



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 13 November 2024 -
6.00 p.m.
Morecambe Town Hall**

Lancaster City Council welcomes members of the public to attend meetings. However, space in the public gallery is limited to 30 seats due to Fire Regulations. The seats are allocated on a first come, first served basis and no standing is permitted. Meetings are livestreamed please click [HERE](#) to watch using MS Teams. Please contact Democratic Support via email democracy@lancaster.gov.uk if you wish to register to speak or ask a question at this meeting. The deadline to register is 12pm on Friday 8 November.

Mark Davies,
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, 13 November 2024 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 25 September 2024 (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 5 - 9)

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

REPORTS REFERRED FROM CABINET

9. **CAPITAL PROGRAMME MID YEAR REVIEW 2024/25** (Pages 10 - 19)

Report of the Chief Finance Officer.

Published 6 November 2024.

10. **TREASURY MANAGEMENT MID-TERM REVIEW 2024/25** (Pages 20 - 35)

Report of the Chief Financial Officer.

Published 6 November 2024.

MOTIONS ON NOTICE

11. **MOTION ON CAMPERVANS AND MOTORHOMES ON MORECAMBE PROMENADE AND COUNCIL CAR PARKS** (Pages 36 - 37)

To consider a motion on notice submitted by Councillors Margaret Pattison and David Whitaker.

12. **MOTION ON TAKING ACTION AGAINST GENDER-BASED CRIME** (Pages 38 - 39)

To consider a motion on notice submitted by Councillor Jean Parr and seconded by Councillors Joanne Ainscough, Catherine Potter and Jason Wood.

OTHER BUSINESS

13. **APPROVAL OF A PERIOD OF ABSENCE FROM MEETINGS BY A COUNCILLOR** (Pages 40 - 41)

Report of the Monitoring Officer.

14. **ALLOCATION OF SEATS TO POLITICAL GROUPS** (Pages 42 - 45)

Report of the Senior Manager, Democratic Support and Elections.

15. **APPOINTMENTS AND CHANGES TO COMMITTEE MEMBERSHIP**

Group Administrators to report any changes to Committee Membership.

16. **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.

17. **MINUTES OF CABINET** (Pages 46 - 53)

To receive the Minutes of Meeting of Cabinet held 10 September 2024.



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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on, 05 November 2024.



Leader's Report

13 November 2024

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

1.1 Information on Cabinet matters is provided in the minutes from the Cabinet meeting held 10 September.

2.0 Decisions required to be taken urgently.

2.1 No urgent Cabinet decisions have been taken since the last Leader's Report.

3.0 Leader's Comments

3.1 Firstly I'd like to welcome the newest Member of our Council, Councillor Andrew Otway who represents Scotforth East. Congratulations to him for his success at the ballot box at the beginning of October.

Secondly, I would like to extend my thanks to Councillors Caroline Jackson and Jean Parr, and also Catherine Potter and Tim Hamilton-Cox, for the additional work they have undertaken at short notice to deputise for me over the last few weeks.

3.2 Frontierland

On the 3rd of October we held a developer and investors event to attract partners to bring forward a development on the former Frontierland site in Morecambe. Supported by Place Northwest and local volunteers we hosted the event at the Wintergardens. The event attracted interest from an extremely diverse range of parties from local business owners, regional and national developers and leisure operators and even representation from international consortia and consultants. Our guests were given presentations by myself and Cllr Catherine Potter, officers of the Council Jonathan Noad and Tom Brown and a star turn from the Chair of the Eden Programme Board Sarah Walker-Smith. These presentations laid out the sparkling opportunity that Morecambe represents, the exciting prospects for our immediate future and the technicalities and mechanisms for procuring a development with us. Our agreed objectives for the site were shared, and our requirement for a leisure and hospitality led development made clear. Following presentations our guests were talking for walk along the prom in the sunshine, first to the Eden site and then to Frontierland itself.

Since this event feedback has been sought from participants and the competitive dialogue procurement process will begin shortly. When the process completes we will have worked with a successful partner to craft a development proposal which meets our objectives and delivers on our aspirations for Morecambe.

3.3 Local Government in Morecambe

On the 18th we hosted the first ever Morecambe Summit: Local Government and Partnerships. This event was held at Morecambe town hall and brought together senior officers and politicians from our council and Morecambe Town Council to try to open lines of communication and explore route toward partnership delivery. Each council presented information about its structure, priorities and perspectives on local issues before workshopping key questions. These included identifying challenges, striving for impact and engagement with each other and wider systems. The event was a great success and both councils are discussing next steps, which will hopefully include formalising partnership working arrangements, perhaps with the signing of an MOU.

3.4 The Budget

The new Labour Government released it's first budget since taking power on the 30th. Limiting our view to matters of key interest to ourselves as a district council, I highlight the following:

- An increase to our core spending power of 3.2%.
- An extension of both the Household Support Fund (HSF) and Discretionary Housing Payments (DHPs) until 2025-26.
- An extension of UKSPF into 2025-26, with a commitment to reform the wider local growth funding process beyond that. (N.B. the County Council have given a commitment that UKSPF will be delivered by districts in this coming cycle, not the CCA – which is excellent news.)

- Right to buy discounts have been reduced and authorities will now be able to retain 100% of receipts. (We lose roughly 20 council houses a year to right to buy purchases)
- Extra funding for the Affordable Homes Programme.
- A 5 year commitment for social housing rent settlement to be fixed at CPI+ 1%.
- Additional funds for homelessness prevention designed to relieve some pressure on the use of short term accommodation.
- Addition funding for the planning system and training and recruitment of planners.
- Retail, Hospitality and Leisure business rates relief of up to 40%.
- Funding from the Extended Producer Responsibility packaging scheme to support waste reform.
- £3.4bn for Warmer Homes Plan to provide low income households with energy performance upgrades and low-carbon heating system for 350,000 properties nationwide.
- Measures to protect Council budgets from the increase to NI contributions, with further details expected with the local government finance settlement at the end of the year. Future settlements are promised to be multi-year in scope and will provide far greater budgeting surety and facilitate better long-term planning.

3.5 **Eden**

I am delighted that the budget also confirmed the release of the full £50m of levelling up funds for Eden Project Morecambe. This follows the full business case passing through the MHCLG Investment Sub Committee and receiving a clean bill of health. A draft MOU for the funds has already been provided to the council and will be signed in due course. Work on the grant funding agreement between the city council and Eden continues.

This is a real milestone moment toward the delivery of Eden Morecambe and will signal to private investors, charities and philanthropist that they have the green-light to begin releasing funds pledged toward the match funding of the project.

3.6 **Local Government Reform**

The upcoming English Devolution White Paper will set out more detail on the government's devolution plans, including on "working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people". This is widely interpreted as a further push toward unitarization of local authorities. We will once again need to advocate for our own best interests and strive to demonstrate the enormous good sense in our district looking to the North rather than to the South.

There has also been much talk of establishing new Mayoral regions in local government circles. Whilst this may be another topic of debate that lies in our

future (as it has so often in our past) we have had assurance from the County Council that no dialogue has been undertaken to bring this structure in concurrent with the formation of the CCA.

3.7 Local Business

My thanks go out to the Lancaster and Morecambe Chamber of Commerce for inviting me to one of their regular meetings to meet their membership and discuss some of the exciting developments coming forward in our district.

3.8 Culture

Finally, I get to end on a note of extreme positivity! On the 3rd November Lancaster town hall provided the venue for this year's Communities Together Festival of Culture. This extraordinary event brought together all the diversity of our district, different nationalities and faiths, in a joyful celebration. Taking over the Ashton Hall as a performance space and dining room, the banqueting room and committee rooms filled with stalls and the council chamber became a place to go get your face painted or have henna applied to your hands! There was music and dance, fragrance and food, crafts, history, prayer. It was wonderful to see our stuffy civic spaces so transformed by all the colour and creativity. Hats off to the organisers – bravo!

