

CABINET

Medium Term Financial Strategy Update

2023/24 – 2028/29

5 December 2023

Report of Chief Finance Officer

PURPOSE OF REPORT

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

This report is public.

RECOMMENDATION OF COUNCILLOR HAMILTON-COX

That Cabinet considers :

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

1.0 INTRODUCTION

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

1.2 This report sets out:

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

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

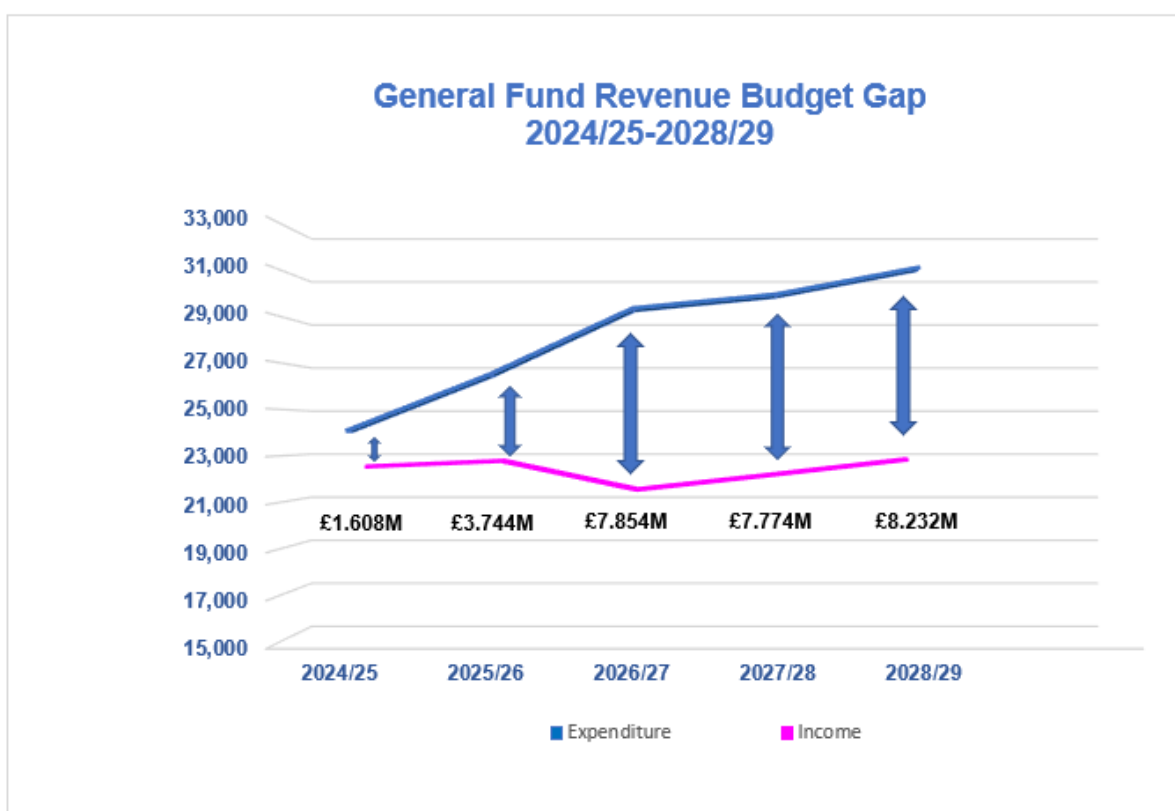
2.0 UPDATED BUDGET GAP ANALYSIS

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

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

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

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



3.0 GOVERNMENT FUNDING PROSPECTS

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

Autumn Statement

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

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

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

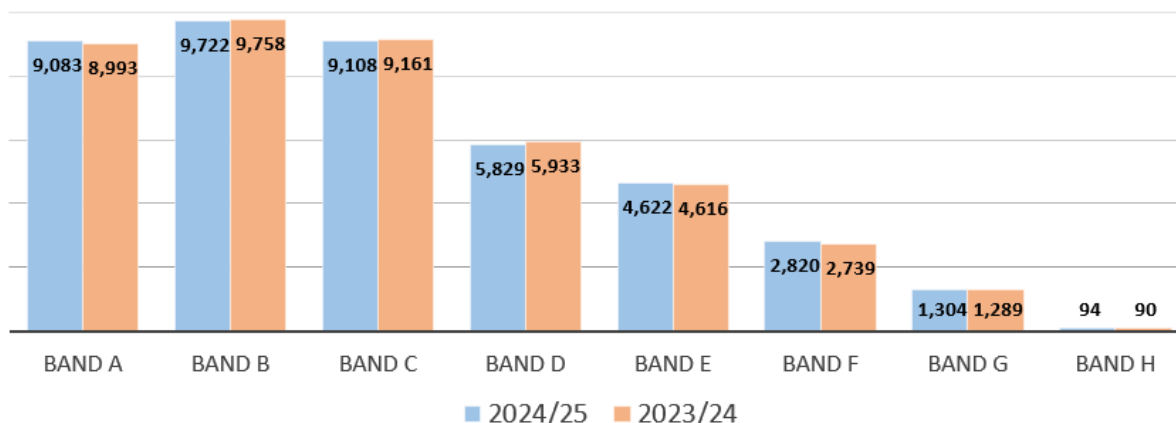
Local Government Finance Settlement

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

Council Tax

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

Council Tax Base Comparison



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

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

Business Rates

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

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

