



Committee: BUDGET AND PERFORMANCE PANEL

Date: WEDNESDAY, 17TH SEPTEMBER 2025

Venue: LANCASTER TOWN HALL

Time: 6.00 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

To receive as a correct record the Minutes of the Meeting held on 4th June 2025 (previously circulated).

3. **Items of Urgent Business authorised by the Chair**

4. **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.

5. **Projects and Performance: Q1 2025-26** (Pages 3 - 14)

Report of the Chief Executive.

6. **Strategic Risk Management** (Pages 15 - 31)

Whilst this report is public, Appendix B is exempt, and notice is hereby given that the meeting is likely to move into private session if it is necessary to refer to the exempt appendix.

Report of the Chief Executive.

7. **Provisional Revenue, Capital and Treasury Management Outturn 2024/25** (Pages 32

- 68)

Report of the Chief Finance Officer.

Report and appendix submitted to Cabinet attached.

8. **Delivering Our Priorities: Q1 2025/26** (Pages 69 - 100)

Report of the Chief Executive & s151 Officer.

Report and appendix submitted to Cabinet attached.

9. **Capital Programme Mid-Year Review 2025/26** (Pages 101 - 115)

Report of the Chief Finance Officer.

Report and appendices submitted to Cabinet attached.

10. **Work Programme** (Pages 116 - 126)

Joint report of Chief Officers Finance and Governance.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Chris Hanna (Chair), Ross Hunter (Vice-Chair), Ruth Colbridge, Isabella Metcalf-Riener, Hamish Mills, Sue Penney, James Sommerville, Jackson Stubbs and Vacancy

(ii) Substitute Membership

Councillors Suhir Abuhajar, Dave Brookes, John Livermore and Jason Wood

(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,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on 9th September 2025.

Budget and Performance Panel**Projects and Performance: Q1 2025-26
17 September 2025****Report of Chief Executive****PURPOSE OF REPORT**

To provide members with an update on Strategic Projects and Corporate Performance, during quarter one 2025/26 (April – June 2025).

This report is public.

RECOMMENDATIONS

- (1) Budget and Performance Panel considers the quarterly updates for Strategic Projects and Performance as show in the appendices, making any comments considered necessary.

1.0 Introduction

- 1.1 The purpose of this report is to present information relating to the council's Strategic Projects and Performance from April to June 2025, which can be found within the appendices.

2.0 Performance Reporting

- 2.1 Guidance on how to read appendix A.

- 2.1.1 The majority of indicators should be compared to the previous quarter. Those marked with an asterisk comparing to the like quarter from the previous year is advised.
- 2.1.2 Our KPI (Key Performance Indicator) data is typically shown using a blue line. Where measures have targets or bench marking figures, they are shown on the using an orange or green line. Each chart contains a key for ease of reading.
- 2.1.3 The comments provided by KPI owners give further explanation on each indicator.
- 2.1.4 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.
- 2.1.5 Due to delays in the availability of the data, some measures report one quarter behind. These are clearly marked.

2.2 Summary of key changes in performance report.

- 2.2.1 Benchmarking figures have now been added for “Percentage of Household Waste Recycled” and “Kilograms of Residual waste Per Household”, both use the average figures for the Lancashire districts and the national recycling rate, both provided by APSE (Association for Public Service Excellence). Our data for residual waste compares very favourably with the two benchmarking figures.
- 2.2.2 A benchmarking figure for “Average time taken to process new Housing Benefit Claims” has been added. It is a comparison to other Lancashire authorities. The figure is considered best practice but doesn’t take into consideration the makeup of the Local Authorities caseload or processing system used.
- 2.2.3 Further benchmarking and target figures are being sought and will be added future reports as they become available.
- 2.2.4 Two new KPIs have been included in this report, these being: “Number of Families in Hotel Accommodation for over 6 weeks” and “Number of Rough Sleeper’s Snapshot Figure over the Quarter”.
- 2.2.5 In this quarter there has been a noticeable improvement in all 3 planning KPIs.
- 2.2.6 There has been a change in how the “Number of properties improved” figure is recorded in response to a Government Pilot to record more detailed datasets for Housing Standards. The figure this quarter is lower than anticipated which is thought to be because of this change.
- 2.2.7 Whilst still relatively high the “Occupancy Rates for Commercial Properties” figure has realised a 9.56% reduction on May 2025’s figure resulting from the NHS serving notice and vacating Moor Lane Mills 1 &2 in mid-June 25. The estates team are actively marketing in order to mitigate any void period and resulting rental loss. Early indications are that there is good demand for this accommodation.

3.0 Strategic Projects Reporting

3.1 Guidance on how to read appendix B.

- 3.1.1 The Programmes and Projects highlight report shows a short narrative and “Red – Amber – Green” status updates for three elements of the project, these being Plan, Cost and Scope.
- 3.1.2 The ‘Update’ column shows a summary of the projects progress over the last quarter. Where projects are ‘on hold’ a short explanation as to why the project has this status is included.
- 3.1.3 The ‘Updated’ column shows the date when the update was received. This is included as some projects progress quickly, so it is useful to understand when the update (a snapshot of progress) was taken.

3.2 Key points on the progress of strategic projects. Fifteen projects have provided full update reports. Of these:

- 3.2.1 One is reporting 'red' (major) delays with the progress of their project plan.
- 3.2.2 Six are reporting 'amber' (minor) delays with the progress of their project plans.
- 3.2.3 Three are reporting 'amber' (minor) deviations to the cost of the project.
- 3.2.4 Three are reporting 'amber' (minor) concerns with the scope, meaning it is anticipated that one or more benefits of each project may not be realised.
- 3.2.5 Two projects have recently closed and we are awaiting project review reports for these.
- 3.2.6 All other statuses are either green or have not been able to provide an update this quarter.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, 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

There are no financial implications directly arising.

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

There are no further implications directly arising.

SECTION 151 OFFICER'S COMMENTS

The Section 151 officer has been consulted and has no further comments.

DEPUTY MONITORING OFFICER'S COMMENTS

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

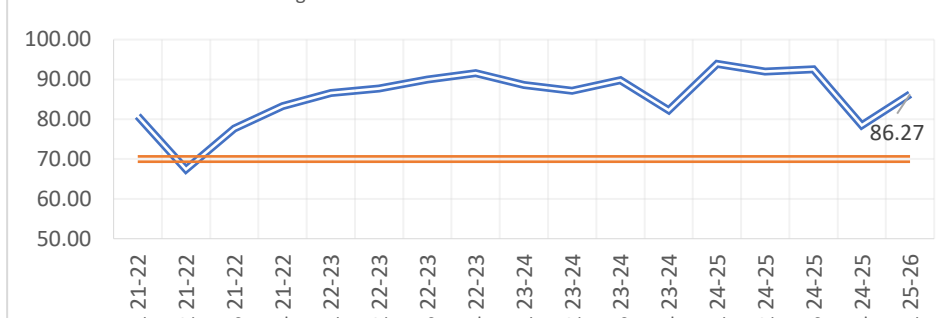
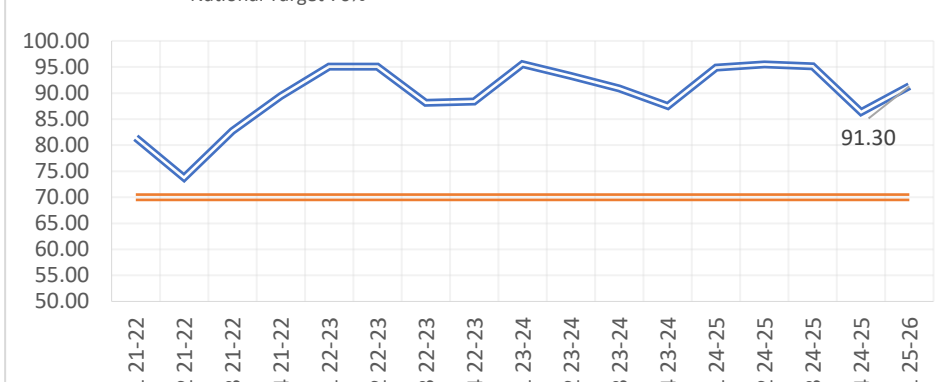
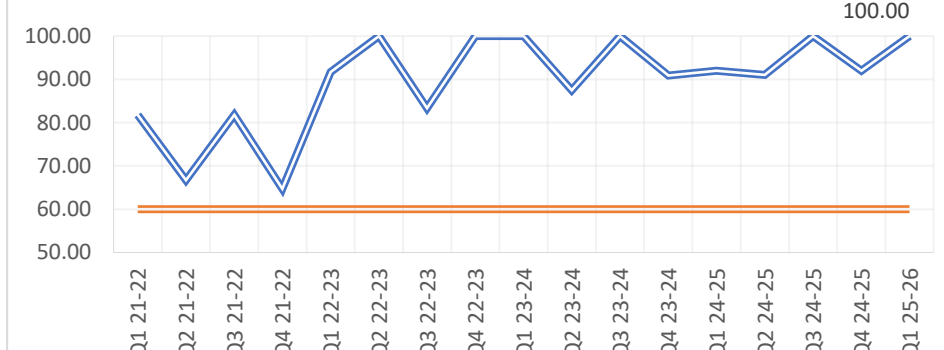
BACKGROUND PAPERS

None

Contact Officer: Claire Dubelbeis, Projects and Performance Manager
Telephone: 01524 582504
Email: cdubelbeis@lancaster.gov.uk
Ref:

<div><div>LANCASTER CITY COUNCIL</div><div>Promoting City, Coast & Countryside</div></div>	<div>Corporate Performance updates 30th June 2025 (Q1)</div>	<div>Council Priorities Key</div> <table><tr><td>I</td><td>An inclusive and Prosperous Local Economy (Economy)</td></tr><tr><td>S</td><td>A Sustainable District (Environmental)</td></tr><tr><td>H</td><td>Healthy and Happy Communities (Social)</td></tr><tr><td>R</td><td>A Co-operative, Kind and Responsible Council (Governance)</td></tr></table> <div>Measures marked with a * are usually compared to the same quarter from the previous year.</div>	I	An inclusive and Prosperous Local Economy (Economy)	S	A Sustainable District (Environmental)	H	Healthy and Happy Communities (Social)	R	A Co-operative, Kind and Responsible Council (Governance)
I	An inclusive and Prosperous Local Economy (Economy)									
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An Inclusive and Prosperous Local Economy (Economy)

Priority				KPI Measure and Direction of Travel		Comments provided by KPI Owners																																				
I				<div><div><div>% OF MINOR PLANNING APPLICATIONS DETERMINED WITHIN 8 WEEKS OR AGREED TIME</div><div><div>% of minor planning applications determined within 8 weeks or agreed time</div><div>National Target 70%</div></div><table><caption>% OF MINOR PLANNING APPLICATIONS DETERMINED WITHIN 8 WEEKS OR AGREED TIME</caption><tr><th>Quarter</th><th>% of minor planning applications determined within 8 weeks or agreed time</th></tr><tr><td>Q1 21-22</td><td>80.00</td></tr><tr><td>Q2 21-22</td><td>68.00</td></tr><tr><td>Q3 21-22</td><td>78.00</td></tr><tr><td>Q4 21-22</td><td>82.00</td></tr><tr><td>Q1 22-23</td><td>85.00</td></tr><tr><td>Q2 22-23</td><td>86.00</td></tr><tr><td>Q3 22-23</td><td>88.00</td></tr><tr><td>Q4 22-23</td><td>92.00</td></tr><tr><td>Q1 23-24</td><td>88.00</td></tr><tr><td>Q2 23-24</td><td>86.00</td></tr><tr><td>Q3 23-24</td><td>90.00</td></tr><tr><td>Q4 23-24</td><td>82.00</td></tr><tr><td>Q1 24-25</td><td>94.00</td></tr><tr><td>Q2 24-25</td><td>92.00</td></tr><tr><td>Q3 24-25</td><td>93.00</td></tr><tr><td>Q4 24-25</td><td>78.00</td></tr><tr><td>Q1 25-26</td><td>86.27</td></tr></table></div></div>		Quarter	% of minor planning applications determined within 8 weeks or agreed time	Q1 21-22	80.00	Q2 21-22	68.00	Q3 21-22	78.00	Q4 21-22	82.00	Q1 22-23	85.00	Q2 22-23	86.00	Q3 22-23	88.00	Q4 22-23	92.00	Q1 23-24	88.00	Q2 23-24	86.00	Q3 23-24	90.00	Q4 23-24	82.00	Q1 24-25	94.00	Q2 24-25	92.00	Q3 24-25	93.00	Q4 24-25	78.00	Q1 25-26	86.27	<p>There has been a noticeable increase in applications being determined in time (an increase of near 10%), coupled with this there has been an increase in determinations which is more than 20% up from the previous quarter.</p> <p>High is good</p>
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S	<div><div>KG OF RESIDUAL WASTE PER HOUSEHOLD (QUARTER BEHIND)</div><table><tr><th>Quarter</th><th>Kg of residual waste per household (quarter behind)</th></tr><tr><td>Q1 22-23</td><td>80.0</td></tr><tr><td>Q2 22-23</td><td>90.0</td></tr><tr><td>Q3 22-23</td><td>90.0</td></tr><tr><td>Q4 22-23</td><td>95.0</td></tr><tr><td>Q1 23-24</td><td>85.0</td></tr><tr><td>Q2 23-24</td><td>90.0</td></tr><tr><td>Q3 23-24</td><td>90.0</td></tr><tr><td>Q4 23-24</td><td>80.0</td></tr><tr><td>Q1 24-25</td><td>90.0</td></tr><tr><td>Q2 24-25</td><td>85.0</td></tr><tr><td>Q3 24-25</td><td>80.0</td></tr><tr><td>Q4 24-25</td><td>80.0</td></tr></table></div>				Quarter	Kg of residual waste per household (quarter behind)	Q1 22-23	80.0	Q2 22-23	90.0	Q3 22-23	90.0	Q4 22-23	95.0	Q1 23-24	85.0	Q2 23-24	90.0	Q3 23-24	90.0	Q4 23-24	80.0	Q1 24-25	90.0	Q2 24-25	85.0	Q3 24-25	80.0	Q4 24-25	80.0	<p>The benchmarking data includes the National and Lancaster Average of Local Authority waste data provided to APSE. The data is provided annually and then divided to get a Quarter average figure.</p> <p>Low is good</p>										
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S	<div><div>DIESEL CONSUMPTION OF COUNCIL VEHICLE FLEET (LTRS)</div><table><tr><th>Quarter</th><th>Litres</th></tr><tr><td>Q1 21-22</td><td>116,000</td></tr><tr><td>Q2 21-22</td><td>119,000</td></tr><tr><td>Q3 21-22</td><td>107,000</td></tr><tr><td>Q4 21-22</td><td>114,000</td></tr><tr><td>Q1 22-23</td><td>119,000</td></tr><tr><td>Q2 22-23</td><td>118,000</td></tr><tr><td>Q3 22-23</td><td>104,000</td></tr><tr><td>Q4 22-23</td><td>113,000</td></tr><tr><td>Q1 23-24</td><td>114,000</td></tr><tr><td>Q2 23-24</td><td>117,000</td></tr><tr><td>Q3 23-24</td><td>116,000</td></tr><tr><td>Q4 23-24</td><td>112,000</td></tr><tr><td>Q1 24-25</td><td>115,000</td></tr><tr><td>Q2 24-25</td><td>120,000</td></tr><tr><td>Q3 24-25</td><td>112,000</td></tr><tr><td>Q4 24-25</td><td>106,000</td></tr><tr><td>Q1 25-26</td><td>112,205</td></tr></table></div>				Quarter	Litres	Q1 21-22	116,000	Q2 21-22	119,000	Q3 21-22	107,000	Q4 21-22	114,000	Q1 22-23	119,000	Q2 22-23	118,000	Q3 22-23	104,000	Q4 22-23	113,000	Q1 23-24	114,000	Q2 23-24	117,000	Q3 23-24	116,000	Q4 23-24	112,000	Q1 24-25	115,000	Q2 24-25	120,000	Q3 24-25	112,000	Q4 24-25	106,000	Q1 25-26	112,205	<p>No comment available.</p> <p>Low is good</p>
Quarter	Litres																																								
Q1 21-22	116,000																																								
Q2 21-22	119,000																																								
Q3 21-22	107,000																																								
Q4 21-22	114,000																																								
Q1 22-23	119,000																																								
Q2 22-23	118,000																																								
Q3 22-23	104,000																																								
Q4 22-23	113,000																																								
Q1 23-24	114,000																																								
Q2 23-24	117,000																																								
Q3 23-24	116,000																																								
Q4 23-24	112,000																																								
Q1 24-25	115,000																																								
Q2 24-25	120,000																																								
Q3 24-25	112,000																																								
Q4 24-25	106,000																																								
Q1 25-26	112,205																																								
S	<div><div>COST/M2 ENERGY ACROSS CORPORATE BUILDINGS (QUARTER BEHIND)</div><table><tr><th>Quarter</th><th>Cost/m2</th></tr><tr><td>Q2 22-23</td><td>£6.50</td></tr><tr><td>Q3 22-23</td><td>£12.50</td></tr><tr><td>Q4 22-23</td><td>£13.00</td></tr><tr><td>Q1 23-24</td><td>£9.00</td></tr><tr><td>Q2 23-24</td><td>£9.50</td></tr><tr><td>Q3 23-24</td><td>-</td></tr><tr><td>Q4 23-24</td><td>£16.50</td></tr><tr><td>Q1 24-25</td><td>£6.20</td></tr><tr><td>Q2 24-25</td><td>£6.20</td></tr><tr><td>Q3 24-25</td><td>£10.20</td></tr><tr><td>Q4 24-25</td><td>£10.82</td></tr></table></div>				Quarter	Cost/m2	Q2 22-23	£6.50	Q3 22-23	£12.50	Q4 22-23	£13.00	Q1 23-24	£9.00	Q2 23-24	£9.50	Q3 23-24	-	Q4 23-24	£16.50	Q1 24-25	£6.20	Q2 24-25	£6.20	Q3 24-25	£10.20	Q4 24-25	£10.82	<p>Energy consumption has slightly increased on 2024-25 figures, but energy costs have decreased over the same period. Further analysis would be required to check for reasons for consumption increase.</p> <p>Low is good</p>												
Quarter	Cost/m2																																								
Q2 22-23	£6.50																																								
Q3 22-23	£12.50																																								
Q4 22-23	£13.00																																								
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Q1 24-25	£6.20																																								
Q2 24-25	£6.20																																								
Q3 24-25	£10.20																																								
Q4 24-25	£10.82																																								

GAS AND ELECTRICITY KWH USAGE IN COUNCIL BUILDINGS (QUARTER BEHIND)

Comparison with same period from previous year shows consumption has seen a slight increase. Further analysis would be required to determine the cause for this change.

Low is good

Quarter	Gas KWH usage in council buildings (quarter behind)	Electricity KWH usage in council buildings (quarter behind)
Q2 22-23	~100,000	~600,000
Q3 22-23	~800,000	~1,000,000
Q4 22-23	~800,000	~1,200,000
Q1 23-24	~200,000	~600,000
Q2 23-24	~100,000	~600,000
Q3 23-24	~600,000	~0
Q4 23-24	~800,000	~1,000,000
Q1 24-25	~200,000	~600,000
Q2 24-25	~100,000	~600,000
Q3 24-25	~600,000	~1,100,000
Q4 24-25	1,117,338	900,053

Healthy & Happy Communities (Social)

Priority	Measure and Direction of Travel		Comments																																				
	H	<div><p>NUMBER OF PEOPLE STATUTORILY HOMELESS</p><table><tr><th>Quarter</th><th>Number of People Statutorily Homeless</th></tr><tr><td>Q1 21-22</td><td>12</td></tr><tr><td>Q2 21-22</td><td>7</td></tr><tr><td>Q3 21-22</td><td>10</td></tr><tr><td>Q4 21-22</td><td>13</td></tr><tr><td>Q1 22-23</td><td>10</td></tr><tr><td>Q2 22-23</td><td>7</td></tr><tr><td>Q3 22-23</td><td>15</td></tr><tr><td>Q4 22-23</td><td>24</td></tr><tr><td>Q1 23-24</td><td>2</td></tr><tr><td>Q2 23-24</td><td>7</td></tr><tr><td>Q3 23-24</td><td>17</td></tr><tr><td>Q4 23-24</td><td>18</td></tr><tr><td>Q1 24-25</td><td>32</td></tr><tr><td>Q2 24-25</td><td>8</td></tr><tr><td>Q3 24-25</td><td>10</td></tr><tr><td>Q4 24-25</td><td>8</td></tr><tr><td>Q1 25-26</td><td>8</td></tr></table></div>	Quarter	Number of People Statutorily Homeless	Q1 21-22	12	Q2 21-22	7	Q3 21-22	10	Q4 21-22	13	Q1 22-23	10	Q2 22-23	7	Q3 22-23	15	Q4 22-23	24	Q1 23-24	2	Q2 23-24	7	Q3 23-24	17	Q4 23-24	18	Q1 24-25	32	Q2 24-25	8	Q3 24-25	10	Q4 24-25	8	Q1 25-26	8	<p>We are currently maintaining single figures for taking a main full rehousing duty ensuring better case load management, case reviews and ensuring full enquiries are completed before taking a main duty decision. This could change at any point in the future with other potential threats increased reduction in PRS due to welfare reform act.</p> <p>Low is good</p>
Quarter	Number of People Statutorily Homeless																																						
Q1 21-22	12																																						
Q2 21-22	7																																						
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Q2 22-23	7																																						
Q3 22-23	15																																						
Q4 22-23	24																																						
Q1 23-24	2																																						
Q2 23-24	7																																						
Q3 23-24	17																																						
Q4 23-24	18																																						
Q1 24-25	32																																						
Q2 24-25	8																																						
Q3 24-25	10																																						
Q4 24-25	8																																						
Q1 25-26	8																																						
		<div><p>NUMBER OF FAMILIES IN HOTEL ACCOMMODATION OVER 6 WEEKS</p><table><tr><th>Quarter</th><th>Number of Families in Hotel Accommodation Over 6 Weeks</th></tr><tr><td>Q1 25-26</td><td>3</td></tr><tr><td>Q2 25-26</td><td>0</td></tr><tr><td>Q3 25-26</td><td>0</td></tr><tr><td>Q4 25-26</td><td>0</td></tr></table></div>	Quarter	Number of Families in Hotel Accommodation Over 6 Weeks	Q1 25-26	3	Q2 25-26	0	Q3 25-26	0	Q4 25-26	0	<p>Numbers in bnb over 6 weeks plus have reduced to 3 as part of the B&B reduction strategy plan with MHCLG. We have no families currently in bed and breakfast and we are working hard to maintain this goings forwards.</p> <p>Low is good</p>																										
Quarter	Number of Families in Hotel Accommodation Over 6 Weeks																																						
Q1 25-26	3																																						
Q2 25-26	0																																						
Q3 25-26	0																																						
Q4 25-26	0																																						
		<div><p>** NEW ** NUMBER OF ROUGH SLEEPER'S SNAPSHOT FIGURE ON AVERAGE OVER THE QUARTER</p><table><tr><th>Quarter</th><th>Number of Rough SLEEPER'S SNAPSHOT FIGURE ON AVERAGE OVER THE QUARTER</th></tr><tr><td>Q1 25-26</td><td>4</td></tr><tr><td>Q2 25-26</td><td>0</td></tr><tr><td>Q3 25-26</td><td>0</td></tr><tr><td>Q4 25-26</td><td>0</td></tr></table></div>	Quarter	Number of Rough SLEEPER'S SNAPSHOT FIGURE ON AVERAGE OVER THE QUARTER	Q1 25-26	4	Q2 25-26	0	Q3 25-26	0	Q4 25-26	0	<p>The number of RS verified on the snapshot monthly count is reaming around the 4-6 figure on any given night. Across the month the RS outreach team speak with other single on off rough sleepers which is usually around 10-12 across the month on average with people moving in and out of the district from other areas. We provide monthly figures to MHCLG on our RS figures to monitor closely the numbers and provide details of support/outcomes for RS.</p> <p>Low is good</p>																										
Quarter	Number of Rough SLEEPER'S SNAPSHOT FIGURE ON AVERAGE OVER THE QUARTER																																						
Q1 25-26	4																																						
Q2 25-26	0																																						
Q3 25-26	0																																						
Q4 25-26	0																																						

		H		<div><div>NUMBER OF DISABLED FACILITIES GRANTS COMPLETED</div><table><tr><th>Quarter</th><th>Grants Completed</th></tr><tr><td>Q1 21-22</td><td>75</td></tr><tr><td>Q2 21-22</td><td>75</td></tr><tr><td>Q3 21-22</td><td>100</td></tr><tr><td>Q4 21-22</td><td>88</td></tr><tr><td>Q1 22-23</td><td>118</td></tr><tr><td>Q2 22-23</td><td>90</td></tr><tr><td>Q3 22-23</td><td>83</td></tr><tr><td>Q4 22-23</td><td>75</td></tr><tr><td>Q1 23-24</td><td>63</td></tr><tr><td>Q2 23-24</td><td>92</td></tr><tr><td>Q3 23-24</td><td>94</td></tr><tr><td>Q4 23-24</td><td>80</td></tr><tr><td>Q1 24-25</td><td>118</td></tr><tr><td>Q2 24-25</td><td>100</td></tr><tr><td>Q3 24-25</td><td>84</td></tr><tr><td>Q4 24-25</td><td>68</td></tr><tr><td>Q1 25-26</td><td>83</td></tr></table></div>	Quarter	Grants Completed	Q1 21-22	75	Q2 21-22	75	Q3 21-22	100	Q4 21-22	88	Q1 22-23	118	Q2 22-23	90	Q3 22-23	83	Q4 22-23	75	Q1 23-24	63	Q2 23-24	92	Q3 23-24	94	Q4 23-24	80	Q1 24-25	118	Q2 24-25	100	Q3 24-25	84	Q4 24-25	68	Q1 25-26	83	<p>83 statutory disabled grants were completed in Q1 with a total spend of £771,159.09. The ringfenced DFG government allocation for Lancaster in 2025/26 is £2,660,701. Any unspent allocation is carried forward and added to the following years allocation enabling the council to operate a rolling programme without the need for waiting lists.</p> <p>High is good</p>																		
Quarter	Grants Completed																																																										
Q1 21-22	75																																																										
Q2 21-22	75																																																										
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Q3 24-25	84																																																										
Q4 24-25	68																																																										
Q1 25-26	83																																																										
		H		<div><div>NUMBER OF PROPERTIES IMPROVED</div><table><tr><th>Quarter</th><th>Properties Improved</th></tr><tr><td>Q1 21-22</td><td>60</td></tr><tr><td>Q2 21-22</td><td>60</td></tr><tr><td>Q3 21-22</td><td>63</td></tr><tr><td>Q4 21-22</td><td>46</td></tr><tr><td>Q1 22-23</td><td>94</td></tr><tr><td>Q2 22-23</td><td>127</td></tr><tr><td>Q3 22-23</td><td>90</td></tr><tr><td>Q4 22-23</td><td>63</td></tr><tr><td>Q1 23-24</td><td>138</td></tr><tr><td>Q2 23-24</td><td>71</td></tr><tr><td>Q3 23-24</td><td>66</td></tr><tr><td>Q4 23-24</td><td>84</td></tr><tr><td>Q1 24-25</td><td>78</td></tr><tr><td>Q2 24-25</td><td>57</td></tr><tr><td>Q3 24-25</td><td>91</td></tr><tr><td>Q4 24-25</td><td>72</td></tr><tr><td>Q1 25-26</td><td>64</td></tr></table></div>	Quarter	Properties Improved	Q1 21-22	60	Q2 21-22	60	Q3 21-22	63	Q4 21-22	46	Q1 22-23	94	Q2 22-23	127	Q3 22-23	90	Q4 22-23	63	Q1 23-24	138	Q2 23-24	71	Q3 23-24	66	Q4 23-24	84	Q1 24-25	78	Q2 24-25	57	Q3 24-25	91	Q4 24-25	72	Q1 25-26	64	<p>There has been a change in how the number of properties improved is recorded in response to a Government Pilot to record more detailed datasets for Housing Standards. The figure this quarter is lower than anticipated which is thought to be because of this change, so a staff workshop is being held to ensure all the data is being captured correctly.</p> <p>High is good</p>																		
Quarter	Properties Improved																																																										
Q1 21-22	60																																																										
Q2 21-22	60																																																										
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Q4 24-25	72																																																										
Q1 25-26	64																																																										
I		H		<div><div>% OF PREMISES SCORING 4 OR HIGHER ON THE FOOD HYGIENE RATING SCHEME</div><table><tr><th>Quarter</th><th>% of Premises</th></tr><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>90.0</td></tr><tr><td>Q1 22-23</td><td>90.0</td></tr><tr><td>Q2 22-23</td><td>89.8</td></tr><tr><td>Q3 22-23</td><td>90.4</td></tr><tr><td>Q4 22-23</td><td>91.1</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>92.7</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>93.2</td></tr><tr><td>Q3 24-25</td><td>93.0</td></tr><tr><td>Q4 24-25</td><td>93.0</td></tr><tr><td>Q1 25-26</td><td>92.7</td></tr></table></div>	Quarter	% of Premises	Q1 21-22	90.5	Q2 21-22	97.0	Q3 21-22	90.5	Q4 21-22	90.0	Q1 22-23	90.0	Q2 22-23	89.8	Q3 22-23	90.4	Q4 22-23	91.1	Q1 23-24	93.0	Q2 23-24	92.5	Q3 23-24	92.7	Q4 23-24	93.0	Q1 24-25	94.0	Q2 24-25	93.2	Q3 24-25	93.0	Q4 24-25	93.0	Q1 25-26	92.7	<p>97.6% rated 3* or higher (Generally satisfactory)</p> <p>Note - 3* = satisfactory, 4* = good</p> <p>High is good</p>																		
Quarter	% of Premises																																																										
Q1 21-22	90.5																																																										
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Q1 25-26	92.7																																																										
		H		<div><div>NUMBER OF ADMISSIONS TO SALT AYRE LEISURE CENTRE</div><table><tr><th>Quarter</th><th>Admissions</th><th>Target</th></tr><tr><td>Q1 21-22</td><td>120,000</td><td>-</td></tr><tr><td>Q2 21-22</td><td>165,000</td><td>-</td></tr><tr><td>Q3 21-22</td><td>180,000</td><td>-</td></tr><tr><td>Q4 21-22</td><td>235,000</td><td>-</td></tr><tr><td>Q1 22-23</td><td>225,000</td><td>120,000</td></tr><tr><td>Q2 22-23</td><td>225,000</td><td>165,000</td></tr><tr><td>Q3 22-23</td><td>215,000</td><td>180,000</td></tr><tr><td>Q4 22-23</td><td>265,000</td><td>235,000</td></tr><tr><td>Q1 23-24</td><td>225,000</td><td>225,000</td></tr><tr><td>Q2 23-24</td><td>250,000</td><td>225,000</td></tr><tr><td>Q3 23-24</td><td>225,000</td><td>215,000</td></tr><tr><td>Q4 23-24</td><td>250,000</td><td>265,000</td></tr><tr><td>Q1 24-25</td><td>235,000</td><td>235,000</td></tr><tr><td>Q2 24-25</td><td>235,000</td><td>250,000</td></tr><tr><td>Q3 24-25</td><td>215,000</td><td>225,000</td></tr><tr><td>Q4 24-25</td><td>250,000</td><td>250,000</td></tr><tr><td>Q1 25-26</td><td>234,443</td><td>229,947</td></tr></table></div>	Quarter	Admissions	Target	Q1 21-22	120,000	-	Q2 21-22	165,000	-	Q3 21-22	180,000	-	Q4 21-22	235,000	-	Q1 22-23	225,000	120,000	Q2 22-23	225,000	165,000	Q3 22-23	215,000	180,000	Q4 22-23	265,000	235,000	Q1 23-24	225,000	225,000	Q2 23-24	250,000	225,000	Q3 23-24	225,000	215,000	Q4 23-24	250,000	265,000	Q1 24-25	235,000	235,000	Q2 24-25	235,000	250,000	Q3 24-25	215,000	225,000	Q4 24-25	250,000	250,000	Q1 25-26	234,443	229,947	<p>Over the last 12 weeks we have seen an increase of more than 150 users across the centre each day variance the same Q1 last year. Again, compared to this time last year we can see a decrease in XHeight bookings due to warm weather and staff shortages, also due to staff availability we have not utilised any inflatable sessions in the pool year to date.</p> <p>Two fantastic events this month that have seen us have great usage and great community engagement, with over 2000 local high school children having their regional sports day here at Salt Ayre and what was an amazing Les Mills Launch, that saw our centre receive Les Mills centre of the month, a great award to win that showcase the great work has been happening recently.</p> <p>High is good</p>
Quarter	Admissions	Target																																																									
Q1 21-22	120,000	-																																																									
Q2 21-22	165,000	-																																																									
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AVERAGE TIME TAKEN TO RE-LET COUNCIL HOUSES (DAYS)

