239)	(1,239)			
Interest Payable	1,132	1,541	1,541			
Interest Receivable	(1,413)	(505)	(505)			
<a href="#">Other Items</a>						
Minimum Revenue Provision	2,660	3,010	3,010			
Notional Charges	(80)	0	0			
Pandemic Support	0	0	0			
Revenue Funding of Capital	132	0	0			
Capital Funding of Revenue	(477)	0	0			
UKSPF	0	0	0			
	<b>1,294</b>	<b>5,267</b>	<b>5,425</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)			
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)			
Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	4,270			
Revenue Reserve funded items included in above analysis (Appropriati	(1,295)	(1,272)	(4,270)			
<b>General Fund Revenue Budget</b>	<b>21,331</b>	<b>25,008</b>	<b>25,165</b>	<b>0</b>	<b>0</b>	<b>0</b>
Core Funding :						
Revenue Support Grant	(406)	(433)	(433)			
Additional New Homes Bonus	0	0	0			
Supplementary Government Grants	0	0	0			
Prior Year Council Tax Surplus	181	141	141			
Net Business Rates Income	(10,652)	(13,788)	(13,788)			
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>11,085</b>	<b>0</b>	<b>0</b>	<b>0</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

# Treasury Management Update

Quarter ended 30<sup>th</sup> June 2024

Report of Chief Resources and S151 Officer

## 2024/25 Treasury Management Update

Quarter Ended 30<sup>th</sup> June 2024

### 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

### 2. Economic update (provided by Link Asset Services)

*The first quarter of 2024/25 saw:*

- *GDP growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.*
- *A stalling in the downward trend in wage growth, with the headline 3mmy rate staying at 5.9% in April.*
- *CPI inflation falling from 2.3% in April to 2.0% in May.*
- *Core CPI inflation decreasing from 3.9% in April to 3.5% in May.*
- *The Bank of England holding rates at 5.25% in May and June.*
- *10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.*

*The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m, as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.*

*On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may well continue to strengthen.*

*Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Our colleagues at Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).*

*Nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England. The 3myy rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. This stickiness partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.*

*Despite the stickiness of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.*

*The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news to the Bank. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have won the race to get CPI inflation back to 2.0%. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.*

*The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%). And the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.*

*There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer (August?). First, two members of the MPC, Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted "indicators of inflation persistence had continued to moderate" and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding "as part of the August forecast round".*

### **3. Interest Rate Forecast**

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. 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. For Housing Revenue

Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 28<sup>th</sup> May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

*Additional notes by Link on this forecast table: -*

- *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.*

#### 4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 28 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities 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, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit 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.

As shown by the charts below and the interest rate forecasts in section 3, investment rates have remained elevated during the first quarter of 2024/25 but are expected to fall back through the second half of 2024 as inflation reduces and the MPC starts to loosen monetary policy.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriated counterparties are considered for investment purposes.

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

The average level of funds available for investment purposes to the end of quarter 1 was £21.69M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow meets its needs).

Base Rate	5.25%
7 day SONIA	5.20%
Lancaster City Council investments	5.23%

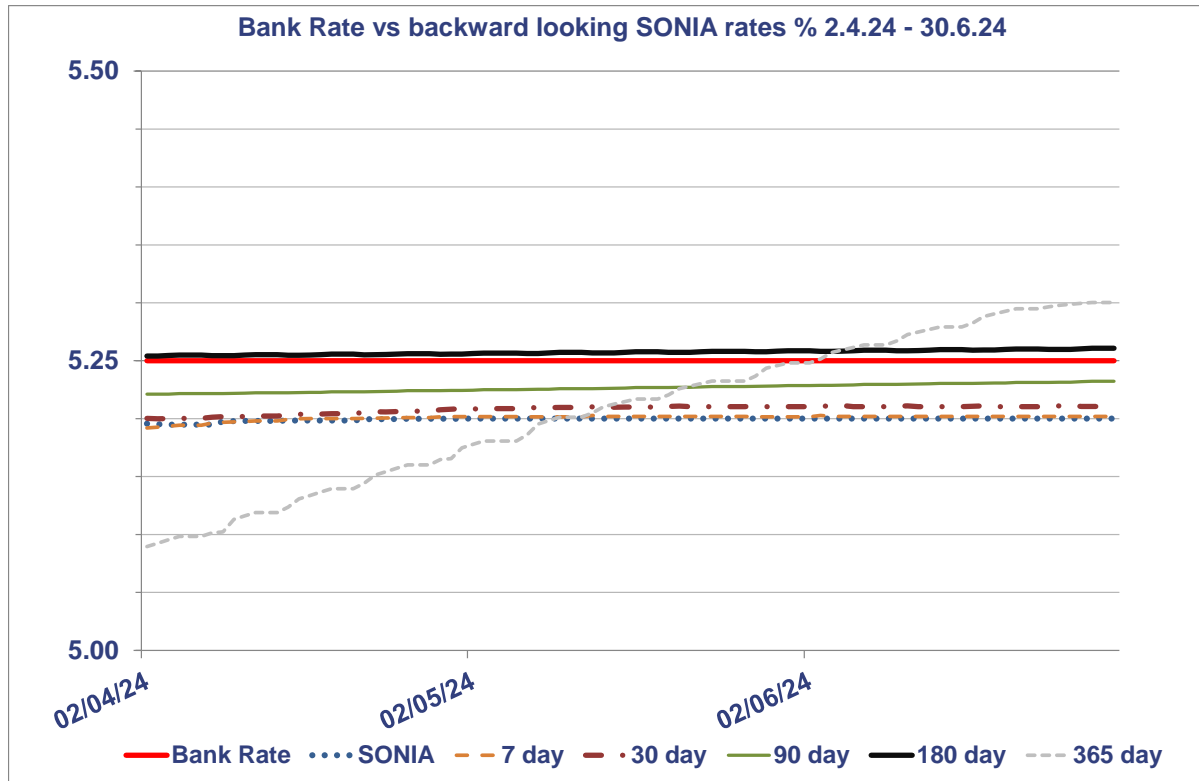
#### **Investment Balances – quarter ended 30 June 2024**

At the start of the quarter investments totalled £10.5M rising to £23.9M by 30 June. Fixed term investment with local authorities on 30 June were £10.0M whilst Money Market Fund balances were £13.9M.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> June 2024.





