



**Committee:** CABINET

**Date:** TUESDAY, 3 DECEMBER 2024

**Venue:** MORECAMBE TOWN HALL

**Time:** 6.00 P.M.

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 access the meeting using Teams.

## A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 22 October 2024 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **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.

5. **Public Speaking**

To consider any such requests received in accordance with the approved procedure.

6. **Reports from Overview and Scrutiny**

None.

Reports

7. **Appointments to Outside Bodies** (Pages 3 - 5)

Report of the Chief Executive

8. **Localised Council Tax Support** (Pages 6 - 16)

Report of Assistant Director (Head of Revenues and Benefits)

9. **Delivering our priorities - Quarter 2- 2024-25** (Pages 17 - 46)

Report of Chief Executive and s151 Officer

10. **Projects and Performance** (Pages 47 - 56)

Report of the Chief Executive

11. **Strategic Risk Register** (Pages 57 - 71)

Report of the Chief Executive

*This report contains an exempt appendix, and the press and public will be excluded from the meeting if Cabinet are minded to refer to the information within the exempt appendix.*

12. **Medium Term Financial Strategy Update 2025/26 - 2029/30** (Pages 72 - 82)

Report of Chief Finance Officer

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

To be determined following the full Council meeting on 25 November 2024

**(ii) Queries regarding this Agenda**

Please contact Liz Bateson, Democratic Support - email [ebateson@lancaster.gov.uk](mailto:ebateson@lancaster.gov.uk).

**(iii) Changes to Membership, substitutions or apologies**

Please contact Democratic Support, telephone 582000, or alternatively email [democracy@lancaster.gov.uk](mailto:democracy@lancaster.gov.uk).

MARK DAVIES,  
CHIEF EXECUTIVE,  
TOWN HALL,  
DALTON SQUARE,  
LANCASTER, LA1 1PJ

Published on Thursday 21 November, 2024.

**CABINET**

## Appointments to Outside Bodies 3 December 2024

### Report of Chief Executive

<b>PURPOSE OF REPORT</b>			
To enable Cabinet to appoint members to a number of Outside Bodies and Partnerships.			
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b> <b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	n/a		
<b>This report is public</b>			

#### RECOMMENDATION

- (1) That Cabinet appoint a member to each of the Outside Bodies, Partnerships and Boards as set out in Appendix 1 to the report.

#### 1.0 Introduction

At full Council on 13 May 2024 Council re-confirmed the Cabinet appointments to various outside bodies. The list of outside bodies is appended to the report with the names of the former Cabinet Members included for information.

- 1.1 At full Council on 13 November 2024 Councillor Philip Black resigned as Leader after having confirmed the resignations of, and removals from, Cabinet of the Labour and Green members, respectively.
- 1.2 At the time of writing this report an Extraordinary Council meeting has been scheduled for 25 November to appoint a new Leader with details of the newly formed Cabinet expected to follow shortly after.

#### 2.0 Proposal Details

- 2.1 Cabinet are requested to appoint members to the outside bodies as detailed in Appendix 1 to the report.

2.2 In the event of any members being reappointed to an outside body, Cabinet is requested to re-confirm those appointments.

**3.0 Options and Options Analysis (including risk assessment)**

Councillors are reminded that Members nominated to outside bodies, partnerships and boards by Cabinet are representing the views of Cabinet in such positions, rather than any views they might hold as individuals. It is recommended that appointments be aligned as closely as possible to individual Cabinet Members' portfolios.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>Representation on Outside Bodies is part of the City Council's Community Leadership role.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b></p> <p>The content of the report has no impact in itself.</p>	
<p><b>LEGAL IMPLICATIONS</b></p> <p>No legal implications directly arising from the report.</p>	
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>Members of outside bodies are entitled to travel expenses. Costs resulting from any appointment should be minimal and will be met from existing democratic representation budgets.</p>	
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p>No other implications arising directly from this report.</p>	
<p><b>SECTION 151 OFFICER'S COMMENTS</b></p> <p>The Section 151 Officer has been consulted and has no further comments</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b></p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p><b>BACKGROUND PAPERS</b></p> <p>none</p>	<p><b>Contact Officer:</b> Liz Bateson  <b>Telephone:</b> 01524 582047  <b>E-mail:</b> ebateson@lancaster.gov.uk</p>

**CABINET APPOINTMENTS TO OUTSIDE BODIES**

**(Appointees confirmed at July Council are in italics)**

BID Company Ltd (Morecambe) *Cllr Wilkinson*

Community Safety Partnership (Cabinet Member and reserve) *Cllr C Jackson (Cllr P Jackson reserve)*

Growth Lancashire Limited (Cabinet Member and reserve) *Cllr Potter (Cllr Wilkinson reserve)*

Health and Wellbeing Partnership (Cabinet Member and reserve) *Cllr P Jackson (Cllr C Jackson reserve)*

Lancashire Leaders Meeting (Leader of the Council) *Cllr P Black*

Lancashire Waste Partnership *Cllr Ainscough*

Lancaster Community Fund Grants Panel (1 place; the other place is by nomination and voting at Council) *Cllr P Jackson*

Lancaster Business Improvement District (BID) Management Group *Cllr Wilkinson*

LGA General Assembly (Leader of the Council) *Cllr P Black*

Yorkshire Dales National Park Board *Cllr P Jackson*

**CABINET**

**Local Council Tax Support Scheme (2025/26)  
3rd December 2024**

**Report of Assistant Director (Head of Revenues and Benefits)**

<b>PURPOSE OF REPORT</b>			
To enable Cabinet to consider the existing Localised Council Tax Support (“LCTS”) Scheme and the options available, ahead of formal consideration and approval by Council for application in 2025/26.			
<b>Key Decision</b>	<b>N</b>	<b>Non-Key Decision</b>	<b>Y</b>
		<b>Referral from Cabinet Member</b>	<b>N</b>
<b>Date of notice of forthcoming key decision</b>	n/a		
<b>This report is public</b>			

**RECOMMENDATION OF CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE & RESOURCES**

- (1) Retain the existing Localised Council Tax Support Scheme for 2025/26 (Option 1)

**1.0 Introduction**

- 1.1 Cabinet’s views are sought as to whether to retain the existing Localised Council Tax Support Scheme for 2025/26 (Option 1) subject to future consequential minor amendments following changes in housing benefit rules; or whether to amend it to reduce entitlement (Option 2).
- 1.2 Following the abolition of the national Council Tax Benefit (CTB) system back in 2013, each billing authority now has a legal duty to adopt a Localised Council Tax Support (LCTS) scheme.
- 1.3 Each authority is also under a legal obligation to consider, for each year, whether to revise its scheme or to replace it with another scheme. The history of the Council’s arrangements is summarised below:
- 1.4 The first local scheme was adopted in January 2013 for implementation in 2013/14. The Council chose not to reduce support levels at that time, unlike most other local authorities.
- 1.5 In reviewing its scheme since then, Council has decided to retain basic council tax support levels, meaning that working age claimants on low incomes may still be awarded support to cover up to 100% of their council tax bills.

- 1.6 The Council has applied other comparatively minor changes over the years, on the basis that entitlement criteria for LCTS should generally remain in line with other key benefits, most notably Housing Benefit (HB) and Universal Credit (UC).
- 1.7 If a Council does wish to alter its scheme, it must approve any changes by 11 March, otherwise the existing scheme will continue to apply. There is currently no provision for changing a scheme in-year.
- 1.8 The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year. The main aims of the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.
- 1.9 Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances. For working age claimants, Councils can choose, through the design of their scheme, whether to alter support entitlements in some way.
- 1.10 Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

### **2.0 Overview of the Council's current scheme**

- 2.1 As laid down by Government, there are three general principles that all Local Council Tax Support (LCTS) schemes must follow:
  - pensioners should be fully protected;
  - vulnerable groups should be protected as far as possible, as determined locally; and
  - local schemes should support the positive work incentives being introduced through Universal Credit for working age people.
- 2.2 The Council's existing scheme meets these principles, giving protection for certain groups and helping to support work incentives. It provides additional protection for vulnerable people through other income disregards, premiums and allowances. It also provides for annual uplifts associated with inflation, etc.
- 2.3 Under current legislation, pensioners are protected from any locally driven scheme changes, and so any Council decisions impact only on working age claimants.
- 2.4 As Council has so far maintained general support levels, this means that if entitled, a claimant would receive 100% support to cover their council tax bill. Of the 333 schemes in operation nationally, currently the Council is one of a few Councils that still provides full levels of Council Tax Support for working age claimants, depending on their circumstances.
- 2.5 A hardship fund of £30k is built into the LCTS scheme to protect those suffering exceptional hardship. This initiative is financially supported by a contribution from the major precepting authorities, although given that general support levels are maintained, demand against this continues to be minimal.

- 2.6 The Department for Work and Pensions (DWP) operates a “full” Universal Credit (UC) service in this district, and the Council’s existing LCTS scheme accommodates this development. The Council’s current LCTS scheme principles are set out in **Appendix A** to this report.
- 2.7 This report sets out a recommendation that the LCTS scheme for 2025/26 be ‘retained’ in its present form, subject to minor consequential amendments to accommodate the annual uprating of similar applicable amounts in the Housing Benefit Scheme.

### **3.0 Details of Consultation**

- 3.1 Members have previously indicated a preference to retain the existing LCTS scheme in its present format, subject to the scheme principles listed in **Appendix A**. As such, legally there is no need to consult on changes to the scheme at this stage. However, should “Option 2” be the preferred option of the Council, alternative scheme options will need to be developed for consideration by Council early next year, following a swift consultation exercise.
- 3.2 Under Option 1, the Council will write to major precepting authorities setting out the principles of the scheme for 2025/26, acknowledging the fact that they will share the financial cost and risk of any changes made. Their preference has always been for a cost neutral scheme that limits the financial pressure on their budgets as an alternative to cutting essential services.

### **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 The challenge for the Council is to adopt a scheme that fits with its ambitions and priorities and is considered fair, deliverable and affordable, given statutory obligations and competing pressures for resources. Council is presented with two basic options:

#### **4.2 Option 1:**

**Retain the existing Localised Council Tax Support (LCTS) scheme, subject to minor consequential amendments to match changes in Housing Benefit rules.**

- The existing scheme is considered soundly structured and works well, and offers maximum support for low-income families, who may otherwise find themselves in mounting debt.
- Current forecast assumes the continuation of the existing LCTS system and as such, maintaining current levels of support would normally have no impact on the Council's financial forecast. However, costs have increased in recent years with increased take-up due to Covid-19, the cost-of living crisis and annual Council tax increases. 2024/25 has seen a small reduction in residents receiving LCTS from 9,574 in 2023/24 to 9,310 in 2024/25. Should this trend continue, this could reduce costs of the scheme in the long term.
- Retaining existing policy principles of keeping various positive entitlement provisions for LCTS in line with other key welfare benefits promotes equality.

#### **4.3 Option 2:**



**Make changes to the existing Localised Council Tax Support (LCTS) Scheme to reduce benefit entitlement for working age claimants.**

- Currently 9,310 residents claim LCTS in the Lancaster district. As pensioners make up 38% (3,565) of claimants, it means any cut in the level of support provided falls on the remaining 62% (5,745) of working age people on low incomes.
- A reduction in the levels of support provided could arguably provide claimants with further incentives to work, reducing their reliance on benefits, although the jobs market is particularly uncertain at this difficult time.
- This option will have greater adverse financial impact on working age households but would help protect other Council services by requiring less savings to be made by them.
- If levels of support are reduced, the Council would be tasked with the difficulty of collecting this debt from the more vulnerable members of our society, increasing workloads and costs associated with council tax recovery.
- Additional costs associated with developing new scheme options, consultation exercise, legal changes to scheme etc.

**5.0 Options and Options Analysis (including risk assessment)**

	<b>Option 1:</b> Retain the existing LCTS scheme	<b>Option 2:</b> Amend the LCTS scheme to reduce entitlement	<b>Option 3:</b>
Advantages	The current scheme provides support up to a level of 100% and assists those on low incomes	Financial savings to Lancaster City Council and the other precepting authorities.	N/A
Disadvantages	The Government does not fully fund the cost of a 100% LCTS scheme. The additional cost falls on Lancaster City Council and the other precepting authorities.	A reduction in support would result in Council Tax increases for those on low incomes. The Council Tax team would need to recover more money, often from those least able to make payments.	N/A
Risks	The cost of the scheme may increase due to an increase in new claims as the cost-of-living crisis progresses.	Reduced collection rates and increased debt. Potential reputational damage.	N/A

**6.0 Officer Preferred Option (and comments)**

- 6.1 Retain the existing Localised Council Tax Support Scheme for 2025/26 (Option 1). This will assist financially vulnerable Council Tax customers in the Lancaster

City Council District.

**7.0 Conclusion**

- 7.1 The Council's existing LCTS scheme works well in terms of providing support, but at a cost, particularly for the County Council. To date the Council has attached a high priority to maintaining council tax support levels available to working age claimants (pensioners being unaffected by the Council's decision).
  
- 7.2 Adoption of a particular option should be informed by the Council's views regarding the relative priority of LCTS, compared with other services and activities in support of future corporate priorities.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>The LCTS scheme is developed in support of ambitions within the Council Plan regarding "Healthy and Happy Communities" to optimise access for those that need it most, together with welfare benefits and related support.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b></p> <p>The ambition is to continue with a LCTS scheme for the Council, which supports the objective of simplicity, but protects the most vulnerable residents in the district. The Council must continue to ensure that it has due regard to equality in making its local scheme, including how it will minimise disadvantage.</p> <p>The Equality and Human Rights Impact Assessment has been reviewed and can be found as part of <b>Appendix B</b>.</p>
<p><b>LEGAL IMPLICATIONS</b></p> <p>The Local Government Finance Act 1992 (as amended) provides that the Council, as the billing authority, must consider whether to revise its LCTS scheme, or replace it with another scheme by 11<sup>th</sup> March every year. However, it is beneficial for the Council to determine the principles of its LCTS scheme early, in order to build estimates into its Tax Base calculations.</p> <p>Before a Council can determine to revise or replace its LCTS scheme it must consult any major precepting authority which has the power to issue a precept to it and such other persons as it considers are likely to have an interest in the operation of the scheme. However, these consultation rules do not apply if the Council approves the recommendation to "retain" its existing LCTS scheme.</p> <p>Likewise, if Council is not proposing to change the existing LCTS scheme then technically there is no requirement to seek approval from full Council. However, it is considered good practice for Council to ratify the existing scheme, given the annual uprating in April each year to adjust benefits and personal allowances, and any other consequential amendments.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>Currently the LCTS system is estimated to cost £11.34m in total each year with the Council's element amounting to 13.4% (£1.52m) in 2024/25; the cost being affected</p>

by council tax rates and claimant caseload, as well as the decisions of Council. The overall cost is broken down between working age claimants (£6.9m) and elderly claimants (£4.4m) with any decision disproportionately only affecting working age claimants. Of this cost for working age claimants (£6.9m), approximately £929k falls to the City Council, with the remainder being covered predominantly by the other major precepting authorities (County, Fire, Police) and a small element being met by Parish and Town Councils. Since the introduction of the LCTS scheme, the Government has rolled the Council Tax Support Grant into mainstream Government funding thereby making it impossible to separately identify. Should Council approve Option 2 and reduce support levels there would be related savings to the Council and major preceptors (County, Fire, Police), subject to the level of reduction. Any impact on parishes would be negligible. A cut of 10% in the level of support for working age claimants would equate to savings of £93k, whereas a 20% cut in support levels would equate to £186k in savings for the City Council.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

None

**Information Services:**

None

**Property:**

None

**Open Spaces:**

None

**SECTION 151 OFFICER'S COMMENTS**

As Members will be aware the Council is currently facing a significant budget deficit in 2025/26 and beyond, and as a result there is pressure to reduce costs where possible. As noted within the report Lancaster City Council is one of only a few Councils which provides 100% support for working age claimants at an annual cost exceeding £0.900M per annum, and so is an area where changes to the scheme could provide a level of savings to reduce the deficit.

Revisions the scheme were reviewed as part of the 2024/25 budget process and based on Band D equivalent savings to the Council could be c£100K however this does not include the impact of any additional collection costs associated with non-payment. Should Members wish to revise the scheme to achieve a degree of savings it should be balanced against the points raised at para 4.2 as well as the Council's stated Priorities.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None

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and Benefits)  
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**Lancaster City Council  
Summary Principles of the Council Tax Support Scheme**

The Council Tax Support Scheme is based upon the following principles and will:

1. be calculated as a means tested discount, defined primarily by the terms of the former Council Tax Benefit (CTB) Scheme;
2. match/reflect as appropriate specific wider welfare reforms introduced by the Government, such as those that impact upon housing benefits and/or universal credit;
3. protect pensioners (a Government requirement);
4. help protect the most vulnerable members of society as far as possible, as determined locally;
5. retain a local arrangement for war pensions to be disregarded in full;
6. support positive work incentives that are built in to benefit those who find work;
7. include a hardship fund to help claimants who suffer exceptional hardship as a result of council tax support changes; and
8. not include a second adult rebate reduction for working age claimants.

**Class of persons:**

The scheme sets out rules for working age claimants. Regulations prescribe a scheme for claimants of state pension credit age and prescribe certain classes of persons who are not eligible to claim council tax support.

Eligibility for council tax support is determined by reference to means testing i.e. the income and capital of the claimant and any partner; and by the income and number of non-dependants in the household.

Eligibility for council tax support is defined by the terms of this scheme. The scheme sets out how council tax support is claimed, calculated and paid, except where amendments are required by statute under the Local Government Finance Act 2012 and/or accompanying legislation.

**Class of reductions:**

The scheme aligns with the basic principle of the need to create work incentives.

The scheme is based on the system of making deductions from the eligible council tax for each non-dependant person in the household. The categories of non-dependency are set out in the scheme. Income brackets may be altered in line with the general up-rating arrangements in the scheme, usually adjusted annually to include personal allowances.

Changes will be reflected in the scheme, as considered appropriate, to reflect the Government's ongoing welfare benefits reforms, such as those affecting housing benefit and universal credit as examples.

**Applications:**

An application will be required for all new claims. An appropriate means of application will be decided by the authority and may be revised as required. A review process may be implemented by the local authority for new and existing awards. Awards may be reviewed in a time period to be determined by the authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

**General administration of the scheme:**

Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The authority reserves the right to include additional notifications.

**Changes in Circumstances:**

Matters relating to the duty for a claimant to notify the Local Authority of a change in circumstances shall generally replicate those that applied to the former CTB Scheme.

**Appeals process:**

Claimants will submit any appeals to the Council in the first instance for a reconsideration of a relevant decision. Once notified of the outcome of this review, the claimant will have a period of two months from the date of the notification to submit an appeal to the Valuation Tribunal.

**Backdating:**

Council Tax Support can be backdated, providing continuous good cause is shown for the delay in claiming.

**Up-rating:**

Following commencement of the scheme, with effect from 1st April each year any figures set out in the scheme may be up-rated by the consumer price index, retail price index or other rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit, or as decided by the authority.

**Other Matters:**

The scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, or other means.



**Lancaster City Council's Equality Impact Assessment  
Localised Council Tax Support Scheme 2025/26**

**Section 1: Details:**

<b>Service</b>	Revenues & Benefits Shared Service Resources
<b>Title and brief description (if required)</b>	Localised Council Tax Support Scheme (2025/26)
<b>New or existing</b>	Existing
<b>Author/officer lead</b>	Lead – Head of Shared Service / Benefits Manager
<b>Date</b>	7 <sup>th</sup> November 2024

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary:**

**What is the purpose, aims and objectives?**

The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year.

The main aims of the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.

**Who is intended to benefit and how?**

Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances.

For working age claimants, Councils can choose, through the design of their scheme, whether to alter support entitlements in some way.

Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

**Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?	Yes	
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the Council from achieving the aims of its' Equality and Diversity Policy?		No

We hold household and income details of current Localised Council Tax Support recipients and we have access to wider population statistics and can assess equality monitoring data available as part of the survey.	
Age including older and younger people and children	Positive re: pensioners - as they are protected from any changes, as directed by Government.  The scheme impacts upon working age claimants only.
Disability	Disabled customers are not adversely affected by the LCTS scheme and are not disadvantaged in comparison to other groups.
Faith, religion or belief	Neutral.
Gender including marriage, pregnancy and maternity	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
Gender reassignment	We do not anticipate this scheme will have a particular equality impact on this protected group.
Race	Potentially but if so, very marginally – BME populations seem to be over- represented in unemployment figures and so this may feed through into LCTS claims and entitlement.
Sexual orientation (Including Civic Partnerships)	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
Rural communities	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
People on low incomes	The scheme relates predominantly to this group, but numbers affected by the specific proposals are expected to be very low.

**Section 4: Next steps:**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?**

No further evidence required.

The proposal is to retain the existing scheme, which works well and offers 100% support.

**How have you taken/will you take the potential impact and evidence into account?**

This Equality Impact Assessment forms part of the Council report to be presented to Members December 2024.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

Applications to the Discretionary Hardship fund will be analysed to establish if any group is suffering extreme detriment under the retained LCTS scheme to enable action to be taken.

The Council has a Hardship Fund, available to assist vulnerable customers, experiencing difficulty in meeting their Council Tax liability.