4.0 Decisions

The following decisions were scheduled to be considered by Cabinet on 22 October 2024:

Local Area Energy Plan (LAEP)
Renewal of Public Space Protection Orders
Adoption of Public Space Protection Orders (Dog Control)
Lancaster City Centre Draft Car Parking Strategy - Consultation Report Update and Strategic Parking Numbers
Capital Programme Mid-Year Review 2024/25
Treasury Management Mid-Year Review 2024/25

No Officer Delegated Key Decisions have been taken since the last Leaders report.

The following Individual Cabinet Member Decision have been taken since the last Leader's report.

ICMD 8	Bar Supplies Contract Tender	Published on:22.10.24 Taken By: Cllr Catherine Potter
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ICMD 9	Procurement of HR and Payroll System	Published on:23.10.24 Taken By: Cllrs Tim-Hamilton Cox and Jason Wood
ICMD 10	Building Control Services Contract	Published on:25.10.24 Taken By: Cllr Jean Parr

Background Papers

Cabinet agenda of the meeting held on 22 October 2024

COUNCIL**Capital Programme Mid-Year Review 2024-25
13th November 2024****Report of the Chief Finance Officer****PURPOSE OF REPORT**

This report provides information regarding the latest position regarding the delivery of the approved capital programme for 2024/25. It also sets out information regarding any delays surrounding capital expenditure and other matters for Members' consideration.

This report is public.

RECOMMENDATION OF CABINET

That Council:

- (1) Approve the adjustments to the capital programme as set out in Appendix C of the report.**
- (2) Note that relevant revenue adjustments in respect of minimum revenue provision and future borrowing requirements will be built into projected revenue estimates and considered alongside future reports in respect of the budget and policy framework updates.**
- (3) Approve the use of capital receipts to fund the acquisition of properties and other additional works identified within the Housing Revenue Account subject to it having a nil impact on the net position of the account.**

1. BACKGROUND

- 1.1. The latest 10 year capital programme as attached at **Appendix A** was approved by Council on 28 February 2024.
- 1.2. The provisional outturn position for 2023/24 was considered by Cabinet on 10 September 2024. As part of this report, the approval of slippage and accelerated expenditure was gained as attached at **Appendix B**.
- 1.3. This report provides Council with an update of the latest position regarding the delivery of the approved capital programme for 2024/25 and requests a reprofiling of the current approved programme as appropriate. By doing this it will allow for more robust revenue estimates required and will be built into future projections as part of the 2025/26 budget process which is currently underway.

2. CHANGES TO THE GENERAL FUND CAPITAL PROGRAMME

2.1 The changes that this report is requesting to the programme with detailed explanations of the reasoning can be found at **Appendix C**.

2.2 To summarise, the following changes have been presented for consideration :-

- net slippage requests totalling £3.035M into future year projections
- £118K assumed inflation in relation to the vehicle replacement programme removed from budgets
- inclusion of £38K budget for the mayor’s vehicle to be financed from capital receipts
- new externally funded grant schemes (DEFRA/LTA) totalling £156K
- accountable body request (externally funded) for a new play area in Warton £60K
- £380K moved out of the EGR Development Pool into the main capital programme for Coopers Field – BLRF as per ICMD 21 March 2024
- £200K moved from development pool to main Capital Programme and £400K brought forwards from 2025/26 for Burrow Beck Solar as per Cabinet 9 July 2024
- £345K moved from development pool to main Capital Programme as per ICMD 5 August 2024
- acceleration of expenditure relating to property decarbonisation works due to grant funding being reprofiled as this will now be received in 2025/26

2.3 The proposed revised capital programme can be found at **Appendix D**.

3. GENERAL FUND REVENUE IMPLICATIONS

3.1 The above changes impact on minimum revenue provision (MRP) and will result in the following revenue budgetary adjustments :-

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Movement in MRP	no change	(180,733)	(307,424)	90,850	98,850	105,850

It should be noted that brackets reflect an in-year saving and as per the table the revenue impact until 31 March 2027 is positive.

3.2 The monitoring information to be presented to Cabinet on 3 December 2024 as part of the Q2 Delivering Our Priorities 2024/25 report will be updated to include the decision to support/reject the recommendations of this report plus also the slippage agreed as part of the provisional outturn report presented to Cabinet on 10 September 2024 which is not included in the above information.

4. HOUSING REVENUE ACCOUNT

4.1 Members are requested to approve additional funding, utilising the balance held in the Major Repairs Reserve (due to increased depreciation charge) and accumulated useable capital receipts, with no direct impact on the revenue account, to allow the following changes to the HRA capital programme for 2024/25:

- to extend the current year's boiler replacement programme to minimise the impact on revenue budgets and inconvenience for tenants due to increased failure of older gas boilers
- to achieve 10 year replacement cycle for smoke / heat / carbon monoxide detectors at agreed specification
- to continue whole house major void refurbishment programme to the end of the financial year to minimise rent loss
- to adjust the funding of the redevelopment scheme at Alder Grove to release HRA earmarked reserves to support revenue activities, and provide for additional costs relating to changes to specifications
- to seek to acquire a maximum of five leasehold properties on Mainway, Lancaster, and a single family home in Morecambe, to serve the purpose of increasing council housing stock.

5. OPTIONS AND OPTIONS ANALYSIS

5.1 As the report is for consideration and approval, no alternative options are put forward.

6. CONCLUSION

- 6.1 Although the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.
- 6.2 Reviewing the Capital Programme will allow for more robust revenue projections which in turn will improve financial planning. This will ensure that funds are allocated according to a set of predefined outcomes, or priorities to ensure that funds are directed toward the Council's key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.

RELATIONSHIP TO POLICY FRAMEWORK
The Capital and Revenue Programmes forms part of the Council budget framework.
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)
Effective use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.
LEGAL IMPLICATIONS
Effective use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.
FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

References and any related implications are contained within the report and related appendices.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Cabinet
[Agenda for Cabinet on Tuesday, 22nd October 2024, 6.00 p.m. - Lancaster City Council](#)

Contact Officer: Paul Thompson
Telephone: 01524 582603
E-mail: pthompson@lancaster.gov.uk
Ref:

Slippage and Accelerated Expenditure approved by Cabinet 10th September 2024

	Slippage £000	Reason for Slippage £000
Environment & Place		
Purchase of Vehicles	(172)	The lead times of some vehicles was longer than expected, these vehicles will be received in 2024/25
	<u>(172)</u>	(172)
Housing & Property		
White Lund Depot - Offices	(838)	Project delayed awaiting revised plans to inform planning application
1 Lodge Street Urgent Structural Repairs	(422)	Project delayed
Disabled Facilities Grants	0	Marginally lower turnover (£76K) in grant applications in year than originally anticipated, however externally funded
Mellishaw Park	(73)	Scheme over ran due to delays with ENWL
	<u>(73)</u>	(1,333)
Planning & Climate Change		
SALC Salix Funded Optimised Solar Farm	0	Required to cover contractor retention falling due in 2024/25. £10K slippage fully funded by Grant.
	<u>0</u>	0
Resources		
ICT Systems, Infrastructure & Equipment including Lancaster Local Fibre Network	(862)	Changing corporate needs during 2023/24 including changes to staff working locations and new 5 year replacement cycle led to delays in expenditure
	<u>(862)</u>	(862)
Sustainable Growth		
Lancaster Heritage Action Zone	(373)	net of £24K income requested to be slipped
Caton Road Flood Relief Scheme	0	£95K slippage requested, externally funded scheme
Lawson's Bridge S106 Scheme	(63)	
Coastal Revival Fund - Morecambe Co-Op Building	0	£11K required for planned final works in 2024/25, externally funded
	<u>0</u>	(436)
Other Items		
REPF & UKSPF Schemes	0	Projects totalling £225K did not progress in line with original plans and will now take place in 2024/25. This has nil cost as fully financed from REPF/UKSPF funding
	<u>0</u>	0
Schemes Under Development		
Our Future Coast	0	£283K slippage requested. Projects within the scheme did not progress in line with original plans. Will now commence in 2024/25, externally funded
	<u>0</u>	0
Housing Revenue Account		
Housing Renewal & Renovation	(574)	Alder Grove development due to complete January 2025; works on major voids ongoing at year end
Energy Efficiency/Boiler Renewals	(425)	Match funding for Social Housing Decarbonisation Fund, committed at year end
Re-roofing/Window Renewals	(289)	Reroofing contract, committed at year end
Environmental Improvements	(128)	Works completed during the first quarter of 2023/24
Fire Precaution Works	(94)	Smoke alarm replacement contract, committed at year end
Rewiring	(22)	Consumer unit replacement contract, committed at year end
External Refurbishment	(21)	Door replacement contract, committed at year end
	<u>(21)</u>	(1,553)
	<u>(4,356)</u>	(4,356)

