



Committee: BUDGET AND PERFORMANCE PANEL

Date: TUESDAY, 26 JANUARY 2021

Venue: THIS WILL BE A VIRTUAL MEETING
[CLICK HERE TO JOIN THE MEETING AS A NON PARTICIPANT](#)

Time: 6.30 P.M.

A G E N D A

PLEASE NOTE THE CHANGE OF DATE AND COMMENCEMENT TIME OF THE MEETING.

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on 1st December 2020 (previously circulated).

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

4. **Declaration of Interests**

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

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

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

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

5. **Budget and Policy Framework Update (Pages 3 - 21)**

Attached report of the Chief Finance Officer. Also attached Cabinet report and appendices previously published and considered by Cabinet on 19 January 2021.

Report published on 25 January 2021.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Adrian Duggan (Chair), Tim Dant (Vice-Chair), Roger Dennison, Joan Jackson, Debbie Jenkins, Mandy King, Jack O'Dwyer-Henry, Jason Wood, and Joanna Young

(ii) Substitute Membership

Councillors Tony Anderson, Mandy Bannon, Abbott Bryning, Colin Hartley, Tricia Heath, Cary Matthews, Stewart Scothern and Alistair Sinclair

(iii) Queries regarding this Agenda

Please contact Stephen Metcalfe, Democratic Services - email sjmetcalfe@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support email democraticsupport@lancaster.gov.uk.

KIERAN KEANE,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on Monday 18th January 2021.

BUDGET AND PERFORMANCE PANEL**Budget & Policy Framework Update
26 January 2021****Report of Chief Finance Officer****PURPOSE OF REPORT**

To provide Budget and Performance Panel with an update on the Council's budget strategy for 2021/22 and financial outlook up to 2024/25. Specifically, the report considers the budget and Council Tax proposals for 2021/22.

This will enable the panel to consider and comment on the proposals ahead of formal presentation to Council in accordance with the Council's constitution.

This report is public.

RECOMMENDATIONS

- (1) That the panel considers the Budget & Policy Framework Update presented to Cabinet 19th January 2021, making any comments considered necessary for Cabinet to consider in line with the Council's constitution.

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 All services have been working with the Chief Executive and Finance Team to ensure we achieve a balanced budget aligned with our priorities. Throughout the Summer and Autumn sessions have been held with all services to identify opportunities to address the structural deficit and align expenditure with priority outcomes based on the Funding the Future Strategy.

2.0 PROPOSAL DETAILS

- 2.1 The 19 January 2021 Cabinet report (Appendix A) considers savings and additional resource proposals for a balanced revenue budget for 2021/22 and reflects in-year changes and ongoing changes to accounting, forecasting, and funding formula for support and grant activity have caused a change in the budgetary position for this budget from that stated in November 2020.
- 2.2 As part of the provisional finance settlement, the Government published its referendum criteria for Council Tax. District councils will be permitted to raise their Council Tax by 2% or £5, whichever is higher, without reference to a referendum. The report contains

Cabinet's recommendation to Council regarding the Lancaster City Council element of the Council Tax which is a £5 increase to the Band D Council Tax (from £231.95 to £236.95).

3.0 CONSULTATION

3.1 The Council's Constitution requires that when a new or existing strategy is being considered, the Overview and Scrutiny Committee, or Budget and Performance Panel have an opportunity to comment. If it considers it appropriate, Cabinet may then amend its proposals before submitting them to Council for consideration.

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

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. Equalities impact assessments are undertaken for the relevant activities which are reflected in the budget.

LEGAL IMPLICATIONS

Legal Services has been consulted on this report and has no further comments.

FINANCIAL IMPLICATIONS

As set out in appendix A of this report.

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

No other implications directly arising from this report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has written this report in his capacity as Chief Finance Officer

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments on this report.

BACKGROUND PAPERS

Cabinet 19-01-21
Appended to this report.

Contact Officer: Paul Thompson
Telephone: 01524 582603
Email: pthompson@lancaster.gov.uk

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19 January 2021		
Report of	Chief Finance Officer				
Purpose of Report					
To provide an update on the Council's budget strategy for 2021/22 and financial outlook up to 2024/25. Specifically, the report considers the budget and council tax proposals for 2021/22.					
Key Decision (Y/N)	Y	Date of Notice	18/12/2020	Exempt (Y/N)	N

Report Summary

The report summarises the budget and Council Tax proposals for 2021/22 and looks forward to the work to be undertaken in respect of the Capital Strategy and Medium Term Financial Strategy.