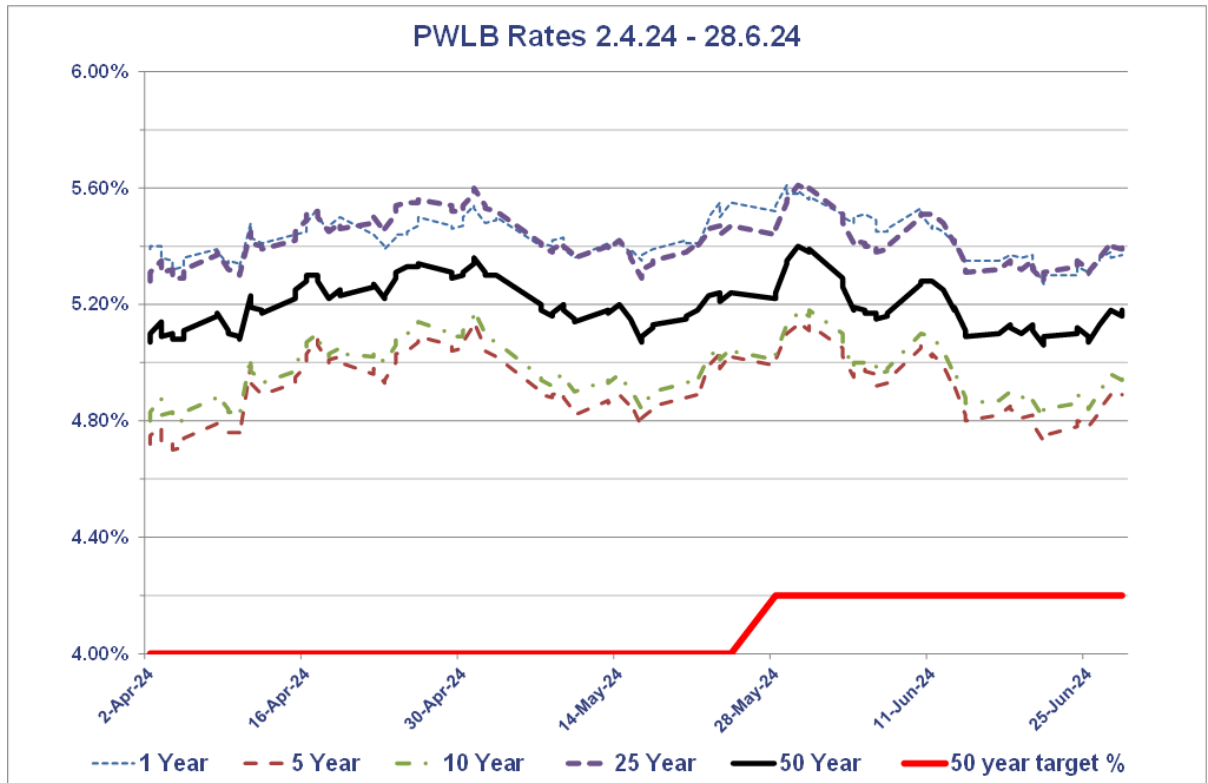


## 5. New Borrowing

No borrowing was undertaken during the quarter ended 30<sup>th</sup> June 2024. It is anticipated that further borrowing will be undertaken during this financial year. Balance sheet projections indicate that around £2M borrowing may be required before the end of the financial year. This is anticipated to be temporary borrowing. The ultimate timing will depend on exact working capital cashflows in the run up to year end which are kept under close review. These will continue to be monitored in the forthcoming financial year.

PWLB rates remained relatively stable between 1<sup>st</sup> April and 30<sup>th</sup> June. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.

The 50-year PWLB target certainty rate for new long-term borrowing started 2024/25 at 4.00% and increased to 4.20% on 28<sup>th</sup> May. As can be seen, with rates remaining elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.



**6. Debt Rescheduling**

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

**7. 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 quarter ended 30<sup>th</sup> June 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Chief Resources & S151 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.

The Prudential and Treasury Indicators for 2024-25 as of 30<sup>th</sup> June 2024 are set out below:

Treasury Indicators	31.03.24 Actual £M	2024/25 Approved Estimate £M
Authorised limit for external debt	115.00	120.00
Operational boundary for external debt	99.00	104.52
Gross external debt	57.96	71.93
Investments	(10.50)	(13.61)

Prudential Indicators – Non HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	7.60	17.01
Capital Financing Requirement (CFR) *	64.50	70.47
Annual change in CFR *	0.93	3.52
Ratio of financing costs to net revenue stream *	17.98%	18.20

Prudential Indicators – HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	6.76	4.77
Capital Financing Requirement (CFR) *	34.08	33.05
Annual change in CFR *	(1.05)	(1.04)
Ratio of financing costs to net revenue stream *	17.52%	16.22

## 8. 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 other types of investment

instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.



**Corporate Performance updates – 30<sup>th</sup> June 2024 (Q1)**

Status key – Performance (compared to previous reporting period)

	The KPI has improved		The KPI is broadly the same		The KPI has worsened
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The measures marked with a \* compare to like quarters of the previous year, and not the previous quarter.

**Priorities Key**

<b>I</b>	An inclusive and Prosperous Local Economy (Economy)	<b>H</b>	Healthy and Happy Communities (Social)
<b>S</b>	A Sustainable District (Environmental)	<b>R</b>	A Co-operative, Kind and Responsible Council (Governance)

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

Priority	Measure	2023-24				2024-25	Comments and direction of travel
		Q1	Q2	Q3	Q4	Q1	
I	% of minor planning applications determined within 8 weeks or agreed time (National Target 70%) <b>High is good</b>	88.57	87.14	89.79	82.22	93.90	As promised in the narrative for the last quarter the figures show a 10% increase. The team have been supported by the internal progression of one of our Graduate Planners that started with us in 2023. 
I	% of other planning applications determined within 8 weeks or agreed time (National Target 70%) <b>High is good</b>	95.55	93.27	90.90	87.50	94.89	The performance on householder applications is above last quarters figures. This shows the good work officers are doing in not only making decisions on time, but securing amendments to lead to fewer than 10% of those applications refused. 
I	% of major planning applications determined within 13 weeks or agreed time (National Target 60%) <b>High is good</b>	100	87.50	100	90.90	92.00	Performance is consistent with previous quarters, and demonstrates a professional approach by officers. This included the support of Lancaster Universities application for a new energy centre and extension to the existing district heat network. 

**A Sustainable District (Environmental)**

Priority	Measure	2023-24				2024-25	Comments and direction of travel
		Q1	Q2	Q3	Q4	Q1	
S	% of household waste recycled <b>High is good</b>	34.7 (quarter behind)	39.1 (quarter behind)	39.2 (quarter behind)	-	32.7	From Quarter 1 2024/2025, this KPI is no longer reported on as a 'quarter behind' and is now current. <b>N/A</b>
S	Kg of residual waste per household <b>Low is good</b>	84.9 (quarter behind)	90.8 (quarter behind)	90.5 (quarter behind)	-	82	From Quarter 1 2024/2025, this KPI is no longer reported on as a 'quarter behind' and is now current. <b>N/A</b>
S	Diesel consumption of council vehicle fleet (ltrs) <b>Low is good</b>	114,907	117,060	116,318	112,381	116,616	There is a slight increase from last quarter, but the figure is broadly the same. 
S	Cost/m2 (£) energy across corporate buildings (quarter behind)* <b>Low is good</b>	£12.94	£9.16	£9.52	-	£16.53	Energy consumption is slightly down on same period reported in 2023/24, but energy costs have significantly increased over the same period. It is noted that these figures are for Jan-Mar when rates were higher. Rates have now fallen. 
S	Gas KWH usage in council buildings (quarter behind)* <b>Low is good</b>	824,978	223,109	98,752	663,234	826,795	Comparison with Quarter 1 from previous year shows consumption has seen a slight increase. Further analysis would be required to determine the cause for this change. 
S	Electricity KWH usage in council buildings (quarter behind)* <b>Low is good</b>	1,188,505	601,585	643,048	-	1,021,726	Comparison with Quarter 1 from previous year shows consumption has seen a slight decrease. Further analysis would be required to determine the cause for this change. 


**Healthy & Happy Communities (Social)**

Priority	Measure	2023-24				2024-25	Comments and direction of travel
		Q1	Q2	Q3	Q4	Q1	
H	Number of people statutorily homeless <b>Low is good</b>	2	7	17	18	32	Main duty acceptances are increasing due to the lack of available affordable housing options in the social and private rented sector. 
H	Number of Disabled Facilities Grants completed <b>High is good</b>	63	91	93	81	117	The number of completed grants is higher than forecasted at the end of Q1. However, the council carried forward a higher than expected amount of uncommitted grant funding from 2023/24. The council has also received an additional grant allocation of £187,000 from the government, resulting in an overall DFG allocation of £2,338.873 in 24/25. As a result the number of completed grants remains on target to fully maximise the grant allocation. 