Environment & Place	Accelerated Expenditure £000	Reason for Accelerated Expenditure £000
Purchase of Vehicles	351	Lead in times of some vehicles was shorter than anticipated meaning vehicles were delivered in 2023/24 that were not expected until 2024/25
	<hr/>	351
Housing & Property		
HIA Purchase of Vehicles	0	Vehicles acquired earlier than originally anticipated at cost of £87K. However, vehicles were fully funded from external contributions.
Coopers Fields - BLRF	0	Expenditure incurred of £83K in advance of fully grant funded project being included in Capital Programme
	<hr/>	0
		<hr/> 351 <hr/>
Total Net Slippage & Accelerated Expenditure		<hr/> (4,005) <hr/>

CAPITAL PROGRAMME MID YEAR REVIEW 2024/25 (REQUESTED CHANGES)

	£'000	£'000	Reason for Change/Slippage
GENERAL FUND			
Environment & Place			
Vehicle Renewals	(577)		£118K assumed inflation removed from budgets, £497K of vehicle replacements are not expected to complete in 2024/25 slipped into 2025/26. £38K for the purchase of the mayor's car is now included in this budget to be finance from the capital receipt achieved from the sale of the private registration
Salt Ayre Asset Management Plan	(976)		Salt Ayre moveable pool floor replacement to be slipped into 2025/26 as condition survey shows full replacement not yet needed
AONB Capital Access Works	0		DEFRA grant of £76K accepted to improve footpaths and accessibility
LTA Tennis Court Refurbishment	0		LTA grant of £80K accepted to improve outdoor tennis courts
The Roods Playground - Warton	0		Accountable Body form received to accpet £60K external funding to create a new playground
		(1,553)	
Housing & Property			
Home Improvement Agency Vehicles	(40)		Additional vans for the Home Improvement Agency slipped into 2025/26 due to uncertainty around how this will be delivered in future years
1 Lodge Street Urgent Structural Repairs	(172)		Time restricted funding has been prioritised to ensure maximum use of external funding available to Lancaster Musicians Co-op resulting in a delay to LCC funded works at 1 Lodge Street
Gateway Solar Array	(974)		Majority of budget to slip into 2025/26 in order to tie these works in with Burrow Beck Solar Farm
Property - Capital Works	(70)		Slip £70K relating to Williamsons Park Butterfly House into 2025/26. Project on hold to assess impact of decarbonisation programme
Coopers Fields - BLRF	0		£380K moved out of the EGR Development Pool as per ICMD 21 March 2024. £180K to slip into 2025/26 as project now stalled. These works are fully grant funded so net nil
		(1,256)	
Planning & Climate Change			
Burrow Beck	600		£200K moved from development pool to main Capital Programme and £400K bought forward from 2025/26 as per Cabinet 9 July 2024
Property De-carbonisation Works	260		Grant funding reprofiled as this will now be received in 2025/26. Accelerated expenditure of City Council Funds
		860	
Resources			
ICT Systems, Infrastructure & Equipment including Lancaster Local Fibre Network	(106)		Change in renewals schedule means some desktop equipment renewals will slip into 2025/26
		(106)	
Sustainable Growth			
Lancaster Heritage Action Zone	(200)		This is not needed in 2024/25, slip into 2025/26 to support Northern Gateway aspect of Canal Quarter scheme
Our Future Coast	0		Budget moved out of Development Pool as per ICMD 5 August 2024. Fully grant funded so net nil
		(200)	
Schemes Under Development			
EGR Development Pool	(200)		£380K moved into the main capital programme for Coopers Fields as per ICDM 21 March 2024 (fully grant funded so net nil). £200K moved into the main capital programme for Burrow Beck as per Cabinet 9th July 2024. £345K moved into the main capital programme for Our Future Coast as per ICMD 5 August 2024 (fully grant funded so net nil)
		(200)	
TOTAL GENERAL FUND		(2,455)	

CAPITAL PROGRAMME MID YEAR REVIEW 2024/25 (REQUESTED CHANGES)

	£'000	£'000	Reason for Change/Slippage
HOUSING REVENUE ACCOUNT			
Housing & Property			
Energy Efficiency / Boiler Replacement	220		Extend the current year's boiler replacement programme to minimise impact on revenue budgets
Fire Precaution Works	50		Achieve 10 year replacement cycle for smoke / heat / carbon monoxide detectors at agreed specification
Housing Renewal and Renovation	230		£205K to continue whole house major void refurbishment programme, £25K to adjust the funding of the redevelopment scheme at Alder Grove to release HRA earmarked reserves to support revenue activities, and provide for additional costs relating to changes to specifications
Acquisitions	700		£700K to seek to acquire a maximum of 6 properties to serve the purpose of increasing council housing stock.
TOTAL HOUSING REVENUE ACCOUNT		1,200	
TOTAL REQUESTED CHANGES		(1,255)	



Treasury Management Mid-Year Review 2024-25
13th November 2024

Report of the Chief Finance Officer

PURPOSE OF REPORT

This report seeks Council’s consideration of various matters in connection with the Treasury Management Mid-Year Review 2024/25.

This report is public.

RECOMMENDATION OF CABINET

That Council:

- (1) Consider the various matters in connection with the Treasury Management Mid-Year Review 2024/25.

1.0 INTRODUCTION

- 1.1 The Council’s Treasury Management Activities are regulated the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) issued under the Local Government Act 2003
- 1.2 During 2024/25 the minimum reporting requirements are that the Full Council should receive the following reports:
 - An annual treasury strategy in advance of the year (Council 28 February 2024)
 - A mid-year (minimum) treasury update report (This report).
 - An annual review following the end of the year describing the activity compared to the strategy
- 1.3 In addition, Members will receive Treasury Management update reports which are presented to Cabinet and Budget and Performance Panel.

2.0 BACKGROUND

- 2.1 The Mid-Year Review (Appendix A) sets out the performance of treasury operations for the first six months of the 2024/25 financial year in terms of long and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators.
- 2.2 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 Cabinet and full Council.

3.0 MID YEAR REVIEW SUMMARY DETAILS

3.1 Investments

The average level of funds available for investment purposes over the six-month period was £25.0M (2023/24 £32.9M). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

- 3.2 The Council's investments returned a weighted average rate of 5.19% on deposit generating £667K of interest against a profiled budget of £273K.

Borrowing

- 3.3 The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e., its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.
- 3.4 The Council's capital financing requirement (CFR) for 2024/25 was forecast as £103.52M with the current forecast CFR at quarter 2 is, however, £101.13M. This is principally due to the impact of slippage of expenditure funded by unsupported borrowing into future years.
- 3.5 If the CFR is positive the Council may borrow from the PWLB, or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £57.97M and has utilised £43.06M of cash flow funds in lieu of borrowing and with current forecasts estimating new borrowing of £9M later in the financial year. However, the potential for slippage & uncertainty regarding the progress of some schemes under development make this difficult to quantify with certainty and the actual amount of borrowing may be lower.
- 3.6 Consideration also needs to be given to the recent volatility in the markets leading to high PWLB interest rates. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

Prudential Indicators

- 3.7 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable. The indicators are set out in **Annex A** of The Mid -Year Report at **Appendix A**

4.0 OPTIONS AND OPTIONS ANALYSIS

- 4.1 As the report is for consideration and progressing to Budget and Performance Panel and Full Council, no alternative options are put forward.