Recommendations of Councillor Anne Whitehead

1. That Cabinet make recommendations to Council regarding the Lancaster City Council element of the Council Tax as set out in paragraph 3.4 (option one) of this report which is a £5 increase to the Band D Council Tax (from £231.95 to £236.95).
2. That Cabinet makes recommendations regarding its initial budget proposals as set out in section 4 and appendix A of this report.
3. That the recommendations and proposals in this report be referred to Council on 27 January for initial consideration as well as being presented for scrutiny by Budget and Performance Panel on 02 February, in order that any feedback can be provided to Cabinet at its 09 February meeting.

Relationship to Policy Framework

The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

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. Equalities impact assessments are undertaken for the relevant activities which are reflected in the budget.	
Details of Consultation	
Details of consultation are set out in sections 7 and 8 of the report.	
Legal Implications	
No legal implications directly arising from this report.	
Financial Implications	
As set out in the report.	
Other Resource or Risk Implications	
No other implications directly arising from this report.	
Section 151 Officer's Comments	
The Section 151 Officer has co-authored this report.	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments on this report.	
Contact Officer	Paul Thompson Chief Finance Officer/ s151 Officer
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Links to Background Papers	

1 INTRODUCTION

- 1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.
- 1.2 The Cabinet meeting on 24 November considered updated estimates with respect to government funding and Council tax and the corresponding impact on the revenue budget gap. Since that report, the Government has released the Provisional Local Government Finance Settlement.
- 1.3 All services have been working with the Chief Executive and Finance Team to ensure we achieve a balanced budget aligned with our priorities. Throughout the Summer and Autumn sessions have been held with all services to identify opportunities to address the structural deficit and align expenditure with priority outcomes based on the Funding the Future Strategy.
- 1.4 Last year's budget, set before the pandemic, presented a highly ambitious programme of revenue and capital growth. The purpose of this was to support and stabilise services which had been reduced beyond their viable capacity levels in areas of Council Priority, to align service priorities with the Council's ambitions around Community Wealth, the Climate Emergency and Community Engagement, and to

significantly increase the Council's engagement in Capital Projects in order to achieve these. Many of these changes were long term in their nature, and while significant planning progress has been made, the pandemic has also caused the deferral of many of the Capital Projects to the coming year.

- 1.5 As such, the Budget presented shows relatively low levels of revenue growth, and a Capital Programme position which reflects both the deferral of projects, and the need to realign those with Council priorities and a changing investment landscape. A small range of Outcomes Based Resourcing (OBR) based-savings have been identified, and growth proposals have been limited to those which are vital to the successful operation of the council in continuing to secure income and fees, support efficient and effective service delivery and reporting, offering statutory services at viable levels, and progressing the capital programme. A more detailed explanation of these is provided below.

2 STRATEGIC CONTEXT

- 2.1 The Budget has been set at a time of unprecedented change, which puts pressure on the ability to forecast. We are seeing:
- an accelerated pace of change in the funding regimes, formula and budget and accounting requirements of central government, even pre-pandemic, and this change is continuing;
 - fewer system-wide reviews, and a much greater number of issue specific consultations, reviews and changes some of which are resulting in in-year changes, and even retrospective changes to previously agreed budgetary forecasting and funding distribution formula;
 - A wide range of single initiative funding opportunities emerging both as a result of the pandemic and more generally, which need to be established within in capacity, dispersal and income accounting, governance and delivery practices; and
 - External factors such as the pandemic and EU Exit which fundamentally alter both the priorities for and use of council resources and the context of our income from taxation, rates, fees and charges.

3 OPERATIONAL CONTEXT

- 3.1 Despite the disruption caused by COVID, and the need to redeploy and reprioritise finance and many other staff workloads to deal with it, in matters such as the dispersal of business grants and community support, OBR principles have already started to be incorporated, and the impact of this can be seen in the overview of savings and identified growth areas, as we realign activities with outcomes.
- 3.2 This year, activities around reporting and some committee activities have been scaled back to enable officers to focus on the pandemic. Similarly, the accounting and reporting practices associated with pandemic work have needed to be quickly put in place, and this has required significant capacity. This means that a more basic approach to reporting is being taken this year, which, nevertheless, due to its OBR basis and lessons learned from the more comprehensive, but aspirational activity undertaken last year, should provide greater certainty of deliverability within the context of accelerated change.

4. PRINCIPLES AND ASSUMPTIONS

4.1 The Council is, despite significant challenges due to COVID-19, aiming to deliver a balanced budget plan for 2021/22.