**Delivering Our Priorities: Q2 2024/25  
03 December 2024**

**Report of Chief Executive & s151 Officer**

PURPOSE OF REPORT				
To provide members with an update on financial performance during the first two quarters of 2024/25 (April – September 2024).				
Key Decision	<b>N</b>	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

**RECOMMENDATION OF CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE & RESOURCES**

That Cabinet

- (1) Consider the update on financial performance for Quarter 2 2024/25.

**1.0 INTRODUCTION**

1.1 The primary purpose of this report is to present information relating to the Council’s financial performance for the period April-September 2024, which can be found within the appendices.

**2.0 FINANCIAL MONITORING**

2.1 The 2024/25 Budget and Medium-Term Financial Strategy (MTFS) 2024-2029 approved by Council in February 2024 set a balanced budget for the year based on the assumptions made at that time.

2.2 All portfolios are required to examine their revenue budgets and meet with their budget holders regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement, Financial Services continually reviews and refreshes how it presents the Council’s corporate monitoring information, with the Quarter 2 information distributed to Members of the above mentioned committees in late October 2024.

2.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets ( ) this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position. The following financial appendices accompany the financial monitoring section of this report.

Appendix A: General Fund Service Analysis

Appendix B:	General Fund Subjective Analysis
Appendix C:	HRA Service Analysis
Appendix D:	General Fund Capital Projects
Appendix E:	HRA Capital Projects
Appendix F:	Reserves Projected Outturn
Appendix G:	Approved Savings Monitoring
Appendix H:	Service Analysis
Appendix I:	Aged Debtor Analysis
Appendix J:	Treasury Management Quarterly Update

- 2.4 It should also be noted that **projected outturn figures are monitored against the working budget** and not the original budget within this report. The working budget includes approved virements and in-year budget adjustments. This reduces a number of variances in respect of items such as 'grossing-up' of grant income/expenditure and the movement of employees to different costs centres which is especially needed during times of service restructuring. It provides a more accurate up-to date forecast and eliminates the need for duplicate reporting at service and subjective levels.

### 3.0 SALARY PROJECTIONS

- 3.1 Salary expenditure is one of the largest areas of expenditure in the Council and the latest budgeted pay bill for direct employee expenses is £32.592M (£26.333M General Fund, £6.259M HRA).

As part of the 2024/25 budget setting process, an inflationary uplift of 5.95% was included to salaries across all services of the Council. The National Employers offer of an increase of £1,290 (or 2.5% whichever is higher) on all NJC pay points was accepted on 22 October 2024. Whilst the pay award is generally a flat monetary increase, the award has generated budgetary savings and these have now been included within the projections presented in this report. The projected annual savings included are £0.574M (£0.468M General Fund, £0.106M HRA).

The Chief Executives pay award was also agreed and has been included at 2.5%.

The Chief Officers pay award was previously agreed and included at 2.5%.

### 4.0 OUTCOMES BASED RESOURCING

- 4.1 As part of the 2024/25 budget setting process, Members approved savings and budget proposals to save the Council £1.108M in 2024/25. The process to implement these savings is now underway and Appendix G details the progress of each proposal.
- 4.2 A majority of these net savings were budgeted to be achieved by the increase of fees and charges for which additional receipts of £0.838M were included. However, it is difficult to project as there are shortfalls in income across services which may be attributable to other issues over pricing strategy. Projected income updates have been included updated within the service analysis and in section 5 below and the full impact of these variances have been included for reporting purposes within the appendix.

### 5.0 GENERAL FUND SUMMARY POSITION

- 5.1 Quarter 2 (Q2) monitoring covers the period for April – September 2024. At the end of Q2 (September 2024) a year end underspend of **£0.444M** is projected against the Council's approved original net revenue budget of **£25.008M**. As part of the 2024/25 budget setting process, Council approved a contribution to reserves of **£0.250M** to produce a balanced budget. The latest position suggests that the projected net amount contributed to reserves in respect of general fund activities will be **£0.694M**.

- 5.2 A summary of the Q2 revenue position for the main service accounts of the Council is set out in table 1 below with commentary on significant variances provided in the following paragraphs.

Table 1 Quarter 2 Financial Monitoring – Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Environment & Place	9,097	7,848	7,942	2,114	8,173	(231)
Governance	1,588	1,592	1,592	940	1,647	(55)
Housing & Property	2,296	3,002	2,919	(1,678)	2,675	+244
People & Policy	3,397	2,644	2,644	1,389	2,558	+86
Planning & Climate Change	1,494	2,081	2,137	1,025	2,167	(30)
Resources	3,959	4,873	4,873	741	4,583	+290
Sustainable Growth	(642)	(1,134)	(1,201)	(731)	(1,131)	(70)
Corporate Accounts	2,093	98	98	218	921	(823)
Other Items	4,834	5,169	5,169	(1,191)	4,136	+1,033
<b>Sub Total</b>	<b>28,116</b>	<b>26,173</b>	<b>26,173</b>	<b>2,827</b>	<b>25,729</b>	<b>+444</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	840	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	4,399	269	4,414	(15)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(4,399)	(3)	(4,414)	+15
<b>Sub Total</b>	<b>(1,162)</b>	<b>(1,165)</b>	<b>(1,165)</b>	<b>80</b>	<b>(1,165)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>26,954</b>	<b>25,008</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>+444</b>
Financing Income	(16,351)	(14,080)	(14,080)	7,095	(14,080)	0
<b>Council Tax Requirement</b>	<b>10,603</b>	<b>10,928</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>+444</b>

#### Environment & Place (-£0.231M) Adverse

- 5.3 Significant budget variances : -

- Estimated pay award savings +£0.145M
- General staff turnover savings +£0.397M due to vacancies across the with significant contributions from vacant Head of Public Protection and EP Team Leader positions which will not be recruited to
- Significant income shortfalls at SALC, including Spa and Swimming (-£0.261M) offset by salary savings included above
- Vital health and safety works at Roman Baths, Ashton Road, Heysham Bus Depot and Knowlys Road (-£0.039M)
- Hire of portakabins at WLD (-£0.082M) and holder of WAMITAB qualification needed for depot (-£0.018M)
- Energy and water charges (-£0.069M)
- Vehicle R&M (-£0.090M) across street cleaning and waste collection due to extension of vehicles whilst further information sought surrounding food waste collection; hire vehicles now returned (-£0.014M)
- Additional trade waste disposal costs for recycling (-£0.135M)
- Williamson Park Zoo, wedding venue and park no longer exempt from business rates and charging back-dated to 2017/18 (-£0.061M)

#### Governance (-£0.055M) Adverse

- 5.4 Significant budget variances : -

- Estimated pay award savings +£0.038M
- Agency cover for Procurement Officer (-£0.082M) offset by vacant post savings within service +£0.059M
- Reduced Search Fee income (-£0.025M) due to current market conditions
- Street Trading Consent scheme not yet commenced (-£0.020M)
- Increased Material & Postage Costs for Electoral Registration (-£0.010M)

#### Housing & Property +£0.244M Favourable

- 5.5 Significant budget variances : -

- Estimated pay award savings +£0.081M

- Salary savings +£0.037M largely due to vacancies within private sector housing and property services sections. A further +£0.135M has been identified due to the Selective Licensing scheme not progressing which is off-set by a reduction in income (-£0.136M)
- Recharge of staff seconded to neighbouring authorities +£0.032M
- Household Support Fund administration charge income +£0.032M
- Net additional business rates on void units (-£0.071M)
- Net additional utilities costs (-£0.033M)
- Net additional rent income due to lease and other commercial property changes +£0.163M however it should be noted that rent due for 17-21 Penny Street has been assumed although this has led to an increase in the level of bad debt provision (see section 5.10)

People & Policy +£0.086M Favourable

5.6 Significant budget variance: -

- Estimated pay award savings +£0.067M
- Severance payments (-£0.076M) in respect of transformational change
- Financing of Business Analysts posts still to be determined however will be classified as transformational costs or met from reserves (-£0.053M)
- Savings from retirement of senior management officers +£0.179M

Planning & Climate Change (-£0.030M) Adverse

5.7 Significant budget variances: -

- Estimated pay award savings +£0.063M
- Savings from 9 vacant posts and 6 posts currently in process of being readvertised +£0.180M
- Additional cost of planning appeals (-£0.053M)
- Reduced levels of planning fee/pre application income due to downward projection in major planning applications (-£0.217M)

Resources +£0.290M Favourable

5.8 Significant budget variances: -

- Estimated pay award savings +£0.045M
- Salary savings +£0.179M including key accountancy and ICT vacancies.
- Net saving on data line connections and ICT support costs +£0.072M

Sustainable Growth (-£0.070M) Adverse

5.9 Significant budget variances: -

- Estimated pay award savings +£0.029M
- Salary savings +£0.074M which includes 4 vacant Engineer posts
- Business rates revaluations largely relating to off-street car parks (-£0.027M)
- City Council element of project costs for Eden North which are ineligible to be included within the grant claim although being disputed (-£0.034M)
- Market income (-£0.100M) down on last year with a higher number of vacant stalls and units. A publicity drive and signage improvements are underway to encourage new stall holders

Corporate Accounts (-£0.823M) Adverse

5.10 Significant budget variances: -

- The provision for staff turnover target (-£0.474M) is held within Corporate Services whilst the additional costs/savings generated are attributed to the individual service lines. The council salary related position as a whole (including the additional pay award, agency and consultancy costs) is expected to be underspent by +£1.515M.
- The provision for Bad Debts is anticipated to increase by (-£349K) due to the lease at 17-21 Penny Street not having been surrendered, however the income is accounted for in section 5.5 above.

Other Items +£1.033M) Adverse

5.11 Significant budget variances: -

- New borrowing in 2023-24 was not incurred as anticipated largely due to significant

levels of slippage on schemes in the capital programme leading to higher levels of cash balances +£0.300M.

- Interest rates have remained higher than the 4.5% forecast in September 2023 due to inflationary pressures. Also, cash balances have been higher than forecast largely due to slippage on schemes in the capital programme +£0.636M.
- Minimum Revenue Provision (MRP) savings arising due to slippage of schemes in the Capital Programme during 2023/24 +£0.099M.

5.12 Appendix A: General Fund Service Analysis (Q2) set out the above information in more detail and provides summary percentage variations for variances +/- £30K. Appendix H provides additional analysis across individual service areas.

5.13 The revenue position provided within table 1 above is analysed across the Council's subjective headings and is set out in table 2 below.

Table 2 Quarter 2 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Employees	26,117	25,932	26,136	12,072	25,047	+1,089
Premises Related Exp	6,215	5,210	5,168	2,790	5,609	(441)
Transport Related Exp	2,094	1,658	1,658	1,658	1,756	(98)
Supplies and Services	16,279	14,294	18,151	7,538	19,411	(1,260)
Transfer Payments	25,310	21,977	21,977	9,238	21,977	0
Support Services	151	141	228	39	228	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,132	1,542	1,542	0	1,242	+300
Appropriations	6,829	5,373	5,373	0	5,274	+99
Income	(56,011)	(49,671)	(53,777)	(29,569)	(54,532)	+755
Capital Financing Inc	0	(300)	(300)	0	(300)	0
<b>Sub Total</b>	<b>28,116</b>	<b>26,173</b>	<b>26,173</b>	<b>2,827</b>	<b>25,729</b>	<b>+444</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	840	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	4,399	269	4,414	(15)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(4,399)	(3)	(4,414)	+15
<b>Sub Total</b>	<b>(1,162)</b>	<b>(1,165)</b>	<b>(1,165)</b>	<b>80</b>	<b>(1,165)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>26,954</b>	<b>25,008</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>+444</b>
Financing Income	(16,351)	(14,080)	(14,080)	7,095	(14,080)	0
<b>Council Tax Requirement</b>	<b>10,603</b>	<b>10,928</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>+444</b>

5.14 Appendix B: General Fund Subjective Analysis covers this information in more detail.

## 6.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

6.1 As at the end of Q2, a year end overspend against budget of **(-£0.667M)** is projected. A summary of the Q2 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 1 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Policy & Management	2,748	3,080	3,409	1,278	2,949	+460
Repairs & Maintenance	7,935	6,911	6,980	3,312	6,956	+24
Welfare Services	(90)	(237)	(237)	(255)	(274)	+37
Special Services	266	238	249	113	234	+15
Miscellaneous Expenses	1,039	952	952	685	1,364	(412)
Income Account	(17,551)	(17,985)	(17,985)	(9,144)	(18,071)	+86
Capital Charges	(4,298)	7,014	7,014	0	7,463	(449)
Appropriations	9,434	(490)	(899)	0	(471)	(428)
<b>Sub Total</b>	<b>(517)</b>	<b>(517)</b>	<b>(517)</b>	<b>(4,011)</b>	<b>150</b>	<b>(667)</b>
Net Recharges to General Fund	517	517	517	517	517	0
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,494)</b>	<b>667</b>	<b>(667)</b>

## 6.2 Significant budget variances: -

- Estimated pay award savings +£0.106M
- General staff turnover savings +£0.016M
- Additional repairs costs relating to defending and settling disrepair claims (-£0.075M)
- Additional rent loss from voids due to ongoing capital projects (-£0.122M)
- Additional council tax on re-lets due to major voids and capital projects (-£0.129M)
- Net saving on utilities costs +£0.129M
- Additional service charge income including increased uptake of furniture package service +£0.208M, partly off-set by increase in costs (-£0.118M)
- Reprofiling of Housing System Replacement project +£0.439M, off-set by decreased contribution from reserves (-£0.439M)
- Increase in contribution to bad debt provision (-£0.151M)
- Increase in depreciation charge (-£0.449M), due to 2023/24 revaluations

6.3 Appendix C: Housing Revenue Account Service Analysis covers this information in more detail and provides summary percentage variations for variances +/- £30K.

## 7.0 CAPITAL PROJECTS (General Fund &amp; HRA)

7.1 At Q2 a year end variance against budget of **(£1.377M)** (General Fund (£2.577M), HRA (-£1.200M)) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 2 Financial Monitoring – Capital Projects

	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
<b>General Fund</b>					
Environment & Place	2,277	2,098	(1,623)	545	+1,553
Housing & Property	2,524	3,770	(2,279)	2,960	+810
People & Policy	0	0	(40)	0	0
Planning & Climate Change	440	440	(194)	1,100	(660)
Resources	1,341	2,203	514	1,994	+209
Sustainable Growth	115	551	(4,537)	286	+265
Other Items	0	0	(1,060)	0	0
<b>GENERAL FUND - TOTAL</b>	<b>6,697</b>	<b>9,062</b>	<b>(9,219)</b>	<b>6,885</b>	<b>2,177</b>
<b>Housing Revenue Account</b>					
Adaptations	300	300	136	300	0
Energy Efficiency / Boiler Replacement	909	1,334	517	1,554	(220)
Kitchen / Bathroom Refurbishment	888	888	297	888	0
External Refurbishment	526	547	17	547	0
Environmental Improvements	150	278	190	278	0
Re-roofing / Window Renewals	493	782	226	782	0
Rewiring	88	110	3	110	0
Lift Replacement	0	0	0	0	0
Fire Precaution Works	392	486	59	536	(50)
Housing Renewal & Renovation	607	1,181	424	1,411	(230)
Mainway Pilot Scheme	0	0	0	700	(700)
<b>HOUSING REVENUE ACCOUNT - TOTAL</b>	<b>4,353</b>	<b>5,906</b>	<b>1,869</b>	<b>7,106</b>	<b>(1,200)</b>
<b>GRAND TOTAL</b>	<b>11,050</b>	<b>14,968</b>	<b>(7,350)</b>	<b>13,991</b>	<b>+977</b>

7.2 +£2.177M forecast underspend against budget relating to GF is partially offset by -(£1.2M) overspend against budget on HRA.

7.3 With regard to the projected adverse variance on the HRA Capital Programme, this has been addressed in full by the Mid-Year Capital Review presented to Cabinet on 22<sup>nd</sup> October and Council on 13<sup>th</sup> November.

7.4 £2.455M of underspends on General Fund were also addressed by the Mid-Year Capital Review. Once accounted for, the following differences represent the true latest position of any forecast under/(over)spends: -

- Housing & Property: anticipated overspend after slippage request of (-£0.458M) for the Mellishaw Park project; +£0.012M Property Capital Works budget may not be needed as works to Lancaster Maritime Museum are no longer required.
- Resources: +£0.103M IT Strategy works may need to slip into 2025/26 due to changing priorities limiting what can be completed in this financial year.
- Sustainable Growth: +£0.050M budget for Bare Outfall Flooding may not be required as a £3K revenue solution has been carried out and is being monitored to ensure that its success. +£0.015M underspend on Lawsons Bridge S106 scheme as S106 timescale has expired. Residual funds held by Lancaster City Council are expected to be returned to the developer.

7.5 Appendix D: General Fund Capital Projects and Appendix E: HRA Capital Projects provide further information and summary commentary.

## 8.0 RESERVES

8.1 The Council's General Fund unallocated balances are projected to be **£8.420M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£25.785M**. Table 6 Quarter 2 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 6 Quarter 2 Financial Monitoring – General Fund Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(8,620,400)	(1,070,000)	0	1,277,500	(8,412,900)	(10,327,000)	(1,514,000)		3,420,700	(8,420,300)
<b>Total Earmarked Reserves</b>	(12,349,300)	(1,492,300)	38,000	156,100	(13,647,500)	(17,039,000)	(1,492,300)	101,000	1,065,400	(17,364,900)
<b>Total Combined Reserves</b>	(20,969,700)	(2,562,300)	38,000	1,433,600	(22,060,400)	(27,366,000)	(3,006,300)	101,000	4,486,100	(25,785,200)

- 8.2 The increase in usage of unallocated balances since the budget was approved include :-
- The inclusion of slippage (-£0.608M) as approved by Cabinet on 10 September 2024.
  - The revenue underspend of +£0.444M as detailed in section 5.1
  - Supporting the refurbishment of the roof and cladding works at the Gateway building (-£1.413M)
  - Set-up costs relating to the Civica Property Management system (-£0.102M)
  - To commission a waste composite audit in order to prepare for the collection of food waste in order to meet the government's waste strategy (-£0.020M)
  - Further spend on the major incident at the former Supaskips building (-£0.027M)
- 8.3 The increase in usage of earmarked reserve balances since the budget was approved include :-
- The inclusion of slippage (-£0.912M) as approved by Cabinet on 10 September 2024
  - Vehicle Dynamic Assessments to be funded from corporate priorities (-£0.040M)
  - A landscape and heritage management plan at Williamson Park to be funded from corporate priorities (-£0.010M)
- 8.4 The Council's Housing Revenue Account unallocated balances are projected to be **£0.178M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£2.435M**. Table 7 Quarter 2 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 2 Financial Monitoring – Housing Revenue Account Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>HRA Unallocated Balances</b>	(750,000)	(95,600)	0		(845,600)	(750,000)	(95,600)		667,400	(178,200)
<b>Total Earmarked Reserves</b>	(2,139,000)	(4,510,100)	4,325,700	770,100	(1,553,300)	(3,603,000)	(4,553,700)	5,103,900	795,800	(2,257,000)
<b>Total Combined Reserves</b>	(2,889,000)	(4,605,700)	4,325,700	770,100	(2,398,900)	(4,353,000)	(4,649,300)	5,103,900	1,463,200	(2,435,200)

- 8.5 As the projected net overspend will cause HRA unallocated balances to fall below the recommended minimum level of £0.750M, largely due to the anticipated increase in depreciation charges, work is continuing to closely monitor areas of expenditure known to be under pressure, to evaluate forecast spends against service priorities as well as review the use of earmarked reserves in order to identify opportunities for the redirection of funds to support the revenue account.
- 8.6 Appendix F: Reserves Projected Outturn provides further detailed analysis for both funds.
- 8.7 The Council's reserves are used to manage pressures such as the cost of living crisis and also support the work to address the underlying structural deficit through the OBR process. As a result, they are fundamental to ensuring the financial sustainability of the Council as it deals with these pressures and will be kept under review by Officers and Members.

## 9.0 COLLECTION FUND

### Business Rates

- 9.1 At the Autumn Budget on 30<sup>th</sup> October 2024 the Chancellor announced that for 2025/26:
- 2025/26 Multipliers – It was confirmed that the small business rates multiplier would be frozen at 49.9p with the standard multiplier updated from 54.6p to 55.5p
  - Retail, Hospitality and Leisure Relief – This relief has been decreased from 75% to 40% and the cap has remained the same i.e., £110,000.
  - Removing Charitable Rate Relief from Private Schools – The existing mandatory business rates relief of 80% for private schools with charitable status will end from 1<sup>st</sup> April 2025.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant Retail, Hospitality and Leisure Relief in line with the relevant eligibility criteria. Authorities are compensated for the cost of granting these reliefs via a section 31 grant from the government.

Section 1 of the Non-Domestic Rating Act (2023) created a mandatory relief to businesses making improvements to properties they occupy. Businesses that have made qualifying improvements may benefit from 100% relief from higher bills for 12 months. The scheme will run until 1<sup>st</sup> April 2029.

- 9.2 The collection rate for Business Rates is currently 54.5%, which is ahead of the profiled target of 51.4%. The annual target is 98.0%.

### Council Tax

- 9.3 The current collection rate for Council Tax is 54.0% which is slightly behind the profiled target of 56.5%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q2 is 9,313.

## 10.0 DEBTORS (INCLUDING WRITE OFFS)

- 10.1 Appendix I details the 'Aged Debt Summary by Service'. Note that the analysis does not



include any debtors relating to collection fund, housing benefit and HRA housing rents income.