5.0 CONCLUSION

- 5.1 Consideration of Treasury Management Mid-Year Review and presentation to Full Council will ensure the Council complies with CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

RELATIONSHIP TO POLICY FRAMEWORK

Treasury Management forms part of the Councils budget framework

CONCLUSION OF IMPACT ASSESSMENT

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

Effective Treasury Management and use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

However, due to the financial pressures faced by the Council, and the significant increase in interest rates and borrowing costs areas of capital investment may be delayed, reprofiled or stopped. Financial due diligence and assessment will ensure that all the appropriate costs are considered for each proposal and external advice considered ahead of any borrowing being incurred.

OTHER RESOURCE IMPLICATIONS

There are no additional resource or risk implications

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Strategy

[Agenda for Council on Wednesday, 28th February 2024, 6.00 p.m. - Lancaster City Council](#)

Cabinet

[Agenda for Cabinet on Tuesday, 22nd October 2024, 6.00 p.m. - Lancaster City Council](#)

B&PP

[Agenda for Budget and Performance Panel on Wednesday, 4th December 2024, 6.00 p.m. - Lancaster City Council](#)

Contact Officer: Paul Thompson

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref: N/A

**Treasury Management Strategy Statement and Annual
Investment Strategy**

Mid-Year Review 2024/25

Report of Chief Finance Officer

1. Background

Capital Strategy

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out our Capital Strategy was taken to Council on 28 February 2024.

Treasury Management

The Council operates a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management services is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and, on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, 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. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice for Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

- (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

- (ii) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- (iii) Receipt by full Council of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a Mid-year Review Report and an Annual Report, covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Budget and Performance Panel.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2024/25 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators
- A review of the Council's investment portfolio for 2024/25
- A review of the Council's borrowing strategy for 2024/25
- A review of any debt rescheduling undertaken during 2024/25
- A review of compliance with Treasury and Prudential Limits for 2024/25

3. Economics update (provided by Link Asset Services)

- *The third quarter of 2024/25 (July to September) saw:*
 - *GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)*
 - *A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;*
 - *CPI inflation hitting its target in June before edging above it to 2.2% in July and August;*
 - *Core CPI inflation increasing from 3.3% in July to 3.6% in August;*
 - *The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;*
 - *10-year gilt yields falling to 4.0% in September.*
- ❖ *The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was*

encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.

- ❖ The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- ❖ The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- ❖ The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- ❖ Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.
- ❖ CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four

members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.

- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.*
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.*
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.*
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.*

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.*
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.*
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.*
- Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.*

4. Interest Rate Forecast

The Council's treasury advisors, Link Group, provided the following forecast on 28 May 2024. This sets out a view that, short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

5. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy (TMS) for 2024/25, which includes the Annual Investment Strategy was approved by Council on 28 February 2024. There are no policy changes to the TMS; the details in this report update the position in light of the updated economic position and budgetary changes already approved or considered in the Capital Programme Mid-Year Review

6. Investment Portfolio

In accordance with the CIPFA Treasury Management Code of Practice the Council's investment priorities are set out as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

The UK's sovereign rating has proven robust through the first half of 2024/25. The new Labour Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 30 October 2024.

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

The average level of funds available for investment purposes during the period was **£25.0M**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

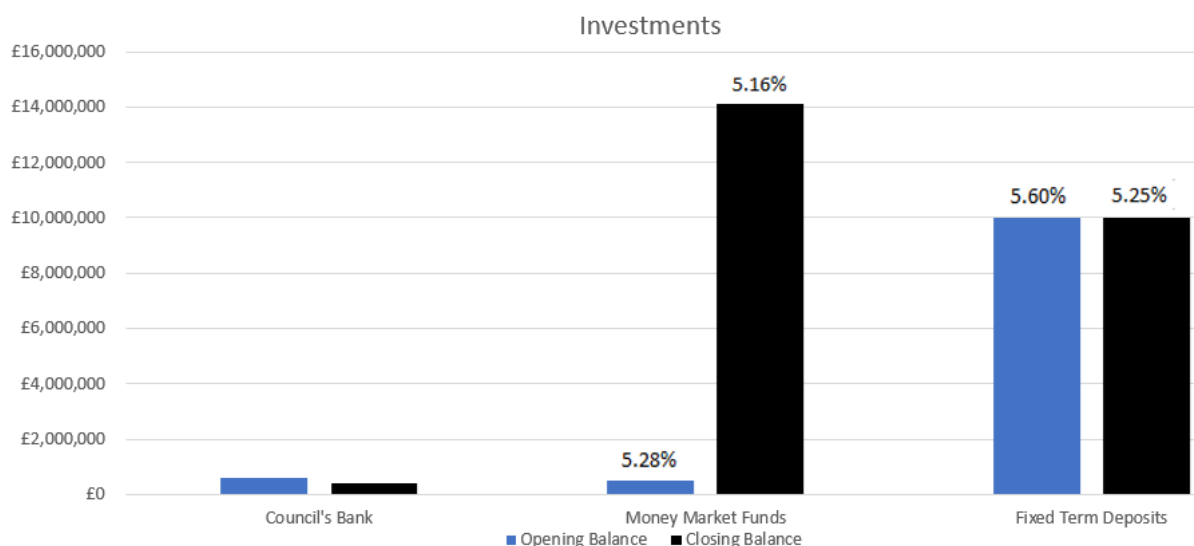
In terms of performance against external benchmarks, the return on investments compared to the SONIA (average) and bank rates at the end of the period is as follows. This is viewed as positive performance, especially given the need to prioritise security of investments, and liquidity (i.e. making sure that the Council's cashflow meets its needs):

Base Rate	5.00%
SONIA (average)	5.12%
Lancaster City Council investments	5.19%

Investment Balances – quarter ended 30 September 2024

At the start of the year investments totalled £10.5M rising to £24.1M by 30 September. Fixed term investments remained at £10M whilst Money Market Fund balances increased from £0.5M to £10.1M.

Other Investments	Term	Maturity Date	Opening 1.4.24 £	Closing 30.09.24 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
Call Accounts							
Natwest (Cash Manager Plus)			610,437	408,484	5.20%		13,271
Money Market Funds							
Aberdeen Life Investments			0	6,000,000	5.16%		139,287
Blackrock Sterling Liquidity First Fund LGIM			0	1,600,000	5.09%		38,411
Insight			500,000	6,000,000	5.17%		148,085
Goldman Sachs			0	500,000	5.15%		55,367
			0	0	5.01%		6,109
Fixed Term Deposits							
Halton Borough Council	134 days	20/11/2024	0	5,000,000		5.25%	96,370
West Dunbartonshire	182 days	22/05/2024	5,000,000			5.55%	38,774
West Dunbartonshire	120 days	03/12/2024	0	5,000,000		5.25%	86,301
Waltham Forest Council	189 days	30/05/2024	5,000,000			5.65%	45,664
Sub-total			11,110,437	24,508,484			667,640
Budgeted income							273,243
							394,398



Approved Limits

Officers can confirm that, with one exception where funds held in the Council's bank account overnight exceeded the £1.5M specified limit, the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2024.

Borrowing

The Council's capital financing requirement (CFR) for 2024/25 was forecast as £103.52M as set out in **Annex A**. The current forecast CFR at quarter 2 is, £101.13M. This is principally due to slippage identified as part of the Capital Programme Mid-Year Review. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £57.97M and has utilised £43.06M of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

No new external borrowing has, to date, been undertaken. The capital programme is being kept under regular review due to the effects of ongoing budgetary pressures. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

Gilt yields and PWLB certainty rates were less volatile than at this time last year. Overall, the 10, 25 and 50-year part of the curve endured a little volatility but finished September very much as it started in April.

