



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 10 November 2021 -
6.00 p.m.
Morecambe Town Hall**

Lancaster City Council welcomes members of the public to attend meetings. However, space is quite limited and we are still observing social distancing due to the level of covid infection in the district. If you require support in accessing the building, please contact Democratic Services on 01524 582656, or email democracy@lancaster.gov.uk
Unfortunately, it will not be possible to live stream this Council meeting due to technical difficulties.

Kieran Keane,
Chief Executive,
Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 10 November 2021 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 29 September 2021 (previously circulated).

3. **DECLARATIONS OF INTEREST**

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.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of questions to a Member of Cabinet or Committee Chairman.

7. **PETITIONS AND ADDRESSES**

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. LEADER'S REPORT (Pages 4 - 7)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

MOTIONS ON NOTICE

9. MOTION ON MISOGYNY (Pages 8 – 9)

To consider a motion on notice submitted by Councillor Parr and seconded by Councillor Thornberry. The motion is enclosed with the officer briefing note.

OTHER BUSINESS

10. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT (Pages 10 – 26)

Report of the Chief Finance Officer.

11. OUTSIDE BODIES (Pages 27 – 28)

Report of the Chief Executive.

12. APPOINTMENTS AND CHANGES TO COMMITTEE MEMBERSHIP

Group Administrators to report any changes to Committee Membership.

13. QUESTIONS UNDER COUNCIL PROCEDURE RULE 12

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days' notice, in writing, of the question to the Chief Executive.

14. MINUTES OF CABINET (Pages 29 - 37)

To receive the Minutes of Meeting of Cabinet held on 14 September 2021.



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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on 2 November 2021.

COUNCIL

Leader's Report

10 November 2021

Report of the Leader of the Council

PURPOSE OF REPORT

To present the Leader's report to Council.

This report is public.

RECOMMENDATIONS

To receive the report of the Leader of Council.

REPORT

1.0 Cabinet

The minutes of the Cabinet meeting of the 14 September will be considered at this meeting. The minutes of the 26 October Cabinet will be considered at the 15 December meeting.

2.0 Decisions required to be taken urgently

No urgent Cabinet decisions have been taken in this period.

3.0 Leader's Comments

It has been another busy month for officers and members as we begin to make real progress with all the priorities lockdown slowed up as well as move tentatively back into face-to-face meetings. By the end of October, we have seen our Covid figures rise in line with national figures and considerable concern from hospitality venues, buses and shops about masks no longer being worn.

It has also been a sad month. Cllr Stewart Scothern died in the first week. On 14th October a good number of city councillors from all groups gathered in their robes at Beetham to give him a civic funeral.

3.1. Business, Community and Partnership Work

We have recently held a productive meeting with representatives of the Chamber of Commerce and the Business Improvement Districts of both Lancaster and Morecambe. Discussion was frank and thoughtful, and we will meet again in the new year. The Chief Executive and I were invited to an event at First Subsea a business on the Quay providing specialised cable connectors for offshore wind turbines. It was an interesting insight into the specialised businesses on the Lune Industrial estate and the skilled workforce they employ.

The Community and Faith Support network meetings, a feature of lockdown, restarted in September. In view of the possible effects both of rising energy costs, the end of furlough and the rise in Covid infections it was agreed we needed to keep channels of communication open with communities. We also agreed to run a community Covid briefing on Teams with input on community support, public health, hospital and police which was well attended. The constable of the Duchy of Lancaster met with me and the Chief Executive to hear news on the outcome of the unitary bid and more positively on the current Eden situation as below.

A successful ribbon-cutting ceremony and launch event was held for the Caton Road Flood wall.

3.2 Eden

We had the pleasure of a brief visit from DEFRA Minister Rebecca Pow on 6th October. She stopped in Morecambe to view the Eden site and Morecambe provided beautiful morning; sun, blue skies and views of the Lakeland hills. The minister talked about Morecambe Bay as a site of international environmental significance. She also spoke of the importance of reconnecting our urban population in the north west with nature through visiting Morecambe and the hinterland and was enthusiastic about the role of Eden in this process.

3.3 COP26/Environment

In the run up to COP26 we were glad to host WalktoCOP26 at the Winter Gardens on Friday 22nd October followed by a day long free event on Saturday. Many thanks to Cllrs Kevin Frea and Cary Matthews for being part of the organising team. I joined another of the Cop Walks, Camino to COP, walking from High Bentham to Kirby Lonsdale; a good opportunity to talk to some deeply committed environmentalists who had already been walking for thirty days.

Closer to home, the city council environmental team has been supporting the creation or extension of meadows in a number of settings across the district in order to improve biodiversity. I joined the planting session at Miss Whalley's field along with other ward and county councillors and look forward to walking past the results next year.

3.4 Cabinet

All cabinet portfolio holders have reported to me concerning the progress towards our corporate priorities achieved over the last 5 months. Covid continues to be a factor limiting officer time and reducing resources. However, against this backdrop considerable progress has been made. To make us more effective in our work as a team we have also met with a set of Local Government Association mentors. In

the coming weeks we will continue with this work in order to flesh out our own priorities and consider the way these mesh with the Budget discussions.