Legend: Average time taken to re-let Council houses (days) (Blue line), Internal KPI <25 days (Orange line)

Period	Average time taken to re-let Council houses (days)	Internal KPI <25 days
Q1 21-22	52.00	25.00
Q2 21-22	54.00	25.00
Q3 21-22	58.00	25.00
Q4 21-22	63.00	25.00
Q1 22-23	25.00	25.00
Q2 22-23	27.00	25.00
Q3 22-23	26.00	25.00
Q4 22-23	28.00	25.00
Q1 23-24	20.00	25.00
Q2 23-24	18.00	25.00
Q3 23-24	18.00	25.00
Q4 23-24	19.00	25.00
Q1 24-25	23.00	25.00
Q2 24-25	25.00	25.00
Q3 24-25	26.00	25.00
Q4 24-25	25.00	25.00
Q1 25-26	24.72	25.00

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

Priority				Measure and Direction of Travel	Comments																																																																								
			R	<div><p>AVERAGE NUMBER OF DAYS' SICKNESS PER FULL-TIME EQUIVALENT</p><table><tr><th>Quarter</th><th>Average Days' Sickness</th></tr><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>2.3</td></tr><tr><td>Q3 24-25</td><td>2.3</td></tr><tr><td>Q4 24-25</td><td>2.4</td></tr><tr><td>Q1 25-26</td><td>2.1</td></tr></table></div>	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	2.3	Q3 24-25	2.3	Q4 24-25	2.4	Q1 25-26	2.1	<p>The average sickness figure has decreased slightly compared to the previous quarter. There has been a significant decrease in the number of days lost due to coughs/colds/viruses and Musculo-skeletal problems. However there has been an increase in mental health-related sickness. We have also introduced phased returns of up to 4 weeks supported by the Council with pay.</p> <p>Low is good</p>																																																				
Quarter	Average Days' Sickness																																																																												
Q1 23-24	2.9																																																																												
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			R	<div><p>OCCUPANCY RATES FOR COMMERCIAL PROPERTIES (%)</p><table><tr><th>Quarter</th><th>Occupancy Rate (%)</th></tr><tr><td>Q1 21-22</td><td>95.00</td></tr><tr><td>Q2 21-22</td><td>95.00</td></tr><tr><td>Q3 21-22</td><td>95.00</td></tr><tr><td>Q4 21-22</td><td>95.00</td></tr><tr><td>Q1 22-23</td><td>95.00</td></tr><tr><td>Q2 22-23</td><td>95.00</td></tr><tr><td>Q3 22-23</td><td>95.00</td></tr><tr><td>Q4 22-23</td><td>95.00</td></tr><tr><td>Q1 23-24</td><td>95.00</td></tr><tr><td>Q2 23-24</td><td>95.00</td></tr><tr><td>Q3 23-24</td><td>95.00</td></tr><tr><td>Q4 23-24</td><td>95.00</td></tr><tr><td>Q1 24-25</td><td>95.00</td></tr><tr><td>Q2 24-25</td><td>95.00</td></tr><tr><td>Q3 24-25</td><td>95.00</td></tr><tr><td>Q4 24-25</td><td>95.00</td></tr><tr><td>Q1 25-26</td><td>80.12</td></tr></table></div>	Quarter	Occupancy Rate (%)	Q1 21-22	95.00	Q2 21-22	95.00	Q3 21-22	95.00	Q4 21-22	95.00	Q1 22-23	95.00	Q2 22-23	95.00	Q3 22-23	95.00	Q4 22-23	95.00	Q1 23-24	95.00	Q2 23-24	95.00	Q3 23-24	95.00	Q4 23-24	95.00	Q1 24-25	95.00	Q2 24-25	95.00	Q3 24-25	95.00	Q4 24-25	95.00	Q1 25-26	80.12	<p>Whilst still relatively high the commercial occupancy figure has realised a 9.56% reduction on May 2025's figure resulting from the NHS serving notice and vacating Moor Lane Mills 1 &2 in mid-June 25. These buildings provide 33,245 sq ft of office space which the estates team are actively marketing in order to mitigate any void period and resulting rental loss. Early indications are that there is good demand for this accommodation.</p> <p>High is good</p>																																				
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Quarter	Average Time (days)	Target (days)	Lancashire Districts Average (days)																																																																										
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<div><div>LANCASTER CITY COUNCIL</div><div>Promoting City, Coast & Countryside</div></div>		<div>Corporate programmes and projects updates – 30th June 2025 (Q1)</div>		<div>Status Key – Projects</div> <table><tr><td>R</td><td>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.</td><td>C</td><td>Complete or Closed</td></tr><tr><td>A</td><td>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.</td><td>N</td><td>Not Started</td></tr><tr><td>G</td><td>Green – The project is on track (within the project tolerance)</td><td>H</td><td>On hold</td></tr><tr><td>X</td><td>No data available / data not requested due to stage</td><td colspan="2">* Projects in the Concept stage will not usually have updates</td></tr></table>		R	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.	C	Complete or Closed	A	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.	N	Not Started	G	Green – The project is on track (within the project tolerance)	H	On hold	X	No data available / data not requested due to stage	* Projects in the Concept stage will not usually have updates	
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<div>Priorities Key</div> <table><tr><td>I</td><td>An inclusive and Prosperous Local Economy (Economy)</td></tr><tr><td>S</td><td>A Sustainable District (Environmental)</td></tr><tr><td>H</td><td>Healthy and Happy Communities (Social)</td></tr><tr><td>R</td><td>A Co-operative, Kind and Responsible Council (Governance)</td></tr></table>						I	An inclusive and Prosperous Local Economy (Economy)	S	A Sustainable District (Environmental)	H	Healthy and Happy Communities (Social)	R	A Co-operative, Kind and Responsible Council (Governance)								
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Priority			Project Name	Update	Due Date ** = To be confirmed	Stage	Updated	Status		
								Plan	Cost	Scope
I			Heritage Action Project	Project review report to follow.	Q1 25/26	Complete		C	C	C
I	S		Canal Quarter Phase 3 (part of Canal Quarter programme)	Officers continue to develop 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 in line with the recently approved Lancaster City Centre Parking Strategy.	Phase 3 – Q3 26/27 Phase 4 – Q4 26/27 Phase 5 – Q1 28/29	Delivery	22/07/25	G	G	G
I	S		Our Future Coast	We are currently monitoring the installations. Although there has been some damage, most are proving successful so far. We plan to install more items in the coming months and continue with the monitoring.	** Q1 27/28	Delivery	25/07/25	G	G	G
I			Fair Work Charter	Report to follow	** Q1 25/26	Delivery	N/A	X	X	X
I			1 Lodge Street Urgent Structural Repairs	The layout of the ground floor of the Former Carriage Works is now established and mostly plastered and painted. Work has slowed on site whilst the M&E Design has been advanced which has required detailed input from various parties. This will be the main focus of the next phase of works subject to confirmation of viability.	Q3 27/28	Delivery	22/07/25	A	A	A
I		H	Centenary House (formerly reported on as Morecambe Co-op Building Renovation)	The externally funded budget for this project is constrained by being applicable only to capital expenditure. The planned work in the next phase requires design input – revenue expenditure. The developer partner would've undertaken this as part of the development of their design proposals, but now can't due to their withdrawal. Development of a tender brief to secure a housing developer partner is underway. Alongside this, a Cabinet report is due in the next period that seeks authority for the procurement. This action aims to ensure the council can meet its funding targets.	Q1 26/27	Delivery	29/07/25	A	A	G
I		R	Frontierland	The Competitive Dialogue Procurement is progressing and has successfully completed the Introductory Dialogue and Legal Dialogue sessions. This has built understanding of all parties and their respective positions. With the Legal Dialogue for this stage now complete, the updated Heads of Terms have been issued. There has been some slippage in the programme, pushing timescales back.	Current phase – Q4 25/26	Delivery	29/07/25	A	G	G
I			Heysham Gateway	A Pre-Planning Application has been submitted and meetings have been held with city council planning officers and as we continue to move through the formal protocols. Resources have been identified by County Council for part funding, and City Council officers are working through the information required for progressing with the project. Community consultation was completed, and results will be being integrated into the future full planning application. Responses were generally positive. The project may move to a market-based offer process and / or procurement to investigate whether a developer/investor partner can be secured to take the proposal further. Main Imperial Road site has been included in a national Government call for Artificial Intelligence Growth Zone led by Lancaster University. Outcome of this is awaited.	Current phase – Q4 25/26	Detailed Design	22/07/25	A	A	A
I		H	Canal Quarter - Coopers Field	On hold	On hold	On hold	N/A	H	H	H
I		H	Eden Project Morecambe	The project has completed a re-baselining of costs, design and programme which has demonstrated that the project is still deliverable for the funding available and is able to achieve the outputs and outcomes required. The	** Q2 28/29	Detailed Design	28/07/25	G	G	G

				latest design has been released to the Public. The Eden Project Director is now in post and has an office in Morecambe Town Hall. Design is progressing through RIBA Stage 2 On site surveys have also commenced.						
I	S			Lune Flood Protection, Caton Road Project (as is) has been brought to a close pending discussions with developer and development 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. This is the particular aspect of bringing forward the attenuation and storage to manage surface water.	Unknown, dependent on developer proposals	Feasibility	25/07/25	G	G	G
I		H		Williamson Park (Café and Play Development) OBR working group has commenced and have reviewed the Alliance Leisure RIBA S1 business case which reports a turn key project at £3.2M investment. Local architects Harrison Pitts have now presented RIBA S1 feasibility which are scoped in the region of £1.5M and £3.4M. Operational Teams are working on temporary catering offer for the summer period given the decision to close the cafe in the long term. Procurement has taken place in regard to the demolition of the current structure and a principle designer has been selected for the demolition part of the project."	Unknown due to current stage.	Feasibility	24/06/25	X	X	X

A Sustainable District (Environmental)										
Priority	Project Name	Update	Due Date	Stage	Updated	Status				
						Plan	Cost	Scope		
	S									
		Burrow Beck Solar Farm (part of Carbon Neutral Programme) Following the procurement process a contractor – Alt Solar of Alt Group – has been appointed to the project. A good fixed-price was obtained for delivery of the solar farm project. Officers have worked with Alt-Group and contractors to begin completing the pre-commencement planning conditions to the Burrow Beck site, including the installation of Tree root protection and trackways on site, road condition surveys, installation of road traffic management, and ensuring the Economy and Skills plan meets requirements. A meeting was held with local residents groups to explain the project, provide them with headlines dates for the project and to answer queries and set expectations. Energisation of the site expected November 2025.	Q2 25/26 (Nov 25)	Delivery	22/07/25	G	G	G		
g	S									
		Public Sector Decarbonisation Scheme Phase 3c (part of Carbon Neutral Programme) A review by Cabinet on 3 rd June led to the decision to bring the project forward but to rescope and focus on the Storey and Williamson Park. The intended works to City Lab have been paused until an alternative avenue for funding can be sourced. Following this a project change request has been submitted to external funders Salix. Consultants Ridge have calculated energy usage at the two sites to be much higher than the initial Council's Salix bid so it is hoped that by demonstrating a greater increase in energy saving the total amount of funding originally awarded will still be maximised. Following the project rescope the open market tender process for a Principle Contractor (PC) has been concluded, and we are now awaiting contract signing with Alternative Heat. Planning Applications continue to be developed for the 2 sites, remaining cognisant of their historic listed status and complex requirements. District Network Operator (DNO – Electricity North West) approval for upgrading connections at the sites has been received.	Q4 25/26 (Mar 26)	Detailed Design	24/07/25	A	G	G		
	S	R								
		Salt Ayre Data Centre Project has been approved by cabinet and development pool funding released. Additional monitoring has been added to swimming pool heating system to determine detailed heating requirements and areas of improvement. Architects have been engaged with to create detailed designs. Certified Energy Efficient Datacenter Award (CEEDA) have been engaged with to support aligning design with accreditation. Specialist support has been engaged with to support ensuring compatibility across all elements of the design and technical recommendations.	TBC	Detailed Design	21/07/25	X	G	G		

	S			Roof Mounted Solar Array – Gateway, White Lund (part of Carbon Neutral Programme)	<p>EPC (Engineering, Procurement and Construction) Contractor Alt Group (Alt Solar) has been appointed to undertake the Burrow Beck and roof-mounted solar project at Gateway.</p> <p>Anderton Gables surveyed the roof and provided detailed 2-D designs for the solar array, accounting for the existing skylights.</p> <p>A meeting with the company that had previously undertaken roofing coating repairs was arranged to clarify the implications of roof solar mounts on the warranty of the roof coating. They had no undue concerns but proposed condition survey pre and post-installation to ensure any damage was noted.</p> <p>A meeting with Gateway tenants to announce the project and allow for questions was held by Alt Group and LCC. They seemed satisfied as long as disruption to their businesses was minimised as much as possible.</p>	** Q4 25/26 (Mar 26)	Detailed Design	25/07/25	G	G	G
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			Healthy & Happy Communities (Social)							
Priority			Project Name	Update	Due Date	Stage	Updated	Status		
								Plan	Cost	Scope
	S	H	My Mainway (part of Homes Programme)	<p>Finalisation of business plan development for Skerton School and the wider Mainway regeneration continues with support from MIAA. Recommendations which strengthen project governance are now fully embedded and operating effectively. The business case(s) and project planning is at an advanced stage. While behind the original schedule, with close consultation with the Programme Board, it is significantly more developed and aligned with strategic priorities.</p> <p>Financial viability modelling has progressed, including bench marking visits to other social housing providers exploring alternative procurement strategies and project development and funding options. Final Procurement and Finance sub-group inputs will be incorporated to the business case ahead of officer and member engagement events in September and recommendations for an anticipated cabinet report in October.</p> <p>Bidding has opened for the Council housebuilding support (CHSF) fund. The project team has prepared an application, including a future procurement of Skerton.</p> <p>Extensive remedial work to make safe cladding at Bridge House is now complete, highlighting the underlying challenges driving regeneration.</p>	<p>**</p> <p>Q4 27/28</p>	Detailed Business Case	07/08/25	R	G	A

				A Co-operative, Kind and Responsible Council (Governance)							
Priority				Project Name	Update	Due Date	Stage	Updated	Status		
									Plan	Cost	Scope
			R	Outcomes Based Resourcing (OBR) / Fit for the Future (FFTF)	The majority of the phase 1 projects are still progressing and set to deliver the intended benefits. Several new phase 2 projects commenced in June, with others to follow in July and August. Benefits from the phase 2 projects are unlikely to be seen until the 26/27 financial year. The projects sit across all 7 Council services.	Phase 1 & 2 from Q3 24/25 to Q4 26/27	Delivery	22/07/25	A	G	G
I		H	R	UK Shared Prosperity Fund (UKSPF)	The project is in full delivery phase. 20 projects have received funding awards following internal democratic decision-making involving officers and cabinet members. Officers monitor each project on a quarterly basis and at this stage the overall programme is on track for successful delivery.	** Current Phase – Q4 24/25	Delivery	05/08/25	G	G	G
			R	High-Capacity Fibre Cable Network Provision (part of Digital Programme)	Project review report to follow.	N/A	Closed	N/A	C	C	C
	S		R	White Lund Depot	<ul style="list-style-type: none">Phase 1: the installation and handover of the new modular buildings (Canteen, Welfare facility and Office) was completed January 17th 2025, and is now in defects period.Phase 2: the demolition of the old Office block commences 7th July, with a 4 week programme. All works expected to be completed by end Q2.Other works: there are various periphery works which have arisen due to the installations and demolitions, such as ground works, safe pedestrian walk ways, demolition of the small old Canteen building, amendments to external lighting etc. This is expected to be concluded by the end of Q2.	Demolition Q2 25/26	Delivery	04/07/25	G	G	G

BUDGET AND PERFORMANCE PANEL

Strategic Risk Management

17 September 2025

Report of Chief Executive

PURPOSE OF REPORT

To provide the Committee with an update on the authority's progress in updating the Strategic Risk Register.

This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.

RECOMMENDATIONS

- (1) The Budget and Performance Panel note the Strategic Risk Register, as shown as appendix A (public report) and appendix B (restricted report).

1 Change from 4 x 4 to 5 x 5 impact vs likelihood matrix

- 1.0 Following the recommendations of some consultancy work we commissioned on risk management, the impact vs likelihood matrix has been changed from a 4x4 to a 5x5. This will:

- Bring us into line with best practice
- Allow greater differentiation of risk severity

- 1.1 As part of the above change, a new risk rating colour has been introduced. Risk scoring is now as follows:

Impact	Catastrophic 5	5 Low	10 Moderate	15 High	20 High	25 High
	Major 4	4 Low	8 Moderate	12 Moderate	16 High	20 High
	Moderate 3	3 Very Low	6 Low	9 Moderate	12 Moderate	15 High
	Minor 2	2 Very Low	4 Low	6 Low	8 Moderate	10 Moderate
	Insignificant 1	1 Very low	2 Very Low	3 Very Low	4 Low	5 Low
		Remote 1	Unlikely 2	Possible 3	Highly Likely 4	Almost Certain 5
		Likelihood				

- 1.2 All strategic risks will be reviewed quarterly, with the exception of those which are red rated, which will be reviewed monthly.
- 1.3 The scoring on all strategic risks has been reworked so that they all score on the newly introduced 5 x 5 matrix for this report.
- 1.4 The changes have resulted in their being no red (high) risks, with 7 amber risks across the restricted and unrestricted risk registers. Under the 4 x 4 matrix there would have been 3 red risks open.

2 Report

- 2.0 Quarterly Strategic Risk Report as updated by Leadership Team to be seen by Budget and Performance Panel Committee to be noted.
- 2.1 There are currently 25 Strategic Risks open on the register.
- 2.2 The attached appendices show the changes to the council's Strategic Risk Register made during the reporting period 13th May to 17th July 2025. Changes are highlighted using red text, excluding the new scoring, as all risks scored have been reworked following the introduction of the 5 x 5 matrix. A summary of the main changes is as follows:
 - Risk reviews have been run against all 25 Strategic Risks.
 - The risk name and description for risk SR02 have been updated to reflect planning for the next financial year.
 - Control measure details have been updated or added for risks SR03, SR07, SR16, SR20, SR24 and SR29.
 - Action plan descriptions have been updated or added for risks SR04, SR06, SR08, SR09, SR14, SR24 and SR28.
 - Action plan due dates have been updated for risks SR04, SR05, SR06, SR08, SR09 SR14, SR20, SR24 and SR28.
 - Under the new risk matrix and scoring, all of the council's Strategic Risks are within the risk appetite. It is worth noting that the risk appetite levels are due to be reviewed later this year, following the changes to the matrix and some other changes in the risk management policy.
 - Risk SR26 which related to increasing costs of temporary accommodation for the homeless has been closed as a strategic risk, following significant progress in reduction of B&B costs. The risk will continue to be monitored at an operational (service) level.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, 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, such as Human Resources, Information Services, Property, Open Spaces

No direct resource 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.

DEPUTY MONITORING OFFICER'S COMMENTS

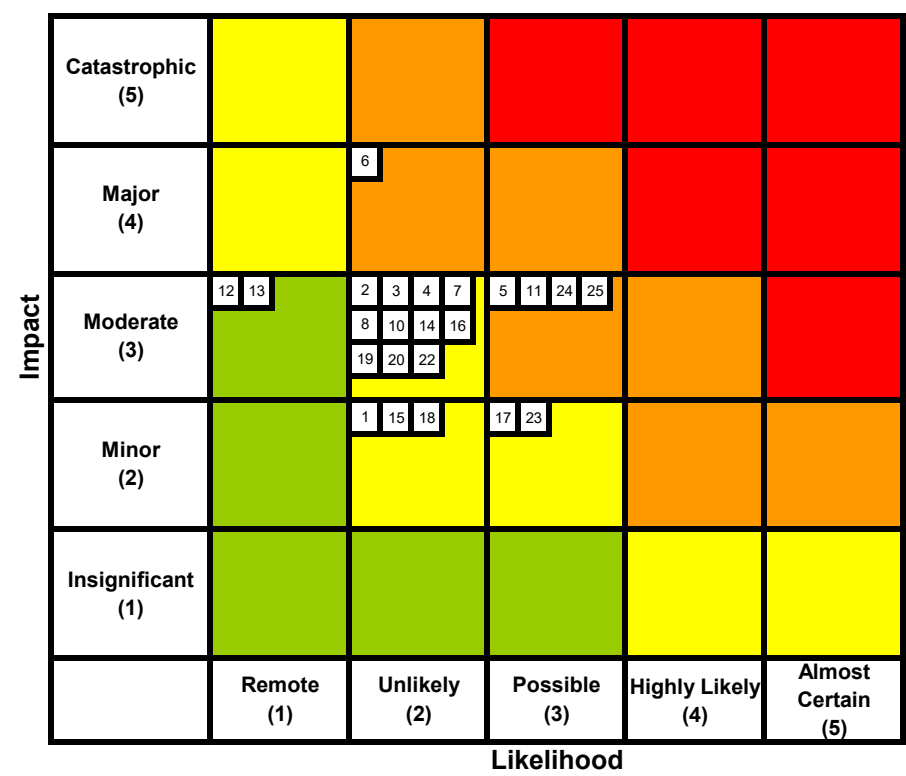
The Deputy Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

N/A

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Strategic Risk Register - Risk Map 17.07.25



NOTE 1: All risks have been reviewed in the run up to 17th July 2025

NOTE 2: The numbers shown on the risk map relate to those on the next page in the first column, not the Strategic Risk (SR) numbers.

NOTE 3: Only risks which are unrestricted are shown.

Risk No.	Risk & Owner	Risk Description	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			Review Comment
											Plan Due Date	Date Last Reviewed		
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. Mark Davies Paul Thompson	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	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 Claire Dubelbeis Alex Kinch	31/12/2025	15/07/2025		Risks re-scored following update to matrix on Marks behalf.
					Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy								
					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.								
					Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.								
2	SR02 The Council fails to meet the 2026/27 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Mark Davies Paul Thompson	The Council fails to meet the 2026/27 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Link to Council Plan 24-27: 4.1 Value for Money	6 (3x2)	Financial	Reserves Policy	Reserves Policy	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. 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.	Mark Davies Claire Dubelbeis Alex Kinch	31/12/2025	15/07/2025		Risks re-scored following update to matrix on Mark Davies behalf.
					Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects								
					Programme Managers	Programme Managers in place for specific programmes								
					Programme Delivery Board	Programme Delivery Board								
					Cabinet Portfolio Holder	Cabinet Portfolio Holder								
					Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years.	Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years								
					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.	6 (3x2)	People	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk. 25-26 is year 3 of the People Plan.	6 (3x2)		16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix.
	Alex Kinch	Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities			Annual Appraisal Process	Annual Appraisal Process embedded				
					Pay and Grading Structure	Pay and Grading Structure - The pay and grading structure and 2019 job evaluation process ensures that all posts are objectively evaluated and then placed on a new pay and grading scale.				
						Recent experience suggests that this assisted in attracting applicants with the desired skills and values				
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.	6 (3x2)	Property Financial	Use of Council Assets	Capital Strategy Group	4 (2x2)	Council Assets	To progress with disposals of council assets as outlined through 22/23 OBR process.	Joanne Wilkinson 31/03/2026 02/07/2025
		Link to Council Plan 24-27: 4.5 Innovative Public Service			Use of Council Assets	Ongoing OBR workstream reviewing assets				
	Joanne Wilkinson				Use of Council Assets	Performance monitoring of leases implemented		Council Assets	Updated Asset Management Strategy to be developed to incorporate property performance, as well as Estates and FM areas.	Paul Mackie Joanne Wilkinson Dan Wood 31/03/2026
					Use of Council Assets	Budget Monitoring				
					Use of Council assets	Implemented active asset management inc. financial modelling for stock rationalisation.				

					Use of Council assets	Appointed Eckersleys to support the council in asset disposal.									
					Use of Council Assets	Stock Condition Surveys for property group completed				Council Assets	Upgrade Asset Management system to CPM this should assist with better property management - fully interfaced system	Paul Mackie Joanne Wilkinson Dan Wood	31/03/2026		
					Use of Council Assets	Asset Management Strategy in place.									
					Use of Council Assets	Officer energy fit for the future group completed recommendations and report produced presented at OBR Assets									
					Use of Commercial Assets	Commercial Manager post recruited to.									
					Use of Commercial Assets	Estates Improvement Plan developed									
					Use of Council Assets	10 year capital programme developed and fed through the budget									
					Use of Council Assets	Energy Officer recruited to support reductions in utility costs awaiting start date.									
					Use of Council Assets	Project Officer recruited to - to support delivery of increased capital / revenue projects for next three years.									
					Council Assets	Climate Statement finalised and published with clear actions around improvements.									
5	SR05 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	Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.	9 (3x3)	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	31/08/2025	16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix.		
					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.							
					Corporate Resilience Exercises - January 2025	The LGA held two corporate resilience exercises with managers w/c 20th January 25.							
6	SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030. Mark Cassidy	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. Link to Council Plan 24-27: 1.1 Carbon Zero	8 (4x2)	Strategy Project / Programme	Delivery plan in place	Climate Change Action Plan - the Climate and Nature Strategy will supersede this	8 (4x2)	(i) Climate and Nature Strategy (ii) Annual Climate Report (to be presented to Cabinet)	The Council continues to work on the delivery of its CaNS and the date for delivery is likely to be early-June.	Mark Davies	31/12/2025	01/07/2025	The remaining actions associated with this risk has been split into two sections. The first relates to the Climate and Nature Strategy(CaNS) which has been delayed due to other climate work associated with time-limited projects. The CaNS will still be delivered this year, and the Portfolio Holder has been updated (June 26 2025). The second part of the risk is new, and relates to the 1st Annual Climate Report, which will be prepared for Cabinet at the end of each calendar year, starting in December 2025. This will set out the progress on an annual basis for reducing CO2 emissions and the ambition to reach net zero by 2030.
					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							
					Development of the Local Area Energy Plan and the emergence of the Climate and Nature Strategy	Local Area Energy Plan (LAEP)has been adopted by Cabinet (Oct 2024) and it set out the district's most cost-effective pathways to net zero. Climate and Nature Strategy (CaNS) is funded by a UKSPF award and will be the Council's Climate and Nature Action Plan, bringing together all climate and biodiversity workstreams under one document with realistic ambitions that align with the Council Plan.		(ii) Local Area Energy Plan	LAEP sets out a long-term vision for decarbonising the district by 2040 and looks beyond the council's own 2030 target for its direct activities. The LAEP sets out the changes required to transition the Lancaster district energy system and built environment to net zero while also addressing fuel poverty. It details what changes are required, where, when and by whom. Since the last review the LAEP has been formally adopted by this Council. Next stages for implementation are being considered, but are likely to require UKSPF assistance given resource constraints (staffing) during the remainder of the calendar year (delievry of other decarbonisation projects)	Mark Cassidy	30/09/2025		
7	SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes. Mark Davies Luke Gorst Paul Thompson	On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years. Link to Council Plan 24-27: Whole document.	6 (3x2)	Strategy	Carbon Zero +	More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates	4 (2x2)	Local Development Plan	Local Development Plan	Mark Davies	30/09/2024	15/07/2025	Risks re-scored following update to matrix on Mark Davies behalf.
					Medium Term Financial Strategy (MTFS)	MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.							
					Programme Management	Programme Management - in place to ensure strategy is followed and monitored on a regular basis.							

				Corporate Plan / Plan 2030	Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.							
				Fit for the Future	Fit for the Future is a strategic programme that assists in the balance of Council plan and MTFS							
8	SR08 The Council fails to deliver its key projects due to the lack of capacity and resources. Mark Davies	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	6 (3x2)	People Financial	Local Plan Medium Term Financial Strategy (MTFS) Investment Strategy Capital Programme The Council continues to resource key service teams in Planning, economic development, regeneration, property investment Collaborative Working Partnership Working Capital Programme Funding the Future Strategy	Local Plan Medium Term Financial Strategy (MTFS) Investment Strategy Capital Programme The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management. We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council. Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe. Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding. Funding the Future Strategy	3 (3x1)	Local Plan Reserves People Plan	Local Plan, due to be adopted in June 28 Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies. 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.	Mark Cassidy Mark Davies Mark Davies Paul Thompson Alex Kinch	30/06/2028 30/01/2026 31/03/2026	Risk re-scored following matrix update on Mark Davies behalf.
10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Mark Davies	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	6 (3x2)	Strategy Governance Operations People Project / Programme Financial	Continued monitoring and horizon scanning of Government policy Clear and focused Council strategy to maximise alignment with Government policy and resourcing Strategic Plans	Continued monitoring and horizon scanning of Government policy Clear and focused Council strategy to maximise alignment with Government policy and resourcing Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy	6 (3x2)				15/07/2025	Risk re-scored following update to matrix on Mark Davies behalf.