Where there was some movement downwards, this came in the shorter part of the curve as markets positioned themselves for Bank Rate cuts in the second half of 2024 and into 2025, although the continued stickiness of inflation and the prevailing tight labour market is a concern for those looking for more sizeable falls ahead.

At the beginning of April, the 5-year certainty rate was the cheapest part of the curve at 4.72% whilst the 25-year rate was relatively expensive at 5.28%. May saw yields at their highest across the whole curve.

Conversely, 17 September saw the low point for the whole curve, with the 5-year certainty rate falling to 4.31% before rebounding to 4.55% by the end of the month. Similarly, the 50-year certainty rate fell to 4.88% but finished the month at 5.13%, slightly higher than at the start of April.

At this juncture, we still forecast rates to fall back over the next two to three years as inflation dampens, although there is upside risk to our Bank Rate forecast at present. The CPI measure of inflation is expected to fall below 2% in the second half of 2025, however, and we forecast 50-year rates to stand at 4.20% by the end of September 2026. The major caveats are that there is considerable gilt issuance to be digested by the market over the next couple of years, and geo-political uncertainties – which are generally negative for inflation prospects – abound in Eastern Europe and the Middle East, in particular.

It is anticipated that further borrowing may need to be undertaken during this financial year. The original estimate was that we would need to borrow around £9M in quarter 4 of 2024/25. However, this is currently expected to be in the region of £6M, however, the potential for further slippage within the Capital Programme and unknown large cashflows relating to the Eden Project make this difficult to quantify with certainty and the actual amount of borrowing may be lower. Consideration also needs to be given to the recent volatility in the markets leading to high PWLB interest rates. In light of this, it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

7. Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. Other Issues

Changes in risk appetite

The 2021 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or to other types of investment instruments this change in risk appetite and policy should be brought to members' attention in treasury management update reports. There are no such changes to report.

Prudential Indicator for Capital Expenditure

This table shows the current estimates for the General Fund and Housing Revenue Account capital programmes, compared to the original estimates.

Capital Expenditure by Fund	2024/25	
	Original Estimate £m	Quarter 2 Position £m
General Fund	17.01	17.34
Council Housing (HRA)	4.77	7.47
Total Capital Expenditure	21.78	24.81

Changes to the Financing of the Capital Programmes

This table shows the changes in the financing of the capital programmes, and the level of borrowing required.

Capital Expenditure	2024/25	
	Original Estimate £m	Quarter 2 Position £m
Total capital expenditure	21.78	24.81
Financed by:		
Capital receipts	0.16	1.34
Capital grants	10.73	11.80
Reserves	4.32	5.16
Revenue	0.04	0.00
Total Financing	15.25	18.30
Borrowing Requirement	6.53	6.51

Changes to the Capital Financing Requirement

Capital Financing Requirement	2024/25	
	Original Estimate £m	Quarter 2 Position £m
General Fund	70.47	68.09
HRA	33.05	33.04
Total Capital Financing Requirement	103.52	101.13
Net movement in CFR	2.48	-2.39

Limits to Borrowing Activity

A key control over treasury management activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total capital financing requirement.

External Debt v Borrowing Need (CFR)	2024/25	
	Original Estimate £m	Quarter 2 Position £m
External Debt	63.97	57.97
Expected Change in Other long term liabilities	7.96	7.96
Total Debt	71.93	65.93
Compared to current :		
Capital Financing Requirement	103.52	101.13
Operational Boundary:-		
Debt	104.52	104.52
Authorised Limit:-		
Debt	120.00	120.00

Definitions:

Operational Boundary

The limit beyond which external debt is not normally expected to exceed is known as the operational boundary.

Authorised Limit for External Debt

A further prudential indicator controls the overall level of borrowing. This is the authorised limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but it is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements.

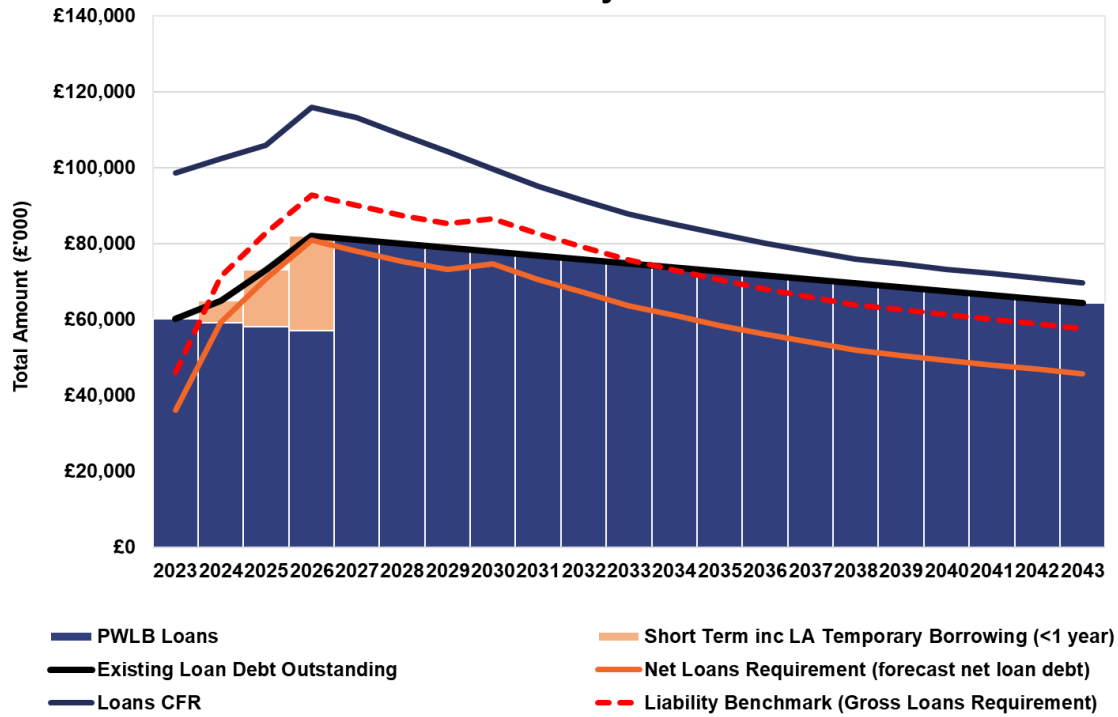
Liability Benchmark

The Council's liability benchmark reflecting the mid-year position is set out below. This charts the following four key components:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Liability Benchmark



BRIEFING NOTE**MOTION: CAMPERVANS, STATICS ON MORECAMBE PROMEADE AND COUNCIL CARPARKS**

This motion is not to stop Campervans/ and Statics visiting Morecambe it is to stop overnight parking on our Highways and Council Car Parks for environmental and health and safety reasons.

Highways are for temporary use to move on as well as car parks.

Camper Vans / Motorhomes on Morecambe Promenade

Lancaster City Council notes:

The concerns raised by residents with regards to the increased volume of camper vans and motorhomes parking overnight on Morecambe Promenade.

The impact upon the accessibility of Morecambe Promenade.

The visual and environmental, health and safety impact upon a prominent part of the district which may affect tourism and the local economy.

The potential for reputational damage to Lancaster City Council for perceived inaction, despite the issue falling under the authority of Lancashire County Council.

