



Committee: BUDGET AND PERFORMANCE PANEL

Date: WEDNESDAY, 29 JANUARY 2025

Venue: MORECAMBE TOWN HALL

Time: 6.00 P.M.

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A G E N D A

1. **Apologies for Absence**
2. **Items of Urgent Business authorised by the Chair**
3. **Declaration of Interests**

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

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

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

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

4. **Budget and Policy Framework Update 2025/26 to 2029/30 (Pages 3 - 18)**

Report to Cabinet of Chief Officer Resources.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Ross Hunter (Chair), Chris Hanna (Vice-Chair), Keith Budden, Brett Cooper, Isabella Metcalf-Riener, Hamish Mills, Sue Penney, James Sommerville and Jackson Stubbs

(ii) Substitute Membership

Councillors Suhir Abuhajar, Dave Brookes, Ruth Colbridge, John Livermore and Roger Dennison

(iii) Queries regarding this Agenda

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

(iv) Changes to Membership, substitutions or apologies

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

MARK DAVIES,
CHIEF EXECUTIVE,
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LANCASTER LA1 1PJ

Published on 21 January 2025.

CABINET

Budget & Policy Framework Update
2025/26 – 2029/30
14 January 2025

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide an update on the Council's budget strategy for 2025/26 and financial outlook up to 2029/30. Specifically, the report considers the budget and Council Tax proposals for 2025/26.

This report is public.

RECOMMENDATION OF COUNCILLOR HAMILTON-COX

1. That Cabinet make recommendations to Council regarding the Lancaster City Council element of the Council Tax as set out in paragraph 3.3 (option one) of this report which is a 2.99% increase to the Band D Council Tax (from £256.63 to £264.30).
2. That Cabinet makes recommendations regarding its initial budget proposals as set out in section 5 and Appendix A of this report.
3. That the recommendations and proposals in this report be referred to Council on 22 January for initial consideration as well as being presented for scrutiny on 15 January prior to public consultation/stakeholder meeting on 29 January (both by Budget and Performance Panel), in order that any feedback can be provided to Cabinet at its 11 February meeting.

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 At its meeting on 03 December 2024 Cabinet considered updated estimates in respect of the Government's Autumn Statement together with consideration of assumptions in respect of various sources of income and expenditure and the corresponding impact this would have on the 2025/26 revenue budget gap and beyond. Members will, therefore, be aware of the financial challenges faced by the Council.
- 1.3 Since that report, the Government has released the Provisional Local Government Finance Settlement (18 December 2024). Several workshops have been held between Cabinet and Senior Leadership Team to explore initial proposals from the Outcomes Based Resourcing (OBR) task groups.

1.4 This report sets out:

- An update to the estimates of Central Government funding including Revenue Support Grant, Funding Guarantee, Recovery Grants & New Homes Bonus following on from the release of the provisional local government finance settlement and the corresponding impact on the budget gap. **(Section 2)**
- Consideration of options for setting the Council's element of the Council Tax for 2025/26. **(Section 3)**
- An update to the retained Business Rates forecast following on from the release of the finance settlement and review of latest monitoring information & movements on the business rates projections. **(Section 4)**
- A summary of the proposals for achieving a balanced revenue budget for 2024/25. **(Section 5)**
- An update on the work undertaken in respect of the capital programme for the remainder of 2024/25 to 2029/30, and a longer-term Capital Strategy. **(Section 6)**
- An update on the development of a Medium-Term Financial Strategy which will secure the long term financial resilience of the authority and identify resources to meet the Council's priority outcomes for the next five years. **(Section 7)**

To provide an executive summary in relation to the above, the following analysis is provided which compares the projections considered by Council on 28 February 2024 against the latest projections provided for within this report :-

Table 1 – Executive Summary

	2025/26 Forecast £'M	2025/26 Latest £'M	Difference £'M	Report Section
Provisional Finance Settlement	(1.239)	(1.233)	0.006	2
Council Tax Income	(11.367)	(11.550)	(0.183)	3
Business Rates Income	(13.205)	(13.946)	(0.741)	4
General Fund Revenue	26.007	25.678	(0.329)	5
General Fund Capital (Net)	13.266	19.520	6.254	6
General Fund Revenue Budget Gap	1.435	0.000	(1.435)	7

As the table suggests, there is considerable movement within a few areas and these are discussed further within the relevant section of the report.

2.0 LOCAL GOVERNMENT FUNDING UPDATE

- 2.1 Details of the provisional Local Government Finance Settlement for 2025/26 were announced on 18 December 2024. The Provisional Settlement is subject to consultation, with the Final Settlement announced towards the end of January/early February. Values may, therefore, be subject to change. Any changes will be reflected in the final budget and policy framework reports presented to Cabinet, and ultimately Council 26 February.

- 2.2 A summary of the provisional settlement for Lancaster City Council is provided in table 2 below.