		H	Number of properties improved <b>High is good</b>	137	71	66	84	78	The team is involved in a number of projects to improve accommodation, including the SHIP project, where a member of the Housing Standards Team has been seconded to assist Preston City Council. We are starting to see results in our project to improve living conditions in mobile homes.	➔
I		H	% of premises scoring 4 or higher on the food hygiene rating scheme <b>High is good</b>	93.00	92.50	92.70	92.90	94.00	93.9% of food premises have scored 4* or higher (good or very good). 99% of food premises have scored 3* or higher (satisfactory)	➔
		H	Number of admissions to Salt Ayre Leisure Centre* <b>High is good</b>	227,950	249,184	222,044	249,704	234,443	The throughput for Quarter 1 2024/2025 has increased in comparison to Quarter 1 2023/2024, this could be attributed to the wet Spring/Summer experienced in 2024.	➔
		H	Average number of days taken to re-let Council houses (Internal KPI <25 days) <b>Low is good</b>	19.76	18.21	18.48	19.43	23.94	Meets the departmental KPI target of 25 calendar days.	➔

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

Priority	Measure	2023-24				2024-25	Comments and direction of travel		
		Q1	Q2	Q3	Q4	Q1			
	R	Average number of days' sickness per full-time equivalent <b>Low is good</b>	2.91	2.76	2.92	1.86	1.63	The sickness figure is slightly lower for this quarter compared to the previous. Although we have had more long-term sickness cases this quarter, there have been fewer total days lost to sickness overall. This appears to be due to a reduction in short-term intermittent sickness – in the previous quarter there were almost twice the number of instances of chest and respiratory sickness and infections such as viruses, colds and flu.	➔
	R	% occupancy rates for commercial properties <b>High is good</b>	98.18	97.38	97.39	97.33	91.53	The occupancy rate remains high, however there has been some decrease in the last quarter mainly due to the surrender of the lease a large industrial unit in The Gateway building after the company occupying the unit went into administration (laundry direct).	⬇
	H R	Average time taken to process new Housing Benefit claims (days) <b>Low is good</b>	Revised Q1 figure 24.5 (prev 26.51)	26.8	17.54	11.01	18.95	The target for processing new Housing Benefit claims is 25 days. The performance against the target varies each quarter due to leave, staff resources, year-end etc. Quarter 1 started slightly behind due to year end procedures and included February and Easter school holidays which increased staff leave.	➔
	H R	Council Tax Collection Rates (cumulative % quarter on quarter)* <b>High is good</b>	28.40	55.00	81.90	94.40	28.00	This is a new KPI that has recently been added. The target for the quarter is 27.9%	➔
	H R	Business Rates Collection Rates (cumulative % quarter on quarter)* <b>High is good</b>	28.50	54.80	79.80	99.20	27.80	This is a new KPI that has recently been added. The target for the quarter is 26.2%	➔

 <p><b>LANCASTER CITY COUNCIL</b> Promoting City, Coast &amp; Countryside</p>	<p><b>Corporate programmes and projects updates – 30<sup>th</sup> June 2024 - (Q1)</b></p>	<p><b>Status Key – Projects</b></p>		
		<p><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.</p>	<p><b>C</b> Complete or Closed</p>	
<p><b>Priorities Key</b></p>		<p><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.</p>	<p><b>N</b> Not Started</p>	
<p><b>I</b> An inclusive and Prosperous Local Economy (Economy)</p>	<p><b>S</b> A Sustainable District (Environmental)</p>	<p><b>G</b> Green – The project is on track (within the project tolerance)</p>	<p><b>H</b> On hold</p>	
<p><b>H</b> Healthy and Happy Communities (Social)</p>	<p><b>R</b> A Co-operative, Kind and Responsible Council (Governance)</p>	<p><b>X</b> No data available / data not requested due to stage</p>	<p>* Projects in the Concept stage will not usually have updates</p>	

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

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
I	<a href="#">Heritage Action Project</a>	This quarter saw the closedown of the majority of the programme with some snagging to building projects still underway and final preparations for the St Leonard's Gate public realm works and legacy projects.	Delivery	17/07/24	G	G	G
I S	<a href="#">Canal Quarter Phase 3</a> (part of Canal Quarter programme)	Public consultation on the draft Car Parking Strategy was concluded in this quarter, with officers now digesting and analysing the feedback received and how it could impact the Council's car parking strategy and subsequent process of releasing land for Canal Quarter development. 1 Lodge Street refurbishment under Heritage Action Zone: some delays were experienced to the outside works but Contractors were able to bring forward some internal works to maintain progress. Further internal works will be completed once contractor is formally appointed, with work completion still set to be March 2025. A contract agreement was reached with a Contractor to undertake the demolition of the outrigger at 1 Lodge Street, expected to be completed by Autumn 2024. Ongoing involvement with developer Maple Grove about the Heron Works / 'Canalside' as they determine a scheme for the site.	Delivery	16/07/24	G	G	G
I S	<a href="#">Our Future Coast</a>	Community construction workshops have been organised ready for August with an anticipated September installation date. MiniBuoys (open source wave monitoring device) has been ordered and the parts have been delivered ready for construction and deployment. The PhotoPost holder for Hest Bank has been through the Pre-application phase and is now being designed and will be submitted for advertising consent next quarter.	Delivery	15/07/24	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 has been promoted and is gaining interest from employers.	Delivery	18/07/24	G	G	G
I	<a href="#">1 Lodge Street Urgent Structural Repairs</a>	This quarter saw the completion of the extensive roofing works which is a major milestone in the repair of this building.  NOTE: The Council doesn't have direct control over this project, as it is being delivered by the musicians coop and we have no liability for overspend.	Delivery	16/07/24	A	A	A
I	<a href="#">Centenary House</a> (formerly reported on as Morecambe Co-op Building Renovation)	Progress on survey work is complicated by the need for enabling works to make the property safe, including asbestos removal and structural propping. The extent of the corroded steel in the basement is greater than anticipated/hoped and requires a bespoke package of remedial works. This has delayed progress.	Delivery	16/07/24	A	G	G
I	<a href="#">Frontierland</a>	Ongoing work with the Project Board directing how the project progresses. Work with external legal advisors on the technical procurement aspects of running a competitive dialogue procedure. Work to procure specialist surveyors valuation advice to support the competitive dialogue process. External marketing support has been obtained to hold a developers' event that will publicise and promote the development opportunity. This aims to maximise the scale of interest and secure the best outcome for Morecambe. This has added some delay to the project timescales but is considered worthwhile and necessary by the Project Board.	Delivery	16/07/24	A	G	G
I	<a href="#">Heysham Gateway</a>	An update on the proposed Masterplan strategy and site investigations was given to the Capital Assurance Group on 19/06/24. The report consisted of information from the consolidated findings from Consultants WSP which included a suggested delivery strategy and highlighted the need for further ecological surveys given the nature of the site. A suite of these have been authorised for the summer months due to their seasonal sensitivity from the existing project budget. The Pre-Planning Application progress was reviewed, and it was confirmed that the project will move forward with this step in the next period.	Detailed Design	16/07/24	G	G	G
I	<a href="#">Canal Quarter - Coopers Field</a>	Delays are being seen to the programme. Feedback from Places Matter was received in 2023/24 which subsequently resulted in project delays as the project team reviewed design criteria and the design was frozen whilst team assess viability on different options. We have reviewed costs provided by our PCA contractor which currently exceed the viability of the scheme. Pausing the programme at the moment (and not incurring further costs) whilst PCA contractor and designers work on their own initiative to revise design to work towards a cost-effective scheme, is positive whilst the city council also works towards a car parking strategy. Team are awaiting prior approval on demolition of Macari's (funded through BLRF monies).	Feasibility	19/07/24	R	A	G
I	Eden Project Morecambe	Eden Project Morecambe continues work to secure the levelling Up Fund and match funding. During Q1 the draft Full Business Case was submitted to Government in April and comments, queries and clarifications were received from Government in the middle June. Work is now focused on addressing those and submitting a revised FBC to Government in late July / early August.	Feasibility	16/07/24	X	X	X