11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. Mark Davies	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.	9 (3x3)	Strategy Operations Security Financial	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience Strategic risk management approach	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience - Continue to develop agility and resilience across the organisation Strategic risk management approach	9 (3x3)			15/07/2025	Risk re-scored following matrix update on Mark Davies behalf.	
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Mark Davies Paul Thompson	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	3 (3x1)	Strategy Financial	Budget Development OBR / Fit for the Future	Comprehensive, robust and transparent approach to budget development and service delivery. Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	3 (3x1)			15/07/2025	Risk re-scored following matrix update on Mark Davies behalf.	
13	SR13 The Council's reputation is damaged through its own actions or actions of others in the District . Mark Davies	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	3 (3x1)	Strategy People	Communications Strategic Management of Activities Delivery of Services Strategic communication	Pro-active communications and transparency Strategic management of all Council activities to ensure continued high reputation 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. Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation	3 (3x1)			15/07/2025	MD reviewed - as is	
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Mark Davies Paul Thompson	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	6 (3x2)	Operations Financial	Budget and Performance Panel Reserves Policy Continue financial forecasting	Budget and Performance Panel Reserves Policy Continue financial forecasting and scenario planning e.g. for energy costs	6 (3x2)	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures Council has approved the construction of a Solar Farm at Burrow Beck and also the development of a new Data Centre at Salt Ayre. Both will have a positive impact on the Council's sustainability ambitions but also income generation and cost reduction	Mark Davies Paul Thompson 31/03/2026	15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies

								Level of Reserves	As part of the annual budget cycle the s151 Officer is required to make a statement of the adequacy of the Council's reserves, provision and balances and set a minimum level of reserves. This ensures that it is able to mitigate variations in the short to medium term.	Paul Thompson	31/03/2026		
15	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Joanne Wilkinson Mark Davies Jonathan Noad	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	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	15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies. Owner transferred to Jo Wilkinson
					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. Mark Davies Alex Kinch	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	6 (3x2)	Strategy	Corporate Plan Policy Framework	Corporate Plan Policy Framework	2 (1x2)					16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix and action added as control measure.
					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.							
					CPC review and action plan.	CPC review and action plan. Action Plans have now been added into Service Plans.							
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Mark Davies Luke Gorst	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Link to Council Plan 24-27: 4.6 Openness	6 (2x3)	Legal	Corporate Governance	Corporate Governance	6 (2x3)					15/07/2025	MD reviewed - as is
					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 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. Jonathan Noad Mark Davies	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	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	17/07/2025	Risk re-scored to reflect updated scoring so that the numbers add up. Owner transferred to Jonathan Noad
19	SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings. Dennis Graham Paul Mackie Joanne Wilkinson	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	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)	Non-compliance with BSE	To review Building Safety Case files following EWI survey results	Paul Mackie	30/09/2025	02/07/2025	Limited change - safety case files not yet called in, but will be reviewed following cladding survey results which should be due in next quarter. Bridge House now has 16 residents residing in it as the decant strategy is underway. Work to remove the front cladding on one elevation of Bridge House is commencing in July.
					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.							
					Non compliance with BSE	Commissioned external cladding survey for Park House - results due over the summer (survey results being chased).							
					Non compliance with BSE	Information updated on improved intranet pages							
					Non- compliance with BSE	Resident engagement strategy for building safety approved							
					Non-compliance with BSE	Ongoing and regular dialogue with LFRS including site visits							

20	SR21 Non compliance with Regulator of Social Housing Standards. Dennis Graham Joanne Wilkinson Pete Linsley	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	6 (3x2)	Property Financial	Social Housing Regulation	Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning	2 (2x1)				02/07/2025	Limited change. Continue to keep abreast of what's going on through the sector. Recent announcements include - details of professionalisation, changes to electrical safety requirements, updates on Awaabs Law etc... Annual meeting with the regulator booked for middle of July.	
					Social Housing Regulation	Action planning within the service occurs in preparation for changes							
					Social Housing Regulation	Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.							
					Social Housing Regulation	Service Improvement Plan well established							
					Social Housing Regulation	Annual self assessment undertaken against current standards							
					Social Housing Regulation	Member advisory group for continued / wider input into the housing service established.							
					Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices							
					Social Housing Regulation	Breaches Policy in place							
22	SR24 ICT Data Centre Paul Thompson	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	6 (3x2)	Technology	Air conditioning in place to keep the data centre at optimal temperature		6 (3x2)	Data Centre	Business case to be presented to CAG 15th May. Once considered the aim is for it be presented to June/ July Cabinet for formal approval and release from the Development Pool	Nick Goulden Paul Thompson	31/07/2025	16/07/2025	Risk rescored and further control measure added.
					Back up Date Centre at SALC								
					Regular fire safety servicing carried out								
					Water ingress alerts	To alert all ICT senior managers to any water detected in data centre							
					Cabinet have approved money for the build of a new data centre at SALC	Cabinet have approved money for the build of a new data centre at SALC							
23	SR27 - Waste Strategy Will Griffith	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	6 (2x3)	Strategy Financial	Fit for Future Waste Group and Waste Implementation Officer Working Group.	Regular meeting with officers and members taking place to ensure milestones are met.	2 (1x2)	Waste Strategy Implementation	Officer working groups and relevant sub groups have started in order to develop a project delivery plan.	Will Griffith	31/03/2026	17/07/2025	Risk re-scored to ensure the scoring adds up, following update to matrix.
24	SR28 Delivery of Mainway Project Joanne Wilkinson	Delivery of the Mainway project is not executed as planned. Potential Consequences - Reputational risk and loss of trust from residents, risk around finances and health and safety implications. Delays could also put pressure on staff resources. This risk is on the Housing Risk Register as "H02 Delivery of Mainway Project" (9th Dec 2024)	9 (3x3)	Project / Programme	Mainway project	Reports completed on a quarterly basis to update on project progress at a corporate level.	4 (2x2)	Mainway project	Procurement of next stages to be completed	Joanne Wilkinson	31/03/2027	02/07/2025	MIAA have nearly completed PBC for Mainway / Skerton case. Ongoing engagement with Homes England now further details of AHP funding has been released. Regular meeting of Programme Board.
					Mianway project	Fortnightly project team meetings reviewing progress.							
					Mainway project	Additional resource put into the project by way of Andrew Whittaker moving into a dedicated Lancaster City Council Development Manager post to support the success of this over the course of 23/24		Mainway project	Lune and Derby Houses to be disposed of	Joanne Wilkinson	31/12/2025		
								Mainway project	Masterplan to be completed	Joanne Wilkinson	31/03/2026		

				Mainway project	Demolition of school site completed					
				Mainway project	Regular meetings with Homes England taking place to keep them abreast of developments					
				Mainway project	Financial model put forward to Link					
				Mainway project	Planning application approved for Phase 1a and b					
				Mainway project	Various and ongoing engagement events / information sessions with residents and councillors					
				Mainway project	New governance structure with Project Board, Scrutiny Group and sub-groups established.					
				Mainway project	MIAA audit review completed					
				Mainway project	MIAA supporting with PBC for Mainway.					
				25	SR29 - Local Government Reorganisation Mark Davies					In December 2024 the government told local authorities across the UK that Local Government Reorganisation (LGR) will be brought in for geographical areas who have not yet participated. The aim being to create Council's with a population of 500k, or more, in most cases to provide efficiency benefits in the delivery of services. In the short term, whilst these changes are being implemented, this can lead to a number of risks to the delivery of local services. The main concerns being delivering the Ambitions as stated in the Council Plan 24-27 and the risk of staff leaving the Council causing problems in the delivery of services.
				LGR Steering Group	Set up LGR steering group for Cabinet and senior officers					
				Liaise with Management from nearby Lancashire Authorities	Liaise with Management from nearby Lancashire Authorities to understand their thinking and positions.					

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

Document is Restricted

CABINET

Provisional Revenue, Capital and Treasury Management Outturn 2024/25 31 July 2025

Report of Chief Finance Officer

PURPOSE OF REPORT			
This report provides summary information regarding the provisional outturn for 2024/25, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Officer Referral	X		
Date of notice of forthcoming key decision	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That the provisional outturn for 2024/25 be endorsed, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer as set out in 5.1 and Appendix 5.
- (2) That Cabinet approve the treatment of year end overspends and endorse the do-nothing approach in-light of the current situation.
- (3) That Cabinet note and endorse the ongoing projects funded by reserves set out at Appendices 5a and 6.
- (4) That the requests for capital slippage and the adjustments to reflect accelerated capital spending on projects as set out at Appendices 7 and 8 be endorsed, with the Capital Programme being updated accordingly.
- (5) That the Annual Treasury Management report and Prudential Indicators as set out at Appendix 2 be noted and referred on to Budget & Performance Panel and Council for information.

1. BACKGROUND

- 1.1. All local authorities have a legal duty to produce an annual Statement of Accounts. In accordance with the regulations, the draft Accounts must be published on the Council's website and submitted for audit by 30 June 2025.
- 1.2. It is pleasing to note that the statutory deadline of 30 June 2025 was met, with the draft Statement of Accounts being completed and signed off on that date by the Chief Finance Officer. Our external auditors, KPMG have not yet commenced the audit of accounts, however, the draft Statements are available on the Council's website via the following link [Statement of Accounts - Lancaster City Council](#)

- 1.3. This report provides Cabinet with an update on the provisional outturn, including Treasury Management, and seeks endorsement for certain matters. The Council's financial performance is integral to its service performance overall, which is included elsewhere on this agenda, and Members are advised to consider this report in that context.

2. PROVISIONAL REVENUE OUTTURN: SUMMARY

2.1 General Fund Revenue Outturn

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for Council Housing. On 28 February 2024 Council approved a General Fund Revenue Budget for 2024/25 of £25.008M (£21.091M 2023/24).

- 2.2 The table below provides details of the General Fund revenue income and expenditure for 2024/25 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments and capital charges initially charged to service.

	2024/25			Remove	Variance
	Original Budget	Working Budget	Actual	Reserve Funded Variances	from Working Budget
	£000	£000	£000	£000	£000
Expenditure:					
Environment & Place	10,290	10,454	10,567	(52)	(165)
Governance	1,480	1,480	1,596	-	(116)
Housing & Property	4,037	5,969	3,929	(666)	1,374
People & Policy	2,527	2,578	2,414	27	191
Planning & Climate Change	2,304	2,791	2,484	(502)	(195)
Resources	4,740	5,004	4,585	(255)	164
Sustainable Growth	776	982	722	(157)	103
Other Corporate Income & Expenditure Items	(938)	(1,874)	(990)	1,605	721
Contribution to/(from) General Fund Balance	(208)	(2,376)	(299)	-	(2,077)
NET REVENUE EXPENDITURE	25,008	25,008	25,008	-	-

- 2.3 With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £1.246M. This amount has been transferred to the General Fund unallocated reserve.
- 2.4 Details of the significant variances and detailed explanations of the major differences between provisional outturn and the working budgeted position is provided at **Appendix 1**.

3. TREASURY MANAGEMENT

- 3.1 We are required by statute to report our annual treasury management performance. This report is attached at **Appendix 2** and sets out the performance of treasury operations for 2024/25. The Council's treasury operations are conducted in accordance with its annual Treasury Management Strategy, which was approved by Council on 28 February 2024. This document identifies the investment and borrowing policies of the Council specifying various criteria for investment counterparties, maximum duration and the amount of investments together with the framework for any future borrowing.

Investments

- 3.2 In 2024/25 the Council retained its comparatively low risk appetite towards investments. The average daily amount invested reduced to £26.82M (£32.42M 2023/24) with short term investments on 31 March 2025 (all held in the balance sheet as cash and cash equivalents)

totalling £14.60M (£10.50M 2023/24). The overall return on investments was £1.336M at an average interest rate of 4.98% (£1.608 and 4.90% 2023/24).

Borrowing

- 3.3 The Council undertook no short-term borrowing in 2024/25 (£0M 2023/24). Total long-term debt at 31 March 2025 amounted to £55.89M (£56.92M 2023/24) all of which relates to PWLB borrowing. A further £1.04M is included within short term liabilities as payment falls due within 12 months.
- 3.4 In determining its Council Tax charges Councils must make a specific provision for the financing of capital expenditure known as Minimum Revenue Provision (MRP). The outstanding amount for which MRP has to be made is known as the Capital Financing Requirement (CFR). At 31 March 2025 the Councils CFR was £97.854M (£98.579M 2023/24), a decrease of £0.725M. The amount of MRP charged in 2024/25 totalled £3.953M (GF £2.912M HRA £1.041M (£3.702M 2023/24)).

4. HOUSING REVENUE ACCOUNT (HRA)

- 4.1 At the end of the financial year, the Council owned 3,602 homes generating rental income of c.£16.7M. The Local Government & Housing Act 1989 requires that this income and associated expenditure is held in a ring-fenced account, the Housing Revenue Account (HRA).
- 4.2 The net overspend on the HRA was £0.694M resulting in a net deficit for 2024/25 of £0.598M (2023/24 £0.126M surplus), which has been transferred from the HRA unallocated reserve.

	£000
Repairs & Maintenance costs	(227)
Redevelopment project fees	200
Slippage on projects funded from reserves	448
Contribution to bad debts provision	(157)
Interest from Investments	40
Net pension adjustment re IAS19	216
Decreased use of Reserves	(171)
Net increase in Capital funded from Revenue	(995)
Other minor variances	(48)
	(694)

- 4.3 A summary of the HRA provisional outturn is included at **Appendix 3**. Discounting any notional and presentational variances.
- 4.4 As at 31 March 2025, the HRA's unallocated reserve balance stands at £0.152M, £0.598M below the minimum recommended level for 2024/25 of £0.750M.
- 4.5 The deficit has been funded from a combination of its unallocated and business support reserves. As a result, and as stated above, the unallocated reserve balance is now below the s151 Officers minimum recommended level. With significant commitments outstanding and potential revenue pressures associated with a number of major projects this position may be further exacerbated. The financial health of the HRA is being carefully monitored and detailed plans developed including a review and assessment of the useful life of properties as part of the Quinquennial valuation due in 2026/27.

- 4.6 Expenditure within the HRA is supported by a 30-year business plan and the Council is planning significant investment over a number of years to improve its social housing stock. A summary of all its Balances & Reserves is included in **Appendix 4**.

5. GENERAL FUND REVENUE RESERVES AND BALANCES

- 5.1 During 2024/25, the General Fund called on the use of its general unallocated reserve to support various projects/initiatives which are outside the budget framework. The following table details the planned and unplanned aspects of the use of the unallocated reserve :-

	2024/25			Variance from Working Budget
	Original Budget £000	Working Budget £000	Actual £000	£000
Contributions To Reserve				
Approved Contribution (General Fund)	250	250	250	-
Approved Contribution (Business Rates)	820	820	820	-
Revenue Underspend	-	-	1,246	1,246
Contributions From Reserve				
Heysham Gateway	(855)	(2,564)	(1,966)	598
Local Plan	(423)	(630)	(260)	370
Supaskips Major Incident	-	-	(31)	(31)
Household Waste Audit	-	(20)	(20)	-
Property Stock Condition Survey	-	(100)	(99)	1
Property Civica Property Mgt Set Up	-	(101)	(94)	7
LERG match funding	-	(25)	(12)	13
Business Analyst Posts	-	-	(78)	(78)
Burrowbeck Solar PV	-	(6)	(3)	3
VMU Ramp Replacement	-	-	(52)	(52)
NET REVENUE EXPENDITURE	(208)	(2,376)	(299)	2,077

Taking all this into account has resulted in the amount in the unallocated reserve as at 31 March 2025 is £10.028M (2023/24 £10.326M). This is £5.028M above the current minimum recommended level of reserves £5.000M.

- 5.2 The overall level of General Fund Reserves has increased to £29.435M (2023/24 £27.470M). Summary details of these movement are provided in **Appendix 5**.
- 5.3 Several projects calling on reserves are yet to be completed and require the reserves funding to be rolled forward into 2024/25 accordingly. A summary of these projects totalling £1.244M is provided in **Appendix 5a**.

6. HOUSING REVENUE ACCOUNT USABLE REVENUE RESERVES AND BALANCES

- 6.1 As discussed in Section 4, as at 31 March 2025 the HRA's Unallocated Balances amounted to £0.152M (2023/24 £0.750M) which is below the minimum recommended level for 2024/25 of £0.750M.
- 6.2 Several projects calling on HRA earmarked reserves are yet to be completed and require the reserves funding to be rolled forward into 2025/26 accordingly. A summary of these projects totalling £0.039M is provided in **Appendix 6**.

7. CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

- 7.1 Under the financial strategy, provisions exist to adjust budgets between years by carrying forward under or over-spending. These arrangements help to:
- provide some flexibility in delivering the Council's stated objectives
 - remove the incentive to spend up budgets unnecessarily by year end, and
 - promote good financial management.
- 7.2 With regard to the carry forward of revenue underspends, and given the overall outturn position, there are no requests for Cabinet to consider.
- 7.3 With regard to overspendings, arrangements require that :-
- any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Director (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Director and the S151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.
 - The S151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspends occurring and details of any actions taken to prevent the situation recurring.
- 7.4 Given the current financial climate and future challenges facing the Council it is proposed not to carry forward any overspends occurring within 2024/25.

8. CAPITAL OUTTURN

- 8.1 In 2024/25 the Council spent £15.220M in total on capital schemes (£14.353M 2023/24). Total spend on the General Fund was £8.828M against a budget estimate of £17.337M, with the HRA spending being £6.392M against a budget estimate of £8.345M.
- 8.2 A provisional capital expenditure and financing statement for the year is included in **Appendix 7**, which is summarised in the following tables:

Capital Expenditure

Service	A	B	C	D	E
	2024/25 Gross Budget	2024/25 Expenditure	Variance	(Slippage)/ Accelerated Expenditure	Final Over/(Under) spend
	£000	£000	£000	£000	£000
			(B-A)		(C-D)
Environment & Place	1,406	890	(516)	(486)	(30)
Housing & Property	6,126	5,004	(1,122)	(1,597)	475
People & Policy	946	1,085	139	-	139
Planning & Climate Change	1,110	47	(1,063)	(1,063)	-
Resources	2,097	1,075	(1,022)	(1,061)	39
Sustainable Growth	3,263	727	(2,536)	(2,518)	(18)
Schemes Under Development	2,389	-	(2,389)	(2,389)	-
Total General Fund Programme	17,337	8,828	(8,509)	(9,114)	605
Housing Revenue Account	8,345	6,392	(1,953)	(1,739)	(214)
Total Council Capital Programme	25,682	15,220	(10,462)	(10,853)	391

Capital Financing

Service	Grants & Contributions	Revenue Contributions	Earmarked Reserves	Major Repairs Reserve	Capital Receipts	Unsupported Borrowing	Total
	£000	£000	£000	£000	£000	£000	£000
Environment & Place	319	-	52	-	512	7	890
Housing & Property	2,710	-	-	-	-	2,294	5,004
People & Policy	1,085	-	-	-	-	-	1,085
Planning & Climate Change	-	-	-	-	-	47	47
Resources	40	-	-	-	328	707	1,075
Sustainable Growth	516	1	48	-	-	162	727
Schemes Under Development	-	-	-	-	-	-	-
Total General Fund Programme	4,670	1	100	-	840	3,217	8,828
Housing Revenue Account	794	-	-	4,772	826	-	6,392
Total Council Capital Programme	5,464	1	100	4,772	1,666	3,217	15,220

Capital Slippage

- 8.3 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix 8**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual carry forward of slippage can be a formality.

9. DETAILS OF CONSULTATION

- 9.1 As reflected above, the statutory arrangements regarding the public's rights in relation to the accounts provide for a fixed 30 working day period, which commenced on 1 July for this year.

10. OPTIONS AND OPTIONS ANALYSIS

- 10.1 The Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Finance Officer, and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.
- 10.2 The report requests Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:
- Endorse any number of the items / requests, in full or part
 - Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery
 - Request further information regarding them, if appropriate.

11. OFFICER PREFERRED OPTION AND JUSTIFICATION

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

12. CONCLUSION

- 12.1 Although the General Fund was able to respond to the financial challenges in 2024/25 and maintain a balanced budget position, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £2.6M is still forecast for 2026/27 and this rises annually to £5.5M in 2029/30 for which the cumulative effect is not sustainable.
- 12.2 To reiterate the points made in section 4, as at 31 March 2025, the HRA's unallocated reserve balance stands at £0.152M, £0.598M below the minimum recommended level for 2024/25 of £0.750M.
- 12.3 The deficit has been funded from a combination of its unallocated and business support reserves. As a result, and as stated above, the unallocated reserve balance is now below the s151 Officers minimum recommended level. With significant commitments outstanding and potential revenue pressures associated with a number of major projects this position may be further exacerbated. This is not sustainable and the financial health of the HRA is being carefully monitored and detailed plans developed including a review and assessment of the useful life of properties as part of the Quinquennial valuation due in 2026/27.
- 12.4 Work has continued on the Council's Outcomes-Based Resourcing (OBR)/Fit for the Future (FftF) project which examines every area of its budget and matches 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.
- 12.4 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

12.5 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/FtF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. The application of OBR/FtF across the Council is a significant piece of ongoing work and it is imperative that the work, or similar principles continues.

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

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

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

RELATIONSHIP TO POLICY FRAMEWORK

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

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 however he would draw Members attention to the commentary regarding the Council's Housing Revenue Account (HRA) within section 4 and section 6.

The HRA has recorded a deficit of £0.694M on its provision of services, with the annual depreciation charge being significantly higher than anticipated. The deficit has been funded from a combination of its unallocated and business support reserves. As a result, the unallocated reserves balance is now below the s151 Officer minimum recommended level. With significant commitments outstanding and potential revenue pressures associated with a number of major projects this pressure may be further exacerbate.

The financial health of the HRA is being carefully monitored and detailed plans developed including a review and assessment of the useful life of properties as part of the Quinquennial valuation due in 2026/27.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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E-mail: pthompson@lancaster.gov.uk
Ref:

FINANCIAL PERFORMANCE

Financial Summary 2024/25

As per the previous years, continued financial challenges have presented significant challenges from both internal and external pressures.

As part of the 2024/25 budget setting process, Members approved savings proposals to save the Council £1.233M and growth amounting to £0.125M in 2024/25. This represented significant challenges for the Council to deliver.

With regard to savings it is noted that £0.385M (31.2%) were achieved within the year. 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.

However, although both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2024/25 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context a budget gap of £2.6M is still forecast for 2026/27 and this rises annually to £5.5M in 2029/30 for which the cumulative effect is not sustainable.

General Fund

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, except for Council Housing. On 28th February 2024 Council approved a General Fund Revenue Budget for 2024/25 of £25.008M (£21.091M 2023/24).

The table below provides details of the General Fund revenue income and expenditure for 2024/25 and shows variances for each service area. The format includes the removal of various accounting entries such as internal recharging, notional items such as pension adjustments and capital charges initially charged to service.

	2024/25			Remove Reserve Funded Variances	Variance from Working Budget
	Original Budget	Working Budget	Actual		
Expenditure:	£000	£000	£000	£000	£000
Environment & Place	10,290	10,454	10,567	(52)	(165)
Governance	1,480	1,480	1,596	-	(116)
Housing & Property	4,037	5,969	3,929	(666)	1,374
People & Policy	2,527	2,578	2,414	27	191
Planning & Climate Change	2,304	2,791	2,484	(502)	(195)
Resources	4,740	5,004	4,585	(255)	164
Sustainable Growth	776	982	722	(157)	103
Other Corporate Income & Expenditure Items	(938)	(1,874)	(990)	1,605	721
Contribution to/(from) General Fund Balance	(208)	(2,376)	(299)	-	(2,077)
NET REVENUE EXPENDITURE	25,008	25,008	25,008	-	-

A core element of the Council's budget is salary driven and 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 22nd October 2024. The Chief Officer's pay award was agreed and included at 2.5%. This resulted in an estimated saving of £0.463M including oncosts and the relative variances are summarised in the table below and contribute in part to the notes to follow.

Service/Section	SALARIES VARIANCE £000	PAY AWARD £000	AGENCY VARIANCE £000	OTHER VARIANCE £000	TOTAL VARIANCE £000	Note
Environment & Place	515	146	(143)	(29)	489	1
Governance	124	38	(82)	0	80	2
Housing & Property	392	79	(47)	(88)	336	3
People & Policy	212	65	0	(161)	116	4
Planning & Climate Change	303	63	0	0	366	5
Resources	319	44	0	(42)	321	6
Sustainable Growth	146	28	0	0	174	7
Provision for Staff Turnover	(632)	-	-	-	(632)	8
TOTAL FAVOURABLE VARIANCE	1,379	463	(272)	(320)	1,250	

During the financial year the Council continued to implement a planned programme of restructuring which contributes towards previously approved savings. This resulted in transformational costs being incurred which were funded in part by the flexible use of capital receipts. The compulsory element of redundancy and any pension strain payments are eligible to be capitalised, as per the government directive. Severance/Redundancy payments (-£0.143M) are included within the People & Policy outturn figures and pension strain payments (-£0.228M) are included within Other Corporate & Expenditure Items. Capital receipts of +£0.222M were made available for these transformational purposes which resulted in a net cost of (-£0.149M) being covered from General Fund balances.

Further explanations for variances excluding those listed in the above tables are detailed in the notes below.

Note 1 Environment & Place

- Net salary savings +£0.491M across the service with significant savings from Salt Ayre Leisure Centre, Street Cleaning plus vacant senior positions which will not be recruited to within the Environmental Protection and Food Safety teams
- Energy savings +£0.040M
- Increased water charges (-£0.033M)
- Hire of portakabins at WLD (-£0.125M) and holder of WAMITAB qualification needed for depot (-£0.022M)
- Additional trade waste disposal costs for recycling (-£0.174M) and income shortfall (-£0.049M)
- Increased costs of protective clothing/workwear for Waste/Grounds Maintenance Teams (-£0.060M)
- Venue hire at The Storey (-£0.049M) however The Platform income targets have been exceeded +£0.026M due to budgets allowing for planned closure
- Significant income shortfalls at SALC, including Spa and Swimming (-£0.417M) offset by salary savings included above
- A successful HMRC refund following a review of VAT treatment at SALC +£0.350M
- Williamson Park Zoo, wedding venue and car park no longer exempt from business rates and charging back-dated to 2017/18 (-£0.060M)
- Other income budgets including Cemeteries (-£0.029M), Splash Park (-£0.029M) and Street Cleaning/Public Conveniences (-£0.030M) not achieved

Note 2 Governance

- Net salary savings +£0.080M after accounting for additional cost of agency cover for Procurement Officer
- Increased legal court costs (-£0.030M)
- Reduced Search Fee income (-£0.074M) due to current market conditions
- Repayment for P&CC election costs in 2021 not claimed (-£0.033M)
- Reduction in licensing income received and additional costs within service (-£0.039M)

Note 3 Housing & Property

- Net salary savings +£0.201M largely due to difficulties in recruiting and retaining staff. 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
- Energy savings +£0.075M
- Net additional business rates on Municipal Buildings and void units (-£0.094M)
- Reduction in bed & breakfast expenditure in line with quality assurance of placements and utilisation of Council voids +£0.326M, plus funding from external grants +£0.324M
- Net additional rent income due to lease and other commercial property changes +£0.312M, 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 Note 8)
- Net additional income from General Fund Housing Schemes, largely service charges +£0.020M
- Household Support Fund administration charge income +£0.035M
- HMO Licence Fees +£0.034M
- Increased income from Disabled Facilities Grants +£0.056M due to faster approval with in-house Occupational Therapist
- Additional income from public burials +£0.018M

Note 4 People & Policy

- Net salary savings +£0.259M including the retirement of a senior management officers +£0.182M
- Severance/Redundancy payments (-£0.143M) in respect of transformational change potentially to be partially funded from capital receipts (see also note 8)
- Minor net savings within service +£0.074M
- MVIC Rent - not yet tenanted therefore rental income not achievable (-£0.015M)

Note 5 Planning & Climate Change

- Net salary savings +£0.366M largely due to difficulties in recruiting and retaining staff with 6 posts currently being advertised
- Additional cost of planning appeals (-£0.124M)
- Reduced levels of planning fee/pre application income due to downward projection in major planning applications (-£0.366M)
- Additional building control consultancy costs relating to changes to the Building Safety Act 22 that starts in 2025 (-£0.052M) offset by +£0.069M additional related income
- Public Sector Decarbonisation Scheme (PSDS) works to date classified as revenue and not capital (-£0.102M) whilst scheme still 'at risk' stage

Note 6 Resources

- Net salary savings +£0.321M due to vacancies within Finance and ICT
- Internal Audit/Consultancy fees relating to external projects (-£0.104M)
- ICT data line connections and ICT support costs savings +£0.115M
- Increase in shared service costs (-£0.117M)
- Net Housing Benefit Support saving (including overpayment recovery) +£0.028M
- Reduced court costs recovered from Council Tax/NNDR (-£0.097M)

Note 7 Sustainable Growth

- Net salary savings +£0.130M which includes 4 vacant Engineer posts
- Business rates revaluations largely relating to off-street car parks (-£0.026M)
- Market income (-£0.027M) down on last year with a higher number of vacant stalls and units. Marketing campaign to encourage new stall holders is ongoing

Note 8 Other Corporate Income & Expenditure Items

- The provision for staff turnover target (-£0.632M) 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) was underspent by +£1.250M. However, it should be noted that the approved pay award has had a significantly positive impact of +£0.463M which is included within the overall total
- Projected pension strain payments (-£0.228M) relating to redundancies made through the year as per note 4
- The use of flexible capital receipts for transformational purposes offsets pension strain above and compulsory element of redundancy costs +£0.222M
- Additional contribution to BRR reserve of (-£0.596M) to reflect increased collection fund income in 2024/25
- Unbudgeted allocation to Property Voids and Maintenance reserve (-£0.034M) in line with rents and service charges received in year
- Increased contribution to insurance provision (-£0.194M) following numerous high-level claims/incidents in recent years
- A reassessment of the bad debt provision (-£0.703M) includes a significant increase in allowances for rental income due from commercial properties, including (-£0.356M) for rental income due from building on Penny Street
- The Council's minimum revenue provision (MRP) is underspending against budget +£0.099K due to slippage on capital programme schemes during 2023/24
- New borrowing has not been incurred as anticipated largely due to significant levels of slippage on schemes in the capital programme leading to higher levels of cash balances +£0.397M
- Interest rates on investment income are substantially higher than the 4.5% forecast in September 2023 due to increase in bank rate in response to inflationary pressures +£0.809M
- Government grants and non-ringfenced new burden funding received in year +£0.095M
- Sale proceeds from de minimum asset sales +£0.055M

Note 9 Contribution to General Fund Balance

During the year, the unallocated reserve was used to fund the following areas whilst also addressing any under or overspend of General Fund revenue within the financial year.

	2024/25			Variance
	Original	Working	Actual	from
	Budget	Budget		Working
	£000	£000	£000	Budget
Contributions To Reserve				£000
Approved Contribution (General Fund)	250	250	250	-
Approved Contribution (Business Rates)	820	820	820	-
Revenue Underspend	-	-	1,246	1,246
Contributions From Reserve				
Heysham Gateway	(855)	(2,564)	(1,966)	598
Local Plan	(423)	(630)	(260)	370
Supaskips Major Incident	-	-	(31)	(31)
Household Waste Audit	-	(20)	(20)	-
Property Stock Condition Survey	-	(100)	(99)	1
Property Civica Property Mgt Set Up	-	(101)	(94)	7
LERG match funding	-	(25)	(12)	13
Business Analyst Posts	-	-	(78)	(78)
Burrowbeck Solar PV	-	(6)	(3)	3
VMU Ramp Replacement	-	-	(52)	(52)
NET REVENUE EXPENDITURE	(208)	(2,376)	(299)	2,077

With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £1.246M and this has been transferred to the General Fund unallocated reserve.

With regard to items included in the above table, attention should be paid to the following areas where one-off expenditure items were funded from the General Fund unallocated reserve.

- Phased Gateway expenditure relating to repairs were planned plus slippage from 2023/24 as the refurbishment works were not completed as at 31 March 2024. The works are still to be completed and further slippage will be required into 2025/26
- The amount relating to the Local Plan was planned plus slippage from 2023/24. The project is still ongoing and further slippage will be required into 2025/26
- A major incident which was declared by both the Lancashire Fire and Rescue Service and Lancaster City Council in December 2023, in respect of a fire at the former Supaskips building in Lancaster. The majority of expenditure took place in the 2023/24 financial year (£1.479M) however a residual amount of expenditure (£0.031M) slipped into April 2024 and this was funded from the unallocated reserve
- The property items are slippage from 2023/24 and are now complete
- The Council employs two Business Analysts to assist with transformational change. These positions are to be self-funded in the future with the funding being taken from savings they identify and achieve. However, to address the short-term funding requirement it was agreed that their costs would be attributable to the unallocated reserve
- Individual reserve requests were approved during the year for a household waste audit and the ramp replacement at VMU. These items are now complete

Annual Treasury Management Report

2024/25

For Noting by Cabinet 31 July 2025

Annual Treasury Management Review 2024/25

Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2024/25 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 28 February 2024)
- a mid-year (minimum) treasury update report (Council 13 November 2024)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, the Council has received quarterly treasury management update reports (Cabinet 10 September 2024 and Cabinet 11 February 2025).

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

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny (by Budget and Performance Panel) to all of the above treasury management reports before they were reported to the full Council. Member briefings on treasury management issues have been provided as part of the annual budget process and ahead of all reports in order to support members' scrutiny role.

Introduction and Background

This report summarises the following:-

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

1. The Council's Capital Expenditure and Financing 2024/25

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

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

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

General Fund (GF) £M	2023/24 Actual	2024/25 Estimate	2024/25 Actual
Capital expenditure	7.60	17.34	8.83
Financed in year	(4.01)	(10.83)	(5.61)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	3.59	6.51	3.22

HRA £M	2023/24 Actual	2024/25 Estimate	2024/25 Actual
Capital expenditure	6.76	7.47	6.39
Financed in year	(6.76)	(7.47)	(6.39)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	0.00	0.00	0.00

2. The Council's Capital Financing Requirement 2024/25

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2024/25 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury function organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

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

The total CFR can also be reduced by:

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

The Council's 2024/25 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2024/25 on 28 February 2024.