- There remain opportunities to address the underlying structural deficit, by:
 - o Increasing and diversifying income
 - o Improving productivity and securing efficiencies via new ways of working
 - o Developing alternative ways to achieve priority outcomes (e.g. partnership)
- While LGR presents an opportunity to think longer term about the design of services and the budget, work should continue to identify and implement transformation opportunities which place Lancaster in a position of strength irrespective of future scenarios and plans (no 'wait and see' culture).

5 FUNDING UPDATE

5.1 Government released the provisional local government finance settlement on 17 December 2020. This a one-year settlement following on from its Spending Review, 25 November 2020 abandoning its long-term review amid the economic uncertainty caused by the COVID-19 pandemic.

5.2 A summary of the provisional settlement for Lancaster City Council is provided in table one below.

Table One – Provisional Settlement allocations for Lancaster City Council

	Provisional Settlement £000	LCC Forecast £000	Difference £000
Settlement Funding Assessment			
Revenue Support Grant	204	0	204
Retained Rates	5,737	5,737	0
New Homes Bonus	867	1,333	(466)
Total SFA	6,808	7,070	(262)
Lower Tier Services Grant	244	0	244
COVID - 19 Expenditure Pressures	852	0	852
Total Government Funding	7,904	7,070	834

5.3 As table one shows, the provisional settlement allocates £834K more resources than anticipated and this effectively slightly reduces the gap for the 2021/22 revenue budget.

6 COUNCIL TAX

6.1 As part of the provisional finance settlement, the Government published its referendum criteria for Council Tax. District councils will be permitted to raise their Council Tax by 2% or £5, whichever is higher, without reference to a referendum. Table two below considers the following two options for council tax:

- Option one – an annual 2% or £5 increase in Council Tax (whichever is higher) – for Lancaster City Council, this will be £5 in each of the next four years
- Option two – no increase in Council Tax

Table Two – Impact of Council Tax options: 2021/22 to 2024/25

Year	Taxbase (% Annual Increase)	Estimated Annual Movement	Option One Annual increase of £5 in Council Tax		Option Two No annual increase in Council Tax		Additional Income from £5 increase
			%	Band D	Income	Band D	
2020/21	41,700	0.72%	231.95	9,672,315	231.95	9,672,315	0
2021/22	41,500	-0.48%	236.95	9,833,387	231.95	9,625,888	207,499
2022/23	41,707	0.50%	241.95	10,091,091	231.95	9,674,017	417,073
2023/24	42,124	1.00%	246.95	10,402,624	231.95	9,770,758	631,866
2024/25	42,546	1.00%	251.95	10,719,378	231.95	9,868,465	850,913

- 6.2 The budget proposals have assumed an increase of £5 in Council Tax. This would raise an additional £161K from 2020/21 values. If there was no increase in Council Tax, income would decrease by £45k due to the reduction in properties. Overall a £5 increase would result in a further £207k in income (shown in the final column above). The table above also shows the difference, in terms of income, between a £5 tax increase and no increase which, over four years, amounts to an additional £851k in income if option one, an annual £5 increase, is adopted.
- 6.3 The reduction in the taxbase of 0.48% is lower than the 1% growth which was originally forecast for 2021/22 in the MTFS. This has resulted in Council Tax income being lower than forecast in the MTFS.
- 6.4 **The recommendation arising from this report is that the Council on 27 January 2021 agree a £5 increase (option one) to the level of the 2021/22 Band D council tax for the Lancaster City Council element.** It is also recommended that option one is selected for the purposes of completing estimates in the Medium-Term Financial Strategy.

7 BUDGET PROPOSALS

- 7.1 The 24 November Cabinet report set the approach for considering proposals for a balanced revenue budget for 2021/22. Since the report in-year changes and ongoing changes to accounting, forecasting and funding formula for support and grant activity have caused a change in the budgetary position for this budget from that stated in November 2020. The key changes are:
- New Homes Bonus changes have caused a decrease in the forecasted funds available to spend, not wholly mitigated by the Government's revised formula for redistributing the underspend;
 - Changes to compensatory arrangements for business rates have required alterations to the basis of our forecasts;
 - Funds secured as a result of the Walney Substation Extension require significant work to identify, secure and incorporate in restated budgets. However, they provide a very important current and future diversification to the Council's income, and have substantially strengthened the Council's position;
 - The ongoing changes being introduced in reaction to the pandemic, and the extension of many schemes into next financial year have also needed to be accounted for. It is important to note that this may also increase uncertainty and the requirement for in-year adjustments due to these unprecedented times;

- Changes to PWLB require a different approach to capital investment, and while, given the social motives of the Council, the majority of the planned schemes appear eligible, further work will be needed to ensure the alignment of the programme with the new criteria, and to reflect the changes in our accounting and Treasury practices;
- A structural deficit remains for future years, and work to align strategic priorities with available resources via our OBR and related work in the coming year based on the four pillars identified in the Funding the Future strategy will be vital in securing a stable financial position for the Council. However, across the majority of benchmarks, and unusually for a lower-tier Authority of our size, we are in a relatively robust position in Local Authority benchmarks across the piece, in terms of our performance in maintaining essential services, our dispersal of grants and other community support and our relative financial security. This does not mean that we are in a position of being able to expand capacity and resources, but it does mean that the requirements for significant, immediate reductions and / or urgent risks of financial instability are less acute than for some other Authorities.

