



Committee: BUDGET AND PERFORMANCE PANEL

Date: WEDNESDAY, 3 DECEMBER 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 17th September 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. **Complaints Report (Pages 4 - 78)**

A presentation will be provided.

Report of the Chief Officer – Housing and Property submitted to Cabinet on 16th September 2025 attached.

6. **Localised Council Tax Support Scheme 2026/27 (Pages 79 - 90)**

Report of Andrew Taylor, Assistant Director (Head of Revenues and Benefits).

Report submitted to Cabinet attached.

7. **Delivering Our Priorities: Q2 2025/26** (Pages 91 - 112)

Report of Chief Executive & s151 Officer.

Report and appendix submitted to Cabinet attached.

8. **Strategic Risk Management** (Pages 113 - 132)

Report of Chief Executive.

Whilst this report is public, Appendix B is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, 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.

9. **Updated Risk Management Policy** (Pages 133 - 159)

Report of Chief Officer Resources.

10. **Medium Term Financial Strategy 2026/27 - 2030/31 - Update** (Pages 160 - 169)

Report of Chief Finance Officer (report published on 28.11.25).

Report submitted to Cabinet attached.

11. **Treasury Management Mid-Year Review 2025/26** (Pages 170 - 190)

Report of Chief Finance Officer.

Report and appendix submitted to Cabinet attached.

12. **Work Programme** (Pages 191 - 200)

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 1 Conservative vacancy

(ii) Substitute Membership

Councillors Suhir Abuhajar, Dave Brookes, John Livermore, Catherine Potter 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 Tuesday, 25th November 2025.



Annual Complaints Report
16th September 2025
Report of Chief Officer – Housing and Property

PURPOSE OF REPORT				
To provide an update to developments in complaints handling within council services in line with the joint Code of Practice issued by the Housing Ombudsman and the Local Government and Social Care Ombudsman (2024). The report provides performance information and the required self-assessments against the code. Following this report Cabinet are required to publish a statement in relation to complaints.				
Key Decision		Non-Key Decision	X	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

RECOMMENDATIONS OF Cllr Sally Maddocks (Member with Responsibility for Complaints)

- (1) That the Cabinet member with responsibility for complaints be delegated to agree a statement to be published by the end of September 2025 on the Council’s complaints handling in accordance with the Code.
- (2) That Cabinet approve the both the Complaint self-assessment forms and endorse the annual report and service improvement plans for 2025 and that all documents are published.

1.0 Introduction

- 1.1 As a stock-retained local authority, the Council is subject to oversight from both the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman (HO).
- 1.2 Over the past year, the Council has continued to respond to the requirements of the robust approach to complaint handling which has continued to evolve from the HO and the more recently aligned Code, developed jointly with the LGSCO.
- 1.3 The Code¹ became effective on 1 April 2024. It brings together standards for complaint handling across housing and non-housing services, with the aim of creating a more consistent and resident-focused approach across all council

¹ The Housing Ombudsman Complaint Handling Code (<https://www.housing-ombudsman.org.uk/wp-content/uploads/2024/04/02.-Complaint-Handling-Code-24.pdf>) and the Local Government and Social Care Ombudsman Complaint Handling Code (<https://www.lgo.org.uk/assets/attach/6558/Complaints-Handling-Code-F-form.pdf>) are published separately, but are aligned in terms of their content.

functions.

- 1.4 The Code includes:
- A clear definition of what constitutes a complaint
 - A two-stage complaints process with defined response times
 - A requirement for annual reports, self-assessments and learning reports
 - A focus on fairness, transparency, and continuous improvement
- 1.5 Compliance with the HO Code is mandatory for the housing service as a registered provider of social housing. The Social Housing (Regulation) Act 2023 places a duty on the HO to monitor compliance with the Code. Non-compliance with the Code can result in the HO taking further action with failings potentially leading to the issue of Complaint Handling Failure Orders.
- 1.6 The LGSCO Code remains voluntary² at present but is expected to become mandatory from 2026. Currently there is not specific responsibility for the LGSCO to monitor compliance with the Code. However it should be noted that the LGSCO does investigate complaints and issue findings and has the power to issue public reports about the actions of individual organisations. Whilst not currently mandatory, in June 2024, Cabinet endorsed the Council's approach to developing a robust complaints process in line with the Code corresponding to the same approach for our Council Housing service.
- 1.7 Throughout 2024/25, the Council has made strong progress in aligning all service areas to the principles of the joint Code and building a more transparent and consistent complaints culture, channelled through the Customer Service Team.

2.0 Complaint Assessment

- 2.1 The Council has now completed and published its second annual self-assessment against the HO Code (Appendix A), confirming full compliance in key areas, alongside continued focus on learning and service improvement.
- 2.2 A voluntary self-assessment against the LGSCO Code has also been completed (Appendix B). While there are areas for improvement, this demonstrates the Council's commitment to proactively preparing for future mandatory compliance.
- 2.3 The Council has a published Complaints Policy that is aligned with the Code, to ensure consistent processes and expectations across all service areas. This is due to be reviewed by April 2026.
- 2.4 The council housing service has published its second annual Complaints Performance and Learning Report (Appendix C). This includes complaint volumes, themes, outcomes, and actions taken. Learning from complaints has improved, and structured reporting remains a focus for 2025/26. Information on performance and learning is regularly shared with the Council Housing Advisory Group.
- 2.5 Despite being a voluntary endeavour, a complaints annual report for non-housing services (LGSCO-related) has been produced for 2024/25, to meet the expectations of the Code (Appendix D) for the first time. An internal project team continue to meet regularly to track progress.

² The Local Government and Social Care Ombudsman's (LGSCO) Complaint Handling Code is currently non-statutory. While compliance is encouraged, particularly in preparation for future changes, completion of the LGSCO self-assessment is voluntary during 2024/25. The LGSCO has stated that it intends to keep the status of the Code under review, with a view to making it mandatory in the future.

- 2.6 The Council has continuously invested in the ongoing development of its Granicus complaints system to support effective tracking, analysis and oversight of complaints across the organisation using intelligent IT solutions.
- 2.7 In accordance with the Code and referred to within the self-assessment documentations – Cabinet are required to publish a statement in relation to the Council's complaints handling.

3.0 Details of Consultation

- 3.1 Housing complaints performance and learning has been shared with the Council Housing Advisory Group throughout the 2024/25 financial year, which includes tenants, elected members, and partner organisations. Performance has been noted and consideration for wider involvement of tenants has been considered.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To approve the recommendations as set out in the report.	Option 2: That an alternative approach to complaint handling be proposed.
Advantages	Ensures continued compliance with mandatory Code (housing) and prepares for future expected mandatory compliance across all services. Improves consistency and builds a learning culture. Continued improvement work required in non-housing areas	Unknown
Disadvantages	Continued resource requirements required on an area not yet mandatory for the Council.	Unknown
Risks	Inconsistency may persist while new systems embed.	Risk of non-compliance, reputational harm, and missed opportunity to improve customer service.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 1: This allows officers to work towards a realistic plan for full compliance across the council in time for the expected mandatory requirement in 12 months' time. It promotes a resident focused approach to complaints, and service improvement. It also supports the continued development of IT solutions to promote a streamlined, and consistent service for residents.

6.0 Conclusion

- 6.1 Generally, residents who have reached the stage of making a formal complaint against the Council are using this mechanism to show genuine and reasonable dissatisfaction. Effective and unified complaint handling and the continuation of the development of a positive complaints culture offers vital feedback on service delivery and should be treated as a genuine opportunity for improvement.
- 6.2 The Code provides a clear and unified framework to ensure complaints are taken seriously, handled fairly, and used to drive improvement. It prioritises open, transparent communication with complainants; consistency in responses and response times; accessibility for complainants; and a strong focus on evidenced learning from complaints.
- 6.3 This report and associated Appendices sets out the progress made across housing and non-housing services, and our continued commitment to accountability and learning and supports the Council's wider vision of being a 'Co-operative, Kind and Responsible Council'.

RELATIONSHIP TO POLICY FRAMEWORK

Lancaster City Council Corporate Plan 2024–2027 – A Co-operative, Kind, and Responsible Council.

This approach to complaint handling supports openness, fairness, and service improvement.

CONCLUSION OF IMPACT ASSESSMENT

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

No known implications.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. Although the majority of time spent by officers and associated IT costs regarding complaint handling and reporting of performance can continue to be managed from within existing resources, recruitment is currently underway for a temporary part-time Complaints Performance Officer to provide additional support, to be funded from in-year Council-wide vacancy savings. For this post to be extended beyond 31 March 2026, a further source of funding will need to be identified, or a growth proposal considered as part of the 2026/27 budget-setting process.

The cost of the additional post should be considered in the context of mitigating against potential findings and future fines from either Ombudsman, especially as the expectation is that the Local Government and Social Care Ombudsman's (LGSCO) Complaint Handling Code will also become mandatory from 2026. Numbers of complaints being received are currently increasing, reportedly around three times as many as the corresponding period last year.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Continuing to adopt this approach does bring additional requirements for those involved in complaint handling as well as reporting requirements. The Council has approved to the introduction of a part-time post to support with this work.

Information Services:

Minimal – ongoing development of the Granicus system supported within existing capacity

Property:

None known

Open Spaces:

None known

SECTION 151 OFFICER'S COMMENTS

There is currently no budgetary provision for this role however in the short-term it can be managed from favourable salary savings achieved within this financial year. Beyond that the continuation is therefore subject to future funding being identified. This could be met from compensating savings being found usually via a redirection of existing budgets or service restructuring. Should they not be identified then a growth proposal will need to be considered as part of the 2026/27 budget-setting process.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Appendix A – Housing Ombudsman Self-Assessment

Appendix B - Local Government and Social Care Ombudsman Self Assessment

Appendix C – (Council Housing) Complaints Performance and Service Improvement Report (2024-25)

Appendix D – Lancaster City Council (Non-Housing) Complaints Performance and Service Improvement Report (2024-25)

Contact Officer: David Holme

Telephone: 01524 582089

E-mail: dholme@lancaster.gov.uk

Ref:

Appendix A: Self-Assessment Form (April 2025)

This self-assessment form should be completed by the complaints officer, and it must be reviewed and approved by the landlord's governing body at least annually.

Once approved, landlords must publish the self-assessment as part of the annual complaints performance and service improvement report on their website. The governing body's response to the report must be published alongside this.

Landlords are required to complete the self-assessment in full and support all statements with evidence, with additional commentary as necessary.

We recognise that there may be a small number of circumstances where landlords are unable to meet the requirements, for example, if they do not have a website. In these circumstances, we expect landlords to deliver the intentions of the Code in an alternative way, for example by publishing information in a public area so that it is easily accessible.

Section 1: Definition of a complaint

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
1.2	<p>A complaint must be defined as:</p> <p><i>‘an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.’</i></p>	Yes	Lancaster City Council Complaints Policy	<p>Lancaster City Council’s complaint handling process uses the Housing Ombudsmans (HO) definition of a complaint.</p> <p>“an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.”</p>
1.3	<p>A resident does not have to use the word ‘complaint’ for it to be treated as such. Whenever a resident expresses dissatisfaction landlords must give them the choice to make complaint. A complaint that is submitted via a third party or representative must be handled in line with the landlord’s complaints policy.</p>	Yes	Lancaster City Council Housing Complaints Policy	<p>Where the substance of feedback amounts to a complaint it is recorded as a complaint and investigated as such. This is even if the resident has not expressly stated they wish to make a complaint.</p> <p>This is catered for in the Housing Ombudsman definition of a complaint “A complaint is an expression of dissatisfaction”.</p> <p>Complaints received on behalf of a resident are handled in line with the Housing Complaints Policy providing we are satisfied we have valid authority to act.</p> <p>Some contacts such as MP or Councillor enquires are handled as complaints through the formal</p>

				<p>process if we believe that the constituent's issue is a complaint rather than an enquiry or service request.</p> <p>This is included in our Complaints Policy and also within our service-wide in-house training.</p>
1.4	Landlords must recognise the difference between a service request and a complaint. This must be set out in their complaints policy. A service request is a request from a resident to the landlord requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.	Yes	Lancaster City Council Complaints Policy	<p>Our complaints policy explains the difference between a service request and a complaint. It states: "If this is the first time you are reporting an issue, we may treat it as a service request."</p> <p>Service requests are logged on the same system as complaints – but are excluded at the acknowledgement stage.</p>
1.5	A complaint must be raised when the resident expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. Landlords must not stop their efforts to address the service request if the resident complains.	Yes	Lancaster City Council Complaints Policy	<p>Based on the definition of a complaint used by Lancaster city Council.</p> <p>Expressions of dissatisfaction about the response to a service request would be included in this process.</p>
1.6	An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where landlords ask for wider feedback about their services, they also must provide details of how residents can complain.	Yes	Lancaster City Council Complaints Webpage	<p>"Any expression of dissatisfaction regarding our services that is made through a survey, will not be defined as a complaint. Wherever possible, we will contact the person completing the survey to advise how they can pursue a complaint if they wish to."</p>

Section 2: Exclusions

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
2.1	Landlords must accept a complaint unless there is a valid reason not to do so. If landlords decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits	Yes	Lancaster City Council Complaints Policy	<p>As a landlord we do accept, log, investigate and respond to all complaints.</p> <p>Our complaints policy lists the exclusions to this in detail.</p> <p>Complaints handling software (Granicus) allows for the recording and monitoring of excluded complaints.</p>
2.2	<p>A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include:</p> <ul style="list-style-type: none"> • The issue giving rise to the complaint occurred over twelve months ago. • Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court. • Matters that have previously been considered under the complaints policy. 	Yes	Lancaster City Council Complaints Policy	<p>Our complaints policy lists the exclusions to this in detail including, but not limited to:</p> <ul style="list-style-type: none"> • Day to day service requests or initial reporting of faults. • Criticisms or disagreement with council policies. • Complaints concerning the level of rent or service charge or the amount of the rent or service charge increase. • Complaints against individual employees which arise from dissatisfaction with a council policy or decision, and where no other basis for the complaint exists.

2.3	Landlords must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue, unless they are excluded on other grounds. Landlords must consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.	Yes	Lancaster City Council Complaints Policy	Our complaints policy expressly states: “The council will normally only accept complaints made within twelve months of the incident or circumstances that led to the complaint”.
2.4	If a landlord decides not to accept a complaint, an explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman. If the Ombudsman does not agree that the exclusion has been fairly applied, the Ombudsman may tell the landlord to take on the complaint.	Yes	Lancaster City Council Complaints Policy	Our complaints policy expressly states: “If the Council, as your landlord, decides not to accept a complaint, a detailed explanation will be provided to the resident, setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Housing Ombudsman”. Complaint exclusion letters are part of a suite of template letters. These letters provide clear information and guidance on the tenants right to contact the Housing Ombudsman and provides the contact details for the organisation
2.5	Landlords must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.	Yes	Lancaster City Council Complaints Webpage	The Council Housing Complaints webpage page expressly states: “Council Housing will always accept a complaint unless there is a valid reason no to do so. However, when assessing whether to treat a contact as a complaint or not. Each case will be considered on its individual merits and consideration may be given”.

Section 3: Accessibility and Awareness

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
3.1	Landlords must make it easy for residents to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.	Yes	Lancaster City Council Complaints Webpage Council Housing Reasonable Adjustment Policy	<p>Our customer care page expressly states:</p> <p>“Complaints can be made online, via email, by telephone, in person or in writing. If you prefer to talk to someone in person, a meeting can be arranged and a friend, relative or other representative can come with you if you wish.”</p> <p>Lancaster City Council’s Council Housing service has a comprehensive Reasonable Adjustments policy that outlines the organisation’s commitment to adhere to the Equality Act 2010.</p> <p>This policy is a public facing document that can be easily found on the Council Housing webpage</p>
3.2	Residents must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the landlord.	Yes	Lancaster City Council Complaints Webpage	<p>Our customer care page expressly states:</p> <p>“Complaints can be made online, via email, by telephone, in person or in writing. If you prefer to talk to someone in person, a meeting can be arranged and a friend, relative or other representative can come with you if you wish.”</p> <p>Annual refresher training is provided for all ‘front line’ staff, to help them recognise and effectively handle expressions of dissatisfaction/complaints.</p>

3.3	High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.	Yes	Lancaster City Council Complaints Webpage	Our web page outlines that complaints are useful feedback that allows our service to identify areas for improvement.
3.4	Landlords must make their complaint policy available in a clear and accessible format for all residents. This will detail the two stage process, what will happen at each stage, and the timeframes for responding. The policy must also be published on the landlord's website.	Yes	Lancaster City Council Complaints Webpage Lancaster City Council Complaints Policy	Our policy is easily found on our wider council webpage. It clearly defines the two stage complaints process, what occurs at each of these stages and the timeframes involved. We also have regular social media posts and newsletter articles that direct tenants to our complaints policy.
3.5	The policy must explain how the landlord will publicise details of the complaints policy, including information about the Ombudsman and this Code.	Yes	Lancaster City Council Complaints Policy	Our policy explains that it will be published on the council's main website and the Council Housing specific page. It commits to regularly promoting the complaints process through channels like social media and newsletters. The policy also includes information about the Housing Ombudsman Service and the Complaint Handling Code.
3.6	Landlords must give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord.	Yes	Lancaster City Council Complaints Policy	Lancaster City Council's complaint policy outlines that; a complaint can be made on behalf of the resident by a councillor, advice worker, solicitor or other third party. However, a third-party consent form must be completed.

3.7	Landlords must provide residents with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	Yes	Lancaster City Council Complaints Policy	The Complaints policy provides clear information on how a resident can access the Ombudsman service. This is also included in out complaint response letters at both Stage 1 and Stage 2.
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Section 4: Complaint Handling Staff

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
4.1	Landlords must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Code will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.	Yes		<p>Council Housing has a named Complaints Officer with the required responsibility, and a team of additional officers who act as complaint handlers and complaint administrators.</p> <p>These Officers receive clear guidance and appropriate training to carry out this role.</p> <p>The Complaints Officer for council housing has overall responsibility for this area of work, and acts in liaison with our Information Governance Team who act as liaison with the Housing Ombudsman and the organisation. The Complaints Officer reports via the organisation's governance structures (Cabinet, Portfolio Holder, additional groups and committees).</p>
4.2	The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly.	Yes		<p>The 'complaints officer' function is undertaken by the Social Housing Governance Manager who is a senior manager in the housing team who has access to staff of all levels.</p> <p>Due to their seniority within the organisation, they also have the authority and autonomy to resolve disputes.</p>
4.3	Landlords are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably	Yes	Induction Handbook	All front-line staff have received complaint handling training which is refreshed on a biennial

	trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively			<p>basis.</p> <p>In addition to this Complaints Training is part of the induction process for new starters within the service.</p> <p>Learning is recorded on all complaints as part of the complaint handling system/software. A monthly complaints learning meeting is held between managers.</p> <p>Learning is published on a quarterly basis.</p> <p>Complaint handling is a key item discussed at monthly management meetings and regular internal meetings confirm resources required.</p>
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Section 5: The Complaint Handling Process

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
5.1	Landlords must have a single policy in place for dealing with complaints covered by this Code. Residents must not be treated differently if they complain.	Yes	Lancaster City Council Complaints Policy	<p>Lancaster City Council has a single complaints policy. This policy covers all service areas within the organisation.</p> <p>Residents will never be treated differently if they choose to raise a complaint as we view this as an opportunity for learning and development.</p>
5.2	The early and local resolution of issues between landlords and residents is key to effective complaint handling. It is not	Yes	Lancaster City Council Complaints Policy	Whilst Lancaster City Council promotes a culture that resolves complaints early, we operate a

	appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.			two stage complaints process with no additional named stages as outlined in our complaints policy document.
5.3	A process with more than two stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.	Yes	Lancaster City Council Complaints Policy	Lancaster City Council operates a two stage complaints process with no additional named stages as outlined in our complaints policy document.
5.4	Where a landlord's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the two stage complaints process set out in this Code. Residents must not be expected to go through two complaints processes.	Yes	Lancaster City Council Complaints Policy	The Council would not in any circumstances request a third party to complete a response on our behalf, information would be gained from the third party and included in a response letter from a named Lancaster City Council member of staff.
5.5	Landlords are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	Lancaster City Council Complaints Policy	The Council would not in any circumstances request a third party to complete a response on our behalf, information would be gained from the third party and included in a response letter from a named Lancaster City Council member of staff.

5.6	When a complaint is logged at Stage 1 or escalated to Stage 2, landlords must set out their understanding of the complaint and the outcomes the resident is seeking. The Code will refer to this as “the complaint definition”. If any aspect of the complaint is unclear, the resident must be asked for clarification.	Yes	Stage 1 and 2 Acknowledgement Letters	<p>All acknowledgement letters sent out to residents who have raised a complaint, include a full breakdown of the landlords understanding of the complaint, as well as the outcomes/remedies that the resident is seeking.</p> <p>In any cases where this information is not known, staff are advised to contact the resident for further clarification.</p>
5.7	When a complaint is acknowledged at either stage, landlords must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	Stage 1 and 2 Acknowledgement Letters	In the event that an aspect of the complaint raised is not part of the landlord’s responsibility and therefore will not be investigated, the acknowledgement letter will clarify this as such and wherever possible signpost the resident to the correct body.
5.8	<p>At each stage of the complaints process, complaint handlers must:</p> <ul style="list-style-type: none"> a. deal with complaints on their merits, act independently, and have an open mind; b. give the resident a fair chance to set out their position; c. take measures to address any actual or perceived conflict of interest; and d. consider all relevant information and evidence carefully. 	Yes	Council Code of Conduct	<p>The service meets the requirements of provision 5.8 through the following means:</p> <ul style="list-style-type: none"> a. This is covered in our inhouse complaint training carried out biennially. b. As part of our process staff are encouraged to contact the complainant to ensure that they are able to fairly set out their position. c. The Council’s Code of Conduct outlines the expectations around potential conflict of interests and the measures taken to avoid or minimise these situations.

				d. Responding officers are skilled and experienced members of staff. Who have received adequate training and are able to consider relevant information and evidence carefully
5.9	Where a response to a complaint will fall outside the timescales set out in this Code, the landlord must agree with the resident suitable intervals for keeping them informed about their complaint.	Yes	Lancaster City Council – Guidance on Complaints	<p>Section 6. timescales outlined that in exceptional circumstances, cases may need additional time to fully investigate and to arrange remedial action.</p> <p>In these cases, staff are advised to agree suitable timescales with the complainant and ensure they are regularly updated on progress.</p>
5.10	Landlords must make reasonable adjustments for residents where appropriate under the Equality Act 2010. Landlords must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.	Yes	Council Housing Reasonable Adjustment Policy	Council Housing has a comprehensive reasonable adjustments policy that outlines our commitment to ensuring our service is accessible to all
5.11	Landlords must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. Landlords must clearly set out these reasons, and they must comply with the provisions set out in section 2 of this Code.	Yes	Lancaster City Council Complaints Policy	We will never refuse to escalate a complaint without a valid reason to do so. in cases where we would refuse to escalate a complaint to the second stage of our process, we would provide the complainant with a letter that clearly sets out the reasons for refusal in line with Section 2 of the Ombudsman code.

