

CABINET

6.00 P.M.

12TH FEBRUARY 2019

PRESENT:- Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, Brendan Hughes, Margaret Pattison, Andrew Warriner and Anne Whitehead

Officers in attendance:-

Susan Parsonage	Chief Executive
Kieran Keane	Assistant Chief Executive
Daniel Bates	Interim Financial Services Manager/Section 151 Officer
Mark Davies	Director for Communities and the Environment
David Brown	Interim Head of Legal and Democratic Services and Monitoring Officer
Paul Thompson	Accountancy Manager
Liz Bateson	Principal Democratic Support Officer

80 MINUTES

The minutes of the meeting held on Tuesday 15 January 2019 were approved as a correct record.

81 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

82 DECLARATIONS OF INTEREST

Councillor Hanson declared an interest with regard to the Agenda item 7 – Housing Revenue Account and Capital Programme in view of a close relative living in council supported housing and advised the meeting that she would not be participating in any discussion or voting on that item. (Minute 85 refers.)

83 PUBLIC SPEAKING

Members were advised that Councillor Hamilton-Cox had requested to speak at the meeting in accordance with Cabinet's agreed procedure, as set out in Cabinet Procedure Rule 2.7 with regard to the Budget & Policy Framework (Agenda item 6). Councillor Hamilton-Cox addressed Cabinet with alternative budget ideas aligned to the Climate Emergency Motion, which had recently been debated at Full Council.

84 BUDGET & POLICY FRAMEWORK UPDATE 2019/2023

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Interim Head of Financial Services, which set out the latest position in respect of the Budget & Policy Framework including Cabinet's proposed revenue budget for 2019/20 and Capital Programme for 2019/20 to 2022/23. The report also set out the Treasury Management Framework for Cabinet adoption and

provided an update on the revision of the Medium Term Financial Strategy.

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

Revenue Budget

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2019/20 balances and fits with the proposed council tax level.

Capital Programme

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but in deciding, its final proposals should have regard to the prudential code requirements that all capital expenditure should be prudent, affordable and sustainable.

Treasury Management Framework

Cabinet may put forward alternative proposals or amendments to the proposed Strategy in **Appendix G** to the report, but these would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such, no further options analysis is available at this time.

Furthermore, the Strategy must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. There are no options available regarding other components of the overall framework, as covered in **Appendices E and F** to the report.

Officer preferred option and justification

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 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 Clifford:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet recommend the following for approval to Budget Council:
 - The 2019/20 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (Appendix A to the report) and supporting budget proposals (Appendix B to the report).
 - The S151 Officer's statement on the adequacy of reserves and advice that the minimum level of balances be increased to £2m, subject to annual review.
 - The resulting position on provisions and reserves (Appendix C to the report)
 - The updated five year Capital Programme (Appendix D to the report) covering financial years 2018/19 to 2022/23.
- (2) That the Finance Portfolio Holder be given delegated authority to agree the Treasury Management Framework, as updated for Cabinet's final budget proposals, for referral on to 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.

Officer responsible for effecting the decision:

Interim Head of Financial Services

Reasons for making the decision:

The decision enables Cabinet to make recommendations back to Full Council in order to complete the budget setting process for 2019/20.

85 BUDGET AND POLICY FRAMEWORK UPDATE 2018 TO 2022 - HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Warriner)

Cabinet received a report from the Director for Communities and the Environment, which provided an update on the council housing budgetary position and sought decisions on council housing rent levels for 2019/20 and targets for future years. The report also sought Cabinet's approval of supporting revenue budget and capital programme proposals for referral on to Budget Council in order to complete the HRA budget setting process for 2019/20.

The options, options analysis, including risk assessment and officer preferred option,

were set out in the report as follows:

There is currently no other alternative available in respect of 2019/20 housing rent setting, given legislative requirements.

With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long 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 savings and growth proposals as set out in section 7 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 very much on what 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.

The relevant Officer preferred options are to:

- Set housing rent levels in line with Government legislation.
- Approve / refer on the provisions, reserves and balances position (and their use) as set out.
- Approve / refer on the revenue budgets and capital programme, allowing for Cabinet's recommendations regarding specific savings and growth proposals.

