

CABINET

5.00 P.M.

9TH FEBRUARY 2021

PRESENT:- Councillors Erica Lewis (Chair), Dave Brookes, Gina Dowding, Merv Evans, Kevin Frea, Tim Hamilton-Cox, Janice Hanson, Colin Hartley, Caroline Jackson and Anne Whitehead

Officers in attendance:

Kieran Keane	Chief Executive
Mark Davies	Director for Communities and the Environment
Sarah Davies	Director of Corporate Services
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Luke Gorst	Head of Legal Services and Monitoring Officer
Debbie Chambers	Head of Democratic Services and Deputy Monitoring Officer
Joanne Wilkinson	Head of Housing
Fiona Macleod	Housing Standards Officer
Liz Bateson	Principal Democratic Support Officer, Democratic Services

The Chair advised the meeting that Councillor Parr had resigned from Cabinet and expressed her thanks to Councillor Parr for her service and commitment to her portfolio. The Chair welcomed Councillor Hartley to the Cabinet meeting and confirmed that Councillor Hartley would be taking on responsibility for Arts, Culture, Leisure and Wellbeing.

106 MINUTES

The minutes of the meeting held on Tuesday 19 January 2021 were approved as a correct record.

107 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chair advised that there were no items of urgent business.

108 DECLARATIONS OF INTEREST

No declarations were made at this point.

109 PUBLIC SPEAKING

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

At this point the Chair requested that standing order 17 (Cabinet Procedure Rule 17) be suspended to allow for questions to be taken from all members as the reports were

introduced. The proposal was moved by Councillor Brookes, seconded by Councillor Dowding and there was no dissent to the proposal.

Resolved unanimously:

(1) That Standing Order 17 (Cabinet Procedure Rule 17) be suspended.

110 RAISING STANDARDS IN THE PRIVATE RENTED SECTOR

(Cabinet Member with Special Responsibility Councillor Jackson)

Cabinet received a report from the Director for Communities and the Environment to consider and adopt the financial penalty charging policies for Electrical Safety and Minimum Energy Efficiency Standards in the private rented sector.

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

Option 1: Adopt the charging policies

Advantages: Assists the Local Authority in meeting its statutory obligations and deliver corporate priorities.

Disadvantages: None

Risks: None

Option 2: Do not adopt the charging policies

Advantages: None

Disadvantages: The Local Authority could be subject to challenge. The authority is obliged to determine the level of penalties to be levied in relation to the legislation referred to in this report, and to publish a charging policy in relation to the MEES regulations.

Risks: The Local Authority could be subject to challenge and may not be in a good position to meet its statutory obligations.

The officer preferred option is Option 1, to adopt the financial penalty charging policies for both sets of regulations and to allow the Head of Public Protection to make minor amendments to the policy to reflect changes in legislation.

Councillor Jackson proposed, seconded by Councillor Dowding:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the financial penalty charging policy for The Energy Efficiency (Private Rented Sector) (England and Wales) Regulations 2015 (as amended by The Energy Efficiency (Private Rented Sector) (England and Wales (Amendment) Regulations 2019, attached at Appendix 1 to the report be adopted.
- (2) That the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 within the Council's amended Civil Charging Policy attached at Appendix 2 to the report be included.
- (3) That the Head of Public Protection be authorised to make minor amendments to the financial charging policies in accordance with any future changes to legislation.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

The decision is consistent with the Council's objectives to promote sustainable communities, reduce carbon emissions of domestic dwellings, and support the positive health and wellbeing of residents in the district and reduce health inequalities. Cabinet approved a Private Sector Enforcement Policy, which included a Civil Penalties Enforcement Policy, in December 2018. This was designed to help deliver the Council's priorities identified in the Corporate Plan to improve the quality and availability of private housing. Additional regulations have been introduced to further improve standards in the private rented sector with associated financial penalties that require approval and the Civil Penalties policy amended accordingly.

111 BUDGET & POLICY FRAMEWORK UPDATE 2021/22 TO 2024/25 INCLUDING CAPITAL STRATEGY AND TREASURY MANAGEMENT**(Cabinet Member with Special Responsibility Councillor Whitehead)**

Cabinet received a report from the Director of Corporate Services which provided Cabinet with information on the Council's latest General Fund Revenue budget proposals and resulting Council Tax requirement. Further information was provided regarding the Council's proposed Capital Programme as well as its Treasury Management and Capital Strategies and the Section 151 Officer's statement on the adequacy of reserves. The report sought Cabinet's approval and recommendations to Full Council.

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

Revenue Budget, Capital Programme and Reserves Position

Proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out in the report meet these requirements; the detailed supporting budget proposals are then a matter for Members.