- 10.2 Table 8 below provides details of the debts have been written off by the Council’s Revenues and Benefits service in relation to Council Tax, Business Rates and Housing Benefits Overpayments.

Table 8: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	90,716	91,491			182,207
Business Rates	48,798	6,347			55,145
Housing Benefit Overpayments	16,847	24,846			41,693
Housing Rents (HRA)	4,085	9,336			13,421
<b>Total</b>	<b>160,446</b>	<b>132,020</b>	<b>0</b>	<b>0</b>	<b>292,466</b>

- 10.3 Debts are deemed non recoverable after all reasonable recovery steps have been taken and can be written off in accordance with the Council’s Debt Management Policy in a number of circumstances such as unable to trace, uneconomical to pursue, insolvency as well as imprisonment and death.

**11.0 TREASURY MANAGEMENT**

- 11.1 Appendix J (previously considered by Cabinet 22<sup>nd</sup> October and Council 13<sup>th</sup> November) gives a quarterly update in respect of treasury management activities and the most recent economic prospects.

- 11.2 The average level of funds available for investment at the end of quarter 2 was £25.00M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 5.00%
7 day SONIA	– 5.12%
Lancaster City Council	– 5.19%

Details of investment holdings are set out in Appendix J

- 11.3 No new borrowing was undertaken during quarter 2 with balance sheet projections indicating that temporary borrowing may be required before the end of the financial year. The ultimate amount and timing of this will depend on working capital cashflows in the run up to year end which are kept under close review with a further update being made available at quarter 3.
- 11.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2024/25. Appendix J gives an update in respect of prudential indicators showing the current forecast for the year against estimate.

**RELATIONSHIP TO POLICY FRAMEWORK**

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

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly identifiable, due to the high level nature of this report.

**LEGAL IMPLICATIONS**

There are no legal implications directly arising.

**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 report has been written by the Section 151 Officer.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

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**Ref:**

**QUARTER 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Services</b>								
	98	106	6	112	30	113	(1)	
	330	387	0	387	1	329	58	+15%
	(10)	(3)	(4)	(7)	68	(43)	36	+514%
	364	591	0	591	138	437	154	+26%
	251	229	23	252	44	259	(7)	
	1,376	1,236	3	1,239	869	1,276	(37)	(3%)
<a href="#">Environment &amp; Place</a>	0	(18)	0	(18)	(63)	(23)	5	
	960	356	22	378	83	523	(145)	(38%)
	662	786	2	788	378	844	(56)	(7%)
	1,739	1,793	(1)	1,792	760	1,737	55	+3%
	65	72	0	72	25	71	1	
	(786)	(1,037)	0	(1,037)	(1,295)	(887)	(150)	(14%)
	3,510	2,984	0	2,984	952	3,087	(103)	(3%)
	538	366	43	409	124	450	(41)	(10%)
	962	1,030	0	1,030	533	1,037	(7)	
<a href="#">Governance</a>	647	634	0	634	419	680	(46)	(7%)
	(21)	(72)	0	(72)	(12)	(70)	(2)	
	(1,366)	(1,415)	(69)	(1,484)	(768)	(1,590)	106	+7%
	533	597	0	597	260	549	48	+8%
	550	664	20	684	387	676	8	
	179	(10)	0	(10)	54	12	(22)	
<a href="#">Housing &amp; Property</a>	628	570	63	633	197	652	(19)	
	62	106	(71)	35	16	33	2	
	885	1,521	0	1,521	(2,374)	1,444	77	+5%
	703	842	(26)	816	488	764	52	+6%
	122	127	0	127	62	135	(8)	
	0	0	0	0	0	0	0	
	246	240	0	240	81	236	4	
	313	382	0	382	98	194	188	+49%
	92	97	0	97	38	97	0	
	678	215	0	215	92	213	2	
<a href="#">People &amp; Policy</a>	85	74	0	74	28	72	2	
	1,384	1,123	0	1,123	621	1,180	(57)	(5%)
	127	183	0	183	106	236	(53)	(29%)
	302	312	0	312	300	312	0	
	170	18	0	18	25	18	0	
	121	190	0	190	47	186	4	
<a href="#">Planning &amp; Climate Change</a>	429	712	56	768	492	873	(105)	(14%)
	197	205	0	205	106	210	(5)	
	747	974	0	974	380	898	76	+8%
	51	59	0	59	74	66	(7)	
	1,257	1,625	0	1,625	655	1,488	137	+8%
<a href="#">Resources</a>	1,503	1,807	0	1,807	879	1,647	160	+9%
	156	169	0	169	97	169	0	
	992	1,213	0	1,213	(964)	1,213	0	
	346	220	0	220	100	220	0	
	(53)	(126)	(10)	(136)	(98)	(4)	(132)	(97%)
<a href="#">Sustainable Growth</a>	433	485	0	485	220	489	(4)	
	(2,553)	(2,753)	0	(2,753)	(1,223)	(2,748)	(5)	
	873	590	(57)	533	193	540	(7)	
	312	450	0	450	77	372	78	+17%
	<b>21,189</b>	<b>20,906</b>	<b>0</b>	<b>20,906</b>	<b>3,800</b>	<b>20,672</b>	<b>234</b>	<b>+1%</b>
<b>Corporate Services</b>								
<a href="#">Corporate Accounts</a>	2,093	98	0	98	218	921	(823)	(840%)
	4,039	2,362	0	2,362	0	2,362	0	
	(1,159)	(1,239)	0	(1,239)	(775)	(1,239)	0	
	1,132	1,541	0	1,541	0	1,241	300	+19%
	(1,413)	(505)	0	(505)	(416)	(1,140)	635	+126%
<a href="#">Other Items</a>	2,660	3,010	0	3,010	0	2,912	98	+3%
	(80)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	(345)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	<b>6,927</b>	<b>5,267</b>	<b>0</b>	<b>5,267</b>	<b>(973)</b>	<b>5,057</b>	<b>210</b>	<b>+4%</b>
	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	(130)	(139)	0	(139)	840	(139)	0	
	1,295	1,272	3,127	4,399	269	4,414	(15)	
	(1,295)	(1,272)	(3,127)	(4,399)	(3)	(4,414)	15	
<b>General Fund Revenue Budget</b>	<b>26,954</b>	<b>25,008</b>	<b>0</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>444</b>	<b>+2%</b>
Core Funding :								
	(406)	(433)	0	(433)	(225)	(433)	0	
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	181	141	0	141	0	141	0	
	(16,126)	(13,788)	0	(13,788)	7,320	(13,788)	0	
<b>Council Tax Requirement</b>	<b>10,603</b>	<b>10,928</b>	<b>0</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>444</b>	<b>+4%</b>

**Notes:**

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**QUARTER 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2024/25**

		Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,769	25,116	203	25,319	11,275	23,867	1,452	+6%
	Indirect Employee Expenses	2,348	816	0	816	797	1,180	(364)	(45%)
	Cleaning and Domestic Supplies	272	169	0	169	90	171	(2)	
	Energy Costs	2,207	1,548	0	1,548	134	1,590	(42)	(3%)
	Fixtures and Fittings	1	1	0	1	0	1	0	
	Grounds Maintenance Costs	52	61	0	61	13	61	0	
	Operational Bldgs Allocation	219	107	0	107	113	107	0	
Premises Related Exp	Other Premises Costs	0	0	0	0	0	0	0	
	Premises Insurance	294	320	0	320	337	336	(16)	
	Rates	1,284	1,339	0	1,339	1,537	1,535	(196)	(15%)
	Rents	72	65	0	65	59	65	0	
	Repair and Maintenance	1,421	1,262	(121)	1,141	306	1,271	(130)	(11%)
	Water Services	393	338	73	411	201	472	(61)	(15%)
	Car Allowances	12	2	0	2	6	9	(7)	
	Contract Hire Operating Leases	215	46	0	46	31	55	(9)	
Transport Related Exp	Direct Transport Costs	1,777	1,503	0	1,503	590	1,584	(81)	(5%)
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	13	20	0	20	2	18	2	
	Transport Insurance	77	87	0	87	90	90	(3)	
	Catering	51	40	0	40	11	40	0	
	Clothing Uniform and Laundry	104	88	0	88	61	89	(1)	
	Communications and Computing	1,496	1,693	0	1,693	1,376	1,669	24	
	Contribution to Provisions	963	250	0	250	0	599	(349)	(140%)
Supplies and Services	Equip Furniture and Materials	1,807	1,610	77	1,687	857	1,711	(24)	
	Expenses	588	528	0	528	240	502	26	
	General Office Supplies	245	247	0	247	287	236	11	
	Grants and Subscriptions	1,927	1,782	74	1,856	1,028	1,927	(71)	(4%)
	Miscellaneous Expenses	1,458	1,232	1,803	3,035	492	3,418	(383)	(13%)
	Services	7,640	6,824	1,903	8,727	3,186	9,220	(493)	(6%)
Transfer Payments	Housing Benefit	25,310	21,977	0	21,977	9,238	21,977	0	
Support Services	Recharges Exp	151	141	87	228	39	228	0	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	0	
	Depreciation	0	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,132	1,542	0	1,542	0	1,242	300	+19%
Appropriations	Appropriations	6,829	5,373	0	5,373	0	5,274	99	+2%
	Customer Fees and Charges	(19,482)	(20,040)	0	(20,040)	(10,890)	(19,645)	(395)	(2%)
	Government Grants	(29,176)	(25,281)	(2,852)	(28,133)	(15,717)	(28,526)	393	+1%
Income	Interest	(1,611)	(568)	0	(568)	(416)	(1,204)	636	+112%
	Other Grants and Contributions	(3,261)	(2,281)	(1,247)	(3,528)	(1,952)	(3,563)	35	+1%
	Recharges Inc	(2,481)	(1,501)	0	(1,501)	(594)	(1,594)	93	+6%
Capital Financing Inc	Capital Related Income	0	(300)	0	(300)	0	(300)	0	
	Net Recharges to Housing Revenue Account	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	0	(139)	840	(139)	0	
	Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	3,126	4,399	269	4,414	(15)	
	Revenue Reserve funded items included in above analysis (Appropriations)	(1,295)	(1,272)	(3,127)	(4,399)	(3)	(4,414)	15	
<b>General Fund Revenue Budget</b>		<b>26,954</b>	<b>25,008</b>	<b>(1)</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>444</b>	<b>+2%</b>
Core Funding :	Revenue Support Grant	(406)	(433)	0	(433)	(225)	(433)	0	
	Additional New Homes Bonus	0	0	0	0	0	0	0	
	Supplementary Government Grants	0	0	0	0	0	0	0	
	Prior Year Council Tax Surplus	181	141	0	141	0	141	0	
	Net Business Rates Income	(16,126)	(13,788)	0	(13,788)	7,320	(13,788)	0	
<b>Council Tax Requirement</b>		<b>10,603</b>	<b>10,928</b>	<b>(1)</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>444</b>	<b>+4%</b>

**Notes:**

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**QUARTER 2 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Housing Revenue Account</b>								
Policy & Management	2,748	3,080	329	3,409	1,278	2,949	460	+13%
Repairs & Maintenance	7,935	6,911	69	6,980	3,312	6,956	24	
Welfare Services	(90)	(237)	0	(237)	(255)	(274)	37	+16%
Special Services	266	238	11	249	113	234	15	
Miscellaneous Expenses	1,039	952	0	952	685	1,364	(412)	(43%)
<a href="#">Housing Revenue Account</a>	(17,551)	(17,985)	0	(17,985)	(9,144)	(18,071)	86	+0%
Capital Charges	(4,298)	7,014	0	7,014	0	7,463	(449)	(6%)
Appropriations	9,434	(490)	(409)	(899)	0	(471)	(428)	(48%)
Gain/Loss on Asset Sales	0	0	0	0	0	0	0	
Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	0	
	<b>(517)</b>	<b>(517)</b>	<b>0</b>	<b>(517)</b>	<b>(4,011)</b>	<b>150</b>	<b>(667)</b>	<b>(129%)</b>
Net Recharges to General Fund	517	517	0	517	517	517	0	
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,494)</b>	<b>667</b>	<b>(667)</b>	

**Notes:**

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2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**QUARTER 2 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25**

	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Services</b>							
	0	0	0	(30)	0	0	
	0	0	0	(342)	0	0	
<a href="#">Environment &amp; Place</a>	0	0	0	(1,462)	0	0	
	0	0	0	0	0	0	
	1,301	(179)	1,122	211	545	577	
	976	0	976	0	0	976	+100%
	0	422	422	55	250	172	+41%
	62	0	62	0	62	0	
	0	0	0	(300)	0	0	
	0	0	0	(2,510)	0	0	
	127	(87)	40	0	0	40	+100%
<a href="#">Housing &amp; Property</a>	0	0	0	0	0	0	
	984	0	984	0	10	974	+99%
	0	73	73	470	531	(458)	(627%)
	0	0	0	(2)	0	0	
	0	0	0	0	0	0	
	355	0	355	0	273	82	+23%
	996	838	1,834	8	1,834	0	
<a href="#">People &amp; Policy</a>	0	0	0	(40)	0	0	
	200	0	200	0	600	(400)	(200%)
<a href="#">Planning &amp; Climate Change</a>	240	(240)	0	(66)	0	0	
	0	240	240	6	500	(260)	(108%)
	0	0	0	(134)	0	0	
	0	0	0	13	0	0	
	0	0	0	0	0	0	
	166	0	166	41	60	106	+64%
<a href="#">Resources</a>	115	113	228	54	125	103	+45%
	0	116	116	9	116	0	
	300	0	300	0	300	0	
	5	10	15	5	15	0	
	755	623	1,378	392	1,378	0	
	0	0	0	0	0	0	
	0	0	0	1	0	0	
	50	0	50	0	0	50	+100%
	0	0	0	(2,389)	0	0	
	0	0	0	(1,578)	0	0	
	0	0	0	(668)	0	0	
<a href="#">Sustainable Growth</a>	30	0	30	14	30	0	
	0	0	0	(9)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	373	373	62	173	200	+54%
	5	0	5	(18)	5	0	
	0	63	63	48	48	15	
	30	0	30	0	30	0	
	0	0	0	(23)	0	0	
	0	0	0	(264)	0	0	
	0	0	0	(8)	0	0	
	0	0	0	(790)	0	0	
	0	0	0	(13)	0	0	
	0	0	0	(39)	0	0	
<a href="#">Other Items</a>	0	0	0	0	0	0	
	0	0	0	(67)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	144	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	6,697	2,365	9,062	(9,219)	6,885	2,177	+24%
<b>GRAND TOTAL</b>	<b>6,697</b>	<b>2,365</b>	<b>9,062</b>	<b>(9,219)</b>	<b>6,885</b>	<b>2,177</b>	<b>+24%</b>

**Notes:**

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- Expenditure is expressed as a positive figure
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**Council Housing Capital Programme 2024/25**

	2024/25 Original Budget	2024/25 Working Budget	2024/25 P6 Actual	2024/25 Projected Outturn	2024/25 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
<b>EXPENDITURE</b>						
Adaptations	300,000	300,000	135,545	300,000	0	
Energy Efficiency / Boiler Replacement	909,000	1,333,700	517,068	1,553,700	(220,000)	Extend current year's boiler replacement programme to minimise impact on revenue budgets, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Kitchen / Bathroom Refurbishment	888,000	888,000	297,320	888,000	0	
External Refurbishment	526,000	546,800	16,874	546,800	0	
Environmental Improvements	150,000	277,600	190,177	277,600	0	
Re-roofing / Window Renewals	493,000	781,500	226,331	781,500	0	
Rewiring	88,000	109,900	2,745	109,900	0	
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	392,000	486,100	59,059	536,100	(50,000)	Achieve 10 year replacement cycle for smoke / heat / carbon monoxide detectors at agreed specification, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Housing Renewal & Renovation	607,000	1,181,000	424,500	1,411,000	(230,000)	Continue whole house major void refurbishment programme to minimise rent loss; Provide for additional costs relating to changes to specifications at Alder Grove, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Mainway Regeneration Project	0	0	-363,919	0	0	
Acquisitions	0	0	0	700,000	(700,000)	Seek to acquire a maximum of 6 properties to serve the purpose of increasing council housing stock, as included in the Mid Year Review presented to Cabinet on 22 October 2024
<b>TOTAL EXPENDITURE</b>	<b>4,353,000</b>	<b>5,904,600</b>	<b>1,505,700</b>	<b>7,104,600</b>	<b>(1,200,000)</b>	

Note: Variances are expressed as negative ( ) for adverse and positive + for favourable

## Reserves Statement (Including Unallocated Balances)

&lt;----- ORIGINAL BUDGET -----&gt;

&lt;----- PROJECTED OUTTURN -----&gt;

	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(8,620,400)	(1,070,000)	0	1,277,500	(8,412,900)	(10,327,000)	(1,514,000)		3,420,700	(8,420,300)
<b>Earmarked Reserves:</b>										
Corporate Priorities	(18,300)			82,700	64,400	(454,700)			412,900	(41,800)
Capital Support	(73,000)				(73,000)	(73,000)				(73,000)
Corporate Property	(313,500)				(313,500)	(313,500)				(313,500)
Covid 19 Support Reserve	(9,700)				(9,700)	(9,700)				(9,700)
Investment Property Maint	(34,900)				(34,900)	(84,900)				(84,900)
Invest to Save	(73,500)				(73,500)	(264,300)			162,900	(101,400)
Museums Acquisitions	(40,800)	(4,500)			(45,300)	(42,500)	(4,500)			(47,000)
Planning Fee Income	(30,400)				(30,400)	(10,600)				(10,600)
Restructure	(399,900)				(399,900)	(450,600)			50,600	(400,000)
<b>To Support Revenue &amp; Capital Expenditure</b>	<b>(994,000)</b>	<b>(4,500)</b>	<b>0</b>	<b>82,700</b>	<b>(915,800)</b>	<b>(1,703,800)</b>	<b>(4,500)</b>	<b>0</b>	<b>626,400</b>	<b>(1,081,900)</b>
<b>Renewals Reserves</b>	<b>(1,422,700)</b>	<b>(491,800)</b>	<b>38,000</b>		<b>(1,876,500)</b>	<b>(1,430,300)</b>	<b>(491,800)</b>	<b>38,000</b>	<b>4,100</b>	<b>(1,880,000)</b>
General Renewals	(1,064,300)	(295,800)			(1,360,100)	(1,068,500)	(295,800)		4,100	(1,360,200)
Salt Ayre Leisure Centre	(55,700)	(150,000)	38,000		(167,700)	(55,700)	(150,000)	38,000		(167,700)
Williamson Park	(47,000)	(18,000)			(65,000)	(47,000)	(18,000)			(65,000)
Car Parks	(135,200)	(12,000)			(147,200)	(135,200)	(12,000)			(147,200)
Happy Mount Park	(49,900)	(14,000)			(63,900)	(49,900)	(14,000)			(63,900)
Arnsdale & Silverdale AONB	(70,600)	(2,000)			(72,600)	(74,000)	(2,000)			(76,000)
Elections	9,600	(45,000)			(35,400)	(17,300)	(45,000)			(62,300)
Homelessness Support	(110,800)				(110,800)	(110,800)				(110,800)
Lancaster District Hardship	(500)				(500)	(106,000)			105,400	(600)
Business Rates Retention	(7,694,000)	(751,000)			(8,445,000)	(11,313,400)	(751,000)			(12,064,400)
Revenue Grants Unapplied	(158,700)			73,400	(85,300)	(440,400)			329,500	(110,900)
S106 Commuted Sums - Affordable Housing	(155,800)				(155,800)	(218,800)				(218,800)
S106 Commuted Sums - Highways, Cycle Paths etc.	(1,398,600)	(200,000)			(1,598,600)	(1,274,400)	(200,000)	63,000		(1,411,400)
Welfare Reforms	(324,900)				(324,900)	(324,900)				(324,900)
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
<b>Reserves Held in Perpetuity:</b>										
Graves Maintenance	(22,200)				(22,200)	(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)	(47,700)				(47,700)
<b>Total ring-fenced/held against risk</b>	<b>(11,355,300)</b>	<b>(1,487,800)</b>	<b>38,000</b>	<b>73,400</b>	<b>(12,731,700)</b>	<b>(15,335,200)</b>	<b>(1,487,800)</b>	<b>101,000</b>	<b>439,000</b>	<b>(16,283,000)</b>
<b>Total Earmarked Reserves</b>	<b>(12,349,300)</b>	<b>(1,492,300)</b>	<b>38,000</b>	<b>156,100</b>	<b>(13,647,500)</b>	<b>(17,039,000)</b>	<b>(1,492,300)</b>	<b>101,000</b>	<b>1,065,400</b>	<b>(17,364,900)</b>
<b>Total Combined Reserves</b>	<b>(20,969,700)</b>	<b>(2,562,300)</b>	<b>38,000</b>	<b>1,433,600</b>	<b>(22,060,400)</b>	<b>(27,366,000)</b>	<b>(3,006,300)</b>	<b>101,000</b>	<b>4,486,100</b>	<b>(25,785,200)</b>



## HRA Reserves Statement (Including Unallocated Balances)

&lt;----- ORIGINAL BUDGET -----&gt;

&lt;----- PROJECTED OUTTURN -----&gt;