Councillor Warriner proposed, seconded by Councillor Pattison:-

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

Councillors then voted:-

Resolved:

(6 Members (Councillors Blamire, Clifford, Hughes, Pattison, Warriner & Whitehead) voted in favour, and 1 Member (Councillor Hanson) having previously declared an interest in the item, abstained.)

- (1) That the Housing Revenue Account Revised Budget for 2019/20, as set out at Appendix A to the report, be referred on to Council for approval, with the short-term funding requirement of £296.5K being met from unallocated balances.

- (2) That the minimum level of HRA unallocated balances be retained at £500,000 from 01 April 2019, 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 2019, average rent be set at £71.05 for 2019/20, representing a reduction of 1% from the previous year;
 - for sheltered and supported housing properties let as at 01 April 2019, average rent be set at £66.08 for 2019/20, representing a reduction of 1% from the previous year;
 - for any relevant property becoming vacant the following policy be reaffirmed: that they be re-let at the higher 'formula rent' less the relevant cumulative % reduction applicable (i.e. generally 4% for 2019/20).
- (4) That the growth 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.
- (5) That subject to the above, the resulting Housing Revenue Account budget for 2019/20 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.

Officers responsible for effecting the decision:

Director for Communities and the Environment
Interim Head of Financial Services

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.

86 CORPORATE FEES AND CHARGES REVIEW - 2019/20

(Cabinet Members with Special Responsibility Councillors Whitehead & Hughes)

Cabinet received a joint report from the Interim Financial Services Manager and Director for Communities and the Environment to consider the annual review of fees and charges for 2019/20.

The options, options analysis, including risk assessment and officer preferred option,

were set out in the report as follows:

The policy attached to the report remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet's budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy, with a review being undertaken next year.

With regard to car parking charges and garden waste charges, Members have proposed to freeze charges for the forthcoming financial year. Should inflation be applied, further work to determine charging levels would need to take place and be fed into the budget setting process as appropriate.

Councillor Whitehead proposed, seconded by Councillor Hughes:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the Fees and Charges Policy as set out at Appendix A to the report, be approved.
- (2) That car parking charges be frozen as part of the current budget setting process for 2019/20.
- (3) That garden waste collection charges be frozen as part of the budget setting process for 2019/20.

Officers responsible for effecting the decision:

Interim Financial Services Manager
Director for Communities and the Environment

Reasons for making the decision:

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget. The proposed increases are considered to be fair and reasonable.

87 DELIVERING OUR AMBITIONS - PERFORMANCE MONITORING: QUARTER 3 2018-19

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Executive Support Manager to report on the performance of key indicators for October to December 2018.

As the report was primarily for noting and comments, no options were provided.

Resolved unanimously:

- (1) That the performance of key indicators for Quarter 3 be noted.

88 CORPORATE FINANCIAL MONITORING 2018/19 - QUARTER 3**(Cabinet Member with Special Responsibility Councillor Whitehead)**

Cabinet received a report from the Interim Financial Services Manager, which provided an overview of the Council's financial position for Quarter 3 of the 2018/19 monitoring cycle and the supporting actions underway.

As the report was primarily for noting and comments, no options were provided.

Resolved unanimously:

- (1) That the report be noted.

89 COMMUNITIES AND THE ENVIRONMENT - FUTURE DIRECTION**(Cabinet Members with Special Responsibility Councillor Burns, Clifford, Hughes & Warriner)**

Cabinet received a report from the Director for Communities and the Environment, which sought agreement to the strategic direction, outlined in the report.

All three directorates are considering the most effective way of delivering services in the future. Whilst the range of services being delivered by each directorate is diverse, the principles of future direction will all be consistent with the Council's Ambitions, Medium Term Financial Plan and financial resilience plan agreed in Funding the Future.