3.5 County

District Leaders/Lancashire Leaders have met together on the subject of how we might go forward with a county deal, using much of the work already done by consultants for the Greater Lancashire Plan. Lancashire Districts have a very clear agenda on which they agree, and their strongest common theme is climate change and climate action.

Lancashire also reported on its Peer Review which highlighted the improvement in the county's financial position and its new leadership.

3.6 Health

We were pleased to hear three areas in Lancashire received Changing Futures funding and that Lancaster city will provide the lead for the north area. £922k will provide 25 months of extended services to support the health of two hundred of the most vulnerable residents in the community. Our area will focus particularly on the use of people with lived experience to provide mentoring and support. We also saw the launch of the Health Equities Commission in Lancashire and South Cumbria and a meeting for members with New Hospitals Programme managers which offered some reassurance regarding fears over the loss of local hospitals.

3.7 HS2

Following the serious concern raised by both officers and members that the most recently published plans for HS2 did not show a direct service to London, a meeting was offered by HS2 Ltd. The meeting provided more detail on the way services are envisaged to work in Phase 2 and into the process by which the necessary parliamentary bill will progress. We will need to petition parliament regarding our loss of services, but doubt was expressed about whether we could do this when no work was being done at Lancaster station. We are now setting up a meeting with the minister of state for Transport.

Many thanks to all officers and members from all parties for your hard work and determination to support our residents.

4.0 Decisions

The following Decisions were taken by Cabinet on 14 September 2021:

1. To endorse the City Council's 2021-2022 strategy in respect of the High-Speed Rail 2 Project.
2. Economic Re-opening, Recovery and Renewal Framework
3. PSDS Funding Decarbonisation Projects
4. Provisional Revenue, Capital & Treasury Management Outturn

The following decisions were taken by Cabinet on 26 October 2021: -

1. Boiler replacement - City Museum, incorporating Lancaster Library
2. Heat Networks Feasibility
3. Treasury Management Mid-Year Review
4. Provision of Internal Audit
5. Solar Array Installation
6. Proposed Property Acquisition

No Officer Delegated Key Decision has been taken since the last Leader's report.

The following Individual Cabinet Member Decisions were taken since the last Leader's report:

ICMD8	Surrender of the ParkSafe Car Park Management Agreement and to Commence Operations In-house.	Cllr Gina Dowding (27.09.2021)
ICMD9	Fleet Replacement 2021-2022	Cllr Caroline Jackson (06.10.2021)
ICMD10	Changing Futures	Cllr Caroline Jackson (19.10.2021)

Background Papers

Cabinet agenda 14 September 2021

BRIEFING NOTE

MOTION:

Women and girls of the district, and in Lancashire as a whole, are suffering from misogyny, expressed in sexual harassment, domestic abuse and death. Lancashire women suffer a higher than average rate of deaths – the femicide census ranks Lancashire as 13th highest female killings in a list of 42 police forces in the UK.

There is evidence of a link between domestic abuse and terrorism.

We call upon the city council to write to the Minister of State for Crime and Policing, Kit Malthouse, with the following requests:

- That he prepare legislation to make misogyny a hate crime, to be recorded as such by all police forces across the UK, and prosecuted by the Crown Prosecution Service with as much vigour as other hate crimes.
- That police forces should be required to record all instances of femicide, the killing of a woman or girl by a man, with immediate effect.
- That a task force be set up before the end of this year to assess the extent and impact of incel (involuntary celibate) groups both online and offline, and to work with voluntary groups and experts who have already begun work in this field.
- That all incidents of domestic violence should be treated as violent assault or grievous bodily harm, to be prosecuted automatically without the victim being required to make a formal complaint.
- That policing resources should be increased to ensure that police forces are able to do these new responsibilities. At the very least they should return to pre 2010 strength.
- That resources be made available to further study the links between domestic abuse and the perpetrators of terrorist actions.

We also call upon Lancaster City Council to use its social media presence to promote local organisations that can support women impacted by misogyny.

PROPOSERS:

Proposed by Councillor J Parr

Seconded by Councillor A Thornberry

OFFICER BRIEFING NOTE

The motion, if agreed, places no significant operational or financial burdens on the Council to implement.

IMPACT ASSESSMENT

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

No direct impact arising from the implementation of this motion.

The motion seeks to promote and advance equality and to protect women/girls from abuse, discrimination and harassment. As such, it is in line with the Authorities' duties to have regard to the need to eliminate unlawful discrimination and harassment.

LEGAL IMPLICATIONS

In considering this motion Councillors need to consider the Council's duties/powers under the Equality Act 2010. In particular, the Authorities' duties under section 149 of the Act.