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

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

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

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

New Homes Bonus

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

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

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

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

MTFS Planning Assumptions

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

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

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

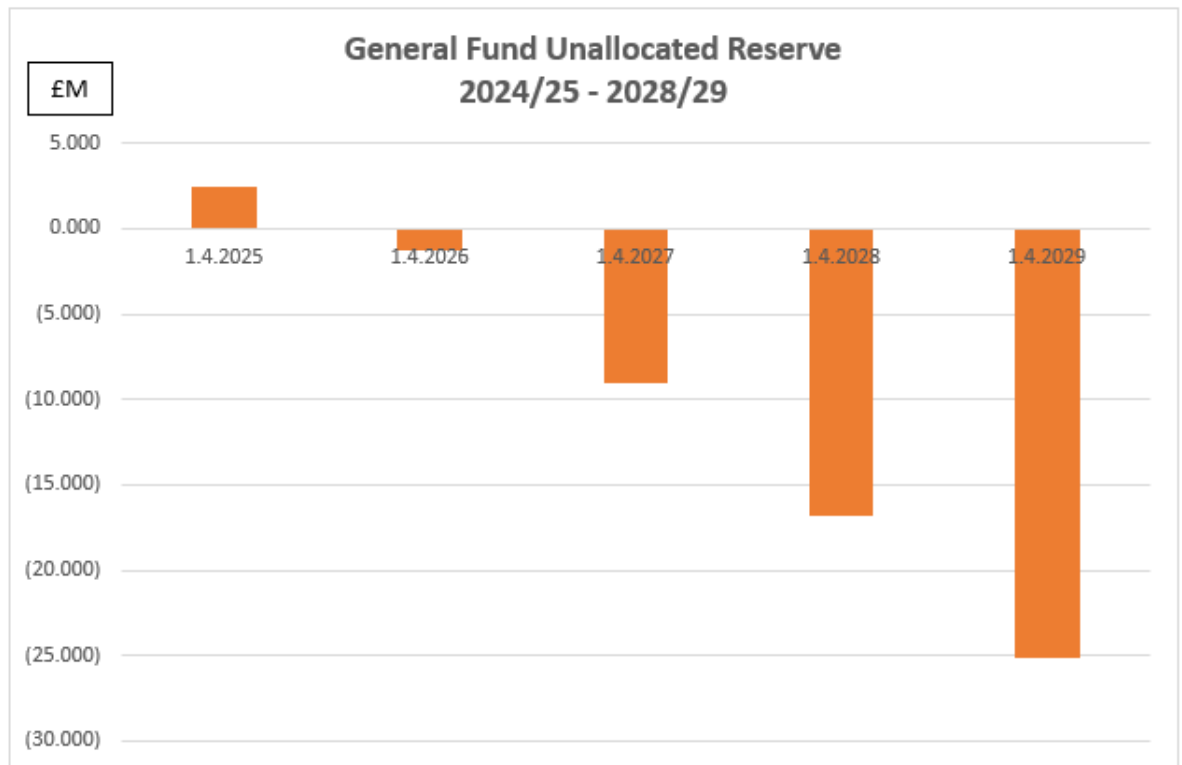
| General Fund Revenue Budget Projections 2024/25 to 2028/29 | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| For Consideration by Cabinet 05 December 2023 | | | | | |
| | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| | £'000 | £'000 | £'000 | £'000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

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

5.0 PROVISIONS, RESERVES AND BALANCES

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

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



5.4 In addition to the General Fund Unallocated Reserve the Council holds some further non-ringfenced reserves. These include the Business Rates Retention (BRR), and the renewals reserve. The table below shows the position were these also to be utilised to support the budget gap and indicates that all reserves would be expended by 2027/28.