5.12	A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.	Yes	Complaint Handling System (Granicus)	<p>Lancaster City Council use Granicus to record all cases. Using this platform a full record of the complaint can be kept, including actions and outcomes.</p> <p>All details of the complaint itself are recorded, including the date received, the complaint definition and outcomes being sought.</p> <p>It also allows the service to record the correspondence with the tenants such as letters, emails etc.</p>
5.13	Landlords must have processes in place to ensure a complaint can be remedied at any stage of its complaints process. Landlords must ensure appropriate remedies can be provided at any stage of the complaints process without the need for escalation.	Yes	Lancaster City Council Complaints Policy	<p>Our policy outlines that we will put things right when they have gone wrong, that we will inform complainants of the actions it will take or intends to take to put things right.</p> <p>This is not a stage dependent aspect of the process and appropriate remedies will be taken at either stage of the complaint.</p>
5.14	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. Landlords must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.	Yes	<p>Lancaster City Council Complaints Policy</p> <p>Council Housing – Unacceptable Behaviour Policy</p>	<p>Covered in Section 10 of the Complaints Policy Document.</p> <p>Council housing also have a Unacceptable Behaviour Policy.</p>

5.15	Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.	Yes	<p>Lancaster City Council Complaints Policy</p> <p>Council Housing – Unacceptable Behaviour Policy</p>	<p>Section 10 of our Complaints Policy states that while the council welcomes feedback, it will not tolerate abusive, threatening, or deceitful behaviour and will take proportionate action if it occurs.</p> <p>Council Housing also has an Unacceptable Behaviour Policy, which outlines actions—such as limiting contact—that may be taken in response to verbal abuse, threats, or similar behaviour, always ensuring the response is proportionate.</p>
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Section 6: Complaints Stages

Stage 1

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.1	Landlords must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. Landlords must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.	Yes	Lancaster City Council – Guidance on Complaints.	<p>Our complaints process aims to resolve issues as early as possible, considering the case's complexity and any urgent matters.</p> <p>We hold weekly complaints huddles to review cases, identify quick resolutions, and decide which need further investigation. Staff are encouraged to act promptly, even before a formal response is given.</p> <p>Complaint handlers should contact complainants early to assess complexity or vulnerability and clarify any issues. Complex cases are referred to the Social Housing Governance Manager to assign the appropriate investigator across teams.</p>
6.2	Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure <u>within five working days of the complaint being received.</u>	Yes	Lancaster City Council- Complaints Policy	<p>Section 6 outlines that the investigating officer must contact the complainant to fully understand the issues.</p> <p>It also states that Stage 1 complaints should be acknowledged and logged within 5 working days of receipt.</p>

				In 2024-25 we achieved this target in 98% of cases.
6.3	Landlords must issue a full response to stage 1 complaints <u>within 10 working days</u> of the complaint being acknowledged.	Yes	Lancaster City Council- Complaints Policy	<p>Section 6 of Lancaster City Council's complaints policy states that a full Stage 1 response must be issued within 10 working days of receiving the complaint.</p> <p>In 2024-25 we achieved this target in 84% of cases.</p>
6.4	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	<p>Lancaster City Council- Complaints Policy</p> <p>Stage 1 Extension Letter (10 days) Template</p>	<p>Lancaster City Council's complaints policy states that if a response delay is needed, the officer must inform the complainant of the new timescale, explain the reason, and provide ombudsman contact details.</p> <p>Extensions are at the council's discretion but should not exceed 10 working days without good reason. A Stage 1 Extension Letter Template is available to support this process.</p>
6.5	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	Stage 1 Extension Letter (10 days) Template	<p>If a complaint requires an extension, the responding officer will provide the complainant with Housing Ombudsman contact details.</p> <p>All response letters include information on how residents can contact the Ombudsman, and a</p>

				Stage 1 extension letter template includes these details as well.
6.6	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	Lancaster City Council – Guidance on Complaints.	The complaint response is sent once the outcome is known. Any outstanding actions are listed in the response with target or agreed dates and are recorded on the Granicus system.
6.7	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	Lancaster City Council – Guidance on Complaints.	Lancaster City Council has adopted the Housing Ombudsman’s best practice letter template for all complaint responses. This ensures all issues raised are addressed, with clear explanations for the decisions made and any actions taken.
6.8	Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would unreasonably delay the response, the new issues must be logged as a new complaint.	Yes	Lancaster City Council – Guidance on Complaints.	Our staff guidance states that if new allegations aren't closely related to the current complaint, the complainant should be advised to raise them separately. All additional allegations must be responded to within 5 working days.
6.9	Landlords must confirm the following in writing to the resident at the completion of stage 1 in clear, plain language: a. the complaint stage; b. the complaint definition; c. the decision on the complaint; d. the reasons for any decisions made;	Yes	Response Letter Template.	Lancaster City Council uses a letter template for all responses. In this template all items A) to G) are included.

	e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.			
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Stage 2

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.10	If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the landlord's procedure. Stage 2 is the landlord's final response.	Yes	Response Letter Template	Stage 1 complaint letters inform residents that if they are dissatisfied with the response, they should contact the organisation to have the complaint reviewed at Stage 2.
6.11	Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within five working days of the escalation request being received.	Yes	Lancaster City Council- Complaints Policy	Section 6 states that Stage 2 requests must be acknowledged and logged within five working days of receiving the escalation request. In 2024-25 we achieved this target in 100% of cases.
6.12	Residents must not be required to explain their reasons for requesting a stage 2 consideration. Landlords are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.	Yes	Lancaster City Council – Guidance on Complaints.	Residents do not need to provide a reason for requesting an escalation to Stage 2. Complaint handlers may seek additional information to understand why the resident was dissatisfied with the Stage 1 response, but this is not required for Stage 2 consideration.
6.13	The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.	Yes	Lancaster City Council – Complaints Policy	The Council's complaint policy outlines that a stage 2 complaint will be considered by a Chief Officer (ordinarily, but not always outside of the

				<p>service area being complained about).</p> <p>In the event the complaint is about a Chief Officer it will be reviewed by the Senior Leadership Team.</p>
6.14	Landlords must issue a final response to the stage 2 <u>within 20 working days</u> of the complaint being acknowledged.	Yes	Lancaster City Council Complaints Policy	<p>The standards for stage 2 complaints are detailed within the complaints policy. The standard for responding to a stage 2 complaint is 20 working days.</p> <p>In 2024-25 we achieved this target in 86% of cases.</p>
6.15	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	<p>Lancaster City Council Complaints Policy</p> <p>Stage 2 Extension Letter (20 days) Template</p>	<p>Lancaster City Council's complaint policy outlines all guidance on extensions at stage two. It highlights that although extensions are at the discretion of the landlord, they cannot exceed 20 working days without good reason.</p> <p>The service also has a extension letter for Stage 2 complaints. Which meets the requirements of this provision.</p>
6.16	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	Extension Letter Templates	<p>All letters sent to residents as part of our complaint handling procedure include details on how to contact the Housing Ombudsman, including correspondence regarding timescale extensions. The service also has an extension letter for Stage 2 complaints that meets these requirements.</p>

6.17	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	Lancaster City Council Complaints Policy	The complaint response is sent to the resident when the answer to complaint is known. If there should be any outstanding actions, these will be listed within the written response with target/arranged dates. Outstanding actions are tracked within the system until they are completed.
6.18	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	Lancaster City Council Complaints Policy	Lancaster City Council has adopted the Ombudsman's best practice letter template for all complaint responses. Because of this our complaints responses do address all points raised and provide clear reasons for the decisions made.
6.19	Landlords must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language: a. the complaint stage; b. the complaint definition; c. the decision on the complaint; d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied.	Yes	Response Letter Template	As with the responses for Stage 1 complaints. Lancaster City Council uses a letter template for all responses at stage 2. In this template all items A) to G) are included.

6.20	Stage 2 is the landlord's final response and must involve all suitable staff members needed to issue such a response.	Yes	Response Letter Template	Lancaster City Council operates a two stage complaints process, as such any stage 2 response sent to a resident is the final response
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Section 7: Putting things right

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
7.1	<p>Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include:</p> <ul style="list-style-type: none"> • Apologising; • Acknowledging where things have gone wrong; • Providing an explanation, assistance or reasons; • Taking action if there has been delay; • Reconsidering or changing a decision; • Amending a record or adding a correction or addendum; • Providing a financial remedy; • Changing policies, procedures or practices. 	Yes	Lancaster City Council Complaints Policy	Our complaints procedure is designed to resolve disputes effectively by identifying issues and outlining the actions required to address them. The response letters offer officers the opportunity to detail how the council plans to resolve the complaint, including all options specified in code requirement 7.1.

7.2	Any remedy offered must reflect the impact on the resident as a result of any fault identified.	Yes	Lancaster City Council Complaints Policy	Lancaster City Council always try to ensure the remedies offered reflect the impact on the resident. We also, wherever possible, try to ascertain what outcome the resident is seeking as part of the complaints process.
7.3	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	Response Letter Templates	<p>Response letters sent to the resident will always clearly set out what actions will be taken as part of the remedy, wherever known this will include the timescales of said actions and the officer who will be carrying these out.</p> <p>In cases where appropriate outstanding actions, appointments, repairs will be made in agreement with the resident. All remedies will be processed through to completion and note of these can be recorded on the councils complaints tracker (Granicus).</p>
7.4	Landlords must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.	Yes		<p>We are committed to handling complaints in the best possible manner.</p> <p>We refer to the Ombudsman's guidance when deciding upon remedies for our complaint cases.</p> <p>In instances where the ombudsman contacts Council Housing directly to issue guidance on particular cases, we will always take account of the guidance offered to us.</p> <p>A compensation policy was developed and published in the 2024-25 financial year.</p>

Section 8: Putting things right

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
8.1	<p>Landlords must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include:</p> <ul style="list-style-type: none"> a. the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements. b. a qualitative and quantitative analysis of the landlord's complaint handling performance. This must also include a summary of the types of complaints the landlord has refused to accept; c. any findings of non-compliance with this Code by the Ombudsman; d. the service improvements made as a result of the learning from complaints; e. any annual report about the landlord's performance from the Ombudsman; and f. any other relevant reports or publications produced by the Ombudsman in relation to the work of the landlord. 	Yes	Annual Complaints Report 2024-25	<p>Lancaster City Council's Council Housing Team have produced an annual complaints performance and service improvement report for scrutiny.</p> <p>The report includes this annual self-assessment as an addendum ensuring that the complaints policy remains in line with its requirements.</p> <p>Both qualitative and quantitative analysis of our performance is included, including the types and nature of complaints received.</p> <p>It also includes learning from the previous year's complaints and service improvements to be focused upon in the coming 12 months.</p> <p>The report includes findings of non-compliance and investigations carried out by the Housing Ombudsman as well as the most recent Landlord Performance report from the Ombudsman (Last updated July 2024).</p>
8.2	The annual complaints performance and service improvement report must be reported to the landlord's governing body (or equivalent) and published on the on the section of its website relating to complaints.	Yes	Lancaster City Council Complaints Webpage	Report scheduled at September 2025 Cabinet. Documents relating to this and the Council's response will be published on our complaints section of our website.

	The governing body's response to the report must be published alongside this.			
8.3	Landlords must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.	Yes		Although Lancaster City Council is not currently undertaking any mergers, restructures, or changes in procedures. We are committed to doing so in the event of such. We will be particularly mindful of this as Local Government Reorganisation progresses.
8.4	Landlords may be asked to review and update the self-assessment following an Ombudsman investigation.	Yes		Lancaster City Council's Council Housing Service is committed to carrying out a review and update of our self-assessment should we be requested to do so by the Ombudsman.
8.5	If a landlord is unable to comply with the Code due to exceptional circumstances, such as a cyber incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website. Landlords must provide a timescale for returning to compliance with the Code.	Yes		Should such an incident/situation occur and as a landlord we were unable to comply with the Code. Council Housing would be committed to informing the Ombudsman and the affected complainants and publish this on our website with the appropriate timescales for the resuming of the service.

Section 9: Scrutiny & oversight: continuous learning and improvement

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
9.1	Landlords must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	Yes	Lancaster City Council- Guidance on Complaints	<p>Lancaster City Council is committed to learning from residents' complaints and looking beyond the circumstances of the individual complaint.</p> <p>We hold regular review of the complaints we have received to identify service failures and use this learning to consider whether service improvements need to be made as a result.</p>
9.2	A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes. Landlords must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	Yes	Lancaster City Council- Guidance on Complaints	<p>Lancaster City Council's Council Housing Service acknowledges the positive impact of complaints on improving future service delivery, supported by the investigation and learning process.</p> <p>Our regular learning sessions use complaints as valuable intelligence to identify broader service issues and implement necessary improvements in service delivery.</p> <p>Complaint themes can and have been used to then trigger tenant scrutiny reviews for a deeper dive into particular areas.</p>
9.3	Accountability and transparency are also integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints to	Yes	Quarterly Learning and Service Improvement Report.	The Member with Responsibility for Complaints, alongside other relevant portfolio Holders, Staff and residents will receive a quarterly learning and improvement report that outlines the wider learning and related service improvements.

	stakeholders, such as residents' panels, staff and relevant committees.			<p>The Council Housing Advisory Group (Councillors, Tenants, Community Partners) will also receive this report as part of a quarterly meeting.</p> <p>The Cabinet (as part of the council governance) will receive this learning and service improvement report on a quarterly basis also.</p> <p>Complaint handling is scheduled for review at our Overview and Scrutiny Committee.</p>
9.4	Landlords must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	Yes		The Social Housing Governance Manager has accountability for complaints handling and reports directly into the Chief Officer for Housing and Property. This role assesses any themes or trends to identify potential system issues, and includes this in regular reporting.
9.5	In addition to this a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to as the Member Responsible for Complaints ('the MRC').	Yes		An elected member of the Cabinet has been appointed to have overall responsibility for complaints for the organisation.
9.6	The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the landlord's complaint handling performance. This person must have access to suitable information and staff to perform this role and report on their findings.	Yes		The MRC receives regular updates of the landlords performance in relation to complaints. It is the MRCs responsibility to convey this information to the wider elected council.

9.7	<p>As a minimum, the MRC and the governing body (or equivalent) must receive:</p> <ul style="list-style-type: none"> a. regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance; b. regular reviews of issues and trends arising from complaint handling; c. regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and d. annual complaints performance and service improvement report. 	Yes	<p>Quarterly Complaints Reports</p> <p>Complaint Cabinet Reports</p> <p>Annual Complaint Performance and Service Improvement Report</p>	<p>Lancaster City Council's Council Housings Complaints Report 2024-25 incorporates required elements. This is presented at September 2025 Cabinet.</p>
9.8	<p>Landlords must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to:</p> <ul style="list-style-type: none"> a. have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments; b. take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and c. act within the professional standards for engaging with complaints as set by any relevant professional body. 	Yes	<p>Service Improvement Plan</p> <p>TSM Action Plan</p>	<p>Our organisation works collaboratively with other services.</p> <p>One of our core values is 'being accountable', as so we take responsibility for failures as a collective, rather than promoting a blame culture. We are committed to acting within the professional standards for engaging with complaints as set out by the Ombudsman.</p>

2024/25 Self-assessment against the requirements of the Complaint Handling Code

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
1: Definition of a service request and complaint	Required Action:	To recognise the difference between a service request and a complaint, and these are defined in our policies and procedures.
1.1 Effective complaint handling enables individuals to be heard and understood. The starting point for this is a shared understanding of what constitutes a service request and what constitutes a complaint. In most cases organisations should be able to put things right through normal service delivery processes.	Yes	LCC policy recognises/outlines the difference between a service request and a complaint and adheres to Ombudsman definition of a complaint.
1.2 A service request may be defined as: ‘a request that the organisation provides or improves a service, fixes a problem or reconsiders a decision.’	Yes	This definition has been adopted within LCC complaints policy.
1.3 This provides organisations with opportunities to resolve matters to an individual’s satisfaction before they become a complaint.	Yes	LCC policy encourages staff to resolve service delivery issues without recourse to our formal complaints process. LCC will not stop its efforts to address the service request even if a complaint is raised.
1.4 A complaint may be defined as: ‘an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.’	Yes	This definition has been adopted within the LCC complaints policy.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
1.5 An individual should not have to use the word 'complaint' for it to be treated as such. A complaint that is submitted via a third party or representative should still be handled in line with the organisation's complaints policy.	Yes	LCC policy and guidance has adopted this approach.
1.6 Organisations should recognise the difference between a service request and a complaint. This should be set out in their complaints policy.	Yes	LCC policy recognises/outlines the difference between a service request and a complaint and adheres to Ombudsman definition of a complaint.
1.7 Service requests are not complaints but may contain expressions of dissatisfaction. Organisations should have the opportunity to deal with a service request before a complaint is made. A complaint may be raised when the individual expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. An organisation should not stop its efforts to address the service request if the individual complains.	Yes	LCC policy and guidance has adopted this approach. Service requests presented to LCC via typical service channels are treated as such and are recorded and actioned accordingly. If a service request is presented via our complaints channel/process, this is logged on our complaints system but then excluded as a service request.
1.8 Service requests should be recorded, monitored, and reviewed regularly.	Yes	All LCC depts have processes whereby service requests are recorded and monitored. Development of the Granicus CRM system with service dashboards will support further progress in this area over the coming 12 months.
2: Exclusions	Required Action:	Complaints policy sets out circumstances where they would not be considered a complaint. These are reasonable and do not deny individuals access to redress.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
2.1 An organisation should accept a complaint unless there is a valid reason not to do so. If the organisation decides not to accept a complaint, it should be able to evidence its reasoning. Each complaint should be considered on its own merits.	Yes	LCC policy and guidance has adopted this approach.
2.2 Organisations should accept complaints referred to them within 12 months of the issue occurring, or the individual becoming aware of the issue. Organisations should consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.	Yes	LCC policy and guidance has adopted this approach.
2.3 A complaints policy should set out the circumstances in which a matter might not be considered or escalated. Organisations should ensure that these are reasonable and should not deny individuals access to redress.	Yes	LCC accepts all complaints unless they clearly fall under one of the exclusion reasons in our policy.
2.4 If an organisation decides not to accept a complaint, an explanation should be provided to the individual setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman.	Yes	LCC policy and guidance has adopted this approach.
2.5 Organisations should not take a blanket approach to excluding complaints; they should consider the individual circumstances of each complaint.	Yes	LCC policy and guidance has adopted this approach.
3: Accessibility and awareness	Required Action:	To provide different channels through which individuals can make complaints. These are accessible and can make reasonable adjustments where necessary
3.1 Organisations should make it easy for individuals to complain by providing different channels through which they can make a complaint. Organisations must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of individuals who may need to access the complaints process.	Yes	The council is committed to making this process accessible to all. Complaints can be made via any channel to any member of staff. We also utilise translation facilities and bespoke home visits. All information relating to the council's complaint policy and procedures is available in a resident's preferred format.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
3.2 Individuals should be able to raise their complaints in any way and with any member of staff. All staff should be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the organisation.	Yes	LCC policy and guidance has adopted this approach. Training workshops have been made available to all staff. Staff would be expected to record complaints on the Granicus CRM system which would then result in them being shared with the appropriate person to respond.
3.3 High volumes of complaints should not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that individuals are unable to complain.	Yes	LCC policy and guidance has adopted this approach/view.
3.4 Organisations should make their complaint policy available in a clear and accessible format for all individuals. This should detail the process, what will happen at each stage, and the timeframes for responding. The policy should also be published on the organisation's website.	Yes	LCC policy and guidance has adopted this approach/view.
3.5 The policy should explain how the organisation will publicise details of the complaints policy, including information about the Ombudsman and this Code.	Yes	LCC policy and guidance has adopted this approach/view.
3.6 Organisations should give individuals the opportunity to have a suitable representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the organisation.	Yes	LCC accepts complaints via 3 rd parties. Complaints are only investigated upon receipt of consent. Elected members are encouraged to use the complaints procedure on behalf of their constituents. Complaints raised by elected members are subject to the same requirements for consent.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
3.7 Organisations should provide individuals with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	Yes	This is covered in all templated letters. The complainant will be advised of any further steps which they may take if they are not satisfied with the outcome of the review of their complaint. In that they may refer their complaint to the Local Government Ombudsman or Housing Ombudsman.
3.8 Where an organisation asks for feedback about its services through a survey, it should provide details of how individuals can complain so they can pursue any dissatisfaction if they so wish.	No	Internal communication strategy required to implement this as standard practice. Information is included as standard on the Council's Keep Connected site which is the general platform used for surveying residents.
4: Complaint handling resources	Required Action:	To have designated, sufficient resource assigned to take responsibility for complaint handling. Complaints are viewed as a core service and resourced accordingly.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
4.1 Organisations should have designated, sufficient resource assigned to take responsibility for complaint handling, including liaison with the relevant Ombudsman and ensuring complaints are reported to the governing body (or equivalent).	Yes	<p>Our Customer Service team are equipped to provide a central point for the following:</p> <ul style="list-style-type: none"> • Public access to the complaints process via multiple channels as per 3.1 • Admin resource to record and triage complaints • Oversight and support of complaint handling for LCC staff <p>Our Information Governance team liaise and send reports directly to the relevant Ombudsman.</p> <p>Plans are underway to create a post solely dedicated to complaints monitoring, reporting and training. This post will be under the oversight of Customer Services management.</p> <p>Some LCC services have a designated officer responsible for overseeing complaints in their area and there is a practice of meeting regularly to discuss active complaints.</p>
4.2 Anyone responding to a complaint should have access to staff at all levels to facilitate the prompt resolution of complaints. They should also have the authority and autonomy to act to resolve disputes promptly and fairly.	Yes	LCC policy and guidance has adopted this approach/view.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
4.3 Organisations are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff should be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and resourced accordingly	Yes	LCC policy and guidance has adopted this approach. Training workshops have been made available to all staff.
5: The complaint handling process	Required Action:	To have a single policy for dealing with complaints covered by the Code and individuals are given the option of raising a complaint where they express dissatisfaction that meets the definition of the complaint in our policy.
5.1 Organisations should have a single policy for dealing with complaints covered by the Code.	Yes	LCC has one policy document supported by an intranet page of supporting guidance.
5.2 The early and local resolution of issues between organisations and individuals is key to effective complaint handling. Organisations should not have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.	Yes	LCC policy and guidance has adopted this approach/view.
5.3 When an individual expresses dissatisfaction that could meet the criteria for a complaint as set out in section 1 of the Code, they should be given the opportunity to make a complaint. Organisations should recognise that individuals may be reluctant to raise complaints out of fear it may impact services they receive in future.	Yes	LCC policy and guidance has adopted this approach/view.
5.4 The person responding to the complaint should: a. clarify with the individual any aspects of the complaint they are unclear about; b. deal with complaints on their merits, act independently, and have an open mind; c. give the individual a fair chance to set out their position; d. take measures to address any actual or perceived conflict of interest; and e. consider all relevant information and evidence carefully.	Yes	LCC policy, guidance, training and templated letters support this.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
5.5 Where a response to a complaint will fall outside the timescales set out in this Code the organisation should inform the individual of when the response will be provided and the reason(s) for the delay.	Yes	Our policy and process adhere to this.
5.6 Organisations must make reasonable adjustments for individuals where appropriate under the Equality Act 2010. Organisations should keep a record of any reasonable adjustments agreed. Any agreed reasonable adjustments should be kept under active review.	Yes	LCC policy and guidance has adopted this approach/view. Reasonable adjustments can be recorded within our complaints CRM system.
5.7 Organisations should not refuse to escalate a complaint through all stages of the complaints procedure unless there are valid reasons to do so. Organisations should clearly set out these reasons, and they should align with the approach to exclusions set out in section 2 of the Code.	Yes	LCC policy and guidance has adopted this approach/view.
5.8 A full record should be kept of the complaint, and the outcomes at each stage. This should include the original complaint and the date received, all correspondence with the individual, correspondence with other parties, and any relevant supporting documentation such as reports. This should be retained in line with the organisation's data retention policies.	Yes	A new CRM process has been implemented LCC wide to provide facility for one central record of a complaint.
5.9 Organisations should have systems in place to ensure that a complaint can be remedied at any stage of its complaints process. Organisations should ensure that appropriate remedies can be provided at any stage of the complaints process without the need for escalation to stage 2 or the Ombudsman.	Yes	LCC policy and guidance has adopted this approach/view.
5.10 Organisations should have policies and procedures in place for managing unacceptable behaviour from individuals and/or their representatives. Organisations should be able to evidence reasons for putting any restrictions in place and should keep an individual's restrictions under regular review.	Yes	LCC policy covers guidance on restricting a person's access to the council's complaints procedure. The council will notify complainants deemed unreasonably persistent of the action it proposes.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
5.11 Any restrictions placed on an individual's contact due to unacceptable behaviour should be proportionate and demonstrate regard for the provisions of the Equality Act 2010	Yes	LCC policy and guidance has adopted this approach/view.
6: Complaints stages (Stage 1)	Required Action:	Process stage 1 complaints in line with timescales and processes set out in the Code.
6.1 Organisations should have processes in place to consider which complaints can be responded to as early as possible, and which require further consideration. Organisations should consider factors such as the complexity of the complaint and whether the individual is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the individual.	Yes	LCC policy and guidance has adopted this approach/view.
6.2 Complaints should be acknowledged and logged at stage 1 of the complaints procedure within five working days of the complaint being received.	Yes	LCC policy and guidance has adopted this approach/view. Our CRM system uses the identified SLA to auto-generates regular reminder notifications to relevant staff. In 2024-25 LCC achieved this target in 64% of cases we recognise further work is required to increase performance in this area.
6.3 Organisations should provide a full response to stage 1 complaints within 10 working days of the complaint being acknowledged.	Yes	LCC policy and guidance has adopted this approach/view. Our CRM system uses the identified SLA to auto-generates regular reminder notifications to relevant staff. In 2024-25 LCC achieved this target in 65% of cases we recognise further work is required to increase performance in this area
6.4 Organisations should decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform individuals of the expected timescale for response. Any extension should be no more than 10 working days without good reason, and the reason(s) should be clearly explained to the individual.	Yes	LCC policy and guidance has adopted this approach/view.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
6.5 When an organisation informs an individual about an extension to these timescales, they should be provided with the details of the relevant Ombudsman.	Yes	LCC policy and guidance has adopted this approach/view. Also included in template letters.
6.6 A complaint response should be provided to the individual when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions should still be tracked and actioned promptly, with appropriate updates provided to the individual.	Yes	LCC policy and guidance has adopted this approach/view. Follow up to outstanding actions and their completion can be captured against a complaint case within our CRM.
6.7 Organisations should address all points raised in the complaint and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate. Organisations should be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	LCC policy and guidance has adopted this approach/view. Templated letters take complaint responders through the requirements for a response.
6.8 At the conclusion of stage 1 organisations should provide details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.	Yes	LCC policy and guidance has adopted this approach/view. This is included in templated correspondence.
6.9 Where individuals raise additional complaints during stage 1, these should be incorporated into the stage 1 response if they are related, and the stage 1 response has not been provided. Where the stage 1 response has been provided, the new issues are unrelated to the issues already being considered, or it would unreasonably delay the response, the new issues should be logged as a new complaint.	Yes	LCC policy and guidance has adopted this approach/view.
6.10 Organisations should have systems in place to ensure that a complaint can be remedied at any stage of its complaints process. Individuals should not have to escalate a complaint in order to get an appropriate remedy.	Yes	LCC policy and guidance has adopted this approach/view.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
6: Complaints stages (Stage 2)	Required Action:	To process stage 2 complaints in line with timescales and processes set out in the Code.
6.11 If all or part of the complaint is not resolved to the individual's satisfaction at stage 1, it should be progressed to stage 2 of the organisation's procedure. Stage 2 is the organisation's final response.	Yes	LCC policy and guidance has adopted this approach/view.
6.12 Requests for stage 2 should be acknowledged and logged at stage 2 of the complaints procedure within five working days of the escalation request being received. Within the acknowledgement, organisations should set out their understanding of any outstanding issues and the outcomes the individual is seeking. If any aspect of the complaint is unclear, the individual should be asked for clarification.	Yes	LCC policy and guidance has adopted this approach/view. All such requests are recorded by Customer Services and then allocated to an appropriate Chief Officer to respond to. In 2024-25 LCC achieved this target in 33% of cases we recognise further work is required to increase performance in this area, although our CRM now auto-generates regular SLA reminder notifications.
6.13 Individuals should not be required to explain their reasons for requesting a stage 2 consideration. Organisations should make reasonable efforts to understand why an individual remains unhappy as part of its stage 2 response.	Yes	LCC policy and guidance has adopted this approach/view.
6.14 The person considering the complaint at stage 2 should not be the same person that considered the complaint at stage 1.	Yes	The review is undertaken by a Chief Officer (or their delegated senior officer) which is not the subject of the complaint.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
6.15 Organisations should issue a final response to the stage 2 within 20 working days of the complaint being acknowledged.	Yes	LCC policy and guidance has adopted this approach/view. Our CRM auto-generates regular SLA reminder notifications. In 2024-25 LCC achieved this target in 35% of cases we recognise further work is required to increase performance in this area.
6.16 Organisations should decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform individuals of the expected timescale for response. Any extension should be no more than 20 working days without good reason, and the reason(s) should be clearly explained to the individual.	Yes	LCC policy and guidance has adopted this approach/view.
6.17 When an organisation informs an individual about an extension to these timescales they should be provided with the details of the relevant Ombudsman.	Yes	LCC policy and guidance has adopted this approach/view. Also included in template letters.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
6.18 Organisations should confirm the following in writing to the individual at the completion of stage 2 in clear, plain language: a. the complaint stage; b. the organisation's understanding of the complaint; c. the decision on the complaint; d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to the Ombudsman if the individual remains dissatisfied.	Yes	LCC policy, guidance, training and templated letters support this.
6.19 Stage 2 should be the organisation's final response and should involve all suitable staff members needed to issue such a response.	Yes	LCC policy and guidance has adopted this approach/view.
6.20 A process with more than two stages will make the complaint process unduly long and delay access to the relevant Ombudsman. A process with a single stage means the organisation may lack the ability to check its response before an individual comes to the Ombudsman.	Yes	LCC policy and guidance has adopted this approach/view.
6.21 Where an organisation's complaint response is handled by a third party (e.g. a contractor) or independent adjudicator at any stage, it should form part of the two stage complaints process set out in this Code. Individuals should not be expected to go through two complaints processes.	Yes	The council will in most cases manage and operate its own complaint procedures, however, if a third party is involved as part of the investigation process, it would still comply with the council's policy and procedures and adhere to all timelines.
6.22 Organisations are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	As 6.21