Table 2 – Provisional Settlement allocations for Lancaster City Council

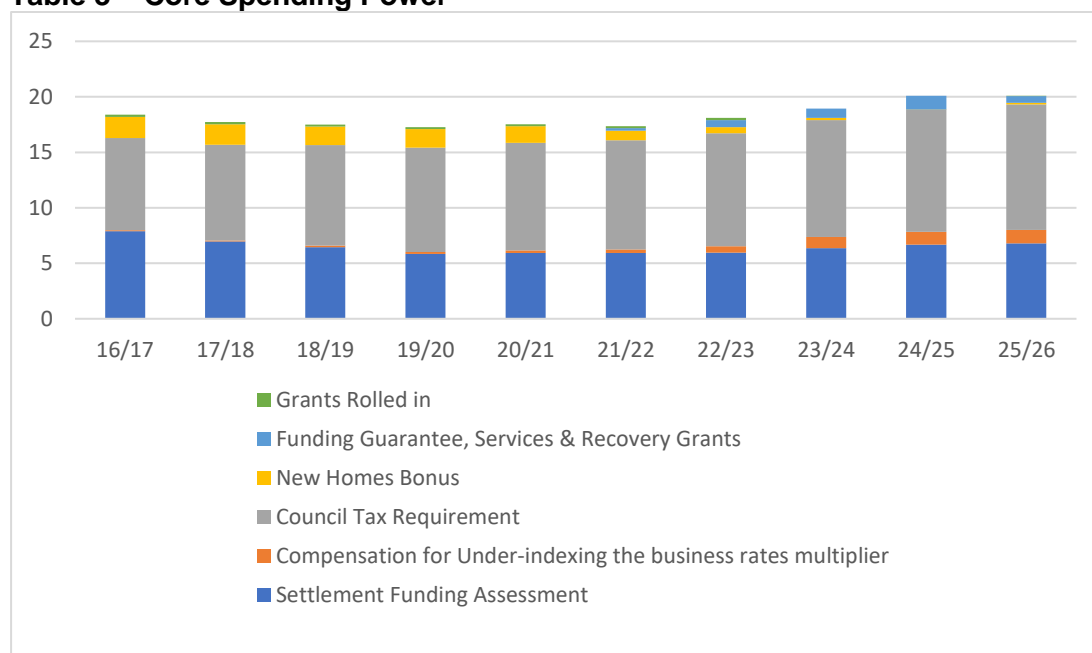
	Provisional Settlement £'M	LCC Forecast £'M	Difference £'M
Settlement Funding Assessment			
Revenue Support Grant	0.460	0.000	0.460
New Homes Bonus	0.137	0.010	0.127
Funding Guarantee/Services Grant	0.000	1.229	(1.229)
Domestic/Recovery Grants	0.637	0.000	0.637
Total Government Funding	1.234	1.239	(0.005)

- 2.3 As table 2 shows, the provisional settlement allocates £0.005M less resources from Central Government than anticipated and this slightly increases the gap for the 2025/26 revenue budget. The impact of the provisional settlement and its effect on retained business rates is examined separately in Section 4. In addition, a number of additional pressures have been identified, many mirroring the wider economic environment. These pressures are reflected in the current budgeted position. These are discussed further in section 5.

Core Spending Power

- 2.4 Core Spending Power (CSP) is a measure used by the Government to set out the resources available to a Council to fund service delivery. It combines certain grants payable to the Council together with estimates of Business Rates and Council Tax, these estimates are based on Government assumptions. CSP is used by the Government to make comparisons of the resources available to different Councils. As such, it is not necessarily the actual funding a Council will receive to fund service delivery.

Table 3 – Core Spending Power



Further analysis of the provisional settlement when considered against 2024/25 is provided in the following table :-

Table 4 – Core Spending Power (Breakdown)

	2024/25 £'M	2025/26 £'M
Compensation for under-indexing the business rates multiplier	1.162	1.209
Council tax requirement excluding parish precepts	11.005	11.315
Domestic Abuse Safe Accommodation Grant	-	0.034
Funding Guarantee	1.189	-
New Homes Bonus	0.010	0.137
Recovery Grant	-	0.603
Services Grant	0.040	-
Settlement Funding Assessment	6.682	6.804
Grand Total	20.088	20.102

- 2.5 On the basis of the provisional Settlement, the Council's CSP for 2025/26 will increase from £20.09M to £20.10M, or 0.07%, when compared to CSP in 2024/25, and includes an assumption by Government that Councils will increase their Council Tax by the maximum allowable. This is in comparison to the average CSP for all Councils in England of 6.0% and in real terms is deemed to be a significant reduction on previously received amounts creating additional pressure to the net financial position of the general fund.

3.0 COUNCIL TAX

- 3.1 As part of the provisional finance settlement, the Government published its referendum criteria for Council Tax. District councils will be permitted to raise their Council Tax by a maximum of 3% or £5, whichever is higher, without reference to a referendum. Table two below considers the following options for Council Tax:

- Option 1: An annual increase of 2.99%
Option 2: £5 increase in Council Tax
Option 3: No increase in Council Tax

For Lancaster City Council, option 1 is the highest of the options

Table 5 – Impact of Council Tax Options: 2025/26 to 2029/30

Year	Taxbase (%Annual Increase)	Estimated Annual Movement %	Option 1 Annual increase of 2.99% in Council Tax		Option 2 Annual increase of £5 in Council Tax		Option 3 No annual increase in Council Tax		Previous MTFS Approved Feb-2024	Additional / (Reduced) Income from 2.99% Increase & 1% Annual Growth	Additional / (Reduced) Income from £5 Increase & 1% Annual Growth	Additional / (Reduced) Income from Increase in Tax Base Only 1%
			Band D	Income (£'M)	Band D	Income (£'M)	Band D	Income (£'M)				
2024/25	42,583		256.63	10.928	256.63	10.928	256.63	10.928				
2025/26	43,702		264.30	11.550	261.63	11.434	256.63	11.215	11.367	0.183	0.067	(0.152)
2026/27	44,139	1.00%	272.20	12.015	266.63	11.769	256.63	11.327	11.824	0.191	(0.055)	(0.497)
2027/28	44,580	1.00%	280.34	12.498	271.63	12.109	256.63	11.441	12.300	0.198	(0.191)	(0.859)
2028/29	45,026	1.00%	288.72	13.000	276.63	12.456	256.63	11.555	12.794	0.206	(0.338)	(1.239)
2029/30	45,476	1.00%	297.35	13.522	281.63	12.807	256.63	11.671	13.177	0.345	(0.370)	(1.506)
										1.123	(0.887)	(4.253)