7.2 Proposals for closing the budget gap are shown in table three below and are provided in more detail in appendix A.

Table Three Cabinet’s Draft Revenue Budget Proposals – 2021/22

	Sub-total £’000	Total £’000
Budget Gap for 2021/22 reported to Cabinet 24 November		793
Lower than estimated Council Taxbase	48	
Business Rates & Collection Fund Adjustments	2,258	
Accounting Adjustments	141	
Increased Government Funding inc RSG	(834)	
Effect of Public Sector Pay Freeze	(336)	
	<hr/>	1,277
Savings/ Income identified by the budget process	(444)	
Additional Resource Requirements	547	
	<hr/>	103
Budget Gap before Application of Reserves		2,173
Funding from Reserves		(2,173)
Current Budget Gap		0

7.3 The proposals set out in the table above produce a balanced revenue budget for 2021/22, which forms part of the recommendations of this report. If Cabinet agree the proposal, then it will go forward to the Budget Scrutiny Panel on 02 February 2021 and to Council on 27 January 2021 and then form part of the Budget and MTFs report to the Budget Council Meeting on 24 February 2021.

- 7.4 A significant amount of budget asks will be funded from reserves. The Reserves Strategy requires all proposals for reserves funding to be subject to further scrutiny prior to the release of funds. This scrutiny will seek to ensure that specific effective plans are in place for the use of reserves and that clarity exists in respect of outcomes which will be achieved in respect of the proposals.

8 CAPITAL PROGRAMME

- 8.1 The capital programme has also been impacted by COVID, with the timescales for key milestones on many projects now reaching into 2021/22. An overview of the Capital programme will be presented in future by the Director of Economic Growth and Regeneration working in Partnership with the Executive Team as part of the Forward Plan.
- 8.2 Several projects are being brought forward that support the Council's Carbon Zero+ strategy; most notably works on Salt Ayre Leisure Centre which would include solar farm, air sourced heat pump and various retrofit improvements. The Council submitted a bid for £6.8M to cover the full costs of these works with an announcement shortly
- 8.3 There are currently two main types of capital project – those which relate to investment in operational assets to directly enhance council services, and those which relate to assets to achieve external socioeconomic and environmental outcomes and / or generate income. While the Investment Strategy primarily focused on the latter, we can expect to see future capital programmes taking a more integrated approach to delivering the Council's priorities while building community wealth.
- 8.4 Changes to PWLB borrowing will also have significant implications for the Capital Programme, and investment for yield may be constrained. A small task and finish team comprising representatives from Property, Investment and Finance, and led by the Director of Economic Growth and Regeneration and Corporate Services is reviewing the implications of this change on services, and will bring forward a diversified funding proposal alongside clarifying the technical implications of the PWLB change.
- 8.5 Recognising the changing investment landscape and the shift to a more integrated approach to identifying return on investment based on broader sustainable development goals, we will seek to bring forward a more comprehensive pipeline approach to projects at concept, development, delivery and impact stages, engaging members at each stage to ensure alignment with council priorities, including the appropriate governance milestones and applying an integrated appraisal to each stage. This will be reflected in our work to put in place an updated Investment Strategy and in our implementation of the Funding the Future Strategy. As part of this we aim to develop working arrangements which enable the council to cover the development costs of programme activity via capitalisation and the operating costs via management fees and other relevant charges.

9 MEDIUM TERM FINANCIAL STRATEGY

9.1 A revised Medium Term Financial Strategy will be considered at the Budget Setting Council. The revision of the MTFS will be important and timely in order to provide sound financial planning processes to underpin the new Council's ambitions. Key considerations of the MTFS include:

- Consideration of the medium term outlook, taking account of the impact of decisions made to balance the 2021/22 budget alongside forecasts for future funding. Table four shows current estimates of the budget gap following on from the proposals to balance the 2020/21 budget.