The Council's CFR for the year is shown below, and represents a key prudential indicator.

No borrowing has actually been required against these schemes, however, as cash supporting the Council's reserves, balances and cash flow has been used as an interim measure

CFR (£M): General Fund	31 March 2024 Actual	31 March 2025 Estimate	31 March 2025 Actual
Opening balance	63.56	68.09	64.49
Add unfinanced capital expenditure (as above)	3.59	6.51	3.22
Less MRP	(2.66)	(2.92)	(2.91)
Less finance lease repayments	0.00	0.00	0.02
Closing balance	64.49	71.68	64.82

CFR (£M): HRA	31 March 2024 Actual	31 March 2025 Estimate	31 March 2025 Actual
Opening balance	35.13	34.09	34.09
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.04)	(1.04)	(1.04)
Closing balance	34.09	33.05	33.05

CFR (£M): Combined	31 March 2024 Actual	31 March 2025 Estimate	31 March 2025 Actual
Opening balance	98.69	98.58	98.58
Add unfinanced capital expenditure (as above)	3.59	6.51	3.22
Less Debt Repayment, Finance Leases and MRP	(3.70)	(3.96)	(3.95)
Closing balance	98.58	101.13	97.85

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Treasury Management Strategy for 2024/25 estimated that some borrowing in advance may be undertaken but was within the forecast CFR for the next two years. The Council has, therefore, complied with this prudential indicator.

£M	31 March 2024 Actual	31 March 2025 Estimate	31 March 2025 Actual
Gross borrowing position	57.96	65.93	56.93
CFR	98.58	101.13	97.85

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2024/25 the Council has maintained gross borrowing within its authorised limit.

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

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2024/25 Actual
Authorised limit	£114.00M
Maximum gross borrowing position	£56.93M
Operational boundary	£98.00M
Average gross borrowing position	£57.61M

Financing costs as a proportion of net revenue stream - GF	16.20%
Financing costs as a proportion of net revenue stream - HRA	15.78%

3. Treasury Position as at 31 March 2025

The Council's debt and investment position is administered to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2024/25 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2024 Principal £M	Average Rate %	Average Life yrs	31 March 2025 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	57.96	4.81	29	56.92	4.84	28
Total debt	57.96			56.92		
CFR	98.59			97.85		
Over / (under) borrowing	(40.63)			(40.93)		

The loan repayment schedule is as follows:

	31 March 2025 Actual £M
Under 12 months	1.04
12 months and within 24 months	1.04
24 months and within 5 years	3.12
5 years and within 10 years	5.21
10 years and within 20 years	7.29
20 years and within 30 years	23.92
More than 30 years	15.30

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2024 £M	31 March 2024 %	31 March 2025 £M	31 March 2025 %
Money Market Funds	0.50	5.00	14.60	100.00
Other Local Authorities	10.00	95.00	0.00	0.00
Total investments	10.50		10.50	

The average rate of interest payable on PWLB debt in 2024/25 was 4.84%. A total of £2.79M interest was incurred during the year, of which £1.65M was recharged to the HRA.

Interest Payable

	2024/25
Estimate	£3.18M
Actual	£2.78M

4. The Strategy for 2024/25

Investment returns remained robust throughout 2024/25 with Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve was still relatively flat, which might be considered unusual as further Bank Rate cuts were expected in 2025/26.

Bank Rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. Each of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.

As of early April 2025, market sentiment has been heavily influenced of late by President Trump's wide-ranging trade tariffs policy. Commentators anticipate a growing risk of a US recession, whilst UK GDP is projected by the Office for Budget Responsibility to remain tepid, perhaps achieving 1% GDP growth in 2025/26.

Looking back to 2024/25, investors were able to achieve returns in excess of 5% for all periods ranging from 1 month to 12 months in the spring of 2024 but by March 2025 deposit rates were some 0.75% - 1% lower. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of "laddered investments" paid off.

That is not to say that investment choices were straight-forward. Concerns over rising inflation after the Autumn Statement in October led to reduced expectations for Bank Rate to fall. Indeed, the CPI measure of inflation is expected to reach c3.75% by the autumn of 2025, which could provide for some presentational issues for a Bank whose primary mandate is to ensure inflation is close to 2% on a two-to-three-year timeframe. At the end of March, only two further rate cuts were priced into the market for 2025 (4% at December 2025). A week later and sentiment had changed dramatically in the wake of the equity market sell-off to the extent that markets now expect three Bank Rate reductions between May and December 2025 (Bank Rate to fall to 3.75%).

5. The Economy and Interest Rates (supplied by MUFG Corporate Markets)

UK inflation has proved somewhat stubborn throughout 2024/25. Having started the financial year at 2.3% y/y (April), the CPI measure of inflation briefly dipped to 1.7% y/y in September

before picking up pace again in the latter months. The latest data shows CPI rising by 2.8% y/y (February), but there is a strong likelihood that figure will increase to at least 3.5% by the Autumn of 2025.

Against that backdrop, and the continued lack of progress in ending the Russian invasion of Ukraine, as well as the potentially negative implications for global growth as a consequence of the implementation of US tariff policies by US President Trump in April 2025, Bank Rate reductions have been limited. Bank Rate currently stands at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October).

Moreover, borrowing has becoming increasingly expensive in 2024/25. Gilt yields rose significantly in the wake of the Chancellor's Autumn Statement, and the loosening of fiscal policy, and have remained elevated ever since, as dampened growth expectations and the minimal budget contingency (<£10bn) have stoked market fears that increased levels of borrowing will need to be funded during 2025.

The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies by the US administration.

	UK	Eurozone	US
Bank Rate	4.50%	2.5%	4.25%-4.5%
GDP	0.1%q/q Q4 (1.1%y/y)	+0.1%q/q Q4 (0.7%y/y)	2.4% Q4 Annualised
Inflation	2.8%y/y (Feb)	2.3%y/y (Feb)	2.8%y/y (Feb)
Unemployment Rate	4.4% (Jan)	6.2% (Jan)	4.1% (Feb)

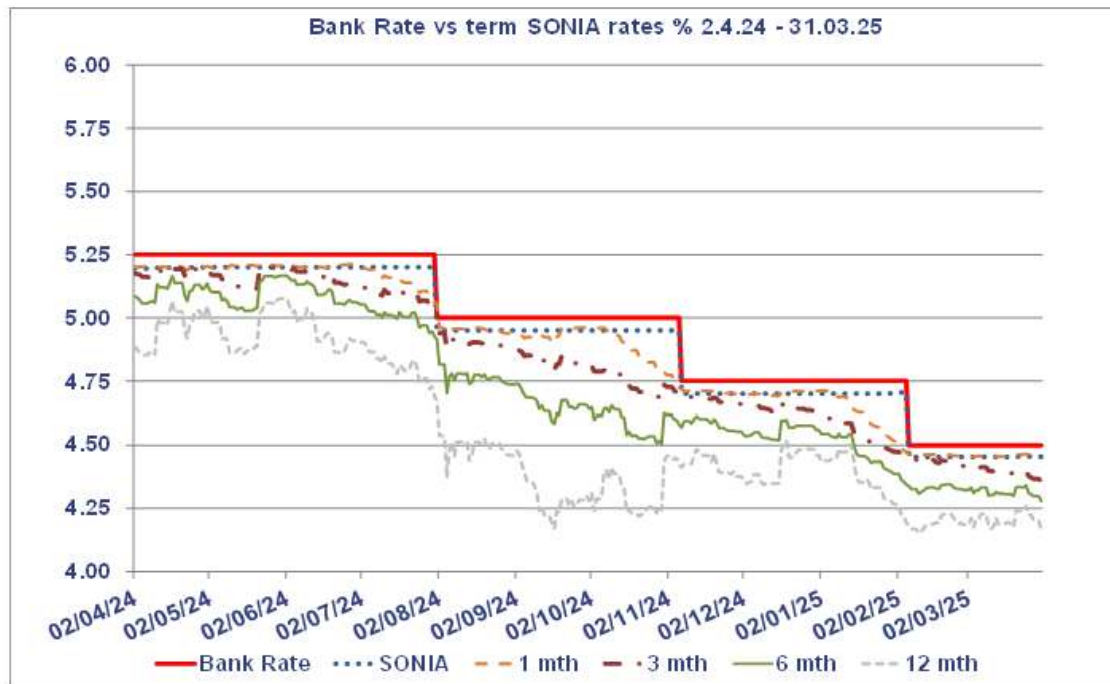
The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 4.5% by a vote of 8-1, but suggesting further reductions would be gradual. The Bank of England was always going to continue its cut-hold-cut-hold pattern by leaving interest rates at 4.50% but, in the opposite of what happened at the February meeting, the vote was more hawkish than expected. This suggested that as inflation rises later in the year, the Bank cuts rates even slower, but the initial impact of President Trump's tariff policies in April 2025 on the financial markets underpin our view that the Bank will eventually reduce rates to 3.50%.

Having said that, the Bank still thinks inflation will rise from 2.8% in February to 3¾% in Q3. And while in February it said "inflation is expected to fall back thereafter to around the 2% target", this time it just said it would "fall back thereafter". That may be a sign that the Bank is getting a bit more worried about the "persistence in domestic wages and prices, including from second-round effects". Accordingly, although we expect a series of rate cuts over the next year or so, that does not contradict the Bank taking "a gradual and careful" approach to cutting rates, but a tepid economy will probably reduce inflation further ahead and prompt the Bank to cut at regular intervals.

From a fiscal perspective, the increase in businesses' national insurance and national minimum wage costs from April 2025 is likely to prove a headwind, although in the near-term the Government's efforts to provide 300,000 new homes in each year of the current Parliament is likely to ensure building industry employees are well remunerated, as will the clamp-down on immigration and the generally high levels of sickness amongst the British workforce. Currently wages continue to increase at a rate close to 6% y/y. The MPC would prefer a more sustainable level of c3.5%.

As for equity markets, the FTSE 100 has recently fallen back to 7,700 having hit an all-time intra-day high 8,908 as recently as 3rd March. The £ has also endured a topsy-turvy time, hitting a peak of \$1.34 before dropping to \$1.22 in January and then reaching \$1.27 in early April 2025.

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2024/25



6. Borrowing Strategy and Control of Interest Rate Risk

During 2024/25, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement set out in paragraph 2), was not fully funded with loan debt. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2025 and 2026 in light of economic growth concerns and the eventual dampening of inflation. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years) as appropriate.

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

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

Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2024/35. Bank Rate did peak at 5.25% as anticipated, but the initial expectation of significant rate reductions did not transpire, primarily because inflation concerns remained elevated. Forecasts were too optimistic from a rate reduction perspective, but more recently the forecasts, updated from November 2024 onwards, look more realistic.

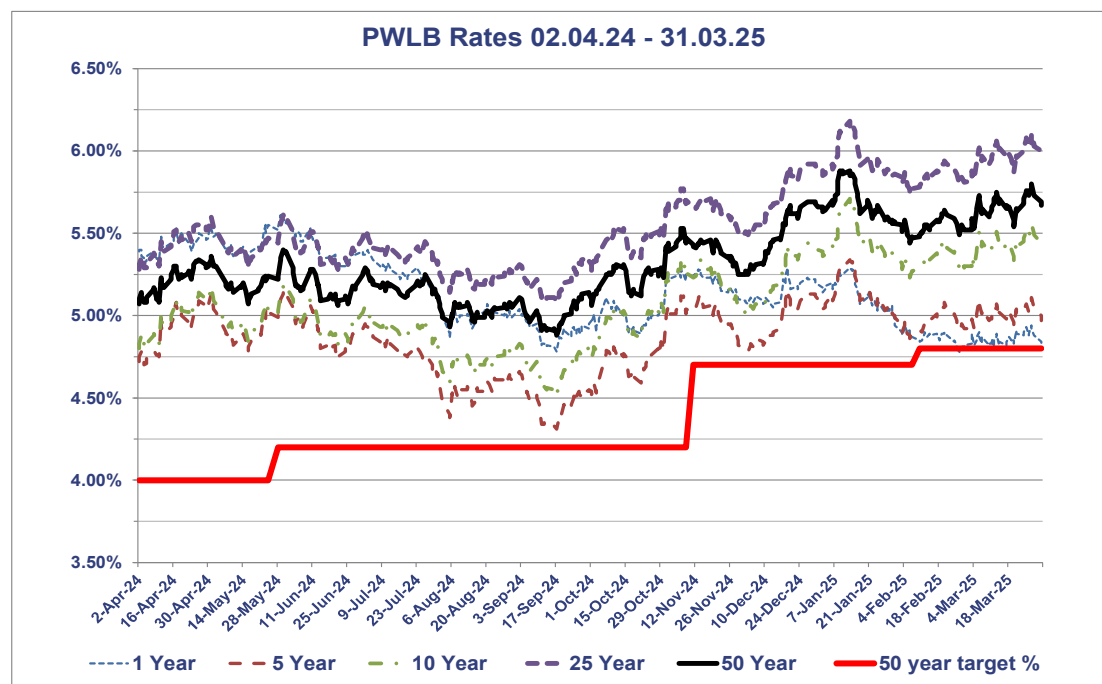
At the start of April 2025, following the introduction of President Trump's trade tariffs policies, the market now expects Bank Rate to fall to 3.75% by the end of December 2025, pulling down the 5- and 10-year parts of the curve too.

This should provide an opportunity for greater certainty to be added to the debt portfolio, although a significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Forecasts at the time of approval of the treasury management strategy report for 2024/25 were as follows:

	Mar-24	Mar-25	Mar-26	Mar-27
Bank Rate	5.25	3.75	3.00	3.00
3 Month average earnings	5.30	3.80	3.00	3.00
6 Month average earnings	5.20	3.70	3.10	3.10
12 Month average earnings	5.00	3.60	3.10	3.20
5yr PWLB rate	4.50	4.10	3.60	3.50
10yr PWLB rate	4.70	4.20	3.80	3.70
25yr PWLB rate	5.20	4.60	4.20	4.10
50yr PWLB rate	5.00	4.40	4.00	3.90

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



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.77%	4.31%	4.52%	5.08%	4.88%
Date	26/02/2025	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.34%	5.71%	6.18%	5.88%
Date	29/05/2024	13/01/2025	13/01/2025	13/01/2025	09/01/2025
Average	5.14%	4.86%	5.07%	5.56%	5.32%
Spread	0.84%	1.03%	1.19%	1.10%	1.00%

7. Borrowing Outturn for 2024/25

Borrowing

Due to the elevated cost of borrowing long-term, no borrowing was undertaken during the year.

Borrowing in advance of need

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

Rescheduling

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

8. Investment Outturn for 2024/25

Investment Policy – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 28 February 2024. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

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

Balance Sheet Resources (£M)	General Fund		HRA		TOTAL	
	31/03/24	31/03/25	31/03/24	31/03/25	31/03/24	31/03/25
Balances	10.33	10.03	0.75	0.15	11.08	10.18
Earmarked reserves	17.14	19.41	6.93	6.79	24.07	26.20
Provisions	3.98	4.21	0.00	0.00	3.98	4.21
Working Capital	7.28	10.15	3.58	4.17	10.86	14.32
Total	38.73	43.80	11.26	11.11	49.99	54.91
Amount Over/(Under) Borrowed						(40.93)
Baseline Investment Balances						13.98

Investments held by the Council - the Council maintained an average investment balance of £26.82M of internally managed funds. The average rate of interest earned for the year was 4.98%. The weighted average rate of interest being earned on the investment portfolio at the end of the year is also given. These rates are compared to the average base rate and average 7- day SONIA (Sterling Overnight Index Average).

	2024/25
Lancaster CC Investments full year	4.98
Lancaster CC Investments weighted average at 31 March	4.54
Base Rate	4.95
7 day SONIA rate	4.91

The actual interest earned in 2024/25 was £1.355M.

10. Other Risk Management Issues

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

The 2021 CIPFA codes and guidance notes have placed further 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.

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 26 February 2025

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2021)

1. This organisation defines its treasury management activities as:

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

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

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

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

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

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
 - **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
 - **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.
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E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$. See also PWLB.

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

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

HOUSING REVENUE ACCOUNT OUTTURN 2024/25

For Consideration by Cabinet 31 July 2025

	Original Budget £	Working Budget £	Actual £
INCOME			
Rental Income - Council Housing	(16,847,700)	(16,847,700)	(16,750,428)
Rental Income - Other (Shops and Garages etc.)	(285,900)	(285,900)	(286,017)
Charges for Services & Facilities	(2,253,700)	(2,253,700)	(2,451,260)
Grant Income	(17,700)	(17,700)	(61,414)
Contributions from General Fund	(105,000)	(105,000)	(104,851)
Total Income	(19,510,000)	(19,510,000)	(19,653,970)
EXPENDITURE			
Repairs & Maintenance	6,738,500	6,831,700	6,971,393
Supervision & Management	5,693,800	6,033,400	5,114,063
Rents, Rates & Insurance	454,900	454,900	644,025
Contribution to Provision for Bad and Doubtful Debts	139,600	139,600	296,645
Depreciation & Impairment of Fixed Assets	4,325,700	4,325,700	11,678,880
Debt Management Costs	0	0	0
Total Expenditure	17,352,500	17,785,300	24,705,006
NET COST OF HRA SERVICES	(2,157,500)	(1,724,700)	5,051,036
(Gain)/Loss on disposal of non-current assets	0	0	(187,112)
Interest Payable & Similar Charges	1,647,300	1,647,300	1,647,913
Interest & Investment Income	(41,100)	(41,100)	(81,307)
Pensions Interest Costs & Expected Return on Pensions Assets	0	0	3,405
Capital Grants and Contributions Receivable	0	0	(793,520)
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0
(SURPLUS) OR DEFICIT FOR THE YEAR	(551,300)	(118,500)	5,640,415
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,366
Net Charges made for Retirement Benefits	0	0	152,028
Adjustments to reverse out Notional Charges included above	0	0	(5,936,141)
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(585,700)	(1,018,500)	(842,411)
Capital Expenditure funded from Major Repairs Reserve	0	0	542,908
Transfer from Earmarked Reserves - for Capital Purposes	0	0	0
Financing of Capital Expenditure from Earmarked Reserves	0	0	0
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	(95,600)	(95,600)	598,165
Housing Revenue Account Balance brought forward	(750,033)	(750,000)	(750,000)
HRA BALANCE CARRIED FORWARD	(845,633)	(845,600)	(151,835)

Note: The shaded items relate directly to financing the capital programme, and comprise depreciation on Council Dwellings, grants and contributions, use of the Major Repairs Reserve and specific Earmarked Reserves.

HRA RESERVES BUDGET SUMMARY - 2024/25 OUTTURN

2024/25					
HOUSING REVENUE ACCOUNT	Balance as at 31/03/24 £000	Contributions to Reserve	Contributions from Reserve		Balance as at 31/03/25 £000
		From Revenue	To Capital	To Revenue	
		£000	£000	£000	
HRA General Balance	(750)	-	-	598	(152)
Earmarked Reserves:					
Business Support Reserve	(582)	-	-	582	-
Major Repairs Reserve	(779)	(5,321)	4,778	-	(1,322)
Flats - Planned Maintenance	(405)	-	-	121	(283)
ICT and Systems Improvement	(974)	-	-	252	(722)
Sheltered - Equipment	(299)	(49)	-	72	(276)
Sheltered - Planned Maintenance	(284)	(98)	-	10	(372)
Sheltered Support Grant Mtce	(279)	(49)	-	-	(328)
Total Earmarked Reserves	(3,603)	(5,516)	4,778	1,038	(3,303)

Appendix 5 General Fund Reserves

General Fund Reserves				
	31/03/2024 £000	Transfer (From) Reserve £000	Transfer To Reserve £000	31/03/2025 £000
General Fund Balance	10,327	(2,615)	2,316	10,028
Earmarked Reserves (Usable)				
Business Rates Retention Reserve	11,313		1,347	12,660
Corporate Priorities Reserve	455	(187)		268
Corporate Property Reserve	314			314
Homelessness Support Reserve	111			111
Invest to Save Reserve	264	(101)		163
Renewals Reserves	1,430		492	1,922
Restructure Reserve	451			451
Other Minor Reserves	310	(4)	40	346
Total Earmarked Reserves (Usable)	14,648	(292)	1,879	16,235
Earmarked Reserves (Ringfenced)				
Lancaster District Hardship Fund	106	(45)		61
Revenue Grants Unapplied Reserve	440	(176)		264
S106 Commuted Sums Reserve	1,493	(54)	325	1,764
Welfare Reforms Reserve	325			325
Other Minor Reserves	28	(11)	45	62
Total Earmarked Reserves (Ringfenced)	2,392	(286)	370	2,476
Capital Receipts Reserve	0		593	593
Capital Grants Unapplied Reserve	103			103
Total Usable Capital Reserves	103	0	593	696
Total Combined Reserves	27,470	(3,193)	5,158	29,435

Appendix 5a - Reserve Funded Projects Slipped from 2024/25

Reserve	Description	Slippage Amount £	Details
Unallocated Reserve	Gateway - Whitelund Roof	597,700	Roof and Cladding works at Gateway
	Local Plan Review	163,000	Review of the adopted Local Plan for Lancaster District
	Civica Property Management	7,300	Minor element of set-up costs have slipped into 2025/26
	Morecambe Regeneration	12,600	LERG match funding to be spent 2025/26
	Burrow Beck Feasibility Work	2,500	Contribution for surveys, reports & consultation to support the planning application for a 4.8MW solar scheme
Corporate Priorities Reserve	Teams Contact Centre	82,700	Required for Anywhere 365 Renewal (Year 3)
	Frontierland legal & financial due diligence	15,900	To support legal and financial/commercial due diligence across the procurement stages
	Frontierland Site Developer Marketing	22,000	Full marketing outreach still to take place
	Museum Review - Heritage Resilient Match	10,000	Match funding to support consultancy costs relating to development of the Museums
	Digital Strategy	9,000	Required to support Lancaster Local Full Fibre Network & Data Centre feasibility work
	Works in Default	17,500	Reactive activity led allocation to support expenditure
Invest To Save Reserve	Heysham Gateway	57,600	Required to fund ongoing project and joint partnership arrangement with Lancashire County Council
Revenue Grants Unapplied Reserve (Council tax rebate new burdens)	Revenue Shared Service Support	117,900	Council tax rebate & business rate new burdens funding transferred into revenue grants unapplied at the end of 2024/25 and intended to be used during 2025/26 to support work of revenues shared service
Revenue Grants Unapplied Reserve (Community Housing & Brownfield)	Estimated Grant Payments (Lapwing & Co-op Buildings)	12,900	Ringfenced funding to be reallocated
Lancaster District Hardship Fund	Household support for residents suffering hardship	60,400	Balance of fund not yet utilised and remaining available to provide support
Renewals Reserve	Remove 2 x bridges over Burrow Beck	4,100	Works still to be finalised
Restructure Reserve	Outcomes Based Resourcing Support	50,600	Required to fund Outcomes Based Resourcing support costs in 2025/26
Slippage Requested	Total	1,243,700	

Appendix 6 - Housing Revenue Account Reserve Funded Projects Slipped from 2024/25

Reserve	Description	Slippage Amount £	Details
Flats - Planned Maintenance Reserve	Intercom Replacements	5,200	Works required in general needs flats (Reserves Request approved January 2025)
ICT and Systems Improvement Reserve	System-related Projects	8,700	Housing System Replacement project, ongoing
Sheltered - Planned Maintenance Reserve	Reconfiguration Works	25,000	Works required in communal areas of independent living schemes
	Total	38,900	

Lancaster City Council - Capital Expenditure 2024/25

For consideration by Cabinet 31 July 2025

HOUSING REVENUE ACCOUNT	SCHEME FINANCING								BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	Revised Estimate	Expenditure to be financed in 2024/25	GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	
	£	£	£	£	£	£	£	£	£
COUNCIL HOUSING									
Adaptations	300,000	304,936.98					304,936.98	304,936.98	0.00
Energy Efficiency Boiler Replacements	2,178,300	1,827,115.10	596,088.35				1,231,026.75	1,827,115.10	0.00
Environmental Improvements	277,600	403,398.43					403,398.43	403,398.43	0.00
External Refurbishments	546,800	218,365.90	4,270.48				214,095.42	218,365.90	0.00
Fire Proscution Works	536,100	443,135.26					443,135.26	443,135.26	0.00
Kitchen Bathroom Replacement	888,000	834,740.92					834,740.92	834,740.92	0.00
Re-roofing & Window Renewals	781,500	665,400.34					665,400.34	665,400.34	0.00
Rewiring	109,900	56,092.39					56,092.39	56,092.39	0.00
Whole House Improvements	2,026,400	771,303.16	152,271.42				618,939.09	771,210.51	92.87
Dwelling Acquisitions	700,000	155,103.17						0.00	155,103.17
Land Acquisitions	0	40,889.88	40,889.88					40,889.88	0.00
Construction	0	671,290.45						0.00	671,290.45
TOTAL - HRA	8,344,600	6,391,772.00	793,520.13	0.00	0.00	0.00	4,771,765.58	5,565,285.71	826,486.29

GENERAL FUND	SCHEME FINANCING								BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	Revised Estimate	Expenditure to be financed in 2024/25	GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	
	£	£	£	£	£	£	£	£	£
ENVIRONMENT & PLACE									
Vehicle Renewals	545,000	511,924.15						0.00	511,924.15
Electric Taxis Scheme	341,000	0.00						0.00	0.00
UK Shared Prosperity Fund - The Streets Are Ours Public Realm Y2	99,000	69,299.04	69,299.04					69,299.04	0.00
UK Shared Prosperity Fund - The Streets Are Ours Public Realm Y3	106,000	142,852.06	142,852.06					142,852.06	0.00
UK Shared Prosperity Fund - Heysham Village Toilets	99,000	0.00						0.00	0.00
ACoNB Capital Access Works	76,000	78,362.38	78,362.38					78,362.38	0.00
LTA Tennis Court Refurbishment	80,000	28,326.34	28,326.34					28,326.34	0.00
Playground The Roods - Warton	60,000	0.00						0.00	0.00
VMU Replacement Ramp	0	51,820.00			51,820.00			51,820.00	0.00
Salt Ayre Equipment Programme	0	7,099.19						0.00	7,099.19
Sub-Total	1,406,000	889,683.16	318,839.82	0.00	51,820.00	0.00	0.00	370,659.82	519,023.34
HOUSING & PROPERTY									
Mellishaw Park	73,000	533,039.00						0.00	533,039.00
Disabled Facilities Grants	3,458,000	2,541,545.21	2,541,545.21					2,541,545.21	0.00
UK Shared Prosperity Fund Lancs CVS Community Warm Hubs	37,000	53,705.85	53,705.85					53,705.85	0.00
City Museum Boiler	0	0.03						0.00	0.03
1 Lodge Street Urgent Structural Repairs	250,000	127,085.54						0.00	127,085.54
Gateway Solar Array	10,000	8,028.33						0.00	8,028.33
Property Capital Works	285,000	65,401.73						0.00	65,401.73
Commercial Property Works	62,000	0.00						0.00	0.00
White Lund Deopt - Offices	1,834,000	1,562,496.19						0.00	1,562,496.19
Coopers Fields - BLRF	117,000	114,642.38	114,642.38					114,642.38	0.00
Next Steps Accommodation	0	-2,136.68						0.00	-2,136.68
Sub-Total	6,126,000	5,003,807.58	2,709,893.44	0.00	0.00	0.00	0.00	2,709,893.44	2,293,914.14
PEOPLE & POLICY									
UK Shared Prosperity Fund External Projects Y2	14,000	4,362.10	4,362.10					4,362.10	0.00
UK Shared Prosperity Fund External Projects Y3	492,000	640,861.86	640,861.86					640,861.86	0.00
Rural England Prosperity Fund External Projects Y1	23,000	0.00	0.00					0.00	0.00
Rural England Prosperity Fund External Projects Y2	375,000	397,945.79	397,945.79					397,945.79	0.00
UK Shared Prosperity Fund Digital Tourism Y2	20,000	18,826.56	18,826.56					18,826.56	0.00
UK Shared Prosperity Fund Digital Tourism Y3	22,000	23,428.97	23,428.97					23,428.97	0.00
Sub-Total	946,000	1,085,425.28	1,085,425.28	0.00	0.00	0.00	0.00	1,085,425.28	0.00
PLANNING & CLIMATE CHANGE									
Burrow Beck Solar	600,000	47,034.49						0.00	47,034.49
Property De-carbonisation Works	500,000	0.00						0.00	0.00
SALC - optimisted solar farm, air source heat pumps & glazing	10,000	0.00						0.00	0.00
Sub-Total	1,110,000	47,034.49	0.00	0.00	0.00	0.00	0.00	0.00	47,034.49
RESOURCES									
IT Strategy	228,000	120,684.84						0.00	120,684.84
ICT Desktop Equipment	60,000	59,255.34						0.00	59,255.34
ICT Laptop Replacement & e-campus screens	116,000	93,999.51						0.00	93,999.51
ICT Telephony	15,000	5,779.66						0.00	5,779.66
Local Full Fibre Network	1,378,000	747,556.80	39,718.00					39,718.00	707,838.80
ICT Nimble	300,000	48,308.31						0.00	48,308.31
Sub-Total	2,097,000	1,075,584.46	39,718.00	0.00	0.00	0.00	0.00	39,718.00	1,035,866.46
SUSTAINABLE GROWTH									
Caton Road Flood Relief Scheme	1,664,000	85,268.35	85,268.35					85,268.35	0.00
Coastal Revival Fund - Morecambe Co-Op Building	11,000	2,918.75	2,918.75					2,918.75	0.00
Lancaster Square Roots	21,000	0.00						0.00	0.00
Lancaster Heritage Action Zone	197,000	114,736.01	7,570.83					7,570.83	107,165.18
Lawson's Bridge S106 Scheme	63,000	47,976.99			47,976.99			47,976.99	0.00
Centenary House	749,000	287,450.73	287,450.73					287,450.73	0.00
City Museum Shop	30,000	15,852.46						0.00	15,852.46
Morecambe Sea Front Parapet Repair	30,000	0.00						0.00	0.00
Bare Outfall Flooding	50,000	32,209.25						0.00	32,209.25
Our Future Coast	345,000	40,616.29	34,128.71					34,128.71	6,487.58
UK Shared Prosperity Fund Lodge St Environs Enabling Works	69,000	68,999.99	68,999.99					68,999.99	0.00
UK Shared Prosperity Fund Maritime Museum Access Improvements	34,000	29,814.90	29,814.90					29,814.90	0.00
Artle Beck Improvements	0	1,000.00	359.35			640.65		1,000.00	0.00
Sub-Total	3,263,000	726,843.72	516,511.61	0.00	47,976.99	640.65	0.00	565,129.25	161,714.47
SCHEMES UNDER DEVELOPMENT									
Canal Quarter - Nelson St/St Leonardsgate	2,389,000	0.00						0.00	0.00
Sub-Total	2,389,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL - GENERAL FUND	17,337,000	8,828,378.69	4,670,388.15	0.00	99,796.99	640.65	0.00	4,770,825.79	4,057,552.90

GENERAL FUND HOUSING REVENUE ACCOUNT	SCHEME FINANCING								BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	Revised Estimate	Expenditure to be financed in 2024/25	GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	
	£	£	£	£	£	£	£	£	£
17,337,000	8,828,378.69	4,670,388.15	0.00	99,796.99	640.65	0.00	0.00	4,770,825.79	4,057,552.90
8,344,600	6,391,772.00	793,520.13	0.00	0.00	0.00	0.00	4,771,765.58	5,565,285.71	826,486.29
TOTAL CAPITAL EXPENDITURE & FINANCING	25,681,600	15,220,150.69	5,463,908.28	0.00	99,796.99	640.65	4,771,765.58	10,336,111.50	4,884,039.19