I	S		<a href="#">Lune Flood Protection, Caton Road</a>	Project (as is) has been brought to a close pending discussions with developer and delivery of mutual benefits at this location. Onsite surveys and investigations have been completed to a point. Additional and unforeseen costs were identified associated with the ground investigation works that were to take place. At this time, we were also made aware of future development proposals that will impact the area we are working in. We have therefore reasonably completed all works to gateway 1 and closed down this project with the consultant. We will now work with the developer to deliver the outcomes required of this project.	Feasibility	12/07/24	G	G	G
I		H	Williamson Park (Café and Play Development)	This project is currently on hold.	On hold	N/A	H	H	H

### A Sustainable District (Environmental)

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
S	Burrow Beck Solar Farm (part of Carbon Neutral Programme)	A Cabinet report and full business case will be going to Cabinet on 9th July 2024 to seek a decision for the project going forward. The project team are aiming to submit a planning application to be decided by Planning Regulatory Committee on 29th July 2024 to seek planning consent. Subject to Cabinet and Planning Regulatory Committee decisions, the project will progress at that point.	Feasibility	01/07/24	X	X	X
	<a href="#">Public Sector Decarbonisation Scheme Phase 3c</a> (part of Carbon Neutral Programme)	A tender process was undertaken to hire a contractor for the detailed design work, contract administration and technical support of the project. Following a comprehensive assessment a preferred supplier was identified and contract negotiations will begin shortly.	Detailed Design	03/07/24	G	G	G
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

### Healthy & Happy Communities (Social)

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
	<a href="#">Mellishaw Park</a> (part of Homes Programme)	During this quarter the project has been completed, with residents moving back on site successfully. The project will now be stepped down to BAU within operational delivery.	Delivery	20/07/24	G	A	G
S	<a href="#">My Mainway</a> (part of Homes Programme)	Progress continues. Planning application for the school site has been submitted this quarter with determination expected later in the year. Demolition of the school site has been completed. A new governance structure has been developed – with the first meeting scheduled for the start of July. Heads of Terms for Derby and Lune Houses now agreed by both sides and therefore nearing completion. Draft LINK report received which requires further consideration to strengthen viability. Team developing procurement strategy and documents for next stages. Masterplanning of Mainway site re-commenced.	Detailed Business Case	20/07/24	G	A	G
S	Extra Care Scheme (part of Homes Programme)	This project is currently on hold.	On hold	N/A	H	H	H

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

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
	<a href="#">Outcomes Based Resourcing (OBR) / Fit for the Future (FFTF)</a>	The projects which make up the initial phase of the Fit for the Future programme (part of OBR) are underway and since the beginning of June have reported to the OBR Strategy and Coordination group. The three digitalisation projects are further on than the other projects as these were started in late 2023. To date progress is on track, although full project documentation for each project within the programme is yet to be received.	Delivery	16/07/24	G	A	A
I	<a href="#">UK Shared Prosperity Fund (UKSPF)</a>	The UKSPF programme is now into the third and final year of delivery. There is now a full cohort of projects that commits all funding. Funded projects are reporting to the UKSPF delivery team on a quarterly basis and robust monitoring of projects funded by UKSPF is now taking place. The REPF programme is also into the final year of delivery. There is a full cohort of projects in place. All funded projects are reporting to the UKSPF delivery team on a quarterly basis.	Delivery	19/07/24	G	A	G
	<a href="#">High-Capacity Fibre Cable Network Provision</a> (part of Digital Programme)	It is estimated that we have already completed around 45% of the construction work required for the project and with work planned for the next few weeks we should see around 70% complete early in August. We are awaiting a decision from Lancashire County Council regarding them allowing us access to existing infrastructure from an old network that is no longer in use, that has various resources that we could utilise as a part of this project. Conversations are continuing with other local organisations to see where we can work together or have them assist us with the construction of this network.	Detailed Design	18/07/24	G	G	G
S	<a href="#">White Lund Depot</a>	Planning permission has been granted for the project. Detailed discussions with operational managers have begun to establish final requirements and methods for safe working during the construction and demolition phases.	Delivery	11/07/24	A	A	G

# Strategic Risk Register - Risk Map 19.07.24

Impact	Very High (4)		6 21		
	High (3)	12 13	2 3 5 7 8	4 11	
			10 14 19 20		
		23			
	Medium (2)		1 15 18	16 17 24 25	
Low (1)					
	Unlikely (1)	Possible (2)	Likely (3)	Very Likely (4)	
	Likelihood				

NOTE 1: All risks have been reviewed in the run up to 19th July 2024.

NOTE 2: Only risks which are unrestricted are shown.

NOTE 3: The numbers shown on the risk map relate to those on the next page in the first column, not the Strategic Risk (SR) numbers.



Risk No.	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 Due Date	Review Date	Review Comment
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.	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.  Link to Council Plan 24-27: 4.1 Value for Money	4 (2x2)	Financial	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities.	Mark Davies	30/12/2024	15/07/2024	Actions changed to be control measures and dates and titles reviewed. In conjunction with Paul Thompson.
					Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy		Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.	Mark Davies Alex Kinch	31/12/2024		
					Monthly income monitoring by applicable services	Monthly income monitoring by applicable services							
					Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel							
					Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.							
					Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.							
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.	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.  Link to Council Plan 24-27: 4.1 Value for Money	6 (3x2)	Financial	Budget and Performance Panel	Budget and Performance Panel	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Updates made in conjunction with Mark Davies
					Reserves Policy	Reserves Policy				NOTE: This is also listed as a control measure as the programme is phased so has already delivered some savings with further outcomes and savings to follow.			
					Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects							
					Programme Managers	Programme Managers in place for specific programmes							