Table Four – Medium Term Budget Gaps – 2021/22 to 2024/25

	2021/22	2022/23	2023/24	2024/25
Estimated Budget Gap (£'000s)	0	1,696	3,347	3,808

The gap is structural in nature and reflects anticipated changes in Government funding and the uncertainties presented by the current pandemic.

- Taking account of the above, the MTFS will seek to balance supporting Council ambitions with the requirement to secure long term financial resilience of the organisation. Continued focus on the Funding the Future Strategy and associated plans will ensure that the Council can seek returns from capital investment and new ways of working whilst managing risk and promoting good governance.
- The Funding the Future Strategy incorporates a commitment to OBR and this has been used in this budget process and will be further considered by the Financial Resilience Group alongside ongoing work to embed the Council's new priorities and outcomes during 2021/22.
- Incorporation of recent CIPFA guidance in respect of Capital Strategies and prudential borrowing so that the Council is able to pursue ambitious projects which deliver economic prosperity, housing growth and address the Climate Emergency which also contribute to the Council's financial resilience and carbon reduction targets.
- A thorough review of the Reserves Strategy to ensure adequate level of reserves are maintained which balance longer financial sustainability with the deployment of surplus reserves towards Council ambitions.

9.2 A full update on the Housing Revenue Account budget and financial outlook will be considered alongside the revenue budget including options to ensure that the service's 30-year business plan is viable and that its ongoing budget is balanced, whilst delivering value for money to tenants. This update will be reported to the 09 February 2021 Cabinet.

10 DETAILS OF CONSULTATION

10.1 As in previous years, the usual high level consultation with relevant stakeholders on the budget will be undertaken prior to Budget Council in February. More specific consultation may be required depending on the budget savings options being considered. Consultation on council housing matters will be undertaken through the District Wide Tenants' Forum.

11 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 11.1 Regarding the budget strategy, Cabinet may approve the proposals as set out, or require changes to be made to the suggested approach. The overriding aim of any budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council's corporate and service ambitions. The proposed approach is in line with that broad aim and any changes that Cabinet puts forward should also be framed in that context.
- 11.2 In term of the actual budget position, this report puts forward a balanced budget. If Cabinet agrees the budget then it will form their proposal to Budget Scrutiny Panel on 02 February 2021. The feedback from this meeting will be considered by Cabinet and incorporated into a final budget proposal which will be considered at the Cabinet meeting on 09 February 2021 and recommended to Council on 24 February 2021.

Appendix A General Fund Revenue Budget Projections 2020/21 to 2024/25

Appendix B Budget Proposals 2021/22 to 2024/25

Appendix C Budget Proposals 2021/22 to 2024/25 (Explanatory Note)

General Fund Revenue Budget Projections 2020/21 to 2024/25

For Consideration by Cabinet 19 January 2021

BUDGET PROJECTIONS		2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
	Revenue Budget/Forecast as at 26 February 2020	17,903	18,131	18,322	18,883	19,261
	Base Budget Changes					
	Operational Changes @ Cabinet 24/11/20	1,494	2,538	1,205	1,891	2,289
	Operational Changes					
	Effect of Public Sector Pay Freeze		(336)	(340)	(333)	(342)
	Removal of Commercial Income from Future Budgets		0	3	425	425
	Removal of Savings Target re: Building Regulations		126	128	131	131
	Other Operational Changes		66	78	115	144
	Income Compensation Scheme extended to June 2021		(454)	0	0	0
	Loan interest to support Capital Programme		403	637	767	823
	Reduction in New Homes Bonus		466	700	701	701
	Lower Tier Services Grant		(244)	0	0	0
	Covid 19 Expenditure Pressures Grant		(852)	0	0	0
	Latest Budgetary Position	19,397	19,844	20,733	22,580	23,432
	Outcomes Based Resourcing Proposals:					
	Savings Proposals	0	(444)	(730)	(546)	(556)
	Redirection Proposals	0	0	0	0	0
	Additional Resource Requirements	0	547	620	639	664
	Revenue Implication of New Capital Schemes	-	0	0	0	0
	Contribution to/(from) GF Reserves	3,751	(2,173)	0	0	0
	General Fund Revenue Budget	23,148	17,774	20,623	22,674	23,540
	Core Funding:					
	Revenue Support Grant	(203)	(204)	-	-	-
	Net Business Rates Income	(13,273)	(7,737)	(8,836)	(8,924)	(9,013)
	Council Tax Requirement	9,672	9,833	11,787	13,750	14,527
	Estimated Council Tax Income - (Increases based on £5 for 2021/22 then max allowable)	9,672	9,833	10,091	10,403	10,719
	Resulting Base Budget (Surplus)/Deficit	0	0	1,696	3,347	3,808
	<i>Original MTFS Savings Requirement</i>	<i>0</i>	<i>1,558</i>	<i>1,234</i>	<i>1,270</i>	<i>N/A</i>
	<i>Change</i>	<i>+0</i>	<i>(1,558)</i>	<i>+462</i>	<i>+2,077</i>	<i>N/A</i>