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
<b>HRA Unallocated Balances</b>	<b>(750,000)</b>	<b>(95,600)</b>	<b>0</b>		<b>(845,600)</b>	<b>(750,000)</b>	<b>(95,600)</b>		<b>667,400</b>	<b>(178,200)</b>
<b>Earmarked Reserves:</b>										
Business Support Reserve	(35,400)	0	0	0	(35,400)	(581,900)	0	0	328,600	(253,300)
Major Repairs Reserve	(121,400)	(4,325,700)	4,325,700	0	(121,400)	(779,500)	(4,324,500)	5,103,900	0	(100)
Flats - Planned Maintenance	(472,400)	(33,000)	0	22,900	(482,500)	(404,500)	(33,000)	0	67,100	(370,400)
ICT and Systems Improvement	(963,200)	0	0	688,900	(274,300)	(974,200)	0	0	261,000	(713,200)
Sheltered - Equipment	(254,200)	(37,900)	0	43,000	(249,100)	(299,300)	(49,100)	0	98,800	(249,600)
Sheltered - Planned Maintenance	(56,500)	(75,600)	0	15,300	(116,800)	(284,100)	(98,000)	0	40,300	(341,800)
Sheltered Support Grant Maintenance	(235,900)	(37,900)	0	0	(273,800)	(279,500)	(49,100)	0	0	(328,600)
<b>Total Earmarked Reserves</b>	<b>(2,139,000)</b>	<b>(4,510,100)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(1,553,300)</b>	<b>(3,603,000)</b>	<b>(4,553,700)</b>	<b>5,103,900</b>	<b>795,800</b>	<b>(2,257,000)</b>
<b>Total Combined Reserves</b>	<b>(2,889,000)</b>	<b>(4,605,700)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(2,398,900)</b>	<b>(4,353,000)</b>	<b>(4,649,300)</b>	<b>5,103,900</b>	<b>1,463,200</b>	<b>(2,435,200)</b>

## GENERAL FUND - 2024/25 SAVINGS &amp; BUDGET PROPOSALS MONITORING (QUARTER 2)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
	£'000	£'000	£'000	£'000	
<b>2023/24 APPROVED SAVINGS</b>					
<b>Council Wide</b>					
Fees & Charges	838	220	439	(399)	This is difficult to project as there are shortfalls in income across services however this maybe attributable to other issues over pricing strategy. For the purposes of this variance the projection includes all under or over-achievement. Key areas of income not being achieved are SALC (-£261K) & Morecambe Market (-£100K)
<b>Environment &amp; Place</b>					
Service Administration	12	0	12	0	restructuring in process - template on target
EHO (Apprentice/Student) Staffing Review	25	25	25	0	template delivered
Salt Ayre Leisure Centre (Soft Play Charging)	18	0	0	(18)	template delivered - income levels are down at SALC and will be reviewed.
Happy Mount Park (Splash Park Charging)	22	(7)	(7)	(29)	template delivered - weather affected income levels which isn't connected to pricing offset by £15K savings on staffing
Parks & Open Spaces Staffing Review	55	55	55	0	template delivered
<b>Housing &amp; Property</b>					
Customer Services	32	32	32	0	template delivered - budget removed
Property Compliance Staffing Review	0	0	0	0	savings to be delivered from 25/26 onwards
Mellishaw Park Staffing Review	15	15	15	0	template delivered - budget removed
<b>People &amp; Policy</b>					
Playschemes	26	26	26	0	template delivered - budget removed
<b>Planning &amp; Climate Change</b>					
Planning Fees	100	0	100	0	National downturn in all planning applications, including major apps. The Government's proposed amendments to the planning system are aimed at boosting house building and investment, which will directly improve the planning fee position. However the Government response to the consultation is still awaited. Reporting £200k (33% down) on fees
S106 Monitoring Fees	10	0	10	0	Profiled from Q2 onwards - template on target
<b>Resources</b>					
Financial Services Staffing Review	30	15	30	0	Staff changes on-going and savings will be made by end of year - template on target
<b>Sustainable Growth</b>					
Coastal Maintenance	50	50	50	0	Post not yet filled, savings from R&M already taken
<b>TOTAL SAVINGS</b>					
	<b>1,233</b>	<b>431</b>	<b>787</b>	<b>(446)</b>	
<b>2024/25 APPROVED GROWTH</b>					
<b>Environment &amp; Place</b>					
The Platform	75	38	75	0	Part of running costs in year; will be within budget
<b>People &amp; Policy</b>					
Project Management System	12	0	12	0	Software not yet purchased
<b>Planning &amp; Climate Change</b>					
Restructuring/Biodiversity Officer	38	7	30	(8)	Recruited late September
<b>TOTAL GROWTH</b>					
	<b>125</b>	<b>45</b>	<b>117</b>	<b>(8)</b>	
<b>NET SAVINGS</b>					
	<b>1,108</b>	<b>387</b>	<b>670</b>	<b>(438)</b>	

**GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Q1 Projected 2024/25 £'000	Q2 Projected 2024/25 £'000	Q3 Projected 2024/25 £'000	Q4 Projected 2024/25 £'000
<b>Services</b>						
<b>Environment &amp; Place</b>						
AONB & Nature Reserves	98	106	112	113		
Environmental Protection	330	387	350	329		
Fleet Management	47	35	(20)	(43)		
Food Safety	364	591	496	437		
Hospitality & Events Management	251	229	255	259		
Parks & Open Spaces	1,376	1,236	1,256	1,276		
Pest Control	0	(18)	(20)	(23)		
Salt Ayre Leisure Centre	960	356	593	523		
Service Support	662	786	770	844		
Street Cleaning	1,739	1,793	1,791	1,737		
Streetscape	65	72	72	71		
Trade Refuse	(786)	(1,037)	(899)	(887)		
Waste Collection	3,510	2,984	3,166	3,087		
Williamson Park	538	366	476	450		
<b>Governance</b>						
Democratic Support & Elections	962	1,030	1,025	1,037		
Legal Services	647	634	686	680		
Licensing	(21)	(72)	(93)	(70)		
<b>Housing &amp; Property</b>						
Commercial Land & Properties	(1,366)	(1,415)	(1,527)	(1,590)		
Customer Services	533	597	603	549		
Facilities Management	550	664	635	676		
GF Housing Schemes	179	(10)	3	12		
Municipal Buildings	628	570	658	652		
Other Land & Buildings	62	106	34	33		
Private Sector Housing	885	1,521	1,486	1,444		
Property Group	703	842	784	764		
Public Health Services	122	127	134	135		
Repairs & Maintenance	0	0	0	0		
<b>People &amp; Policy</b>						
Communications & Marketing	246	240	238	236		
Community Connectors	313	382	204	194		
Emergency Planning & CSP	92	97	97	97		
Exec Support	678	215	217	213		
Health & Safety	85	74	59	72		
HR & OD	1,384	1,123	1,144	1,180		
Projects & Performance	127	183	174	236		
VCFS	302	312	312	312		
Visitor Information Centres	170	18	18	18		
<b>Planning &amp; Climate Change</b>						
DM - Building Control	121	190	186	186		
DM - Planning	429	712	723	873		
Energy and Sustainability	150	167	173	210		
Planning & Housing Strategy	747	974	932	898		
<b>Resources</b>						
CCTV	51	59	63	66		
Finance	1,257	1,625	1,546	1,488		
ICT	1,503	1,807	1,733	1,647		
Internal Audit	156	169	169	169		
Revenues & Benefits	992	1,213	1,213	1,213		
<b>Sustainable Growth</b>						
Economic Development & Culture	346	220	220	220		
Markets	(53)	(126)	(31)	(4)		
Museums	433	485	490	489		
Parking	(2,553)	(2,753)	(2,726)	(2,748)		
Regeneration	873	590	514	540		
Strategic Projects & Engineers	312	450	411	372		
	<b>21,199</b>	<b>20,906</b>	<b>20,905</b>	<b>20,672</b>	<b>0</b>	<b>0</b>
<b>Corporate Services</b>						
<b>Corporate Accounts</b>						
Corporate Accounts	2,093	98	256	921		
Contributions from Reserves	(1,594)	2,362	2,362	2,362		
Government Grants	(1,159)	(1,239)	(1,239)	(1,239)		
Interest Payable	1,132	1,541	1,541	1,241		
Interest Receivable	(1,413)	(505)	(505)	(1,140)		
<b>Other Items</b>						
Minimum Revenue Provision	2,660	3,010	3,010	2,912		
Notional Charges	(80)	0	0	0		
Pandemic Support	0	0	0	0		
Revenue Funding of Capital	132	0	0	0		
Capital Funding of Revenue	(477)	0	0	0		
UKSPF	0	0	0	0		
	<b>1,294</b>	<b>5,267</b>	<b>5,425</b>	<b>5,057</b>	<b>0</b>	<b>0</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)		
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	(139)		
Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	4,270	4,414		
Revenue Reserve funded items included in above analysis (Appropriati	(1,295)	(1,272)	(4,270)	(4,414)		
<b>General Fund Revenue Budget</b>	<b>21,331</b>	<b>25,008</b>	<b>25,165</b>	<b>24,564</b>	<b>0</b>	<b>0</b>
<b>Core Funding :</b>						
Revenue Support Grant	(406)	(433)	(433)	(433)		
Additional New Homes Bonus	0	0	0	0		
Supplementary Government Grants	0	0	0	0		
Prior Year Council Tax Surplus	181	141	141	141		
Net Business Rates Income	(10,652)	(13,788)	(13,788)	(13,788)		
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>11,085</b>	<b>10,484</b>	<b>0</b>	<b>0</b>

**Notes:**

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**APPENDIX I**

**Aged Debt Summary by Service (as at 30 September 2024)**

Debtor Sections	Under 28 Days		28 to 59 days		60 to 91 days		92 to 183 days		184 to 364 days		Over 365 days		Credit/Income not applied		Total Debts	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Environment & Place	195	£120,288	33	£43,162	49	£108,203	521	£530,011	63	£90,701	268	£193,861	84	(£12,645)	1,213	£1,073,582
Governance	0	£0	2	£1,350	0	£0	0	£0	0	£0	16	£29,384	0	£0	18	£30,734
Housing & Property	179	£297,804	98	£115,955	51	£109,223	287	£338,693	356	£520,207	761	£657,064	81	(£12,597)	1,813	£2,026,350
Planning & Climate Change	17	£82,539	5	£8,980	1	£322	4	£1,762	36	£122,704	27	£162,032	7	(£4,345)	97	£373,994
Resources	2	£15,316	0	£0	0	£0	0	£0	0	£0	1	£9,773	4	(£51)	7	£25,039
Sustainable Growth	52	£255,848	20	£11,838	12	£5,786	91	£106,752	0	£0	0	£0	3	(£5,446)	178	£374,779
<b>Total Per Period</b>	<b>445</b>	<b>£771,794</b>	<b>158</b>	<b>£181,286</b>	<b>113</b>	<b>£223,534</b>	<b>903</b>	<b>£977,219</b>	<b>455</b>	<b>£733,612</b>	<b>1,073</b>	<b>£1,052,115</b>	<b>179</b>	<b>(£35,083)</b>	<b>3,326</b>	<b>£3,904,477</b>

<b>Total Debts</b>	<b>3,319</b>	<b>£3,904,466</b>
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# Treasury Management Update

Quarter ended 30<sup>th</sup> June 2024

Report of Chief Resources and S151 Officer

## 2024/25 Treasury Management Update

Quarter Ended 30<sup>th</sup> June 2024

### 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

### 2. Economic update (provided by Link Asset Services)

*The first quarter of 2024/25 saw:*

- *GDP growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.*
- *A stalling in the downward trend in wage growth, with the headline 3myy rate staying at 5.9% in April.*
- *CPI inflation falling from 2.3% in April to 2.0% in May.*
- *Core CPI inflation decreasing from 3.9% in April to 3.5% in May.*
- *The Bank of England holding rates at 5.25% in May and June.*
- *10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.*

*The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m, as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.*

*On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may well continue to strengthen.*

*Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Our colleagues at Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).*

*Nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England. The 3my rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. This stickiness partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.*

*Despite the stickiness of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.*

*The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news to the Bank. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have won the race to get CPI inflation back to 2.0%. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.*

*The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%). And the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.*

*There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer (August?). First, two members of the MPC, Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted "indicators of inflation persistence had continued to moderate" and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding "as part of the August forecast round".*

### **3. Interest Rate Forecast**

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. 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 1<sup>st</sup> November 2012. For Housing Revenue

Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 28<sup>th</sup> May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

*Additional notes by Link on this forecast table: -*

- *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.*

#### 4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 28 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities 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, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit 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.

As shown by the charts below and the interest rate forecasts in section 3, investment rates have remained elevated during the first quarter of 2024/25 but are expected to fall back through the second half of 2024 as inflation reduces and the MPC starts to loosen monetary policy.



There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriated counterparties are considered for investment purposes.

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

The average level of funds available for investment purposes to the end of quarter 1 was £21.69M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow meets its needs).

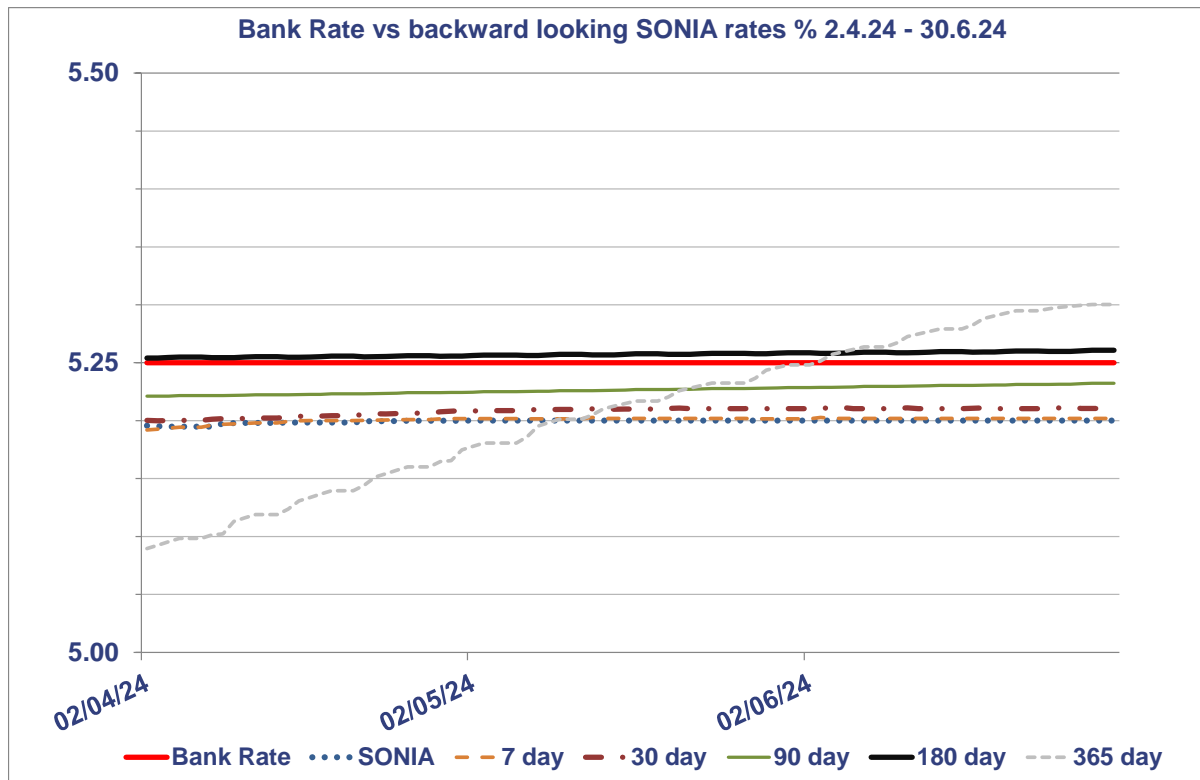
Base Rate	5.25%
7 day SONIA	5.20%
Lancaster City Council investments	5.23%

#### **Investment Balances – quarter ended 30 June 2024**

At the start of the quarter investments totalled £10.5M rising to £23.9M by 30 June. Fixed term investment with local authorities on 30 June were £10.0M whilst Money Market Fund balances were £13.9M.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> June 2024.



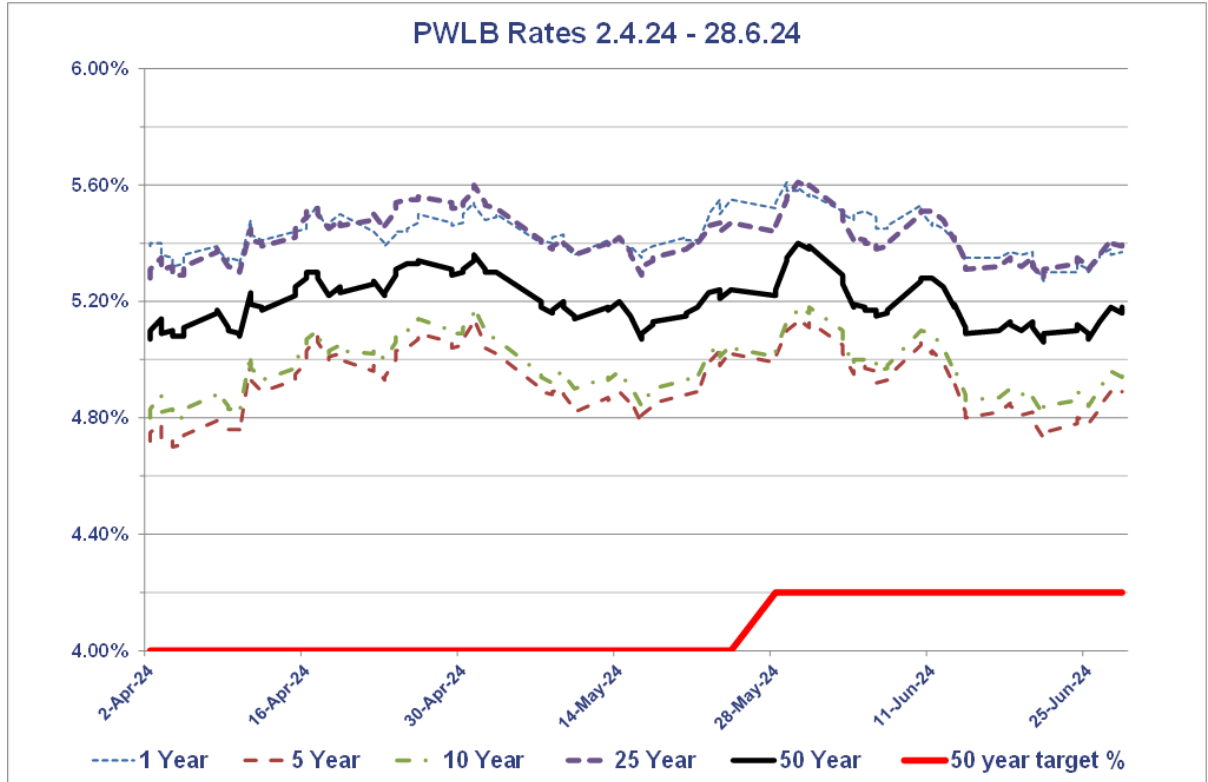


## 5. New Borrowing

No borrowing was undertaken during the quarter ended 30<sup>th</sup> June 2024. It is anticipated that further borrowing will be undertaken during this financial year. Balance sheet projections indicate that around £2M borrowing may be required before the end of the financial year. This is anticipated to be temporary borrowing. The ultimate timing will depend on exact working capital cashflows in the run up to year end which are kept under close review. These will continue to be monitored in the forthcoming financial year.

PWLB rates remained relatively stable between 1<sup>st</sup> April and 30<sup>th</sup> June. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.

The 50-year PWLB target certainty rate for new long-term borrowing started 2024/25 at 4.00% and increased to 4.20% on 28<sup>th</sup> May. As can be seen, with rates remaining elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.



**6. Debt Rescheduling**

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

**7. 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 quarter ended 30<sup>th</sup> June 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 Resources & S151 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.

The Prudential and Treasury Indicators for 2024-25 as of 30<sup>th</sup> June 2024 are set out below:

Treasury Indicators	31.03.24 Actual £M	2024/25 Approved Estimate £M
Authorised limit for external debt	115.00	120.00
Operational boundary for external debt	99.00	104.52
Gross external debt	57.96	71.93
Investments	(10.50)	(13.61)

Prudential Indicators – Non HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	7.60	17.01
Capital Financing Requirement (CFR) *	64.50	70.47
Annual change in CFR *	0.93	3.52
Ratio of financing costs to net revenue stream *	17.98%	18.20

Prudential Indicators – HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	6.76	4.77
Capital Financing Requirement (CFR) *	34.08	33.05
Annual change in CFR *	(1.05)	(1.04)
Ratio of financing costs to net revenue stream *	17.52%	16.22

## 8. 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 other types of investment

instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.



**Projects and Performance: Q2 2024-25  
3 December 2024**

**Report of Chief Executive**

<b>PURPOSE OF REPORT</b>				
To provide members with an update on performance and projects during quarter two of 2024 - 25 (July - September 2024).				
<b>Key Decision</b>	<b>N</b>	<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		N/A		
<b>This report is public</b>				

**RECOMMENDATIONS OF PORTFOLIO HOLDER FOR FINANCE AND RESOURCES**

That Cabinet

- (1) Consider the update on Projects and Performance for Quarter 2 2024/25.

**1.0 INTRODUCTION**

1.1 The primary purpose of this report is to present information relating to the council's strategic projects and key performance indicators for the period July – September 2024, which can be found within the appendices.