- 3.2 When compared against the MTFS which was approved by Council in February 2024 the following information can be drawn from the table above:-

- Option 1 provides additional income of £0.183M in 2025/26 and £1.123M over the five year

- period;
- Option 2 provides additional income of £0.067M in 2025/26 but is cumulatively short by - (£0.887M) over the five year period
 - Option 3 provides for a shortfall of income of £0.152M in 2025/26 and is cumulatively short by - (£4.253M) over the five year period
- 3.3 **The recommendation arising from this report is that the Council on 22 January 2025 agree a 2.99% increase (option one) to the level of the 2025/26 Band D Council Tax for the Lancaster City Council element.** It is also recommended that option one is selected for the purposes of completing estimates in the Medium-Term Financial Strategy.
- 3.4 The Council is expected to benefit from prior year surpluses to the collection fund account in respect of council tax. This amount is currently valued at £280K and is included within the general fund net financial position.
- 4.0 BUSINESS RATES**
- 4.1 Since the Medium Term Financial Strategy Update reported on 3 December 2024, work has been undertaken on business rates modelling as further information has become available, particularly in respect of the changes to the small and the standard business rates multipliers and the consequent impact on Section 31 grant adjustments. Details of the calculation of the adjustment required was release in guidance which accompanied the National Non Domestic Rates (NNDR1) form issued after the provisional finance settlement. This has been used to determine the amount of the adjustment based on data in respect of the rateable value of heraditaments on the small and standard business rates multiplier from initial information supplied by the revenues team.
- 4.2 The provisional local government finance settlement released on 18 December 2024 set out the tariff, baseline and safety net levels which drive the retained rates calculation. The modelling has been refreshed to reflect these and the impact of ongoing business rates monitoring. Forecasts in respect of business rates have been based on reports received from the Revenues Team generated to complete the NNDR1 form. Whilst the forecasts are based on the latest projections available, they continue to remain subject to change until the submission deadline of 31 January 2025. Any changes will be reported to Cabinet as part of the 11 February 2025 update report.
- 4.3 With the recent news of the extension of Heysham 1 power station to 31 March 2027, this has improved the financial position for 2026/27 but Members are asked to note that this is not without its own complexity leaving some inevitable uncertainty which will remain subject to ongoing review as the date for the closure of Heysham 1 approaches.
- 4.4 The Council receives rating income from renewable energy schemes within the district, largely in relation to Walney Sub-Station. The value of this income is included as £4.004M in 2025/26 (£3.970M for 2024/25). A majority of the income currently falls outside of the main rate retention scheme, and so the Council retains the full benefit from it.
- 4.5 Work is continuing to determine the forecast surplus or deficit for the year. Members will recall that the Business Rates Retention Reserve (BRRR) is used to manage the impact of surpluses and deficits and also to manage fluctuations in income levels in order to provide budgetary stability and smooth out year on year peaks and troughs. As part of the 2024/25 budget setting process, a contribution of £130K to the BRRR and a contribution of £820K to the unallocated reserve were included within 2025/26. These contributions remains in place and are included within the general fund net financial postion.
- 4.6 The Council is expected to benefit from prior year surpluses to the collection fund account in respect of business rates. This amount is currently valued at £878K and is included within the general fund net financial position.

- 4.7 The table below provides Business Rates forecasts for the next five years in comparison to previously reported figures and the resultant net impact on the General Fund budget gap.

Table 6 – Business Rates Forecast

	2025/26 £'M	2026/27 £'M	2027/28 £'M	2028/29 £'M	2029/30 £'M
Retained Business Rates	13.946	13.641	11.577	11.884	12.146
Previously Reported	13.205	11.464	11.769	12.029	12.270
Net impact on General Fund Budget Gap	0.741	2.177	(0.192)	(0.145)	(0.124)

- 4.8 The following table provides further analysis of the key differences between the previously reported projected position for 2025/26 and the latest information available.

Table 7 – Business Rates Movements (changes since previously approved position)

	Forecast 2025/26 £'M	Forecast 2026/27 £'M	Forecast 2027/28 £'M	Forecast 2028/29 £'M
Non Domestic Ratings Income (incl. s31 grants)	+0.362	+4.118	+0.202	+0.206
Tariff ¹	+0.159	+0.162	+0.165	+0.169
Retained Rates	+0.521	+4.280	+0.367	+0.375
Funding Baseline ¹	(0.046)	(0.047)	(0.048)	(0.049)
Growth before Levy	+0.567	+4.327	+0.415	+0.424
Levy (50%)	(0.283)	(2.164)	(0.208)	(0.212)
Growth Retained	+0.283	+2.164	+0.208	+0.212
<u>Business Rates Income per analysis</u>				
Funding Baseline ¹	(0.046)	+6.454	+0.000	+0.000
Safety Net ²	+0.000	(6.134)	(0.045)	(0.046)
Retained Growth	+0.283	+1.903	+0.000	+0.000
Net Cap Compensation ¹	+0.550	+0.000	(0.100)	(0.050)
Green Energy Disregard	(0.046)	(0.046)	(0.047)	(0.048)
Movement in Forecast Business Rates Income	+0.741	+2.177	(0.192)	(0.144)

Notes to the above

¹ uncertain until final finance settlement for year has been confirmed

² previous forecast assumed Heysham 1 decommissioning date as March 2026 - now extended to March 2027

It should be noted that the Government have recently announced changes to come into effect from 1 April 2026 with regard to increasing the number of multipliers and introduction of new thresholds. As full details aren't yet available, the above information has been prepared on the existing rateable values and currently known multipliers. Further work will be undertaken when the systems offer the capability to output updated projections and will be included within the 2026/27 budget process.