Local Authorities have a duty under s149 of the Equalities Act 2010 to have due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

These are sometimes referred to as the three aims of the general equality duty. The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

A Protected Characteristic is defined by s4 of the Act as including:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report

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

No direct resource implications arising from the implementation of this motion.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments to add

MONITORING OFFICER'S COMMENTS

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

COUNCIL**Annual Treasury Management Outturn Report
2020/21****10 November 2021****Report of Chief Finance Officer****PURPOSE OF REPORT**

This report seeks Council's consideration of various matters in connection with the annual Treasury Management outturn report for 2020/21.

This report is public.

RECOMMENDATIONS

It is recommended that Council:

- (1) **Notes the Annual Treasury Management outturn report and Prudential Indicators as set out at Appendix A.**

1.0 Introduction

1.1 We are required by statute to report our annual treasury management performance. This report is attached at Appendix A and sets out the performance of treasury operations for 2020/21. The Council's treasury operations are conducted in accordance with its annual Treasury Management Strategy, which was approved by Council on 26 February 2020.

1.2 At the Cabinet meeting held on 14 September 2021, Members noted the annual Treasury Management outturn report for 2020/21.

2.0 Treasury Management and Prudential Indicators

2.1 The report sets out the performance of treasury operations for 2020/21 in terms of long- and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators. Under CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) it is a requirement that an information report on these matters be presented to full Council as well as Cabinet.

3.0 Details of Consultation

3.1 In accordance with the Code requirements, Budget and Performance Panel considered this report at its 6 October 2021 meeting. No specific external consultation has been undertaken.

4.0 Conclusion

4.1 Consideration of Treasury matters will take the Council one step closer to completing the reporting of its outturn for last year.

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

None associated with this report

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

As set out in the report.

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

None associated with this report

SECTION 151 OFFICER'S COMMENTS

This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

Contact Officer: Paul Thompson
Telephone: 01524 582603
Email: pthompson@lancaster.gov.uk
Ref: N/A

Annual Treasury Management Report
2020/21

For Noting by Council 10 November 2021

Annual Treasury Management Review 2020/21

Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2020/21 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26 February 2020)
- a mid-year (minimum) treasury update report
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, Members have received quarterly treasury management update reports which were presented to Cabinet and Budget and Performance Panel.

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

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

Introduction and Background

This report summarises the following:-

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

1. The Council's Capital Expenditure and Financing 2020/21

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

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

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

There is a significant difference between the level of capital expenditure estimated in the 2020/21 Treasury Management Strategy and the actual level of expenditure incurred. General Fund expenditure is £26.21m lower than expected whilst HRA is £1.08m lower. An ambitious Capital Programme was agreed for General Fund for the year with schemes in the Development Pool of £24.56m many of which did not keep pace with officer and member aspirations. Changes to PWLB borrowing rules to exclude lending for commercial investments also led to the abandonment of some planned property acquisitions in year. The delivery of the HRA Capital Programme was impacted by the Covid 19 pandemic.

General Fund (GF) £M	2019/20 Actual	2020/21 Estimate	2020/21 Actual
Capital expenditure	12.08	45.24	19.03
Financed in year	(5.61)	(13.05)	(7.97)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	6.47	32.19	11.06

HRA £M	2019/20 Actual	2020/21 Estimate	2020/21 Actual
Capital expenditure	4.08	4.12	3.04
Financed in year	(4.08)	(4.12)	(3.04)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	0.00	0.00	0.00

2. The Council's Capital Financing Requirement 2020/21

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury

function organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs in purpose from other treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

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

The Council's 2020/21 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2020/21 on 26 February 2020.

The Council's CFR for the year is shown below, and represents a key prudential indicator. There is a difference of £30.69m between the CFR estimated in the 2020/21 Treasury Management Strategy and the actual closing CFR. As outlined in section 1 this is due to levels of actual capital expenditure not materialising in line with officer and member ambitions.

No borrowing has actually been required against these schemes, however, as cash supporting the Council's reserves, balances and cash flow has been used as an interim measure. The disjoint between the forecast and actual levels of capital expenditure during the year has made the timing of potential borrowing and cash flow decisions more challenging than it might have otherwise been.

CFR (£M): General Fund	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	43.55	58.34	48.43
Add unfinanced capital expenditure (as above)	6.47	32.19	11.06
Less MRP	(1.59)	(2.11)	(1.76)
Less finance lease repayments	0.00	0.00	0.00
Closing balance	48.43	88.42	57.73

CFR (£M): HRA	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	39.33	38.29	38.27
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.06)	(1.04)	(1.05)
Closing balance	38.27	37.25	37.22

CFR (£M): Combined	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Opening balance	82.88	96.63	86.70
Add unfinanced capital expenditure (as above)	6.47	32.19	11.06
Less Debt Repayment, Finance Leases and MRP	(2.65)	(3.15)	(2.81)
Closing balance	86.70	125.67	94.95

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

The Treasury Management Strategy for 2020/21 estimated that new borrowing during the year would be £33m in line with expenditure levels set out in the approved Capital Programme. No new borrowing was, however, undertaken for reasons explained previously.