**2.0 PERFORMANCE REPORTING**

2.1 The format of the report shown in Appendix A has changed. It has been made more visual by including graphs and charts to show the direction of travel over a longer time period. It should be noted that the information for most indicators' dates back to Q1 21-22, but for revised or newer measures less data is available.

2.2 Two KPIs have improved, twelve are broadly the same, four have worsened and two are yet to become available.

2.3 For most indicators comparing to the previous quarter is advised. For those marked with an asterisk comparing to the like quarter from the previous year is advised.

2.4 Within the 'Comments' column it is either marked 'Low is good' or 'High is good'. This is included to guide the reader on the preferred direction of travel.

2.5 The comments in the appendix provide further explanation on each indicator.

**3.0 PROJECT REPORTING**

- 3.1 The highlight report at Appendix B shows a short narrative and “Red – Amber – Green” status updates for three elements of the project, these being Plan, Cost and Scope.
- 3.2 Of the 16 projects where full update reports have been received:
  - Seven are reporting ‘amber’ (minor) delays with their project plans (progress)
  - One is reporting ‘red’ (major) delays with their project plans (progress)
  - Five are reporting ‘amber’ (minor) deviations to the cost of the project
  - Five are reporting ‘amber’ (minor) concerns with the scope, meaning it is anticipated that one or more benefits of each project may not be realised.
- 3.3 The highlight report shows the majority of the council’s Strategic Projects are progressing as planned at the end of Quarter 2 2024-25, some with minor delays.
- 3.4 The Mellishaw Park project has closed this quarter.

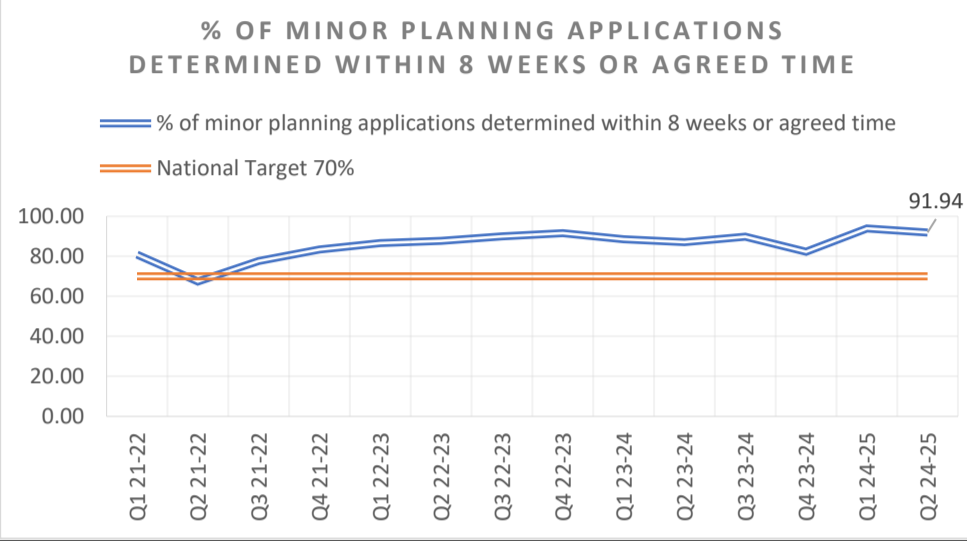
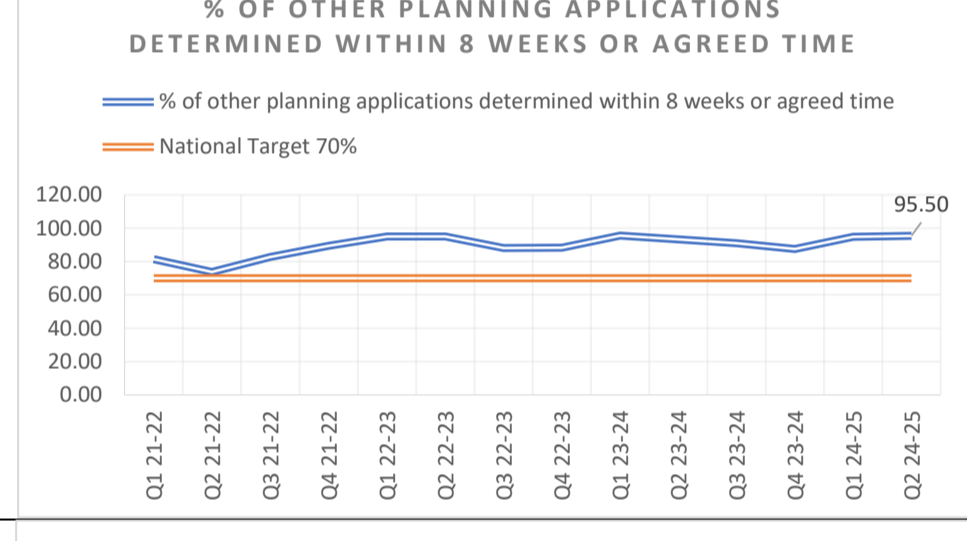
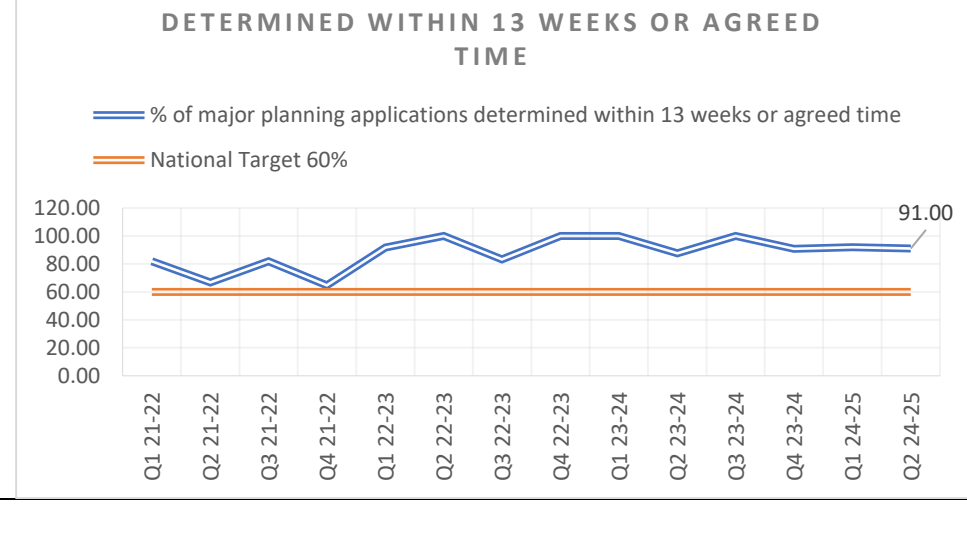
<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>Monitoring of strategic projects and key performance indicators provides a link between the Council Plan 24-27 by providing progress updates.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b>                  (including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>None directly identifiable, due to the high-level nature of this report.</p>	
<p><b>LEGAL IMPLICATIONS</b></p> <p>There are no legal implications directly arising.</p>	
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>There are no financial implications directly arising.</p>	
<p><b>OTHER RESOURCE IMPLICATIONS</b></p> <p><b>Human Resources / Information Services / Property / Open Spaces:</b></p> <p>There are no further implications directly arising.</p>	
<p><b>SECTION 151 OFFICER’S COMMENTS</b></p> <p>The Section 151 officer has been consulted and has no further comments</p>	
<p><b>MONITORING OFFICER’S COMMENTS</b></p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p><b>BACKGROUND PAPERS</b></p> <p>None.</p>	<p><b>Contact Officers:</b> Claire Dubelbeis, Projects and Performance Manager  <b>Telephone:</b> 01524 582505  <b>E-mail:</b> <a href="mailto:cdubelbeis@lancaster.gov.uk">cdubelbeis@lancaster.gov.uk</a>  <b>Ref:</b></p>



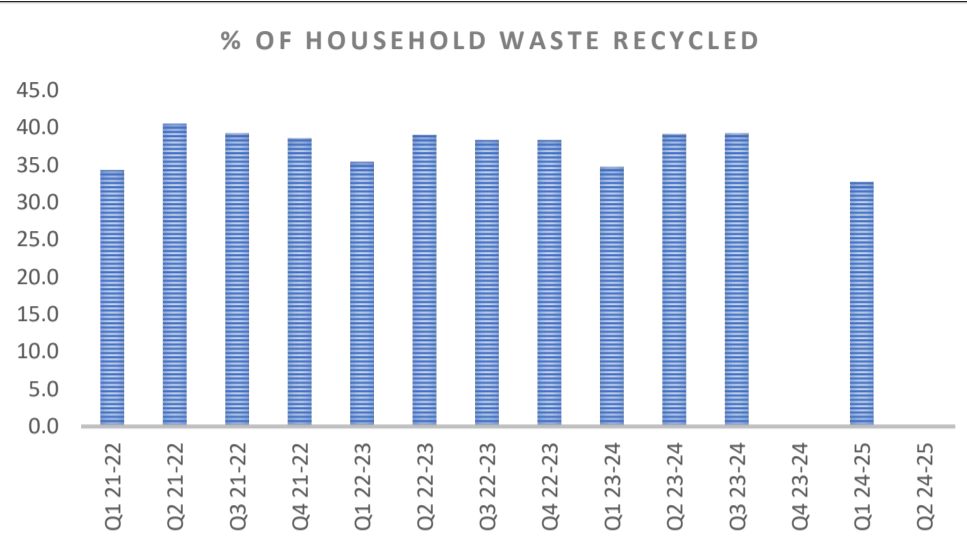
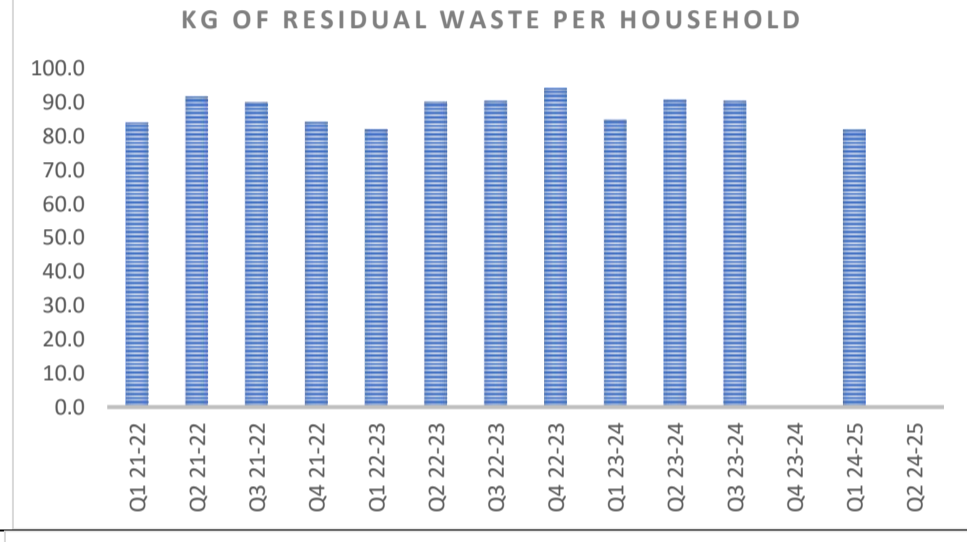
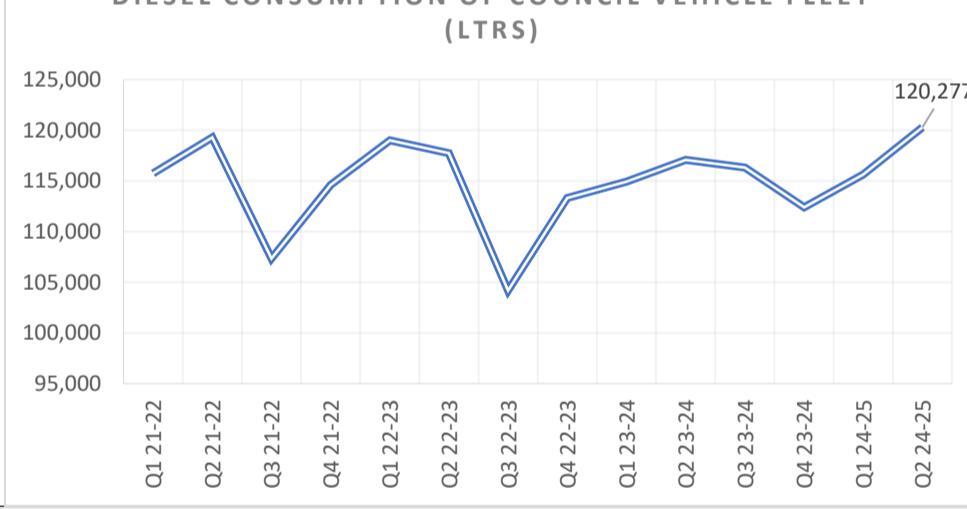
**Council Priorities Key**

<b>I</b>	An inclusive and Prosperous Local Economy (Economy)
<b>S</b>	A Sustainable District (Environmental)
<b>H</b>	Healthy and Happy Communities (Social)
<b>R</b>	A Co-operative, Kind and Responsible Council (Governance)

**An Inclusive and Prosperous Local Economy (Economy)**

Priority	KPI Measure and Direction of Travel	Comments provided by KPI Owners
I	<p><b>% OF MINOR PLANNING APPLICATIONS DETERMINED WITHIN 8 WEEKS OR AGREED TIME</b></p>  <p>— % of minor planning applications determined within 8 weeks or agreed time — National Target 70%</p>	<p>The performance here demonstrates the good work of officers at determining these type of applications.</p> <p><b>High is good</b></p>
I	<p><b>% OF OTHER PLANNING APPLICATIONS DETERMINED WITHIN 8 WEEKS OR AGREED TIME</b></p>  <p>— % of other planning applications determined within 8 weeks or agreed time — National Target 70%</p>	<p>Like with minor applications, performance has continued to improve over the course of the year.</p> <p><b>High is good</b></p>
I	<p><b>% OF MAJOR PLANNING APPLICATIONS DETERMINED WITHIN 13 WEEKS OR AGREED TIME</b></p>  <p>— % of major planning applications determined within 13 weeks or agreed time — National Target 60%</p>	<p>Major performance, as with many of the previous quarters is very impressive and 11 majors were determined last quarter. One of those major schemes was on Lancaster Business Park for the erection of six buildings comprising of 10 units for general industrial or storage and distribution uses.</p> <p><b>High is good</b></p>

## A Sustainable District (Environmental)

Priority	Measure and Direction of Travel	Comments
S	<p style="text-align: center;"><b>% OF HOUSEHOLD WASTE RECYCLED</b></p> 	<p>Data not yet available.</p> <p><b>High is good</b></p>
S	<p style="text-align: center;"><b>KG OF RESIDUAL WASTE PER HOUSEHOLD</b></p> 	<p>Data not yet available.</p> <p><b>Low is good</b></p>
S	<p style="text-align: center;"><b>DIESEL CONSUMPTION OF COUNCIL VEHICLE FLEET (LTRS)</b></p> 	<p>There is a slight increase from last quarter, but the figure is broadly the same.</p> <p><b>Low is good</b></p>
S	<p style="text-align: center;"><b>COST/M2 ENERGY ACROSS CORPORATE BUILDINGS (QUARTER BEHIND)*</b></p> 	<p>Energy consumption has slightly increased on 2023/24 figures, but energy costs have decreased over the same period. Further analysis would be required to check for reasons for consumption increase.</p> <p><b>Low is good</b></p>

S	<p><b>GAS AND ELECTRICITY KWH USAGE IN COUNCIL BUILDINGS (QUARTER BEHIND)*</b></p> <p>■ Gas KWH usage in council buildings (quarter behind) ■ Electricity KWH usage in council buildings (quarter behind)</p>	<p>Comparison with Quarter 2 from previous year shows consumption has seen a slight increase. Further analysis would be required to determine the cause for this change.</p> <p><b>Low is good</b></p>
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## Healthy & Happy Communities (Social)

Priority	Measure and Direction of Travel	Comments
H	<p style="text-align: center;"><b>NUMBER OF PEOPLE STATUTORILY HOMELESS</b></p>	<p>Following a review of decisions and case work all main duty decisions are now discussed with manager prior to decisions are made which has reduced the number of statutory acceptances. Also, in the past quarter we have seen more move on from supported accommodation freeing up rooms to enable us to discharge our homeless duties prior to making main stat duty decisions.</p> <p><b>Low is good</b></p>
H	<p style="text-align: center;"><b>NUMBER OF DISABLED FACILITIES GRANTS COMPLETED</b></p>	<p>No. of grants completed in Q2 slightly higher than forecasted. However, there is sufficient budget as a result of increased government grant allocation for 24/25 and a lower average cost of completed grants. To spend the grant allocation based on current average completed grant figure will require an average of 92 completions per quarter. Based on current approval levels we expect the No of completed grants to return to forecasted levels in Q3.</p> <p><b>High is good</b></p>
H	<p style="text-align: center;"><b>NUMBER OF PROPERTIES IMPROVED</b></p>	<p>Quarter 2 covers the summer months when the number of housing complaints decreases particularly relating to excess cold and damp and mould. This allows officers to concentrate on tackling complicated, long standing cases, and to carry out proactive visits.</p> <p><b>High is good</b></p>

I	H	<p style="text-align: center;"><b>% OF PREMISES SCORING 4 OR HIGHER ON THE FOOD HYGIENE RATING SCHEME</b></p> <table border="1"> <caption>Data for % of Premises Scoring 4 or Higher</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 21-22</td><td>90.5</td></tr> <tr><td>Q2 21-22</td><td>97.0</td></tr> <tr><td>Q3 21-22</td><td>90.5</td></tr> <tr><td>Q4 21-22</td><td>89.5</td></tr> <tr><td>Q1 22-23</td><td>90.0</td></tr> <tr><td>Q2 22-23</td><td>89.5</td></tr> <tr><td>Q3 22-23</td><td>90.5</td></tr> <tr><td>Q4 22-23</td><td>91.0</td></tr> <tr><td>Q1 23-24</td><td>93.0</td></tr> <tr><td>Q2 23-24</td><td>92.5</td></tr> <tr><td>Q3 23-24</td><td>92.5</td></tr> <tr><td>Q4 23-24</td><td>93.0</td></tr> <tr><td>Q1 24-25</td><td>94.0</td></tr> <tr><td>Q2 24-25</td><td>93.20</td></tr> </tbody> </table>	Quarter	Percentage	Q1 21-22	90.5	Q2 21-22	97.0	Q3 21-22	90.5	Q4 21-22	89.5	Q1 22-23	90.0	Q2 22-23	89.5	Q3 22-23	90.5	Q4 22-23	91.0	Q1 23-24	93.0	Q2 23-24	92.5	Q3 23-24	92.5	Q4 23-24	93.0	Q1 24-25	94.0	Q2 24-25	93.20	<p>Percentage of premises scoring 3 (satisfactory) or higher on the food hygiene rating scheme = 98.3%</p> <p><b>High is good</b></p>															
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	H	<p style="text-align: center;"><b>NUMBER OF ADMISSIONS TO SALT AYRE LEISURE CENTRE *</b></p> <table border="1"> <caption>Data for Number of Admissions to Salt Ayre Leisure Centre</caption> <thead> <tr> <th>Quarter</th> <th>Admissions</th> </tr> </thead> <tbody> <tr><td>Q1 21-22</td><td>120,000</td></tr> <tr><td>Q2 21-22</td><td>160,000</td></tr> <tr><td>Q3 21-22</td><td>170,000</td></tr> <tr><td>Q4 21-22</td><td>230,000</td></tr> <tr><td>Q1 22-23</td><td>225,000</td></tr> <tr><td>Q2 22-23</td><td>225,000</td></tr> <tr><td>Q3 22-23</td><td>215,000</td></tr> <tr><td>Q4 22-23</td><td>260,000</td></tr> <tr><td>Q1 23-24</td><td>225,000</td></tr> <tr><td>Q2 23-24</td><td>245,000</td></tr> <tr><td>Q3 23-24</td><td>220,000</td></tr> <tr><td>Q4 23-24</td><td>245,000</td></tr> <tr><td>Q1 24-25</td><td>230,000</td></tr> <tr><td>Q2 24-25</td><td>234,468</td></tr> </tbody> </table>	Quarter	Admissions	Q1 21-22	120,000	Q2 21-22	160,000	Q3 21-22	170,000	Q4 21-22	230,000	Q1 22-23	225,000	Q2 22-23	225,000	Q3 22-23	215,000	Q4 22-23	260,000	Q1 23-24	225,000	Q2 23-24	245,000	Q3 23-24	220,000	Q4 23-24	245,000	Q1 24-25	230,000	Q2 24-25	234,468	<p>Footfall decrease attributed to staff turnover and long-term sickness resulting in a reduction of service across areas such as swimming lessons and spa treatments. Quarter 3 will see the start of a review into new marketing and awareness plan and also see a review of the class timetable which is anticipated to result in high class occupancy.</p> <p><b>High is good</b></p>															
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**A Co-operative, Kind and Responsible Council (Governance)**