The Government have also proposed to reset the baseline but haven't announced a timeline for this. The above analysis doesn't factor in any potential impact this may have on future projections and further information will be reported as appropriate when it becomes available.

5.0 BUDGET PROPOSALS

- 5.1 The 03 December 2024 Cabinet report set out the significant challenges facing the Council in balancing its revenue budget for 2025/26 and beyond. Since that report, working groups with Members and Officers have taken place to identify savings, efficiency, and income generation proposals. These proposals together with in-year changes and ongoing changes to accounting, forecasting and grant activity have also led to a change in the budgetary position from that previously reported.

Table 8 Cabinet's Draft Revenue Budget Proposals – 2025/26

	2025/26 £'M
Revenue Budget Forecast as at 28 February 2024	26.007
Base Budget Changes	
Operational Base Budget Changes	0.385
Commercial & Corporate Property Review	1.541
Food Waste Collection(pEPR)	(0.764)
	27.169
Outcomes Based Resourcing Proposals	
Savings & Income Proposals	(0.051)
Growth Proposals	0.026
Impact of Review of the Capital Programme (MRP & Interest)	(0.019)
Impact of Review of the Capital Programme (Ongoing Revenue)	(0.076)
	27.049
National Insurance Contributions Rebate	(0.400)
Impact of Provisional Local Government Finance Settlement	0.465
General Fund Revenue Budget	27.114
Core Funding	
Revenue Support Grant	(0.460)
Prior Year Council Tax (Surplus)/Deficit	(0.280)
Prior Year Business Rates (Surplus)/Deficit	(0.878)
Net Business Rates Income	(13.946)
Council Tax Requirement	11.550
Estimated Council Tax Income	
(Increase Based on 2.99% for 2024/25 then maximum allowable	(11.550)
Resulting Base Budget (Surplus)/ Deficit	0.000

- 5.2 The proposals set out in the table 7 above produce a balanced revenue budget for 2025/26, which forms part of the recommendations of this report. Further details including the latest projections for future years to 2029/30 can be found at **Appendix A**. Subject to Cabinet agreement, this proposal will then be considered for scrutiny on 15 January prior to public consultation/stakeholder meeting on 29 January (both by Budget and Performance Panel) and to Council on 22 January 2025.
- 5.3 As noted previously, the OBR groups have identified a number of budget savings and an area where revenue growth is required. The details at **Appendix B** for 2025/26 relate to

several areas where actions are being undertaken by the Council. Given the sensitivities around some of the proposals, they have been presented at summary Service level at this stage of the budget process. Further information will be provided in due course to enable effective internal and external discussion.

- 5.5 Table 9 below reconciles the position reported to Cabinet on 3 December 2024 to the current balanced position.

Table 9 Reconciliation from Cabinet 3 December 2024 to Current Position

	2025/26 £'M	
Resulting Base Budget (Surplus)/ Deficit as of 3 December 2024 (Cabinet)		1.678
Further Operational Changes	(0.042)	
Building Control Contract	0.118	
Fees & Charges Inflation	(0.182)	
National Insurance Contributions Rebate	(0.400)	
Commercial & Corporate Property Review	1.541	
Waste Collection (pEPR payment)	(0.989)	
Food Waste Collection	0.225	
Impact of Provisional Local Government Settlement	0.005	0.276
Revenue Impact of Capital Programme Review (MRP & Interest)		0.229
Revenue Impact of Capital Programme Review (Ongoing Revenue)		(0.076)
Savings Proposals		(0.051)
Growth Proposals		0.026
Updated Council Tax Income Projection		(0.183)
Prior Year Council Tax (Surplus)/Deficit		(0.280)
Prior Year Business Rates (Surplus)/Deficit		(0.878)
Updated Net Business Rates Income		(0.741)
Resulting Base Budget (Surplus)/ Deficit as at 14 January 2025 (Cabinet)		0.000

Budget Principles and Assumptions

- 5.6 Within the revenue budget there are several principles and key assumptions underpinning the proposed revenue strategy. These are:
- i. Annually, a balanced revenue budget will be set with expenditure limited to the amount of available resources;
 - ii. No long-term use of balances to meet recurring baseline expenditure.
 - iii. Resources will be targeted to deliver Corporate outcomes and value for money. Any additional investment and spending decisions will be made to reflect Council priorities and strategic commitments.

- 5.7 Table 10 below, lists the major assumptions that have been made for the 2025/26 budget.

Table 10 Major Assumptions within Draft Revenue Budget 2025/26

	(2024/25)	2025/26
Council Tax Increase	2.99%	2.99%
Council Tax Collection Rate	98.67%	98.67%
Business Rates Multiplier: Small Business Rates	Frozen	Frozen
Business Rates Multiplier: Standard	6.70%	1.60%
Fees & Charges	Various	2.60%
Inflation – Pay	5.95%	2.50%
Employer Pensions Contribution	16.30%	16.30%
Electricity	28p/kWh	25p/kWh
Gas	5p/kWh	5p/kWh
Inflation – Insurance	10.00%	10.00%
Other inflation	2.80%	2.60%
Interest Rate – investments	4.68%	3.50%
Interest Rate – new borrowing	4.50%	3.90%

It should be noted that the above assumptions have been prepared using the latest information available. Should any of the above deviate significantly from the expected factor then it could have considerable consequences for the revenue position. For example, with regard to the pay award, every 1% equates to a c.£300K cost to the net financial position for the general fund.