This council therefore resolves:

- i. To engage with partner organisations, including Lancashire County Council and Lancashire Constabulary, to seek authority to enact a ban on overnight parking on Morecambe Promenade for camper vans and motorhomes.*
- ii. To initiate a ban for overnight parking across all Lancaster City Council car parks for camper vans and motorhomes.*
- iii. To establish a working group with partner organisations, to explore alternative locations which can be used by camper van and motorhome users within the district.*

PROPOSERS:

Moved by: Cllr Margaret Pattison

Seconded by: Cllr David Whitaker

In support: Cllr Jean Parr; Cllr Chris Harris; Cllr Colin Hartley; Cllr Jackson Stubbs; Cllr John Hanson; Cllr Robert Redfern; Cllr Joanne Ainscough

OFFICER BRIEFING NOTE

The Council has received numerous concerns over a period of time about the longer term and

overnight parking of campervans on Morecambe promenade. The parking of vehicles more generally in Morecambe is a key element of delivering Eden Project Morecambe. There will be a Parking Strategy to be agreed for Eden Project Morecambe. Furthermore the wider area of central Morecambe and the promenade needs to be considered. A Central Morecambe Regeneration and Investment Strategy is currently out for tender within which transport and highways solutions will be a key consideration.

It should be highlighted that the City Council is not the highways authority, that is Lancashire County Council. It is therefore essential that the County Council are involved and commit to find resolutions to the valid concerns raised. There have already been informal meetings held with key Officers at the County Council on such matters.

It should also be noted that there are various legislative procedures that must be gone through when introducing changes to parking rules.

The proposals (i and iii) to establish a working group to look at solutions and to engage with partners including the County Council and Lancashire Constabulary is entirely appropriate. It is further well timed given the detailed work now ongoing on the Eden Parking Strategy and Central Morecambe Regeneration and Investment Strategy.

With regard to proposal ii, whilst the spirit of this is appropriate the ban would need to be considered and timed well with alternative provision so that the welcome custom from campervans is not lost.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BRIEFING NOTE**MOTION: Taking action against gender-based violence.****Council notes that:**

- Globally, every 11 minutes a woman is deliberately killed by a partner or family member
- One in three women in England and Wales experience violence in their lifetime
- Girls are at particular risk – 1 in 4 adolescent girls is abused by her partner
- On average, in England and Wales, a woman is killed by a man every three days
- The ONS reported that in 2020 alone 618,000 women were victims of a sexual assault or an attempted sexual assault by a man.
- 16 Days of Activism against Gender-Based Violence is an annual international campaign which runs from 25 November, the International Day for the Elimination of Violence against Women, and runs until 10 December, Human Rights Day.
- Street harassment and violence against women and girls is endemic in the UK: 80% of women of all ages have been sexually harassed in public, with 90% of these women not reporting it as they don't believe it will make a difference
- One in two women are sexually harassed in the workplace
- One in five women will be raped in their lifetime
- Women who report rape have a 3% chance of the report ending in conviction. Most women who survive domestic violence do not receive justice from the criminal justice system.

Council believes that

- All women and girls have the right to feel safe in our streets and in their homes and workplaces
- Male violence against women and girls is part of a broader culture of misogyny in society.
- Perpetrators of serious violence usually have a history of inflicting abuse and harassment against other women and girls. Tackling violence against women and girls means dismantling this culture.
- The seeds of violent behaviour are often sown at a young age and if the right interventions are not made in time, the problem perpetuates.

Council resolves to

- Support the work of local groups marking the UN 16 days of activism against gender based violence
- Stand in solidarity with protestors who oppose violence against all women and girls.
- Commends the commitment of the local Police and Crime Commissioner and Lancashire Police to tackle violence against women and girls
- Work to ensure appropriate provision is in place for perpetrators of violence against women and girls to seek to change their behaviour
- Do all we can as a council and in our communities to champion the rights and entitlements of women and girls and to tackle violence against them. This includes listening and responding to women and girls about the action we need, and calling out misogyny and sexism wherever we see and hear it.

- To support those providing services in Lancaster district to deliver culturally competent services for VAWG which fully serve our diverse population.
- To commit to the white ribbon pledge and to promote schemes that aim to educate men through campaigns that empower male “allies”.
- Encourage licensed premises to subscribe to the Ask for Angela campaign

PROPOSERS:

Moved By: Councillors Jean Parr

Seconded By: Councillors Joanne Ainscough, Catherine Potter and Jason Wood

OFFICER BRIEFING NOTE

This motion is consistent with the Council’s principles of Happy and Healthy Communities, and a Co-operative, Kind and Responsible Council. It helps is to fulfil our duties with regards to Community Safety, and in terms of resource and capacity, many Council-led activities are already in-place which support the motion of taking action against gender-based violence.

Examples include obtaining additional funding for fixed CCTV cameras in Lancaster City Centre, working with Lancaster University on Bystander Awareness Training to tackle the issues with VAWG (Violence Against Women and Girls), employing a Housing Options Officer (Domestic Abuse).

The Council is accredited with the White Ribbon campaign and has a three-year Action plan to support this, which includes senior leaders as Ambassadors. There exists many proactive staff networks including the Equality, Diversity and Inclusion, and Women’s network, to ensure proactive discussion, wider communication and education on this subject matter. The Council is reviewing its Domestic Violence policy and will shortly roll-out ‘Ask Angela’ training for our licensed venues.

SECTION 151 OFFICER’S COMMENTS

The s151 Officer has been consulted and has no further comments

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted and has no further comments



**Approval of a Period of Absence from Meetings
by a Councillor**

13 November 2024

Report of the Monitoring Officer

PURPOSE OF REPORT
To ask Council to consider approving the reason for a Councillor’s period of absence from meetings pursuant to Section 85(1) of the Local Government Act 1972.
This report is public

RECOMMENDATIONS

- (1) **That Council notes that the Mayor, Councillor Abi Mills, has not been able to attend meetings of the Council since 29 May 2024 due to ill health.**
- (2) **That in accordance with Section 85(1) of the Local Government Act 1972, Council approves Councillor Abi Mills’ ill health as the reason for her non-attendance at meetings of the authority for a period of up to six months from the date of this meeting (until 13 May 2025).**
- (3) **That Council extends its sympathy to Councillor Abil Mills and wishes her a speedy recovery.**

1.0 Background

- 1.1 As Members are aware, the Mayor Councillor Abl Mills has been unable to attend any meeting of Council for some time due to a diagnosis of breast cancer and an ongoing course of treatment.
- 1.2 Section 85 of the Local Government Act 1972 states that “if a member fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.”

2.0 Proposal Details

- 2.1 Councillor Abil Mills last attended a Council meeting on 29 May 2024, a meeting of the Overview and Scrutiny Committee. The six month period referred to in Section 85(1) would therefore expire on the 29 November 2024,

and this meeting is therefore the last opportunity for Council to approve the reason for her absence before the six month deadline. It should be noted that Councillor Abi Mills is still dealing with all her ward work and fulfilling other Mayoral duties where she can.

2.2 Council is asked to consider passing a resolution under Section 85(1) of the Local Government Act 1972 to approve Councillor Abi Mills' ill health as the reason for non-attendance at meetings. It is hoped that Councillor Abi Mills will be well enough to attend meetings within three months and the full six months will not be necessary, however due to the nature of the treatment, that is uncertain, therefore a period of six months is requested.

3.0 Conclusion

3.1 Council is asked to consider passing a resolution to approve Councillor Abi Mills' ill health as the reason for her non-attendance at meetings. Without such a resolution, she would, as a matter of law, cease to be a member of the Council.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None.</p>	
<p>LEGAL IMPLICATIONS</p> <p>The legal implications are as set out in the report under Section 85 of the Local Government Act 1972.</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>Members' allowances are payable during periods of approved non-attendance. When a member loses their seat due to non-attendance, it is extremely likely that a by-election would be called which would have a cost to the Council.</p>	
<p>OTHER RESOURCE IMPLICATIONS Human Resources, Information Services, Property, Open Spaces: None.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The report has been prepared on behalf of the Monitoring Officer.</p>	
<p>BACKGROUND PAPERS</p> <p>None.</p>	<p>Contact Officer: Debbie Chambers Telephone:01524582057 E-mail: dchambers@lancaster.gov.uk Ref:</p>



Allocation of Seats to Political Groups

13 November 2024

Report of the Senior Manager, Democratic Support and Elections

PURPOSE OF REPORT
To advise Council of the calculations relating to the allocation of seats in accordance with the Local Government and Housing Act 1989 following a change to the political composition of the Council.
This report is public.