Priority	Measure and Direction of Travel	Comments														
R	<p style="text-align: center;"><b>AVERAGE NUMBER OF DAYS' SICKNESS PER FULL-TIME EQUIVALENT</b></p> <table border="1"> <caption>Data for Average Number of Days' Sickness per Full-time Equivalent</caption> <thead> <tr> <th>Quarter</th> <th>Average Days' Sickness</th> </tr> </thead> <tbody> <tr><td>Q1 23-24</td><td>2.9</td></tr> <tr><td>Q2 23-24</td><td>2.7</td></tr> <tr><td>Q3 23-24</td><td>2.9</td></tr> <tr><td>Q4 23-24</td><td>1.8</td></tr> <tr><td>Q1 24-25</td><td>1.6</td></tr> <tr><td>Q2 24-25</td><td>2.34</td></tr> </tbody> </table>	Quarter	Average Days' Sickness	Q1 23-24	2.9	Q2 23-24	2.7	Q3 23-24	2.9	Q4 23-24	1.8	Q1 24-25	1.6	Q2 24-25	2.34	<p>The sickness figure is higher for this quarter compared to last quarter. In this quarter there were more long-term sickness cases. There has also been a significant increase in stress and/or mental health related absence - around 30% of these absences were related to ongoing HR processes relating to alleged misconduct. However, the overall sickness rate is significantly lower than this time last year.</p> <p><b>Low is good</b></p>
Quarter	Average Days' Sickness															
Q1 23-24	2.9															
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	R	<p style="text-align: center;"><b>OCCUPANCY RATES FOR COMMERCIAL PROPERTIES (%)</b></p> <table border="1"> <caption>OCCUPANCY RATES FOR COMMERCIAL PROPERTIES (%)</caption> <thead> <tr> <th>Quarter</th> <th>Occupancy Rate (%)</th> </tr> </thead> <tbody> <tr><td>Q1 21-22</td><td>96.5</td></tr> <tr><td>Q2 21-22</td><td>97.0</td></tr> <tr><td>Q3 21-22</td><td>97.0</td></tr> <tr><td>Q4 21-22</td><td>97.0</td></tr> <tr><td>Q1 22-23</td><td>96.5</td></tr> <tr><td>Q2 22-23</td><td>98.5</td></tr> <tr><td>Q3 22-23</td><td>98.5</td></tr> <tr><td>Q4 22-23</td><td>98.5</td></tr> <tr><td>Q1 23-24</td><td>98.0</td></tr> <tr><td>Q2 23-24</td><td>97.5</td></tr> <tr><td>Q3 23-24</td><td>97.5</td></tr> <tr><td>Q4 23-24</td><td>97.5</td></tr> <tr><td>Q1 24-25</td><td>91.5</td></tr> <tr><td>Q2 24-25</td><td>91.32</td></tr> </tbody> </table>	Quarter	Occupancy Rate (%)	Q1 21-22	96.5	Q2 21-22	97.0	Q3 21-22	97.0	Q4 21-22	97.0	Q1 22-23	96.5	Q2 22-23	98.5	Q3 22-23	98.5	Q4 22-23	98.5	Q1 23-24	98.0	Q2 23-24	97.5	Q3 23-24	97.5	Q4 23-24	97.5	Q1 24-25	91.5	Q2 24-25	91.32	<p>The Occupancy rate remains high but has however dropped slightly since last quarter mainly due to a vacant office in The Storey, which is now under offer. There is increased interest in 7 out of the 10 current void properties which will hopefully translate to higher occupancy figures in future quarterly reporting.</p> <p><b>High is good</b></p>
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Quarter	Average Time (Days)																																
Q1 21-22	20.0																																
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Quarter	Actual Rate (%)	Target (%)																															
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Quarter	Actual Rate (%)	Target (%)																															
Q1 23-24	28.0	28.0																															
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## Corporate programmes and projects updates – 30<sup>th</sup> September 2024 - (Q2)

### Status Key – Projects

<b>R</b>	Red – The project has experienced some major issues. Plan – the go-live date has slipped, Cost – over or under budget by more than 20%, Scope – several of the expected benefits may not be realised.	<b>C</b>	Complete or Closed
<b>A</b>	Amber – The project has experienced some issues. Plan – has slipped but won't affect go-live date, Cost – over or under budget by less than 20%, Scope – one or more benefits may not be realised.	<b>N</b>	Not Started
<b>G</b>	Green – The project is on track (within the project tolerance)	<b>H</b>	On hold
<b>X</b>	No data available / data not requested due to stage	* Projects in the Concept stage will not usually have updates	

### Priorities Key

<b>I</b>	An Inclusive and Prosperous Local Economy (Economy)
<b>S</b>	A Sustainable District (Environmental)
<b>H</b>	Healthy and Happy Communities (Social)
<b>R</b>	A Co-operative, Kind and Responsible Council (Governance)

### An Inclusive and Prosperous Local Economy (Economy)

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
I	Heritage Action Project	To follow.	Delivery		X	X	X
I S	<a href="#">Canal Quarter Phase 3</a> (part of Canal Quarter programme)	Officers are developing options for temporary surface parking, permanent additional parking, and long term parking solutions to mitigate concerns around potential loss of car parking sites on Canal Quarter to development. Depending on the outcome of this work there may be implications on the timing for subsequent progress of releasing land for housing development.	Delivery	22/10/24	G	G	G
I S	<a href="#">Our Future Coast</a>	5 Community construction workshops have happened, with staff using volunteering hours and the general public learning new skills in rope making, thatching and weaving. MiniBuoys (open source wave monitoring devices) have been constructed and deployed, and are now collecting data. Also BESE grids (waste potato starch grids) have been procured and installed. The planning application for the PhotoPost holder for Hest Bank has been submitted for advertising consent.	Delivery	22/10/24	G	G	G
I	<a href="#">Fair Work Charter</a>	A meeting with stakeholders has been held, with a few queries raised resulting in a couple of tweaks and re-wording of the Charter. This is now done and will go to Cabinet for approval. The requested changes are around the Real Living Wage, and concerns about the exclusion of businesses, including anchor organisations who were currently not paying the Real Living Wage to all employees, particularly Apprentices, Agency Staff and entry level roles. There were also concerns about the wording of the Health and Safety section regarding liabilities and the responsibilities of assessing a business's policies upon signing up to the Fair Work Charter.	Delivery	18/10/24	A	G	G
I	<a href="#">1 Lodge Street Urgent Structural Repairs</a>	The roof insulation work completed this quarter enabling the first floor to be removed and internal structural repairs to commence. Progress has been made in respect of determining the scope of internal refurbishment / fit out works but LMC's lack of funds significantly limit what can be achieved and prohibit the building becoming operational in the short-term. Preparations for the outrigger removal got underway on site.	Delivery	22/10/24	A	A	A
I	<a href="#">Centenary House</a> (formerly reported on as Morecambe Co-op Building Renovation)	Progress on survey work is complicated by the need for enabling works to make the property safe, including asbestos removal and structural propping. The extent of the corroded steel in the basement is greater than anticipated/hoped and requires a bespoke package of remedial works. This has delayed progress.	Delivery	21/10/24	A	G	G
I	<a href="#">Frontierland</a>	Drafting and finalising the procurement documents with the external legal advisors. Successfully procured specialist procurement advice on the valuation, commercial aspects, heads of terms, financial evaluation criteria, support during competitive dialogue and the evaluation of development appraisals and financial offers tendered. This has enabled the commercial aspects of the evaluation criteria, legal terms and other aspects of the procurement to be finalised. Work with external property marketing specialist Place North to promote the opportunity before publishing the procurement. This work aims to reach a wider audience and enhance the number and quality of prospective bidders.	Delivery	21/10/24	A	A	G
I	<a href="#">Heysham Gateway</a>	An update on the proposed Masterplan strategy and site investigations was given to the Capital Assurance Group on 19/06/24. The report consisted of information from the consolidated findings from Consultants WSP which included a suggested delivery strategy and highlighted the need for further ecological surveys given the nature of the site. A suite of these studies have been authorised and are being completed from the existing project budget. The Pre-Planning Application is in progress and meetings have been held with city council planning officers on moving the scheme proposals forward to full planning application in the New Year.	Detailed Design	22/10/24	G	G	G
I	<a href="#">Canal Quarter - Coopers Field</a>	The project is in delay principally because the predicted costs from the Principal Contractor exceed an acceptable envelope of financial viability. Pausing the programme now (and not incurring further costs) whilst PCA contractor and designers work on their own initiative to revise design to work towards a cost-effective achievable scheme, is positive whilst the city council also works towards a car parking strategy. There is some expectation that the Autumn statement may initiate a more beneficial grant or funding environment, and, in this quarter, we have continued to engage with the principal contractor and have made significant progress towards an economically achievable scheme. Work to make safe and demolish the former Macaris Ice Cream works including removal of hazardous waste (ACM) has been completed and the site secured with a perimeter hoarding. Work which has significantly improved the visual look of the area.	Feasibility	24/10/24	R	A	A

I	H	<a href="#">Eden Project Morecambe</a>	Grant funding Agreement for a 2.5m development fund was signed earlier this month and this will enable Eden Project to employ Project Manager, Design and Cost Consultants. A revised Full Business Case is with MHCLG and due for decision by the end of October 2024.	Detailed Design	23/10/24	A	A	A
I	S	<a href="#">Lune Flood Protection, Caton Road</a>	Project (as is) has been brought to a close pending discussions with developer and developer of mutual benefits at this location. We have reasonably completed all works to gateway 1 and closed down this project with the consultant. We are now working with the developer to deliver outcomes required of this project.	Feasibility	15/10/24	G	G	G
I	H	Williamson Park (Café and Play Development)	This project is currently on hold.	On hold	N/A	H	H	H

### A Sustainable District (Environmental)

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
S	<a href="#">Burrow Beck Solar Farm</a> (part of Carbon Neutral Programme)	Planning Permission obtained following PRC meeting on 30/9/2024, meaning the project can now move into delivery stage. Development Consultant appointed and engaged. Appointment of Oxford Archaeology for geophysics surveys and of Geotech Consultants for contaminated land tests.	Delivery	22/10/24	G	G	G
	<a href="#">Public Sector Decarbonisation Scheme Phase 3c</a> (part of Carbon Neutral Programme)	Appointed Contractor Ridge and Partners LLP. Building Surveys of all 3 sites were completed, along with geospatial floor plans of the relevant buildings. A further topographical survey of Williamson Park is to be undertaken. These and other investigation are all combining to support the submission of pre-application to Planning of the Stage 3 Designs for the 3 sites.	Detailed Design	23/10/24	G	G	G
S	Roof Mounted Solar Array – Gateway, White Lund (part of Carbon Neutral Programme)	This project is currently on hold.	On hold	N/A	H	H	H

### Healthy & Happy Communities (Social)

Priority	Project Name	Update	Stage	Updated	Status		
					Plan	Cost	Scope
H	<a href="#">Mellishaw Park</a> (part of Homes Programme)	Overall, the project achieved its objectives, although as noted in the performance section some unforeseen costs arose which resulted in a fairly significant overspend and also resulted in delays to the project. Nevertheless, the project is now being recognised as exemplar for this community and is currently shortlisted for the Inside Housing – Neighbourhood Transformation awards in November 2024. Residents have settled well into the scheme and have been very complementary of the outcomes.	Complete	29/10/24	C	C	C
S	<a href="#">My Mainway</a> (part of Homes Programme)	A full planning application for 135 new Council Houses was submitted at the end of the last quarter (April '24), achieving a crucial project milestone and a positive decision was anticipated by the end of October. However, prolongation of statutory consultation in respect of improvements to the pedestrian/cycle crossing has resulted in delay. The planning application will now be considered in the November. An independent project review was completed by MIAA. The report recognises compliant practice and the focus of the team in achieving the accelerated progress of Skerton School. The team welcomes the main recommendation for a strengthened and Project Business Case (PBC) and master planning for the whole scheme. In this quarter, Project management and meetings arrangements has been significantly strengthened with the implementation of new project governance structures. Going forward, the Delivery Group, Programme Board and Project Sponsor Group, structures will govern and assure progress and reporting. We are reviewing costs and work to improve viability, which is dependent on securing agreement of the proposed delivery model and procurement policy. While there are expectations of additional funding provision in the government Autumn statement, further development work and progression to a construction ready project remains challenging, given the unavailability of further revenue funding, viability margins, and uncertainty over the current Homes England programmes. Notwithstanding, the team continues to progress and redefine the emerging Mainway Masterplan and tenure options alongside our key commitments to the renewal of existing social provision and the PBC. Terms for the sale and disposal of Derby & Lune have been substantively agreed. However, there are remaining challenges to completion and the timing.	Detailed Business Case	24/10/24	A	A	A
S	Extra Care Scheme (part of Homes Programme)	This project is currently on hold.	On hold	N/A	H	H	H

### A Co-operative, Kind and Responsible Council (Governance)

Priority			Project Name	Update	Stage	Updated	Status		
							Plan	Cost	Scope
		R	<a href="#">Outcomes Based Resourcing (OBR) / Fit for the Future (FFTF)</a>	The majority of the 15 projects that form the Fit for the Future Programme are on track, with some nearing completion. Since the previous report a new project, Procurement Review, has been introduced. Its aim is to improve the Council's procurement process, building on the review carried out in 2019.	Delivery	22/10/24	G	G	A
I	H	R	UK Shared Prosperity Fund (UKSPF)	To follow.	Delivery		X	X	X
		R	<a href="#">High-Capacity Fibre Cable Network Provision</a> (part of Digital Programme)	An event was held at Morecambe Townhall on the 10th of October to invite those who have an interest in the network to attend to see what we are doing. This was well received and has shown there is great interest in businesses and organisations to use the network we are building. The installation of sub-duct has continued with only a few areas requiring action to resolve blocked/damaged routes. B4RN have begun blowing fibre through the completed routes. The image shows we have made good progress already getting fibre installed and no major issues exist now on the route.	Detailed Design	22/10/24	G	G	G
	S	R	<a href="#">White Lund Depot</a>	The contractor has taken possession of the sites and ground works are underway or completed at the 3 new building sites. The first modular building delivery took place on Tuesday 8th Oct.	Delivery	17/10/24	A	G	G





**Strategic Risk Management  
3 December 2024**

**Report of Chief Executive**

<b>PURPOSE OF REPORT</b>			
To provide Cabinet with an update on the authority's progress in updating the Strategic Risk Register.			
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b> <b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>		N/A	
<b>This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.</b>			

**RECOMMENDATIONS OF PORTFOLIO HOLDER FOR FINANCE AND RESOURCES**

- (1) Cabinet note the updated Strategic Risk Register for Q2 24/25, as shown as appendix A (public report) and appendix B (restricted report).

**1.0 Introduction**

- 1.1 Quarterly Strategic Risk Reports for Q2 24/25 as updated by Leadership Team to be seen by Cabinet to be noted.

**2.0 Proposal Details**

- 2.1 There are currently 24 Strategic Risks open on the register.
- 2.2 The attached appendices show the changes to the council's Strategic Risk Register over the last quarter. Changes are highlighted using red text in the appendices. A summary of the main changes are:
  - Risk reviews have been run against 9 Strategic Risks.
  - Action plan due dates updated for risks SR04 and SR20.
  - Action plan details added or updated for risks SR06, SR16 and SR26.
  - New control measures added for risks SR04 and SR26.

- Risk SR25 (LCC Property Portfolio (non housing) does not meet health and safety compliance obligations) has been closed as compliance is now significantly improved with regular monitoring and requirements being fed through to the budget setting process, alongside of review of condition surveys.
- Risk SR06 has been reclassified to be risk category “Strategy” and “Project / Programme” from “People” and “Financial”.

**3.0 Details of Consultation**

3.1 No applicable

**4.0 Options and Options Analysis (including risk assessment)**

Not applicable

**5.0 Officer Preferred Option (and comments)**

5.1 Cabinet to note the Council’s Strategic Risks.

**6.0 Conclusion**

6.1 Cabinet to note the Council’s Strategic Risks.

**RELATIONSHIP TO POLICY FRAMEWORK**

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.

**CONCLUSION OF IMPACT ASSESSMENT**

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

No direct impact arising from this report, which provides an updated copy of the authority’s Strategic Risk Register.

**LEGAL IMPLICATIONS**

No direct legal implications arising from this report.

**FINANCIAL IMPLICATIONS**

No direct financial implications arising from this report.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources:**

No direct HR implications arising from this report.

**Information Services:**

No direct ICT implications arising from this report.

**Property:**

No direct property implications arising from this report.

**Open Spaces:**

No direct open spaces implications arising from this report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

**Contact Officer:** Claire Dubelbeis, Projects and Performance Manager

**Telephone:** 01524 582505

**E-mail:** CDubelbeis@lancaster.gov.uk

**Ref:** N/A

# Strategic Risk Register - Risk Map 29.10.24

Impact	Very High (4)	6			
	High (3)	12 13	2 3 5 7 8 10 14 19 20 22	4 11	
	Medium (2)		1 15 18	16 17 23 24	
	Low (1)				
		Unlikely (1)	Possible (2)	Low (3)	Very Likely (4)
		Likelihood			

NOTE 1: All risks have been reviewed in the run up to the production of the report on 29th October 2024.

NOTE 2: Only risks which are unrestricted are shown.

NOTE 3: The numbers shown on the risk map relate to those on the next page in the first column, not the Strategic Risk (SR) numbers.

Risk No.	Risk	Risk Description	Risk Owner	Residual Risk Score (impact x likelihood)	Risk Category	Existing Control Measure	Existing Control Measure Description	Target Risk Level (impact x likelihood)	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Due Date	Review Date	Review Comment
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Link to Council Plan 24-27: 4.1 Value for Money	Mark Davies Paul Thompson	4 (2x2)	Financial	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2 (2x1)	Outcomes Based Resourcing	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities.	Mark Davies	30/12/2024	15/07/2024	Actions changed to be control measures and dates and titles reviewed. In conjunction with Paul Thompson.
						Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy		Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.	Mark Davies Alex Kinch	31/12/2024		
						Monthly income monitoring by applicable services	Monthly income monitoring by applicable services							
						Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel							
						Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.							
						Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.							
						Fees and Charges Income Monitoring	Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.							
2	SR02 The Council fails to meet the 2024/25 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects.	The Council fails to meet the 2024/25 funding gap as a result of inefficiency programme and failure to deliver on key projects. Link to Council Plan 24-27: 4.1 Value for Money	Mark Davies Paul Thompson	6 (3x2)	Financial	Budget and Performance Panel	Budget and Performance Panel	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Updates made in conjunction with Mark Davies
						Reserves Policy	Reserves Policy							
						Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects					NOTE: This is also listed as a control measure as the programme is phased so has already delivered some savings with further outcomes and savings to follow.		
						Programme Managers	Programme Managers in place for specific programmes							
						Programme Delivery Board	Programme Delivery Board							
						Cabinet	Cabinet							
						Portfolio Holder	Portfolio Holder							
Outcomes Based Resourcing for 23/24 financial year	Outcomes Based Resourcing for 23/24 financial year													
Project Delivery Board	Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.													

					Projects and Performance Manager	Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.							
					Delivering Our Priorities Quarterly Monitoring Reports	Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.							
					Quarterly Cabinet Meetings	Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance.  As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond.							
					Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.							
3	SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	Alex Kinch	6 (3x2)	People	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk  Annual Appraisal Process  Pay and Grading Structure  Recent experience suggests that this assisted in attracting applicants with the desired skills and values.	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	6 (3x2)			22/10/2024	Risk reviewed on behalf of Alex Kinch. Confirmed no changes since last risk review.	
4	SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets.  Link to Council Plan 24-27: 4.5 Innovative Public Service	Paul Thompson Joanne Wilkinson	9 (3x3)	Property Financial	Use of Council Assets Use of Council Assets Use of Council Assets Use of Council assets Use of Council assets Use of Council Assets Use of Council Assets Use of Council Assets	Capital Strategy Group Ongoing OBR workstream reviewing assets Performance monitoring of leases implemented Budget Monitoring Implemented active asset management inc. financial modelling for stock rationalisation. Appointed Eckersleys to support the council in asset disposal. Stock Condition Surveys for property group underway. Asset Management Strategy in place	6 (3x2)	Council Assets Council Assets Council Assets	To progress with disposals of council assets as outlined through 22/23 OBR process. Updated Asset Management Plan to be developed to incorporate property performance. Climate Strategy for Housing and Property to be developed	Joanne Wilkinson Paul Mackie Joanne Wilkinson Dan Wood Paul Mackie Joanne Wilkinson	31/03/2025 18/10/2024 31/10/2024 27/12/2024	Continued progress - condition surveys completed and information being analysed and presented to various formal groups. Disposal of assets being considered on a case by case basis when reasonable offers are being made. The Asset OBR group is meeting regularly. An Officer led energy group has been established which reports into the Assets group with recommendations report being submitted. Commercial Property Manager recruited to.

					Use of Council Assets	Officer energy fit for the future group established - reporting into main Assets group								
					Use of Commercial Assets	Commercial Manager post recruited to.								
5	SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies	Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.	Kirstie Banks-Lyon Alex Kinch	6 (3x2)	Financial	Resourcing the emergency response function	The Council continues to adequately resource its emergency planning function, including maintaining its team of out of appropriately trained emergency response officers.	6 (3x2)	Community Resilience	The Council supports community resilience through CEPGs and FLAG groups etc. The local CEPG own and update their own plans in liaison with the Resilience Officer	Alex Kinch	31/03/2025	21/10/2024	Risk reviewed on behalf of Alex Kinch. All Service Resilience Plans are almost complete.
						District emergency	Lancaster District Emergency Plan and LRF (Lancashire Resilience Forum) plans that cover site or incident specific risks, including for example: an incident at Heysham Power Station, or a flooding/weather event.		Adaptation Schemes	The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence). This will be undertaken through the emerging Our Future Coast programme.	Paul Blakeley Jonathan Noad	31/03/2025		
						Business Continuity Plans	Business Continuity Plans							
						National Emergency (such as a pandemic)	LRF plans.							
						Financial Planning	Financial Planning - Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.							
						Business Resilience	Business Resilience - The Council continues to invest in resilience measures eg technology to facilitate remote working.							
						Partnerships	Partnerships - The Council continues to allocate resource to developing its key partnerships LRF, CSP (Community Safety Partnership) and local resilience partners.							
						County wide emergency (such as widespread loss of power and extreme weather events)	The LERP (Lancashire Emergency Response Plan) and plans as required from box 2 and box 3 plans, held in resilience direct.							
						Financial Planning	Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.							