6.0 CAPITAL PROGRAMME

- 6.1 To enable the Council to take a greater strategic view of its capital investments it has extended its capital planning horizon to cover the 10-year period 2025/26 to 2034/35. This should enable the Council to more effectively plan and ensure that the Capital Programme is focused and deliverable.
- 6.2 The proposed Capital Programme has been developed following presentation of business cases for new schemes to Capital Assurance Group and subsequent discussion with Cabinet and Senior Leadership Team. Some further revisions to the proposed Programme particularly in respect of Information, Communications & Technology requirements are currently being finalised.
- 6.3 Details of the current proposed Capital Programme are provided at **Appendix C**. The final Capital Programme for 2025/26 to 2034/35 and supporting Capital Strategy to cover this period and beyond will be considered for scrutiny on 15 January prior to public consultation/stakeholder meeting on 29 January (both by Budget and Performance Panel) and to Council on 22 January 2025 ahead of the Budget Council on 26 February 2025.

7.0 MEDIUM TERM FINANCIAL STRATEGY

- 7.1 An update to the Council's Medium Term Financial Strategy (MTFS) was presented to Council on 11 December 2024. The MTFS presented at that meeting was a baselined position, in that it did not include any of the interventions now considered within this report.
- 7.2 Members will appreciate that there are a significant number of factors to be considered as part of the medium-term financial planning exercise. The revision of the MTFS is progressing well and will be considered at Budget Setting Council on 26 February 2025. The revision of

the MTFS will be key in providing sound financial planning processes to underpin the Council's ambitions. Key considerations of the MTFS include taking account of the impact of decisions made to balance the 2025/26 budget alongside forecasts for future funding.

- 7.3 Table 11 below provides the most recent forecasts with providing more detail across the 5 year period.

Table 11 Net Revenue Budget & Budget Gaps 2025/26 – 2029/30

	2025/26 £'M	2026/27 £'M	2027/28 £'M	2028/29 £'M	2029/30 £'M
Net Revenue Budget	27.114	28.190	29.178	29.799	31.183
Budget Gap (Incremental)	0.000	2.074	4.643	4.455	5.055
% of Net Revenue Budget (Incremental)	0%	7%	16%	15%	16%
Budget Gap (Cumulative)	0.000	2.074	6.717	11.172	16.227
% of Net Revenue Budget (Cumulative)	0%	7%	23%	37%	52%

- 7.4 The forecast budget gaps continue to be structural in nature, meaning that the Council's forecast spending exceeds the income it expects to receive. Overall, the current estimated shortfall is £5.055M which continues to represent a significant challenge over the short and medium term.
- 7.5 Officers are continuously working with Cabinet to address this issue and will continue to do so following on from the conclusion of the current budget process. This will ensure that the problem is addressed in a timely manner so that it remains manageable. Proposed actions currently include:
- continuation of OBR task groups
 - exploration of closer working and collaboration with other Councils, Public Sector Bodies and Partner Institutions
 - 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
 - the potential use of capital receipts to finance existing projects
 - capitalisation of transformation costs where appropriate
- 7.6 It is expected that a formulated MTFS Action Plan covering the points raised above will be presented to Cabinet and Council in February 2025 with progress against its milestones monitored by Cabinet and Budget and Performance Panel.
- 7.7 Many of the financial pressures identified within the Councils General Fund are also present within the Housing Revenue Account (HRA). A full update on the HRA budget and financial outlook will be considered alongside the General Fund revenue budget including options to ensure that the service's 30-year business plan is viable and that its ongoing budget is balanced, whilst delivering value for money to tenants.
- 8.0 DETAILS OF CONSULTATION**
- 8.1 Given the size of the challenges faced by the Council, enhanced consultation with relevant internal and external stakeholders on the budget has been undertaken as part of the development of this budget with several briefings taking place. Further engagement will be undertaken prior to Budget Council in February. More specific consultation will continue as work continues to address the issues identified in the next few years.

9.0 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 9.1 It is essential that the Council Tax rate is set in line with the Council Tax billing timetable. Any delay would put the Council at risk of not being able to collect the tax which would have serious cash flow implications.
- 9.2 Regarding the budget strategy, Cabinet may approve the proposals as set out, or ask for changes to be made to the suggested approach. The overriding aim of any budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council's corporate priorities and service outcomes. The proposed approach is in line with that broad aim and any changes that Cabinet puts forward should also be framed in that context.
- 9.3 In terms of the actual budget position, this report puts forward a balanced budget. If Cabinet agrees the budget, then it will form their proposal to be presented for scrutiny on 15 January prior to public consultation/stakeholder meeting on 29 January (both by Budget and Performance Panel). The feedback from these meetings will be considered by Cabinet and incorporated into a final budget proposal which will be presented at the Cabinet meeting on 11 February 2025 and recommended to Council on 26 February 2025.

10.0 CONCLUSION

- 10.1 The current budget proposal produces a balanced budget for 2025/26 without the need to call on reserves.
- 10.2 Whilst the longer-term financial forecasts contain numerous estimates and assumptions, which will change over time, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the position the Council faces. Although this position is not unique to this Council, it is reflected nationally across many public sector bodies. The gaps identified for 2026/27 and beyond are of a level that both Members and Officers need to recognise the size of the challenge ahead and manage the transitional change to the way that the Council delivers both its statutory and non-statutory services across the district.

