

**BUDGET AND
PERFORMANCE PANEL**

6.15 P.M.

15TH JANUARY 2025

PRESENT:- Councillors Chris Hanna (Vice-Chair), Keith Budden, Isabella Metcalf-Riener, Hamish Mills, Sue Penney, James Sommerville and Jackson Stubbs

Apologies for Absence:

Councillors Ross Hunter (Chair) and Brett Cooper

Also in attendance: -

Councillor Caroline Jackson, Leader and Cabinet Member with responsibility for Council Housing
Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Joanne Wilkinson	Chief Officer - Housing and Property

All Members of Council had been invited to the meeting via Microsoft Teams

21 MINUTES

Prior to consideration of the minutes there was a discussion regarding outstanding actions from the previous meeting and the processes contained in the Constitution regarding officers reporting to meetings.

The minutes of the meeting held on 4th December 2024 were approved as a correct record.

22 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

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

23 DECLARATION OF INTERESTS

No declarations were made at this point.

24 BUDGET AND POLICY FRAMEWORK UPDATE 2025/26 TO 2029/30

The Panel received a presentation from Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property.

The Panel was also provided with a Cabinet report from the Chief Finance Officer to provide an update on the Council's budget strategy for 2025/26 and financial outlook up to

2029/30. Specifically, the report considered the budget and Council Tax proposals for 2025/26.

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

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.

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.

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.

The current budget proposal produces a balanced budget for 2025/26 without the need to call on reserves.

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.

Members of the Panel asked a number of questions including the structural deficit not being addressed, Heysham Power Station life extension and recommendation on Council Tax. There was also a request for the Cabinet Member to provide a report back on the Council's commercial property income.

Resolved: -

That Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property, be thanked for his presentation and attendance at the meeting.

The Panel received a verbal report from Councillor Caroline Jackson, Leader and Cabinet Member with responsibility for Housing.

The Panel had received a joint Cabinet report from the Chief Officer for Housing and Property and the Chief Officer Resources which had sought Cabinet decisions on Council Housing rent setting proposals and the consideration of HRA revenue and capital budget proposals.

The options, options analysis, including risk assessment and officer preferred option that had been for Cabinet to consider, were set out in the Cabinet report as follows:

The options with regards to rent setting are set out under section 4, the maximum permitted increase being CPI+1%. By applying this increase, it allows for a budget that can deliver on the Council's ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and wider legislative requirements.

In relation to garage rents, it is recommended that following recent rent freezes an increase in line with dwelling rent increases is appropriate and will support maintenance requirements without adversely impacting occupancy levels.

The provision, reserves and balances position (and their use); Revenue budgets; Capital Programme; and other wider budget considerations referred to in this report will be presented fully to Cabinet on 11th February 2025.

	Option 1: Set housing and garage rent levels as set out in this report	Option 2: To propose alternatives to those outlined in Section 11 above.
Advantages	Increased rental income supports the Council to deliver against its Regulatory requirements and ensuring homes are safe and decent	Unknown
Disadvantages	Increased rent levels for tenants.	Would require further options analysis
Risks/ Mitigation	<p>The HRA budget outlined in this report and to be presented to Cabinet in February 2025 is sustainable in the long term. The risks associated with Option 1 are outlined in Appendix F – Risks and Assumptions.</p> <p>In addition, the contents of this report have not yet been presented to tenants for consultation. This consultation will take place later in January 2025 place and details will be included in February 2025 report.</p>	Impact on housing service and council housing tenants unknown. Potential for housing service to fall foul of legislative and regulatory requirements, leading to unlimited fines and being 'named and shamed' by government.

The officer preferred option is Option 1: Set housing and garage rent levels as set out in this report in advance of consideration of wider HRA budget at February 11th 2025 Cabinet.

The report highlights challenges faced within the current economic climate, particularly in the context of the increased regulatory and legislative requirements being placed on the social housing sector.

The longer-term financial forecasts contain numerous estimates and assumptions, and the service remains attuned to the risks contained within Appendix F, and in particular the impacts of further legislative and regulatory change which could affect business planning within the HRA.

Lancaster City Council's Housing Service remains ambitious, while continuing to operate a sensible but forward-looking approach, seeking to meet Regulatory requirements and deliver safe and decent homes.

Members of the Panel asked a number of questions including plans around Right to Buy sales and receipts, energy efficiency, use of service charges, balance of the HRA, proposals to build more council houses and how this will be funded in the earlier years and financial business cases.

Resolved: -

That Councillor Caroline Jackson, Leader and Cabinet Member with responsibility for Council Housing, be thanked for her attendance at the meeting.

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WORK PROGRAMME

The Panel was provided with an updated Work Programme. This included two additional items requested at the previous meeting of the Panel regarding staff vacancies, the well-being of Council staff and how the Council are to fill vacancies and the HRA Capital Programme for Mainway.

Resolved: -

That the report be noted.

Chair

(The meeting ended at 7.48 p.m.)

**Any queries regarding these Minutes, please contact
Stephen Metcalfe, Democratic Support - email sjmetcalfe@lancaster.gov.uk**