£M	31 March 2020 Actual	31 March 2021 Estimate	31 March 2021 Actual
Gross borrowing position	62.13	94.08	61.08
CFR	86.70	125.67	94.95

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Council has maintained gross borrowing within its authorised limit.

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

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The actual financing costs as a proportion of net revenue stream for General fund are seeing the impact of Renewable Energy Disregard Income from Walney Sub-station for the first time. This has increased the net revenue stream by £3m. Whether this indicator remains lower than the 20.11% originally estimated in the 2020/21 Treasury Management Strategy will be dependent on the actual performance of the Capital Programme against the levels of capital expenditure currently forecast for 2021/22 which remain ambitious.

	2020/21 Actual
Authorised limit	£111.00M
Maximum gross borrowing position	£62.13M
Operational boundary	£94.95M
Average gross borrowing position	£61.78M
Financing costs as a proportion of net revenue stream - GF	14.61%
Financing costs as a proportion of net revenue stream - HRA	20.79%

3. Treasury Position as at 31 March 2021

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2020/21 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2020 Principal £M	Average Rate %	Average Life yrs	31 March 2021 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	62.13	4.69	33	61.08	4.72	32
Total debt	63.13			61.08		
CFR	86.70			94.95		
Over / (under) borrowing	(24.58)			(33.86)		

The loan repayment schedule is as follows:

	31 March 2020 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.20
10 years and within 20 years	10.40
20 years and within 30 years	1.08
More than 30 years	39.20

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2020 £M	31 March 2020 %	31 March 2021 £M	31 March 2021 %
Money Market Funds	16.00	40.00	0.00	0.00
Other Local Authorities	24.00	60.00	22.00	100.00
Total investments	40.00		22.00	

The average rate of interest payable on PWLB debt in 2020/21 was 4.72%. A total of £2.91M interest was incurred during the year, of which £1.84M was recharged to the HRA.

Interest Payable

	2020/21
Estimate	£2.91M
Actual	£2.91M

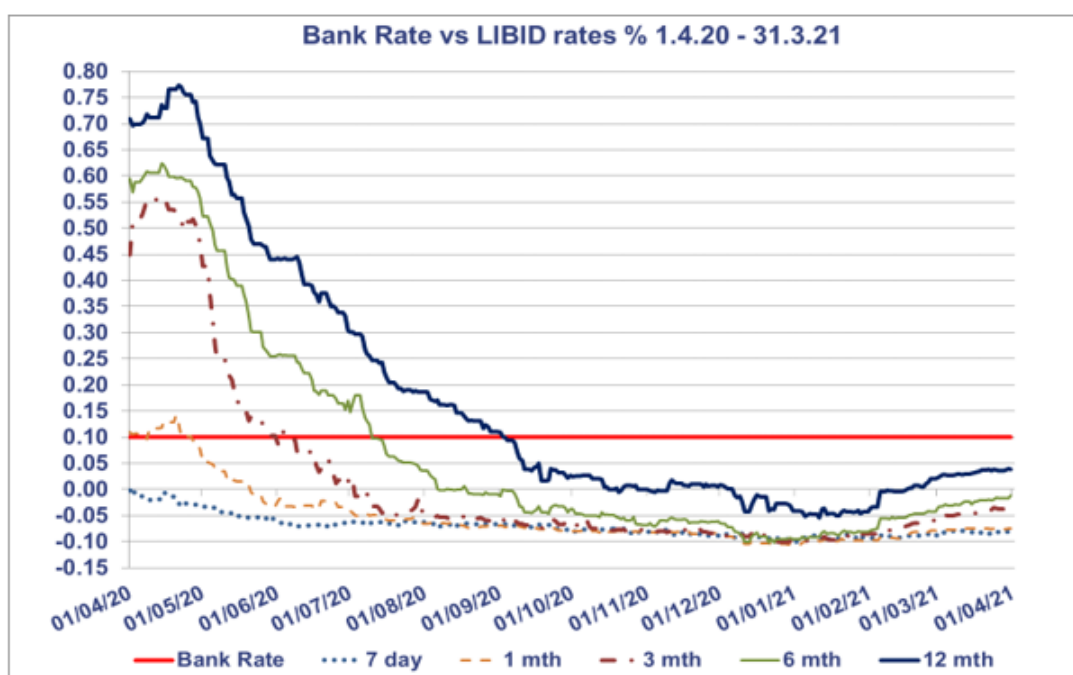
4. The Strategy for 2020/21

The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75% during the year before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting on to the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

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

Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most Local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.