2024/25 CAPITAL EXPENDITURE FINANCING				Housing Revenue Account	General Fund	Grand Total for all Funds
				£	£	£
Amounts to be financed by General Capital Resources				826,486.29	4,057,552.90	4,884,039.19
Financed by: Underlying Borrowing Need - Increase in Capital Financing Requirement				0.00	2,996,059.16	2,996,059.16
Usable Capital Receipts				826,486.29	1,061,493.74	1,887,980.03
General Grants Unapplied				0.00	0.00	0.00
Total Financing from General Capital Resources				826,486.29	4,057,552.90	4,884,039.19

Slippage and Accelerated Expenditure

	Slippage £000	Reason for Slippage £000
Environment & Place		
LTA Tennis Court Refurbishment	0	net of £52K income requested to be slipped. Works delayed, expected to complete early 2025/26
Playground - The Roods	0	net of £60K income requested to be slipped. Remainder of work to complete early 2025/26
Electric Taxis (Charging points)	0	net of £341K income requested to be slipped. DEFRA funded and DEFRA confirmed change of use for electric charging points rather than electric taxis. Delayed due to change of scheme
Purchase of Vehicles	(33)	One vehicle in programme to be replaced in 2025/26 rather than 2024/25
		(33)
Housing & Property		
White Lund Depot - Offices	(272)	Phase 2 (demolition) to be completed in 2025/26
1 Lodge Street Urgent Structural Repairs	(123)	net of £172K income requested to be slipped. Project delayed due to pace of delivery by LMC and extent of UKSPF funded provided which had to be prioritised
Coopers Fields - BLRF	0	net of £2K income requested to be slipped for any future abnormal work. Externally funded scheme
Disabled Facilities Grants	0	£916K externally funded budget to be slipped. £719K of this was approved grants which will complete early 2025/26. The remainder allows new grants to continue to be approved until the 2025/26 grant allocation is received in July 2025
Low Voltage Switchgear & Solar Array - Gateway	(2)	Issue with skylights and tenancy agreements lead to delay
Property Capital Works	(220)	net of £70K income requested to be slipped. Capital projects continuing into 2025/26
Commercial Property Works	(62)	Projects on hold awaiting strategic decisions
		(679)
Planning & Climate Change		
Property De-carbonisation Works 2024-25	(500)	To slip into 2025/26 as per revised scheme considered by Cabinet on 3rd June 2025
Burrow Beck Solar	(553)	Delays to scheme due to pre-commencement conditions. Works to be completed in 2025/26
SALC Salix Funded Optimised Solar Farm	0	Required to cover additional spend that may be needed after investigative work. £10K slippage fully funded by grant income
		(1,053)
Resources		
ICT Systems, Telephony, Nimble & Equipment including Lancaster Local Fibre Network	(1,061)	Changing corporate needs during 2024/25 led to delays in expenditure
		(1,061)
Sustainable Growth		
Lancaster Heritage Action Zone	(71)	net of £11K income requested to be slipped. Main programme
Caton Road Flood Relief Scheme	0	net of £1,579K income. Project continuing into 2025/26
Bare Outfall Flooding	(18)	Delays due to developer
Our Future Coast	0	net of £304K income. Projects within the scheme continuing into 2025/26
Morecambe Sea Front Parapet	(30)	Work delayed until 2025/26 subject to resources
City Museum Shop	(14)	To request slippage into 2025/26 - delays due to lead times
Lancaster Square Roots	(5)	net of £16K income requested to be slipped as works ongoing
Centenary House Grant Funded Works	0	net nil. Urgent structural repairs delayed programme
Coastal Revival Fund - Morecambe Co-Op Building	0	net nil. The remaining grant funding is being held to utilise for expenditure that is ineligible for BLRF
		(138)
Schemes Under Development		
Economic Growth & Regen Devpt Pool	0	£2,389K slippage requested to cover future abnormal works to release land for housing
		0

Housing Revenue Account

Acquisitions	(545)	Further acquisition opportunities anticipated in 2025/26
Energy Efficiency / Boiler Replacement	(333)	Match funding for Social Housing Decarbonisation Fund, committed at year end; other ongoing energy efficiency projects
External Refurbishment	(218)	Fire Risk Assessment remedial works to communal entrance areas; door replacement contract, ongoing at year end
Fire Precaution Works	(125)	Smoke alarm replacement contract, committed at year end
Re-roofing/Window Renewals	(98)	Reroofing contract and other related works, ongoing at year end
Rewiring	(40)	Consumer unit replacement contract, committed at year end
Housing Renewal & Renovation	(24)	Alder Grove development funding, scheme completed during the first quarter of 2025/26; works on major voids ongoing at year end
Mainway Regeneration Project	0	Net of BLRF grant income £356K - demolition works to be completed in 2025/26
	<hr/>	
		(1,383)
Total Net Slippage		<hr/> (4,347)

items shaded blue denote a fully externally funded scheme and have no financial impact on the net cost of the Council's Capital Programme

items shaded pink denote a partly externally funded scheme

CABINET

Delivering Our Priorities: Q1 2025/26 16 September 2025

Report of Chief Executive & s151 Officer

PURPOSE OF REPORT			
To provide members with an update on financial performance during the first quarter of 2025/26 (April – June 2025).			
Key Decision	N	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public			

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

That Cabinet

- (1) Consider the update on financial performance for Quarter 1 2025/26.

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-June 2025, which can be found within the appendices.

2.0 FINANCIAL MONITORING

- 2.1 The 2025/26 Budget and Medium-Term Financial Strategy (MTFS) 2025-2030 approved by Council in February 2025 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 1 information distributed members of both committees on 31 July 2025.
- 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 Debt Summary By Service
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 £33.572M (£26.772M General Fund, £6.800M HRA).
- 3.2 As part of the 2025/26 budget setting process, an inflationary uplift of 2.5% was included to salaries across all services of the Council. The National Employers latest offer of an increase of 3.2% on all NJC pay points was agreed in July 2025.

For the purposes of the projected outturn calculations used within this report, the agreed offer of 3.2% has been included. For information, additional annual costs in the region of £0.228M (£0.182M General Fund, £0.046M HRA) have been forecasted.

- 3.3 The latest salary position is detailed in the table below.

Table 1 Quarter 1 Financial Monitoring – Salary Monitoring

	Salaries Variance £'000	Pay Award £'000	Agency Variance £'000	Other Variance £'000	Total Variance £'000
<u>General Fund</u>					
Environment & Place	128	(88)	(5)	41	+76
Governance	81	(12)	(61)	0	+8
Housing & Property	126	(28)	(39)	(78)	(19)
People & Policy	16	(11)	0	0	+5
Planning & Climate Change	189	(18)	0	0	+171
Resources	133	(15)	0	0	+118
Sustainable Growth	122	(10)	0	0	+112
Provision for Staff Turnover	(324)	0	0	0	(324)
TOTAL FAVOURABLE VARIANCE	471	(182)	(105)	(37)	+147
<u>Housing Revenue Account</u>					
Housing & Property	151	(46)	(58)	67	+114
Provision for Staff Turnover	(6)	0	0	0	(6)
TOTAL FAVOURABLE VARIANCE	145	(46)	(58)	67	+108

As the above table demonstrates, the council salary related position as a whole (including the additional pay award, agency and consultancy costs) is expected to be underspent by +£0.255M (£0.147M General Fund, £0.108M HRA). However, it should be noted that this includes an in-year re-assessment of the 'Provision for Staff Turnover' which is estimated at this point in time.

4.0 OUTCOMES BASED RESOURCING

- 4.1 As part of the 2025/26 budget setting process, Members approved savings and budget proposals to save the Council £0.025M in 2025/26. The process to implement these savings is now underway and Appendix G details the progress of each proposal.

5.0 COMMERCIAL & CORPORATE PROPERTY REVIEW

- 5.1 Following a review of the Council's commercial and corporate property portfolio, Members approved an ongoing programme of capital and revenue works over the next ten years to initially address the immediate issues whilst formulating an ongoing strategy to maintain the asset portfolio. This was included as part of the 2025/26 budget setting process and year one (2025/26) included a base budget amount of £1.541M which once adjusted for inflation amounted to £1.426M for specific work and £0.150M for project management costs.
- 5.2 Common practice with projects of this size, external pressures and constraints such as internal resource demands, contractors availability etc. will result in many sub-projects 'slipping' and therefore the in-year programme is constantly subject to profiling change. Conversely, projects have been brought forward as part of the ongoing review. Usually, this will affect the net position of the Council in terms of net under or overspend being presented. However, it should be noted that any future slippage required will be transferred into the Corporate Property Reserve and therefore for the purposes of the figures presented only true under or overspends will be included in the overall figures.
- 5.3 The following table outlines the latest position of the project.

Table 2 Quarter 1 Financial Monitoring – Corporate Property Review

	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
<u>Environment & Place</u>					
Hospitality & Events Management	13	13	0	0	+13
Parks & Open Spaces	5	5	0	0	+5
Salt Ayre Leisure Centre	395	395	0	400	(5)
Service Support	159	159	0	450	(291)
Williamson Park	75	75	0	0	+75
<u>Housing & Property</u>					
Commercial Land & Properties	142	142	0	190	(48)
Facilities Management	51	51	0	50	+1
Municipal Buildings	505	505	0	105	+400
Other Land & Buildings	80	80	0	0	+80
<u>Sustainable Growth</u>					
Markets	1	1	0	232	(231)
Total Revenue	1,426	1,426	0	1,427	(1)

A further detailed review will be presented as part of the Quarter 2 update.

6.0 GENERAL FUND SUMMARY POSITION

- 6.1 Quarter 1 (Q1) monitoring covers the period for April – July 2025. At the end of Q1 (July 2025) a year end underspend of **£0.374M** is projected against the Council's approved original net revenue budget of **£27.201M**.
- 6.2 A summary of the Q1 revenue position for the main service accounts of the Council is set out in table 3 below with commentary on significant variances provided in the following paragraphs.

Table 3 Quarter 1 Financial Monitoring – Service Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Environment & Place	8,105	8,886	8,886	(273)	9,224	(338)
Governance	1,708	1,707	1,707	785	1,774	(67)
Housing & Property	1,605	4,316	4,316	(2,790)	3,789	+527
People & Policy	2,454	2,432	2,432	780	2,461	(29)
Planning & Climate Change	2,004	2,274	2,274	430	2,106	+168
Resources	4,710	5,084	5,084	6,095	4,970	+114
Sustainable Growth	(1,306)	(977)	(977)	(66)	(874)	(103)
Corporate Accounts	1,838	(87)	(87)	26	359	(446)
Other Items	5,661	4,810	4,810	(724)	4,262	+548
Sub Total	26,779	28,445	28,445	4,263	28,071	+374
Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	(218)	754	(218)	0
Revenue Reserve funded items included in above analysis	3,185	456	826	363	1,991	(1,165)
Revenue Reserve funded items included in above analysis	(3,134)	(456)	(826)	0	(1,991)	+1,165
Sub Total	(1,175)	(1,244)	(1,244)	91	(1,244)	0
General Fund Revenue Budget	25,604	27,201	27,201	4,354	26,827	+374
Financing Income	(14,676)	(15,651)	(15,651)	3,386	(15,651)	0
Council Tax Requirement	10,928	11,550	11,550	7,740	11,176	+374

Environment & Place (-£0.338M) Adverse

6.3 Significant budget variances : -

- Pay award (-£0.088M)
- General staff turnover savings +£0.164M due to vacancies across the service offset by overspend within waste collection due to high levels of long-term sickness
- Corporate Property Review (-£0.203M)
- Energy savings across service +£0.092M
- Vehicle hire costs (-£0.070M) within waste collection due to vehicles being off-road for repair as they approach renewal offset by fuel savings due to price +£0.058M
- Significant income shortfalls at SALC, including Spa, Swimming and Café (-£0.157M) partially offset by reduction in stock purchases +£0.032M
- Significant income shortfall relating to trade waste (-£0.050M) in-line with previous years outturn
- Significant income shortfall relating Williamson Park Café and Shop due to closure of buildings (-£0.219M) partially offset by reduction in stock purchases +£0.090M

Governance (-£0.067M) Adverse

6.4 Significant budget variances : -

- Pay award (-£0.012M)
- Agency cover for Procurement Officer (-£0.026M) offset by vacant post savings within service +£0.036M
- Reduced Legal Fee income (-£0.037M)
- Street Trading Consent scheme not yet commenced (-£0.020M)

Housing & Property +£0.527M Favourable

6.5 Significant budget variances : -

- Pay award (-£0.028M)
- Corporate Property Review +£0.433M
- Reduction in rent income due to commercial property lease changes (-£0.240M)
- Additional rent income due to ongoing lease negotiations +£0.120M, offset by increase in provision for bad debts (see Corporate Accounts)
- Net additional business rates on void units (-£0.297M)
- Reduction in B&B expenditure in line with quality assurance of placements and utilisation of Council voids +£0.541M
- Removal of utilities savings target due to delays in recruitment (-£0.037M)

People & Policy (-£0.029M) Adverse

6.6 Significant budget variance: -

- Pay award (-£0.011M)
- Net impact of Morecambe VIC premises being empty (-£0.035M)

Planning & Climate Change +£0.168M Favourable

6.7 Significant budget variances: -

- Pay award (-£0.018M)
- Vacancies particularly within Planning Advice & Control. A small restructure is being explored to attract more applicants +£0.189M

Resources +£0.114M Favourable

6.8 Significant budget variances: -

- Pay award (-£0.015M)
- Salary savings +£0.132M including key accountancy and ICT vacancies

Sustainable Growth (-£0.103M) Adverse

6.9 Significant budget variances: -

- Pay award (-£0.010M)
- Salary savings +£0.122M which includes 5 vacant Engineer posts and a reduction in post hours
- Corporate Property Review (-£0.231M)

Corporate Accounts (-£0.446M) Adverse

6.10 Significant budget variances: -

- The provision for staff turnover target (-£0.324M) is held within Corporate Services whilst the additional costs/savings generated are attributed to the individual service lines. The council salary related position within the general fund (including the additional pay award, agency and consultancy costs) is expected to be underspent by +£0.147M
- Provision for Bad Debts is anticipated to increase by (-£0.120M)

Other Items +£0.548M Favourable

6.11 Significant budget variances: -

- The new borrowing in 2024/25 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. Further borrowing anticipated in 2025/26 is not expected until later in the year +£0.182M
- Interest rates have remained higher than the 3.5% forecast in September 2024 due to inflationary pressures. Also cash balances have been higher than forecast largely due to slippage on schemes in the capital programme +£0.146M
- Minimum Revenue Provision (MRP) savings arising due to slippage of schemes in the Capital Programme during 2024/25 and the use of capital receipts to finance short life assets in 2024/25 +£0.221M

6.11 Appendix A: General Fund Service Analysis (Q1) set out the above information in more detail and provides summary percentage variations for variances +/- £0.030M. Appendix H provides additional analysis across individual service areas.

6.12 The revenue position provided within table 3 above is analysed across the Council's subjective headings and is set out in table 4 below.

Table 4 Quarter 1 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Employees	24,967	27,219	27,283	6,240	27,103	+180
Premises Related Exp	5,634	7,387	7,395	1,750	7,565	(170)
Transport Related Exp	1,661	1,720	1,720	388	1,732	(12)
Supplies and Services	16,743	14,609	17,718	4,223	16,929	+789
Transfer Payments	25,186	21,977	21,977	4,138	21,977	0
Support Services	217	142	160	0	160	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,146	1,535	1,535	0	1,354	+181
Appropriations	8,858	4,515	4,515	0	4,294	+221
Income	(57,633)	(50,375)	(53,575)	(12,476)	(53,060)	(515)
Capital Financing Inc	0	(300)	(300)	0	0	(300)
Sub Total	26,779	28,446	28,445	4,263	28,071	+374
Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	(218)	754	(218)	0
Revenue Reserve funded items included in above analysis	3,185	455	826	363	1,991	(1,165)
Revenue Reserve funded items included in above analysis	(3,134)	(456)	(826)	0	(1,991)	+1,165
Sub Total	(1,175)	(1,245)	(1,244)	91	(1,244)	0
General Fund Revenue Budget	25,604	27,201	27,201	4,354	26,827	+374
Financing Income	(14,676)	(15,651)	(15,651)	3,386	(15,651)	0
Council Tax Requirement	10,928	11,550	11,550	7,740	11,176	+374

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

7.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

7.1 As at the end of Q1, a year end overspend against budget of **(-£0.305M)** is projected. A summary of the Q1 revenue position for the HRA is set out in table 5 below.

Table 5 Quarter 1 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Policy & Management	2,495	3,071	3,271	681	3,280	(9)
Repairs & Maintenance	7,048	6,704	6,704	1,398	6,694	+10
Welfare Services	(241)	(238)	(238)	(134)	(238)	0
Special Services	221	253	253	122	308	(55)
Miscellaneous Expenses	1,380	1,158	1,158	148	1,145	+13
Income Account	(18,919)	(18,255)	(18,255)	(4,119)	(18,094)	(161)
Capital Charges	(1,373)	7,424	7,424	0	7,424	0
Appropriations	8,872	(634)	(834)	0	(731)	(103)
Sub Total	(517)	(517)	(517)	(1,904)	(212)	(305)
Net Recharges to General Fund	517	517	517	517	517	0
Housing Revenue Account Budget	0	0	0	(1,387)	305	(305)

7.2 Significant budget variances: -

- Pay award (-£0.046M)
- General staff turnover savings, net of agency services +£0.161M
- Additional repairs costs relating to defending and settling disrepair claims (-£0.135M)
- Additional rent loss from voids due to ongoing capital projects (-£0.157M)
- Additional council tax on re-lets due to major voids and capital projects (-£0.041M)
- Net saving on utilities costs +£0.041M
- Increase in contribution to reserves to fund Bridge House homeloss payments (-£0.200M)
- Removal of in-year contribution to Flats Planned Maintenance reserve +£0.033M
- Decrease in contribution to bad debt provision +£0.054M

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

8.0 CAPITAL PROJECTS (General Fund & HRA)

- 8.1 At Q1 a year end variance against budget of **(-£2.864M)** (General Fund (-£1.596M), HRA (-£1.268M)) is projected. Summary details for both the General Fund and HRA are set out in table 6 below.

Table 6 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Slippage/ (Accelerated Expenditure) £'000
General Fund						
Environment & Place	5,337	5,337	(1,804)	5,397	(60)	33
Housing & Property	2,605	2,605	(920)	1,966	+639	679
People & Policy	0	0	0	0	0	0
Planning & Climate Change	5,533	5,533	(71)	6,566	(1,033)	1,053
Resources	392	392	281	1,453	(1,061)	1,061
Sustainable Growth	730	730	(4,397)	811	(81)	138
Other Items	0	0	5	0	0	0
GENERAL FUND - TOTAL	14,597	14,597	(6,906)	16,193	(1,596)	2,964
Housing Revenue Account						
Adaptations	300	300	61	300	0	0
Energy Efficiency / Boiler Replacement	1,501	1,501	206	1,834	(333)	333
Internal Refurbishment	1,078	1,078	203	963	+115	0
External Refurbishment	637	637	87	855	(218)	218
Environmental Improvements	500	500	50	500	0	0
Re-roofing / Window Renewals	595	595	15	693	(98)	98
Rewiring	88	88	32	128	(40)	40
Lift Replacement	0	42	0	42	0	0
Fire Precaution Works	210	210	62	335	(125)	125
Housing Renewal & Renovation	957	915	327	939	(24)	24
Acquisitions	250	250	67	795	(545)	545
HOUSING REVENUE ACCOUNT - TOTAL	6,116	6,116	1,110	7,384	(1,268)	1,383
GRAND TOTAL	20,713	20,713	(5,796)	23,577	(2,864)	+4,347

- 8.2 The Capital Programme working budget has been adjusted to include the following fully grant funded schemes:

UKSPF Affordable Warmth	£0.038M
UKSPF 25/26 External Projects	£0.163M
REPF 25/26 External Projects	£0.150M
UKSPF 25/26 Local Area Action Plan	£0.095M

Additionally, Wheelie Bins were moved into the main body of the Capital Programme from Schemes under development following the decision by Cabinet on 20th May.

- 8.3 The overspending against budget relates to both General Fund and HRA. The table above highlights the slippage and accelerated expenditure, which was approved as part of the provisional outturn 2024/25 report on 31st July. Once accounted for, the following differences represent the true latest position of any forecast under/(over)spends :-

- Environment & Place: Fleet replacement programme has an anticipated overspend after slippage of (-£0.027M) due to slippage from 2024/25 being insufficient for the vehicle being replaced.
- Housing & Property: there is an anticipated minor overspend after slippage of (-£0.057M) relating to 1 Lodge Street. This will be managed from the Lancaster HS Heritage Action Zone project (listed under Sustainable Growth within the programme) which is expected to underspend.

- 8.4 With regard to the overall projected adverse variance on the HRA Capital Programme of £1.268M, this is largely caused by slippage from 2024/25 as detailed in the table. As per General Fund, this was approved by Cabinet on 31st July. After slippage, a projected underspend of +£0.115M remains on internal refurbishment works. This will continue to be monitored throughout the year.

- 8.5 Appendix D General Fund Capital Projects and Appendix E HRA Capital Projects provide further information and summary commentary.

8.0 RESERVES

- 9.1 The Council's General Fund unallocated balances are projected to be **£9.374M**. This does not include the projected net overspend reported here. Overall, the combined level of reserves is forecast to be **£28.343M**. Table 7 Quarter 1 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 1 Financial Monitoring – General Fund Reserves

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026
	£	£	£	£	£	£	£	£	£	£
Unallocated Balances	(8,189,200)	(820,000)	0	316,500	(8,692,700)	(10,027,832)	(820,000)	0	1,473,416	(9,374,416)
Total Earmarked Reserves (Usable)	(15,186,400)	(626,200)	38,000	82,700	(15,691,900)	(16,163,943)	(626,200)	38,000	269,400	(16,486,843)
Total Earmarked Reserves (Ringfenced)	(2,245,300)	(145,000)	0	19,200	(2,371,100)	(2,547,210)	(145,000)	0	210,400	(2,481,810)
Total Combined Reserves	(25,620,900)	(1,591,200)	38,000	418,400	(26,755,700)	(28,738,985)	(1,591,200)	38,000	1,953,216	(28,343,069)

- 9.2 The increase in usage of balances since the budget was approved include :-
- The inclusion of slippage (-£1.244M) as detailed within the Provisional Outturn report which was considered by Cabinet on 31 July 2025
 - Funding for a new fuel tank at White Lund Depot (-£0.025M)
 - Installation and setup costs relating to the Love Clean Streets app (-£0.028M)
 - Hostile vehicle mitigation for organised events (-£0.025M)
 - The installation of the temporary catering offer at Williamson Park and demolition of the café building (-£0.200M)
 - Parking ANPR for Lancaster City Centre (-£0.032M)
 - Additional Microsoft licenses to enable all staff access the council network (-£0.024M)
 - Consultancy works in relation to commercial properties (-£0.035M)
- 9.3 The Council's Housing Revenue Account unallocated balances are projected to be **£0.127M** (deficit). This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£1.096M**. Table 8 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 8 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026
	£	£	£	£	£	£	£	£	£	£
HRA Unallocated Balances	(76,000)	(26,700)	0	0	(102,700)	(151,800)	(26,700)		305,800	127,300
Total Earmarked Reserves	(2,671,800)	(5,057,900)	4,774,700	944,000	(2,011,000)	(3,303,500)	(5,224,500)	6,097,100	1,207,400	(1,223,500)
Total Combined Reserves	(2,747,800)	(5,084,600)	4,774,700	944,000	(2,113,700)	(3,455,300)	(5,251,200)	6,097,100	1,513,200	(1,096,200)

- 9.4 As the projected net overspend will cause HRA unallocated balances to fall into deficit, the financial health of the HRA is under close review and detailed plans are being developed to address the situation. Work is continuing to closely monitor areas of expenditure known to be under pressure and to evaluate all forecast spends against service priorities. In particular, the various factors which affect the depreciation charge are being reviewed, given the increases seen in recent years. These factors include:
- The quinquennial valuation of dwellings currently underway

- Consideration of the methodology used in reaching a valuation that reflects the current use of the assets (social housing, EUV-SH)
- Assessment of the remaining useful life of properties
- Utilisation via the Major Repairs Reserve, including the potential funding of the self-financing loan principal repayment

It is expected that a majority of these reviews will be completed within quarter 2 and information will be available as part of the quarter 2 update report. Officers are optimistic that these reviews will ease the financial position and ultimately provide for a surplus within the HRA unallocated balances.

These reviews will also feed into the 2026/27 budget-setting process and provide a clear updated net financial position which will allow the opportunity to inform decision making over the medium term.

- 9.5 Appendix F: Reserves Projected Outturn provides further detailed analysis for both funds.
- 9.6 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.

10.0 COLLECTION FUND

Business Rates

- 10.1 At the Autumn Budget on 30th 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 uprated 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 1st 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 1st April 2029.

- 10.2 The collection rate for Business Rates is currently 27.9%, which is ahead of the profiled target of 26.2%. The annual target is 98.0%.
- 10.3 Business rates monitoring to the end of quarter 1 predicts a favourable variance of +£0.281M. This relates to a lower Levy payment than forecast in budget projections +£0.353M and a change in section 31 grants payable for the current year of (-£0.072M).

Council Tax

- 10.4 The current collection rate for Council Tax is 27.9% which is in-line with the profiled target of 27.9%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q1 is 9,282.

11.0 WRITE OFFS

- 11.1 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.
- 11.2 Table 9 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 9: Write Offs

	Q1	Q3	Q3	Q4	Total
Council Tax	239,172				239,172
Business Rates	209,793				209,793
Housing Benefit Overpayments	6,999				6,999
Housing Rents (HRA)	12,522				12,522
Total	468,486	0	0	0	468,486

- 11.3 The write-off of other sundry debts in excess of £500 must be approved by the Chief Officer (Resources), in consultation with the Chief Officer (Governance). The value of these debts written-off in quarter 1 (including those under £500) is £13,429.
- 11.4 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.

12.0 TREASURY MANAGEMENT

- 12.1 Appendix I gives a quarterly update in respect of treasury management activities and the most recent economic prospects.
- 12.2 The average level of funds available for investment at the end of quarter 1 was £24.99M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 4.25%
7 day SONIA	– 4.31%
Lancaster City Council	– 4.29%

Details of investment holdings are set out in Appendix J

- 12.3 No new borrowing was undertaken during quarter 1 with cashflow projections indicating that temporary borrowing of around £10M 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 2.
- 12.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2025/26. Appendix I gives an update in respect of prudential indicators showing the current forecast for the year against estimate and last year's actuals.

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.

Contact Officers: Paul Thompson
Chief Finance Officer & s151 Officer

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref:

QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2025/26

		Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Services									
Environment & Place	ASNL and Nature Reserves	104	113	0	113	(126)	113	0	
	Environmental Protection	276	455	0	455	(36)	408	47	+10%
	Fleet Management	(4)	(9)	0	(9)	(5)	(15)	6	
	Food Safety	389	512	0	512	113	508	4	
	Hospitality & Events Management	330	235	0	235	28	206	29	
	Parks & Open Spaces	1,381	1,537	0	1,537	345	1,500	37	+2%
	Pest Control	(36)	(12)	0	(12)	(85)	(12)	0	
	Salt Ayre Leisure Centre	239	1,031	0	1,031	200	1,053	(22)	
	Service Support	670	724	0	724	214	1,020	(296)	(41%)
	Street Cleaning	1,784	1,923	0	1,923	491	1,880	43	+2%
	Streetscape	52	73	0	73	11	73	0	
	Trade Refuse	(787)	(818)	0	(818)	(1,379)	(768)	(50)	(6%)
	Waste Collection	3,239	2,608	0	2,608	(128)	2,693	(85)	(3%)
Governance	Williamson Park	468	514	0	514	84	565	(51)	(10%)
	Democratic Support & Elections	1,044	1,087	0	1,087	465	1,060	27	
	Legal Services	742	665	0	665	310	746	(81)	(12%)
Housing & Property	Licensing	(78)	(45)	0	(45)	10	(32)	(13)	
	Commercial Land & Properties	(1,696)	(1,222)	0	(1,222)	26	(746)	(476)	(39%)
	Customer Services	539	608	0	608	138	631	(23)	
	Facilities Management	593	674	0	674	134	671	3	
	GF Housing Schemes	(39)	(13)	0	(13)	(48)	(38)	25	
	Municipal Buildings	664	1,201	0	1,201	176	775	426	+35%
	Other Land & Buildings	42	122	0	122	20	43	79	+65%
	Private Sector Housing	616	1,565	0	1,565	(3,522)	1,004	561	+36%
	Property Group	777	1,244	0	1,244	251	1,307	(63)	(5%)
	Public Health Services	109	137	0	137	35	142	(5)	
People & Policy	Repairs & Maintenance	0	0	0	0	0	0	0	
	Communications	0	230	0	230	30	218	12	
	Community Connectors	166	0	0	0	0	0	0	
	Emergency Planning & CSP	99	117	0	117	21	117	0	
	Exec Support	196	197	0	197	55	198	(1)	
	Health & Safety	74	67	0	67	14	77	(10)	
	HR & OD	1,193	855	0	855	211	844	11	
	Marketing	226	242	0	242	50	278	(36)	(15%)
	Policy and Partnerships	0	285	0	285	42	249	36	+13%
	Projects & Performance	168	118	0	118	28	124	(6)	
Planning & Climate Change	VCFS	300	321	0	321	310	321	0	
	Visitor Information Centres	32	0	0	0	19	35	(35)	
	DM - Building Control	172	270	0	270	11	270	0	
	DM - Planning	644	822	0	822	214	666	156	+19%
	Energy and Sustainability	294	210	0	210	102	215	(5)	
Resources	Planning & Housing Strategy	894	972	0	972	103	955	17	
	CCTV	66	62	0	62	81	62	0	
	Finance	1,455	1,679	0	1,679	414	1,624	55	+3%
	ICT	1,557	1,789	0	1,789	633	1,730	59	+3%
	Internal Audit	219	172	0	172	77	172	0	
	Revenues & Benefits	1,413	1,382	0	1,382	4,890	1,382	0	
Sustainable Growth	Economic Development & Culture	220	226	0	226	53	226	0	
	Markets	(77)	(53)	0	(53)	(76)	181	(234)	(442%)
	Museums	493	490	0	490	95	510	(20)	
	Parking	(2,700)	(2,733)	0	(2,733)	(248)	(2,747)	14	
	Regeneration	483	546	0	546	61	528	18	
	Strategic Projects & Engineers	275	547	0	547	49	428	119	+22%
		19,280	23,722	0	23,722	4,961	23,450	272	+1%
Corporate Services									
Corporate Accounts	Corporate Accounts	1,838	(87)	0	(87)	26	359	(446)	(513%)
Other Items	Contributions from Reserves	4,517	1,520	0	1,520	0	1,520	0	
	Government Grants	(1,334)	(774)	0	(774)	(530)	(774)	0	
	Interest Payable	1,145	1,534	0	1,534	0	1,353	181	+12%
	Interest Receivable	(1,302)	(465)	0	(465)	(194)	(611)	146	+31%
	Minimum Revenue Provision	2,912	2,924	0	2,924	0	2,703	221	+8%
	Notional Charges	(55)	0	0	0	0	0	0	
	Pandemic Support	0	0	0	0	0	0	0	
	Revenue Funding of Capital	(222)	71	0	71	0	71	0	
	Capital Funding of Revenue	0	0	0	0	0	0	0	
	UKSPF	0	0	0	0	0	0	0	
		7,499	4,723	0	4,723	(698)	4,621	102	+2%
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
RMS Capital Charges (now Housing Revenue Account)		(200)	(218)	0	(218)	754	(218)	0	
Revenue Reserve funded items included in above analysis (Revenue)		3,185	456	370	826	363	1,991	(1,165)	(141%)
Revenue Reserve funded items included in above analysis (Appropriati		(3,134)	(456)	(370)	(826)	0	(1,991)	1,165	+141%
General Fund Revenue Budget		25,604	27,201	0	27,201	4,354	26,827	374	+1%
Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(112)	(460)	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	141	(280)	0	(280)	0	(280)	0	
	Net Business Rates Income	(14,384)	(14,911)	0	(14,911)	3,498	(14,911)	0	
Council Tax Requirement		10,928	11,550	0	11,550	7,740	11,176	374	+3%