Treasury Management Strategy

To approve the framework as attached to the report, allowing for any amendments being made under delegated authority prior to referral to Council. This is based on the Council continuing to have a comparatively low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It is stressed that in terms of treasury activity, there is no risk free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work, pending any update during the course of next year.

If Cabinet or Budget Council changes its Capital Programme from that which is proposed in this report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy. Delegation to the Finance Portfolio Holder is therefore requested in order to ensure that Cabinet's final capital programme proposals are reflected in the Treasury Management Strategy

Councillor Whitehead proposed, seconded by Councillor Hanson:-

Councillors then voted:-

Resolved unanimously:

(1) That Cabinet recommends the following for approval to Budget Council:

- The 2021/22 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (as set out in Appendix A to the report) and supporting budget proposals (as set out in Appendix B to the report).
- The Section 151 Officer's statement on the adequacy of reserves and advice that the minimum level of balances be increased to £3.5M, subject to annual review.
- the resulting position on reserves (as set out in Appendix C to the report).
- the updated Capital Programme covering financial years 2021/22 to 2024/25 (as set out in Appendix D to the report).
- the updated position on budget transfers (as set out in Appendix I to the report)

(2) That the Finance Portfolio Holder be given delegated authority to finalise the Revenue & Capital Budgets and Treasury Management Framework, as updated for Cabinet's final budget proposals, and outcomes of the Final Local Government Settlement for referral on to Budget & Performance Panel and Council.

(3) That the Finance Portfolio Holder be given delegated authority to agree the revision of the Medium-Term Financial Strategy, as updated for Cabinet's final budget proposals, for referral on to Council.

Officers responsible for effecting the decision:

Director of Corporate Services

Chief Finance Officer

Reasons for making the decision:

The budget incorporates measures to make progress in addressing the climate emergency and digital improvements as well as activities to address wellbeing, health and community safety. The budget framework in general sets out a financial plan for achieving the Council's corporate priorities which incorporate the above cross cutting themes. The decision enables Cabinet to make recommendations back to Full Council in order to complete the budget setting process for 2021/22.

112 HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Jackson)

Cabinet received a report from the Director for Communities and the Environment which sought Cabinet decisions on Council Housing rent setting proposals and HRA Revenue and Capital Budget proposals.

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

The options with regards to rent setting are set out under section 3, the maximum permitted increase being CPI+1%. By applying this increase, it allows for a budget that can deliver on the Council's ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and legislative requirements.

In relation to garage rents, the previous decision was to freeze rents for 2020/21. Occupancy levels suggest a further freeze for a 12-month period in order to protect the current income levels achieved is required. Garage rents and occupancy will be reviewed fully during 2021/22, but current assumptions involve reverting to a CPI increase thereafter.

With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long as their financing is considered and addressed.

The options available in respect of the minimum level of HRA balances are to retain the level at £500,000 in line with the advice of the Section 151 Officer, or adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting and it could have implications for the Council's financial standing, as assessed by its external auditor.

With regards to the additional budget proposals as set out in section 8 of the report, Cabinet should consider the costs and benefits of the proposals and whether they are affordable, in particular, over the medium to longer term.

The options available in respect of the Capital Programme are:

- i) To approve the programme in full, with the financing as set out;
- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

Any risks attached to the above would depend on measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known, and Officers may require more time in order to do this.

<p>Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme; and the additional budget proposals as set out</p>
<p>Advantages: Increased rental income allows the Council to deliver towards its climate ambitions and provide an ambitious housing service which places people and place at the heart of its offer.</p>
<p>Disadvantages: Increased rent levels for tenants.</p>
<p>Risks: The HRA budget set out in this report is sustainable in the long term. The risk associated with Option 1 relates to any future Mainway project (as referred to in section 9, above) and any borrowing or use of reserves in relation to this.</p>
<p>Option 2: Set housing and garage rent levels as detailed in this report and approve the provisions, reserves and balances position (and their use) as set out, and the revenue budgets and capital programme, but allowing for Cabinet’s recommendations regarding specific additional budget proposals.</p>
<p>Advantages: Increased rental income allows the council to deliver towards its ambitions. Non-approval of additional budget proposals would lead to greater HRA surpluses over the life of the 30-year business plan.</p>
<p>Disadvantages: Non-approval of additional budget proposals would cause a scaling back of ambitions.</p>
<p>Risks: Inability to maximise service provision and deliver on Council, and housing related ambitions.</p>
<p>Option 3: To propose alternatives to those outlined in Section 11 above.</p>
<p>Advantages: Unknown</p>
<p>Disadvantages: Would require further options analysis</p>
<p>Risks: Impact on housing service and council housing tenants unknown.</p>

The officer preferred option was Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme; and all additional budget proposals as set out.