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
7: Putting things right	Required Action:	When something has gone wrong we take action to put things right.
7.1 Where something has gone wrong an organisation should acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include: > Apologising; > Acknowledging where things have gone wrong; > Providing an explanation, assistance or reasons; > Taking action if there has been delay; > Reconsidering or changing a decision; > Amending a record or adding a correction or addendum; > Providing a financial remedy; > Changing policies, procedures or practices.	Yes	LCC policy, guidance, training and templated letters support this.
7.2 Any remedy offered should reflect the impact on the individual as a result of any fault identified.	Yes	LCC policy and guidance has adopted this approach/view.
7.3 The remedy offer should clearly set out what will happen and by when, in agreement with the individual where appropriate. Any remedy proposed should be followed through to completion.	Yes	LCC policy and guidance has adopted this approach/view.
7.4 If a proposed remedy cannot be delivered, the individual should be informed of the reasons for this, provided with details of any alternative remedy and reminded of their right to complain to the Ombudsman,	Yes	LCC policy and guidance has adopted this approach/view.
7.5 Organisations should take account of the good practice guides issued by the Ombudsman when deciding on appropriate remedies.	Yes	LCC policy and guidance has adopted this approach/view.
8: Performance reporting and self-assessment	Required Action:	To produce an annual complaints performance and service improvement report for scrutiny and challenge which includes a self-assessment against the Code.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
<p>8.1 Organisations should produce an annual complaints performance and service improvement report for scrutiny and challenge, which should include:</p> <ul style="list-style-type: none"> a. an annual self-assessment against this Code to ensure its complaint handling policy remains in line with its requirements. b. a qualitative and quantitative analysis of the organisation's complaint handling performance. This should also include a summary of the types of complaints the organisation has refused to accept; c. any findings of non-compliance with this Code; d. the service improvements made as a result of the learning from complaints. e. the annual letter about the organisation's performance from the Ombudsman; and f. any other relevant reports or publications produced by the Ombudsman in relation to the work of the organisation. 	No	In 2025 the Council has produced its first annual report for areas within scope of the LGSCO. The annual report covers some required elements. The development of the Granicus CRM system will support better compliance by April 2026.
<p>8.2 The annual complaints performance and service improvement report should be reported through the organisation's governance arrangements and published on the section of its website relating to complaints. The response to the report from the relevant governance arrangement should be published alongside this.</p>	Yes	The annual complaints performance and service improvement plan will be reported at September 2025 Cabinet and published on the Council's website alongside the required response to the report from our 'governing body'.
<p>8.3 Organisations should also carry out a self-assessment following a significant restructure, merger and/or change in procedures.</p>	Yes	This will be undertaken as required. The Council will be particularly mindful of this as Local Government Reorganisation progresses.
9: Scrutiny & Oversight	Required Action:	We have appropriate senior leadership and governance oversight of the complaints process and performance.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
9.1 Organisations should look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	Yes	LCC policy and guidance has adopted this approach/view. Random sampling of quality assurance checks are performed to identify good practice, key learning points, implement corrective measures, and improve services. This work is led by the Chief Officer responsible for Customer Services, and reports will be made available to the Senior Leadership Team and Member responsible for complaints.
9.2 A positive complaint handling culture is important to the effectiveness with which organisations resolve disputes. Organisations should use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	Yes	LCC policy and guidance has adopted this approach/view.
9.3 Accountability and transparency are also integral to a positive organisational culture. Organisations should report back on wider learning and improvements from complaints to stakeholders, such as citizens' panels, staff and relevant committees.	No	As part of the quarterly meeting with senior representatives, a review of complaints and lessons learnt is completed. This information is shared with the Member with Responsibility for Complaints. Further work is required to evidence wider transparency to local residents / other stakeholders.
9.4 The organisation should appoint a suitably senior person to oversee its complaint handling performance. This person should assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	Yes	This responsibility has been assigned to senior staff responsible for Customer Services. Plans are underway to create a post solely dedicated to complaints monitoring, reporting and training. This support post will be under the oversight of the Customer Services management.

Code section	Do we follow the Code: Yes/No	Explanations and Commentary
9.5 In addition to this, organisations should assign lead responsibility for complaints in governance arrangements to support a positive complaint handling culture. We refer to this as the 'Member Responsible for Complaints' (the Member). This role could be carried out by an individual or committee depending on the governance arrangements in place.	Yes	The Council has an appointed Member Responsible for Complaints who sits on the Council's Cabinet.
9.6 The Member should receive regular information on complaints that provides insight on the organisation's complaint handling performance. The Member should have access to suitable information and staff to perform this role and report on their findings.	Yes	A quarterly report is issued to The Member and discussed in the quarterly Complaints panel.
9.7 As a minimum, the Member should receive: a. regular updates on the volume, categories, and outcomes of complaints, alongside complaint handling performance b. regular reviews of issues and trends arising from complaint handling; and c. the annual complaints performance and service improvement report.	Yes	As above. The Member will also receive the complaints performance and service improvement report.
9.8 Organisations should have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to: > have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments. > take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and > act within the professional standards for engaging with complaints as set by any relevant professional body.	Yes	LCC policy and guidance has adopted this approach/view. Our organisation works collaboratively with other services. One of our core values is 'being accountable', as so we take responsibility for failures as a collective, rather than promoting a blame culture. We are committed to acting within the professional standards for engaging with complaints as set out by the Ombudsman.

Lancaster City Council | Council Housing

Annual Complaints Performance and Service Improvement Report

2024-2025

Introduction

At Lancaster City Council, we value feedback from our residents as it helps us identify areas where our services or properties can be improved. Regardless of the complexity of the cases, residents can expect the Housing Team to address their concerns promptly.

While we strive to resolve issues on the spot, there are instances where further investigation is necessary. In such cases, the complaint will be handled according to Stage 1 of our Complaints Policy, ensuring transparency and accountability in our processes. Our Complaints Policy is readily available to view online, outlining what residents can expect when they make a complaint to us as their landlord.

We conduct an annual self-assessment of our complaints handling against the Housing Ombudsman Complaint Code to ensure compliance, and to drive continuous improvement. This self-assessment can be found as a separate document (Appendix A) to this report.

To make a complaint or share concerns, residents can reach us via email, online, phone, in person, or even through our social media channels, although complainants should note that social media inquiries may not be monitored daily.

1. Executive Summary

This report outlines the annual complaint performance for the financial year to date (April 2024 to March 2025) and the key learning and service improvements made following resolution of complaints.

Total complaints received <ul style="list-style-type: none"> ○ Stage 1 ○ Stage 2 ○ Excluded 	Total: 100 <ul style="list-style-type: none"> ○ 86 ○ 10 ○ 4
% change in complaints received in the previous year.	+51.5% (66 cases to 100)
% of complaints progressed to Stage 2	8.6%
% of all complaints responded to within the Housing Ombudsman Complaint Handling Code timescales <ul style="list-style-type: none"> ○ Stage 1 ○ Stage 2 <i>Please note: 3 cases remain open post 31st March 2025.</i>	Total: 83.8% <ul style="list-style-type: none"> ○ S1: 83.7% (72 of 86) ○ S2: 85.7% (6 of 7)

Throughout this financial year, we have introduced several new approaches to learning from the feedback we receive through complaints. Our commitment to continuously improving the services we provide to our tenants remains steadfast. We not only learn from complaints but also from listening to our tenants across all areas of service, as well as insights from the Housing Ombudsman Service, the media, and best practices demonstrated throughout the industry.

We have continued to focus on ensuring that tenants are aware of the complaints process and feel confident in using our services to raise concerns, regardless of the issue. Our efforts have included promoting our complaints service and the Housing Ombudsman on social media, through our website, and in tenant newsletters.

In November 2024, we conducted refresher training for all staff involved in responding to complaints. We are committed to enhancing this training and making it more effective going forward.

2. Complaint Performance

Complaint Volume

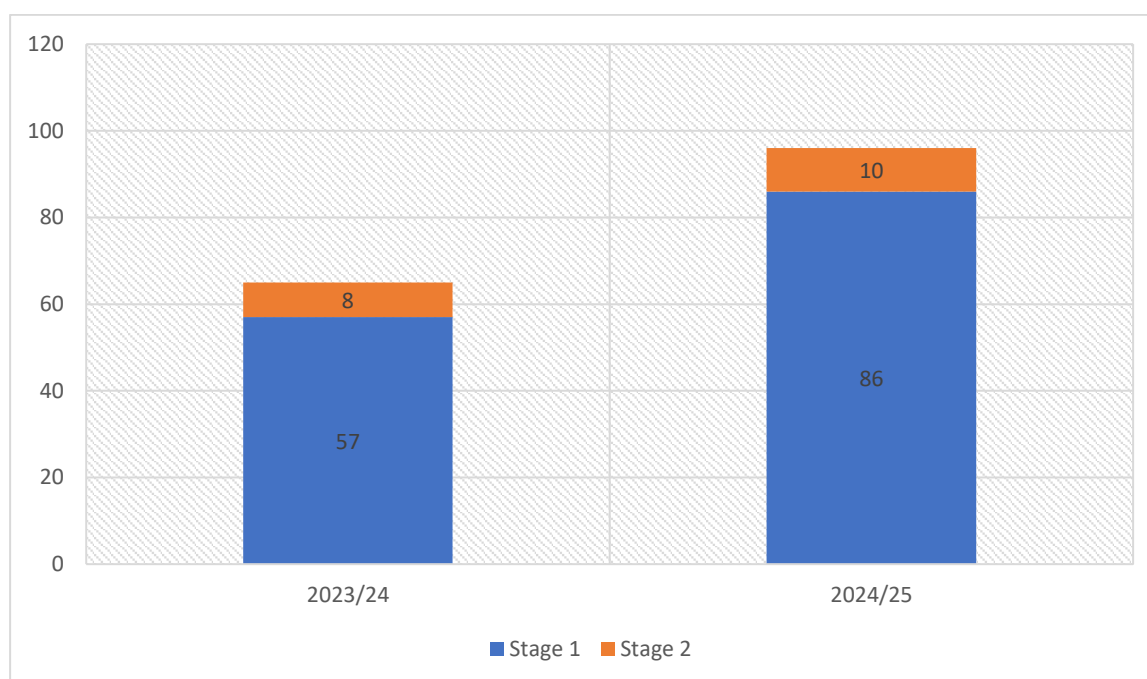
Overall, there has been a 51.5% increase in complaints received during in this financial year when compared the previous year. This figure is broken down as follows across our complaint stages:

Stage 1: 86

Stage 2: 10

Excluded: 4

We have had an escalation rate of 8.6% from Stage 1 to Stage 2 during the financial year to date. Which is a notable increase from 2023/24 Q4 escalation rate of 4.6%



The increase in complaint volume is taken very seriously by our service, however it was an expected reality due to the work undertaken to promote the complaints process. The Housing Ombudsman Complaint Handling Code is clear that high volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. As such, The Council Housing Service is committed to embody a positive complaints culture where complaints are welcomed and treated as valuable sources of data and feedback to aid service improvement.

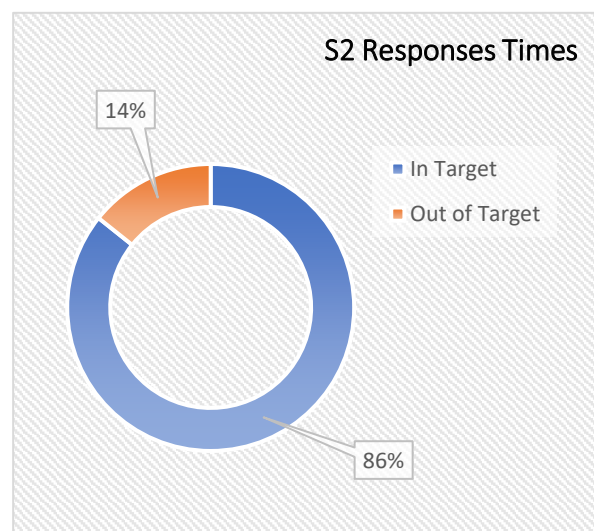
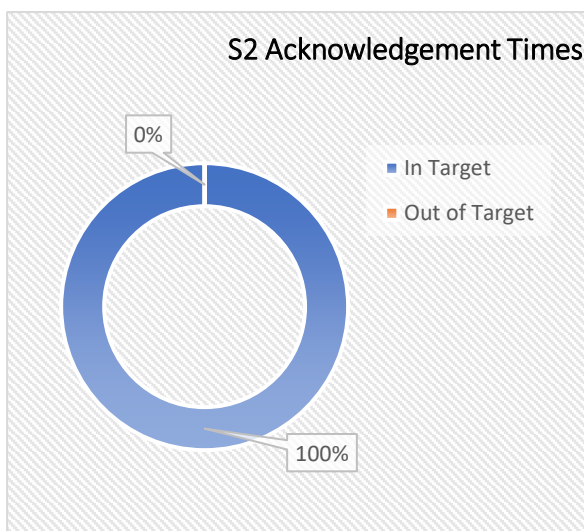
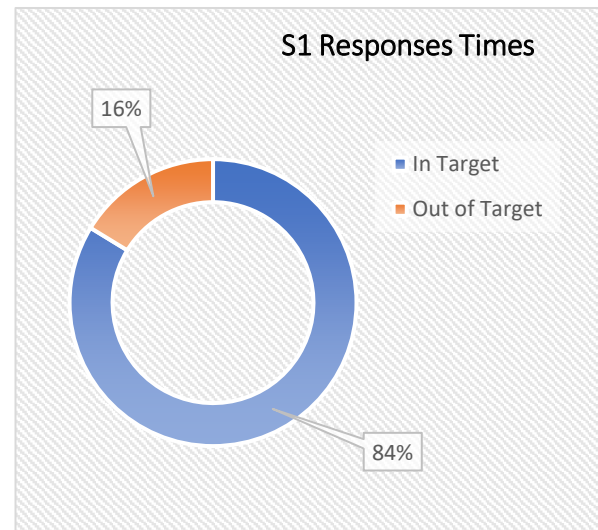
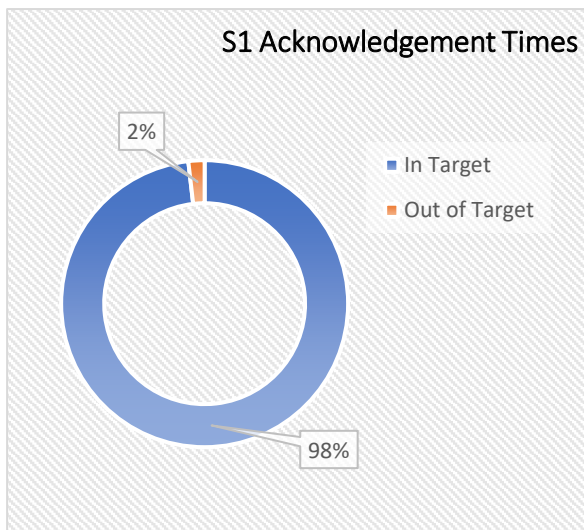
To ensure compliance with the Code, our complaint process has been made accessible on our website, social media, and will be featured in upcoming tenant newsletters.

While we are satisfied that our complaint process is accessible and well publicised to residents, our overall aim is to ensure that resident concerns are resolved promptly and effectively, without the need to resort to the formal complaints process.

Acknowledgement and Response Rates

In the financial year to date (April 2024 to March 2025) the acknowledgement and response rate, in line with the Ombudsman Standards, are as follows:

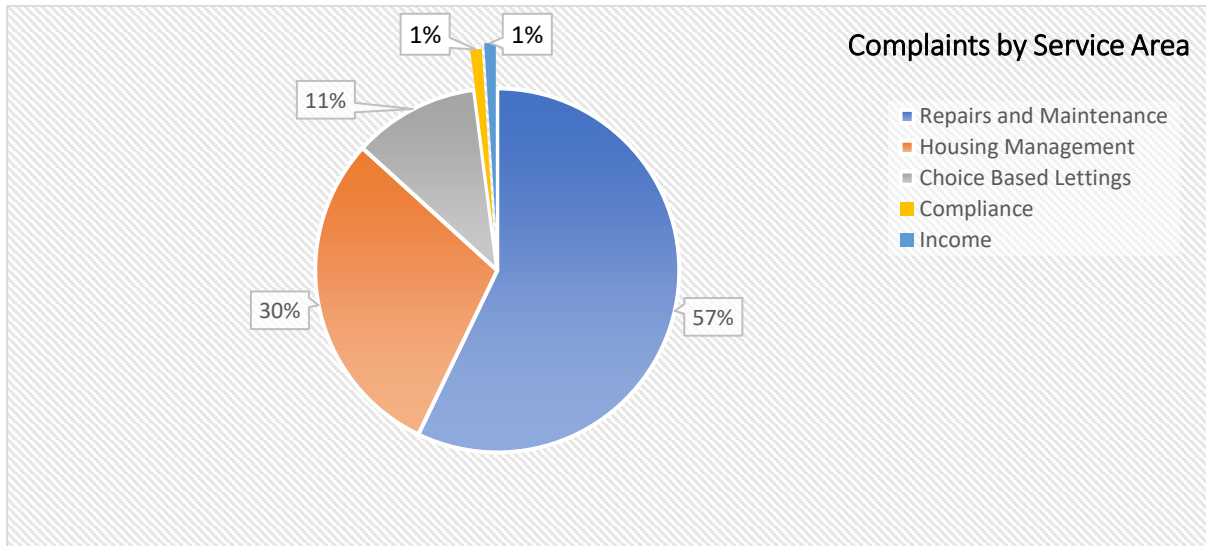
Stage	Acknowledgement (A)	Response (R)
1 (A) - 5 Working Days (R) - 10 Working Days	98% 84 of 86 Cases	84% 72 of 86 Cases
2 (A) - 5 Working Days (R) - 20 Working Days	100% 7 of 7 Cases	86% 6 of 7 Cases
Combined	98% 91 of 93 Cases	84% 78 of 93 Cases



This is seen as an improvement from 2023-24 where we acknowledged within timescales for Stage 1 at 95% and Stage 2 of our process at 89%. In 2023-24 we responded to complaints within timescale by the following: Stage 1 at 72% and Stage 2 at 89% therefore we can see improved timescales, even against increased complaint numbers.