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 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2025/26

		Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,446	26,393	42	26,435	6,067	26,149	286	+1%
	Indirect Employee Expenses	1,521	826	22	848	173	954	(106)	(13%)
	Cleaning and Domestic Supplies	182	177	0	177	51	186	(9)	
	Energy Costs	1,477	1,556	0	1,556	(107)	1,399	157	+10%
	Fixtures and Fittings	0	1	0	1	0	1	0	
	Grounds Maintenance Costs	59	62	0	62	5	62	0	
	Operational Bldgs Allocation	301	352	0	352	67	346	6	
Premises Related Exp	Other Premises Costs	0	(37)	0	(37)	0	0	(37)	(100%)
	Premises Insurance	341	373	0	373	1	373	0	
	Rates	1,533	1,407	0	1,407	1,526	1,704	(297)	(21%)
	Rents	84	66	0	66	38	66	0	
	Repair and Maintenance	1,176	2,951	8	2,959	73	2,974	(15)	
	Water Services	481	479	0	479	96	454	25	
	Car Allowances	15	8	0	8	2	8	0	
	Contract Hire Operating Leases	41	16	0	16	25	86	(70)	(438%)
Transport Related Exp	Direct Transport Costs	1,507	1,582	0	1,582	358	1,524	58	+4%
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	8	20	0	20	3	20	0	
	Transport Insurance	90	94	0	94	0	94	0	
	Catering	37	58	0	58	12	58	0	
	Clothing Uniform and Laundry	145	101	0	101	25	101	0	
	Communications and Computing	1,677	1,737	30	1,767	1,080	1,781	(14)	
	Contribution to Provisions	1,147	250	0	250	0	370	(120)	(48%)
Supplies and Services	Equip Furniture and Materials	1,629	1,650	0	1,650	415	1,547	103	+6%
	Expenses	549	555	4	559	144	559	0	
	General Office Supplies	443	252	0	252	64	248	4	
	Grants and Subscriptions	1,831	1,393	271	1,664	870	1,643	21	
	Miscellaneous Expenses	960	1,320	1,975	3,295	97	2,998	297	+9%
	Services	8,325	7,293	829	8,122	1,516	7,624	498	+6%
Transfer Payments	Housing Benefit	25,186	21,977	0	21,977	4,138	21,977	0	
Support Services	Recharges Exp	217	142	18	160	0	160	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	1,146	1,535	0	1,535	0	1,354	181	+12%
Appropriations	Appropriations	8,858	4,515	0	4,515	0	4,294	221	+5%
	Customer Fees and Charges	(20,696)	(20,141)	(3)	(20,144)	(6,118)	(19,477)	(667)	(3%)
	Government Grants	(29,348)	(25,789)	(2,159)	(27,948)	(4,078)	(27,929)	(19)	
Income	Interest	(1,389)	(543)	0	(543)	(194)	(689)	146	+27%
	Other Grants and Contributions	(2,731)	(2,048)	(1,038)	(3,086)	(1,713)	(3,111)	25	
	Recharges Inc	(3,469)	(1,854)	0	(1,854)	(373)	(1,854)	0	
Capital Financing Inc	Capital Related Income	0	(300)	0	(300)	0	0	(300)	(100%)
	Net Recharges to Housing Revenue Account	(1,026)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	0	(218)	754	(218)	0	
	Revenue Reserve funded items included in above analysis (Revenue)	3,185	455	371	826	363	1,991	(1,165)	(141%)
	Revenue Reserve funded items included in above analysis (Appropriations)	(3,134)	(456)	(370)	(826)	0	(1,991)	1,165	+141%
General Fund Revenue Budget		25,604	27,201	0	27,201	4,354	26,827	374	+1%
Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(112)	(460)	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	141	(280)	0	(280)	0	(280)	0	
	Net Business Rates Income	(14,384)	(14,911)	0	(14,911)	3,498	(14,911)	0	
Council Tax Requirement		10,928	11,550	0	11,550	7,740	11,176	374	+3%

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 1 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2025/26

		Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Housing Revenue Account									
Housing Revenue Account	Policy & Management	2,495	3,071	200	3,271	681	3,280	(9)	
	Repairs & Maintenance	7,048	6,704	0	6,704	1,398	6,694	10	
	Welfare Services	(241)	(238)	0	(238)	(134)	(238)	0	
	Special Services	221	253	0	253	122	308	(55)	(22%)
	Miscellaneous Expenses	1,380	1,158	0	1,158	148	1,145	13	
	Income Account	(18,919)	(18,255)	0	(18,255)	(4,119)	(18,094)	(161)	(1%)
	Capital Charges	(1,373)	7,424	0	7,424	0	7,424	0	
	Appropriations	8,872	(634)	(200)	(834)	0	(731)	(103)	(12%)
	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	
		(517)	(517)	0	(517)	(1,904)	(212)	(305)	(59%)
Net Recharges to General Fund		517	517	0	517	517	517	0	
Housing Revenue Account Budget		0	0	0	0	(1,387)	305	(305)	

- 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 1 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2025/26

		Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q1 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	2024/25 Slippage / (Accelerated Expenditure) Request £'000	Variance +/- £30K %
Services									
Environment & Place	AONB - Capital Access Works	0	0	0	0	0	0		
	Electric Taxis	0	0	0	(342)	0	0		
	Food Waste Strategy	0	0	0	(1,462)	0	0		
	Happy Mount Park Footpaths	0	0	0	0	0	0		
	Purchase Of Vehicles	5,337	0	5,337	0	5,397	(60)	33	(1%)
	Salt Ayre Equipment Programme	0	0	0	0	0	0		
Housing & Property	1 Lodge Street Urgent Structural Repairs	172	0	172	198	352	(180)	123	(105%)
	Commercial Property Works	0	0	0	0	0	0		
	Coopers Fields - BLRF	0	0	0	(183)	0	0		
	Disabled Facilities Grants	0	0	0	(880)	0	0		
	HIA Purchase of Vehicles	0	0	0	0	0	0		
	Lancaster City Museum	0	0	0	0	0	0		
	Low Voltage Switchgear & Solar Array - Gateway	974	0	974	0	976	(2)	2	
	Mellishaw Park	0	0	0	(53)	0	0		
	Next Steps Accommodation Programme	0	0	0	0	0	0		
	Palatine Recreation Ground - Veterans CI	0	0	0	0	0	0		
	Property Capital Works	1,459	0	1,459	29	366	1,093	282	+75%
	White Lund Depot Improvements	0	0	0	(31)	272	(272)	272	
People & Policy	PRG Grant	0	0	0	0	0	0		
Planning & Climate Change	Burrow Beck Solar	3,600	0	3,600	117	4,133	(533)	553	(15%)
	Property De-carbonisation Works	0	0	0	(66)	0	0		
	Property De-carbonisation Works 2024-25	1,933	0	1,933	12	2,433	(500)	500	(26%)
	SALC Salix Funded Optimised Solar Farm	0	0	0	(134)	0	0		
Resources	Application System Renewal	0	0	0	0	0	0		
	Capital Clearance	0	0	0	0	0	0		
	I.S. Desktop Equipment	257	0	257	13	258	(1)	1	
	I.T.Strategy	130	0	130	11	237	(107)	107	(82%)
	ICT Laptop Replacement & E-campus screens	0	0	0	3	22	(22)	22	
	ICT Nimble	0	0	0	114	252	(252)	252	
	ICT Telephony	5	0	5	0	14	(9)	9	
	Lancaster Local Fibre Network	0	0	0	140	670	(670)	670	
	Transformation Costs - Flexible Use of Cap Receipt	0	0	0	0	0	0		
Sustainable Growth	Artle Beck Improvements	0	0	0	0	0	0		
	Bare Outfall Flooding	0	0	0	0	18	(18)	18	
	Brownfield Land Release Fund	0	0	0	(2,389)	0	0		
	Caton Road Flood Relief Scheme	0	0	0	(1,578)	0	0		
	Centenary House Grant Funded Works	0	0	0	(448)	0	0		
	City Museum Shop	0	0	0	0	14	(14)	14	
	Coastal Revival Fund - Morecambe Co-op	0	0	0	(6)	0	0		
	Economic Growth & Regen Devp't Pool	500	0	500	0	500	0		
	Engineers Electric Vehicle	0	0	0	0	0	0		
	Lancaster HS Heritage Action Zone	200	0	200	35	214	(14)	71	
	Lancaster Square Routes Project	0	0	0	(18)	5	(5)	5	
	Lawsons Bridge S106 scheme	0	0	0	0	0	0		
Other Items	Morecambe Sea Front Parapet	30	0	30	7	60	(30)	30	(100%)
	REPF 23/24 (yr1) External Projects	0	0	0	0	0	0		
	REPF 24/25 (Yr2) External Projects	0	0	0	0	0	0		
	UKSPF - 23-24 (yr2) External Projects	0	0	0	0	0	0		
	UKSPF - 24/25 (yr3) Capital Funding Allocation	0	0	0	0	0	0		
	UKSPF-23/24 (yr2) Digital Tourism Transformation	0	0	0	0	0	0		
	UKSPF-23-2(yr2) The Streets Are Ours Public Realm	0	0	0	0	0	0		
	UKSPF-23-24 (yr2) Lancs CVS Community Warm Hubs	0	0	0	0	0	0		
	UKSPF-23-24 (yr2) Lodge St Environs Enabling Works	0	0	0	5	0	0		
	UKSPF-23-24 (yr2) Maritime Museum Access	0	0	0	0	0	0		
	UKSPF-23-24 (yr3) Heysham Village Toilets	0	0	0	0	0	0		
	UKSPF-24/25 (yr3) External Projects	0	0	0	0	0	0		
	UKSPF-24-25 (yr3) City Museums Accessible Engagem't	0	0	0	0	0	0		
	UKSPF-24-25 (yr3) Digital Tourism Transformation	0	0	0	0	0	0		
	UkSpF-24-25 (yr3) Lancs CVS Community Warm Hubs	0	0	0	0	0	0		
		14,597	0	14,597	(6,906)	16,193	(1,596)	2,964	(11%)
GRAND TOTAL		14,597	0	14,597	(6,906)	16,193	(1,596)	2,964	(11%)

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

Council Housing Capital Programme 2025/26

	2025/26 Original Budget	2025/26 Working Budget	2025/26 P3 Actual	2025/26 Projected Outturn	2025/26 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)	2024/25 Slippage Request
	£	£	£	£	£		£
EXPENDITURE							
Adaptations	300,000	300,000	60,794	300,000	0		
Energy Efficiency / Boiler Replacement	1,501,000	1,501,000	205,745	1,834,300	(333,300)	Slippage requested	333,300
Internal Refurbishment	1,078,000	1,078,000	202,699	963,000	115,000	Projection based on current activity to Q1	
External Refurbishment	637,000	637,000	87,423	855,400	(218,400)	Slippage requested	218,400
Environmental Improvements	500,000	500,000	50,063	500,000	0		
Re-roofing / Window Renewals	595,000	595,000	15,254	692,900	(97,900)	Slippage requested	97,900
Rewiring	88,000	88,000	32,322	128,000	(40,000)	Slippage requested	40,000
Lift Replacement	0	42,000	0	42,000	0		
Fire Precaution Works	210,000	210,000	61,542	335,000	(125,000)	Slippage requested	125,000
Housing Renewal & Renovation	957,000	915,000	327,004	938,500	(23,500)	Slippage requested	23,500
Mainway Regeneration Project	0	0	-355,553	0	0		
Acquisitions	250,000	250,000	67,042	794,900	(544,900)	Slippage requested	544,900
TOTAL EXPENDITURE	6,116,000	6,116,000	754,334	7,384,000	(1,268,000)		1,383,000

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

Reserves Statement (Including Unallocated Balances)

<----- ORIGINAL BUDGET ----->

<----- PROJECTED OUTTURN ----->

	31 March 2025 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2026 £	31 March 2025 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2026 £
Unallocated Balances	(8,189,200)	(820,000)	0	316,500	(8,692,700)	(10,027,832)	(820,000)	0	1,473,416	(9,374,416)
Earmarked Reserves (Usable):										
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
Corporate Priorities	(68,800)			82,700	13,900	(267,939)			157,100	(110,839)
Capital Support	(73,000)				(73,000)	(72,994)				(72,994)
Corporate Property	(313,500)				(313,500)	(313,548)				(313,548)
Covid 19 Support Reserve	(9,700)				(9,700)	(9,715)				(9,715)
Homelessness Support	(110,800)				(110,800)	(110,830)				(110,830)
Investment Property Maint	(84,900)				(84,900)	(119,114)				(119,114)
Invest to Save	(105,300)				(105,300)	(162,913)			57,600	(105,313)
Museums Acquisitions	(47,000)	(4,500)			(51,500)	(45,164)	(4,500)			(49,664)
Restructure	(400,000)				(400,000)	(450,628)			50,600	(400,028)
Business Rates Retention	(12,064,400)	(129,900)			(12,194,300)	(12,660,047)	(129,900)			(12,789,947)
Renewals Reserves	(1,880,000)	(491,800)	38,000		(2,333,800)	(1,922,051)	(491,800)	38,000	4,100	(2,375,851)
Total Earmarked Reserves (Usable)	(15,186,400)	(626,200)	38,000	82,700	(15,691,900)	(16,163,943)	(626,200)	38,000	269,400	(16,486,843)
Earmarked Reserves (Ringfenced):										
Elections	(62,300)	(45,000)			(107,300)	(62,302)	(45,000)			(107,302)
Lancaster District Hardship	(600)				(600)	(60,984)			60,400	(584)
Planning Fee Income	(10,600)				(10,600)	0				0
Revenue Grants Unapplied	(146,800)			19,200	(127,600)	(264,686)			150,000	(114,686)
S106 Commuted Sums - Affordable Housing	(218,800)				(218,800)	(218,796)				(218,796)
S106 Commuted Sums - Highways, Cycle Paths etc.	(1,411,400)	(100,000)			(1,511,400)	(1,545,637)	(100,000)			(1,645,637)
Welfare Reforms	(324,900)				(324,900)	(324,928)				(324,928)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,201)				(22,201)
Marsh Capital	(47,700)				(47,700)	(47,676)				(47,676)
Total Earmarked Reserves (Ringfenced)	(2,245,300)	(145,000)	0	19,200	(2,371,100)	(2,547,210)	(145,000)	0	210,400	(2,481,810)

HRA Reserves Statement (Including Unallocated Balances)

<----- ORIGINAL BUDGET ----->

<----- PROJECTED OUTTURN ----->

	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026
	£	£	£	£	£	£	£	£	£	£
HRA Unallocated Balances	(76,000)	(26,700)	0	0	(102,700)	(151,800)	(26,700)		305,800	127,300
Earmarked Reserves:										
Business Support Reserve	(119,200)	0	0	0	(119,200)	0	(200,000)	0	200,000	0
Major Repairs Reserve	(550,100)	(4,774,700)	4,774,700	0	(550,100)	(1,322,400)	(4,774,700)	6,097,100	0	0
Flats - Planned Maintenance	(309,100)	(33,000)	0	147,900	(194,200)	(283,400)	0	0	177,600	(105,800)
ICT and Systems Improvement	(713,200)	0	0	640,700	(72,500)	(721,900)	0	0	649,400	(72,500)
Sheltered - Equipment	(260,900)	(62,600)	0	75,100	(248,400)	(275,700)	(62,500)	0	75,100	(263,100)
Sheltered - Planned Maintenance	(379,400)	(125,000)	0	80,300	(424,100)	(371,700)	(124,800)	0	105,300	(391,200)
Sheltered Support Grant Maintenance	(339,900)	(62,600)	0	0	(402,500)	(328,400)	(62,500)	0	0	(390,900)
Total Earmarked Reserves	(2,671,800)	(5,057,900)	4,774,700	944,000	(2,011,000)	(3,303,500)	(5,224,500)	6,097,100	1,207,400	(1,223,500)
Total Combined Reserves	(2,747,800)	(5,084,600)	4,774,700	944,000	(2,113,700)	(3,455,300)	(5,251,200)	6,097,100	1,513,200	(1,096,200)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
2025/26 APPROVED SAVINGS	£'000	£'000	£'000	£'000	
Environment & Place					
SALC Direct Debit Supplier	5	0	5	0	On-going - towards year end
SALC Padel	0	0	0	0	On target - discussions underway between officers and prospective providers of service
Housing & Property					
Energy Officer	3	0	(34)	(37)	Savings target of £37K is unlikely to be achieved in year due to delays in recruitment
Mailroom	10	3	10	0	On target - Q1 above profile
Planning & Climate Change					
Building Control Fee Income	45	11	45	0	On target - Q1 above profile
Sustainable Growth					
Museum Charging	(12)	(6)	(12)	0	On target - Q1 above profile
TOTAL SAVINGS	51	8	14	(37)	
2024/25 APPROVED GROWTH	£'000	£'000	£'000	£'000	
People & Policy					
New Council Website	26	0	26	0	Spend planned Q2-4
TOTAL GROWTH	26	0	26	0	
NET SAVINGS	25	8	(12)	(37)	

GENERAL FUND SERVICE ANALYSIS 2025/26

		Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Q1 Projected 2025/26 £'000	Q2 Projected 2025/26 £'000	Q3 Projected 2025/26 £'000	Q4 Projected 2025/26 £'000
	Services						
	ASNL and Nature Reserves	104	113	113			
	Environmental Protection	276	455	408			
	Fleet Management	(4)	(9)	(15)			
	Food Safety	389	512	508			
	Hospitality & Events Management	330	235	206			
	Parks & Open Spaces	1,381	1,537	1,500			
Environment & Place	Pest Control	(36)	(12)	(12)			
	Salt Ayre Leisure Centre	239	1,031	1,053			
	Service Support	670	724	1,020			
	Street Cleaning	1,784	1,923	1,880			
	Streetscape	52	73	73			
	Trade Refuse	(787)	(818)	(768)			
	Waste Collection	3,239	2,608	2,693			
	Williamson Park	468	514	565			
Governance	Democratic Support & Elections	1,044	1,087	1,060			
	Legal Services	742	665	746			
	Licensing	(78)	(45)	(32)			
	Commercial Land & Properties	(1,696)	(1,222)	(746)			
	Customer Services	539	608	631			
	Facilities Management	593	674	671			
Housing & Property	GF Housing Schemes	(39)	(13)	(38)			
	Municipal Buildings	664	1,201	775			
	Other Land & Buildings	42	122	43			
	Private Sector Housing	616	1,565	1,004			
	Property Group	777	1,244	1,307			
	Public Health Services	109	137	142			
	Repairs & Maintenance	0	0	0			
	Communications & Marketing	226	472	496			
	Community Connectors	166	0	0			
	Emergency Planning & CSP	99	117	117			
People & Policy	Exec Support	196	197	198			
	Health & Safety	74	67	77			
	HR & OD	1,193	855	844			
	Policy and Partnerships	0	285	249			
	Projects & Performance	168	118	124			
	VCFS	300	321	321			
	Visitor Information Centres	32	0	35			
Planning & Climate Change	DM - Building Control	172	270	270			
	DM - Planning	972	922	666			
	Energy and Sustainability	294	210	215			
	Planning & Housing Strategy	894	972	955			
	CCTV	66	62	62			
Resources	Finance	1,455	1,679	1,624			
	ICT	1,557	1,789	1,730			
	Internal Audit	219	172	172			
	Revenues & Benefits	1,413	1,382	1,382			
	Economic Development & Culture	220	226	226			
Sustainable Growth	Markets	(77)	(53)	181			
	Museums	493	490	510			
	Parking	(2,700)	(2,733)	(2,747)			
	Regeneration	483	546	528			
	Strategic Projects & Engineers	275	547	428			
		19,608	23,822	23,450	0	0	0
	Corporate Services						
Corporate Accounts	Corporate Accounts	1,838	(87)	359			
	Contributions from Reserves	4,240	1,491	1,520			
	Government Grants	(1,334)	(774)	(774)			
	Interest Payable	1,145	1,534	1,353			
	Interest Receivable	(1,302)	(465)	(611)			
Other Items	Minimum Revenue Provision	2,912	2,924	2,703			
	Notional Charges	(55)	0	0			
	Pandemic Support	0	0	0			
	Revenue Funding of Capital	(222)	0	71			
	Capital Funding of Revenue	0	0	0			
	UKSPF	0	0	0			
		7,222	4,623	4,621	0	0	0
	Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)			
	RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	(218)			
	Revenue Reserve funded items included in above analysis (Revenue)	2,858	427	1,991			
	Revenue Reserve funded items included in above analysis (Appropriator)	(2,858)	(427)	(1,991)			
General Fund Revenue Budget		25,604	27,201	26,827	0	0	0
Core Funding :	Revenue Support Grant	(433)	(460)	(460)			
	Additional New Homes Bonus	0	0	0			
	Supplementary Government Grants	0	0	0			
	Prior Year Council Tax Surplus	141	(280)	(280)			
	Net Business Rates Income	(14,384)	(14,911)	(14,911)			
Council Tax Requirement		10,928	11,550	11,176	0	0	0

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 01 July 2025)

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	221	£177,697	20	£42,920	612	£636,619	32	£18,179	48	£28,181	262	£336,945	94	(£21,383)	1,289	£1,219,158
Governance	1	£4,000	1	£4,650	0	£0	0	£0	1	£800	15	£28,784	0	£0	18	£38,234
Housing & Property	167	£229,454	38	£93,096	136	£144,749	189	£207,271	317	£396,754	993	£1,241,462	88	(£53,461)	1,928	£2,259,327
Planning & Climate Change	14	£6,838	3	£3,458	1	£390	4	£2,305	12	£23,963	45	£251,508	8	(£4,978)	87	£283,484
Resources	0	£0	0	£0	0	£0	0	£0	1	£2,260	1	£9,773	4	(£51)	6	£11,982
Sustainable Growth	40	£29,573	16	£43,912	86	£168,817	22	£8,117	48	£36,943	23	£22,893	8	(£1,142)	243	£309,113
Total Per Period	443	£447,562	78	£188,036	835	£950,575	247	£235,872	427	£488,901	1,339	£1,891,365	202	(£81,014)	3,571	£4,121,298

Total Debts	3,571	£4,121,298
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Treasury Management Update

Quarter ended 30th June 2025

Report of Chief Resources and S151 Officer

2025/26 Treasury Management Update

Quarter Ended 30th June 2025

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.

Economic update (provided by MUFG Corporate Markets)

The first quarter of 2025/26 (1st April to 30th June) saw:

- A 0.3% m/m fall in real GDP in April – the first fall since October 2024
- The 3myy rate of average earnings growth excluding bonuses fall from 5.5% to 5.2% in May
- Core CPI inflation ease from 3.8% in April to 3.5% in May as temporary Easter-related effects faded
- The Bank of England cut interest rates from 4.50% to 4.25% in May, holding them steady in June
- The 10-year gilt yield fluctuate between 4.40% and 4.80%, and end the quarter at 4.50%

The 0.3% m/m fall in real GDP in April was the first fall since October 2024 and the largest fall since October 2023. This is a significant shift from the 0.7% q/q rise in Q1 2025, probably as a result of the boosts from net exports and business investment unwinding. The decline in exports was mostly due to a reversal of US tariff front-running with export values to the US falling by 31% m/m after rising 34% in total in the five months to February. April's GDP figures also showed manufacturing output falling by 0.9% m/m along with the domestic economy showing signs of weakness in April. Despite construction output growing by 0.9% m/m, services output declined by 0.4% m/m, reversing all of March's 0.4% m/m rise. This weakness in services likely reflects higher labour costs from April's rise in National Insurance Contributions for employers. May's GDP may have fallen a bit further as the boosts in Q1 continued to unwind. Overall, GDP in Q2 is likely to have flatlined and the economy will probably be hindered by subdued overseas demand and domestic businesses cutting spending given a rise in costs due to April's increase in taxes. The Bank of England expects growth in 2025 to be around 0.8%.

Despite the rise in the composite Purchasing Managers Index (PMI) from 50.3 in May to 50.7 in June, it is still below its level in March, prior to the rise in business taxes and Trump's Liberation Day tariffs. This rise was driven by increases in both the services and manufacturing output balances. Although the services PMI rose from 50.9 to 51.3, that is consistent with non-retail services output growth slowing from 0.5% 3m/3m in April to 0.3% 3m/3m in June.

The sharp 2.7% m/m drop back in retail sales volumes in May adds to other evidence that the burst of economic growth in Q1 is over. The weakness was widespread with sales falling in all seven of the major categories. This decline was partly due to the

unwinding of the previous boost from April's unusually warm and dry weather along with inflationary pressures prompting consumers to cut back. The latter would be a more persistent drag on retail spending. Looking ahead, the rise in the GfK measure of consumer confidence from -20 in May to -18 in June is consistent with the annual rate of real retail sales growth accelerating from -1.3% in May to around +0.5%.

While the £17.7bn of public sector borrowing in May was higher than the Office of Budget responsibility (OBR) forecast of £17.1bn, borrowing was £2.9bn below the OBR's forecast in the first two months of the 2025/26 fiscal year. The current budget deficit was £12.8bn in May, a touch below the OBR's forecast of £13.0bn. Within that, government spending surprised to the downside. Central government expenditure was £0.5bn lower than the OBR's forecast in May, leaving it £1.6bn lower in April and May combined. That has been largely driven by debt interest payments, which were £1.1bn below the OBR's forecast in May. But if the rises in gilt yields since the Spring Statement in March are sustained, the OBR will revise up its forecast for debt interest payments in the years ahead. That of itself would knock £1.0bn off the Chancellor's £9.9bn of headroom against her fiscal mandate and the subsequent Government U-turns on benefit and welfare spending and higher borrowing costs may mean to maintain her current £9.9bn buffer, Reeves has to raise upwards of £13bn later this year. And with the gilt market sensitive to significant increases in borrowing, all this means substantial tax rises are looking very likely.

The weakening in the jobs market is gathering pace. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. Overall, the payroll measure of employment has now fallen by 276,000 since the announcement of the rise in payroll taxes and the minimum wage in the October Budget. The job vacancies data also portrays a rapidly weakening labour market. The number of job vacancies is now falling a bit faster, dropping from 760,000 in the three months to April to 736,000 in May. Capital Economics' seasonally adjusted measure of single-month vacancies declined sharply from 763,000 in April to 713,000 in May.

A looser labour market is driving softer wage pressures. The 3myy rate of average earnings growth excluding bonuses fell from 5.5% to 5.2% in May. The rate for the private sector slipped from 5.5% to 5.1%, putting it on track to undershoot the Bank of England's Q2 forecast of 5.2%. And after rising in April as the 6.7% rise in the minimum wage took effect, the timelier PAYE median earnings measure fell back from 6.2% y/y in April to 5.8% in May. Softer wage growth is feeding through to lower services inflation, pointing to a slowdown from 4.7% in May to around 3.0% by the end of the year.

CPI inflation fell slightly from 3.5% in April to 3.4% in May – close to consensus. The sharp falls in services inflation from 5.4% to 4.7% and in core inflation from 3.8% to 3.5% confirmed that the previous month's jumps partly reflected an Easter-related blip. Services inflation is expected to continue to fall as wage growth slows, supporting a view that CPI inflation will fall close to 2.0% by the start of 2027. An upside risk, however, in the near term is that higher oil/gas and food prices could trigger another bout of second-round effects on wages and inflation expectations, meaning CPI inflation stays above 3.0% for longer and causes the Bank to shift to an even slower rate cutting path. CPI is expected to peak at 3.8% in September.

The yield on the 10-year gilt moved sideways in the second quarter of 2025. After rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the “Liberation Day” tariff announcement, gilt yields eased back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%. We expect this trend to continue over the next year. However, it is more difficult to be confident that the longer part of the curve will also see falls in yields, although that is still our central case, as that part of the curve is increasingly held by transient investors, such as foreign investors and hedge funds. Pension funds and insurance companies have more appetite in the short to medium part of the curve nowadays.

The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1st April to 7,702 on 7th April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025.

1. Interest Rate Forecast

The Council has appointed MUFG Corporate Markets 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 1st 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 was provided on 10th February:

MUFG Corporate Markets Interest Rate View 10.02.25													
	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28
BANK RATE	4.50	4.25	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.50	4.30	4.30	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.50	3.50	3.50
6 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.60
5 yr PWLB	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.40	4.30	4.20	4.20	4.10	4.00
10 yr PWLB	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.50	4.50	4.40	4.40
25 yr PWLB	5.80	5.70	5.60	5.50	5.40	5.30	5.20	5.10	5.00	5.00	4.90	4.90	4.80
50 yr PWLB	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.60	4.50

- *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *The MUFG Corporate Markets 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.*

The forecast has proved robust over the period since February, setting out a central view that 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 stubborn inflationary factors. Nonetheless, the longer dated part of the forecast also reflects the increased level of Government borrowing over the term of the current Parliament and the weakness in the public finances, with the Government struggling to deliver on the efficiencies detailed in the 30th October Budget.

Moreover, there is still on-going debate as to when, and if, the Government's policies will lead to a material uptick in growth given their reliance on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

Overall, our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in November and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data releases in the coming months.

2. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 26 February 2025. 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 started to taper downwards in the first quarter of 2025/26 and are expected to fall back further if inflation falls through 2025 and 2026 and the MPC starts to loosen monetary policy more substantially.

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 £24.99M. 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.