Councillor Jackson proposed, seconded by Councillor Brookes:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the Housing Revenue Account Revised Budget for 2020/21, as set out at Appendix A to the report, together with the resulting Capital Programme as set out at Appendix C to the report, be referred on to Council for approval.
- (2) That the minimum level of HRA unallocated balances be retained at £500,000 from 01 April 2021, and that the full Statement on Reserves and Balances as set out at Appendix F (to the report) be endorsed and referred on to Budget Council for approval.
- (3) That council housing rents be set in accordance with statutory requirements as follows:
 - for general properties let as at 01 April 2021, average rent be set at £74.87 for 2021/22;
 - for sheltered and supported housing properties let as at 01 April 2021, average rent be set at £70.00 for 2021/22;
 - for any relevant property becoming vacant the following policy be reaffirmed: that they be re-let at the higher ‘formula rent’.
- (4) That garage rents be frozen for a 12-month period (rather than increased by CPI, as per the rent setting policy established by Cabinet in January 2017) in order to protect income levels currently achieved.
- (5) That the additional budget proposals as set out at Appendix E (to the report) be included in Cabinet’s budget proposals for referral on to Council, noting that any approvals be met from unallocated balances.
- (6) That subject to the above, the resulting Housing Revenue Account budget for 2021/22 onwards, as set out at Appendix A (to the report), together with the resulting Capital Programme as set out at Appendix C (to the report), be referred on to Budget Council for approval.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

The Council is required under statutory provisions to maintain a separate ring-fenced account for all transactions relating to the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock. The decision ensures there are sufficient resources to maintain and manage the Council's Housing Revenue Account (HRA) assets.

113 ACCEPTANCE OF PUBLIC SECTOR DECARBONISATION FUNDING**(Cabinet Member with Special Responsibility Councillor Frea)**

Cabinet received a report from the Director for Communities and the Environment which sought approval of Public Sector Decarbonisation Funding should an offer be forthcoming. The Council had been informed that if funding was offered, officers would need to confirm that necessary approvals had been provided to accept the funds by no later than 20th February 2021.

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

Option 1: Accept PSDS Funding
Advantages: <ul style="list-style-type: none"> • Opportunity to significantly reduce emissions generated from SALC. • Contributes towards the council's 2030 net zero ambitions. • Provides up to 100% of capital costs. • Improves a flagship facility further still.
Disadvantages: <ul style="list-style-type: none"> • None
Risks: <ul style="list-style-type: none"> • Revenue Implications: Currently unknown at this stage. Financial model to be submitted to S151 and Director prior to grant acceptance deadline of 20th February 2021. • Funding requires the project to be delivered by September 2021. Some possible slippage may be permitted up to March 2022. Significant progress has been made already. Officers feel timescales are achievable at this present time.
Option 2: Reject PSDS Funding
Advantages:

- None.

Disadvantages:

- Reducing emissions from high-emitting facilities presents a significant challenge.
- Future funding opportunities are unknown.
- Decision goes against climate emergency ambitions.

Risks: As above

The officer preferred option was Option 1: Accept Public Sector Decarbonisation Funding. Further work will be carried out to determine the optimum modelling of solar PV, battery storage and air source heat pumps. It is anticipated that this work will be completed prior to the funding acceptance deadline of 20th February 2021 and will provide S151 and Director with a full financial model for consideration.

Capital funding from the Public Sector Decarbonisation Scheme provides the Council with an opportunity to move significantly closer to its net zero 2030 target. If delivered, this flagship project would cement the council's ambitions and intentions set out following the 2019 Climate Emergency declaration and provide clear, significant, demonstrable action.

Councillor Frea proposed, seconded by Councillor Brookes:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet supports the scheme and approves the PSDS funding should an offer be forthcoming noting that any final acceptance by a Director is subject to S151 officer consent following due diligence.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

The decision is consistent with the Council's following priorities and cross-cutting themes:

- A co-operative, kind and responsible council specifically embracing innovative ways of working to improve service delivery and the operations of the council.
- Climate Emergency – Net zero 2030 ambition. This project could reduce the Council's emissions by upwards of 30% and bring SALC close to carbon

neutrality.

114 REVISED ECONOMIC REGENERATION INVESTMENT PROPOSAL

It was noted that this item had been withdrawn from the agenda.

Chair

(The meeting ended at 5.55 p.m.)

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

MINUTES PUBLISHED ON THURSDAY 11 FEBRUARY 2021.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
FRIDAY 19 FEBRUARY 2021 WITH THE EXCEPTION OF MINUTE 113 (ACCEPTANCE OF
PUBLIC SECTOR DECARBONISATION FUNDING) AS CALL-IN HAS BEEN WAIVED ON THIS
ITEM AND IT CAN BE IMPLEMENTED WITH IMMEDIATE EFFECT.**