Service Areas

In all non-excluded complaint cases, the Repairs and Maintenance Service received the highest number of complaints (56 in total) in the year to date (representing 55% of all incoming complaints and increasing since the previous year). However, it should also be acknowledged that this service deals with around 12,000 responsive repairs each year.

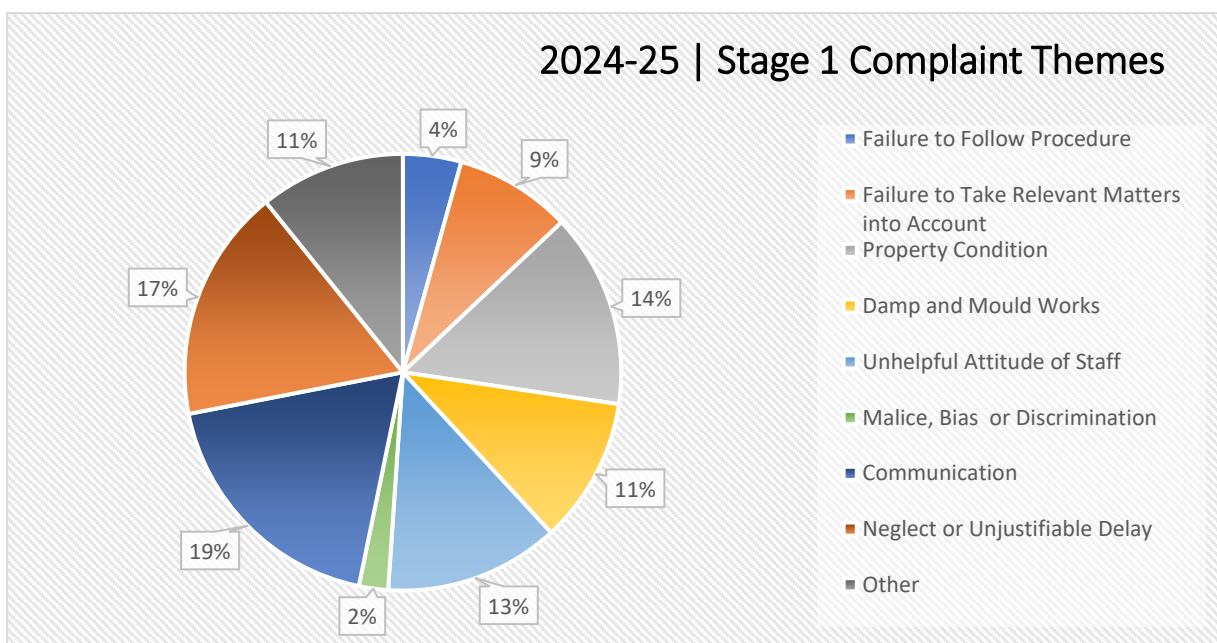


In 2023-24 53% of overall complaints received were linked to Housing Management, 44% were linked to our Repairs and Maintenance Service with the remaining 3% linked to Compliance activity. Therefore we have seen a slight increase in complaints related to repairs and maintenance, but a significant reduction in complaints related to Housing Management.

Complaint Themes

Following 2023-24's refocus on better categorisation of complaints, and recording the multiple themes that may be present in a single complaint, our service has been able to understand the diverse array of reasons why our tenants and residents may feel the need to express dissatisfaction.

A reasonable equal distribution of complaint themes has been recorded in the financial year. However there have been some common themes such as *Poor Communication* and



Neglect/Unjustifiable delays. These themes seemed to largely coincide with one another when the matter of the complaint relates to outstanding repairs and/or property condition.

Exclusions

The Council's complaints policy sets out the exclusion criteria for complaints which may be refused. In the event that a complaint is not accepted, the customer will be given an explanation setting out the reasons why.

There have been 4 excluded cases in the 2024-25 financial year. Of the 4 exclusions, two were due to the complaint having previously been investigated and responded to under the complaints policy. Another excluded complaint was classified as a service request. The final exclusion was due to no fault being found as the operative was following a rule of law (traffic).

3. Ombudsman: Annual Landlord Performance Report

The most recent Ombudsman landlord performance report is attached (Appendix B), this report from the Housing Ombudsman covers the period of April 2023 – March 2024.

Performance at a glance shows that the Ombudsman made determinations in two (2) cases during the reporting period of 2023-2024 with six (6) maladministration findings and one (1) complaint handling failure orders.

With a maladministration rate of 100% and the national maladministration rate recorded at 73% in 2023-24, the Ombudsman reported that Lancaster City Council performed poorly when compared to similar landlords by size and type.

Whilst we are disappointed to report these findings, we remain committed to providing residents with a fair, accessible and effective complaints handling service that is compliant with the ombudsman statutory code. Furthermore, we have taken all orders and recommendations on board and actioned them where required including paying £2,550 in compensation.

4. Ombudsman: Findings of Non-Compliance

In recent years the Housing Ombudsman Service has developed an increasingly proactive role in monitoring and intervening in housing service delivery through receipt of individual complaint cases and analysis of emerging themes and trends. Their 'spotlight' reports, for example, offer guidance and recommendations for effective service delivery in a range of areas and the Housing Service uses these to inform ongoing service review.

With regard to specific cases, Lancaster City Council was subject to 1 determination during 2024/25.

Case 1

For the council's handling of the residents reports of anti-social behaviour (ASB), there were two counts of maladministration found in the landlord's handling of the resident's reports of ASB and the associated complaint. As a result the council was ordered to:

1. Write to the resident with an apology for its failures in the handling of the residents reports of ASB, and its complaint handling failures
2. Pay directly to the tenant a total of £700 compensation
3. Review the complaint handling failures highlighted in the investigation alongside the provisions of the code
4. Provide evident of compliance with these orders to the ombudsman within 4 weeks

5. Service Improvements and Learning

Our aim is to encourage a positive complaint handling culture, to ensure we actively utilise complaint learning and implement service improvements. We want to be accountable and transparent to our customers.

Each time a formal complaint is received and investigated, as part of the response we proactively look to identify lessons learned and service improvements to prevent similar complaints happening again. This information is shared at our Council Housing Advisory Group and we aim to publish more information linked to a 'You Said We Did' format more widely over the coming year. These are some real examples of service improvements identified in 2024–2025 as a direct result of complaints learning.

A. COMMUNICATIONS: REPAIRS AND MAINTENANCE SERVICES

Overview:

We know our repairs and property maintenance service is crucial to our tenants and residents, and good communication is central to this process- particularly when things don't always go to plan. In this financial year, many of the complaints we have investigated could have been avoided if our communication with our tenants had been clearer.

Learning:

Through clearer communication we could ensure our tenants are aware of; what jobs would be required, the timescales associated with those works, what happens when there is a delay. Stronger communications surrounding the repair process also keeps our tenants in the loop and feeling involved and in control of the work being carried out in their house across all RMS services such as:

- Damp and Mould Works
- Responsive repairs
- Capital Works (such as Roofing, Kitchen Replacements etc)
- And post-Void repairs that would be completed after the property has been let.

This is an area we continuously focus on reviewing and adapting the service accordingly.

Actions in 2024-25:

- **Toolbox Talks for RMS staff:**
Toolbox Talks undertaken with RMS – Held sessions with Repairs and Maintenance staff to reinforce the importance of tenant communication. These focused on explaining works clearly, setting realistic timescales, and keeping tenants updated on delays.

- **Repairs text message roll-out**
Introduced automated text messaging to confirm repair appointments. Tenants now receive a notification when a job is raised or changed.
- **Improved damp and mould reporting**
When tenants report damp or mould, staff complete a new form over the phone which records key household and vulnerability details. This triggers an automatic email or text to the tenant confirming their inspection appointment and explaining how to prepare
- **Better scheduling of electrical jobs**
We improved the availability of electricians and worked closely with schedulers to contact tenants directly to book appointments wherever possible to reduce any backlog of electrical work requests.

Planned Actions for 2025-26:

- **Exploring expanding scheduling improvements to other trades**
We will be exploring the feasibility of applying the same improved processes introduced in our electrical works, to our plumbing and joinery services to help resolve issues more quickly.
- **Wider use of Gov Notify service for tenant updates**
Both Housing Assistants and Works Schedulers will be given access to send one-off messages to tenants, providing quick updates on ongoing work, better keeping tenants informed and in the loop.
- **Introducing Granicus forms for inspections**
We will roll out new digital inspection forms that provide real-time information to planners, helping them book follow-up work more efficiently.

We are also exploring how these forms can generate tenant-friendly letters that clearly outline the work planned.

- **Reintroducing the Repairs Satisfaction Survey**
We will review and relaunch our transactional survey for repairs to capture real-time tenant feedback after a job has been completed. This will help us better understand tenant satisfaction, identify areas for improvement, and act quickly where service has fallen short. The survey will be simple, accessible, and focused on key aspects such as communication, quality of work, and overall experience.

B. STAFF CONDUCT AND CUSTOMER SERVICE

Overview:

We understand that every interaction between staff and tenants, shapes how our service is experienced and perceived. Professionalism, courtesy, and respect are essential — whether face-to-face, over the phone, or through contractors working on our behalf.

Learning:

Complaints and feedback this year have shown us that even when the right action is taken, the way it's delivered can affect how it's received.

A lack of empathy, dismissive tone, or inconsistent standards can damage relationships and reduce trust. We've learned that professionalism needs to be consistently demonstrated — across all services, by both

staff and contractors — and that clear expectations, training, and accountability all play a role in achieving this.

Actions in 2024-25:

- **Monthly spot checks in Community Safety (ASB Case Management)**
The service has introduced regular case audits and spot checks to ensure consistent, professional communication and decision-making in sensitive casework.
- **Toolbox Talks with RMS staff**
As part of the regular toolbox talks for RMS staff, topics such as professional behaviour, safe driving, and respectful engagement with tenants during repairs and maintenance visits has been included.
- **Contractor reminders on expected behaviour**
Contractors have been advised by the Capital Works Team, reinforcing the need for respectful conduct and the importance of representing the Council positively while working in tenant homes.
- **Shadowing in Independent Living Officer Induction Plan**
Following a number of complaints regarding newer members of the Independent Living team and their conduct/attitude. We have added structured shadowing to help new staff understand the expectations of tenant interaction, tone, and professionalism from day one.

Planned Actions for 2025-26:

- **Customer service refresher training for all frontline staff**
As part of Council Housings core training programme, all housing-facing staff will receive updated training on delivering excellent, respectful customer service.
- **Continued investment in CIH training for managers**
We will continue supporting managers to access Chartered Institute of Housing (CIH) training, helping embed professional standards and improve leadership across the service.

C. KNOWLEDGE AND INFORMATION MANAGEMENT (KIM)

Overview:

Clear, accessible, and well-managed information underpins every part of a good housing service — especially when things go wrong. Several complaints this year could have been avoided or resolved more effectively if our records had been clearer, more consistent, or easier to access. Issues such as tenants being incorrectly charged rent after returning keys, or a lack of documented outcomes from repair appointments, highlight the risks of poor record-keeping.

Learning:

The Housing Ombudsman's Spotlight on Knowledge and Information Management report has reinforced what we've seen in practice: poor information management can delay complaint resolution, undermine trust, and lead to unfair outcomes. We've recognised that staff need clearer guidance on what to record, where to record it, and how to keep information accurate and up to date. This includes everything from documenting property visits and repair outcomes, to recording tenant vulnerabilities in a consistent and

secure way. Having a clear KIM approach will also support better collaboration between teams and reduce duplication.

Actions in 2024-25:

- **Developed a KIM Action Plan in response to Ombudsman guidance**
The service has used the Ombudsman's Spotlight report on Knowledge and Information Management to identify gaps in our KIM practices and created a targeted plan for housing services to improve consistency, quality, and accessibility of data.
- **Initiated building the 'Eyes and Ears' concern raising process**
The housing service began developing the Eyes and Ears concern raising process for staff – this process allows staff to raise a concern that they see or hear when carrying out their duties, providing relevant staff members with potentially crucial information relating to the tenant's welfare. This work will evolve further through 2025-26 as we utilise Granicus to create the reporting form and will automatically allocate concerns to the relevant staff member or team.
- **Contractor reminders on expected behaviour**
Developed a consistent format for logging complaint actions and outcomes (via Granicus), making it easier to track service improvements.
- **Drafted a Housing KIM Strategy**
Built on the Action Plan with a longer-term strategy to guide future improvements and outline our approach to developing our management of data and information within the service.

Planned Actions for 2025-26:

- **Implement and embed the Housing KIM Strategy**
We plan to finalise and roll out the strategy in the new financial year, ensuring each service area understands its role in improving knowledge and information management.
- **Deliver training and guidance on good data practice**
We will continue supporting managers to access Chartered Institute of Housing (CIH) training, helping embed professional standards and improve leadership across the service.
- **Deliver the Eyes and Ears process for reporting concerns within housing management**
We aim to roll out a digital tool to help staff log concerns and vulnerabilities in a consistent way, improving internal referrals and support. Ensuring that staff have relevant information available to aid their case work
- **Prepare for Housing Management System Replacement**
We will begin aligning our data structures and processes with the upcoming MRI system, ensuring smoother migration and better long-term integration of housing information.

D. PROCEDURE, PROCESS AND DOCUMENTS

Overview:

Clear procedures and consistent documentation are key to delivering fair and reliable services. When processes are unclear or not followed consistently, this can lead to confusion for both tenants and staff — and result in poor outcomes, particularly when dealing with sensitive or complex cases.

Learning:

Some complaints this year have shown that while our frontline staff are committed to helping tenants, we don't always have clear written guidance in place to support them. Where procedures or template letters haven't been updated or don't reflect current best practice, it can lead to inconsistency in how we deliver services — especially when managing debt, anti-social behaviour (ASB) or repairs processes and standards.

We've learned that keeping our procedures, processes and letters under regular review — and making sure they reflect how we expect staff to work — is essential to ensure consistency, fairness, and better tenant outcomes.

Actions in 2024-25:

- **Updated Notices Procedure**

We reviewed and updated our Notices Procedure to ensure it reflects current legislation and best practice. This helps staff issue legal notices clearly and consistently, reducing the risk of delays or errors.

- **Debt Management Policy Drafted**

A new draft Debt Management Policy was developed to support a more consistent, fair, and supportive approach when tenants fall into arrears. This aligns with our commitment to early engagement and prevention. This policy is still under review and will be finalised in the 2025-26 financial year.

- **Rent Arrears Handbook Updated**

We updated our Rent Arrears Handbook to provide clearer guidance for residents on how we can provide support. The new version includes step-by-step advice, links to support services, and a focus on early intervention, as well as a transparent outline of our approach to managing arrears.

- **Review of ASB Case Management Process initiated.**

Following the Resolve ASB consultation we have begun the review of anti-social behaviour (ASB) case management to ensure our process is reflective of our practice, and remains robust, victim-focused, and consistently applied. This includes reviewing case workflows, and will extend to documentation, and communication templates in the new year.

Planned Actions for 2025-26:

- **Embed Debt Management Policy and Publish on our Webpage**

We will roll out the new Debt Management Policy, ensuring staff are trained and confident in applying it. The policy will also be made publicly available, so tenants understand our approach and what support is available.

- **Review and Refresh Lettable Standard**

We will revisit and refresh our lettable standard to ensure it meets tenant expectations and reflects our current practice. This will help make void turnaround processes more consistent and transparent.

- **Review Damp and Mould Processes**

We will continue reviewing our damp and mould procedures, with a focus on improving communication with tenants, updating them on delays, and taking greater care with their personal belongings during works.

- **Introduce plastering standards for relevant staff and contractors**

We will develop and introduce clear plastering standards to guide both staff and contractors. This will help ensure a consistent quality of finish and reduce repeat visits.

E. INTERCOMS AND COMMUNAL DOORWAYS

Overview:

Secure and functioning intercom systems are vital for residents' safety, independence, and peace of mind—particularly in blocks with vulnerable tenants. In 2024–25, we received complaints where broken or removed intercom systems had not been repaired or replaced in a timely manner. One case highlighted a failure to track a long-standing fault, which led to the removal of the system without a clear plan for reinstatement. This happened due to a gap in reporting and monitoring repairs, which we have since addressed.

Learning:

These complaints demonstrated the need for a more proactive approach to intercom maintenance. We learned that better oversight and coordination between contractors and our internal teams is essential to avoid missed jobs and ensure accountability. It also made clear that reactive-only maintenance is not enough—we need to plan ahead to prevent system failures before they happen.

Actions in 2024-25:

- **Weekly Review of Reported Intercom Jobs**

In May 2024 we introduced a process where reported intercom faults are now reviewed weekly by our repairs team to ensure no jobs are missed or left unresolved. Our appointed contractor now inspects sites for a condition survey on a quarterly basis.

- **Weekly Contractor Updates**

Contractors now confirm all outstanding intercom jobs on a weekly basis, providing an additional layer of accountability and helping us track progress.

Planned Actions for 2025-26:

- **Retender Intercom Service**

We will retender our intercom maintenance and installation contract to ensure we have a provider that meets our expectations around response times, service standards, and communication. This will support a more reliable and accountable service.

- **Explore developing a Planned Intercom Replacement Schedule**

We will create a planned programme for replacing intercom systems across our properties, based on system age, condition, and reliability. This proactive approach aims to replace systems before they fail, reducing tenant disruption and improving security.

Service Improvement Table

Priority Area	Action(s)	Target Completion
A. COMMUNICATIONS: REPAIRS AND MAINTENANCE SERVICES	i. Exploring expanding scheduling improvements to other trades	i. Q1 2025-26
	ii. Wider use of Gov Notify service for tenant updates	ii. Ongoing
	iii. Introducing Granicus forms for inspections	iii. Q2 2025-26
	iv. Reintroducing the Repairs Satisfaction Survey	iv. Q2 2025-26
B. STAFF CONDUCT AND CUSTOMER SERVICE	i. Customer service refresher training for all frontline staff	i. Q1 2025-26
	ii. Continued investment in CIH training for managers	ii. Q1 2025-26 Onwards
C. KNOWLEDGE AND INFORMATION MANAGEMENT (KIM)	i. Implement and embed the Housing KIM Strategy	i. Q1 2025-26
	ii. Deliver training and guidance on good data practice	ii. Q1 2025-26 Onwards
	iii. Deliver the Eyes and Ears process for reporting concerns within housing management	iii. Ongoing
	iv. Prepare for Housing Management system replacement	iv. Ongoing
D. PROCEDURE, PROCESS AND DOCUMENTS	i. Embed Debt Management Policy and Publish on our Webpage	i. Q1 2025-26
	ii. Review and Refresh Lettable Standard	ii. Q1 2025-26
	iii. Review Damp and Mould Processes	iii. Ongoing
	iv. Introduce plastering standards for relevant staff and contractors	iv. Q2 2025-26
E. INTERCOMS AND COMMUNAL DOORWAYS	i. Retender Intercom Service	i. Q3 2025-26
	ii. Explore developing a Planned Intercom Replacement Schedule	ii. Budget Dependent

Complaint Handling Quality

Throughout 2024-25 we have continued to embed complaint quality reviews to provide assurance that individual complaint cases are being managed consistently and in line with complaint code requirements. Moving into 2025-26 this work is being embedded into our complaint handling system. Learning and good practice from complaint reviews has been shared regularly at quarterly cross-Council meetings, with staff guidance documents regularly shared for those involved in complaint handling.

The Council Housing Service also has well embedded internal processes for managers to get together on a weekly and monthly basis to review complaints, share information and seek to develop holistic and joint responses. We are starting to explore how tenants can get involved in complaint reviews over the coming twelve months.

Tenant Satisfaction

In 2023 the Housing Service carried out the first set of annual Tenant Satisfaction Measures (TSM). These include satisfaction questions and performance data across the whole service, which are standardised across the whole social housing sector, and are reported in to the Regulator of Social Housing to form part of our annual data submissions.

There is a specific question relating to complaint handling: “how satisfied are you with Lancaster City Council’s Housing Service’s complaints handling?” in 2023, satisfaction came in at 36%, this increased slightly to 37% in 2024. For context from benchmarking undertaken by our TSM provider this places our performance in the top quartile when benchmarked across other local authorities, however we acknowledge that this still does not place us where we would like to be performance wise.

Unfortunately changes to how complaints were recorded throughout the last year has meant that compliments have not been formally recorded and therefore we are unable to provide comparison in this area. We are looking to review capturing and recording these again over the next 12 months.

Lancaster City Council | All Services

Annual Complaints Performance and Service Improvement Report

(HRA services reported separately)

2024-2025

Introduction

This is the first annual complaint report for non-Council Housing service functions.

At Lancaster City Council, we value feedback from our residents as it helps us identify areas where our services or properties can be improved. Although we aim to provide the highest standards of service, we know that problems do occur.

We believe our complaints policy and process are fit for purpose and compliant with the Ombudsman complaints code. We recognise however, for us to be fully compliant by April 2026, we need to carry out an honest, thorough and continual self-assessment of complaint handling across our organisation.

We are proud of the progress we have made this year, which includes:

- Formation of a Complaints Working Group. Representatives from all LCC services meet regularly to discuss the findings quality assurance.
- Our staff intranet site has a revised Complaints section, populated by training resources.
- A centralised process has been implemented using the Granicus CRM platform.
- Training workshops covering best practice and use of our CRM process have been introduced.

As will be covered in this report, we acknowledge there is still work to do, but we are committed to improving. Our action plan for 2025 2026 includes significant changes to quality assurance and the staff resource dedicated to oversight of complaints.

To make a complaint or share concerns, residents can reach us via email, online, phone, in person, or even through our social media channels, although complainants should note that social media inquiries may not be monitored daily.

Please note that this report is based on complaint handling data from across all LCC but excludes HRA services which are reported on separately to the Housing Ombudsman.

Annual Self-Assessment

We have conducted an annual self-assessment (May 2025) against the Code of Practice for Complaint Handling, as outlined by the Local Government and Social Care Ombudsman.

This assessment ensures that our complaint handling policy and process remains aligned with the provisions set forth by the Code.

In summary, this assessment has highlighted the following areas for attention in 2025 2026:

- Mandatory training across grades to increase understanding of our complaints policy
- Further develop the quality assurance process already in place
- Introduce a range of KPIs based on the measurable data available from Granicus
- Survey satisfaction of complaint handling
- Review staffing resource for complaints handling

Our full self-assessment is attached as 'Appendix A'.

Performance

Overview:

LCC acknowledges that our records of complaints for 2024/25 and the preceding year are incomplete.

Our record keeping process required complaint handling officers to provide all case details to Customer Services who would maintain a central filing system and summary spreadsheet. Quality assurance audits discovered instances of complaints that were handled by services, but those cases and associated data were not then provided to Customer Services for inclusion in our central records/spreadsheet.

Of the complaint cases that were recorded on this central spreadsheet, there were instances of incomplete data in relation to SLA performance and outcome.

On every quarterly report submitted to our Senior Leadership Team (SLT), it was noted that an estimated 25% of complaint handling data may be missing from centralised systems.



Based on this spreadsheet, LCC recorded 432 Stage 1 complaints in 2024/25. This is a 61% increase against the previous year based on a similar spreadsheet.

6% of these complaints were subsequently escalated to Stage 2 (25 cases). This is a 4% increase against the previous year.

The increase in complaints against the previous year can be explained in by:

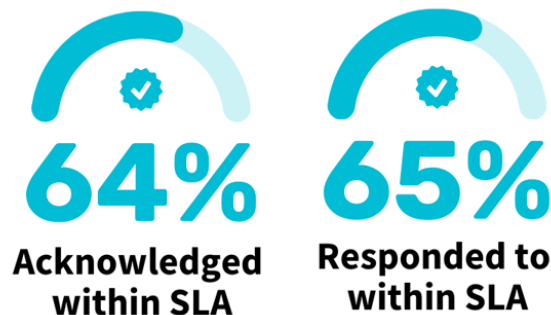
- Increase in staff understanding of our process via training, ensuring complaints are heard and escalated through the formal process where appropriate.
- Attempts to centralise complaint handling records, leading to more accessible data.
- Rollout of a new process using the Granicus CRM platform.