Programme Delivery Board

Cabinet

Portfolio Holder

Outcomes Based Resourcing for 23/24 financial year

Project Delivery Board

Projects and Performance Manager

Delivering Our Priorities Quarterly Monitoring Reports

Quarterly Cabinet Meetings

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 / Fit for the Future

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.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	People	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)			12/07/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.		
					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.  Recent experience suggests that this assisted in attracting applicants with the desired skills and values.							
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.  Link to Council Plan 24-27: 4.5 Innovative Public Service	9 (3x3)	Property Financial	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	27/09/2024	10/07/2024	Limited change - Stock condition surveys are well underway and due to be completed within the next month. Gateway report briefing shared with Cabinet - agreed decision on roof to come forward promptly followed by wider decision on the building later. Disposal of assets being considered on a case by case basis when reasonable offers are being made. The Asset OBR group is meeting regularly. An Officer led energy group has been established which reports into the Assets group. Commercial Property Manager recruited to - with an expected start date of Sept 24.
					Use of Council Assets	Ongoing OBR workstream reviewing assets							
					Use of Council Assets	Performance monitoring of leases implemented		Council Assets	Updated Asset Management Plan to be developed to incorporate property performance.	Paul Mackie Joanne Wilkinson Dan Wood	31/10/2024		
					Use of Council Assets	Budget Monitoring							
					Use of Council assets	Implemented active asset management inc. financial modelling for stock rationalisation.							
					Use of Council assets	Appointed Eckersleys to support the council in asset disposal.							
					Use of Council Assets	Stock Condition Surveys for property group underway.		Council Assets	Climate Strategy for Housing and Property to be developed	Paul Mackie Joanne Wilkinson	06/09/2024		

				Use of Council Assets	Asset Management Strategy in place,								
				Use of Council Assets	Officer energy fit for the future group established - reporting into main Assets group								
							Council Assets	Recruit to Commercial Property Manager	Paul Mackie Joanne Wilkinson	06/09/2024			
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)	Financial	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)	Community Resilience	The Council supports community resilience through CEPGs and FLAG groups etc. The local CEPG own and update their own plans in liaison with the Resilience Officer	Alex Kinch	31/03/2025	16/07/2024	Updated the Action plan for CEPG
				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.		Adaptation Schemes	The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence). This will be undertaken through the emerging Our Future Coast programme.	Paul Blakeley Jonathan Noad	31/03/2025			
				Business Continuity Plans	Business Continuity Plans								
				National Emergency (such as a pandemic)	LRF plans.								
				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.								
				Financial Planning	Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.								
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.  Link to Council Plan 24-27: 1.1 Carbon Zero	8 (4x2)	People Financial	Delivery plan in place	Delivery plan in place	8 (4x2)	(i) Local Area Energy Plan and (ii) Council Action Plan (now Climate and Nature Strategy)	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	31/08/2024	25/06/2024	The Council continues to make good progress across a number of climate workstreams, including: (i) The final stages of the Local Area Energy Plan (ii) The emergence of a new Climate and Nature Strategy (iii) Preparation work will shortly commence to implement the latest successful Salix-funded decarbonisation programme for 3 further council buildings (iv) The Council's proposed solar PV scheme at Burrow Beck is nearing a Cabinet (and Planning Committee) decision.
					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) will outturn this summer, setting out the most cost-effective pathways for the district to achieve net zero. Separate to this, UKSPF funding has been secured to commence a Climate and Nature Strategy (CaNS). This document will bring together all existing and proposed climate-related workstreams and set them out in the form of an action plan.	Mark Cassidy	30/12/2024		
					Development of the Local Area Energy Plan and the emergence of the Climate and Nature Strategy	Local Area Energy Plan (LAEP) will shortly be completed and will set out the district's most cost-effective pathways to net zero.  Climate and Nature Strategy (CaNS) is an emerging workstream funded by a recent UKSPF award and will be the Council's Climate Action Plan, bringing together all climate and biodiversity workstreams under one document with realistic ambitions that align with the Council Plan.							



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. Link to Council Plan 24-27: Whole document.	6 (3x2)	Strategy	Carbon Zero + More details can be found on our website: <a href="https://www.lancaster.gov.uk/sites/cclimate-emergency/new-and-updates">https://www.lancaster.gov.uk/sites/cclimate-emergency/new-and-updates</a>	4 (2x2)	Local Development Plan	Local Development Plan	Mark Davies	30/09/2024	19/07/2024	Risk reviewed and no changes made
					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.  Link to Council Plan 24-27: 4.5 Innovative Public Services	6 (3x2)	People Financial	Local Plan Local Plan	3 (3x1)	Local Plan	Local Plan, due to be adopted in Jan 27	Mark Cassidy Mark Davies	01/01/2027	15/07/2024	Updates made on consultation with Mark D and Mark C.
					Medium Term Financial Strategy (MTFS) Medium Term Financial Strategy (MTFS)							
					Investment Strategy Investment Strategy							
					Capital Programme Capital Programme							
					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.							
							Reserves	Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.	Mark Davies Paul Thompson	31/03/2025		

**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.

**Capital Programme** Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.

**Funding the Future Strategy** Funding the Future Strategy

10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.  Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Strategy	Continued monitoring and horizon scanning of Government policy	Continued monitoring and horizon scanning of Government policy	6 (3x2)	15/07/2024	Reviewed with Mark D, this remains as-is.
					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.  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)	Strategy 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)					15/07/2024	Reviewed in conjunction with Mark D. This risk remains as-is.
					Strategic responsiveness through continued risk management reviews 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.  Link to Council Plan 24-27: 4.5 Innovative Public Service	3 (3x1)	Strategy Financial	Budget Development	Comprehensive, robust and transparent approach to budget development and service delivery.	3 (3x1)	OBR / Fit for the Future	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Reviewed in conjunction with Mark D. The residual risk score and target risks scores have been adjusted.
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.  Link to Council Plan 24-27: 3.4 Community Engagement	3 (3x1)	Strategy People	Communications	Pro-active communications and transparency	3 (3x1)					19/07/2024	Risk reviewed and no changes made.
					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.  Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Operations 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 Paul Thompson	31/12/2024	11/07/2024	The s151 Officer is required to review its minimum level of unallocated reserves annually. Over recent years this has been increased to £5M based on a number of scenario's and is deemed to be appropriate to enable the Council to operate a level of service in the short term whilst alternative funding or other corrective action undertaken
					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.  Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	4 (2x2)	Strategy	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	27/09/2024	12/07/2024	Risk reviewed on behalf of Jonathan Noad. Confirmed no changes since last risk review.
					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. Link to Council Plan 24-27: 4.5 Innovative Public Services	6 (2x3)	Strategy	Corporate Plan  Policy Framework  Continuous review of strategy and policy  LGA Workshop with Members	Corporate Plan  Policy Framework  Continuous review of strategy and policy, and alignment with service delivery.  These took place in September 2023.	3 (1x3)	12/07/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.
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. Link to Council Plan 24-27: 4.6 Openness	6 (2x3)	Legal	Corporate Governance  Continuous review of governance processes  Annual Governance Code of Corporate Governance  Training and development	Corporate Governance  Continuous review of governance processes to ensure they are fit for purpose  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.  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).	6 (2x3)	15/07/2024	One action transferred to be a control measure at the request of Luke Gorst, action owner.