RECOMMENDATIONS

- 1) That in accordance with Section 15 of the Local Government and Housing Act, 1989 and Part 4 of the Local Government (Committees and Political Groups) Regulations, 1990, the City Council approves the calculations and allocation of seats set out in this report; and
- 2) Council notes that no adjustments to committee memberships need to be made.

1.0 Introduction.

1.1 There has been a change to the political make up of the Council since the calculation was agreed at the last Council meeting in September, due to a by-election in Scotforth East ward. New Councillor Andrew Otway was elected for the Green party. This report details the calculation following that by-election result.

2.0 Change in Composition of the Council

2.1 The make-up of the Council is now:

Green	23
Labour	21
Liberal Democrats	7
Conservative	5
MBIs	3
Non-aligned Independent	2
	61

2.2 The table below shows the changes required across all 78 committee seats based upon the revised political composition of the Council.

3.0 Political Balance on Committees

3.1 If political balance was calculated separately on each committee the figure would be as set out below for each size of committee:-

3.2 15 Member Committee (Planning Regulatory)

Green	$23/59 \times 15 = 5.8475$	(6)
Labour	$21/59 \times 15 = 5.3390$	(5)
Liberal Democrat	$7/59 \times 15 = 1.7797$	(2)
Conservative	$5/59 \times 15 = 1.2712$	(1)
MBI	$3/59 \times 15 = 0.7627$	(1)
	Total	(15)

10 Member Committee (Licensing Regulatory)

Green	$23/59 \times 10 = 3.8983$	(4)
Labour	$21/59 \times 10 = 3.5593$	(4)
Liberal Democrat	$7/59 \times 10 = 0.8474$	(1)
Conservative	$5/59 \times 10 = 0.8475$	(1)
MBI	$3/59 \times 10 = 0.5172$	(0)
	Total	(10)

*Figures rounded up total eleven; so the group with the smallest residual is rounded down (MBI)

9 Member Committees x 2 (Overview and Scrutiny, Budget and Performance)

Green	$23/59 \times 9 = 3.5085$	(4)
Labour	$21/59 \times 9 = 3.2034$	(3)
Liberal Democrat	$7/59 \times 9 = 1.0678$	(1)
Conservative	$5/59 \times 9 = 0.7627$	(1)
MBI	$3/59 \times 9 = 0.4576$	(0)
	Total	(9)

7 Member Committees x 5 (Personnel, Audit, CBC, Appeals, Standards)

Green	$23/59 \times 7 = 2.7288$	(3)
Labour	$21/59 \times 7 = 2.4915$	(2)
Liberal Democrat	$7/59 \times 7 = 0.8305$	(1)
Conservative	$5/59 \times 7 = 0.5932$	(1)
MBI	$3/59 \times 7 = 0.3559$	(0)
	Total	(7)

3.3 If all the Committees could be calculated individually, as shown above, the result for the 78 places would give an overall total out of the 78 seats of:-

Green	6+4+8+15	= 33
Labour	5+4+6+10	= 25
Liberal Democrat	2+1+2+5	= 10
Conservative	1+1+2+5	= 9
MBI	1+0+0+0	= 1
	TOTAL	<u>78</u>

3.4 However, the individual committee calculations are a guide only to the balanced composition of each committee. The calculation of the 78 committee places on all standing committees **must** be undertaken using rules A-E, set out in s. 15(5) of the Local

Government and Housing Act 1989. Those rules are explained in **Appendix A** and the aggregate calculation is as shown on the table below under the column “November 2024”. Since the outcome when rounded is the same as the last recalculation in September 2024, no adjustments to committee memberships are necessary.

	September 2024	Actual	Rounded	November 2024	Actual	Rounded	Change
Green	22/58x78	29.5862	30	23/59x78	30.4068	30	-
Labour	21/58x78	28.2414	28	21/59x78	27.7627	28	-
Lib Dem	7/58x78	9.4138	9	7/59x78	9.2542	9	-
Cons	5/58/78	6.7241	7	5/59/78	6.6102	7	-
MBI	3/58/78	4.0345	4	3/59/78	3.9661	4	-
	TOTAL		78	TOTAL		78	

4.0 Conclusion

4.1 Members are requested to agree the new calculation.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

There are no direct implications as a result of this report.

FINANCIAL IMPLICATIONS

There are no financial implications as a direct result of this report.

SECTION 151 OFFICER’S COMMENTS

The Section 151 Officer has been consulted and has no comments.

LEGAL IMPLICATIONS

This report has been prepared in accordance with the provisions of Section 15 of the Local Government and Housing Act, 1989 and Part 4 of the Local Government (Committees and Political Groups) Regulations 1990.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Contact Officer: Debbie Chambers
Telephone: 01524 582057
E-mail: dchambers@lancaster.gov.uk

THE RULES

The main rules are set out in s. 15(5) LGHA, and they are to be applied sequentially. So Rule B cannot override Rule A; Rule C cannot override Rules A and B; and Rule D cannot override Rules A, B or C. An additional rule is set out in s. 16.

Rule A: all the seats on a committee or sub-committee may not be allocated to members of the same political Group. Note that this does not require that each political Group needs to be represented on each committee or sub-committee.

Rule B: where a majority of the members of Council are members of the same political Group, a majority of the seats on each committee and sub-committee must be allocated to that political Group. So, where there is a majority Group, it must be allocated a minimum of 2 seats on each committee or sub-committee of 3 members, 3 seats on each committee or sub-committee of 4 members, and so on. This means that, where a political Group enjoys a narrow majority on Council, that majority Group will be allocated significantly more seats than would result from simple proportionality. Incidentally, the combination of Rules A and B reinforces the point that the minimum size of a committee or sub-committee ought to be 3.

Rule C: deals with the aggregate of seats on all committees, taken together. [It does not apply to sub-committees, joint committees or outside bodies (see later)]. It provides that, subject to Rules A and B, the relationship between the total number of committee seats allocated to each Group and the total number of seats on all committees must, as near as possible, be the same as the relationship between the number of members of the Group as a proportion of the total number of members of Council. This is subject to Rules A and B.

Rule D: Having worked out how many committee seats are to be allocated to each political Group, Rule D then determines which committees those seats relate to. Rule D now says that, taking each committee separately, the seats on that committee must be allocated as close to proportionately as possible, without offending Rules A, B or C

There is also a "**Rule E**", inserted into s.16 by reg. 16(3), which provides that, where appointments to seats are to be made other than in accordance with Rules A to D (i.e. to seats which are not allocated to a political Group) then the Council or the committee must appoint members to those seats who are not members of a political Group. The exact wording is:

“(2A) Where appointments fall to be made to seats on a body to which section 15 applies otherwise than in accordance with a determination under that section, it shall be the duty of the authority or the committee, as the case may be, so to exercise their power to make appointments as to secure that the persons appointed to those seats are not members of any political Group.”

CABINET

6.00 P.M.

10TH SEPTEMBER 2024

PRESENT:- Councillors Caroline Jackson, Joanne Ainscough, Tim Hamilton-Cox, Peter Jackson, Jean Parr, Catherine Potter, Paul Stubbins, Nick Wilkinson and Jason Wood

Apologies for Absence:-

Councillor Phillip Black (Chair)

Officers in attendance:-

Mark Davies	Chief Executive
Luke Gorst	Chief Officer - Governance and Monitoring Officer
Paul Thompson	Chief Officer - Resources and Section 151 Officer
Mark Cassidy	Chief Officer - Planning and Climate Change
Joanne Wilkinson	Chief Officer - Housing and Property
Liz Bateson	Principal Democratic Support Officer

In the absence of the Leader the Deputy Leader took the chair

22 MINUTES

The minutes of the meetings held on Tuesday 9 July 2024 and Wednesday 31 July 2024 were approved as a correct record.