6. Borrowing Strategy and Control of Interest Rate Risk

During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

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

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

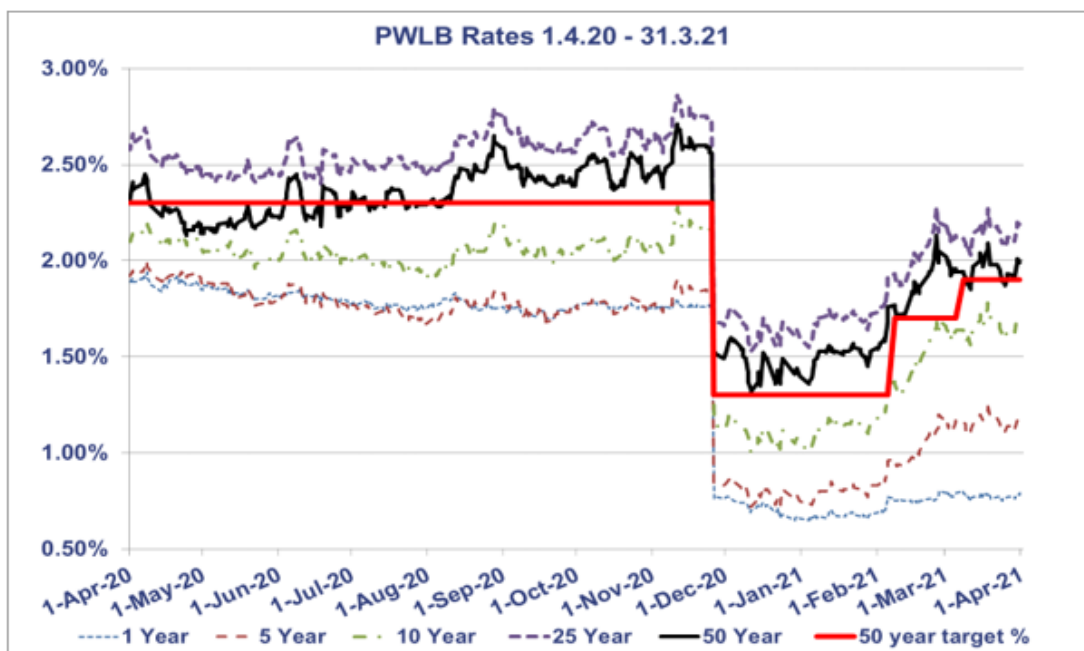
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding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

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Forecasts at the time of approval of the treasury management strategy report for 2020/21 were as follows:

	Mar-20	Mar-21	Mar-22	Mar-23
Bank Rate	0.75	0.75	1.00	1.25
3 Month LIBID	0.70	0.90	1.20	1.30
6 Month LIBID	0.80	1.00	1.40	1.50
12 Month LIBID	0.90	1.20	1.60	1.70
5yr PWLB rate	2.30	2.50	2.90	3.10
10yr PWLB rate	2.50	2.70	3.10	3.30
25yr PWLB rate	3.00	3.30	3.70	3.90
50yr PWLB rate	2.90	3.20	3.60	3.80

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



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Low date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
High date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%
Spread	1.29%	1.27%	1.28%	1.33%	1.39%

7. Borrowing Outturn for 2020/21

Borrowing

No long-term borrowing was undertaken during the year.

Borrowing in advance of need

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

Rescheduling

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

8. Investment Outturn for 2020/21

Investment Policy – the Council’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 26 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

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

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/20	31/03/21	31/03/20	31/03/21	31/03/20	31/03/21
Balances	5.05	7.81	2.86	3.29	7.91	11.10
Earmarked reserves	15.32	25.74	10.59	11.59	25.91	37.33
Provisions	6.23	7.14	0.00	0.00	6.23	7.14
Working Capital	21.06	11.81	2.89	4.48	23.95	16.29
Total	47.66	52.50	16.34	19.36	64.00	71.86
Amount Over/(Under) Borrowed						(33.86)
Baseline Investment Balances						38.00

Within General Fund Earmarked Reserves for 2020/21 is £8.121m in respect of business rates deficit/section 31 grant which will be utilised during 2021/22 to discharge the Collection Fund deficit arising in 2020/21 due to the Covid 19 pandemic. There are also unapplied grants totalling £0.84m in respect of Covid 19 support grant and the Covid Hardship fund.

Investments held by the Council - the Council maintained an average investment balance of £38.5M of internally managed funds. The average rate of interest earned for the year as a whole was 0.15%. The weighted average rate of interest being earned on the investment portfolio at the end of both years is also given. These rates are compared to the base rate and average 3-month LIBID rate at the end of the year.

	2019/20	2020/21
Lancaster CC Investments full year	0.74%	0.15%
Lancaster CC Investments weighted average at 31 March	0.80%	0.08%
Base Rate	0.10%	0.10%
3 Month LIBID	0.70%	-0.04%

The actual interest earned in 2020/21 was £56K.

10. Other Risk Management Issues

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

The Authority's Investment Strategy is designed to engineer risk management into investment activity by reference to credit ratings and the length of deposit to generate a pool of counterparties, together with consideration of other creditworthiness information to refine investment decisions. The Council is required to have a strategy

is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2020/21 complied with the latest Code of Practice (December 2017) and relevant Government investment guidance.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 24 February 2021

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2017).

1. This organisation defines its treasury management activities as:

“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

 2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

 3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
-

Treasury Management Glossary of Terms

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

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

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

E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.

See also PWLB.