Budget Proposals 2020/21 to 2024/25

	Reserves Funding	2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
Non-Reserve Savings						
Communities & the Environment						
<u>Public Protection</u>						
Savings from combined post and reduction in hours		-	(16)	(32)	(38)	(38)
Selective Licensing part Savings part Growth but will net nil over 5 years		-	(35)	(85)	34	34
<u>Public Realm & Business Support</u>						
Service restructure Phase 2		-	(10)	(10)	(10)	(9)
Deletion of vacant posts		-	(29)	(29)	(33)	(33)
Increase trade waste capacity, via route optimisation		-	(50)	(100)	(100)	(100)
Drainage / pressure jetting service		-	(4)	(28)	(28)	(28)
<u>Customer Involvement & Leisure</u>						
Salt Ayre Vacant Post		-	(44)	(46)	(47)	(48)
Customer Services Restructure		80	(40)	(38)	(35)	(30)
Customer Services Restructure (funded by restructuring reserve)		(80)	-	-	-	-
Customer Services Vacant Post		-	-	(31)	(32)	(33)
Economic Growth & Regeneration						
<u>Planning & Place</u>						
DM- Planning pre-application fee review		-	(10)	(15)	(20)	(25)
Building Control - Fee Review		-	(10)	(20)	(30)	(40)
<u>Property, Investment & Regen</u>						
Reduced staff activity and increased community use (LTH/MTH)		-	(111)	(82)	-	-
R&M Future savings (2021/22 from Corporate Property Reserve)	(25)	-	25	(56)	(56)	(56)
Changes to Morecambe VIC Lease		-	-	(3)	0	0
Relocate ICT		-	21	(28)	-	-
Printing & Postage		-	(30)	(30)	(30)	(30)
Centralisation of budgets		-	(5)	(5)	(5)	(5)
		-	-	-	-	-
Corporate Services						
<u>Legal Services</u>						
Legal Fee Increases		-	(40)	(40)	(40)	(40)
<u>ICT</u>						
ICT Mobile Telephone / Fixed Lines Review		-	(11)	(11)	(11)	(11)
ICT Review Length of Software Licences		-	-	(10)	(10)	(10)
ICT Structural Change / Shared Resource		-	-	(10)	(10)	(10)
ICT Review and Consolidation of Printers		-	(5)	(5)	(5)	(5)
ICT Recharging for Street Naming/Numbering		-	(15)	(15)	(15)	(15)
Sub Total	(25)	0	(419)	(730)	(521)	(531)
Funding From Reserves		0	(25)	0	0	0
Net Savings		0	(444)	(730)	(521)	(531)

	Reserves Funding	2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
Redirection						
Salt Ayre Restructure		-	(112)	(115)	(118)	(121)
Property Services Restructure		-	87	90	92	95
Chief Exec Support		-	25	25	26	26
		-	-	-	-	-
Redirection requested to be funded from Reserves		-	-	-	-	-
Total Redirection (expected to be minimal)	£0K	0	0	0	0	0
Less Funding from Reserves		0	0	0	0	0
Add Payback to Reserves						
Net Cost of Redirection		0	0	0	0	0

	Funding	£'000	£'000	£'000	£'000	£'000
Non-Reserve Growth						
<i>Communities & the Environment</i>						
<u>Public Realm</u>						
HMP Splash Park Renewal Programme	(60)	-	70	10	10	10
<u>Housing Services</u>						
Stock condition survey module for PRS (Corporate Priorities Reserve)	(60)	-	60	-	-	-
<i>Economic Growth & Regeneration</i>						
<u>Planning & Place</u>						
DM Planning Enforcement - Team Restructure		-	4	3	2	4
DM Planning applications - Service continuity and restructure		-	230	327	336	348
Planning and Housing Strategy - Conservation Graduate		-	26	26	27	28
<u>Economic Development</u>						
Business Support & Skills expand Local wealth Building Officer post		-	5	1	1	1
Business Engagement (COVID Recovery) - 3 temporary officers	(90)	-	90	94	0	0
<u>Property, Investment & Regen</u>						
Strategic Project Management		-	55	56	58	59
Capital Programme Development	(80)	-	80	-	-	-
<i>Corporate Services</i>						
<u>Financial Services</u>						
HR/Payroll Software move to Cloud			23	10	10	10
Financial Services Staffing		-	60	61	65	69
<u>Human Resources</u>						
HR & OD Project Teams		-	40	41	42	43
<u>Democratic Services</u>						
Democratic Services (re-establishment)		-	26	26	27	28
		-	-	-	-	-
<i>Office of the Chief Executive</i>						
Head of Policy		-	68	69	71	74
Local Government Reorganisation	(200)	-	200			
Approved Growth funded from Reserves						
		-	-	-	-	-
		-	-	-	-	-
Growth funded from Reserves (Subject to Business Case Approval)						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Total Growth	(490)	0	1,037	724	649	674
Less Funding from Reserves		0	(490)	(104)	(10)	(10)
Add Payback to Reserves						
Net Cost of Growth		0	547	620	639	664