18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	4 (2x2)	Project / Programme	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. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad	31/03/2025	12/07/2024	Action plan updated on behalf of Jonathan Noad. The Canal Quarter Masterplan was adopted in Summer 2023. Focus now shifts to delivery but this is limited by wider Council financial pressures and availability for grant funding to deliver.
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.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	Registration with BSE for high rise blocks Fortnightly senior housing management meetings updating on risks and plans around building safety review.	2 (2x1)	Registration with BSE for high rise blocks	Tenant engagement strategy for building safety to be approved.	Pete Linsley Paul Mackie Joanne Wilkinson	23/08/2024	10/07/2024	Limited change - safety case files not yet called in. Engagement strategy for high rise blocks drafted - to be approved via ICMD in coming weeks.
					Registration with BSE for high rise blocks							
					Registration with BSE for high rise blocks							
					Registration with BSE for high rise blocks							
					Registration with BSE for high rise blocks							
					Registration with BSE for high rise blocks							
					Registration with BSE for high rise blocks							

					Registration with BSE for high rise blocks	Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision.							
					Registration with BSE of high rise blocks	Building Safety Case files prepared ready for call in.							
20	SR21 Non compliance with Regulator of Social Housing Standards	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act 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. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve performance against new requirements.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	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	Self-assess against new regulatory standards which have been released and action plan.	Pete Linsley Joanne Wilkinson	26/07/2024	10/07/2024	Limited change. Currently finalising self-assessment and action planning against new standards - these will be presented at the next CHAG meeting. First inspections have been announced with providers receiving C3 gradings.
					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.							
					Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices							
					Social Housing Regulation	Breaches Policy in place							
22	SR24 ICT Data Centre	Data Centre is dated and improvements needed to satisfy future demand.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Technology	Air conditioning in place to keep the data centre at optimal temperature		2 (2x1)	Data Centre	In progress, due for completion by December 24	Nick Goulden Paul Thompson	31/12/2024	16/07/2024	Dates updated on risk action.

Back up Date  
Centre at  
SALC

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Regular fire  
safety  
servicing  
carried out

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Water ingress alerts To alert all ICT senior managers to  
any water detected in data centre

23	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.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Property Financial	Property Group Compliance	Regular reports shared with SLT highlighting current position.	1 (1x1)	Property Group compliance	New Asset Management Strategy to be developed	Paul Mackie Joanne Wilkinson Dan Wood	31/10/2024	10/07/2024	No significant change. Positive progress being seen in condition surveys being completed, expected to be finalised within the next month. Team are able to report on compliance position and positive progress being seen in terms of compliance figures with an upward trend. Only Electrical and fire checks remaining non-compliant - with further work ongoing in these areas.
					Property Group Compliance	Dedicated Team established - combining expertise from Council Housing Compliance Team to monitor and address compliance within the service.							
					Property Group Compliance	Team employs sector expert to support overall approach to health and safety and compliance.							
					Property Group compliance	Established accurate data recording and position statement through individual workbooks for assets.							
					Property Group Compliance	Full Stock Condition Survey authorised and being completed.							
					Property Group compliance	Budget secured within General Fund for compliance / asset management work.							
					Property Group compliance	OBR - Assets group established							



24	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. This is expected to continue into 24-25. 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 (23-24), however this will need to be factored into future budgets moving forward. Funding temporary accommodation for those who need it is a stat requirement.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (2x3)	Financial	Increasing homeless temporary accommodation costs	Budget reviews ongoing with service accountant.	2 (1x2)	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 homelessness.	Joanne Wilkinson	27/09/2024	10/07/2024	Limited change since last review. Costs of B+B continue to be monitored however process requires further work. Housing Taskforce meeting regularly to review options about how the private rented sector can support reduction of B+B provision. Reviewing options for leasing properties from private landlords.
					Increasing homeless temporary accommodation costs	Some access to grant funding to offset costs (although limited and unpredictable).		Increasing homeless temporary accommodation costs	To work with finance to develop weekly spend sheets monitoring spend on accommodation	Sharon Parkinson	02/08/2024		
					Increasing homeless temporary accommodation costs	Bed and breakfast plan developed for DLUHC		Increasing homeless temporary accommodation costs	To review costs of accommodation with each provider to ensure reaching VFM	Sharon Parkinson	30/08/2024		
					Increasing homeless temporary accommodation costs	Regular case work management in team of cases in bed and breakfast		Increasing homeless temporary accommodation costs	Exploring leasing arrangements with private landlords to seek to reduce bed and breakfast costs	Sharon Parkinson Joanne Wilkinson	27/09/2024		
					Increasing homeless temporary accommodation costs	All B+B placements passed by manager for approval		Increasing homeless temporary accommodation costs	Conversion of former CAB building on King Street to 4 x units of temporary accommodation.	Sharon Parkinson Joanne Wilkinson	28/03/2025		
					Increasing homeless temporary accommodation costs	New Homelessness Strategy approved by Cabinet Oct 2023							
					Increasing homeless temporary accommodation costs	Housing Taskforce established - clear focus on how the private rented sector can support reduction in B+B usage.							
					Increasing homeless temporary accommodation costs	Cabinet briefing provided on homeless service and bed and breakfast costs							

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25	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).  Link to Council Plan 24-27: 1.5 Reduced Waste	6 (2x3)	Strategy Financial	15/07/2024	There has been little or no update from central government in regards to this risk. We await new information in relation to the revenue burden funds following the general election
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Risk No.	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 Due Date	Review Date	Review Comment
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.	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.  Link to Council Plan 24-27: 4.1 Value for Money	4 (2x2)	Financial	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities.	Mark Davies	30/12/2024	15/07/2024	Actions changed to be control measures and dates and titles reviewed. In conjunction with Paul Thompson.
					Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy		Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.	Mark Davies Alex Kinch	31/12/2024		
					Monthly income monitoring by applicable services	Monthly income monitoring by applicable services							
					Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel							
					Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.							
					Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.							
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.	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.  Link to Council Plan 24-27: 4.1 Value for Money	6 (3x2)	Financial	Budget and Performance Panel	Budget and Performance Panel	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Updates made in conjunction with Mark Davies
					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												

				<p>Outcomes Based Resourcing for 23/24 financial year</p> <p>Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.</p> <p>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.</p> <p>Delivering Our Priorities Quarterly Monitoring Reports - Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget &amp; Performance Panel.</p> <p>Quarterly Cabinet Meetings - Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance.</p> <p>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.</p> <p>Outcomes Based Resourcing / Fit for the Future - Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.</p>					
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.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	People	<p>New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk</p> <p>Annual Appraisal Process</p>	<p>New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk</p> <p>Annual Appraisal Process embedded</p>	6 (3x2)	12/07/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.

				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.  Recent experience suggests that this assisted in attracting applicants with the desired skills and values.								
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.  Link to Council Plan 24-27: 4.5 Innovative Public Service	9 (3x3)	Property Financial	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	27/09/2024	10/07/2024	Limited change - Stock condition surveys are well underway and due to be completed within the next month. Gateway report briefing shared with Cabinet - agreed decision on roof to come forward promptly followed by wider decision on the building later. Disposal of assets being considered on a case by case basis when reasonable offers are being made. The Asset OBR group is meeting regularly. An Officer led energy group has been established which reports into the Assets group. Commercial Property Manager recruited to - with an expected start date of Sept 24.
					Use of Council Assets	Ongoing OBR workstream reviewing assets							
					Use of Council Assets	Performance monitoring of leases implemented		Council Assets	Updated Asset Management Plan to be developed to incorporate property performance.	Paul Mackie Joanne Wilkinson Dan Wood	31/10/2024		
					Use of Council Assets	Budget Monitoring							
					Use of Council assets	Implemented active asset management inc. financial modelling for stock rationalisation.							
					Use of Council assets	Appointed Eckersleys to support the council in asset disposal.							
					Use of Council Assets	Stock Condition Surveys for property group underway.		Council Assets	Climate Strategy for Housing and Property to be developed	Paul Mackie Joanne Wilkinson	06/09/2024		
					Use of Council Assets	Asset Management Strategy in place,							
					Use of Council Assets	Officer energy fit for the future group established - reporting into main Assets group							
								Council Assets	Recruit to Commercial Property Manager	Paul Mackie Joanne Wilkinson	06/09/2024		
5	SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national	Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.	6 (3x2)	Financial	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)	Community Resilience	The Council supports community resilience through CEPGs and FLAG groups etc. The local CEPG own and update their own plans in liaison with the Resilience Officer	Alex Kinch	31/03/2025	16/07/2024	Updated the Action plan for CEPG

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.