We anticipate that our new Granicus CRM process, which was fully rolled out across the authority by the end of the 2024/25 year, will provide us with significantly more accurate data for the coming financial year.

Stage 1:

Of the 432 Stage 1 complaints recorded in 2024/25:

- 64% were acknowledged within the timescale/SLA of 5 working days.
- 65% were then provided with a full response within the SLA of 10 working days.



When we are unable to meet our response SLA of 10 working days, our policy is to communicate the reasons and revised response date to the complainant. This data was not recorded in 2024/25. Our Granicus process captures this data so therefore in future we will be able to report on what percentage of extensions were communicated to the complainant.

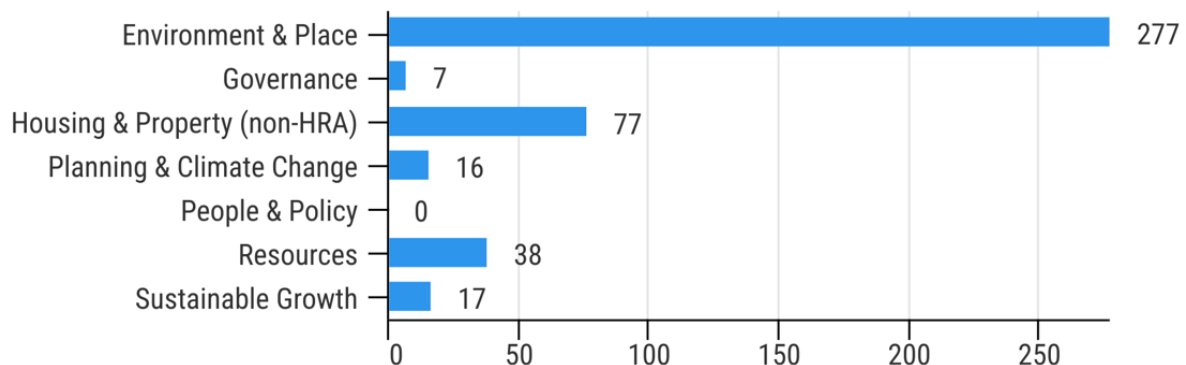
We record complaints into 5 categories to identify themes. In 2024/25 the most common themes were (in order):

1. Failure to follow procedure (159 cases)
2. Failure to take account of relevant matters (106)
3. Neglect or unjustified delay (94)
4. Unhelpful attitude of employee (54)
5. Malice, bias or discrimination (3)



We upheld 35% of our recorded Stage 1 complaints. In line with the Code, complaints are no longer recorded as 'partially upheld'.

Data regarding the reasons why complaints were upheld, what learning points were identified and what resolution measures (such as compensation) were not recorded consistently, therefore no trends could be identified. Use of the Granicus CRM process will rectify this.



We do not view the volume of complaints a service receives as a reflection of the quality of the service they provide or the general customer experience. Services that impact on our largest resident demographics naturally generate a greater amount of public feedback.

We recognise the need to improve on our recording of upheld complaint trends and lessons learned because these are a better indicator of how we are performing and where we need to improve.

The trend every quarter in 2024/25 was for Environment & Place, Housing & Property (non-Council Housing) and Resources to receive the most complaints. The same trend was seen the previous year, as was the breakdown within those service categories.

A breakdown of those 3 services with the highest volume of complaints is as follows:



Stage 2:

In 2024/25, we recorded 25 complaint cases as being escalated/progressed to Stage 2. This accounted for 6% of Stage 1 cases.

- 33% were acknowledged within the timescale/SLA of 5 working days.
- 35% were then provided with a full response within the SLA of 20 working days.



When we are unable to meet our response SLA of 10 working days, our policy is to communicate the reasons and revised response date to the complainant. This data was not recorded in 2024/25. Our Granicus process captures this data so therefore in future we will be able to report on what percentage of extensions were communicated to the complainant.

Data regarding if the Stage 2 investigation upheld the Stage 1 outcome/decision or if any additional learning points were identified was also recorded inconsistently. Use of the Granicus CRM process will rectify this.

Complaint Handling Quality

In 2024/25 LCC introduced quality assurance checking under the oversight of the Chief Officer responsible for Customer Services.

Random sampling of complaint cases is used to inform:

- Case studies for discussion at the periodic meeting of the Complaints Working Group
- Bespoke training needs of each service area
- A best practice 'top tips' report cascaded throughout LCC via complaints officers

It is proposed that a scoring framework is incorporated into this checking process in 2025/26. This will add a piece of tangible data that can be reported on as a measurable KPI.

Learning and Service Improvements

Learning points and areas for improvement at LCC and individual service level were not consistently recorded in 2024/25. It is therefore a priority in our 2025/26 action plan to develop a framework where actionable insights gained from complaints can be better monitored.

A random sampling of complaints was subject to quality assurance checks every quarter and these informed a 'top tips' reminder document to share best practice.

The following were common learning needs identified from those checks:

- Better understanding of exclusion reasons
- Need to record everything presented as 'complaints' so we have exclusion data
- Importance of uploading full documentation of an investigation into Granicus
- Need to make telephone contact with complainant to aid with understanding and resolution
- Issuing extension letter when we expect we can't meet response SLA
- Always using latest template letters
- Ensuring response letter is explicit as to whether a complaint is upheld or not upheld
- Using plain English and avoiding abbreviations in letters
- When capturing learning, make this as explicit as possible
- Considering appropriateness of offering compensation
- Using Granicus as the channel for issuing key correspondence

Complainant Satisfaction

This information is not currently collected.

There are proposals to utilise the Granicus CRM process to automatically generate a survey at the closure of every Stage 1 and Stage 2 case.

Such feedback could generate another tangible measure in the form of a 'score' that we can use as a measurable KPI.

Exclusions

Our complaints records spreadsheet for 2024/25 has not captured excluded cases. That means that unfortunately we don't know how many 'complaints' were presented to us in total, only the ones we accepted/acknowledged because they met our definition of a complaint.

Not having this exclusion data also means we were unable to monitor why cases were excluded, if cases were being correctly excluded in line with our policy or if these exclusions were being clearly explained to the complainant.

The Granicus CRM process does capture all this data. This process was rolled out LCC wide in March 2025 so for the next financial year we will have this data to help us monitor Code compliance.

Ombudsman Findings

Our Information Governance team has records of 9 cases taken to the Local Government & Social Care Ombudsman in 2024/2025:

- In 8 cases the LG&SCO made the decision not to investigate
- 1 case was determined as 'premature' because the complainant had not exhausted our complaints process
- There were no cases that included findings of non-compliance

2024/25 Action Plan

Our Action Plan for 2025/26 aims to identify and monitor sub-projects that will aid in our goal of being fully compliant with the LG&SCO Complaint Handling Code by April 2026.

The Action Plan points can be summarised as:

- Develop a programme of training workshops for staff of all grades. Within this training use case studies to educate staff on policy and best practice. Focus should be our definitions of complaint vs excluded, increasing awareness of how residents can access the process, how to correctly use the Granicus CRM process and the quality of communication and correspondence to the complainant.
- Develop a mandatory e-learning course that covers the above.
- Revise our public website pages to help users determine if the complaints process is the appropriate channel for their comments/request.
- Create Granicus survey form for complainants to feedback on their experience of our complaint handling. Integrate an internal scoring framework for a measurable KPI.
- Create Granicus form for quality assurance checks. Integrate a scoring framework for a measurable KPI.
- Build Power BI report so data captured by Granicus process can be effectively interrogated.
- Recruit a new post solely designated to the oversight of complaints handling across LCC.
- Amend the policy to include more guidance on offering compensation (using the following as a reference point <https://www.lgo.org.uk/information-centre/staff-guidance/guidance-on-remedies>)
- Further develop our annual report process in preparation for 2026.

CABINET

Local Council Tax Support Scheme (2026/27)
2nd December 2025

**Report of Andrew Taylor, Assistant Director (Head of
Revenues and Benefits)**

PURPOSE OF REPORT				
To enable Cabinet to consider the existing Localised Council Tax Support ("LCTS") Scheme and the options available, ahead of formal consideration and approval by Council for application in 2026/27				
Key Decision	N	Non-Key Decision	Y	Referral from Cabinet Member
Date of notice of forthcoming key decision	2nd December 2025			
This report is public				

RECOMMENDATIONS OF Councillor Tim Hamilton-Cox

- (1) Retain the existing Localised Council Tax Support Scheme for 2026/27 (Option 1)

1.0 Introduction

- 1.1 Cabinet's views are sought as to whether to retain the existing Localised Council Tax Support Scheme for 2026/27 (Option 1) subject to future consequential minor amendments following changes in housing benefit rules; or whether to amend it to reduce entitlement (Option 2).
- 1.2 Following the abolition of the national Council Tax Benefit (CTB) system back in 2013, each billing authority now has a legal duty to adopt a Localised Council Tax Support (LCTS) scheme.
- 1.3 Each authority is also under a legal obligation to consider, for each year, whether to revise its scheme or to replace it with another scheme. The history of the Council's arrangements is summarised below:
- 1.4 The first local scheme was adopted in January 2013 for implementation in 2013/14. The Council chose not to reduce support levels at that time, unlike most other local authorities.

- 1.5 In reviewing its scheme since then, Council has decided to retain basic council tax support levels, meaning that working age claimants on low incomes may still be awarded support to cover up to 100% of their council tax bills.
- 1.6 The Council has applied other comparatively minor changes over the years, on the basis that entitlement criteria for LCTS should generally remain in line with other key benefits, most notably Housing Benefit (HB) and Universal Credit (UC).
- 1.7 If a Council does wish to alter its scheme, it must approve any changes by 11 March, otherwise the existing scheme will continue to apply. There is currently no provision for changing a scheme in-year.
- 1.8 The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year. The main aims of the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.
- 1.9 Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances. For working age claimants, Councils can choose, through the design of their scheme, whether to alter support entitlements in some way.
- 1.10 Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

2.0 Overview of the Council's current scheme

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

the major precepting authorities, although given that general support levels are maintained, demand against this continues to be minimal.

- 2.6 The Department for Work and Pensions (DWP) operates a “full” Universal Credit (UC) service in this district, and the Council’s existing LCTS scheme accommodates this development. The Council’s current LCTS scheme principles are set out in **Appendix A** to this report.
- 2.7 This report sets out a recommendation that the LCTS scheme for 2026/27 be ‘retained’ in its present form, subject to minor consequential amendments to accommodate the annual uprating of similar applicable amounts in the Housing Benefit Scheme.

3.0 Details of Consultation

- 3.1 Members have previously indicated a preference to retain the existing LCTS scheme in its present format, subject to the scheme principles listed in **Appendix A**. As such, legally there is no need to consult on changes to the scheme at this stage. However, should “Option 2” be the preferred option of the Council, alternative scheme options will need to be developed for consideration by Council early next year, following a swift consultation exercise.
- 3.2 Under Option 1, the Council will write to major precepting authorities setting out the principles of the scheme for 2026/27, acknowledging the fact that they will share the financial cost and risk of any changes made. Their preference has always been for a cost neutral scheme that limits the financial pressure on their budgets as an alternative to cutting essential services.

4.0 Options and Options Analysis (including risk assessment)

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

4.2 Option 1:

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

- The existing scheme is considered soundly structured and works well, and offers maximum support for low-income families, who may otherwise find themselves in mounting debt.
- Current forecast assumes the continuation of the existing LCTS system and as such, maintaining current levels of support would normally have no impact on the Council’s financial forecast. However, costs have increased in recent years with increased take-up due to the cost-of living crisis and annual Council tax increases. 2025/26 has seen a small reduction in residents receiving LCTS from 9,310 in 2024/25 to 9,235 in 2025/26. Should this trend continue, this could reduce costs of the scheme in the long term.

- Retaining existing policy principles of keeping various positive entitlement provisions for LCTS in line with other key welfare benefits promotes equality.

4.3 Option 2:

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

- Currently 9,235 residents claim LCTS in the Lancaster district. As pensioners make up 38% (3,554) of claimants, it means any cut in the level of support provided falls on the remaining 62% (5,681) of working age people on low incomes.
- A reduction in the levels of support provided could arguably provide claimants with further incentives to work, reducing their reliance on benefits, although the jobs market is particularly uncertain at this difficult time.
- This option will have greater adverse financial impact on working age households but would help protect other Council services by requiring less savings to be made by them.
- If levels of support are reduced, the Council would be tasked with the difficulty of collecting this debt from the more vulnerable members of our society, increasing workloads and costs associated with council tax recovery.
- Additional costs associated with developing new scheme options, consultation exercise, legal changes to scheme etc.

5.0 Options and Options Analysis (including risk assessment)

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

	cost-of-living progresses.	crisis		
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6.0 Officer Preferred Option (and comments)

- 6.1 Retain the existing Localised Council Tax Support Scheme for 2026/27 (Option 1). This will assist financially vulnerable Council Tax customers in the Lancaster City Council District.

7.0 Conclusion

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

RELATIONSHIP TO POLICY FRAMEWORK

The LCTS scheme is developed in support of ambitions within the Council Plan regarding "Healthy and Happy Communities" to optimise access for those that need it most, together with welfare benefits and related support.

CONCLUSION OF IMPACT ASSESSMENT

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

The ambition is to continue with a LCTS scheme for the Council, which supports the objective of simplicity, but protects the most vulnerable residents in the district. The Council must continue to ensure that it has due regard to equality in making its local scheme, including how it will minimise disadvantage.

The Equality and Human Rights Impact Assessment has been reviewed and can be found as part of **Appendix B**.

LEGAL IMPLICATIONS

The Local Government Finance Act 1992 (as amended) provides that the Council, as the billing authority, must consider whether to revise its LCTS scheme, or replace it with another scheme by 11th March every year. However, it is beneficial for the Council to determine the principles of its LCTS scheme early, in order to build estimates into its Tax Base calculations.

Before a Council can determine to revise or replace its LCTS scheme it must consult any major precepting authority which has the power to issue a precept to it and such other persons as it considers are likely to have an interest in the operation of the scheme. However, these consultation rules do not apply if the Council approves the recommendation to "retain" its existing LCTS scheme.

Likewise, if Council is not proposing to change the existing LCTS scheme then technically there is no requirement to seek approval from full Council. However, it is

considered good practice for Council to ratify the existing scheme, given the annual uprating in April each year to adjust benefits and personal allowances, and any other consequential amendments.

FINANCIAL IMPLICATIONS

Currently the LCTS system is estimated to cost £11.823M in total each year with the Council's element amounting to 11.17% (£1.321M) in 2025/26; the cost being affected by council tax rates and claimant caseload, as well as the decisions of Council. The overall cost is broken down between working age claimants (£7.187M) and elderly claimants (£4.635M) with any decision disproportionately only affecting working age claimants. Of this cost for working age claimants (£7.187M), approximately £0.803M falls to the City Council, with the remainder being covered predominantly by the other major precepting authorities (County, Fire, Police) and a small element being met by Parish and Town Councils. Since the introduction of the LCTS scheme, the Government has rolled the Council Tax Support Grant into mainstream Government funding thereby making it impossible to separately identify. Should Council approve Option 2 and reduce support levels there would be related savings to the Council and major preceptors (County, Fire, Police), subject to the level of reduction. Any impact on parishes would be negligible. A cut of 10% in the level of support for working age claimants would equate to savings of £0.080M, whereas a 20% cut in support levels would equate to £0.161M in savings for the City Council.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

As Members will be aware the Council is currently facing a significant budget deficit in 2026/27 and beyond, and as a result there is pressure to reduce costs where possible. As noted within the report Lancaster City Council is one of only a few Councils which provides 100% support for working age claimants at an annual cost exceeding £0.800M per annum, and so is an area where changes to the scheme could provide a level of savings to reduce the deficit.

Revisions to the scheme were reviewed as part of the 2024/25 budget process and based on Band D equivalent savings to the Council could be c.£0100M however this does not include the impact of any additional collection costs associated with nonpayment. Should Members wish to revise the scheme to achieve a degree of savings it should be balanced against the points raised at para 4.2 as well as the Council's stated Priorities.

MONITORING OFFICER'S COMMENTS	
The monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS	Contact Officer: Andrew Taylor, Assistant Director (Head of Revenues and Benefits) Telephone: 01772 906013 E-mail: a.taylor@preston.gov.uk

APPENDIX A

Lancaster City Council Summary Principles of the Council Tax Support Scheme

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

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

Class of persons:

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

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

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

Class of reductions:

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

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

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

Applications:

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

General administration of the scheme:

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

Changes in Circumstances:

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

Appeals process:

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

Backdating:

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

Up-rating:

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

Other Matters:

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



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

Section 1: Details:

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

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

Yes

Section 2: Summary:

What is the purpose, aims and objectives?

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

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

Who is intended to benefit and how?

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

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

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

Section 3: Assessing impact

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

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

Section 4: Next steps:

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

No further evidence required.

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

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

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

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

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

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

CABINET

Delivering Our Priorities: Q2 2025/26 2 December 2025

Report of Chief Executive & s151 Officer

PURPOSE OF REPORT				
To provide members with an update on financial performance during the first two quarters of 2025/26 (April – September 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 2 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-September 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 2 information distributed members of both committees on 31 October 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 2 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	163	(88)	(104)	0	(29)
Governance	130	(12)	(55)	0	+63
Housing & Property	236	(28)	(39)	(104)	+65
People & Policy	26	(11)	0	0	+15
Planning & Climate Change	250	(18)	0	(22)	+210
Resources	216	(15)	(8)	0	+193
Sustainable Growth	122	(10)	0	11	+123
Provision for Staff Turnover	(486)	0	0	0	(486)
TOTAL FAVOURABLE VARIANCE	657	(182)	(206)	(115)	+154
<u>Housing Revenue Account</u>					
Housing & Property	214	(46)	(72)	70	+166
Provision for Staff Turnover	(11)	0	0	0	(11)
TOTAL FAVOURABLE VARIANCE	203	(46)	(72)	70	+155

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 +£0.309M (£0.154M General Fund, £0.155M 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 Since budgetary approval was gained, an ongoing review of works required has been taking place. This review has highlighted changes required which mainly fall into the following categories:-
- Additional works identified including these industrial style roofs
 - Deletions / removal of works for properties subject to further review
 - Acceleration of works originally scheduled for future years
 - Slippage of works to later years
 - Movement between capital and revenue expenditure.

Usually, this will affect the net position of the Council in terms of net under or overspend being presented. However, due to the required reprofiling of expenditure across future financial years identified within the review, the consolidated underspend will be transferred into the Corporate Property Reserve.

In order to assist in providing a clearer financial position for services going forward, the connected financial budgetary positions have been removed from individual service lines reported within section 6 of this report and associated appendices. This is a differing approach to that taken within the quarter 1 report where they were included within service totals.

- 5.3 The following table outlines the latest position of the project.

Table 2 Quarter 2 Financial Monitoring – Corporate Property Review

	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q2 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	0	+395
Service Support	159	159	0	0	+159
Williamson Park	75	75	0	0	+75
<u>Housing & Property</u>					
Commercial Land & Properties	142	142	0	0	+142
Facilities Management	51	51	14	50	+1
Municipal Buildings	505	505	0	101	+404
Other Land & Buildings	80	80	0	0	+80
<u>Sustainable Growth</u>					
Markets	1	1	0	0	+1
<u>Other Items</u>					
Contribution to Reserve	0	0	0	1,275	(1,275)
Total Revenue	1,426	1,426	14	1,426	0

The review of the programme of works has been included within the draft estimates as part of the ongoing 2026/27 budget process.

6.0 GENERAL FUND SUMMARY POSITION

- 6.1 Quarter 2 (Q2) monitoring covers the period for April – September 2025. At the end of Q2 (September 2025) a year end underspend of **£0.331M** 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 2 Financial Monitoring – Service Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Environment & Place	8,105	8,240	8,240	2,905	8,596	(356)
Governance	1,708	1,707	1,707	1,195	1,757	(50)
Housing & Property	1,605	3,536	3,536	(2,008)	3,007	+529
People & Policy	2,454	2,432	2,432	1,290	2,458	(26)
Planning & Climate Change	2,004	2,274	2,274	910	2,093	+181
Resources	4,710	5,084	5,084	1,781	5,041	+43
Sustainable Growth	(1,306)	(978)	(978)	(454)	(693)	(285)
Corporate Accounts	1,838	(87)	(87)	105	704	(791)
Other Items	5,661	4,810	4,810	(731)	3,724	+1,086
Sub Total	26,779	27,018	27,018	4,993	26,687	+331
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)	790	(218)	0
Corporate Property Review (Revenue)	0	1,427	1,427	14	152	+1,275
Corporate Property Review (Appropriation)	0	0	0	0	1,275	(1,275)
Revenue Reserve funded items (Revenue)	3,185	456	2,266	856	2,167	+99
Revenue Reserve funded items (Appropriation)	(3,134)	(456)	(2,266)	0	(2,167)	(99)
Sub Total	(1,175)	183	183	634	183	0
General Fund Revenue Budget	25,604	27,201	27,201	5,627	26,870	+331
Financing Income	(14,676)	(15,651)	(15,651)	7,297	(16,023)	+372
Council Tax Requirement	10,928	11,550	11,550	12,924	10,847	+703

Environment & Place (-£0.356M) Adverse

6.3 Significant budget variances : -

- Pay award (-£0.089M)
- General staff turnover savings +£0.059M due to vacancies across the service offset by overspend within waste collection due sickness levels plus the collection of recycling boxes now being delivered in-house
- Asset and Compliance Review (-£0.155M)
- Energy savings across service +£0.060M
- Vehicle hire costs (-£0.090M) within waste collection due to vehicles being off-road for repair as they approach renewal offset by R&M savings +£0.020M and fuel savings due to price +£0.035M
- Rental income to concessions on promenade not budgeted for +£0.033M
- Income shortfalls at SALC, including Spa, Swimming and Café (-£0.165M) partially offset by reduction in stock purchases +£0.032M and staffing contained within the general turnover savings above
- Income shortfall relating to trade waste (-£0.050M) in-line with previous years outturn and loss of custom due to not being able to make food waste collections
- Income shortfall relating Williamson Park Café and Shop due to closure of buildings (-£0.197M) partially offset by reduction in stock purchases +£0.089M

Governance (-£0.050M) Adverse

6.4 Significant budget variances : -

- Pay award (-£0.012M)
- Agency cover within service for two key posts (-£0.055M) offset by vacant post savings within service +£0.130M
- Potential City Council by-election not included within budget (-£0.024M)
- Reduced Legal Fee income (-£0.037M) plus a further (-£0.018M) fees due to specialist advice required
- Street Trading Consent scheme not yet commenced (-£0.020M)

Housing & Property +£0.529M Favourable

6.5 Significant budget variances : -

- Pay award (-£0.028M)
- General staff turnover savings, net of agency services +£0.093M
- Reduction in rent income due to commercial property lease changes (-£0.325M)
- Additional rent income due to ongoing lease negotiations +£0.290M, 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 +£0.691M
- Asset and Compliance Review +£0.167M
- Energy savings across service +£0.060M
- Removal of utilities savings target due to delays in recruitment (-£0.037M)

People & Policy (-£0.026M) Adverse

6.6 Significant budget variance: -

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

Planning & Climate Change +£0.181M 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 +£0.228M
- Reduced demand for pre-application advice particularly for the higher value, larger developments (-£0.035M)

Resources +£0.043M Favourable

6.8 Significant budget variances: -

- Pay award (-£0.015M)
- Salary savings +£0.208M including key accountancy and ICT vacancies
- Consultancy fees for Mainway scheme (-£0.049M)
- Increased shared service management fees for Revenues (-£0.040M)

Sustainable Growth (-£0.285M) Adverse

6.9 Significant budget variances: -

- Pay award (-£0.010M)
- Salary savings +£0.133M which includes 5 vacant Engineer posts and a reduction in post hours
- Reduced income levels at Morecambe Market partially due to less stall holders (-£0.057M)
- Revaluation of VAT classification at Morecambe Market resulting in 4 year VAT adjustments (-£0.209M)

- Off-street parking R&M and software costs (-£0.026M)
- Off-street parking pay and display income (-£0.100M)

Corporate Accounts (-£0.791M) Adverse

6.10 Significant budget variances: -

- The provision for staff turnover target (-£0.486M) 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 +£0.153M
- Provision for Bad Debts is anticipated to increase by (-£0.290M) due to ongoing lease negotiations (see Housing & Property)
- Costs for works relating to oil spill incident February 2025 (-£0.046M)
- Recovery of costs for works in default relating to incident at Supa Skips December 2023 +£0.034M

Other Items +£1.086M Favourable

6.11 Significant budget variances: -

- The removal of the an annual contribution to the renewals reserve following a review of reserve levels +£0.293M
- 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 +£0.240M
- 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 +£0.332M
- 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 (Q2) 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 2 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Employees	24,967	27,219	27,350	13,213	27,095	+255
Premises Related Exp	5,634	5,960	5,964	2,847	6,032	(68)
Transport Related Exp	1,661	1,720	1,720	916	1,747	(27)
Supplies and Services	16,743	14,609	17,822	7,507	16,841	+981
Transfer Payments	25,186	21,977	21,977	8,050	21,977	0
Support Services	217	142	160	1	160	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,146	1,535	1,535	268	1,295	+240
Appropriations	8,858	4,515	4,515	0	4,001	+514
Income	(57,633)	(50,376)	(53,742)	(27,809)	(52,478)	(1,264)
Capital Financing Inc	0	(300)	(300)	0	0	(300)
Sub Total	26,779	27,018	27,018	4,993	26,687	+331
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)	790	(218)	0
Corporate Property Review (Revenue)	0	1,427	1,427	14	152	+1,275
Corporate Property Review (Appropriation)	0	0	0	0	1,275	(1,275)
Revenue Reserve funded items (Revenue)	3,185	456	2,266	856	2,167	+99
Revenue Reserve funded items (Appropriation)	(3,134)	(456)	(2,266)	0	(2,167)	(99)
Sub Total	(1,175)	183	183	634	183	0
General Fund Revenue Budget	25,604	27,201	27,201	5,627	26,870	+331
Financing Income	(14,676)	(15,651)	(15,651)	7,297	(16,023)	+372
Council Tax Requirement	10,928	11,550	11,550	12,924	10,847	+703

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 Q2, a year end overspend against budget of **(-£0.696M)** is projected. A summary of the Q2 revenue position for the HRA is set out in table 5 below.