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

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

COUNCIL**Appointments to Outside Bodies – Preston and Western Lancashire Racial Equality Council****10 November 2021
Report of the Chief Executive****PURPOSE OF REPORT**

To consider appointing to a vacancy on the Preston and Western Lancashire Racial Equality Council.

This report is public

RECOMMENDATION

- (1) **That Council considers appointing a representative to the Preston and Western Lancashire Racial Equality Council.**

1.0 Introduction

- 1.1 On 20th May 2019 when appointments were made to outside bodies following the elections, Councillor Erica Lewis was appointed to the Preston and Western Lancashire Racial Equality Council (PWLREC) Board as a co-opted member.
- 1.2 Councillor Lewis recently resigned from the position. A vacancy now exists for this position, which is one that Council previously decided should be filled by nominations and voting at Council.
- 1.3 Council is asked to consider making an appointment at this meeting.

2.0 The PWLREC

- 2.1 Preston and Western Lancashire Racial Equality Council was established in 1968. The agency serves an area, which spans various district councils in the West Lancashire area. Namely the Boroughs of Preston, Blackpool, Wyre, Fylde, South Ribble, Chorley, the district of West Lancashire, the City of Lancaster and Blackburn with Darwen.
- 2.3 Preston and Western Lancashire Racial Equality Council is a voluntary organisation, which receives financial support from the Big Lottery Fund, Lancashire County Council and Preston City Council.
- 2.4 Before Covid, REDC Board meetings took place on a Monday evening at 6.30pm for around 1.5 hours in Preston at their Community Centre bi-monthly, so there would be six meetings per year with an additional AGM in June/July each year.

3.0 Conclusion

3.1 Council is asked to consider appointing a representative to the PWLREDC.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) None directly arising from this report.</p>	
<p>LEGAL IMPLICATIONS None directly arising from this report.</p>	
<p>FINANCIAL IMPLICATIONS Members of outside bodies are entitled to travel expenses. Costs resulting from any appointment should be minimal and would be met from existing democratic representation budgets.</p>	
<p>OTHER RESOURCE IMPLICATIONS</p> <p>Human Resources: None</p> <p>Information Services: None</p> <p>Property: None</p> <p>Open Spaces: None</p>	
<p>SECTION 151 OFFICER'S COMMENTS The s151 Officer has been consulted and has no further comments.</p>	
<p>DEPUTY MONITORING OFFICER'S COMMENTS This report has been drafted by the Deputy Monitoring Officer in her capacity as Head of Democratic Services.</p>	
<p>BACKGROUND PAPERS</p> <p>None</p>	<p>Contact Officer: Debbie Chambers Telephone: 01524 582057 E-mail: dchambers@lancaster.gov.uk Ref:</p>

CABINET

5.00 P.M.

14TH SEPTEMBER 2021

PRESENT:- Councillors Caroline Jackson (Chair), Kevin Frea (Vice-Chair), Gina Dowding, Tim Hamilton-Cox, Tricia Heath, Erica Lewis, Cary Matthews, Sandra Thornberry and Anne Whitehead

Apologies for Absence:-

Councillor Dave Brookes

Officers in attendance:-

Mark Davies	Director for Communities and the Environment
Sarah Davies	Director of Corporate Services
Jason Syers	Director for Economic Growth and Regeneration
Luke Gorst	Head of Legal Services and Monitoring Officer
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Mark Cassidy	Head of Planning and Place
Liz Bateson	Principal Democratic Support Officer, Democratic Services

24 MINUTES

The minutes of the meeting held on Tuesday 13 July 2021 were approved as a correct record.

25 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

26 DECLARATIONS OF INTEREST

No declarations were made at this point.

27 PUBLIC SPEAKING

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

28 ECONOMIC RE-OPENING RECOVERY AND RENEWAL FRAMEWORK**(Cabinet Member with Special Responsibility Councillor Heath)**

Cabinet received a report from the Director for Economic Growth & Regeneration and were asked to consider a draft Economic Reopening, Recovery and Renewal Framework. The framework provided a broad approach that was intended to form the basis of the council's support for the economy following the COVID pandemic, covering the short, medium and longer term.

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

Option 1: Approve the Economic Reopening, Recovery and Renewal Framework

Advantages:

- Provides clarity and momentum to help drive the council's approach economic recovery.
- Provides an opportunity to maintain a strategic overview of economic recovery activities and impact in the district.
- Offers an informed approach to help determine priorities over time.
- Facilitates delivery of clear economic, social and environmental benefits.
- The overall impact of all activities within the framework can be monitored.
- Offers flexibility and adaptability to allow the council to take account of emerging circumstances and new opportunities.
- Supports access to external funding resources.
- Provides an engaged approach that takes account of business needs.
 - Strengthens partnership working across the district and the subregion.
- Helps to combine resources across partnership organisations in the district, creating increased value for money and adding value overall.

Disadvantages:

None

Risks:

No direct risks as a result of the framework but risks for individual activities and projects will be considered as part of normal decision making.