6	SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	In January 2019 the Council declared a 'climate change emergency' and have now sought endorsement of an approach to reduce the Council's direct Co2 emissions to 'net zero' by 2030. Whilst an action plan is in place, costs associated with implementing the actions are considerable and are constantly under review.	Mark Cassidy	8 (4x2)	Strategy Project / Programme	Delivery plan in place	Peoples Jury Peoples Jury - The Council considers the recommendations of the Peoples Jury and builds recs that can be delivered directly by the Council into its plans	8 (4x2)	(i) Local Area Energy Plan and (ii) Council Action Plan (now Climate and Nature Strategy)	The Council continues to work on the delivery of its action plan. More details can be found on our website: <a href="https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates">https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates</a>	Mark Davies 25/02/2025	29/08/2024	The Council continues to make good progress across a number of climate workstreams, including: (i) The final Workshop (#6) of the Local Area Energy Plan is next week and will involve the main authorising stakeholders. Following this, the LAEP will be presented to Cabinet. (ii) Preparation of the new Climate and Nature Strategy (CaNS) (iii) Implementation work continuing for the latest, successful Salix-funded decarbonisation programme for 3 further council buildings. (iv) The Council's proposed solar PV scheme at Burrow Beck is likely to be presented to the late-September Planning Regulatory Committee.

02/08/2024 Having checked the risk categories with Mark Cassidy (as risk owner) a decision has been made to reclassify the risk type as Strategy and Project / Programme.



8	SR08 The Council fails to deliver its key projects due to the lack of capacity and resources.	The Council has a number of key projects (Canal Quarter, Eden Project Morecambe, OBR, My Mainway, Heysham Gateway, Frontierland etc) all of which have detailed strategies for implementation. In order to deliver these key projects it is essential they are properly prioritised and resourced.  Link to Council Plan 24-27: 4.5 Innovative Public Services	Mark Davies	6 (3x2)	People Financial	<p>Local Plan</p> <p>Medium Term Financial Strategy (MTFS)</p> <p>Investment Strategy</p> <p>Capital Programme</p> <p>The Council continues to resource key service teams in Planning, economic development, regeneration, property investment</p> <p>Collaborative Working</p> <p>Partnership Working</p> <p>Capital Programme</p> <p>Funding the Future Strategy</p>	<p>Local Plan</p> <p>Medium Term Financial Strategy (MTFS)</p> <p>Investment Strategy</p> <p>Capital Programme</p> <p>The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.</p> <p>We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council.</p> <p>Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe.</p> <p>Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.</p> <p>Funding the Future Strategy</p>	3 (3x1)	Local Plan	<p>Local Plan, due to be adopted in Jan 27</p> <p>Reserves</p> <p>Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.</p> <p>People Plan</p> <p>3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention.</p>	<p>Mark Cassidy</p> <p>Mark Davies</p> <p>Alex Kinch</p>	<p>01/01/2027</p> <p>31/03/2025</p> <p>31/03/2026</p>	<p>15/07/2024</p> <p>Updates made on consultation with Mark D and Mark C.</p>
10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.  Link to Council Plan 24-27: 4.1 Value for money	Mark Davies	6 (3x2)	Strategy	<p>Continued monitoring and horizon scanning of Government policy</p> <p>Clear and focused Council strategy to maximise alignment with Government policy and resourcing</p> <p>Strategic Plans</p>	<p>Continued monitoring and horizon scanning of Government policy</p> <p>Clear and focused Council strategy to maximise alignment with Government policy and resourcing</p> <p>Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy</p>	6 (3x2)		<p>15/07/2024</p> <p>Reviewed with Mark D, this remains as-is.</p>			

11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.  This risk is outside of the control of the Council. It can not be fully mitigated against but should still be recorded on the strategic risk register.	Mark Davies	9 (3x3)	Strategy Financial	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues	9 (3x3)				15/07/2024	Reviewed in conjunction with Mark D. This risk remains as-is.	
						Strategic responsiveness through continued risk management review	Strategic responsiveness through continued risk management review							
						Agility and Resilience	Agility and Resilience - Continue to develop agility and resilience across the organisation							
						Strategic risk management approach	Strategic risk management approach							
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.  Link to Council Plan 24-27: 4.5 Innovative Public Service	Mark Davies Paul Thompson	3 (3x1)	Strategy Financial	Budget Development	Comprehensive, robust and transparent approach to budget development and service delivery.	3 (3x1)	OBR / Fit for the Future	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	Mark Davies	31/12/2024	15/07/2024	Reviewed in conjunction with Mark D. The residual risk score and target risks scores have been lowered (likelihood reduced from possible to unlikely).
13	SR13 The Council's reputation is damaged through its own actions or actions of others in the District	SR13 The Council's reputation is damaged through its own actions or actions of others in the District.  Link to Council Plan 24-27: 3.4 Community Engagement	Mark Davies	3 (3x1)	Strategy People	Communications	Pro-active communications and transparency	3 (3x1)					19/07/2024	Risk reviewed and no changes made
						Strategic Management of Activities	Strategic management of all Council activities to ensure continued high reputation							
						Delivery of Services	Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council.							
						Strategic communication	Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation							
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.  Link to Council Plan 24-27: 4.1 Value for money	Mark Davies Paul Thompson	6 (3x2)	Operations Financial	Budget and Performance Panel	Budget and Performance Panel	6 (3x2)	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures	Mark Davies Paul Thompson	31/12/2024	11/07/2024	The s151 Officer is required to review its minimum level of unallocated reserves annually. Over recent years this has been increased to £5M based on a number of scenario's and is deemed to be appropriate to enable the Council to operate a level of service in the short term whilst alternative funding or other corrective action undertaken
						Reserves Policy	Reserves Policy							
						Continue financial forecasting	Continue financial forecasting and scenario planning e.g. for energy costs							

15	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district.	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district.  Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	Mark Davies Jonathan Noad	4 (2x2)	Strategy	Asset Management Plan	Asset Management Plan	2 (1x2)	Asset Management Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Mark Davies	27/09/2024	12/07/2024	Risk reviewed on behalf of Jonathan Noad. Confirmed no changes since last risk review.
						Continuous review of assets and infrastructure	Continuous review of assets and infrastructure							
16	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.  Link to Council Plan 24-27: 4.5 Innovative Public Services	Mark Davies (Chief Executive) Alex Kinch (Chief Officer People & Policy)	6 (2x3)	Strategy	Corporate Plan Policy Framework	Corporate Plan Policy Framework	3 (1x3)	CPC review and action plan.	CPC review and action plan.	Alex Kinch	28/02/2025	22/10/2024	New action added. Risk review carried out on behalf of Alex Kinch.
						Continuous review of strategy and policy	Continuous review of strategy and policy, and alignment with service delivery.							
						LGA Workshop with Members	These took place in September 2023.							
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.  Link to Council Plan 24-27: 4.6 Openness	Mark Davies Luke Gorst	6 (2x3)	Legal	Corporate Governance	Corporate Governance	6 (2x3)					15/07/2024	One action transferred to be a control measure at the request of Luke Gorst, action owner.
						Continuous review of governance processes	Continuous review of governance processes to ensure they are fit for purpose							
						Annual Governance Statement and Code of Corporate Governance	The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.  The Council has recently reviewed and adopted an amended Code of Corporate Governance (dated April 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework).							
						Training and development	Ongoing training and development to ensure staff and members are equipped to follow governance requirements.							

18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	Mark Davies Jonathan Noad	4 (2x2)	Project / Programme	Programme Management	Programme Management	2 (1x2)	Development of a Canal Quarter Masterplan	Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad	31/03/2025	12/07/2024	Action plan updated on behalf of Jonathan Noad. The Canal Quarter Masterplan was adopted in Summer 2023. Focus now shifts to delivery but this is limited by wider Council financial pressures and availability for grant funding to deliver.
19	SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings	LCC has three high rise buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	Dennis Graham Paul Mackie Joanne Wilkinson	6 (3x2)	Property Financial	Registration with BSE for high rise blocks	Fortnightly senior housing management meetings updating on risks and plans around building safety review.	2 (2x1)	Registration with BSE for high rise blocks	Tenant engagement strategy for building safety to be approved.	Pete Linsley Paul Mackie Joanne Wilkinson	29/11/2024	18/10/2024	Limited change - safety case files not yet called in. Engagement strategy for high rise blocks drafted - to be approved via ICMD in coming weeks.
						Registration with BSE for high rise blocks	Fire safety works being completed.							
						Registration with BSE for high rise blocks	Fire door audits being undertaken							
						Registration with BSE for high rise blocks	Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.							
						Registration with BSE for high rise blocks	Tenants Voice group established							
						Registration with BSE for high rise blocks	Registration of blocks with BSE complete							
						Registration with BSE for high rise blocks	On-going and regular campaigns on fire safety undertaken with residents.							
						Registration with BSE for high rise blocks	Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision.							
						Registration with BSE of high rise blocks	Building Safety Case files prepared ready for call in.							

20	SR21 Non compliance with Regulator of Social Housing Standards	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve performance against new requirements.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	Dennis Graham Pete Linsley Joanne Wilkinson	6 (3x2)	Property Financial	<p>Social Housing Regulation Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning</p> <p>Social Housing Regulation Action planning within the service occurs in preparation for changes</p> <p>Social Housing Regulation Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.</p> <p>Social Housing Regulation Service Improvement Plan well established</p> <p>Social Housing Regulation Annual self assessment undertaken against current standards</p> <p>Social Housing Regulation Member advisory group for continued / wider input into the housing service established.</p> <p>Social Housing Regulation Various external audits utilised e.g. TPAS, Resolve, Pennington Choices</p> <p>Social Housing Regulation Breaches Policy in place</p>	2 (2x1)				18/10/2024	Limited change. Self assessment completed and action planning ongoing against gaps / areas for improvement. First inspections have been announced with mainly council providers receiving C3 gradings. Continue to keep abreast of what's going on through the sector.	
22	SR24 ICT Data Centre	Data Centre is dated and improvements needed to satisfy future demand.  Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	Paul Thompson	6 (3x2)	Technology	<p>Air conditioning in place to keep the data centre at optimal temperature</p> <p>Back up Date Centre at SALC</p> <p>Regular fire safety servicing carried out</p> <p>Water ingress alerts To alert all ICT senior managers to any water detected in data centre</p>	2 (2x1)	Data Centre	In progress, due for completion by December 24	Nick Goulden Paul Thompson	31/12/2024	16/07/2024	Dates updated on risk action.

23	SR26 - Increasing costs of temporary accommodation for the homeless	In 23-24 we are forecasting the Council will be required to contribute an additional £500k towards the cost of B+B accommodation for homeless residents. This is expected to continue into 24-25. Increase in costs is linked to increasing homelessness, reduced subsidy recovery from HB and reduced grant availability. Costs of accommodation also increasing and increase in larger families needing to be accommodated for longer. The subsidy can be met from within budgets this year (23-24), however this will need to be factored into future budgets moving forward. Funding temporary accommodation for those who need it is a stat requirement.  Link to Council Plan 24-27: 3.1 Access to Quality Housing	Joanne Wilkinson	6 (2x3)	Financial	Increasing homeless temporary accommodation costs	Budget reviews ongoing with service accountant.	2 (1x2)	Increasing homeless temporary accommodation costs	Letter to registered provider chief execs to be sent reminding of responsibility around consumer regulation and responsibilities to supporting local authorities around homelessness.	Joanne Wilkinson	27/12/2024	18/10/2024	Seeing some impact with reduction against forecast spend by about £100k at this point of the year. All placements are being passed by a manager. A recent homelessness audit has taken place and actions are now needed to be followed through.
						Increasing homeless temporary accommodation costs	Some access to grant funding to off-set costs (although limited and unpredictable).		Increasing homeless temporary accommodation costs	To review costs of accommodation with each provider to ensure reaching VFM	Sharon Parkinson	27/12/2024		
						Increasing homeless temporary accommodation costs	Bed and breakfast plan developed for DLUHC		Increasing homeless temporary accommodation costs	Exploring leasing arrangements with private landlords to seek to reduce bed and breakfast costs	Sharon Parkinson Joanne Wilkinson	10/01/2025		
						Increasing homeless temporary accommodation costs	Regular case work management in team of cases in bed and breakfast		Increasing homeless temporary accommodation costs	Conversion of former CAB building on King Street to 4 x units of temporary accommodation.	Sharon Parkinson Joanne Wilkinson	28/03/2025		
						Increasing homeless temporary accommodation costs	All B+B placements passed by manager for approval		Increasing homeless temporary accommodation costs	Progress actions from internal audit.	Sharon Parkinson	30/08/2025		
						Increasing homeless temporary accommodation costs	New Homelessness Strategy approved by Cabinet Oct 2023							
						Increasing homeless temporary accommodation costs	Housing Taskforce established - clear focus on how the private rented sector can support reduction in B+B usage.							
						Increasing homeless temporary accommodation costs	Cabinet briefing provided on homeless service and bed and breakfast costs							
						Increasing homeless temporary accommodation costs	Monthly spend / income monitoring now in place.							
						24	SR27 - Waste Strategy		Increased revenue cost burden to the authority and failure to deliver in line with milestones set out by government (31st March 2026).  Link to Council Plan 24-27: 1.5 Reduced Waste	Will Griffith	6 (2x3)	Strategy Financial		

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

**CABINET**

**Medium Term Financial Strategy Update**

**2025/26 – 2029/30**

**3 December 2024**

**Report of Chief Finance Officer**

**PURPOSE OF REPORT**

To provide an update on the Council's Medium Term Financial Strategy forecasts for 2025/26 to 2029/30 and outline the approach to balancing the budget.

**This report is public.**

**RECOMMENDATION OF PORTFOLIO HOLDER FOR FINANCE & RESOURCES**

That Cabinet considers :

- (1) The draft future years estimates as set out in the report as the latest information available, accepting that this is an interim position.
- (2) Agrees that the update be referred on to December Council for information.
- (3) Notes the Council Tax Base for 2025/26 as set out in paragraph 3.12.

**1.0 INTRODUCTION**

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

1.2 This report sets out:

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

1.3 It is critically important that all Members understand that the position reported is an interim update of the baseline position and primarily for information. It contains a series of estimates and assumptions that are based on the latest information available. These are highly likely to change over the coming months as we work through the budget process. It does not include any interventions through the Council's agreed Outcomes Based Resourcing process, or any impact the Local Government Finance Settlement due mid-December may have.

**2.0 UPDATED BUDGET GAP ANALYSIS**

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

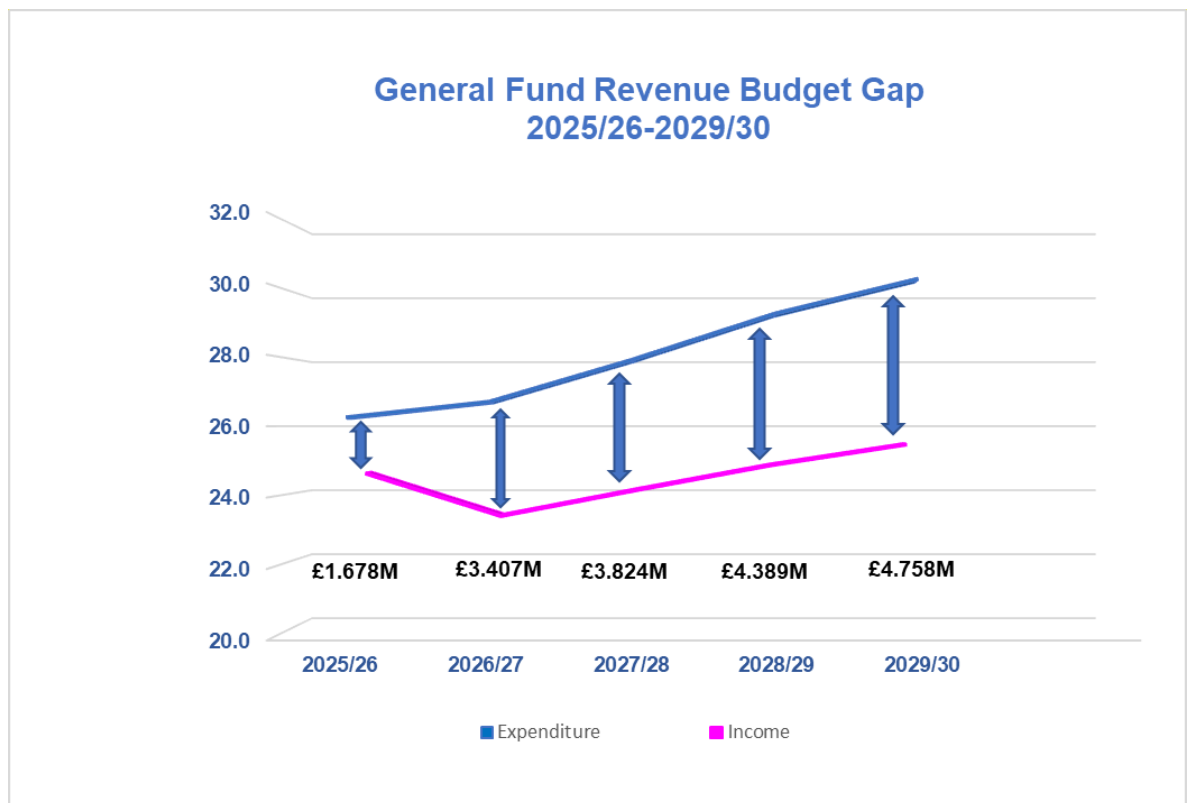


2.2 As noted above, this baseline forecast is subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any Outcomes Based Resourcing (OBR)/Fit for the Future (FtF) proposals, nor does it reflect the revenue impact of any proposed further revisions to the capital programme made after the after Capital Programme Mid Year Review report was approved by Council on 13 November 2024. It sets a baseline position without any further interventions in the Budget setting process. The interventions and actions being undertaken include:

- A range of income and efficiency proposals aiming to significantly reduce the 2025/26 budget gap, to be brought forward in the upcoming Budget and Policy Framework.
- An ongoing OBR/FtF process which includes the examination of every area of its budget and matching resources more closely with its priorities. The OBR/FtF 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.

More details on OBR/FtF are given in section 6.0 of this report.

2.3 The current budget gap for the next five years to 2029/30 is summarised in the graph below. The graph below assumes no intervention, but it does highlight the scale of the challenge facing the Council, the reasons for which are outlined in the report.



### 3.0 GOVERNMENT FUNDING PROSPECTS

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

3.2 Government announced its Autumn Statement on 30 October and a number of announcements will have a significant impact on the net financial position of the Council. The key issues are as follows :-

- the government is increasing the rate of employer National Insurance contributions (NICs) from 13.8% to 15% and reducing the per-employee threshold at which employers become liable to pay National Insurance (the Secondary Threshold) from 6 April 2025 to £5,000 – this could possibly be offset by a government contribution however this amount hasn't been confirmed at the time of writing this report
- the national living wage (NLW) will increase by 6.7% to £12.21 per hour from April 2025. This represents an increase of £1,400 to the annual earnings of a full-time worker on the NLW and is expected to benefit over 3 million low paid workers across the UK
- at the Budget, the government has fixed the envelope for Phase 2 of the Spending Review, which will conclude in the late spring. It will deliver a new settlement for public services, marking a fundamental change in how the government approaches public spending, supports growth, and delivers public services
- the government is also committed to pursuing a comprehensive set of reforms to return the sector to a sustainable position. This will include reform of the approach to allocating funding through the LGFS, starting with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27. The government will set out further details through an upcoming local government finance policy statement
- a significant reform to the Right to Buy scheme which will impact the Housing Revenue Account

3.3 With regard to the first two points above, these have been included into the latest projections presented where possible, although the potential NIC contribution has not and could lead to a reduced budget gap when known. For information, the NIC increase has created a strain of c.£0.5M on the general fund.

3.4 The Autumn Statement itself only provides useful headline messages regarding Local Government's funding prospects over the next few years but it does not provide information at individual Authority level. The level of detail required for Councils to finalise their budgets will not be available until the announcement of the Local Government Finance Settlement. It is understood that this is likely to be published in the week before Christmas.

3.5 A further update will be produced for all Members once the Settlement has been announced and its impact assessed. This will be reported into January's Cabinet and Council meetings.

#### Local Government Finance Settlement

3.6 Given that the Settlement announcement is imminent, and the current level of uncertainty, there is little benefit to be gained from spending significant time on modelling different funding scenarios; real information is needed at this stage in the process.

3.7 Nonetheless, some preliminary high-level work has been done to update the budget scenarios, in order that we do not lose sight of the potential risks and the challenge created by the underlying position.

3.8 This has taken the updated budget position and reflected several assumptions such as general inflation, the Local Government Pay Award and prospects for retained Business Rates, Council Tax yield and New Homes Bonus.