Table 5 Quarter 2 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000
Policy & Management	2,495	3,071	3,279	1,391	3,248	+31
Repairs & Maintenance	7,048	6,704	6,734	3,112	6,978	(244)
Welfare Services	(241)	(238)	(238)	(243)	(182)	(56)
Special Services	221	253	277	163	312	(35)
Miscellaneous Expenses	1,380	1,158	1,158	724	1,154	+4
Income Account	(18,919)	(18,255)	(18,255)	(8,960)	(17,968)	(287)
Capital Charges	(1,373)	7,424	7,424	0	7,424	0
Appropriations	8,872	(634)	(896)	0	(787)	(109)
Sub Total	(517)	(517)	(517)	(3,813)	179	(696)
Net Recharges to General Fund	517	517	517	517	517	0
Housing Revenue Account Budget	0	0	0	(3,296)	696	(696)

7.2 Significant budget variances: -

- Pay award (-£0.046M)
- General staff turnover savings, net of agency services +£0.212M
- Additional repairs costs relating to defending and settling disrepair claims (-£0.271M)
- Costs relating to fire at Bronte House (-£0.150M), reviewing options for capitalisation of costs
- Additional rent loss from voids due to ongoing capital projects and high levels of Right to Buy sales (-£0.242M)
- Additional council tax on re-lets due to major voids and capital projects (-£0.109M)
- Additional admin fees re high levels of Right to Buy sales +£0.039M
- 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 +£0.107M

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 Q2 a year end variance against budget of **(-£4.920M)** (General Fund (-£4.760M), HRA (-£0.160M)) is projected. Summary details for both the General Fund and HRA are set out in table 6 below.

Table 6 Quarter 2 Financial Monitoring – Capital Projects

	Original Budget 2025/26 £'000	Working Budget 2025/26 £'000	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Slippage/ (Accelerated Expenditure) £'000
General Fund						
Environment & Place	10,404	8,122	(1,206)	8,122	0	0
Housing & Property	3,005	3,391	(2,774)	1,991	+1,400	(115)
People & Policy	0	0	0	0	0	0
Planning & Climate Change	5,933	6,986	56	4,000	+2,986	(2,433)
Resources	792	1,853	401	1,724	+129	(129)
Sustainable Growth	730	811	(4,566)	566	+245	(227)
Other Items	0	0	(158)	0	0	0
GENERAL FUND - TOTAL	20,864	21,163	(8,247)	16,403	4,760	(2,904)
Housing Revenue Account						
Adaptations	300	300	138	300	0	0
Energy Efficiency / Boiler Replacement	1,501	1,834	608	1,834	0	0
Internal Refurbishment	1,078	1,078	440	964	+114	0
External Refurbishment	637	855	155	855	0	0
Environmental Improvements	500	500	142	417	+83	0
Re-roofing / Window Renewals	595	693	39	693	0	0
Rewiring	88	128	45	122	+6	0
Lift Replacement	0	42	0	42	0	0
Fire Precaution Works	210	335	142	345	(10)	0
Housing Renewal & Renovation	957	939	503	972	(33)	0
Acquisitions	250	795	136	795	0	0
HOUSING REVENUE ACCOUNT - TOTAL	6,116	7,499	2,348	7,339	160	0
GRAND TOTAL	26,980	28,662	(5,899)	23,742	+4,920	(2,904)

- 8.2 The forecast underspending against budget relates to both General Fund and HRA. The table above highlights the slippage and accelerated expenditure, which is anticipated to be requested at the end of 2025/26. Once accounted for, the following differences represent the latest position of any forecast under/(over)spends :-

- Housing & Property: +£1.067M of Corporate and Commercial Property works have been reclassified as revenue and a newly updated programme will be picked up as part of the budget setting process.
A forecast underspend of +£0.226M is expected in relation to the Gateway Solar Array due to economies of scale anticipated from tying in these works with works at Burrow Beck Solar Farm.
-£0.008M overspend due to final valuation for works carried out at Mellishaw Park.
- Planning & Climate Change: A forecast underspend of +£0.533M relating to Burrow Beck Solar Farm due to the preparatory works carried out to ensure the contractor received a cleared site for construction and economies of scale achieved by using the same contractor for these works and works on the Gateway Solare Array.
- Sustainable Growth: Bare Outfall flooding project is complete with and underspend of -£0.018M

- 8.3 With regard to the overall projected favourable variance on the HRA Capital Programme of +£0.160M, this is largely due to a projected underspend of +£0.114M on internal refurbishment works. This will continue to be monitored throughout the year.

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

9.0 RESERVES

- 9.1 The Council's General Fund unallocated balances are projected to be **£9.491M**. This takes account of the projected net overspend reported here. Overall, the combined level of reserves is forecast to be **£29.735M**. Table 7 Quarter 2 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 2 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)	(1,151,000)	0	1,687,461	(9,491,371)
Total Earmarked Reserves (Usable)	(15,186,400)	(626,200)	38,000	82,700	(15,691,900)	(16,163,943)	(1,900,700)	38,000	269,400	(17,761,343)
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)	(3,196,700)	38,000	2,167,261	(29,734,524)

- 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, plus feasibility works and park lighting (-£0.200M)
 - Parking ANPR for Lancaster City Centre (-£0.032M)
 - Car parking strategy feasibility works (-£0.118M)
 - Additional Microsoft licenses to enable all staff access the council network (-£0.024M)
 - Cyber response security (-£0.078M)
 - Consultancy works in relation to commercial properties (-£0.035M)

- 9.3 The Council's Housing Revenue Account unallocated balances are projected to be **£0.517M** (deficit). This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£0.650M**. Table 8 Quarter 2 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 8 Quarter 2 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)		695,900	517,400
Total Earmarked Reserves	(2,671,800)	(5,057,900)	4,774,700	944,000	(2,011,000)	(3,303,500)	(5,168,200)	6,097,100	1,207,400	(1,167,200)
Total Combined Reserves	(2,747,800)	(5,084,600)	4,774,700	944,000	(2,113,700)	(3,455,300)	(5,194,900)	6,097,100	1,903,300	(649,800)

- 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
 - 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

Officers are optimistic that these reviews will ease the financial position, at least in the short to medium term, and allow the restatement of opening HRA unallocated balances to above the recommended minimum level. Further work is required regarding the methodology used in reaching a valuation of dwellings used for social housing, including liaison with external auditors and consideration of any impact on future years' capital programmes.

These reviews are informing the 2026/27 budget-setting process and when available, a clear updated net financial position will be presented 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 54.6%, which is ahead of the profiled target of 51.4%. The annual target is 98.0%.
- 10.3 Business rates monitoring to the end of quarter 2 predicts a favourable in year variance of +£0.337M. This relates to a lower Levy payment than forecast in budget projections +£0.415M and a change in section 31 grants payable for the current year of (-£0.077M). Additionally, there is a forecast year end deficit of (-£0.788M) which will be recognised in 2026/27, however this will be fully funded from the Business Rates Retention Reserve (BRRR).
- 10.4 With regard to 2026/27, the proposed business rates reset will take place and this will affect the collection fund in a number of ways :-
- A revised business rates baseline which is the amount that we are expected to collect as an Authority

- A revised baseline funding level which is the funding need as determined by the government
- Expected changes to the tariff payable by the Authority and S31 grants due to the Authority

The overall effect of the above is expected to be addressed within transitional arrangements but it is proposed to utilise the BRRR to mitigate any significant financial impact.

At the time of writing this report, the various models required to calculate the future impact have not been released. However, it is expected before the end of November and the financial impact will be considered within future iterations of the Medium Term Financial Strategy (MTFS) report as appropriate.

Council Tax

- 10.5 The current collection rate for Council Tax is 54.4% which is behind the profiled target of 56.5%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q2 is 9,227.

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	Q2	Q3	Q4	Total
Council Tax	239,172	454,898			694,070
Business Rates	209,793	199,776			409,569
Housing Benefit Overpayments	6,999	2,844			9,843
Housing Rents (HRA)	12,522	20,129			32,651
Total	468,486	677,647	0	0	1,146,133

- 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 2 (including those under £500) is £30,551.
- 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 The Treasury Management Mid-Year Review report, as being reported elsewhere on this agenda, 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 2 was £27.6M. In terms of performance against external benchmarks the return on investment at the end of the period was as follows:

Base Rate	– 4.00%
7 day SONIA	– 4.19%
Lancaster City Council	– 4.09%

Details of investment holdings are set out in the Treasury Management Mid-Year Review report.

- 12.3 No new borrowing was undertaken during quarter 2 with balance sheet projections indicating that temporary borrowing may be required before the end of the financial year. The ultimate amount and timing of this will depend on working capital cashflows in the run up to year end which are kept under close review with a further update being made available at quarter 3.
- 12.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2025/26. The Treasury Management Mid-Year Review report 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.

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Ref:

QUARTER 2 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	Q2 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	(30)	113	0	+18%
	Environmental Protection	276	455	0	455	37	374	81	
	Fleet Management	(4)	(9)	0	(9)	30	0	(9)	
	Food Safety	389	512	0	512	232	491	21	+8%
	Hospitality & Events Management	330	223	0	223	93	242	(19)	
	Parks & Open Spaces	1,381	1,532	0	1,532	842	1,403	129	
	Pest Control	(36)	(12)	0	(12)	(57)	(12)	0	(6%)
	Salt Ayre Leisure Centre	239	636	0	636	216	677	(41)	
	Service Support	670	565	0	565	435	738	(173)	
	Street Cleaning	1,784	1,923	0	1,923	992	1,879	44	+2%
	Streetscape	52	73	0	73	23	68	5	
	Trade Refuse	(787)	(818)	0	(818)	(1,107)	(762)	(56)	
	Waste Collection	3,239	2,608	0	2,608	985	2,741	(133)	(5%)
Governance	Williamson Park	468	439	0	439	214	644	(205)	(47%)
	Democratic Support & Elections	1,044	1,087	0	1,087	703	1,073	14	(12%)
	Legal Services	742	665	0	665	481	745	(80)	
Housing & Property	Licensing	(78)	(45)	0	(45)	11	(61)	16	(26%)
	Commercial Land & Properties	(1,696)	(1,364)	0	(1,364)	(307)	(1,008)	(356)	
	Customer Services	539	608	0	608	335	612	(4)	
	Facilities Management	593	623	0	623	303	613	10	+346%
	GF Housing Schemes	(39)	(13)	0	(13)	(100)	(58)	45	
	Municipal Buildings	664	694	0	694	364	742	(48)	
	Other Land & Buildings	42	42	0	42	42	64	(22)	(7%)
	Private Sector Housing	616	1,565	0	1,565	(3,198)	864	701	+45%
	Property Group	777	1,244	0	1,244	476	1,039	205	+16%
	Public Health Services	109	137	0	137	77	139	(2)	0
People & Policy	Repairs & Maintenance	0	0	0	0	0	0	0	
	Communications	0	230	0	230	76	215	15	
	Community Connectors	166	0	0	0	0	0	0	(18%)
	Emergency Planning & CSP	99	117	0	117	45	118	(1)	
	Exec Support	196	197	0	197	115	202	(5)	
	Health & Safety	74	67	3	70	28	74	(4)	+19%
	HR & OD	1,193	855	0	855	419	853	2	
	Marketing	226	242	5	247	121	291	(44)	
	Policy and Partnerships	0	285	(8)	277	91	223	54	(8)
	Projects & Performance	168	118	0	118	59	126	(8)	
Planning & Climate Change	VCFS	300	321	0	321	310	321	0	
	Visitor Information Centres	32	0	0	0	26	35	(35)	+16%
	DM - Building Control	172	270	0	270	(6)	252	18	
	DM - Planning	644	822	0	822	415	690	132	+4%
	Energy and Sustainability	294	210	0	210	177	218	(8)	
Resources	Planning & Housing Strategy	894	972	0	972	324	933	39	
	CCTV	66	62	0	62	83	81	(19)	+3%
	Finance	1,455	1,679	0	1,679	859	1,629	50	
	ICT	1,557	1,789	0	1,789	1,049	1,764	25	0
	Internal Audit	219	172	0	172	77	172	0	
	Revenues & Benefits	1,413	1,382	0	1,382	(287)	1,395	(13)	
Sustainable Growth	Economic Development & Culture	220	226	0	226	109	226	0	(526%)
	Markets	(77)	(54)	0	(54)	(78)	230	(284)	
	Museums	493	490	0	490	227	484	6	
	Parking	(2,700)	(2,733)	0	(2,733)	(1,046)	(2,575)	(158)	(6%)
	Regeneration	483	546	0	546	235	530	16	+25%
	Strategic Projects & Engineers	275	547	0	547	99	412	135	
		19,280	22,295	0	22,295	5,619	22,259	36	+0%
Corporate Services									
Corporate Accounts	Corporate Accounts	1,838	(87)	0	(87)	105	704	(791)	(909%)
Other Items	Contributions from Reserves	4,517	1,520	0	1,520	0	1,227	293	+19%
	Government Grants	(1,334)	(774)	0	(774)	(536)	(774)	0	+16%
	Interest Payable	1,145	1,534	0	1,534	268	1,294	240	
	Interest Receivable	(1,302)	(465)	0	(465)	(463)	(797)	332	
	Minimum Revenue Provision	2,912	2,924	0	2,924	0	2,703	221	+8%
	Notional Charges	(55)	0	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	0
	UKSPF	0	0	0	0	0	0	0	
		7,499	4,723	0	4,723	(626)	4,428	295	+6%
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	0
RMS Capital Charges (now Housing Revenue Account)		(200)	(218)	0	(218)	790	(218)	0	
Corporate Property Review (Revenue)		0	1,427	0	1,427	14	152	1,275	+89%
Corporate Property Review (Appropriation)		0	0	0	0	0	1,275	(1,275)	
Revenue Reserve funded items included in above analysis (Revenue)		3,185	456	1,810	2,266	856	2,167	99	+4%
Revenue Reserve funded items included in above analysis (Appropriati		(3,134)	(456)	(1,810)	(2,266)	0	(2,167)	(99)	(4%)
General Fund Revenue Budget		25,604	27,201	0	27,201	5,627	26,870	331	+1%
Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(231)	(460)	0	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)	7,528	(15,283)	372	
Council Tax Requirement		10,928	11,550	0	11,550	12,924	10,847	703	+6%

Notes:

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

QUARTER 2 FINANCIAL REVENUE MONITORING - 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	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,446	26,393	109	26,502	12,569	26,031	471	+2%
	Indirect Employee Expenses	1,521	826	22	848	644	1,064	(216)	(25%)
	Cleaning and Domestic Supplies	182	177	(4)	173	96	186	(13)	
	Energy Costs	1,477	1,556	0	1,556	110	1,422	134	+9%
	Fixtures and Fittings	0	1	0	1	0	1	0	
	Grounds Maintenance Costs	59	62	0	62	10	62	0	
Premises Related Exp	Operational Bldgs Allocation	301	352	0	352	76	181	171	+49%
	Other Premises Costs	0	(37)	0	(37)	0	0	(37)	(100%)
	Premises Insurance	341	373	0	373	367	371	2	
	Rates	1,533	1,407	0	1,407	1,527	1,709	(302)	(21%)
	Rents	84	66	0	66	54	62	4	
	Repair and Maintenance	1,176	1,524	8	1,532	391	1,529	3	
	Water Services	481	479	0	479	216	509	(30)	(6%)
	Car Allowances	15	8	0	8	5	10	(2)	
	Contract Hire Operating Leases	41	16	0	16	101	122	(106)	(663%)
Transport Related Exp	Direct Transport Costs	1,507	1,582	0	1,582	720	1,515	67	+4%
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	8	20	0	20	4	14	6	
	Transport Insurance	90	94	0	94	86	86	8	
	Catering	37	58	0	58	19	58	0	
	Clothing Uniform and Laundry	145	101	0	101	53	100	1	
	Communications and Computing	1,677	1,737	30	1,767	1,474	1,813	(46)	(3%)
	Contribution to Provisions	1,147	250	0	250	0	540	(290)	(116%)
Supplies and Services	Equip Furniture and Materials	1,629	1,650	0	1,650	791	1,535	115	+7%
	Expenses	549	555	4	559	267	546	13	
	General Office Supplies	443	252	0	252	75	259	(7)	
	Grants and Subscriptions	1,831	1,393	375	1,768	1,213	1,805	(37)	(2%)
	Miscellaneous Expenses	960	1,320	1,975	3,295	333	2,358	937	+28%
	Services	8,325	7,293	829	8,122	3,282	7,827	295	+4%
Transfer Payments	Housing Benefit	25,186	21,977	0	21,977	8,050	21,977	0	
Support Services	Recharges Exp	217	142	18	160	1	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	268	1,295	240	+16%
Appropriations	Appropriations	8,858	4,515	0	4,515	0	4,001	514	+11%
	Customer Fees and Charges	(20,696)	(20,141)	(3)	(20,144)	(10,616)	(19,312)	(832)	(4%)
	Government Grants	(29,348)	(25,790)	(2,061)	(27,851)	(14,064)	(27,501)	(350)	(1%)
Income	Interest	(1,389)	(543)	0	(543)	(463)	(875)	332	+61%
	Other Grants and Contributions	(2,731)	(2,048)	(1,289)	(3,337)	(2,123)	(3,073)	(264)	(8%)
	Recharges Inc	(3,469)	(1,854)	(13)	(1,867)	(543)	(1,717)	(150)	(8%)
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)	790	(218)	0	
	Corporate Property Review (Revenue)	0	1,427	0	1,427	14	152	1,275	+89%
	Corporate Property Review (Appropriation)	0	0	0	0	0	1,275	(1,275)	
	Revenue Reserve funded items included in above analysis (Revenue)	3,185	456	1,810	2,266	856	2,167	99	+4%
	Revenue Reserve funded items included in above analysis (Appropriation)	(3,134)	(456)	(1,810)	(2,266)	0	(2,167)	(99)	(4%)
General Fund Revenue Budget		25,604	27,201	0	27,201	5,627	26,870	331	+1%
Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(231)	(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)	7,528	(15,283)	372	+2%
Council Tax Requirement		10,928	11,550	0	11,550	12,924	10,847	703	+6%

Notes:

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

QUARTER 2 FINANCIAL REVENUE MONITORING - 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	Q2 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	208	3,279	1,391	3,248	31	+1%
	Repairs & Maintenance	7,048	6,704	30	6,734	3,112	6,978	(244)	(4%)
	Welfare Services	(241)	(238)	0	(238)	(243)	(182)	(56)	(24%)
	Special Services	221	253	24	277	163	312	(35)	(13%)
	Miscellaneous Expenses	1,380	1,158	0	1,158	724	1,154	4	
	Income Account	(18,919)	(18,255)	0	(18,255)	(8,960)	(17,968)	(287)	(2%)
	Capital Charges	(1,373)	7,424	0	7,424	0	7,424	0	
	Appropriations	8,872	(634)	(262)	(896)	0	(787)	(109)	(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)	(3,813)	179	(696)	(135%)
Net Recharges to General Fund		517	517	0	517	517	517	0	
Housing Revenue Account Budget		0	0	0	0	(3,296)	696	(696)	

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

QUARTER 2 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2025/26

	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q2 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Projected 2025/26 (Slippage) / Accelerated Expenditure Request £'000	Variance +/- £30K %
Services								
Environment & Place	ASNL - Capital Access Works	0	0	0	(48)	0	0	0
	Commercial Venue Improvements	150	0	150	146	150	0	0
	Environment & Place Devpt Pool	4,346	(4,346)	0	0	0	0	0
	Food Waste Strategy	0	0	0	(1,462)	0	0	0
	National Landscape CORE Capital	0	0	0	0	0	0	0
	Playground - The Roods	0	0	0	0	0	0	0
	Public Bins	500	0	500	0	500	0	0
	Purchase Of Vehicles	5,337	(144)	5,193	0	5,193	0	0
	Wheelie Bins	0	2,208	2,208	94	2,208	0	0
	Winchester Field & Nature Area playground	71	0	71	64	71	0	0
Housing & Property	1 Lodge Street Urgent Structural Repairs	172	180	352	198	352	0	0
	87 King Street Conversion	400	(350)	50	0	0	50	(50) +100%
	Commercial Property Works	0	62	62	0	0	62	0 +100%
	Coopers Fields - BLRF	0	0	0	(183)	0	0	0
	Disabled Facilities Grants	0	0	0	(2,925)	0	0	0
	HIA Purchase of Vehicles	0	0	0	0	0	0	0
	Local Authority Housing Fund	0	0	0	(42)	0	0	0
	Low Voltage Switchgear & Solar Array - Gateway	974	2	976	0	750	226	0 +23%
	Mellishaw Park	0	0	0	8	8	(8)	0
	Property Capital Works	1,459	220	1,679	69	609	1,070	(65) +64%
People & Policy	White Lund Depot Improvements	0	272	272	101	272	0	0
Planning & Climate Change		0	0	0	0	0	0	0
	Burrow Beck Solar	3,600	553	4,153	609	3,600	553	0 +13%
	Electric Vehicle Charging Hub	0	60	60	(341)	60	0	0
	Planning & Climate Change Devpt Pool	400	(60)	340	0	340	0	0
	Property De-carbonisation Works	0	0	0	(66)	0	0	0
	Property De-carbonisation Works 2024-25	1,933	500	2,433	(12)	0	2,433	(2,433) +100%
Resources	SALC Salix Funded Optimised Solar Farm	0	0	0	(134)	0	0	0
	I.S. Desktop Equipment	257	1	258	21	129	129	(129) +50%
	I.T.Strategy	130	107	237	37	237	0	0
	ICT Laptop Replacement & E-campus screens	0	22	22	5	22	0	0
	ICT Nimble	0	252	252	125	252	0	0
	ICT Telephony	5	9	14	0	14	0	0
	Lancaster Local Fibre Network	0	1,070	1,070	213	1,070	0	0
	Resources Development Pool	400	(400)	0	0	0	0	0
Sustainable Growth	Bare Outfall Flooding	0	18	18	0	0	18	0
	Brownfield Land Release Fund	0	0	0	(2,389)	0	0	0
	Caton Road Flood Relief Scheme	0	0	0	(1,578)	0	0	0
	Centenary House Grant Funded Works	0	0	0	(448)	0	0	0
	City Museum Shop	0	14	14	0	14	0	0
	Coastal Revival Fund - Morecambe Co-op	0	0	0	(6)	0	0	0
	Economic Growth & Regen Devpt Pool	500	0	500	0	500	0	0
	Lancaster HS Heritage Action Zone	200	14	214	43	47	167	(167) +78%
	Lancaster Square Routes Project	0	5	5	(18)	5	0	0
	Morecambe Sea Front Parapet	30	30	60	7	0	60	(60)
Other Items	Our Future Coast	0	0	0	(177)	0	0	0
	REPF 24/25 (Yr2) External Projects	0	0	0	0	0	0	0
	REPF 25/26 (Yr3) External Projects	0	0	0	(75)	0	0	0
	The Streets are Ours Yr2	0	0	0	(5)	0	0	0
	UKSPF - 23-24 (yr2) External Projects	0	0	0	0	0	0	0
	UKSPF-23-24 (yr2) Lodge St Environs Enabling Works	0	0	0	1	0	0	0
	UKSPF 25/26 (yr 4) Affordable Warmth	0	0	0	(19)	0	0	0
	UKSPF 25/26 (yr4) Climate & Nature Study	0	0	0	(12)	0	0	0
	UKSPF 25-26 (yr4) Local Area Energy Plan	0	0	0	(48)	0	0	0
	UKSPF-25/26 (yr4) External Projects	0	0	0	0	0	0	0
		20,864	299	21,163	(8,247)	16,403	4,760	(2,904) +22%
GRAND TOTAL								
		20,864	299	21,163	(8,247)	16,403	4,760	(2,904) +22%