For the Directorate of Communities and the Environment the guiding principles contained in the strategies above, which form the basis for future direction are-

- Working in a commercial way- through improving internally delivered services, establishing new delivery models and income generation.
- Pursuing efficiency and rigour – by reducing waste and re-engineering processes.
- Identifying alternative and efficient methods of using limited resources. Including staffing, equipment, vehicles, plant and physical assets.
- Demonstrating Community Leadership and Shaping the Place through meaningfully involving communities, service users and partners in the design and delivery of services.
- Fully involving all our staff in the way the strategic direction is delivered. Making the best use of our staff by training, redeployment and reskilling.
- Being customer focussed and customer- friendly

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

Option 1- to agree the recommended strategic direction that has been outlined in the report as it provides the intended outcomes of the Council's senior management

structure, Council plan and financial context. The report outlines the steps that will be put in place to monitor the effectiveness of this new way of working.

Option 2- to maintain status quo. This will fail to achieve the above.

Option 1 – is the officer preferred option for reasons as outlined in the report.

Councillor Hughes proposed, seconded by Councillor Clifford:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the strategic principles outlined in paragraphs 1.5 & 1.6 of the report be approved.
- (2) That the commencement of staff consultation be approved and consequent development and implementation of the proposals be delegated to the Director for Communities and the Environment.
- (3) That it be noted that further reports on the proposals would be brought to Cabinet or Personnel Committee as appropriate.
- (4) That Cabinet approves the future use of the Restructuring Reserve as appropriate, subject to minimum reserve levels being retained.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

Successful delivery of the council's ambitious plans will require a new approach especially in the context of reducing resources and increasing customer demands. The proposals outlined in the report will put our residents and communities at the heart of our front line service delivery, improve collaboration with other partner agencies and generate ongoing revenue savings.

90 CABINET LIAISON GROUP- CLIMATE CHANGE (Page 10)

(Cabinet Member with Special Responsibility Councillor Clifford)

Cabinet received a report from the Director for Communities and the Environment to consider whether to establish a Climate Change Cabinet Liaison Group.

The option was to agree to the principle and the terms of reference as set out in the report. Whilst the Council joined the UK100 network of local government leaders committed to transitioning toward 100% green energy by 2050 this date would be revised to 2030 following the Climate Change Motion debated at Full Council in January 2019. (Council 30.01.19 Minute 108 refers.)

Councillor Clifford proposed, seconded by Councillor Warriner:-

“That the recommendation, as set out in the report, be approved with the terms of reference revised to reflect the revision to the ‘achieve by’ date.”

Councillors then voted:-

Resolved unanimously:

That a Climate Change Cabinet Liaison Group be established and that the terms of reference, as amended and appended to the minutes, be approved.

Officer responsible for effecting the decision:

Director for Communities and the Environment

Reasons for making the decision:

The establishment of Liaison Groups assists the Cabinet in the discharge of executive functions. The Council Plan includes the ambition of ‘clean, green and safe neighbourhoods’ and the aims and objectives of the Climate Change Liaison Group will be aligned to support the Council Plan.

Chairman

(The meeting ended at 6.43 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - telephone (01524) 582047 or email
ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON THURSDAY 14 FEBRUARY, 2019.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
FRIDAY 22 FEBRUARY, 2019.**

CLIMATE CHANGE CABINET LIAISON GROUP

Chairman:

- Cabinet Member with Special Responsibility for Climate Change**

Composition

- Up to 10 members of the group
- Open invitation to all Councillors from all political groups
- No substitute members attending
- The Chairman may invite other representation to join the group

Terms of Reference

1. To advise the Cabinet member and Cabinet on how to achieve 100% clean energy across the council's full range of functions by 2030, in a way that complements our other aims and objectives, is ambitious and cost effective
2. To assist the Cabinet member and Cabinet to best work in partnership with our residents, and stakeholders to deliver against this commitment.
3. To assist the Cabinet member and Cabinet to develop a plan by 2021 that sets out how the Council will practically achieve this ambition.
4. To invite and consider external presentations and examples of best practice.
5. To assist with consultation with business, public and other stakeholders and to advise the Cabinet Member of outcomes.
6. To gather existing information on the District and City Council to identify the priority areas and to establish a baseline to monitor progress.
7. To meet every two months.