RELATIONSHIP TO POLICY FRAMEWORK

The budget framework in general sets out a financial plan for achieving the Council's corporate priorities and outcomes which incorporate the above cross cutting themes. Equalities impact assessments are undertaken for the relevant activities which are reflected in the budget.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

The proposed budget incorporates measures to address the climate emergency and digital improvements as well as activities to address wellbeing, health and community safety.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

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.

Whilst the longer-term financial forecasts contain numerous estimates and assumptions, which will change over time, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the position the Council faces. Although this position is not unique to this Council, it is reflected nationally across many public sector bodies. The gaps

identified for 2026/27 and beyond are of a level that both Members and Officers need to recognise the size of the challenge ahead and manage the transitional change to the way that the Council delivers both its statutory and non-statutory services across the district.

LEGAL IMPLICATIONS

No legal implications directly arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments

BACKGROUND PAPERS

None

Contact Officer: Paul Thompson

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref: N/A

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

For Consideration by Cabinet 14 January 2025

	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
GF Revenue Budget/Forecast as at 28 February 2024	26,007	27,235	27,899	29,390	30,272
GF Revenue Budget/Forecast as at 3 December 2024	26,250	26,695	27,893	29,212	30,205
Base Budget Changes					
Further Operational Changes	(42)	(61)	(55)	(101)	(92)
Building Control Contract	118	132	134	180	185
Fees & Charges Inflation	(182)	(182)	(182)	(182)	(182)
National Insurance Contributions Rebate	(400)	(410)	(420)	(431)	(442)
Commercial & Corporate Property Review	1,541	1,053	856	299	888
Waste Collection (pEPR payment)	(989)	(1,009)	(1,029)	(1,050)	(1,071)
Food Waste Collection	225	1,009	1,029	1,050	1,071
Impact of Provisional Local Government Settlement	465	592	592	592	592
	26,986	27,819	28,818	29,569	31,154
Outcomes Based Resourcing Proposals:					
Growth/(Savings) Proposals					
Environment & Place	(5)	(30)	(30)	(30)	(30)
Housing & Property	(13)	(49)	(124)	(124)	(124)
People & Policy	26	27	27	28	28
Planning & Climate Change	(45)	(45)	(45)	(45)	(45)
Sustainable Growth	12	(14)	(17)	(16)	(17)
Revenue Impact of Capital Programme Review (MRP & Interest)	229	608	775	643	443
Revenue Impact of Capital Programme Review (Ongoing Revenue)	(76)	(126)	(226)	(226)	(226)
General Fund Revenue Budget	27,114	28,190	29,178	29,799	31,183
Core Funding:					
Revenue Support Grant	(460)	(460)	(460)	(460)	(460)
Prior Year Council Tax (Surplus)/Deficit	(280)				
Prior Year Business Rates (Surplus)/Deficit	(878)				
Net Business Rates Income	(13,946)	(13,641)	(11,577)	(11,884)	(12,146)
Council Tax Requirement	11,550	14,089	17,141	17,455	18,577
Estimated Council Tax Income - (Increases based on 2.99% for 2025/26 then max allowable)	11,550	12,015	12,498	13,000	13,522
Resulting Base Budget (Surplus)/Deficit	0	2,074	4,643	4,455	5,055
Incremental Deficit as Percentage of Net Revenue Budget	0%	7%	16%	15%	16%

Revenue Budget (Surplus)/Deficit as at 28 February 2024	1,435	3,947	3,830	4,567	(0)
Increase/(Decrease)	(1,435)	(1,873)	813	(112)	5,055

General Fund Unallocated Balance					
	£M	£M	£M	£M	£M
BALANCES					
Balance as at 1 April 2025-29	(8.420)	(8.924)	(6.753)	(2.110)	+2.345
In Year allocations	(0.504)	+0.097	+0.000	+0.000	+0.000
Forecast (Under)/Overspend	+0.000	+2.074	+4.643	+4.455	+5.055
Other Adjustments	+0.000	+0.000	+0.000	+0.000	+0.000
Projected Balance as at 31 March 2026-30	(8.924)	(6.753)	(2.110)	+2.345	+7.400
Reserves	(8.924)	(6.753)	(2.110)	+2.345	+7.400
Less Recommended Minimum Level of Balances	5.000	5.000	5.000	5.000	5.000
Available Balances	(3.924)	(1.753)	+2.890	+7.345	+12.400

Savings and Budget Proposals 2025/26 to 2029/30

SAVINGS PROPOSALS		2025/26	2026/27	2027/28	2028/29	2029/30
		£'000	£'000	£'000	£'000	£'000
	<i>Environment & Place</i>	(5)	(30)	(30)	(30)	(30)
	<i>Housing & Property</i>	(13)	(49)	(124)	(124)	(124)
	<i>Planning & Climate Change</i>	(45)	(45)	(45)	(45)	(45)
	<i>Sustainable Growth</i>	12	(14)	(17)	(16)	(17)
	Total Savings	(51)	(138)	(216)	(215)	(216)
GROWTH						
	<i>People & Policy</i>	26	27	27	28	28
	Total Growth	26	27	27	28	28
	Net (Savings)/Growth	(25)	(111)	(189)	(187)	(188)