Budget Proposals 2020/21 to 2024/25 (Explanatory Note)

- 1) As proposed at Informal Cabinet on 11th January, this explanatory note aims to provide further information and rationale for:
- The growth items presented in the proposed budget
 - Those matters of interest or priority for Cabinet Members which they would like to see greater priority for, but which may not be transparently evident in the Budget.

Additional Resource Requirements

The summary in this table reflects 2021/22 budget asks to enable services to address the key areas and workloads faced as the Council works towards delivering its outcomes.

Service or Action	Summary	Impact on Priorities
Planning & Place (please see additional information on this item below)	<p>The most significant budget increase (£260K, rising slightly in future years as capacity is established) is associated with the outcomes of a review into the Planning and Place service.</p> <p>This review has identified that service capacity falls far below the benchmark levels required to ensure the effective provision of planning services to the community and to meet the volume of Planning work, both statutory, in terms of ensuring we can deliver fee paid work and in support of integrated Place-Making. The most significant budgetary aspects of this essentially enable a 60-65% increase in staff capacity for the Planning Application Team, associated with the implementation of a range of service improvements to align the service with existing demand.</p> <p>Increasing capacity is essential to maintain and secure fee income and carry out tasks to progress statutory planning applications and will, over time, provide direct returns in fee income, and substantial indirect returns on investment.</p> <p>Lean processing and an innovative approach to both recruitment and commissioning will ensure that the service is fit for purpose in all aspects of development master-planning, development management and enforcement and that they are aligned with the Council's values,</p>	<p>Social: Planning application services are an important component of ensuring that activities taking place are aligned with our social objectives and provide an important mechanism for communities to make proposals to change their places. Increasing capacity will allow residents to experience a more efficient, effective service and help to ensure that applications are aligned with the Local Plan</p> <p>Economic: Development is an important part of a functioning local economy, and a core engine of community wealth. However unfettered development risks significant socioeconomic and environmental harm.</p> <p>The significant energy network asset present in Lancaster means we receive and can expect a significant volume of specialist infrastructure applications in addition to our usual work as we move rapidly to a low carbon energy system and this can be a key generator of jobs, growth and affordable utilities.</p> <p>Environmental / Climate change: An effective planning application service will enable the council to</p>

19/01/2021

	<p>meet our social, environmental and economic objectives including the climate emergency and are fleet of foot in supporting community wealth generation.</p>	<p>ensure that applications meet their statutory and local policy objectives, and that matters around zero carbon and climate resilience impacts / direct and indirect are adequately addressed by the applicant.</p> <p>Governance: The proposed funding is necessary to secure the ongoing provision of a statutory responsibility.</p>
Economic Development	<p>90K is proposed to be used from reserves to provide business support and recovery support. Economic Development's work has been substantially affected by priorities around the pandemic, particularly business grants, and by work to react to timescales for Local Government Reorganisation. Minor adjustments are proposed in Economic Development which will be implemented incrementally as the pandemic landscape changes. Growth proposals in Regeneration and Chief Executives budgets will release capacity within Economic Development enabling a greater focus on Arts Culture and Heritage. In the short term, additional support for pandemic business support and pandemic recovery will be drawn from reserves.</p>	<p>Social: Growth in budgets for policy and regeneration work elsewhere release capacity with ED to be able to increase and expand work on Arts Culture and Heritage, and an inclusive, low carbon economy.</p> <p>Economic: The Business Support roles will play a key role in ensuring that we can understand the impacts of covid and other pressures on our economy, and plan and support a successful recovery aligned with our community wealth and climate goals. The role of the Arts and Culture sector in providing community wealth and the implications of sector recovery for jobs, inward investment and culture across our geography is significant.</p> <p>Environmental / Climate Change: there are significant opportunities around both discretionary funding and our core provision to align our business support and advice with ensuring businesses are both able to access green jobs and markets, and to align with a zero carbon economy. Increasing capacity in this area will help support this work, and it will be closely linked with work planned with the Economy</p>