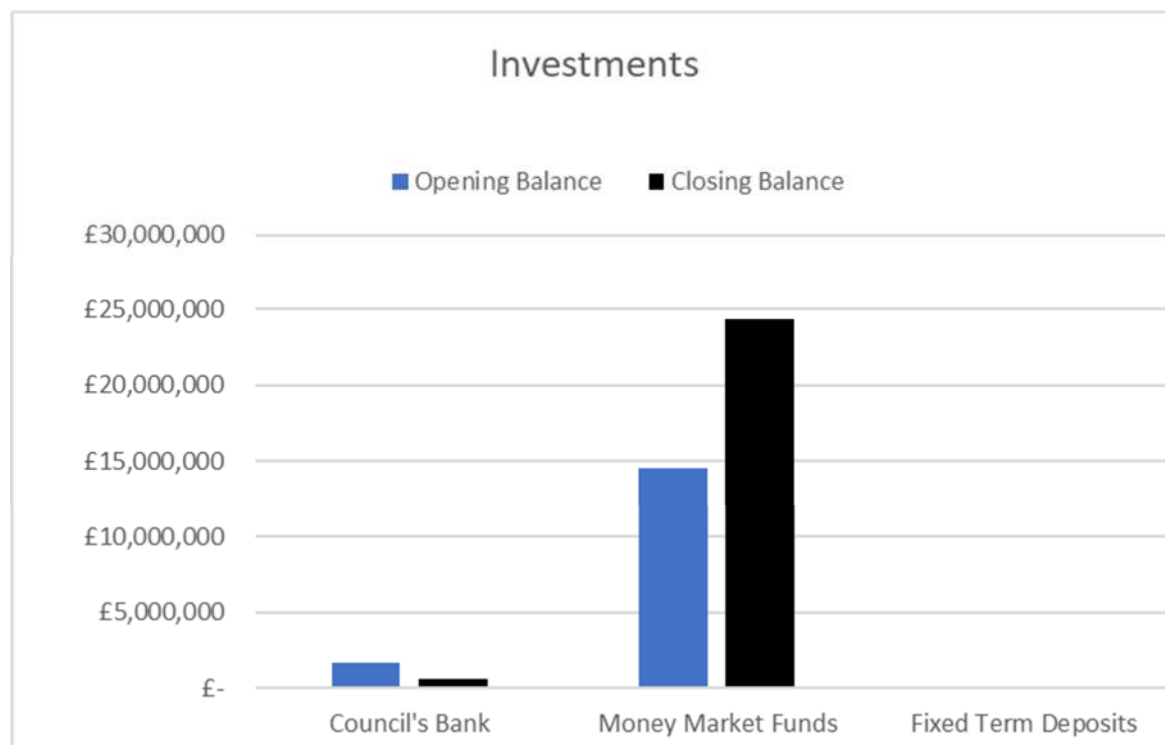
In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow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

Base Rate	4.25%
7 day SONIA	4.31%
Lancaster City Council investments	4.29%

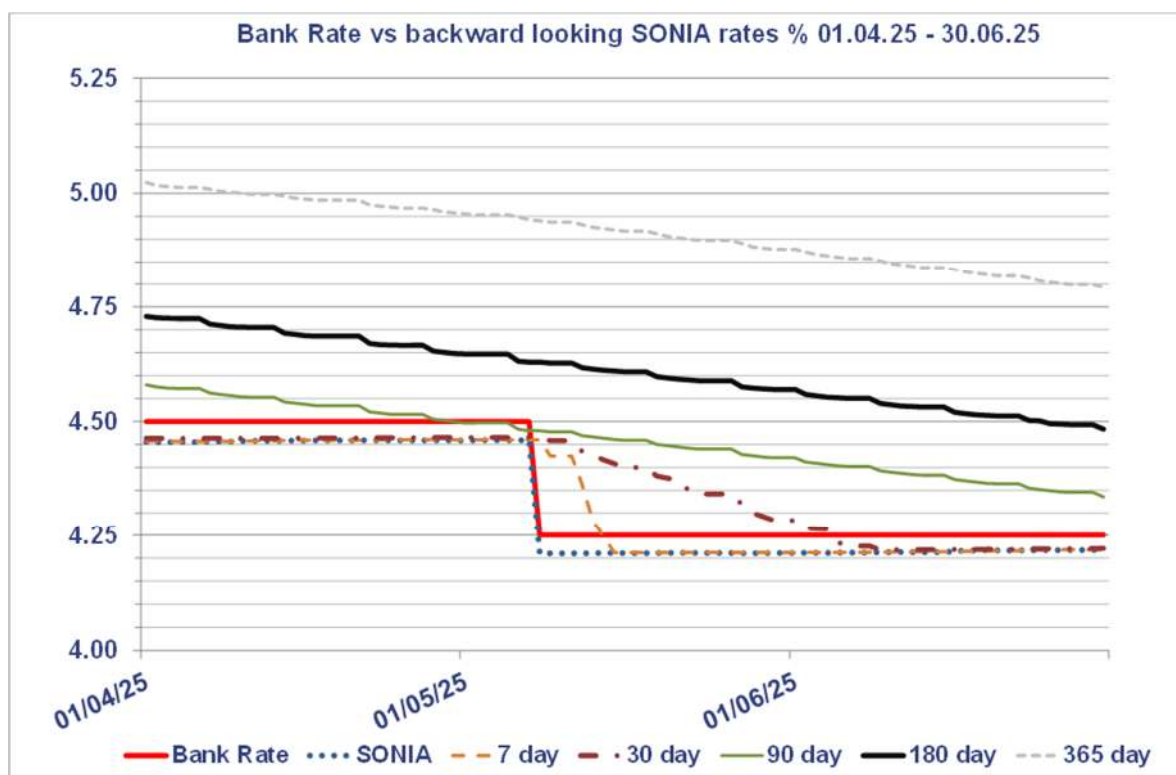
Investment Balances – quarter ended 30 June 2025

At the start of the quarter investments totalled £14.6M rising to £24.3M by 30 June. Fixed term investment with local authorities on 30 June were £0.0M whilst Money Market Fund balances were £24.3M.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2025.



Other Investments	Term	Maturity Date	Opening 01.04.2025 £	Closing 30.06.2025 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
Call Accounts							
Natwest (Cash Manager Plus)			1,719,368	610,112	0.01%		4,096
Money Market Funds							
BlackRock 1st			2,600,000	6,000,000	4.31%		58,075
Insight			0	6,000,000	4.33%		49,170
Aberdeen Standard			6,000,000	6,000,000	4.39%		65,600
Goldman Sachs			0	300,000	4.25%		16,051
LGIM			6,000,000	6,000,000	4.14%		64,033
Fixed Term Deposits							
DMADF	30 days	01/05/2025	0	0		4.46%	7,332
DMADF	29 days	01/05/2025	0	0		4.46%	3,544
DMADF	1 day	02/05/2025	0	0		4.46%	122
DMADF	24 days	01/05/2025	0	0		4.45%	2,926
DMADF	6 days	07/05/2025	0	0		4.45%	732
DMADF	12 days	22/04/2025	0	0		4.44%	2,919
DMADF	5 days	30/04/2025	0	0		4.45%	610
DMADF	4 days	06/05/2025	0	0		4.45%	975
Sub-total			16,319,368	24,910,112			276,185
Budgeted income							130,308
							145.877



3. New Borrowing

No borrowing was undertaken during the quarter ended 30th June 2025. It is anticipated that borrowing will be undertaken during this financial year. Cashflow projections currently indicate that around £10M 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.

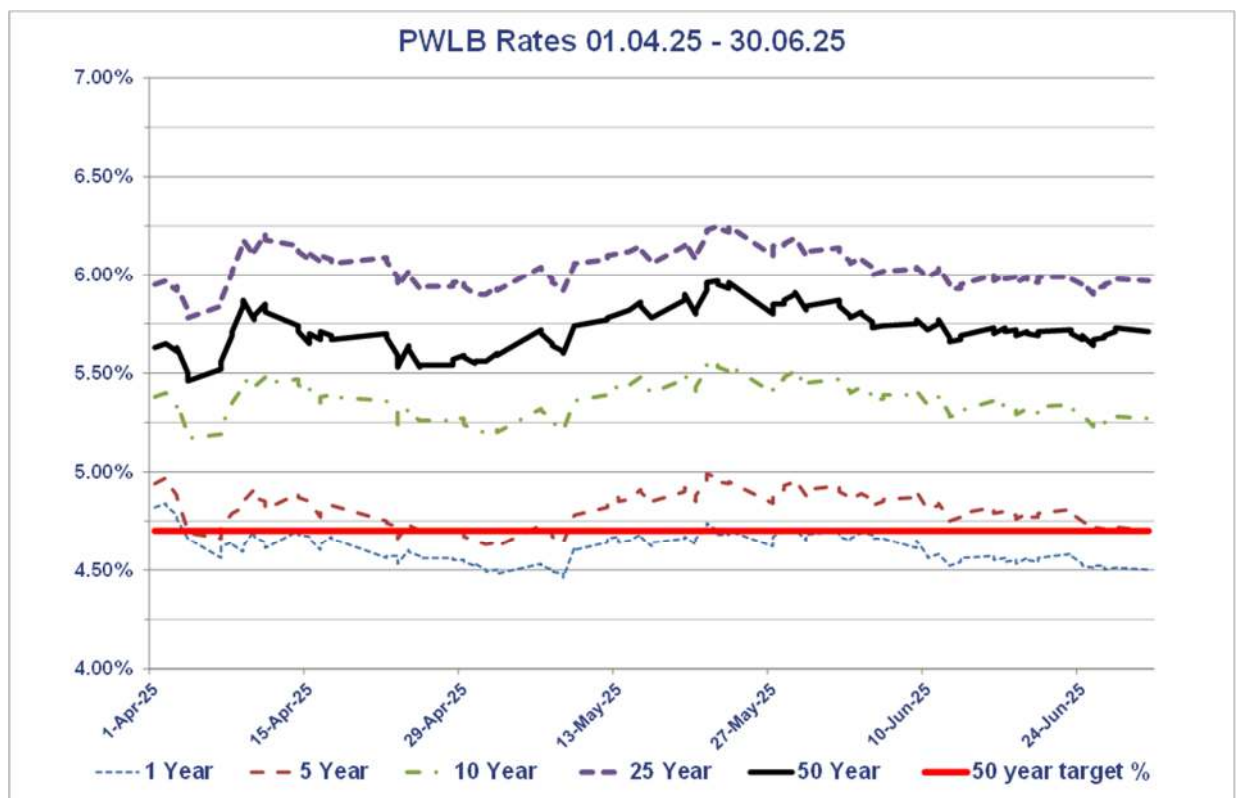
PWLB maturity Certainty Rates 1st April to 30th June 2025

Heading into the second quarter of 2025/26 markets seem to be comfortable with a central case of gradual monetary policy easing, leading to Bank Rate and gilt yields out to circa 10 years trending downwards. That part of the curve has broadly acted in line with forecasts, unchanged since February.

However, the Government's difficulty in convincing the market that it can work within its self-imposed fiscal parameters has meant there has continued to be a somewhat fragile confidence in the medium to longer dated part of the curve. The worst of this sentiment was reflected on 21st May, but as recently as the first week of July has provided a reminder that markets will be quick to sell-off if they feel there is anything to prejudice the Chancellor's stated aim of not raising the headline tax rates nor boost borrowing to greater than has already been reported. The markets have also indicated that they would prefer Chancellor Reeves to stay in post even if the fiscal landscape has deteriorated since the Autumn.

The Bank of England has remained cautious in stating that any Bank Rate cuts must be undertaken gradually, and the inflation outlook remains a little opaque with the CPI measure of inflation not expected to peak until September (possibly 3.8%) before falling back towards 2% by the start of 2027. Annual wage increases also remain at 5% y/y, even though the seasonally adjusted job vacancies number has fallen to 712k. Nonetheless, both the 5-year and, albeit to a lesser extent, 10-year PWLB Certainty Rates have trended lower through the quarter.

Further out, however, rates have either finished close to their starting point for the quarter, if not a little higher. It remains problematic that historic buyers of longer-dated gilts – pension funds and insurance companies – have preferred the shorter-dated maturities of late, whilst there is anecdotal evidence that both foreign investors and hedge funds, who are not natural long-term holders of long-dated debt gilt issuance, as a rule, may be more active in this part of the market currently than has previously been the case. Their presence, arguably, adds even greater volatility to the equation. Consequently, and pulling all these factors together, it is clear that any signs of public finance weakness could put even greater upward pressure on medium and longer dated gilts and, therein, PWLB rates.



4. 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.

5. 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 30th June 2025, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26. 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 2025-26 as of 30th June 2025 are set out below:

Treasury Indicators	31.03.25 Actual £M	2025/26 Approved Estimate £M
Authorised limit for external debt	114.00	134.00
Operational boundary for external debt	98.00	118.96
Gross external debt	56.93	78.89
Investments	(14.60)	(10.67)

Prudential Indicators – Non HRA	31.03.25 Actual £M	2025/26 Approved Estimate £M
Capital expenditure *	8.83	27.08
Capital Financing Requirement (CFR) *	64.82	85.96
Annual change in CFR *	0.32	17.83
Ratio of financing costs to net revenue stream *	16.20%	17.82

Prudential Indicators – HRA	31.03.25 Actual £M	2025/26 Approved Estimate £M
Capital expenditure *	6.39	6.12

Capital Financing Requirement (CFR) *	33.04	32.00
Annual change in CFR *	(1.05)	(1.04)
Ratio of financing costs to net revenue stream *	15.78%	15.40

6. 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.

CABINET

Capital Programme Mid-Year Review 2025/26 16 September 2025

Report of Chief Finance Officer

PURPOSE OF REPORT			
This report provides information regarding the latest position regarding the delivery of the approved capital programme for 2025/26. It also sets out information regarding any delays surrounding capital expenditure and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Officer Referral	X		
Date of notice of forthcoming key decision	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That Cabinet endorse the adjustments to the capital programme as set out in Appendix C of the report and refers to Council for full approval.
- (2) That Cabinet note that relevant revenue adjustments in respect of minimum revenue provision and future borrowing requirements will be built into projected revenue estimates and considered alongside future reports to Cabinet in respect of the budget and policy framework updates.

1. BACKGROUND

- 1.1. The latest 10-year capital programme was approved by Council on 26 February 2025 shown in **Appendix A**.
- 1.2. The General Fund Capital Programme has been updated to include the following fully grant funded schemes:

UKSPF Affordable Warmth	£0.038M
UKSPF 25/26 External Projects	£0.163M
REPF 25/26 External Projects	£0.150M
UKSPF 25/26 Local Area Action Plan	£0.095M

Additionally, amounts relating to Wheelie Bins and Salt Ayre Data Centre were moved into the main body of the Capital Programme from Schemes under development following decisions by Cabinet on 20 May 2025 and 8 July 2025 respectively.

- 1.3. The HRA Capital Programme has been updated to include the following fully grant funded scheme:

Warm Homes: Social Housing Fund	£0.780M (split over 2025/26-2027/28)
---------------------------------	--------------------------------------

In addition, a virement of £0.042M from Housing Renewal & Renovation to Lift Replacements has been include within the update.

- 1.4. The provisional outturn position for 2024/25 was considered by Cabinet on 31 July 2025. As part of this report, the approval of slippage and accelerated expenditure was gained.
- 1.5. An updated working version of the Capital Programme including the changes detailed above is provided in **Appendix B**.
- 1.6. This report provides Cabinet with an update of the latest position regarding the delivery of the approved capital programme for 2025/26 and requests a reprofiling of the current approved programme as appropriate. By doing this it will allow for more robust revenue estimates which will be built into future projections as part of the 2026/27 budget process which is currently underway.

2. CHANGES TO THE GENERAL FUND CAPITAL PROGRAMME

- 2.1 The changes that this report is requesting to the programme with detailed explanations of the reasoning can be found at **Appendix C**.
- 2.2 To summarise, the following changes have been presented for consideration:-
 - 2025/26 vehicle replacement budget increased by £0.028M to correct for price of vehicle slipped from 2024/25 but also reduced by £0.205M to amend profile of replacements across years
 - 2026/27 to 2028/29 vehicle replacement programme updated to amend profile of vehicle replacement across years (2026/27 +£0.157M, 2027/28 (-£0.053M), 2028/29 (-£0.054M)
 - Inclusion of £0.622M in 2031/32 and £0.860M in 2032/33 for additional vehicle replacements including RCV's which will be replaced with grant funding in 2025/26 being built into future replacement programme
 - inclusion of £0.036M budget to correct inflation on vehicle replacement programme in 2034/35
 - inclusion of new externally funded grant schemes (DEFRA) totalling £0.183M in 2025/26 relating to National Landscapes
 - inclusion of £0.856M additional Disabled Facilities Grant (DFG) funding awarded in 2025/26
 - inclusion of £2.331M assumed DFG funding in 2033/34 and 2034/35
 - movement of £0.057M from Lancaster Heritage Action Zone to 1 Lodge Street Urgent Structural Repairs to cover a shortfall in budget for grant awarded.
 - £0.182KM moved out of the main capital programme for Coopers Field – BLRF back to schemes under development
 - £0.550M expenditure budget and £0.200M income budget slipped from 2025/26 into 2026/27 for King Street
 - £0.060M moved from development pool to main Capital Programme to cover LCC contribution for DEFRA funded electric vehicle charging hub scheme
 - Inclusion of £0.012M UKSPF grant funded Climate and Nature Strategy scheme
 - Inclusion of £0.975M in 2027/28 for Canal Quarter as per decision by Cabinet 31 July 2025
 - Inclusion of £0.850M in 2026/27 for car park improvements as detailed in the car parking strategy

- £1.176M of Brownfield Land release funding has been reprofiled from 2025/26 into 2026/27
- Parks & Open Spaces £0.871M and Salt Ayre Asset Management Plan £1.267M schemes under development slipped into 2026/27

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

3. GENERAL FUND REVENUE IMPLICATIONS

3.1 As previously reported to Cabinet, the provisional outturn for 2024/25 resulted in minimum revenue provision (MRP) savings due to slippage and the use of capital receipts to finance capital acquisitions in 2024/25. The further changes detailed in this report result in further changes to the annual MRP requirement and the following revenue budgetary adjustments will be included in ongoing revenue projections :-

MRP Impact (Revenue Movement)	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisional Outturn 2024/25	+£0.221M	+£0.190M	(-£0.015M)	(-£0.026M)	(-£0.017M)	+£0.426M
Mid Year Review 2025/26	-	+£0.159M	(-£0.037M)	(-£0.047M)	(-£0.038M)	(-£0.037M)
Total Revenue Movement	+£0.221M	+£0.349M	(-£0.052M)	(-£0.073M)	(-£0.055M)	+£0.389M

It should be noted that projected impacts are expressed as negative () for adverse and positive + for favourable. Therefore an in-year revenue saving as per the table until 31 March 2027 is currently forecast.

3.2 The monitoring information to be presented to Cabinet on 2 December 2025 as part of the Q2 Delivering Our Priorities 2025/26 report will be updated to include the decision to support/reject the recommendations of this report.

4. HOUSING REVENUE ACCOUNT

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

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

- £0.012M UKSPF grant funded budget for Climate and Nature Strategy included under Energy Efficiency/Boiler Replacements in 2025/26

5. OPTIONS AND OPTIONS ANALYSIS

5.1 As the report is for consideration and progressing to Full Council, no alternatives are put forward.

6. CONCLUSION

6.1 Although the General Fund was able to respond to the financial challenges in 2024/25 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £2.6M is still forecast for 2026/27 and this rises annually to £5.5M in 2029/30 for which the cumulative effect is not sustainable.

- 6.2 Reviewing the Capital Programme will allow for more robust revenue projections which in turn will improve financial planning. This will ensure that funds are allocated according to a set of predefined outcomes, or priorities to ensure that funds are directed toward the Council's key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.

RELATIONSHIP TO POLICY FRAMEWORK The Capital and Revenue Programmes forms part of the Council budget framework.	
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing) Effective use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.	
LEGAL IMPLICATIONS 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 authored by the Section 151 Officer.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS None.	Contact Officers: Paul Thompson Chief Finance Officer & s151 Officer Telephone: 01524 582603 E-mail: pthompson@lancaster.gov.uk Ref:

General Fund Capital Programme

Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Place															
Vehicle Renewals	5,337,000		5,337,000	2,061,000		2,061,000	257,000		257,000	2,238,000		2,238,000	560,000		560,000
Winchester Field and Nature Area	118,000	(47,000)	71,000			0			0			0			0
Food Waste Strategy	1,462,000	(1,462,000)	0			0			0			0			0
Public Bins	500,000		500,000			0			0			0			0
Commercial Venue Improvements	150,000		150,000			0			0			0			0
Housing & Property															
Disabled Facilities Grants	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	40,000	(40,000)	0			0			0			0			0
1 Lodge Street Urgent Structural Repairs	172,000		172,000			0			0			0			0
Gateway Solar Array	974,000		974,000			0			0			0			0
Commercial & Corporate Property	1,459,000		1,459,000	462,000		462,000	351,000		351,000	494,000		494,000	52,000		52,000
Coopers Fiels - BLRF	180,000	(180,000)	0			0			0			0			0
King Street	600,000	(200,000)	400,000			0			0			0			0
People & Policy															
Planning & Climate Change															
Burrow Beck Solar	3,600,000		3,600,000			0			0			0			0
Property De-carbonisation Works	3,825,000	(1,892,000)	1,933,000			0			0			0			0
Resources															
ICT Systems, Infrastructure & Equipment	392,000		392,000	351,000		351,000	326,000		326,000	181,000		181,000	176,000		176,000
Sustainable Growth															
Lancaster Heritage Action Zone	200,000		200,000			0			0			0			0
Lancaster Heritage Action Zone - St John's Church	500,000		500,000			0			0			0			0
Morecambe Sea Front Parapet Repair	30,000		30,000	30,000		30,000	30,000		30,000			0			0
Our Future Coast	63,000	(63,000)	0	85,000	(85,000)	0			0			0			0
Schemes Under Development															
Electrical Vehicle Charging Hubs	400,000		400,000			0			0			0			0
Parks & Open Spaces Improvement	871,000		871,000			0			0			0			0
SALC 3G Football Pitch			0	800,000	(560,000)	240,000			0			0			0
Salt Ayre Asset Management Plan	1,267,000		1,267,000			0			0			0			0
Wheelie Bins	2,208,000		2,208,000			0			0			0			0
Local Full Fibre Network (supplement)	400,000		400,000			0			0			0			0
GENERAL FUND CAPITAL PROGRAMME	27,079,000	(6,215,000)	20,864,000	6,120,000	(2,976,000)	3,144,000	3,295,000	(2,331,000)	964,000	5,244,000	(2,331,000)	2,913,000	3,119,000	(2,331,000)	788,000
Financing :															
Capital Receipts			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			(109,000)			0			0			0			0
Increase/(Reduction) in Capital Financing Requirement (CFR)			20,755,000			3,144,000			964,000			2,913,000			788,000

Housing Revenue Account Capital Programme

Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA															
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000
Energy Efficiency/Boiler Replacement	1,501,000		1,501,000	1,265,000		1,265,000	1,265,000		1,265,000	1,093,000		1,093,000	979,000		979,000
Internal Refurbishment	1,078,000		1,078,000	1,078,000		1,078,000	1,097,000		1,097,000	1,135,000		1,135,000	1,135,000		1,135,000
External Refurbishment	637,000		637,000	270,000		270,000	0		0	0		0	0		0
Environmental Improvements	500,000		500,000	260,000		260,000	260,000		260,000	110,000		110,000	110,000		110,000
Re-roofing/Window Renewals	595,000		595,000	527,000		527,000	1,024,000		1,024,000	1,423,000		1,423,000	744,000		744,000
Rewiring	88,000		88,000	88,000		88,000	90,000		90,000	90,000		90,000	90,000		90,000
Fire Precaution Works	210,000		210,000	150,000		150,000	150,000		150,000	180,000		180,000	180,000		180,000
Housing Renewal and Renovation	957,000		957,000	507,000		507,000	507,000		507,000	207,000		207,000	657,000		657,000
Acquisitions	250,000		250,000	0		0	0		0	0		0	0		0
HRA CAPITAL PROGRAMME	6,116,000	0	6,116,000	4,445,000	0	4,445,000	4,693,000	0	4,693,000	4,538,000	0	4,538,000	4,195,000	0	4,195,000
Financing :															
Capital Receipts			(1,347,000)			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0
Major Repairs Reserve			(4,769,000)			(4,445,000)			(4,693,000)			(4,538,000)			(4,195,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0

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	2,469,000		2,469,000	5,679,000		5,679,000	3,511,000		3,511,000	1,565,000		1,565,000	2,179,000		2,179,000	25,856,000	0	25,856,000
Winchester Field and Nature Area			0			0			0			0			0	118,000	(47,000)	71,000
Food Waste Strategy			0			0			0			0			0	1,462,000	(1,462,000)	0
Public Bins			0			0			0			0			0	500,000	0	500,000
Commercial Venue Improvements			0			0			0			0			0	150,000	0	150,000
Housing & Property																		
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	974,000	0	974,000
Commercial & Corporate Property			0	152,000		152,000			0	208,000		208,000	379,000		379,000	3,557,000	0	3,557,000
Coopers Fiels - BLRF			0			0			0			0			0	180,000	(180,000)	0
King Street			0			0			0			0			0	600,000	(200,000)	400,000
People & Policy																		
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
Resources																		
ICT Systems, Infrastructure & Equipment	467,000		467,000	328,000		328,000	190,000		190,000	334,000		334,000	279,000		279,000	3,024,000	0	3,024,000
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
Morecambe Sea Front Parapet Repair			0			0			0			0			0	90,000	0	90,000
Our Future Coast			0			0			0			0			0	148,000	(148,000)	0
Schemes Under Development																		
Electrical Vehicle Charging Hubs			0			0			0			0			0	400,000	0	400,000
Parks & Open Spaces Improvement			0			0			0			0			0	871,000	0	871,000
SALC 3G Football Pitch			0			0			0			0			0	800,000	(560,000)	240,000
Salt Ayre Asset Management Plan			0			0			0			0			0	1,267,000	0	1,267,000
Wheelie Bins			0			0			0			0			0	2,208,000	0	2,208,000
Local Full Fibre Network (supplement)			0			0			0			0			0	400,000	0	400,000
GENERAL FUND CAPITAL PROGRAMME	5,267,000	(2,331,000)	2,936,000	8,490,000	(2,331,000)	6,159,000	6,032,000	(2,331,000)	3,701,000	2,107,000	0	2,107,000	2,837,000	0	2,837,000	69,590,000	(23,177,000)	46,413,000
Financing :																		
Capital Receipts			0			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0			(109,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			2,936,000			6,159,000			3,701,000			2,107,000			2,837,000			46,304,000

Housing Revenue Account 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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA																		
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	3,000,000	0	3,000,000
Energy Efficiency/Boiler Replacement	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	10,053,000	0	10,053,000
Internal Refurbishment	936,000		936,000	946,000		946,000	936,000		936,000	945,000		945,000	945,000		945,000	10,231,000	0	10,231,000
External Refurbishment	192,000		192,000	759,000		759,000	288,000		288,000	0		0	0		0	2,146,000	0	2,146,000
Environmental Improvements	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	1,940,000	0	1,940,000
Re-roofing/Window Renewals	686,000		686,000	0		0	1,256,000		1,256,000	1,288,000		1,288,000	1,288,000		1,288,000	8,831,000	0	8,831,000
Rewiring	88,000		88,000	90,000		90,000	88,000		88,000	90,000		90,000	90,000		90,000	892,000	0	892,000
Fire Precaution Works	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	1,770,000	0	1,770,000
Housing Renewal and Renovation	657,000		657,000	657,000		657,000	207,000		207,000	207,000		207,000	207,000		207,000	4,770,000	0	4,770,000
Acquisitions	0		0	0		0	0		0	0		0	0		0	250,000	0	250,000
HRA CAPITAL PROGRAMME	3,969,000	0	3,969,000	3,862,000	0	3,862,000	4,185,000	0	4,185,000	3,940,000	0	3,940,000	3,940,000	0	3,940,000	43,883,000	0	43,883,000
Financing :																		
Capital Receipts			0			0			0			0			0			(1,347,000)
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			(30,000)			(30,000)			(30,000)			(30,000)			(30,000)			(150,000)
Major Repairs Reserve			(3,939,000)			(3,832,000)			(4,155,000)			(3,910,000)			(3,910,000)			(42,386,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0			0

General Fund Capital Programme

Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Place															
Vehicle Renewals	5,370,000		5,370,000	2,061,000		2,061,000	257,000		257,000	2,238,000		2,238,000	560,000		560,000
LTA Tennis Court Refurbishment	52,000	(52,000)	0			0			0			0			0
Playground The Roods - Warton	60,000	(60,000)	0			0			0			0			0
Winchester Field and Nature Area	118,000	(47,000)	71,000			0			0			0			0
Food Waste Strategy	1,462,000	(1,462,000)	0			0			0			0			0
Public Bins	500,000		500,000			0			0			0			0
Commercial Venue Improvements	150,000		150,000			0			0			0			0
Wheelie Bins	2,208,000		2,208,000			0			0			0			0
Housing & Property															
Disabled Facilities Grants	3,247,000	(3,247,000)	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	40,000	(40,000)	0			0			0			0			0
1 Lodge Street Urgent Structural Repairs	295,000		295,000			0			0			0			0
Gateway Solar Array	976,000		976,000			0			0			0			0
Commercial & Corporate Property	1,741,000		1,741,000	462,000		462,000	351,000		351,000	494,000		494,000	52,000		52,000
Coopers Fields - BLRF	182,000	(182,000)	0			0			0			0			0
King Street	600,000	(200,000)	400,000			0			0			0			0
White Lund Depot - Offices	272,000		272,000			0			0			0			0
UKSPF 25/26 Affordable Warmth	38,000	(38,000)	0			0			0			0			0
People & Policy															
UKSPF 25/26 External Projects	163,000	(163,000)	0			0			0			0			0
REPF 25/26 External Projects	150,000	(150,000)	0			0			0			0			0
Planning & Climate Change															
Burrow Beck Solar	4,153,000		4,153,000			0			0			0			0
Electric Vehicle Charging Hub	341,000	(341,000)	0			0			0			0			0
Property De-carbonisation Works	4,325,000	(1,892,000)	2,433,000			0			0			0			0
SALC -optimised solar farm, air source heating pumps & glazing	10,000	(10,000)	0			0			0			0			0
UKSPF 25/26 Local Area Energy Plan	95,000	(95,000)	0			0			0			0			0
Resources															
ICT Systems, Infrastructure & Equipment	531,000		531,000	351,000		351,000	326,000		326,000	181,000		181,000	176,000		176,000
ICT Nimble	252,000		252,000			0			0			0			0
Local Full Fibre Network	1,070,000		1,070,000			0			0			0			0
Sustainable Growth															
Lancaster Heritage Action Zone	282,000	(11,000)	271,000			0			0			0			0
Lancaster Heritage Action Zone - St John's Church	500,000		500,000			0			0			0			0
Caton Road Flood Relief Scheme	1,579,000	(1,579,000)	0			0			0			0			0
Centenary House Grant Funded Works	462,000	(462,000)	0			0			0			0			0
Lancaster Square Routes	21,000	(16,000)	5,000			0			0			0			0
Coastal Revival Fund - Morecambe Co-Op Building	8,000	(8,000)	0			0			0			0			0
City Museum Shop	14,000		14,000			0			0			0			0
Morecambe Sea Front Parapet Repair	60,000		60,000	30,000		30,000	30,000		30,000			0			0
Bare Outfall Flooding	18,000		18,000			0			0			0			0
Our Future Coast	367,000	(367,000)	0	85,000	(85,000)	0			0			0			0
Schemes Under Development															
Canal Quarter - Nelson St/St Leonardsgate	2,389,000	(2,389,000)	0			0			0			0			0
Electrical Vehicle Charging Hubs	400,000		400,000			0			0			0			0
Parks & Open Spaces Improvement	871,000		871,000			0			0			0			0
SALC 3G Football Pitch			0	800,000	(560,000)	240,000			0			0			0
Salt Ayre Asset Management Plan	1,267,000		1,267,000			0			0			0			0
GENERAL FUND CAPITAL PROGRAMME	36,639,000	(12,811,000)	23,828,000	6,120,000	(2,976,000)	3,144,000	3,295,000	(2,331,000)	964,000	5,244,000	(2,331,000)	2,913,000	3,119,000	(2,331,000)	788,000
Financing :															
Capital Receipts			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			(109,000)			0			0			0			0
Increase/(Reduction) in Capital Financing Requirement (CFR)			23,719,000			3,144,000			964,000			2,913,000			788,000