Option 2: Do not approve the Economic Reopening, Recovery and Renewal Framework

Advantages:

None

Disadvantages:

- A strong focus on economic recovery and delivery of associated economic benefits will be undermined.
- The council's approach to economic recovery will be unclear both within the council and externally.
- It will be significantly more difficult to monitor the overall impact of the council's economic recovery activities.
- Potential to combine resources effectively with economic partners could be reduced. • Opportunity to build on the current very high levels of business engagement will be undermined.

Risks:

- Potential loss of external funding particularly for key recovery and renewal projects and initiatives, due to the council not having an agreed approach in place.

As a result of questions, the following suggestions were made:

- The bullet point in relation to 'Green transport improvements' within the *Building a big, green and sustainable future* priority be re-written;
- The role of community wealth building be expanded within the framework.
- That the COVID impact study be circulated to Cabinet when available.

Councillor Heath proposed, seconded by Councillor Hamilton-Cox:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That the Economic Reopening, Recovery and Renewal Framework be approved as the basis of the council's support for the economy following the COVID pandemic.
- (2) That Cabinet notes that specific projects and actions within the framework are subject to the council's normal decision making and governance processes.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

The proposed framework is consistent with the council's policy framework and agreed Principles, Ambitions and Outcomes. The framework is pragmatic and flexible and will allow for both proactive and responsive support bearing in mind local needs and opportunities. Decisions relating to any specific actions or projects will be managed within the council's normal governance arrangements, taking into account resource implications in the usual way. An important principle behind the Framework is partnership working at the local and subregional level, which enables an informed and holistic approach, brings together joint resources around shared priorities and supports strong engagement at all levels.

29 PSDS DECARBONISATION OF SHELTERED SCHEMES

(Cabinet Member with Special Responsibility Councillor Matthews)

Cabinet received a report from the Director for Communities and the Environment which sought Cabinet support to apply for further schemes and approve the Public Sector Decarbonisation Scheme funding. Should an offer be forthcoming it was noted that any final acceptance by a Director was subject to S151 officer consent following due diligence.

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

Option 1: Approve proposal in full

Advantages:

- | |
|--|
| <ul style="list-style-type: none"> • Enables officers to continue working at pace and deliver the project within the required |
|--|

timeframes in line with the PSDS funding set out by the department for Business, Energy and Industrial Strategy (BEIS). A demonstration of how well this has worked is reflected in the SALC scheme.

- Project has the potential to deliver a CO2 saving from natural gas of a further 15% bringing the council's total natural gas emissions down by as much as 50% by the end of 21/22.

Disadvantages:

None

Risks:

- Procurement will be in line with the council's procurement strategy.
- Further due diligence on capital costs and revenue implications will come from the next phase of detailed design.
- Officers intend to review the Salix/BEIS T&Cs to ensure risks of not delivering by March 2022 are known, included in due diligence and mitigated where possible.

Option 2: Reject Proposal in full

Advantages:

None.

Disadvantages:

- Reject Transfer of funding between GF and HRA
 - o Project cannot be delivered. Surplus funding returned to Salix/BEIS once SALC project is completed.
- Reject delegated authority to CEX for the associated contracts
 - o Decision to award contract will require a cabinet decision, which would present and put the project at risk of not achieving the delivery deadline of March 2022.

Risks:

As above

The Officer Preferred Option is Option 1: Approve the Proposal. That Cabinet support the proposal and enable officers to progress with the schemes in line with the required delivery deadline. The proposal effectively mirrors the previous arrangements and approvals provided for the original scheme at SALC.

Councillor Matthews proposed, seconded by Councillor Caroline Jackson:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet supports the application for further schemes and approve the

PSDS funding should an offer be forthcoming noting that any final acceptance by a Director is subject to S151 officer consent following due diligence checks, in accordance with the Council's own financial procedure rules.

- (2) That, subject to the acceptance of an offer for external funding, Cabinet approves the reallocation of £2M unspent funding in respect of further decarbonisation projects across the HRA and approve the necessary adjustments between the General Fund and HRA capital programmes.
- (3) That Cabinet supports the request to provide delegated authority to the Chief Executive to award the associated contracts when a decision is ready to be made.

Officers responsible for effecting the decision:

Chief Executive
 Director for Communities and the Environment
 Chief Finance Officer

Reasons for making the decision:

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

- An inclusive and prosperous local economy. A proportion of the overall evaluation will include an element of social value, in line with the procurement strategy and contract procedure rules.
- Climate Emergency – Net zero 2030 ambition. Collectively, the sheltered schemes listed within the report produce 15% of the council's natural gas emissions.

30 PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN 2020/21

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer which provided summary information regarding the provisional outturn for 2020/21, including treasury management. It also set out information regarding the carry forward of capital slippage and other matters for Members' consideration.

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

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

The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is

set out in the report but basically Cabinet may:

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

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

Although the Council's financial position appears relatively healthy with a surplus against the revised budget and an overall increase in the level of reserves held, the Council's Medium Term Financial Strategy suggests a structural budget gap in 2022/23 onwards of approximately £2.183M raising to £4.668M.