19/01/2021

		Group and Cabinet on the principles and shape of our recovery.
Property Investment and Regeneration	<p>A new role (£55K) is being established to reflect a transfer of capacity from Economic Development, while ensuring that Economic Development capacity remains viable.</p> <p>This role will support the Capital Programme, and in particular, do key work around investment and market viability. Work will be undertaken as a priority to identify the capacity required to bring forward the capital programme, and, wherever practicable, to ensure that costs are capitalised, and embedded in operating and management fees and charges. A reserves provision has been made to further support this work and develop the revised Investment Strategy.</p>	<p>Social: The Capital Programme is a key way to introduce property, infrastructure and investment to address market failure in a way that provides stable local jobs. The programme is being realigned to strengthen priorities around community wealth (realign employment sites with local demand, address blight) and climate change (both carbon reduction and climate resilience) to create stable, secure, resilient communities.</p> <p>Economic: the role of the Council in addressing market failure, securing and promoting range, and introducing vital infrastructure is key to a successful economy. Doing this in a way which provides direct and indirect returns on investment will enable a recycling of capital funds for community benefit.</p> <p>Environmental / Climate Change: £16 million per annum has been identified as borrowing to finance the capital programme, and an increasing number of the proposals coming forward in the pipeline are in place to directly address zero carbon or other environmental goals. In addition to this, all future proposals will be screened for their alignment with the council's SDG and climate goals.</p>
Financial Services	As outlined above, the changes to local government funding and accounting and the increased	Social: The Diversification of Council Funding, increased ambition around

	<p>ambition around capital programmes has direct implications for financial services capacity, and further funding is needed to ensure the viability and resilience of the service. Work to move HR and Payroll services to a hosted service will improve the reliability and efficiency of this service, benefiting employees and reducing business continuity risks.</p>	<p>bidding and capital investments all have direct implications for finance capacity. In order to continue to provide essential services to our community there is an increasing need to account for, bid into, and secure funds from a wide range of sources</p>
Human resources	<p>A small increase (40K) is proposed in Human Resources (which includes HR services, Organisational development and Projects teams) to reflect the work they will be doing in supporting Future Workforce design, project and process excellence, and support enhanced policy, governance and productivity.</p>	<p>Social: A well functioning HR service is critical to ensuring staff wellbeing, and ensuring that the council development the potential of its workforce and remains an employer of choice. HR capacity is also required to ensure the council's EDI, wellbeing and related ambitions (e.g. IIP) are fulfilled.</p> <p>Economic: An effective HR function will ensure that we receive the best return on investment by aligning roles, responsibilities and performance frameworks with the council's goals. A robust Project and Programme framework will allow for investment opportunities to be more readily identified.</p> <p>Environmental: The Projects team is material to developing carbon reduction projects, embedding climate change factors in decision making and project development. This team will also be progressing the systems work around incorporating SDGS and the capital programme. The OD team will be working to ensure we have a climate literate workforce, able to embed principles in their daily activities and that the specific skills needed in key roles are developed. Our HR team will be ensuring that</p>

19/01/2021

		our climate commitments are embedded in our role descriptions,
Democratic Services	As with Human Resources, work on governance, and ensuring we align our support with member's ambition results in a small increase in its budget. This redresses a previous capacity reduction due to reorganisation.	<p>Social: Team resources are essential to delivering well run elections, and ensuring that we have a robust forward plan, as well as ensuring that committees, groups and decision bodies have the support they need to run effectively. Ambitions around more inclusive democracy, community engagement (e.g. People's Jury) need to be developed and implemented as part of the wider Democratic Services Framework.</p> <p>Economic / Environmental: Greater engagement on these matters will follow as a result of ensuring our engagement and democratic processes are effectively supported.</p>
Chief Executive's Office	<p>A funded post is proposed to support the development of strategic policies, plans and projects, working in a cross-cutting way across the Council, and with external stakeholders. This will also reduce pressures on services like Economic Development, reducing reliance on their capacity for cross cutting, strategic projects.</p> <p>A reserves provision to support commissioning and work around Local Government Reorganisation is proposed to ensure that we can play our part in shaping Lancaster City Council's place in the future of Local Government.</p>	<p>The core purpose of this role is to translate the Council's Priorities into its' policy, planning, delivery and reporting across all three priorities, and to ensure that they are progressed in an integrated way.</p> <p>The Local Government reorganisation presents a wide range of social, economic and environmental opportunities.</p>