General Fund Capital Programme																		
Service / Scheme	2024/25			2025/26			2026/27			2027/28			2028/29			2029/30		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme
Service / Scheme	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Place																		
Vehicle Renewals (Latest)	545,000		545,000	5,152,000	0	5,152,000	1,965,000	0	1,965,000	190,000	0	190,000	2,001,000	0	2,001,000	504,000	0	504,000
Electric Taxis Scheme	341,000	(341,000)	0			0			0			0			0			0
UK Shared Prosperity Fund - The Streets Are Ours Public Realm	205,000	(205,000)	0			0			0			0			0			0
UK Shared Prosperity Fund - Heysham Village Toilets	99,000	(99,000)	0			0			0			0			0			0
Salt Ayre Asset Management Plan			0	1,267,000		1,267,000			0			0			0			0
AONB Capital Access Works	76,000	(76,000)	0			0			0			0			0			0
LTA Tennis Court Refurbishment	80,000	(80,000)	0			0			0			0			0			0
Playground The Roods - Warton	80,000	(80,000)	0			0			0			0			0			0
Winchester Field and Nature Area			0	109,000	(47,000)	62,000			0			0			0			0
Food Waste Strategy			0	1,462,000	(1,462,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Bins			0	500,000	0	500,000	0	0	0	0	0	0	0	0	0	0	0	0
Parks & Open Spaces Improvement			0	871,000	0	871,000	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Venue Improvements			0	150,000	0	150,000	0	0	0	0	0	0	0	0	0	0	0	0
Housing & Property																		
Mellishaw Park	73,000		73,000			0			0			0			0			0
Disabled Facilities Grants	3,458,000	(3,458,000)	0	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0
Home Improvement Agency Vehicles			0	40,000	(40,000)	0			0			0			0			0
1 Lodge Street Urgent Structural Repairs	250,000		250,000	172,000		172,000			0			0			0			0
Gateway Solar Array	10,000		10,000	0		0			0			0			0			0
UK Shared Prosperity Fund Lancs CVS Community Warm Hubs	37,000	(37,000)	0			0			0			0			0			0
Commercial & Corporate Property	347,000		347,000	1,389,000	0	1,389,000	462,000	0	462,000	351,000	0	351,000	494,000	0	494,000	52,000	0	52,000
White Lund Depot - Offices	1,834,000		1,834,000			0			0			0			0			0
Coopers Fiels - BLRF	117,000	(117,000)	0	180,000	(180,000)	0			0			0			0			0
King Street			0	600,000	(200,000)	400,000	0	0	0	0	0	0	0	0	0	0	0	0
People & Policy																		
UK Shared Prosperity Fund External Projects	506,000	(506,000)	0			0			0			0			0			0
Rural England Prosperity Fund External Projects	398,000	(398,000)	0			0			0			0			0			0
UK Shared Prosperity Fund Digital Tourism Transformation	42,000	(42,000)	0			0			0			0			0			0
Planning & Climate Change																		
Burrow Beck Solar	600,000		600,000	3,600,000		3,600,000			0			0			0			0
Property De-carbonisation Works	500,000		500,000	3,825,000	(1,892,000)	1,933,000			0			0			0			0
SALC -optimised solar farm, air source heating pumps & glazing	10,000	(10,000)	0			0			0			0			0			0
Resources																		
ICT Systems, Infrastructure & Equipment	303,000		303,000			0			0			0			0			0
ICT Renewals			0	151,000	0	151,000	138,000	0	138,000	198,000	0	198,000	161,000	0	161,000	121,000	0	121,000
ICT Strategy			0	130,000	0	130,000	173,000	0	173,000	103,000	0	103,000	15,000	0	15,000	50,000	0	50,000
ICT Telephony			0	5,000	0	5,000	40,000	0	40,000	25,000	0	25,000	5,000	0	5,000	5,000	0	5,000
ICT Laptop Replacement & e-campus screens	116,000		116,000			0			0			0			0			0
ICT Nimble	300,000		300,000			0			0			0			0			0
Local Full Fibre Network	1,378,000		1,378,000			0			0			0			0			0
Sustainable Growth																		
Lancaster Heritage Action Zone	197,000	(24,000)	173,000	200,000		200,000			0			0			0			0
Lancaster Heritage Action Zone - St John's Church			0	500,000		500,000			0			0			0			0
Caton Road Flood Relief Scheme	1,664,000	(1,664,000)	0			0			0			0			0			0
Centenary House Grant Funded Works	749,000	(749,000)	0			0			0			0			0			0
Lawsons Bridge S106 Scheme	63,000		63,000			0			0			0			0			0
Lancaster Square Routes	21,000	(16,000)	5,000			0			0			0			0			0
Coastal Revival Fund - Morecambe Co-Op Building	11,000	(11,000)	0			0			0			0			0			0
City Museum Shop	30,000		30,000			0			0			0			0			0
Morecambe Sea Front Parapet Repair	30,000		30,000	30,000		30,000	30,000		30,000	30,000		30,000			0			0
Bare Outfall Flooding	50,000		50,000			0			0			0			0			0
Our Future Coast	345,000	(345,000)	0	63,000	(63,000)	0	85,000	(85,000)	0			0			0			0
UK Shared Prosperity Fund Maritime Museum Access Improvements	0		0			0			0			0			0			0
UK Shared Prosperity Fund Lodge St Environs Enabling Works	69,000	(69,000)	0			0			0			0			0			0
UK Shared Prosperity Fund Museums Accessible Engagement	34,000	(34,000)	0			0			0			0			0			0
Schemes Under Development																		
Canal Quarter - Nelson St/St Leonardsgate	2,389,000	(2,389,000)	0			0			0			0			0			0
Electrical Vehicle Charging Hubs			0	400,000	0	400,000	0	0	0	0	0	0	0	0	0	0	0	0
SALC 3G Football Pitch			0	0	0	0	800,000	(560,000)	240,000	0	0	0	0	0	0	0	0	0
Wheelie Bins			0	2,208,000	0	2,208,000	0	0	0	0	0	0	0	0	0	0	0	0
Local Full Fibre Network (supplement)			0	400,000	0	400,000	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL FUND CAPITAL PROGRAMME	17,357,000	(10,750,000)	6,607,000	25,735,000	(6,215,000)	19,520,000	6,024,000	(2,976,000)	3,048,000	3,228,000	(2,331,000)	897,000	5,007,000	(2,331,000)	2,676,000	3,063,000	(2,331,000)	732,000