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.

Financial Planning Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.

Adaptation Schemes

The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence). This will be undertaken through the emerging Our Future Coast programme.

Paul Blakeley 31/03/2025  
Jonathan Noad

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.	8 (4x2)	People Financial	Delivery plan in place  Peoples Jury	Delivery plan in place  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	8 (4x2)	(i) Local Area Energy Plan and (ii) Council Action Plan (now Climate and Nature Strategy)	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	31/08/2024	25/06/2024	The Council continues to make good progress across a number of climate workstreams, including: (i) The final stages of the
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Link to Council Plan 24-27: 1.1 Carbon Zero

						Local area energy plan	Local area energy plan (LAEP) will outturn this summer, setting out the most cost-effective pathways for the district to achieve net zero. Separate to this, UKSPF funding has been secured to commence a Climate and Nature Strategy (CaNS). This document will bring together all existing and proposed climate-related workstreams and set them out in the form of an action plan.	Mark Cassidy	30/12/2024			Local Area Energy Plan (ii) The emergence of a new Climate and Nature Strategy (iii) Preparation work will shortly commence to implement the latest successful Salix-funded decarbonisation programme for 3 further council buildings (iv) The Council's proposed solar PV scheme at Burrow Beck is nearing a Cabinet (and Planning Committee) decision.
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.  Link to Council Plan 24-27: Whole document.	6 (3x2)	Strategy	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	30/09/2024	19/07/2024	Risk reviewed and no changes made
					Medium Term Financial Strategy (MTFS)							
					Programme Management							
					Corporate Plan / Plan 2030							
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	6 (3x2)	People Financial	Local Plan  Local Plan  Medium Term Financial Strategy (MTFS)	3 (3x1)	Local Plan	Local Plan, due to be adopted in Jan 27	Mark Cassidy Mark Davies	01/01/2027	15/07/2024	Updates made on consultation with Mark D and Mark C.

are properly prioritised and resourced.

Link to Council Plan 24-27: 4.5 Innovative Public Services

Investment Strategy

Capital Programme

The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.

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.

Capital Programme Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.

Funding the Future Strategy Funding the Future Strategy

Reserves

Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies. Mark Davies Paul Thompson 31/03/2025

People Plan

3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention. Alex Kinch 31/03/2026

10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Strategy	Continued monitoring and horizon scanning of Government policy	Continued monitoring and horizon scanning of Government policy	6 (3x2)	15/07/2024	Reviewed with Mark D, this remains as-is.
					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.  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)	Strategy 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)					15/07/2024	Reviewed in conjunction with Mark D. This risk remains as-is.
					Strategic responsiveness through continued risk management reviews 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.  Link to Council Plan 24-27: 4.5 Innovative Public Service	3 (3x1)	Strategy Financial	Budget Development	Comprehensive, robust and transparent approach to budget development and service delivery.	3 (3x1)	OBR / Fit for the Future	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Reviewed in conjunction with Mark D. The residual risk score and target risks scores have been adjusted.
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.  Link to Council Plan 24-27: 3.4 Community Engagement	3 (3x1)	Strategy People	Communications	Pro-active communications and transparency	3 (3x1)					19/07/2024	Risk reviewed and no changes made.
					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.  Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Operations Financial	Budget and Performance Panel  Reserves Policy  Continue financial forecasting	Budget and Performance Panel  Reserves Policy  Continue financial forecasting and scenario planning e.g. for energy costs	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 Paul Thompson	31/12/2024	11/07/2024	The s151 Officer is required to review its minimum level of unallocated reserves annually. Over recent years this has been increased to £5M based on a number of scenario's and is deemed to be appropriate to enable the Council to operate a level of service in the short term whilst alternative funding or other corrective action undertaken
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.  Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	4 (2x2)	Strategy	Asset Management Plan  Continuous review of assets and infrastructure	Asset Management Plan  Continuous review of assets and infrastructure	2 (1x2)	Asset Management Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Mark Davies	27/09/2024	12/07/2024	Risk reviewed on behalf of Jonathan Noad. Confirmed no changes since last risk review.
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.  Link to Council Plan 24-27: 4.5 Innovative Public Services	6 (2x3)	Strategy	Corporate Plan  Policy Framework  Continuous review of strategy and policy	Corporate Plan  Policy Framework  Continuous review of strategy and policy, and alignment with service delivery.	3 (1x3)					12/07/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.
					LGA	These took place in September Workshop with 2023. Members							

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. Link to Council Plan 24-27: 4.6 Openness	6 (2x3)	Legal	Corporate Governance	Corporate Governance	6 (2x3)		15/07/2024	One action transferred to be a control measure at the request of Luke Gorst, action owner.	
					Continuous review of governance processes	Continuous review of governance processes to ensure they are fit for purpose					
					Annual Governance 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.					
					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).						
					Training and development	Ongoing training and development to ensure staff and members are equipped to follow governance requirements.					
18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	4 (2x2)	Project / Programme	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. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad 31/03/2025	12/07/2024 Action plan updated on behalf of Jonathan Noad. The Canal Quarter Masterplan was adopted in Summer 2023. Focus now shifts to delivery but this is limited by wider Council financial pressures and availability for grant funding to deliver.

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.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	<p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p> <p>Registration with BSE for high rise blocks</p>	<p>Fortnightly senior housing management meetings updating on risks and plans around building safety review.</p> <p>Fire safety works being completed.</p> <p>Fire door audits being undertaken</p> <p>Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.</p> <p>Tenants Voice group established</p> <p>Registration of blocks with BSE complete</p> <p>On-going and regular campaigns on fire safety undertaken with residents.</p> <p>Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision.</p> <p>Building Safety Case files prepared ready for call in.</p>	2 (2x1)	Registration with BSE for high rise blocks	Tenant engagement strategy for building safety to be approved.	Pete Linsley Paul Mackie Joanne Wilkinson	23/08/2024	10/07/2024	Limited change - safety case files not yet called in. Engagement strategy for high rise blocks drafted - to be approved via ICMD in coming weeks.
20	SR21 Non compliance with Regulator of Social Housing Standards	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act 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. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve performance against new requirements.	6 (3x2)	Property Financial	<p>Social Housing Regulation</p> <p>Social Housing Regulation</p> <p>Social Housing Regulation</p>	<p>Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning</p> <p>Action planning within the service occurs in preparation for changes</p> <p>Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.</p>	2 (2x1)	Social Housing Regulation	Self-assess against new regulatory standards which have been released and action plan.	Pete Linsley Joanne Wilkinson	26/07/2024	10/07/2024	Limited change. Currently finalising self-assessment and action planning against new standards - these will be presented at the next CHAG meeting. First inspections have been announced with providers receiving C3 gradings.