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 P6 Actual	2025/26 Projected Outturn	2025/26 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	300,000	137,701	300,000	0	
Energy Efficiency / Boiler Replacement	1,501,000	1,834,300	607,945	1,834,300	0	
Internal Refurbishment	1,078,000	1,078,000	439,823	964,000	114,000	Projection based on current activity to Q2
External Refurbishment	637,000	855,400	154,595	855,400	0	
Environmental Improvements	500,000	500,000	142,204	417,000	83,000	Works on hardstanding areas for bins less than anticipated
Re-roofing / Window Renewals	595,000	692,900	38,599	692,900	0	
Rewiring	88,000	128,000	44,620	121,500	6,500	Completion of 2024/25 contract
Lift Replacement	0	42,000	0	42,000	0	
Fire Precaution Works	210,000	335,000	142,241	344,500	(9,500)	Completion of 2024/25 contracts
Housing Renewal & Renovation	957,000	938,500	502,613	971,500	(33,000)	Net additional cost for conversions and redevelopment projects including Alder Grove
Mainway Regeneration Project	0	0	-344,973	0	0	
Acquisitions	250,000	794,900	135,749	794,900	0	
TOTAL EXPENDITURE	6,116,000	7,499,000	2,001,116	7,338,000	161,000	

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)	(1,151,000)	0	1,687,461	(9,491,371)
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)	(1,274,500)			(1,588,048)
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)	(1,900,700)	38,000	269,400	(17,761,343)
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)
Total Combined Reserves	(25,620,900)	(1,591,200)	38,000	418,400	(26,755,700)	(28,738,985)	(3,196,700)	38,000	2,167,261	(29,734,524)

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)		695,900	517,400
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)	(48,400)	0	75,100	(249,000)
Sheltered - Planned Maintenance	(379,400)	(125,000)	0	80,300	(424,100)	(371,700)	(96,700)	0	105,300	(363,100)
Sheltered Support Grant Maintenance	(339,900)	(62,600)	0	0	(402,500)	(328,400)	(48,400)	0	0	(376,800)
Total Earmarked Reserves	(2,671,800)	(5,057,900)	4,774,700	944,000	(2,011,000)	(3,303,500)	(5,168,200)	6,097,100	1,207,400	(1,167,200)
Total Combined Reserves	(2,747,800)	(5,084,600)	4,774,700	944,000	(2,113,700)	(3,455,300)	(5,194,900)	6,097,100	1,903,300	(649,800)

GENERAL FUND - 2025/26 SAVINGS & BUDGET PROPOSALS MONITORING (QUARTER 2)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
2025/26 APPROVED SAVINGS	£'000	£'000	£'000	£'000	
<i>Environment & Place</i>					
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 - plan to be in place second half 2026/27.
<i>Housing & Property</i>					
Energy Officer	3	0	(18)	(21)	Savings target of £37K is unlikely to be achieved in year due to delays in recruitment
Mailroom	10	0	0	(10)	Delays due to procurement requirements
<i>Planning & Climate Change</i>					
Building Control Fee Income	45	23	45	0	On target - Q2 above profile
<i>Sustainable Growth</i>					
Museum Charging	(12)	(12)	(12)	0	Achieved - annual budget exceeded P07
TOTAL SAVINGS	51	11	20	(31)	
2024/25 APPROVED GROWTH	£'000	£'000	£'000	£'000	
<i>People & Policy</i>					
New Council Website	26	0	26	0	Spend planned Q3-4. Procurement underway Q2
TOTAL GROWTH	26	0	26	0	
NET SAVINGS	25	11	(6)	(31)	

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							
Environment & Place	ASNL and Nature Reserves	104	113	113	113		
	Environmental Protection	276	455	408	374		
	Fleet Management	(4)	(9)	(15)	0		
	Food Safety	389	512	508	491		
	Hospitality & Events Management	330	223	206	242		
	Parks & Open Spaces	1,381	1,532	1,500	1,403		
	Pest Control	(36)	(12)	(12)	(12)		
	Salt Ayre Leisure Centre	239	636	1,053	677		
	Service Support	670	565	1,020	738		
	Street Cleaning	1,784	1,923	1,880	1,879		
	Streetscape	52	73	73	68		
	Trade Refuse	(787)	(818)	(768)	(762)		
Governance	Waste Collection	3,239	2,608	2,693	2,741		
	Williamson Park	468	439	565	644		
	Democratic Support & Elections	1,044	1,087	1,060	1,073		
	Legal Services	742	665	746	745		
Housing & Property	Licensing	(78)	(45)	(32)	(61)		
	Commercial Land & Properties	(1,696)	(1,364)	(746)	(1,008)		
	Customer Services	539	608	631	612		
	Facilities Management	593	623	671	613		
	GF Housing Schemes	(39)	(13)	(38)	(58)		
	Municipal Buildings	664	694	775	742		
	Other Land & Buildings	42	42	43	64		
	Private Sector Housing	616	1,565	1,004	864		
	Property Group	777	1,244	1,307	1,039		
	Public Health Services	109	137	142	139		
People & Policy	Repairs & Maintenance	0	0	0	0		
	Communications	0	230	496	215		
	Community Connectors	166	0	0	0		
	Emergency Planning & CSP	99	117	117	118		
	Exec Support	196	197	198	202		
	Health & Safety	74	67	77	74		
	HR & OD	1,193	855	844	853		
	Marketing	226	242	249	291		
	Policy and Partnerships	0	285	249	223		
	Projects & Performance	168	118	124	126		
Planning & Climate Change	VCFS	300	321	321	321		
	Visitor Information Centres	32	0	35	35		
	DM - Building Control	172	270	270	252		
	DM - Planning	644	822	666	690		
	Energy and Sustainability	294	210	215	218		
Resources	Planning & Housing Strategy	894	972	955	933		
	CCTV	66	62	62	81		
	Finance	1,455	1,679	1,624	1,629		
	ICT	1,557	1,789	1,730	1,764		
	Internal Audit	219	172	172	172		
Sustainable Growth	Revenues & Benefits	1,413	1,382	1,382	1,395		
	Economic Development & Culture	220	226	226	226		
	Markets	(77)	(54)	181	230		
	Museums	493	490	510	484		
	Parking	(2,700)	(2,733)	(2,747)	(2,575)		
	Regeneration	483	546	528	530		
	Strategic Projects & Engineers	275	547	428	412		
		19,280	22,295	23,699	22,259	0	0
Corporate Services							
Corporate Accounts	Corporate Accounts	1,838	(87)	359	704		
	Contributions from Reserves	4,517	1,520	1,520	1,227		
Other Items	Government Grants	(1,334)	(774)	(774)	(774)		
	Interest Payable	1,145	1,534	1,353	1,294		
	Interest Receivable	(1,302)	(465)	(611)	(797)		
	Minimum Revenue Provision	2,912	2,924	2,703	2,703		
	Notional Charges	(55)	0	0	0		
	Pandemic Support	0	0	0	0		
	Revenue Funding of Capital	(222)	71	71	71		
	Capital Funding of Revenue	0	0	0	0		
	UKSPF	0	0	0	0		
		7,499	4,723	4,621	4,428	0	0
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	(1,026)	(1,026)		
RMS Capital Charges (now Housing Revenue Account)		(200)	(218)	(218)	(218)		
Corporate Property Review (Revenue)		0	1,427	0	152		
Corporate Property Review (Appropriation)		0	0	0	1,275		
Revenue Reserve funded items (Revenue)		2,858	427	1,991	2,167		
Revenue Reserve funded items (Appropriation)		(2,858)	(427)	(1,991)	(2,167)		
General Fund Revenue Budget		25,553	27,201	27,076	26,870	0	0
Core Funding :							
Revenue Support Grant		(433)	(460)	(460)	(460)		
Additional New Homes Bonus		0	0	0	0		
Supplementary Government Grants		0	0	0	0		
Prior Year Council Tax Surplus		141	(280)	(280)	(280)		
Net Business Rates Income		(14,384)	(14,911)	(14,911)	(15,283)		
Council Tax Requirement		10,877	11,550	11,425	10,847	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 October 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	119	£159,184	131	£44,925	73	£28,811	552	£400,329	36	£25,000	243	£334,127	70	(£10,873)	1,224	£981,503
Governance	0	£0	4	£37,606	0	£0	3	£1,328	9	£23,697	48	£217,958	1	(£612)	65	£279,977
Housing & Property	0	£0	2	£10,289	1	£600	1	£3,400	1	£2,260	16	£29,584	0	£0	21	£46,133
Planning & Climate Change	95	£152,831	17	£158,106	11	£72,727	41	£201,073	51	£251,101	124	£689,753	8	(£864)	347	£1,524,727
Resources	79	£33,253	16	£4,245	38	£10,479	148	£76,017	290	£126,387	939	£622,264	43	(£9,934)	1,553	£862,711
Sustainable Growth	39	£24,376	15	£18,878	14	£49,060	93	£130,376	41	£26,023	40	£33,195	4	(£1,008)	246	£280,900
Total Per Period	332	£369,644	185	£274,049	137	£161,676	838	£812,523	428	£454,468	1,410	£1,926,881	126	(£23,290)	3,456	£3,975,951
Total Debts	3,456	£3,975,951														

BUDGET AND PERFORMANCE PANEL**Strategic Risk Management****3 December 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 Report

- 1.0 Quarterly Strategic Risk Report as updated by Leadership Team to be seen by Budget and Performance Panel Committee to be noted.

- 1.1 There are currently 25 Strategic Risks open on the register.

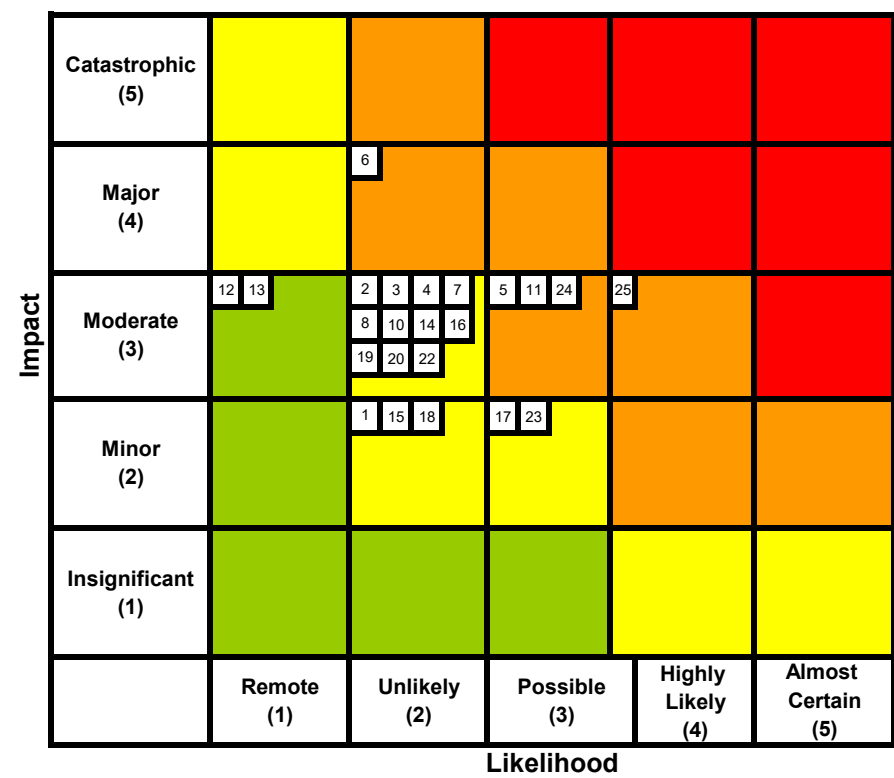
- 1.2 The attached appendices show the changes to the council's Strategic Risk Register made during the reporting period 17th July to 5th November 2025. Changes are highlighted using red text. A summary of the main changes is as follows:

- Risk reviews have been run against 9 Strategic Risks.
- Action plan due dates have been updated for risks SR04, SR05, SR07, SR08, SR15 and SR20.
- Action plan descriptions have been updated or added for risks SR04, SR07, SR08 and SR15.
- Control measure details have been updated or added for risks SR03, SR04, SR15, SR21 and SR28.
- The residual and target risks scores for SR29 have been increased. Further risk categories have also been added for this risk. It is the only strategic risk that sits above our risk appetite.

- 1.3 The recent changes from a 4x4 to a 5x5 matrix have resulted in there being no red (high) risks, with 7 amber risks across the restricted and unrestricted risk registers.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):	
<p>No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.</p>	
LEGAL IMPLICATIONS	
<p>No direct legal implications arising from this report.</p>	
FINANCIAL IMPLICATIONS	
<p>No direct financial implications arising from this report.</p>	
OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces	
<p>No direct resource implications arising from this report.</p>	
SECTION 151 OFFICER'S COMMENTS	
<p>The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.</p>	
MONITORING OFFICER'S COMMENTS	
<p>The Monitoring Officer has been consulted and has no comments.</p>	
BACKGROUND PAPERS N/A	Contact Officer: Claire Dubelbeis, Projects and Performance Manager Telephone: 01524 582505 Email: CDubelbeis@lancaster.gov.uk Ref: N/A

Strategic Risk Register - Risk Map 06.11.25



NOTE 1: All risks have been reviewed in the run up to 6th November 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.

Strategic Risk Register, Report Created 06.11.25

Red text used to highlight changes since the previous report

Risk No.	Risk & Owner	Risk Description	Residual Risk Score (Impact x Likelihood)	Risk Category	Existing Control Measure	Existing Control Measure Description	Target (Retained) Risk Level	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Due Date	Date Last Reviewed	Review Comment
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. 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	02/09/2025	Minor change made to the risk name and description, so that it refers to the planning of the next financial year.
					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	Cabinet							

				<table><tr><td>Portfolio Holder</td><td>Portfolio Holder</td></tr><tr><td>Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years.</td><td>Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years</td></tr><tr><td>Project Delivery Board</td><td>Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.</td></tr><tr><td>Projects and Performance Manager</td><td>Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.</td></tr><tr><td>Delivering Our Priorities Quarterly Monitoring Reports</td><td>Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.</td></tr><tr><td>Quarterly Cabinet Meetings</td><td>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.</td></tr><tr><td>Outcomes Based Resourcing / Fit for the Future</td><td>Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.</td></tr></table>		Portfolio Holder	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.	
Portfolio Holder	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																			
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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	<p>SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver</p> <p>Alex Kinch</p>	<p>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.</p> <p>Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities</p>	6 (3x2)	People	<table><tr><td>New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk</td><td>New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk. 25-26 is year 3 of the People Plan.</td></tr><tr><td>Annual Appraisal Process</td><td>Annual Appraisal Process embedded</td></tr></table>	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.	Annual Appraisal Process	Annual Appraisal Process embedded	6 (3x2)	02/09/2025	Minor change made to the description of the Pay and Grading Structure control measure to clarify the timeframe.								
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.																			
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. Joanne Wilkinson	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets. Link to Council Plan 24-27: 4.5 Innovative Public Service	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	Limited change. Ongoing review of assets being undertaken and presented to OBR assets. Information presented to B+P in Q1. New CPM system being implemented and this will further assist with better property management functionality.
					Use of Council Assets	Ongoing OBR workstream reviewing assets							
					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.		Council Assets	Consideration of commercialisation Plan - aligned with with Estates Imp Plan	Paul Mackie	31/03/2026		
					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.								
					Use of Council Assets	Utilising external support through HPA								
					Use of Council Assets	Repairs Service Improvement plan for property portfolio								
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	31/08/2026	29/10/2025	Reviewed in line with 5x5 matrix. Risk remains and appropriate control measures in place	
					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	01/07/2026			
					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	29/09/2025	No change to previous update - i.e. - The remaining actions were split; 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 (delivery of other decarbonisation projects)	Mark Cassidy	31/12/2025		

7	<p>SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.</p> <p>Mark Davies Luke Gorst Paul Thompson</p>	<p>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.</p> <p>Link to Council Plan 24-27: Whole document.</p>	6 (3x2)	Strategy	Carbon Zero +	<p>More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates</p> <hr/> <p>Medium Term Financial Strategy (MTFS)</p> <p>MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.</p> <hr/> <p>Programme Management</p> <p>Programme Management - in place to ensure strategy is followed and monitored on a regular basis.</p> <hr/> <p>Corporate Plan / Plan 2030</p> <p>Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.</p> <hr/> <p>Fit for the Future</p> <p>Fit for the Future is a strategic programme that assists in the balance of Council plan and MTFS</p>	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.	
								Priority Policies 24-27	Council Plan	Mark Davies	31/03/2027			
8	<p>SR08 The Council fails to deliver its key projects due to the lack of capacity and resources.</p> <p>Mark Davies</p>	<p>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</p>	6 (3x2)	People Financial	Local Plan	Local Plan	3 (3x1)	Local Plan	Local Plan, due to be adopted in June 28	Mark Cassidy Mark Davies	30/06/2028	02/09/2025	Action date amended.	
					Medium Term Financial Strategy (MTFS)	Medium Term Financial Strategy (MTFS)								
					Investment Strategy	Investment Strategy			Reserves	Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic	Mark Davies Paul Thompson	30/01/2026		
					Capital Programme	Capital Programme								

	<p>properly promised and resourced.</p> <p>Link to Council Plan 24-27: 4.5 Innovative Public Services</p>		<p>The Council continues to resource key service teams in Planning, economic development, regeneration, property investment</p>	<p>The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.</p>		<p>planning strategies.</p>	
						<p>People Plan</p> <p>3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention.</p>	<p>Alex Kinch</p> <p>31/03/2026</p>

					Strategic Plans	Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy							
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)				05/11/2025	Risk reviewed - no change	
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Mark Davies	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.	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.	6 (3x2)	Operations Financial	Budget and Performance Panel	Budget and Performance Panel Move to sustainable solutions	6 (3x2)	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures	Mark Davies Paul Thompson	31/03/2026 15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies	

	Mark Davies Paul Thompson	Link to Council Plan 24-27: 4.1 Value for money		Reserves Policy Reserves Policy				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					
	Continue financial forecasting	Continue financial forecasting and scenario planning e.g. for energy costs											
								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	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 Continuous review of assets and infrastructure Councils infrastructure	Asset Management Plan Continuous review of assets and infrastructure OBR Assets group in place.	2 (1x2)	Asset Managemen t Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Joanne Wilkinson Mark-Davies	31/03/2026	15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies. Owner transferred to Jo Wilkinson
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 Continuous review of strategy and policy LGA Workshop with Members CPC review and action plan.	Corporate Plan Policy Framework Continuous review of strategy and policy, and alignment with service delivery. These took place in September 2023. CPC review and action plan. Action Plans have now been added into Service Plans.	2 (1x2)					16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix.
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	6 (2x3)	Legal	Corporate Governance	Corporate Governance	6 (2x3)					21/10/2025	as is

	Mark Davies Luke Gorst	Link to Council Plan 24-27: 4.6 Openness		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.							
				Training and development	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). 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	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	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 Registration with BSE for high rise blocks Registration with BSE for high rise blocks	2 (2x1)	Non-compliance with BSE	To review Building Safety Case files following EWI survey results	Paul Mackie	31/12/2025	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 decent strategy is

		Housing			<p>Registration with BSE for high rise blocks</p> <p>Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.</p> <p>Registration with BSE for high rise blocks</p> <p>Tenants Voice group and Building Safety Group established</p> <p>Registration with BSE for high rise blocks</p> <p>Registration of blocks with BSE complete</p> <p>Registration with BSE for high rise blocks</p> <p>On-going and regular campaigns on fire safety undertaken with residents.</p> <p>Registration with BSE for high rise blocks</p> <p>Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision.</p> <p>Registration with BSE of high rise blocks</p> <p>Building Safety Case files prepared ready for call in.</p> <p>Non compliance with BSE</p> <p>Commissioned external cladding survey for Park House - draft report received shows low risk tolerable conclusion.</p> <p>Non compliance with BSE</p> <p>Information updated on improved intranet pages</p> <p>Non-compliance with BSE</p> <p>Resident engagement strategy for building safety approved</p> <p>Non-compliance with BSE</p> <p>Ongoing and regular dialogue with LFRS including site visits</p>			<p>Resident strategy is underway. Work to remove the front cladding on one elevation of Bridge House is commencing in July.</p>
20	<p>SR21 Non compliance with Regulator of Social Housing Standards</p> <p>Dennis Graham</p> <p>Joanne Wilkinson</p>	<p>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</p>	<p>6</p> <p>(3x2)</p>	<p>Property</p> <p>Financial</p>	<p>Social Housing Regulation</p> <p>Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning</p> <p>Social Housing Regulation</p> <p>Action planning within the service occurs in preparation for changes</p> <p>Social Housing Regulation</p> <p>Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.</p> <p>Social Housing Regulation</p> <p>Service Improvement Plan well established</p> <p>Social Housing Regulation</p> <p>Annual self assessment undertaken against current standards</p>	<p>2</p> <p>(2x1)</p>	<p>02/07/2025</p>	<p>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.</p>

		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			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							
					Social Housing Regulation	Internal Audit to be completed Q3 25/26							
					Social Housing Regulation	Engagement meetings taking place with the Regulator.							
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 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		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.
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.	9 (3x3)	Project / Programme	Mainway project Reports completed on a quarterly basis to update on project progress at a corporate level. Mainway project Fortnightly project team meetings reviewing progress.		4 (2x2)	Mainway project	Procurement of next stages to be completed	Joanne Wilkinson	31/03/2027	20/10/2025	MIAA have nearly completed PBC for Mainway / Skerton case. Ongoing engagement with Homes England now further details of AHP funding
								Mainway	Lune and Derby Houses to	Joanne	31/12/2025		

		<p>Delays could also put pressure on staff resources.</p> <p>This risk is on the Housing Risk Register as "H02 Delivery of Mainway Project" (9th Dec 2024)</p>			<p>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</p> <p>Mainway project Demolition of school site completed</p> <p>Mainway project Regular meetings with Homes England taking place to keep them abreast of developments</p> <p>Mainway project Financial model put forward to Link</p> <p>Mainway project Planning application approved for Phase 1a and b</p> <p>Mainway project Various and ongoing engagement events / information sessions with residents and councillors</p> <p>Mainway project New governance structure with Project Board, Scrutiny Group and sub-groups established.</p> <p>Mainway project MIAA audit review completed</p> <p>Mainway project MIAA supporting with PBC for Mainway.</p> <p>Mainway project Report to Cabinet seeking preferred way forward through seeking partnership (as well as gaining cost for the scheme).</p>		<p>project be disposed of Wilkinson</p> <p>Mainway project Masterplan to be completed Joanne Wilkinson 31/03/2026</p> <p>Mainway project Applications for funding to be submitted where relevant. Joanne Wilkinson 31/03/2026</p>	<p>has been released. Regular meeting of Programme Board.</p> <p>Unfortunately application for Council Housebuilding Support Fund - unsuccessful. Report scheduled for October Cabinet seeking way forward through partnership / as well as seeking price for Council to complete build.</p>	
25	<p>SR29 - Local Government Reorganisation</p> <p>Mark Davies</p>	<p>In December 2024 the government told local authorities across the UK that Local Government Reorganisation (LGR) will be brought in for geographical areas who</p>	<p>12 (3x4)</p>	<p>Strategy Governance Operations Legal Property Commercial People</p>	<p>Regular discussions at LT and with Members</p>	<p>Regular discussions at LT and with Members, Lancashire Leaders / CEX groups Council have agreed an x party working group</p>	<p>8 (2x4)</p>	<p>05/11/2025</p>	<p>Adjusted risk levels and target risk levels</p>

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.