General Fund Capital Programme

Service / Scheme	2030/31			2031/32			2032/33			2033/34			2034/35			10 YEAR TOTAL (FROM 2025/26)		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Place																		
Vehicle Renewals (Latest)	2,183,000	0	2,183,000	4,934,000	0	4,934,000	2,999,000	0	2,999,000	1,314,000	0	1,314,000	1,829,000	0	1,829,000	23,071,000	0	23,071,000
Electric Taxis Scheme			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund - The Streets Are Ours Public Realm			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund - Heysham Village Toilets			0			0			0			0			0	0	0	0
Salt Ayre Asset Management Plan			0			0			0			0			0	1,267,000	0	1,267,000
AONB Capital Access Works			0			0			0			0			0	0	0	0
LTA Tennis Court Refurbishment			0			0			0			0			0	0	0	0
Playground The Roods - Warton			0			0			0			0			0	0	0	0
Winchester Field and Nature Area			0			0			0			0			0	0	0	0
Food Waste Strategy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109,000	(47,000)	62,000
Public Bins	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,462,000	(1,462,000)	0
Parks & Open Spaces Improvement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500,000	0	500,000
Commercial Venue Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	871,000	0	871,000
Housing & Property																150,000	0	150,000
Mellishaw Park			0			0			0			0			0	0	0	0
Disabled Facilities Grants	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0	2,331,000	(2,331,000)	0			0			0	18,648,000	(18,648,000)	0
Home Improvement Agency Vehicles			0			0			0			0			0	40,000	(40,000)	0
1 Lodge Street Urgent Structural Repairs			0			0			0			0			0	172,000	0	172,000
Gateway Solar Array			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund Lancs CVS Community Warm Hubs			0			0			0			0			0	0	0	0
Commercial & Corporate Property	0	0	0	152,000	0	152,000	0	0	0	208,000	0	208,000	379,000	0	379,000	3,487,000	0	3,487,000
White Lund Depot - Offices			0			0			0			0			0	0	0	0
Coopers Fiels - BLRF			0			0			0			0			0	180,000	(180,000)	0
King Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600,000	(200,000)	400,000
People & Policy																		
UK Shared Prosperity Fund External Projects			0			0			0			0			0	0	0	0
Rural England Prosperity Fund External Projects			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund Digital Tourism Transformation			0			0			0			0			0	0	0	0
Planning & Climate Change																		
Burrow Beck Solar			0			0			0			0			0	3,600,000	0	3,600,000
Property De-carbonisation Works			0			0			0			0			0	3,825,000	(1,892,000)	1,933,000
SALC -optimised solar farm, air source heating pumps & glazing			0			0			0			0			0	0	0	0
Resources																		
ICT Systems, Infrastructure & Equipment			0			0			0			0			0	0	0	0
ICT Renewals	162,000	0	162,000	208,000	0	208,000	135,000	0	135,000	156,000	0	156,000	151,000	0	151,000	1,581,000	0	1,581,000
ICT Strategy	100,000	0	100,000	115,000	0	115,000	50,000	0	50,000	138,000	0	138,000	103,000	0	103,000	977,000	0	977,000
ICT Telephony	205,000	0	205,000	5,000	0	5,000	5,000	0	5,000	40,000	0	40,000	25,000	0	25,000	360,000	0	360,000
ICT Laptop Replacement & e-campus screens			0			0			0			0			0	0	0	0
ICT Nimble			0			0			0			0			0	0	0	0
Local Full Fibre Network			0			0			0			0			0	0	0	0
Sustainable Growth																		
Lancaster Heritage Action Zone			0			0			0			0			0	200,000	0	200,000
Lancaster Heritage Action Zone - St John's Church			0			0			0			0			0	500,000	0	500,000
Caton Road Flood Relief Scheme			0			0			0			0			0	0	0	0
Centenary House Grant Funded Works			0			0			0			0			0	0	0	0
Lawsons Bridge S106 Scheme			0			0			0			0			0	0	0	0
Lancaster Square Routes			0			0			0			0			0	0	0	0
Coastal Revival Fund - Morecambe Co-Op Building			0			0			0			0			0	0	0	0
City Museum Shop			0			0			0			0			0	0	0	0
Morecambe Sea Front Parapet Repair			0			0			0			0			0	90,000	0	90,000
Bare Outfall Flooding			0			0			0			0			0	0	0	0
Our Future Coast			0			0			0			0			0	148,000	(148,000)	0
UK Shared Prosperity Fund Maritime Museum Access Improvements			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund Lodge St Environs Enabling Works			0			0			0			0			0	0	0	0
UK Shared Prosperity Fund Museums Accessible Engagement			0			0			0			0			0	0	0	0
Schemes Under Development																		
Canal Quarter - Nelson St/St Leonardsgate			0			0			0			0			0	0	0	0
Electrical Vehicle Charging Hubs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400,000	0	400,000
SALC 3G Football Pitch	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	800,000	(560,000)	240,000
Wheelie Bins	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,208,000	0	2,208,000
Local Full Fibre Network (supplement)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400,000	0	400,000
GENERAL FUND CAPITAL PROGRAMME	4,981,000	(2,331,000)	2,650,000	7,745,000	(2,331,000)	5,414,000	5,520,000	(2,331,000)	3,189,000	1,856,000	0	1,856,000	2,487,000	0	2,487,000	65,646,000	(23,177,000)	42,469,000