		Requirements: Link to Council Plan 24-27: 3.1 Access to Quality Housing		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.							
				Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices							
				Social Housing Regulation	Breaches Policy in place							
22	SR24 ICT Data Centre	Data Centre is dated and improvements needed to satisfy future demand.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Technology	Air conditioning in place to keep the data centre at optimal temperature	2 (2x1)	Data Centre	In progress, due for completion by December 24	Nick Goulden Paul Thompson	31/12/2024	16/07/2024	Dates updated on risk action.
					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							
23	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.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Property Financial	Property Group Compliance	1 (1x1)	Property Group compliance	New Asset Management Strategy to be developed	Paul Mackie Joanne Wilkinson Dan Wood	31/10/2024	10/07/2024	No significant change. Positive progress being seen in condition surveys being completed, expected to be finalised within the next month. Team are able to report on compliance position and positive progress being seen in terms of compliance figures with an upward trend. Only Electrical
					Property Group Compliance							
					Property Group Compliance							
					Property Group Compliance							
					Established accurate data recording							

				Property Group compliance	Established accurate data recording and position statement through individual workbooks for assets.												Only Electrical and fire checks remaining non-compliant - with further work ongoing in these areas.
				Property Group Compliance	Full Stock Condition Survey authorised and being completed.												
				Property Group compliance	Budget secured within General Fund for compliance / asset management work.												
				Property Group compliance	OBR - Assets group established												
24	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. This is expected to continue into 24-25. 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 (23-24), however this will need to be factored into future budgets moving forward. Funding temporary accommodation for those who need it is a stat requirement.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (2x3)	Financial	Increasing homeless temporary accommodation costs	Budget reviews ongoing with service accountant.	2 (1x2)	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 homelessness.	Joanne Wilkinson	27/09/2024	10/07/2024	Limited change since last review. Costs of B+B continue to be monitored however process requires further work. Housing Taskforce meeting regularly to review options about how the private rented sector can support reduction of B+B provision. Reviewing options for leasing properties from private landlords.				
					Increasing homeless temporary accommodation costs	Some access to grant funding to offset costs (although limited and unpredictable).		Increasing homeless temporary accommodation costs	To work with finance to develop weekly spend sheets monitoring spend on accommodation	Sharon Parkinson	02/08/2024						
					Increasing homeless temporary accommodation costs	Bed and breakfast plan developed for DLUHC		Increasing homeless temporary accommodation costs	To review costs of accommodation with each provider to ensure reaching VFM	Sharon Parkinson	30/08/2024						
					Increasing homeless temporary accommodation costs	Regular case work management in team of cases in bed and breakfast		Increasing homeless temporary accommodation costs	Exploring leasing arrangements with private landlords to seek to reduce bed and breakfast costs	Sharon Parkinson Joanne Wilkinson	27/09/2024						
					Increasing homeless temporary accommodation costs	All B+B placements passed by manager for approval		Increasing homeless temporary accommodation costs	Conversion of former CAB building on King Street to 4 x units of temporary accommodation.	Sharon Parkinson Joanne Wilkinson	28/03/2025						
					Increasing homeless temporary accommodation costs	New Homelessness Strategy approved by Cabinet Oct 2023											

Increasing homeless temporary accommodation costs  
Housing Taskforce established - clear focus on how the private rented sector can support reduction in B+B usage.

Increasing homeless temporary accommodation costs  
Cabinet briefing provided on homeless service and bed and breakfast costs

25	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).  Link to Council Plan 24-27: 1.5 Reduced Waste	6 (2x3)	Strategy Financial		15/07/2024	There has been little or no update from central government in regards to this risk. We await new information in relation to the revenue burden funds following the general election
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Document is Restricted



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

Document is Restricted

**BUDGET AND PERFORMANCE PANEL**

**Budget and Performance Panel – Work Programme**

**18<sup>th</sup> September 2024**

**Joint report of Chief Officers Finance and Governance**

**PURPOSE OF REPORT**

To consider the Panel's Work Programme.

**This report is public.**

**RECOMMENDATIONS**

- (1) That the Panel consider and agree what is to be included in the Panel's Work Programme.

**1. Introduction**

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

**2. Updates**

- 2.1 In accordance with the Constitution all Councillors, the Chief Executive and the public have been asked for issues that should be considered for inclusion in the Scrutiny Work Programme. Comments were then obtained on the issues from Senior Leadership Team and following a meeting with the Chair of Overview and Scrutiny Committee, this Panel and the Pre-Decision Scrutiny Champion recommendations were made for consideration. These were submitted to the Overview and Scrutiny Committee meeting on 1<sup>st</sup> August 2024. The standard items considered by this Panel were listed and noted. These are contained in Appendix A to this report.
- 2.2 At its meeting, held on 14<sup>th</sup> March 2024, the Panel requested an update regarding the acquisitions of commercial property, in particular the on-going costs to the City Council and yields of commercial property that have been purchased by the City Council (Minute 38 refers). The Panel may wish to add this to its Work Programme.
- 2.3 The Panel is asked to consider its Work Programme in accordance with its Terms of Reference.

**3. Training**

3.1 The Panel has previously been provided with training on the following:

**Treasury Management**

The CIPFA Treasury Management Code requires the responsible officer (Chief Officer Resources) to ensure that Members with responsibility for Treasury Management receive adequate training. This especially applies to Councillors responsible for scrutiny in the Council’s case, Budget and Performance Panel.

**Budget and Project Monitoring (Delivering Our Priorities)**

A key role of the Budget and Performance Panel ensuring effective scrutiny of the Council’s financial and non-financial performance. Operational and Navigational training on the spreadsheets used to produce the quarterly Delivering Our Priorities (DoP).

**Introductory Capital Financing**

**Scrutiny Training provided by the Centre for Governance and Scrutiny (CfGS) - Teams**

3.2 Members may wish to suggest additional training or request areas for closer scrutiny in line with the Panel’s Terms of Reference at Appendix B.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>There are no direct implications as a result of this report.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</b></p> <p>There are no direct implications as a result of this report.</p>
<p><b>LEGAL IMPLICATIONS</b></p> <p>Overview and Scrutiny Procedure Rule 9 (a) advises that the Overview and Scrutiny Committee and Budget and Performance Panel will be responsible for setting their own Annual Work Programme within the Terms of Reference set out in Part 2, Section 5, 9 and 10 of the Constitution.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>There are no financial implications as a direct result of this report. Any further reports on specific issues contained within the Work Programme will require further consideration of the financial implications.</p>
<p><b>OTHER RESOURCE IMPLICATIONS, such as Human Resources; Information Services; Property; Open Spaces:</b></p> <p>None.</p>

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**Budget and Performance Panel Work Programme**

<b>Meeting Date</b>	<b>Agenda Item</b>	<b>Provider</b>	<b>Training – Subject/date</b>	<b>Provider</b>
18 <sup>th</sup> September 2024	Delivering Our Priorities Q1 2024/25.	Cabinet/ Chief Finance Officer	TBC	
18 <sup>th</sup> September 2024	Provisional Revenue and Capital Outturn.	Cabinet/ Chief Finance Officer		
18 <sup>th</sup> September 2024	Annual Treasury Management Outturn.	Cabinet/ Chief Finance Officer		
4 <sup>th</sup> December 2024	Treasury Management Mid-Year Review.	Cabinet/ Chief Finance Officer	TBC	TBC
29 <sup>th</sup> January 2025	Budget and Policy Framework General Fund Revenue Budget – Public Consultation.	Cabinet/ Chief Finance Officer	TBC	TBC
19 <sup>th</sup> February 2025	Capital Strategy (Investing in the Future).	Cabinet/ Chief Finance Officer	TBC	TBC
19 <sup>th</sup> February 2025	Treasury Management Strategy.	Cabinet/ Chief Finance Officer	TBC	TBC
19 <sup>th</sup> February 2025	Strategic Risk Management.	Cabinet/ Chief People & Policy	TBC	TBC
19 <sup>th</sup> February 2025	Projects and Performance.	Cabinet/ Chief People & Policy	TBC	TBC

## 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)