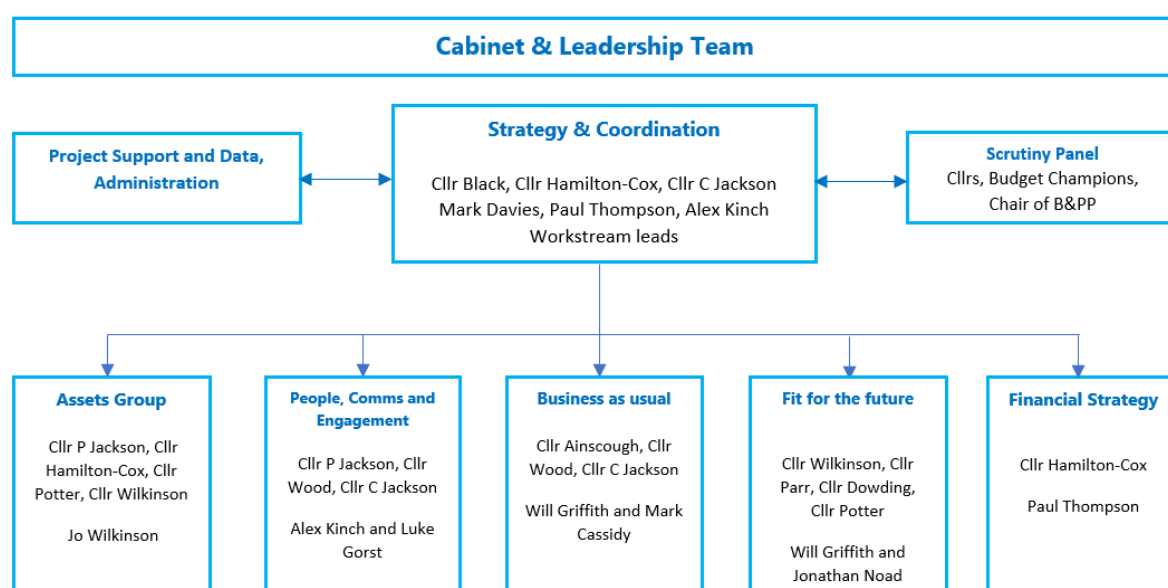
5.5 However, Members should be aware that whilst the BRR can be utilised to support the general fund its main function to manage fluctuations within with Business Rates Retention regime. It contains several technical entries such as provision for appeals against business rating values. The appeals are independently managed by the Valuation Office Agency (VOA) and so outcomes is out of the Council's control. As a result the movement in the BRR can be significant depending on the volume and value of any appeals. The reserve is also there to manage routine surpluses and deficits encountered during the normal administration of the business rates system. It is therefore recommended that the use of this reserve treated with extreme caution

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

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

6.0 OUTCOMES BASED RESOURCING

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



7.0 BALANCING THE BUDGET TO 2028/29

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

8.0 DETAILS OF CONSULTATION

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

9.0 OPTIONS AND OPTIONS ANALYSIS

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

10.0 CONCLUSION

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

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 Diversity, Human Rights, Community Safety, Sustainability etc)

None identified at this stage

FINANCIAL IMPLICATIONS

As set out in the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.

It must be reiterated that the current forecasts **do not** include any interventions by Cabinet, Senior Leadership Team or the outcomes of the Local Government Settlement. However, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council now faces, a position shared nationally across the public sector. In light of this, balancing the budget both in the short and the medium term will be a tough task and **all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.**

LEGAL IMPLICATIONS

No specific legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments

BACKGROUND PAPERS

Council – MTFS

[Agenda for Council on Wednesday, 27th February 2019, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 26th February 2020, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 24th February 2021, 6.00 p.m.](#)

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Ref: N/A

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

Cabinet – Delivering our Priorities Q1

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

Cabinet – Updated Reserves Strategy

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

Council - Updated Reserves Strategy

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