23 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

24 DECLARATIONS OF INTEREST

No declarations were made at this point.

25 PUBLIC SPEAKING

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

26 LOCAL NATURE RECOVERY STRATEGY REPORTING PROCEDURE

(Cabinet Member with Special Responsibility Councillor Ainscough)

Cabinet received a report from the Chief Officer – Planning and Climate Change that set out the purpose of the Local Nature Recovery Strategy (LNRS), describing the role of the strategy in agreeing priorities for nature's recovery across Lancashire. It explained how, on completion, the LNRS would map the most valuable existing areas for nature across the County as well as identify those new areas where habitats could be created or strengthened to improve connectivity and enhance biodiversity.

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

	Option 1: Cabinet grants delegated powers to the Chief Officer of Planning and Climate Change to ensure that the City Council in its role as supporting authority responds to the LNRS consultation within the set 28-day timeframe	Option 2: Cabinet does not grant delegated powers to the Chief Officer of Planning and Climate Change to ensure that the City Council in its role as supporting authority responds to the LNRS consultation within the set 28-day timeframe.
Advantages	The City Council will be able to respond within the 28-day timeframe ensuring that where it has concerns there is the opportunity to address these ahead of the LNRS being published.	None
Disadvantages	None	The City Council is unable to respond within the 28-day timeframe with its concerns not raised and the LNRS published in a form not supported by the City Council.
Risks	None	None

The preferred option is Option 1: Cabinet grants delegated powers to the Chief Officer of Planning and Climate Change to ensure that the City Council in its role as supporting authority responds to the draft LNRS consultation and publication LNRS within the set 28-day timeframe. Granting delegated powers will ensure the City Council will be able to fulfil its role as a supporting authority within the required timeframes. This will ensure that the views of the City Council are taken into account and where concerns are raised there is the opportunity to address these ahead of consultation of the draft LNRS. It will also ensure that the final LNRS cannot be published unless the City Council agrees with it.

In view of the limited time for approval Officers are requesting that delegated powers be granted to the Chief Officer of Planning and Climate Change to approve the LNRS for draft consultation and then later for publication on behalf of the City Council. It is understood that similar approval is being requested at other supporting authorities across the County.

Councillor Ainscough proposed, seconded by Councillor Wood:-

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

Councillors then voted:-

Resolved unanimously:

(1) That delegated power be granted to the Chief Officer of Planning and Climate

Change to make decisions on the progress of the Local Nature Recovery Strategy (LNRS), particularly in regard of approving the draft LNRS for consultation and to approve the publication of the final LNRS.

Officer responsible for effecting the decision:

Chief Officer of Planning and Climate Change

Reasons for making the decision:

Whilst Lancashire County Council is responsible for the preparation of the strategy Lancaster City Council is identified as a supporting authority, responsible for assisting the County Council in identifying local priorities and importantly in providing approval of the strategy for wider consultation at its draft stage and again prior to its publication. The regulations state that the supporting authorities will be given 28 days to grant this approval. In view of the limited time for approval respective decisions are delegated to the Chief Officer of Planning and Climate Change to approve the LNRS on behalf of the Council.

The decision is consistent with the Council Plan: *The objectives of the report support and complement The Council Plan's Ambition 1.4 "Respecting Nature" on Ecology & Biodiversity to "increase biodiversity, protect our district's unique ecology and ensure the habitat provided for wildlife is maintained"*.

The objectives of the report support and complement the Planning and Climate Change Service Business Plan objective 1.4 on Respecting Nature. This sets Service priorities aligned with the Council Plan that aim to increase biodiversity and ensure wildlife is maintained and improved.

27 PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN 2023/24

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Finance Officer that provided summary information regarding the provisional outturn for 2023/24, 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 both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.

The Council has embarked on a programme called Outcomes-Based Resourcing (OBR)/Fit for the Future (FftF) that will see it examine every area of its budget and match resources more closely with its priorities. The OBR/FftF programme includes looking at ways the council can do things differently by utilising technology and being more efficient, as well as considering areas in which it can generate more income.

Given the size of the ongoing financial issues the Council faces this fundamental reshaping of the Council's services and realigning against its priorities through the OBR/FftF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. It is imperative that the work, or similar principles continues. The application of OBR/FftF across the Council will be a significant piece of work and to fully achieve its stated aims will take an estimated further 12 to 24 months.

Cabinet and Senior Leadership Team have agreed on principles and common goals as they continue to work through the OBR/FftF process.

- We need to continue tackle the structural deficit over the short medium and long term
- We need to use reserves carefully to transition
- We want to continue to deliver services that residents/ businesses need and rely on
- We want to achieve positive outcomes for our district

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

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

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

Councillors then voted:-

Resolved unanimously:

- (1) That the provisional outturn for 2023/24 be endorsed, including the transfers to

and from Reserves and Balances actioned by the Chief Finance Officer as set out in 5.1 and Appendix 5 to the report.

- (2) That Cabinet approves the treatment of year end overspends and endorse the do-nothing approach in-light of the current situation.
- (3) That Cabinet note and endorse the ongoing projects funded by reserves set out at Appendices 5a and 6 to the report.
- (4) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 7 and 8 to the report be endorsed, with the Capital Programme being updated accordingly.
- (5) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 to the report be noted and referred on to Budget & Performance Panel and Council for information.

Officer responsible for effecting the decision:

Chief Finance Office

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.

28 DELIVERING OUR PRIORITIES QUARTER 1 2024-25

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Executive and S151 Officer that provided an update on financial performance during the first quarter of 2024/25 (April-June 2024).

As the report was for commenting and noting no options were provided.

Resolved unanimously:

That the report be noted.

Reasons for making the decision:

Performance, project and resource monitoring provides a link between the Council plan and operational achievement by providing regular updates on the impact of operational initiatives against strategic aims.

29 PROJECTS AND PERFORMANCE MONITORING

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Executive that provided an update on performance and projects during quarter 1 of 2024-25 (April-June 2024).

As the report was for commenting and noting no options were provided.

Resolved unanimously:

That the report be noted.

Reasons for making the decision:

Monitoring of strategic projects and key performance indicators provides a link between the Council Plan 24-27 by providing progress updates.

30 STRATEGIC RISK REGISTER

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Executive that provided an update on the authority's progress in updating the Strategic Risk Register.

As the report was for noting no options were provided.

Resolved unanimously:

That the updated Strategic Risk Register for Quarter 1 2024/25 as appended to the report be noted.

Reasons for making the decision:

The Council have a Risk Management Policy, which is written to provide guidance on the management of risk. Risk Management is identified in the Council Plan 2024-27.

31 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Wood and seconded by Councillor Ainscough:-

"That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act."

Members then voted as follows:-

Resolved unanimously:

- (1) That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

32 COMMERCIAL PROPERTY SALE, LANCASTER (Pages 8 - 9)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Cabinet received a report from the Chief Officer Housing and Property with regard to the disposal of a commercial property. The report was exempt from publication by virtue of paragraph 3, Schedule 12A of the Local Government Act, 1972.

The options, options analysis, including risk assessment and officer preferred option, were set out in the exempt report.

Resolved:

The resolution is set out in a minute exempt from publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act, 1972.

Officer responsible for effecting the decision:

Chief Officer Housing and Property

Reasons for making the decision:

The decision is consistent with Council priorities. Exactly how the decision fits with Council priorities is set out in the exempt minute.

Chair

(The meeting ended at 7.06 p.m.)

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

MINUTES PUBLISHED ON FRIDAY 13 SEPTEMBER,2024.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
MONDAY 23 SEPTEMBER ,2024.**

Document is Restricted