Work has commenced to support opportunities to address the underlying structural deficit, by:

- Increasing and diversifying income
- Improving productivity and securing efficiencies via new ways of working (e.g., Outcomes Based Resourcing)
- Developing alternative ways to achieve priority outcomes (e.g., partnership).

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

The Chief Finance Officer confirmed that he would provide further details with regard to possible time limits on ring-fenced grants to Cabinet members.

Councillor Whitehead proposed, seconded by Councillor Lewis: -

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

Councillors then voted:-

Resolved unanimously:

- (1) That the provisional outturn for 2020/21 be endorsed, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer as set out in 6.1 and Appendix 5 of the report.
- (2) That Cabinet approves the treatment of year end overspends and endorse the do-nothing approach in-light of the current pandemic situation.
- (3) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 6 and 7 to the report be endorsed, with the Capital Programme being updated accordingly.
- (4) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 to the report be noted and referred on to Council for information.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

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

31 DELIVERING OUR PRIORITIES

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Cabinet received a report from the Director of Corporate Services which provided an update on the progress of key corporate projects and performance measures for the period April - June 2021 (Quarter 1). A revised version of the Corporate programmes, projects and performance update was circulated at the meeting.

As the report was for noting and comments no options were provided. The report provided information with regard to financial monitoring, COVID19, General Fund Summary Position, Housing Revenue Account Summary Position, Capital Projects (General Fund & HRA), Reserves, and Collection Fund with detailed financial appendices appended to the report.

Clarification was requested with regard to the financial responsibility for the Community Pump referred to in the Lune Flood Protection project at Caton Road along with a further update on Morecambe Co-op; and Cabinet agreed to consider the revised project report in more detail at a subsequent Cabinet briefing.

It was proposed by Councillor Jackson, seconded by Councillor Hamilton-Cox and resolved unanimously:-

Resolved unanimously:

- (1) That the updates on projects, performance and finance measures from April-June 2021 (Q1) be noted.

Reasons for making the decision:

Robust, meaningful, and timely information on the council's key projects and success measures provides an important perspective on the direction of the organisation in delivering its strategic priorities under its Policy Framework.

32 HIGH SPEED RAIL 2 - LOBBYING STRATEGY

(Cabinet Member with Special Responsibility Councillor Dowding)

Cabinet received a report from the Director for Economic Growth & Regeneration to endorse the City Council's 2021-22 strategy in respect of the High Speed Rail 2 Project. Whilst the report was public it contained exempt appendices and the Chair advised the meeting to be mindful of the information within the exempt appendices during the course

of the discussion in order to avoid having to go into private session.

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

Option 1: Agree the strategy appended to the report

Advantages: The strategy is considered the most effective way in which to state the case for a Lancaster call for London-bound HS2 services.

Disadvantages: None – highlighting Lancaster’s case is considered an appropriate and responsible course of action.

Risks: There are no identifiable risks in terms of arguing Lancaster’s position.

Option 2: Not agree the strategy appended to the report

Advantages: None that are apparent – it is possible that the future Train Service Specification may deliver Lancaster stopping services without direct input from the City Council, but this is a risk.

Disadvantages: Without a cohesive strategy, there is a risk that Lancaster’s case for direct London services is ineffective or is not heard at all.

Risks: Not agreeing the strategy would potentially allow a draft Train Service Specification to be published without City Council input.

The officer preferred option is Option 1. There are compelling economic, environmental and social reasons why Lancaster should continue to be served by direct London trains. By agreeing and implementing the strategy, the City Council is continuing to be proactive in terms of influencing the debate regarding future HS2 service provision.

Councillor Dowding proposed, seconded by Councillor Hamilton-Cox:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet agrees the exempt Strategy appended to the report.

That Cabinet agrees that Officers may pursue any legitimate, additional opportunities for lobbying or other similar activities that will enable the Council to advance Lancaster’s case, in accordance with the existing project budget.

That in the event that any future additional work (beyond the current budget) is considered necessary, such as further engagement of consultants to assist with advancing Lancaster’s case, a further report shall be brought to Cabinet to

determine whether to agree to resource the additional work.

Officer responsible for effecting the decision:

Director for Economic Growth & Regeneration

Reasons for making the decision:

By agreeing to the Lobbying Strategy, the Council will be achieving several of its' Corporate Priorities identified in the 2020 Update. In particular, it will be taking action to meet the challenges of the climate emergency by helping to continue the transition to an accessible, inclusive and low-carbon transport systems. It will also be supporting Lancaster's status as a major city on the West Coast Mainline network, which help to secure investment and regeneration across the Lancaster District. The retention of direct London-bound services will help serve the needs of our local residents, organisations and businesses. The Lancaster District Local Plan includes policies which seek to maximise the opportunities provided by Lancaster's location on the main strategic rail network and improve transport connectivity.

Chair

(The meeting ended at 6.08 p.m.)

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

MINUTES PUBLISHED ON MONDAY 20 SEPTEMBER 2021

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
TUESDAY 28 SEPTEMBER 2021**