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	2,469,000		2,469,000	5,679,000		5,679,000	3,511,000		3,511,000	1,565,000		1,565,000	2,179,000		2,179,000	25,889,000	0	25,889,000
LTA Tennis Court Refurbishment			0			0			0			0			0	52,000	(52,000)	0
Playground The Roods - Warton			0			0			0			0			0	60,000	(60,000)	0
Winchester Field and Nature Area			0			0			0			0			0	118,000	(47,000)	71,000
Food Waste Strategy			0			0			0			0			0	1,462,000	(1,462,000)	0
Public Bins			0			0			0			0			0	500,000	0	500,000
Commercial Venue Improvements			0			0			0			0			0	150,000	0	150,000
Wheelie Bins			0			0			0			0			0	2,208,000	0	2,208,000
Housing & Property																		
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	19,564,000	(19,564,000)	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	295,000	0	295,000
Gateway Solar Array			0			0			0			0			0	976,000	0	976,000
Commercial & Corporate Property			0	152,000		152,000			0	208,000		208,000	379,000		379,000	3,839,000	0	3,839,000
Coopers Fiels - BLRF			0			0			0			0			0	182,000	(182,000)	0
King Street			0			0			0			0			0	600,000	(200,000)	400,000
White Lund Depot - Offices			0			0			0			0			0	272,000	0	272,000
UKSPF 25/26 Affordable Warmth			0			0			0			0			0	38,000	(38,000)	0
People & Policy																		
UKSPF 25/26 External Projects			0			0			0			0			0	163,000	(163,000)	0
REPF 25/26 External Projects			0			0			0			0			0	150,000	(150,000)	0
Planning & Climate Change																		
Burrow Beck Solar			0			0			0			0			0	4,153,000	0	4,153,000
Electric Vehicle Charging Hub			0			0			0			0			0	341,000	(341,000)	0
Property De-carbonisation Works			0			0			0			0			0	4,325,000	(1,892,000)	2,433,000
SALC -optimised solar farm, air source heating pumps & glazing			0			0			0			0			0	10,000	(10,000)	0
UKSPF 25/26 Local Area Energy Plan			0			0			0			0			0	95,000	(95,000)	0
Resources																		
ICT Systems, Infrastructure & Equipment	467,000		467,000	328,000		328,000	190,000		190,000	334,000		334,000	279,000		279,000	3,163,000	0	3,163,000
ICT Nimble			0			0			0			0			0	252,000	0	252,000
Local Full Fibre Network			0			0			0			0			0	1,070,000	0	1,070,000
Sustainable Growth																		
Lancaster Heritage Action Zone			0			0			0			0			0	282,000	(11,000)	271,000
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	1,579,000	(1,579,000)	0
Centenary House Grant Funded Works			0			0			0			0			0	462,000	(462,000)	0
Lancaster Square Routes			0			0			0			0			0	21,000	(16,000)	5,000
Coastal Revival Fund - Morecambe Co-Op Building			0			0			0			0			0	8,000	(8,000)	0
City Museum Shop			0			0			0			0			0	14,000	0	14,000
Morecambe Sea Front Parapet Repair			0			0			0			0			0	120,000	0	120,000
Bare Outfall Flooding			0			0			0			0			0	18,000	0	18,000
Our Future Coast			0			0			0			0			0	452,000	(452,000)	0
Schemes Under Development																		
Canal Quarter - Nelson St/St Leonardsgate			0			0			0			0			0	2,389,000	(2,389,000)	0
Electrical Vehicle Charging Hubs			0			0			0			0			0	400,000	0	400,000
Parks & Open Spaces Improvement			0			0			0			0			0	871,000	0	871,000
SALC 3G Football Pitch			0			0			0			0			0	800,000	(560,000)	240,000
Salt Ayre Asset Management Plan			0			0			0			0			0	1,267,000	0	1,267,000
GENERAL FUND CAPITAL PROGRAMME	5,267,000	(2,331,000)	2,936,000	8,490,000	(2,331,000)	6,159,000	6,032,000	(2,331,000)	3,701,000	2,107,000	0	2,107,000	2,837,000	0	2,837,000	79,150,000	(29,773,000)	49,377,000
Financing :																		
Capital Receipts			0			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0			(109,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			2,936,000			6,159,000			3,701,000			2,107,000			2,837,000			49,268,000

Housing Revenue Account Capital Programme															
Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA															
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000
Energy Efficiency/Boiler Replacement	2,060,400	(226,100)	1,834,300	1,545,700	(280,700)	1,265,000	1,537,900	(272,900)	1,265,000	1,093,000		1,093,000	979,000		979,000
Internal Refurbishment	1,078,000		1,078,000	1,078,000		1,078,000	1,097,000		1,097,000	1,135,000		1,135,000	1,135,000		1,135,000
External Refurbishment	855,400		855,400	270,000		270,000			0			0			0
Environmental Improvements	500,000		500,000	260,000		260,000	260,000		260,000	110,000		110,000	110,000		110,000
Re-roofing/Window Renewals	692,900		692,900	527,000		527,000	1,024,000		1,024,000	1,423,000		1,423,000	744,000		744,000
Rewiring	128,000		128,000	88,000		88,000	90,000		90,000	90,000		90,000	90,000		90,000
Lift Replacements	42,000		42,000			0			0			0			0
Fire Precaution Works	335,000		335,000	150,000		150,000	150,000		150,000	180,000		180,000	180,000		180,000
Housing Renewal and Renovation	997,500	(59,000)	938,500	507,000		507,000	507,000		507,000	207,000		207,000	657,000		657,000
Mainway Regeneration Project	355,500	(355,500)	0			0			0			0			0
Acquisitions	794,900		794,900			0			0			0			0
HRA CAPITAL PROGRAMME	8,139,600	(640,600)	7,499,000	4,725,700	(280,700)	4,445,000	4,965,900	(272,900)	4,693,000	4,538,000	0	4,538,000	4,195,000	0	4,195,000
Financing :															
Capital Receipts			(1,407,600)			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0
Major Repairs Reserve			(6,091,400)			(4,445,000)			(4,693,000)			(4,538,000)			(4,195,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0

Housing Revenue Account 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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA																		
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	3,000,000	0	3,000,000
Energy Efficiency/Boiler Replacement	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	11,166,000	(779,700)	10,386,300
Internal Refurbishment	936,000		936,000	946,000		946,000	936,000		936,000	945,000		945,000	945,000		945,000	10,231,000	0	10,231,000
External Refurbishment	192,000		192,000	759,000		759,000	288,000		288,000			0			0	2,364,400	0	2,364,400
Environmental Improvements	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	1,940,000	0	1,940,000
Re-roofing/Window Renewals	686,000		686,000			0	1,256,000		1,256,000	1,288,000		1,288,000	1,288,000		1,288,000	8,928,900	0	8,928,900
Rewiring	88,000		88,000	90,000		90,000	88,000		88,000	90,000		90,000	90,000		90,000	932,000	0	932,000
Lift Replacements			0			0			0			0			0	42,000	0	42,000
Fire Precaution Works	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	1,895,000	0	1,895,000
Housing Renewal and Renovation	657,000		657,000	657,000		657,000	207,000		207,000	207,000		207,000	207,000		207,000	4,810,500	(59,000)	4,751,500
Mainway Regeneration Project			0			0			0			0			0	355,500	(355,500)	0
Acquisitions			0			0			0			0			0	794,900	0	794,900
HRA CAPITAL PROGRAMME	3,969,000	0	3,969,000	3,862,000	0	3,862,000	4,185,000	0	4,185,000	3,940,000	0	3,940,000	3,940,000	0	3,940,000	46,460,200	(1,194,200)	45,266,000
Financing :																		
Capital Receipts			0			0			0			0			0			(1,407,600)
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			(30,000)			(30,000)			(30,000)			(30,000)			(30,000)			(150,000)
Major Repairs Reserve			(3,939,000)			(3,832,000)			(4,155,000)			(3,910,000)			(3,910,000)			(43,708,400)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0			0

CAPITAL PROGRAMME MID YEAR REVIEW 2025/26 - REQUESTED CHANGES											Total 10 year £'000	Reason for Change
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	2034/35 £'000		
GENERAL FUND												
Environment & Place												
Vehicle Renewals	(177)	157	(53)	(54)			622	860		36	1,391	the vehicle renewal programme has been updated for amended profiles, costs and additional replacement vehicles to include the future replacements of refuse collection vehicles due to be acquired in 2025/26 from grant funding
Capital Access Works	0										0	DEFRA grant of £0.064M accepted to improve footpaths and accessibility
National Landscapes Core Capital Works	0										0	DEFRA grant of £0.119M accepted for National Landscapes Capital works in 2025/26
	(177)	157	(53)	(54)	0	0	622	860	0	36	1,391	
Housing & Property												
Disabled Facilities Grants	0								0	0	0	Increase in 2025/26 budget of £0.856M to reflect actual grant received in year. 2033/34 and 2034/35 budgets increased to include assumed future grant awards.
1 Lodge Street	57										57	£0.057M moved from Lancaster Heritage Action Zone to cover budget shortfall in 2025/26
Coppers Field - BLRF	0										0	£0.182M grant funding returned to schemes under development whilst engagement exercise is completed
King Street	(350)	350									0	£0.350M slipped into 2026/27 as scheme is still in early planning stage
	(293)	350	0	0	0	0	0	0	0	0	57	
Planning & Climate Change												
Electric Vehicle Charging Hub	60										60	£0.060M transferred from schemes under development to cover the Council's contribution to the DEFRA funded scheme
UKSPF 25/26 Climate & Nature Strategy	0										0	£0.012M grant funded scheme included following allocation of 2025/26 UKSPF funding
	60	0	0	0	0	0	0	0	0	0	60	
Sustainable Growth												
Lancaster Heritage Action Zone	(57)										(57)	£0.057M transferred to 1 Lodge Street to cover budget shortfall in 2025/26
Canal Quarter			975								975	£0.975M included in 2027/28 as per Cabinet decision 31.07.2025
	(57)	0	975	0	0	0	0	0	0	0	918	
Schemes Under Development												
Canal Quarter - Nelson St/St Leonardsgate	0	0									0	£0.182M Brownfield Land Release Fund grant returned to schemes under development for St Leonards Gate works. £1.176M slipped from 2025/26 to 2026/27
Car Parking Strategy		850									850	Amounts included for Car Park improvements works as outlined in the report seen by Cabinet on 3rd June 2025
Electrical Vehicle Charging Hubs	(60)										(60)	£0.060M transferred to the main body of the capital programme to cover the Council's contribution for the DEFRA funded scheme
Parks & Open Spaces Improvement	(871)	871									0	Scheme slipped from 2025/26 into 2026/27
Salt Ayre Asset Management Plan	(1,267)	1,267									0	Scheme slipped from 2025/26 into 2026/27
	(2,198)	2,988	0	0	0	0	0	0	0	0	790	
TOTAL GENERAL FUND	(2,665)	3,495	922	(54)	0	0	622	860	0	36	3,216	
HOUSING REVENUE ACCOUNT												
Housing & Property												
Energy Efficiency/Boiler Replacement	0										0	£0.012M UKSPF grant funded climate and nature strategy scheme included under Energy Efficiency/Boiler Replacements in 2025/26
TOTAL HOUSING REVENUE ACCOUNT	0	0	0	0	0	0	0	0	0	0	0	
TOTAL REQUESTED CHANGES	(2,665)	3,495	922	(54)	0	0	622	860	0	36	3,216	

General Fund Capital Programme															
Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Place															
Vehicle Renewals	5,193,000		5,193,000	2,218,000		2,218,000	204,000		204,000	2,184,000		2,184,000	560,000		560,000
LTA Tennis Court Refurbishment	52,000	(52,000)	0			0			0			0			0
Playground The Roods - Warton	60,000	(60,000)	0			0			0			0			0
Winchester Field and Nature Area	118,000	(47,000)	71,000			0			0			0			0
Food Waste Strategy	1,462,000	(1,462,000)	0			0			0			0			0
Public Bins	500,000		500,000			0			0			0			0
Commercial Venue Improvements	150,000		150,000			0			0			0			0
Wheelie Bins	2,208,000		2,208,000			0			0			0			0
Capital Access Works	64,000	(64,000)	0			0			0			0			0
National Landscapes Core Capital	119,000	(119,000)	0			0			0			0			0
Housing & Property															
Disabled Facilities Grants	4,103,000	(4,103,000)	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	40,000	(40,000)	0			0			0			0			0
UKSPF 25/26 Affordable Warmth	38,000	(38,000)	0			0			0			0			0
1 Lodge Street Urgent Structural Repairs	352,000		352,000			0			0			0			0
Gateway Solar Array	976,000		976,000			0			0			0			0
Commercial & Corporate Property	1,741,000		1,741,000	462,000		462,000	351,000		351,000	494,000		494,000	52,000		52,000
White Lund Depot - Offices	272,000		272,000			0			0			0			0
Coopers Fiels - BLRF	0	0	0			0			0			0			0
King Street	50,000		50,000	550,000	(200,000)	350,000			0			0			0
People & Policy															
UKSPF 25/26 External Projects	163,000	(163,000)	0			0			0			0			0
REPF 25/26 External Projects	150,000	(150,000)	0			0			0			0			0
Planning & Climate Change															
Burrow Beck Solar	4,153,000		4,153,000			0			0			0			0
Electric Vehicle Charging Hub	401,000	(341,000)	60,000			0			0			0			0
Property De-carbonisation Works	4,325,000	(1,892,000)	2,433,000			0			0			0			0
SALC - optimised solar farm, air source heating pumps & glazing	10,000	(10,000)	0			0			0			0			0
UKSPF 25/26 Climate & Nature Strategy	12,000	(12,000)	0			0			0			0			0
UKSPF 25/26 Local Area Energy Plan	95,000	(95,000)	0			0			0			0			0
Resources															
IT Strategy	237,000		237,000	173,000		173,000	103,000		103,000	15,000		15,000	50,000		50,000
IS Desktop Equipment	258,000		258,000	138,000		138,000	198,000		198,000	161,000		161,000	121,000		121,000
ICT Telephony	14,000		14,000	40,000		40,000			0			0			0
ICT Laptop Replacement & e-campus screens	22,000		22,000			0	25,000		25,000	5,000		5,000	5,000		5,000
ICT Nimble	252,000		252,000			0			0			0			0
Local Full Fibre Network (including Data Centre)	1,070,000		1,070,000			0			0			0			0
Sustainable Growth															
Lancaster Heritage Action Zone	225,000	(11,000)	214,000			0			0			0			0
Lancaster Heritage Action Zone - St John's Church	500,000		500,000			0			0			0			0
Caton Road Flood Relief Scheme	1,579,000	(1,579,000)	0			0			0			0			0
Centenary House Grant Funded Works	462,000	(462,000)	0			0			0			0			0
Lancaster Square Routes	21,000	(16,000)	5,000			0			0			0			0
Coastal Revival Fund - Morecambe Co-Op Building	8,000	(8,000)	0			0			0			0			0
City Museum Shop	14,000		14,000			0			0			0			0
Morecambe Sea Front Parapet Repair	60,000		60,000	30,000		30,000	30,000		30,000			0			0
Bare Outfall Flooding	18,000		18,000			0			0			0			0
Our Future Coast	367,000	(367,000)	0	85,000	(85,000)	0			0			0			0
Canal Quarter			0			0	975,000		975,000			0			0
Schemes Under Development															
Canal Quarter	1,395,000	(1,395,000)	0	1,176,000	(1,176,000)	0			0			0			0
Car Parking Strategy			0	850,000		850,000			0			0			0
Electrical Vehicle Charging Hubs	340,000		340,000			0			0			0			0
Parks & Open Spaces Improvement			0	871,000		871,000			0			0			0
SALC 3G Football Pitch			0	800,000	(560,000)	240,000			0			0			0
Salt Ayre Asset Management Plan			0	1,267,000		1,267,000			0			0			0
GENERAL FUND CAPITAL PROGRAMME	33,649,000	(12,486,000)	21,163,000	10,991,000	(4,352,000)	6,639,000	4,217,000	(2,331,000)	1,886,000	5,190,000	(2,331,000)	2,859,000	3,119,000	(2,331,000)	788,000
Financing :															
Capital Receipts			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			(109,000)			0			0			0			0
Increase/(Reduction) in Capital Financing Requirement (CFR)			21,054,000			6,639,000			1,886,000			2,859,000			788,000

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	2,469,000		2,469,000	6,301,000		6,301,000	4,371,000		4,371,000	1,565,000		1,565,000	2,215,000		2,215,000	27,280,000	0	27,280,000
LTA Tennis Court Refurbishment			0			0			0			0			0	52,000	(52,000)	0
Playground The Roads - Warton			0			0			0			0			0	60,000	(60,000)	0
Winchester Field and Nature Area			0			0			0			0			0	118,000	(47,000)	71,000
Food Waste Strategy			0			0			0			0			0	1,462,000	(1,462,000)	0
Public Bins			0			0			0			0			0	500,000	0	500,000
Commercial Venue Improvements			0			0			0			0			0	150,000	0	150,000
Wheelie Bins			0			0			0			0			0	2,208,000	0	2,208,000
Capital Access Works			0			0			0			0			0	64,000	(64,000)	0
National Landscapes Core Capital			0			0			0			0			0	119,000	(119,000)	0
Housing & Property																		
Disabled Facilities Grants	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	25,082,000	(25,082,000)	0
Home Improvement Agency Vehicles			0			0			0			0			0	40,000	(40,000)	0
UKSPF 25/26 Affordable Warmth			0			0			0			0			0	38,000	(38,000)	0
1 Lodge Street Urgent Structural Repairs			0			0			0			0			0	352,000	0	352,000
Gateway Solar Array			0			0			0			0			0	976,000	0	976,000
Commercial & Corporate Property			0	152,000		152,000			0	208,000		208,000	379,000		379,000	3,839,000	0	3,839,000
White Lund Depot - Offices			0			0			0			0			0	272,000	0	272,000
Coopers Fiels - BLRF			0			0			0			0			0	0	0	0
King Street			0			0			0			0			0	600,000	(200,000)	400,000
People & Policy																		
UKSPF 25/26 External Projects			0			0			0			0			0	163,000	(163,000)	0
REPF 25/26 External Projects			0			0			0			0			0	150,000	(150,000)	0
Planning & Climate Change																		
Burrow Beck Solar			0			0			0			0			0	4,153,000	0	4,153,000
Electric Vehicle Charging Hub			0			0			0			0			0	401,000	(341,000)	60,000
Property De-carbonisation Works			0			0			0			0			0	4,325,000	(1,892,000)	2,433,000
SALC -optimised solar farm, air source heating pumps & glazing			0			0			0			0			0	10,000	(10,000)	0
UKSPF 25/26 Climate & Nature Strategy			0			0			0			0			0	12,000	(12,000)	0
UKSPF 25/26 Local Area Energy Plan			0			0			0			0			0	95,000	(95,000)	0
Resources																		
IT Strategy	100,000		100,000	115,000		115,000	50,000		50,000	138,000		138,000	103,000		103,000	1,084,000	0	1,084,000
IS Desktop Equipment	162,000		162,000	208,000		208,000	135,000		135,000	156,000		156,000	151,000		151,000	1,688,000	0	1,688,000
ICT Telephony			0			0			0			0			0	54,000	0	54,000
ICT Laptop Replacement & e-campus screens	205,000		205,000	5,000		5,000	5,000		5,000	40,000		40,000	25,000		25,000	337,000	0	337,000
ICT Nimble			0			0			0			0			0	252,000	0	252,000
Local Full Fibre Network (including Data Centre)			0			0			0			0			0	1,070,000	0	1,070,000
Sustainable Growth																		
Lancaster Heritage Action Zone			0			0			0			0			0	225,000	(11,000)	214,000
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	1,579,000	(1,579,000)	0
Centenary House Grant Funded Works			0			0			0			0			0	462,000	(462,000)	0
Lancaster Square Routes			0			0			0			0			0	21,000	(16,000)	5,000
Coastal Revival Fund - Morecambe Co-Op Building			0			0			0			0			0	8,000	(8,000)	0
City Museum Shop			0			0			0			0			0	14,000	0	14,000
Morecambe Sea Front Parapet Repair			0			0			0			0			0	120,000	0	120,000
Bare Outfall Flooding			0			0			0			0			0	18,000	0	18,000
Our Future Coast			0			0			0			0			0	452,000	(452,000)	0
Canal Quarter			0			0			0			0			0	975,000	0	975,000
Schemes Under Development																		
Canal Quarter			0			0			0			0			0	2,571,000	(2,571,000)	0
Car Parking Strategy			0			0			0			0			0	850,000	0	850,000
Electrical Vehicle Charging Hubs			0			0			0			0			0	340,000	0	340,000
Parks & Open Spaces Improvement			0			0			0			0			0	871,000	0	871,000
SALC 3G Football Pitch			0			0			0			0			0	800,000	(560,000)	240,000
Salt Ayre Asset Management Plan			0			0			0			0			0	1,267,000	0	1,267,000
GENERAL FUND CAPITAL PROGRAMME	5,267,000	(2,331,000)	2,936,000	9,112,000	(2,331,000)	6,781,000	6,892,000	(2,331,000)	4,561,000	4,438,000	(2,331,000)	2,107,000	5,204,000	(2,331,000)	2,873,000	88,079,000	(35,486,000)	52,593,000
Financing :																		
Capital Receipts			0			0			0			0			0			0
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0			(109,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			2,936,000			6,781,000			4,561,000			2,107,000			2,873,000			52,484,000

Housing Revenue Account Capital Programme															
Service / Scheme	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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA															
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000
Energy Efficiency/Boiler Replacement	2,072,400	(238,100)	1,834,300	1,545,700	(280,700)	1,265,000	1,537,900	(272,900)	1,265,000	1,093,000		1,093,000	979,000		979,000
Internal Refurbishment	1,078,000		1,078,000	1,078,000		1,078,000	1,097,000		1,097,000	1,135,000		1,135,000	1,135,000		1,135,000
External Refurbishment	855,400		855,400	270,000		270,000			0			0			0
Environmental Improvements	500,000		500,000	260,000		260,000	260,000		260,000	110,000		110,000	110,000		110,000
Re-roofing/Window Renewals	692,900		692,900	527,000		527,000	1,024,000		1,024,000	1,423,000		1,423,000	744,000		744,000
Rewiring	128,000		128,000	88,000		88,000	90,000		90,000	90,000		90,000	90,000		90,000
Lift Replacements	42,000		42,000			0			0			0			0
Fire Precaution Works	335,000		335,000	150,000		150,000	150,000		150,000	180,000		180,000	180,000		180,000
Housing Renewal and Renovation	997,500	(59,000)	938,500	507,000		507,000	507,000		507,000	207,000		207,000	657,000		657,000
Mainway Regeneration Project	355,500	(355,500)	0			0			0			0			0
Acquisitions	794,900		794,900			0			0			0			0
HRA CAPITAL PROGRAMME	8,151,600	(652,600)	7,499,000	4,725,700	(280,700)	4,445,000	4,965,900	(272,900)	4,693,000	4,538,000	0	4,538,000	4,195,000	0	4,195,000
Financing :															
Capital Receipts			(1,407,600)			0			0			0			0
Direct Revenue Financing			0			0			0			0			0
Earmarked Reserves			0			0			0			0			0
Major Repairs Reserve			(6,091,400)			(4,445,000)			(4,693,000)			(4,538,000)			(4,195,000)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0

Housing Revenue Account 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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
HRA																		
Adaptations	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	300,000		300,000	3,000,000	0	3,000,000
Energy Efficiency/Boiler Replacement	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	790,000		790,000	11,178,000	(791,700)	10,386,300
Internal Refurbishment	936,000		936,000	946,000		946,000	936,000		936,000	945,000		945,000	945,000		945,000	10,231,000	0	10,231,000
External Refurbishment	192,000		192,000	759,000		759,000	288,000		288,000			0			0	2,364,400	0	2,364,400
Environmental Improvements	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	140,000		140,000	1,940,000	0	1,940,000
Re-roofing/Window Renewals	686,000		686,000			0	1,256,000		1,256,000	1,288,000		1,288,000	1,288,000		1,288,000	8,928,900	0	8,928,900
Rewiring	88,000		88,000	90,000		90,000	88,000		88,000	90,000		90,000	90,000		90,000	932,000	0	932,000
Lift Replacements			0			0			0			0			0	42,000	0	42,000
Fire Precaution Works	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	180,000		180,000	1,895,000	0	1,895,000
Housing Renewal and Renovation	657,000		657,000	657,000		657,000	207,000		207,000	207,000		207,000	207,000		207,000	4,810,500	(59,000)	4,751,500
Mainway Regeneration Project			0			0			0			0			0	355,500	(355,500)	0
Acquisitions			0			0			0			0			0	794,900	0	794,900
HRA CAPITAL PROGRAMME	3,969,000	0	3,969,000	3,862,000	0	3,862,000	4,185,000	0	4,185,000	3,940,000	0	3,940,000	3,940,000	0	3,940,000	46,472,200	(1,206,200)	45,266,000
Financing :																		
Capital Receipts			0			0			0			0			0			(1,407,600)
Direct Revenue Financing			0			0			0			0			0			0
Earmarked Reserves			(30,000)			(30,000)			(30,000)			(30,000)			(30,000)			(150,000)
Major Repairs Reserve			(3,939,000)			(3,832,000)			(4,155,000)			(3,910,000)			(3,910,000)			(43,708,400)
Increase/(Reduction) in Capital Financing Requirement (CFR)			0			0			0			0			0			0

BUDGET AND PERFORMANCE PANEL

Budget and Performance Panel – Work Programme

17th September 2025

Joint report of Chief Officers Finance and Governance

PURPOSE OF REPORT

To consider the Panel's Work Programme.

This report is public.

RECOMMENDATIONS

- (1) That the Panel consider and agree what is to be included in the Panel's Work Programme.

1. Introduction

- 1.1 The Panel is responsible for setting its own annual Work Programme within the Terms of Reference, as set out in the Council's Constitution.
- 1.2 Members are requested to:
 - note the existing Work Programme attached at Appendix A.
 - consider at Appendix B the items that have been raised and referred to the Panel by the Overview and Scrutiny Committee.
- 1.3 The Panel may consider any additional items to add within its terms of reference. Attached at Appendix C are the Terms of Reference of the Panel.

2. Updates

- 2.1 In accordance with the Constitution all Councillors, the Chief Executive and the public have been asked for issues that should be considered for inclusion in the Scrutiny Work Programme. Comments were then obtained on the issues from Senior Leadership Team and following a meeting with the Chair of Overview and Scrutiny Committee, this Panel and the Pre-Decision Scrutiny Champion recommendations were made for consideration. These were submitted to the Overview and Scrutiny Committee meeting on 2nd July 2025. The items referred to the Panel are set out in Appendix B to the report.
- 2.2 Regarding an update on Fit for Future the Panel is advised that the Overview and Scrutiny has resolved that a report be provided to an O&SC meeting and that

Members of B&PP be invited to attend. This to be provided on a 6 month or quarterly basis.

- 2.3 The Panel is asked to consider its Work Programme in accordance with its Terms of Reference.

3. Training

- 3.1 The Panel has previously been provided with training on the following:

Treasury Management

The CIPFA Treasury Management Code requires the responsible officer (Chief Officer Resources) to ensure that Members with responsibility for Treasury Management receive adequate training. This especially applies to Councillors responsible for scrutiny in the Council's case, Budget and Performance Panel.

Budget and Project Monitoring (Delivering Our Priorities)

A key role of the Budget and Performance Panel ensuring effective scrutiny of the Council's financial and non-financial performance. Operational and Navigational training on the spreadsheets used to produce the quarterly Delivering Our Priorities (DoP).

Introductory Capital Financing

Scrutiny Training provided by the Centre for Governance and Scrutiny (CfGS) - Teams

- 3.2 Members may wish to suggest additional training or request areas for closer scrutiny in line with the Panel's Terms of Reference at Appendix C.

RELATIONSHIP TO POLICY FRAMEWORK

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

CONCLUSION OF IMPACT ASSESSMENT

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

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

LEGAL IMPLICATIONS

Overview and Scrutiny Procedure Rule 9 (a) advises that the Overview and Scrutiny Committee and Budget and Performance Panel will be responsible for setting their own Annual Work Programme within the Terms of Reference set out in Part 2, Section 5, 9 and 10 of the Constitution.

FINANCIAL IMPLICATIONS

There are no financial implications as a direct result of this report. Any further reports on specific issues contained within the Work Programme will require further consideration of the financial implications.

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

None.

SECTION 151 OFFICER'S COMMENTS

The S151 officer has been consulted and has no comments to make.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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Budget and Performance Panel Work Programme

Meeting Date	Agenda Item	Provider
17 th September 2025	Delivering Our Priorities Q1 2025/26.	Cabinet/ Chief Executive/Chief Officer Finance
17 th September 2025	Provisional Revenue and Capital Outturn.	Cabinet/ Chief Officer Finance
17 th September 2025	Annual Treasury Management Outturn.	Cabinet/ Chief Officer Finance
3 rd December 2025	Treasury Management Mid-Year Review.	Cabinet/ Chief Officer Finance
14 th January 2026	Budget and Policy Framework General Fund Revenue Budget – Public Consultation.	Cabinet/ Chief Officer Finance
11 th February 2026	Capital Strategy (Investing in the Future).	Cabinet/ Chief Officer Finance
11 th February 2026	Treasury Management Strategy.	Cabinet/ Chief Officer Finance
11 th February 2026	Strategic Risk Management.	Cabinet/ Chief Officer People & Policy
11 th February 2026	Projects and Performance.	Cabinet/ Chief Officer People & Policy
11 th March 2026	TBD.	TBD.
TBC – Minute 39 refers.	<p>Budget</p> <p>That a report and information be provided to the Panel regarding any ways being considered and proposals as part of the Fit for the Future project to generate income and realise income, subject to the Chief Officer – Resources/Section 151 Officer liaising with</p>	Cabinet/ Chief Finance Officer.

	<p>the Chief Executive to ensure that the documentation is available for scrutiny.</p> <p>Note: Reported to meeting of BPP – 19th February 2025.</p> <p>The matter was discussed in more detail at the OBR Strategy and Co-Ordination Group and a meeting between SLT and Cabinet is due this month to review the initial Benefit Plans. Following this meeting there should be more clarity in how to progress this request and the Panel will be updated accordingly.</p> <p>Please see paragraph 2.2 of the report.</p>	
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Training – Subject/date	Provider
TBD – see report.	TBD – see report.

<p>Review of Budget and Performance Panel Work Plan 2025 -2026</p> <p>Cllr Chris Hanna</p> <p>In our terms of reference, we have six key area of scrutiny:</p> <ul style="list-style-type: none"> • To scrutinise the Council's arrangements and performance in relation to financial planning, including budget / target setting, e.g. items within the Budget Framework including reviewing their effectiveness • To review the management of resources by scrutinising the Council's financial performance in year against agreed budgets or other targets. • To review the effectiveness of the Council's overall performance management arrangements in relation to partnership working and to scrutinise the performance of the Council's major partnerships. • To scrutinise the Council's policies and procedures and other supporting arrangements for securing value for money (i.e. economy, efficiency, effectiveness) • To consider risk management issues in reviewing and scrutinising performance. 	<p>These are items that can be referred to B&PP for consideration.</p> <p>The item regarding complaints can be submitted from July 2025 onwards.</p>	<p>Refer to B&PP</p>
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<p>scrutinise the performance of the Council's major partnerships.</p> <ul style="list-style-type: none">• To review the effectiveness of the service business plans process including assessing performance against key performance indicators and benchmarks; and whether services are delivering their expected outcomes.		
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APPENDIX B

Budget and Performance Panel

Composition: Nine Councillors in political balance.

Members of the Committee shall not be members of the Cabinet.

The Chair of Budget and Performance Panel will be appointed by Council annually. Only non-cabinet members are entitled to vote for the Chair.

The Chair and Vice Chair shall not be members of the largest political group on the Council.

Terms of Reference

- 10.1 To scrutinise the Council's arrangements and performance in relation to financial planning, including budget / target setting, e.g. items within the Budget Framework including reviewing the effectiveness of the:
- (a) budget setting process;
 - (b) contents of the Medium Term Financial Strategy (MTFS);
 - (c) Capital Investment Strategy; and
 - (d) financial targets in the Council Plan.
- 10.2 To review the management of resources by scrutinising the Council's financial performance in year against agreed budgets or other targets. e.g.:
- (a) capital and revenue spending against approved budgets;
 - (b) specific activities including treasury management, generation of revenue and capital income targets; and
 - (c) monitoring of financial savings/efficiency targets (including within the MTFS).
 - (d) monitor the delivery and effectiveness of Service Level Agreement targets;
 - (e) assess performance against key performance indicators and benchmarks; and
 - (f) assess whether services are delivering their expected outcomes.
- 10.3 To review the effectiveness of the Council's overall performance management arrangements in relation to partnership working and to scrutinise the performance of the Council's major partnerships.
- 10.4 To scrutinise the Council's policies and procedures and other supporting arrangements for securing value for money (i.e. economy, efficiency, effectiveness) e.g.:
- (a) value for money strategy;
 - (b) procurement practices;

- (c) income management and collection arrangements;
- (d) asset management practices; and
- (e) insurance arrangements.

10.5 To consider risk management issues in reviewing and scrutinising performance.

10.6 To make recommendations, as appropriate, in respect of the above.

Extract from LCC constitution Part 2 – Responsibility for Function Section 5 (Pages 43 – 44)