#### Council Tax

3.9 Council Tax is the Council's primary source of funding and is calculated by multiplying the tax base, the number of eligible residential properties (expressed in band D equivalents), by the level of the district council precept which is determined each year.

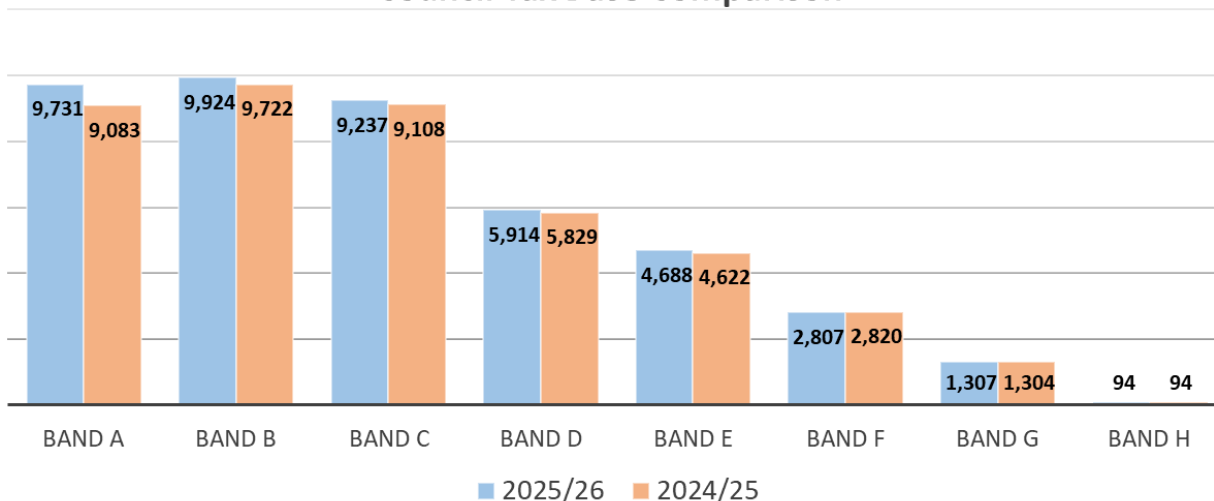
3.10 The tax base for 2025/26 has been calculated as 43,702 Band D equivalent properties after

allowing for a collection rate of 98.68%, the same as in previous years. This equates to a negligible increase in the tax base from 42,583 in 2024/25. This increased number of Band D equivalents when compared to the forecast in 2024/25 is largely due to :-

- new properties built in the area;
- holiday lets which have been brought back into council tax when they should meet the business rates criteria;
- a reduction in exempt accounts due to a review of student exemptions;
- an increase in eligibility for the Council Tax Reduction Scheme.

From 2026/27 1% growth in the Tax base has been used for forecasting purposes.

### Council Tax Base Comparison



3.11 The Government’s referendum criteria which limits increases in the Council’s element of Council Tax currently remains unchanged at 3% or £5, whichever is greater. For the purposes of forecasting, it has been assumed that the Council will increase council tax by 2.99%, the maximum allowed before triggering a referendum, in each of the next three years.

3.12 The table below sets out Council Tax forecasts for the next four years including a sensitivity analysis showing the potential impact on council tax yield of different scenarios:

	Actual 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Council Tax Band D 2.99% increase	£256.63	£264.30	£272.20	£280.34	£288.72	£297.35
Council Tax Band D (£5 increase)	£256.63	£261.63	£266.63	£271.63	£276.63	£281.63
Tax base (1% growth from 2025/26)	42,583	43,702	44,139	44,580	45,026	45,476
<b>Council Tax Income (based on 2.99%)</b>	<b>£10,610,019</b>	<b>£11,550,439</b>	<b>£12,014,641</b>	<b>£12,497,672</b>	<b>£12,999,967</b>	<b>£13,522,428</b>
Previous MTFS		£11,367,000	£11,824,000	£12,300,000	£12,794,000	£13,177,000
<b>Difference Increase or (Decrease)</b>		<b>£183,439</b>	<b>£190,641</b>	<b>£197,672</b>	<b>£205,967</b>	<b>£345,428</b>
<b>Scenario 1</b> – No increase in Council tax over period of MTFS		<b>£-151,756</b>	<b>£-496,603</b>	<b>£-859,329</b>	<b>£-1,238,924</b>	<b>£-1,506,374</b>
<b>Scenario 2</b> – Council Tax Band D (£5 increase)		£66,754	<b>£-55,213</b>	<b>£-190,623</b>	<b>£-338,400</b>	<b>£-369,462</b>
<b>Scenario 3</b> – 1.5% increase in tax base growth & 2.99% increase from 2025/26)		<b>£-108,715</b>	£250,248	£321,748	£399,927	£614,985

### Business Rates

- 3.13 Business Rates is now a fundamental part of the local government finance settlement and, along with Council Tax, accounts for the majority of local government financing. There are currently several significant uncertainties which make forecasting and planning extremely difficult, these are set out below.
- 3.14 The Chancellor's autumn statement set out a number of changes in which business rates were chargeable. To summarise :-
- for 2025/26, eligible retail, hospitality and leisure (RHL) properties in England will receive 40% relief (previously 75%) on their business rates liability. RHL properties will be eligible to receive support up to a cash cap of £110,000 per business;
  - for 2025/26, the small business multiplier in England will be frozen at 49.9p. The government will lay secondary legislation to freeze the small business multiplier. The standard multiplier will be updated by the September 2024 CPI rate to 55.5p;
  - the government intends to introduce permanently lower multipliers for Retail, Hospitality and Leisure (RHL) properties from 2026/27, paid for by a higher multiplier for properties with Rateable Values above £500,000;
  - removing Charitable Rate Relief from Private Schools – The existing mandatory business rates relief of 80% for private schools with charitable status will end from 1<sup>st</sup> April 2025
  - English local authorities will be fully compensated for the loss of income and administration costs resulting from these business rates measures.
- 3.15 Officers are currently working through the implications of the above and the figures presented in this report do not include any updated projections in respect of business rates. It is recognised and appreciated that this is an extremely important component of the net financial position of the Council and Members are asked to note that the changes could be significant.
- 3.16 Further information which will inform the estimates will become available during December and January and updates will be provided as a clearer picture emerges. Further monitoring for 2024/25 will also be undertaken to inform the forecast surplus or deficit for the year.

#### 4.0 MEDIUM TERM FINANCIAL STRATEGY – CURRENT PROSPECTS TO 2029/30

- 4.1 Total operational changes included in the base budget for 2025/26 currently amount to an increase in expenditure of £0.243M and are provided in the General Fund Revenue Budget Projections 2025/26 - 2029/30 table at paragraph 4.3.

##### MTFS Planning Assumptions

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

	2025/26	2026/27	2027/28	2028/29	2029/30
Council Tax Base Growth	1.00%	1.00%	1.00%	1.00%	1.00%
Council Tax Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax Collection Rate	98.67%	98.67%	98.67%	98.67%	98.67%
Fees & Charges	0.00%	2.30%	2.10%	2.10%	2.00%
Pay Award	2.50%	2.50%	2.50%	2.50%	2.50%
Employer Pensions Contribution	16.30%	16.30%	16.30%	16.30%	16.30%
Utilities (based on 24/25 projected outturn)	0.00%	0.00%	0.00%	0.00%	0.00%
Other inflation	2.60%	2.30%	2.10%	2.10%	2.00%
Interest Rate – investments	3.50%	3.13%	3.00%	3.00%	3.00%
Interest Rate – new borrowing	3.90%	3.80%	3.80%	3.80%	3.80%

## 4.3 General Fund Revenue Projections 2025/26 – 2029/30

## General Fund Revenue Budget Projections 2025/26 to 2029/30

For Consideration by Cabinet 03 December 2024

	2025/26	2026/27	2027/28	2028/29	2029/30	
	£'000	£'000	£'000	£'000	£'000	
<b>Revenue Budget/Forecast as at 28 February 2024</b>	<b>26,007</b>	<b>27,235</b>	<b>27,899</b>	<b>29,390</b>	<b>30,272</b>	
<b>Budget Changes (Operational)</b>						
Pay Award Savings	(718)	(843)	(968)	(1,093)	(1,218)	
National Insurance Contributions Rebate	489	475	465	464	463	
Restructuring Savings	(190)	(195)	(200)	(205)	(210)	
Building Control	52	53	54	55	56	
Housing & Property R&M	113	113	113	113	113	
Business Rates	68	69	69	69	69	
Water Charges	52	52	52	52	52	
Bridge Maintenance	48	0	0	0	0	
Vehicle R&M	83	83	83	83	83	
Trade Refuse Waste Disposal	135	135	135	135	135	
Revenues & Benefits Administration	85	85	85	85	85	
SALC Income	102	102	102	102	102	
Planning Income	160	0	0	0	0	
Fees & Charges Inflation	404	404	404	404	404	
Festival Market Income	50	35	35	35	35	
Commercial Property Rent	238	45	55	(28)	(28)	
Interest Payable	(613)	78	78	78	87	
Interest Receivable	(198)	(161)	(73)	(73)	(73)	
Minimum Revenue Provision (MRP)	(248)	(1,202)	(692)	(616)	(454)	
Minor Variances	131	132	197	162	232	
	<b>Latest Budgetary Position</b>	<b>26,250</b>	<b>26,695</b>	<b>27,893</b>	<b>29,212</b>	<b>30,205</b>
<b>Predicted Budget Changes:</b>						
National Insurance Contributions Rebate	??	??	??	??	??	
Commercial & Corporate Property Review	??	??	??	??	??	
Local Government Settlement	??	??	??	??	??	
<b>Outcomes Based Resourcing Proposals:</b>						
<u>Fit For The Future</u>						
Catering Review	??	??	??	??	??	
Digitalisation	??	??	??	??	??	
Fleet Review	??	??	??	??	??	
OBR Assets	??	??	??	??	??	
Re-Imagining The Museums	??	??	??	??	??	
Salt Ayre Leisure Centre	??	??	??	??	??	
Support Services Review	??	??	??	??	??	
Waste Management	??	??	??	??	??	
<u>Growth/(Savings) Proposals</u>						
Environment & Place	??	??	??	??	??	
Governance	??	??	??	??	??	
Housing & Property	??	??	??	??	??	
People & Policy	??	??	??	??	??	
Planning & Climate Change	??	??	??	??	??	
Resources	??	??	??	??	??	
Sustainable Growth	??	??	??	??	??	
Corporate Accounts	??	??	??	??	??	
Other Items	??	??	??	??	??	
Revenue Impact of Capital Programme Review (MRP & Interest)	??	??	??	??	??	
Revenue Impact of Capital Programme Review (Ongoing Revenue)	??	??	??	??	??	
<b>General Fund Revenue Budget</b>	<b>26,250</b>	<b>26,695</b>	<b>27,893</b>	<b>29,212</b>	<b>30,205</b>	
<b>Core Funding:</b>						
Revenue Support Grant						
Prior Year Council Tax (Surplus)/Deficit						
Prior Year Business Rates (Surplus)/Deficit						
Net Business Rates Income	(13,205)	(11,464)	(11,769)	(12,029)	(12,270)	
<b>Council Tax Requirement</b>	<b>13,045</b>	<b>15,231</b>	<b>16,124</b>	<b>17,183</b>	<b>17,935</b>	
<b>Estimated Council Tax Income -</b> (Increases based on 2.99% for 2025/26 then max allowable)	<b>11,367</b>	<b>11,824</b>	<b>12,300</b>	<b>12,794</b>	<b>13,177</b>	
<b>Resulting Base Budget (Surplus)/Deficit</b>	<b>1,678</b>	<b>3,407</b>	<b>3,824</b>	<b>4,389</b>	<b>4,758</b>	
<b>Incremental Deficit as Percentage of Net Revenue Budget</b>	<b>6%</b>	<b>13%</b>	<b>14%</b>	<b>15%</b>	<b>16%</b>	

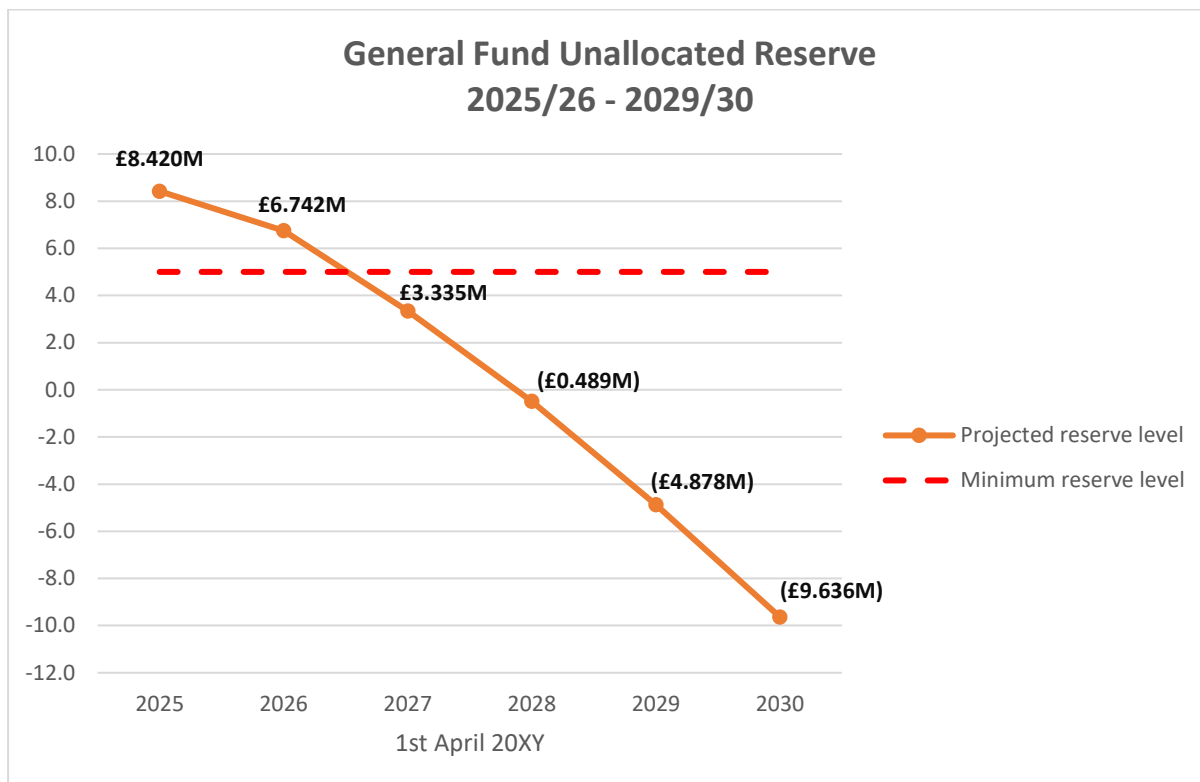
- 4.4 To reaffirm, the baseline forecast deficit positions above are subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any OBR/FtF proposals, nor does it reflect the revenue impact of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

## 5.0 PROVISIONS, RESERVES AND BALANCES

- 5.1 A Council's reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. Councils generally hold two types of reserves, "Unallocated" to meet short term unexpected cost pressures or income reductions and "Earmarked". These can be held to provide for some future anticipated expenditure for identified projects (particularly in respect of corporate priorities), address specific risks such as business rates, provide up-front costs which specifically result in future efficiencies, cost savings or increased income, or to hold funding from other bodies, mainly Government, for specified purposes.
- 5.2 As noted above, reserve levels and their usage are an important part of the budget framework. It is important that the Council maintains a healthy level of reserves in order to maintain financial resilience. The Council's minimum level of General Fund balance currently stands at £5M, at the advice of the s151 Officer.
- 5.3 The Council's Outturn Report 2023/24 showed the Council's Unallocated General Fund Balance as £10.327M. As reported to Cabinet elsewhere on this agenda (Delivering Our Priorities: Q2 2024/25 report), the projected level of the unallocated reserve is expected to reduce to £8.420M by 31 March 2025.

Without significant intervention by the Council the General Fund budget gaps will remain and unallocated balances will be required to fund them. Whilst the required level of reserves is assessed annually the forecast deficits are of such a size that available unallocated reserves will be expended within 2 years, as illustrated in the tables below.

		2025/26	2026/27	2027/28	2028/29	2029/30
		£'000	£'000	£'000	£'000	£'000
<b>General Fund Unallocated Balance</b>						
<b>BALANCES</b>		<i>£M</i>	<i>£M</i>	<i>£M</i>	<i>£M</i>	<i>£M</i>
	Balance as at 1 April 2025-29	(8.420)	(6.742)	(3.335)	+0.489	+4.878
	In Year allocations	+0.292	+0.097	+0.000	+0.000	+0.000
	Forecast (Under)/Overspend	+1.386	+3.310	+3.824	+4.389	+4.758
	Other Adjustments	+0.000	+0.000	+0.000	+0.000	+0.000
	<b>Projected Balance as at 31 March 2025-29</b>	<b>(6.742)</b>	<b>(3.335)</b>	<b>+0.489</b>	<b>+4.878</b>	<b>+9.636</b>
	<b>Reserves</b>	<b>(6.742)</b>	<b>(3.335)</b>	<b>+0.489</b>	<b>+4.878</b>	<b>+9.636</b>
<b>Less Recommended Minimum Level of Balances</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	
<b>Available Balances</b>	<b>(1.742)</b>	<b>+1.665</b>	<b>+5.489</b>	<b>+9.878</b>	<b>+14.636</b>	



- 5.4 In addition to the General Fund Unallocated Reserve the Council holds some further non-ringfenced reserves. These include the Business Rates Retention (BRR), and the renewals reserve. The table below shows the position were these also to be utilised to support the budget deficit.
- 5.5 However, Members should be aware that whilst the BRR can be utilised to support the general fund its main function is to manage fluctuations within with Business Rates Retention regime. It contains several technical entries such as provision for appeals against business rating values. The appeals are independently managed by the Valuation Office Agency (VOA) and so the outcome is out of the Council's control. As a result the movement in the BRR can be significant depending on the volume and value of any appeals. The reserve is also there to manage routine surpluses and deficits encountered during the normal administration of the business rates system. It is therefore recommended that the use of this reserve is treated with extreme caution.

	31-Mar-26 £M	31-Mar-27 £M	31-Mar-28 £M	31-Mar-29 £M	31-Mar-30 £M
Unallocated Reserve (includes budget deficit)	-6.742	-3.335	0.489	4.878	9.636
Business Rates Retention Reserve	-12.176	-11.576	-11.076	-11.076	-11.076
Renewals Reserve	-1.880	-2.372	-2.864	-3.356	-3.848
Other Non-Ring Fenced Reserves	-1.437	-1.442	-1.447	-1.452	-1.457
<b>Balance carried forward</b>	<b>-22.235</b>	<b>-18.725</b>	<b>-14.898</b>	<b>-11.006</b>	<b>-6.745</b>

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

## **6.0 OUTCOMES BASED RESOURCING (OBR) / FIT FOR THE FUTURE (FftF)**

6.1 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.

6.2 The Council embarked on its OBR/FftF process in 2022/23, as set out in the Council Plan, with its intention to 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.

6.3 The proposed actions through the OBR/FftF process currently include:

- Application of alternative funding to deliver key Council outcomes
- Detailed review and sensitivity analysis on all key and significant income streams
- Further rationalisation work on the Council's asset base
- Expansion of the investment to reduce cost principle
- The potential use of capital receipts to finance existing projects
- Capitalisation of transformation costs where appropriate
- Exploration of closer working and collaboration with other Councils, Public Sector Bodies and Partner Institutions
- Challenging existing cost base through the application of zero-based budgeting principles

6.4 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.

6.5 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 to 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

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

## **7.0 BALANCING THE BUDGET TO 2029/30**

7.1 A number of workshops have already been held between Cabinet and Senior Leadership Team to explore proposals from the OBR task groups and these will be ongoing throughout the budget process.

7.2 Savings were identified during the 2023/24 and 2024/25 budget processes which have contributed towards addressing the structural deficit. However, the continuation of the application of OBR across the Council is an ongoing and significant piece of work and will



continue to have a particularly important part to play in driving down budget gaps from 2025/26 to achieve a position of financial sustainability.

- 7.3 Capital proposals have been reviewed by Capital Assurance Group and passed on to Cabinet who have given an initial steer on which proposals they would like to see worked up further. This work is ongoing and the revenue impact of MRP and interest charges will be included in future update reports to Members.

**8.0 DETAILS OF CONSULTATION**

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

**9.0 OPTIONS AND OPTIONS ANALYSIS**

- 9.1 As the report is for consideration and alternative options are put forward, the Cabinet could make supplementary recommendations regarding any matters.

**10.0 CONCLUSION**

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

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> 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.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> (including Diversity, Human Rights, Community Safety, Sustainability etc)</p> <p>None identified at this stage</p>
<p><b>FINANCIAL IMPLICATIONS</b> As set out in the report</p>
<p><b>SECTION 151 OFFICER’S COMMENTS</b> The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.</p> <p>It must be reiterated that the current forecasts <b>do not</b> include any interventions by Cabinet, Senior Leadership Team or the outcomes of the Local Government Settlement. However, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council still faces, a position shared nationally across the public sector. In light of this, balancing the budget both in the short and the medium term will be a tough task and <b><i>all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.</i></b></p>

**LEGAL IMPLICATIONS**

No specific legal implications arising from this report.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no comments

**BACKGROUND PAPERS**

none

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