Technology
Security
Project /
Programme
Financial
Data Info
and
Management

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.

Document is Restricted

Budget and Performance Panel

Updated Risk Management Policy

3 December 2025

Report of Chief Officer Resources

PURPOSE OF REPORT
To request the Budget and Performance Panel note the council's refreshed Risk Management Policy.
This report is public.

RECOMMENDATIONS

- (1) The Budget and Performance Panel note the refreshed Risk Management Policy, November 2025, shown as appendix A.

1.0 RISK MANAGEMENT POLICY

- 1.1 The Risk Management Policy has been re-drafted since the previous version was approved and published in March 2024 to include the following changes:
- Policy statement included
 - Risk management objectives section, replaced with key objectives of the policy section
 - Inclusion of section explaining what risk management is
 - Inclusion of section on the risk management framework
 - Inclusion of section on the identification of risk
 - Inclusion of section on the types of risk
 - Inclusion of section on the areas of risk management across the Council
 - Inclusion of section on how to describe a risk
 - Inclusion of section on how to report a risk
 - Revised risk scoring matrix, having moved from a 4x4 to a 5x5 impact vs likelihood matrix
 - Inclusion of a section on the types of risk registers we have in place and our 'three lines of defence' model.
 - Inclusion of a section providing guidance on the escalation and reporting of risk
 - Inclusion of a section on incidents
 - Updates to the roles and responsibilities section, aligning them with the constitution and committee terms of reference where needed
 - Removal of the culture and awareness sections, as these are now embedded elsewhere within the document.
 - Appendix 1 – definitions updated to bring us into line with the 5x5 risk scoring matrix, updating the criteria for impact and likelihood.
 - Appendix 3 – Risk appetite reviewed by cabinet on 21st October 2025.

2.0 CONCLUSION

- 2.1 Recent changes to the council's way of managing risk are reflected in the new policy, further strengthening the council's approach to risk management.

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 a copy of the council's refreshed Risk Management Policy.

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.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

[Risk Management Policy – March 2024](#)

[Cabinet Draft Minutes 21.10.2025](#)

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Promoting City, Coast & Countryside

Risk Management Policy

November 2025

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Version control

	Description	Date
V0.1	Draft submitted to Executive Team for comments	13 November 2019
V0.2	Draft submitted to Audit Committee	27 November 2019
V1.0	Approved by Audit Committee	27 November 2019
V1.1	Draft submitted to Audit Committee	24 March 2021
V1.2	Revisions submitted to the Senior Leadership Team for comments	18 January 2023
V1.2	Draft submitted to Audit Committee	March 2023
V1.2	Approved by Audit Committee	22 March 2023
V1.3	Revisions to reflect new structure of Council, updated risk categories and risk appetite and clarity on roles and responsibilities.	15 December 2023
V1.4	Minor revisions made to roles and responsibilities	23 February 2024
V2.0	Approved and adopted by Audit Committee	20 March 2024
V2.1	Review by MIAA	April 2025
V3.0	Approved and adopted by Audit Committee	

Due for review every 2 years.

1 Policy Statement

Lancaster City Council is committed to having a risk management culture that underpins and supports its services and intends to demonstrate an ongoing commitment to improving the management of risk throughout the organisation.

The identification and recognition of risks, management of them via mitigation, elimination or acceptance (as appropriate), is essential for the efficient and effective delivery of safe and high-quality services. The priority is to reduce those risks that could impact on the safety of individuals, whilst reducing our financial, operational and reputational risks to acceptable levels.

All staff should have an awareness and understanding of the risks that relate to their role and are encouraged to identify and escalate new risks.

In developing, improving and embedding its risk management system, the Council will take account of the appropriate statutory requirements, national guidance and the requirements of its regulators.

1.1 Key Objectives of the Policy

This policy will ensure that:

- a. The management of risk contributes towards ensuring effective service delivery and the achievement of the Council's strategic objectives.
- b. All Councillors and staff acknowledge and understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.
- c. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
- d. There is a commitment to embedding risk management into the Council's culture and organisational processes, at all levels, including strategic, programme, project and operational.
- e. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
- f. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
- g. Accountability to stakeholders is demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.
- h. Where possible the Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.
- i. The Risk Management Policy is reviewed and updated biennially in line with the Council's developing needs and requirements.

1.2 Scope of the Policy

This policy applies to all staff, Councillors, functions, working groups and partnerships. The responsibilities of these groups and the individuals within them, for the implementation and the effective management of risk is contained within this policy.

2. What Is Risk Management?

Risk is unavoidable and is part of all our lives. Risk management is a systematic and cyclical process, in which potential risks are identified, assessed, managed, monitored and reviewed. It is applicable at all levels – Leadership Team, service, team and individual.

Risk management is a proactive approach which:

- Identifies the various activities of the organisation
- Identifies the hazards that exist within those activities and the risks associated with those hazards
- Assesses those risks for likelihood and potential severity (impact)
- Eliminates the risks that can be eliminated
- Reduces the effect of those risks that cannot be eliminated
- Acknowledges those risks that can be accepted
- Seeks to engage with colleagues to understand risks and explain tolerated risks
- Regularly monitors and reviews all risks.

This policy explains Lancaster City Council's approach to **all** risk management activities within the Council and describes the framework that will operate to establish and drive effective, integrated risk management across the totality of Council activities. The diagram below identifies the core categories of risk management activities referenced in this Policy.



2.1 Risk Management Framework

By managing the Council's risk process effectively, we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

A Risk Framework is made up of several interconnected and dependent processes and is shown in the diagram below.



2.2 Identification of Risk

Everyone needs to be aware of the potential for risks to emerge which may affect the Council's services or business. All colleagues should be prepared to identify and report risks as appropriate. The Council will be open in its approach to managing risks and will seek to avoid a blame culture. Discussion on risk in any context will be conducted in an open and honest manner.

- A **risk** is a future uncertain event or set of events that, should it occur, will have an effect on the achievement of the Council, a project management failure, or a failure of governance arrangements. Risks facing the Council will be identified from several sources:
 - i. Risks arising out of the delivery of work-related tasks or activities.
 - ii. The review of strategic or operational objectives.
 - iii. A result of incidents and the outcomes of investigations.
 - iv. Complaints, claims, staff and customer feedback, health and safety inspections, audit reports, external reviews or ad hoc assessments.
- An **issue** can be defined as an event that has already happened, was not planned and requires management action. Issues should be captured on an issue log and managed in a timely manner.

2.3 Types of Risk

Risks can be classed as internal or external facing and can be associated with an opportunity:

- **Internal Risks** – are those faced from within the organisation, that arise from routine day to day activities such as managing staff, safeguarding, health and safety, financial challenges or operating IT systems etc.
- **External Risks** – are those that from outside the Council but may still have an adverse impact on its activities, for example, a major cyber-attack or extreme weather conditions. External risks are hard to manage as we have less control over whether they occur.
- **Opportunity Risks** – are those risks associated with plans that aim to benefit the area the Council services, for example from an investment. These risks can be acceptable provided they are well thought out and properly managed.

2.4 Risk Management Across the Council

Risk management is applied at all levels of service delivery across the Council. Some areas require their own risk management policy, with the Risk Management Policy forming an umbrella policy over these.

- **Strategic Risk** - are comprised of internal and external risks, the careful management of these risks is critical to the success and continuation of the Council. Strategic risks may emerge following the inability to manage/mitigate/element risks initially reported in other risk categories, through escalation scoring. All strategic risks should be assigned to at least one Chief Officer. These risks are reviewed on a quarterly basis and reported to various Council committees.
- **Health & Safety Risk** - Health and Safety is a complex area of legislation one requirement of which is for the organisation to have a Health and Safety Policy and which should incorporate effective risk management and align. The Council's Health and Safety Risk Register is held within the My Compliance system with the overarching risks being repeated within the Grace system for escalation purposes. The risk assessment policy can be accessed via this link: [SG02 Risk Assessment Policy](#).
- **Information (including Information Governance, IT Security and Systems Management) Risk** - is an integral element of good data security and protection. It includes use of IT systems, management of paper records, cyber security and physical security of our facilities. The Council has a number of policies in place to manage risks in this area. Key risks in these areas are included within the Grace system as the central repository.
- **Business Continuity Risk** - are those which threaten the organisation's ability to deliver its key services. These generally fall into three categories:
 - i. access to premises
 - ii. access to resources (e.g. IT systems)
 - iii. and access to staff

They can originate from a number of different sources e.g. severe weather, fuel shortage, availability of trained professionals, and usually, but not always, originating outside of the Council. Key risks in these areas are included within the Grace system as the central repository.

2.5 Risk Management Categories

When logging risks in the Grace risk management system, the Council separates risk into the following categories. Risk owners are asked to choose one, or at the most two, risk categories for each risk and refer to the risk appetite guidance in [appendix 3](#).

- Strategy
- Governance
- Operations
- Legal
- Property
- Financial
- Commercial
- People
- Technology
- Data Information and Management
- Security
- Project and Programme

2.6 Describing Risks

Risks need to be described in clear terms that can easily be understood and must specify what is the tangible threat or opportunity. The description should help determine how the risk will be managed and treated.

Risk descriptors are often prefaced with:

- 'Lack of...'
- 'Loss of...'
- 'Failure to...'
- 'Inability to'
- 'Reduction of....'
- 'Disruption to...'
- 'Inappropriate...'

Risks should generally be described in a couple of sentences, explaining the risk, cause and effect.

For Example:

“Failure to deliver major change project on time and in budget (risk) due to a lack of project management and appropriate resources and conflicting priorities (cause) which will result in detrimental impact to deliver the next stage of the programme and will increase temporary staffing costs (effect).”

2.7 Reporting Risks

All risks should be recorded once identified. The Council uses the Grace Risk Management System for operational (service), strategic and project risks. Any H&S risks should be logged in the My Compliance system.

Training on the use of the Grace risk management system is available to all Chief Officers and risk owners. The Projects and Performance Team (projects@lancaster.gov.uk) can provide further guidance and assistance on this. Colleagues who don't have access to the Grace system should report a risk to their line manager. If they are unable to report and record a risk this way, there is an MS Form which can be accessed from the [risk management pages of the intranet](#) that can be used to report a risk. The Projects and Performance team will then progress the recording of this risk with the correct colleagues.

2.8 Risk Scoring - Assessing, Analysing and Evaluating Risks

Scoring A Risk

The purpose of assessing and scoring a risk (which is undertaken as an integral task of reporting a risk) is to estimate the level of exposure to it the Council has, which will then help to inform where responses to reduce or otherwise manage a risk can be taken.

To analyse and evaluate risks, a thorough risk assessment should be undertaken. That is, a detailed analysis of the potential threats faced by the Council which may prevent achievement of its objectives. Through consideration of the sources of the risk, possible consequences, and the likelihood of those consequences occurring, it helps make decisions about the significance of risks and whether they should be accepted or treated.

The Council has adopted the 5 x 5 scoring matrix to ensure that a consistent scoring mechanism is in place across the Council, risks are assessed using the agreed [criteria for likelihood and impact detailed in Appendix 1](#).

When assessing the risk, the highest measure identified in each table is the score taken to plot the risk level on the risk matrix. Where the likelihood and impact cross, determines the risk level:

A "traffic light" approach is used to show **high** (red), **moderate** (amber), **low** (yellow) and **very low** (green) risks.

For example, a Likelihood of 3 (possible) and a Major impact of 4 would result in a risk level of 12 (Moderate). This score is identified as the **inherent** risk score and would be recorded as such on the Grace risk management system.

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				

Risk Scoring – types

Initial or First Risk Score – Inherent (or Gross) Risk Score

Following identification of the risk, a score for the gross likelihood and gross impact will be given to the risk as it currently stands, to ascertain the inherent (gross) risk score. The inherent risk score is the score given before any controls or actions are taken to alter the risk's impact or likelihood.

Second Risk Score – Residual (or Risk Response) Score

Risks are then re-scored by the risk owner to ascertain the residual risk score. This is the score given when taking into consideration all controls and treatments in place and/or any existing actions that are not operating effectively. The residual risk score will be the same or lower than the inherent risk score but can never be higher.

Comparing the residual risk score to the guidance on risk appetite for the respective risk category should be the deciding factor as to whether further action is required (see the [guidance on risk appetite in Appendix 3](#)). For example, if the inherent risk score is 20, actions are put in place / or can be put in place which will result in the residual risk scoring 8, if this score is within the range of the Council's risk appetite guidance for the respective risk type then this residual risk score should be recorded as such on the risk register. [See appendix 2 for further information on risk response categories](#).

If the residual risk score is either red or amber, the risk owner should escalate this to their manager for information and further review.

Third Risk Score – Target Risk (or Retained Risk) Score

If a residual risk score, after comparison to the Council's risk appetite guidance, requires further mitigating action to reduce the risk score to within the recommended risk appetite of the Council, the risk owner needs to develop an action plan to reduce the risk to within the Council's risk appetite matrix score. For some risks, a Council-wide risk response will be needed.

The amount of time and effort put into reducing a risk should always be aligned with the severity of the risk and should take into account what is practical and achievable. For example, if a risk receives the highest awardable score of 25 then far more time and effort would be put into mitigating it than if it received a far lower score of 6.

It is unusual, but not impossible to be able to reduce a risk down to the very lowest risk score of 1.

2.9 Treatment and Action Planning

Actions, which form part of an action plan to address a risk, will help to minimise or eliminate the likelihood and / or impact of a risk occurring, are identified where the gross (inherent) risk score needs to be reduced. This is either to determine the residual risk score or if the risk score needs further reduction in line with the Council's risk appetite.

Risk may be managed in one, or a combination of, the following ways:

Accept	A decision is taken to accept the risk.
Avoid	A decision is made not to take a risk.
Fallback	Put in place a fallback plan for the actions that will be taken to reduce the impact of the threat should the risk occur.
Reduce	Further additional actions are implemented to reduce the risk.
Transfer	All or part of the risk is transferred through insurance or to a third party.
Share	Share the risk with others on pain/gain basis.
Enhance	Proactive actions taken to enhance the likelihood of the event occurring or enhance the impact of the event should it occur.
Exploit	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.
Reject	A deliberate decision is taken not to exploit or enhance the opportunity.

These are described in more detail in [Appendix 2](#). The managed approach to risk should always be documented in the risk register, for example, after assessment of the risk, a decision may be made to transfer the risk, therefore no further mitigating controls are required.

2.10 Risk Appetite

The Council's risk appetite refers to the amount and type of risk that it is prepared to pursue, retain or take in pursuit of our objectives before action is deemed necessary to reduce the risk.

Risk appetite is not a single fixed concept; there are a range of appetites for different risks which the Council need to be aligned and regularly reviewed as this will change/vary over time. The Council recognises that it may be necessary to deviate from the adopted risk appetite for individual decisions when there is a good reason to do so.

Our risk appetite varies depending on the risk category assigned. Generally, the Council's appetite for risk can be described as "Cautious". However, there are some exceptions to this. For Operation, Property, Commercial, Technology and Project/ Programme risks our risk appetite is "Open" which means we are willing to accept a slightly higher level of risk to maximise potential benefits.

The order our risk categories appear in, from most risk averse to least risk averse is:

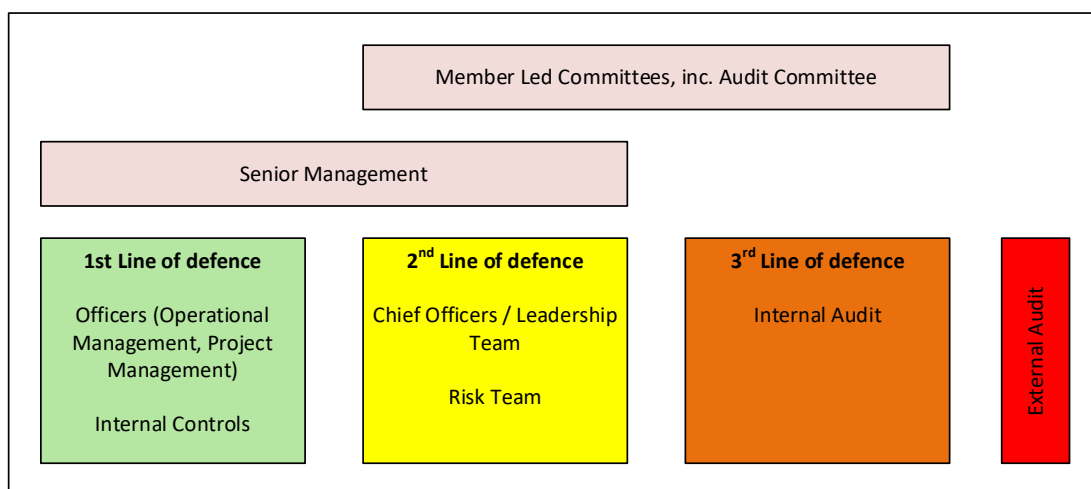
1. Averse
2. Minimal
3. Cautious
4. Open
5. Eager

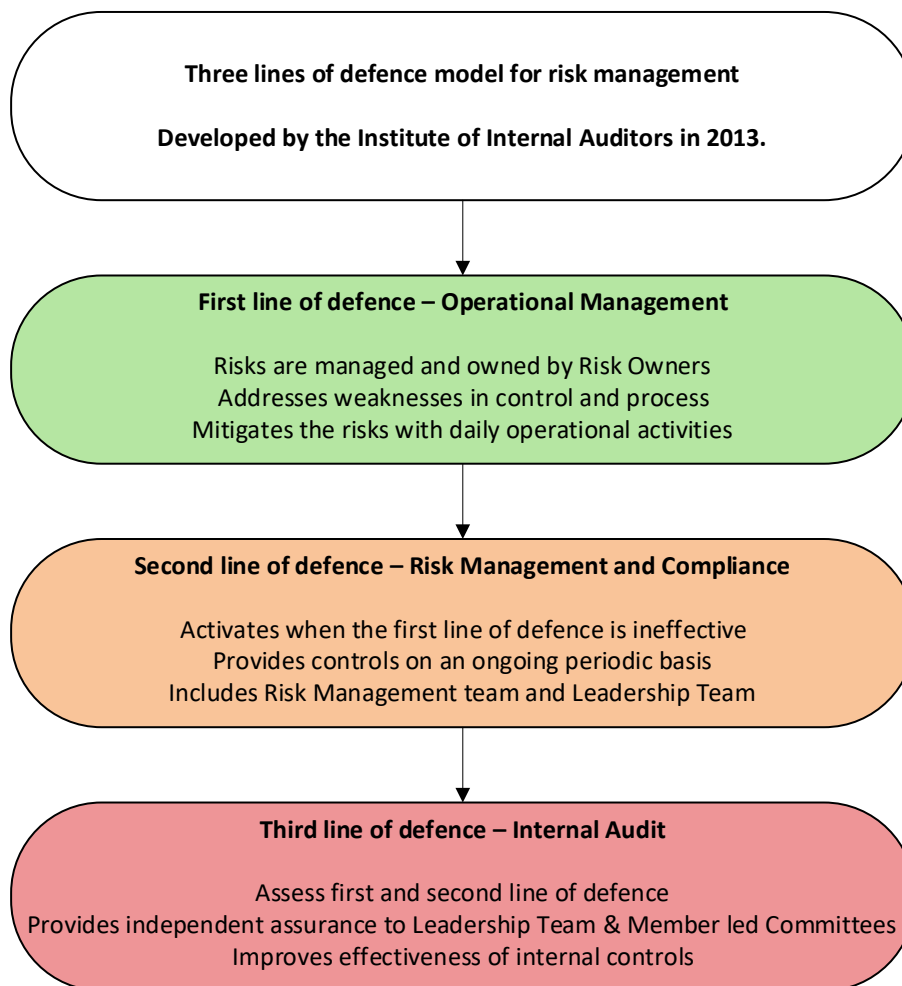
A table showing the Council's risk appetite can be found as [Appendix 3](#).

3 Three Lines of Defence

The Risk Management Policy is predicated on the need to ensure the Council is aware of any significant risk to its ability to deliver its strategic objectives. To do this a process needs to be in place which allows the recording, management and mitigation actions to take place by the right people, in the right place at the right time.

To achieve this, we use the '3 Line Defence Model', shown in the visuals below.





Colleagues within the Projects and Performance Team (People and Policy Service) oversee administration of strategic, operational and project risk registers within the Grace risk management system. Identified risk owners are ultimately responsible for monitoring and updating their risk scores and actions plans.

The Grace system will automatically send risk owners a weekly email reminder of any overdue risk reviews and overdue actions. The Projects and Performance team will monitor overdue risks and action on a periodic basis to ensure that risk owners are updating records as and when required.

Managers are encouraged to amend risk scores or descriptions with the intention of maintaining a culture of openness. The Projects and Performance Team will spot check a selection of amendments to ensure that actions taken such as increased or improved control, or another viable explanation such as the activity ceases altogether, has been recorded within the system to support the change.

4 Management, Escalation and Reporting Framework

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact.

Regular reporting enables Leadership Team and Councillors to have greater awareness of the extent of the risks and progression being made to manage them.

Risk reporting and scoring needs to be simple and transparent and ensure all reported risks are visible and reviewed by the respective oversight.

This will mean that all risks should have clearly identified:

- a. Risk Owner
- b. Risk Actionee (where further actions are needed)
- c. Chief Officer
- d. Responsible Governance body – meeting/function and / or specialist (H&S, ICT, Project Board etc)
- e. Escalation Route

All risks that fall within the categories of Health & Safety, ICT and Business Continuity should be subject to scrutiny and sign-off (scoring and mitigating actions) and cross-referenced as appropriate on the Grace risk management system.

4.1 Escalation of Risks

All risks originate in the respective operational risk register. The gross (inherent) risk score identified should determine the Responsible Governance Body and the likely escalation route should that be needed.

The decision to escalate or de-escalate a risk score needs to be made within the thresholds identified in this Policy.

The thresholds are defined below:

Risk Rating	Management/Oversight
Very Low between 1 and 3	Managed at service level by the risk owner. Updates via Grace. Assurance will be provided on the management of this risk with regular reviews run at least every 12 months.
Low between 4 and 6	Managed at a service level by the risk owner with an appropriate manager designated as risk owner who will monitor the delivery of any actions. Reviewed at least every 6 months.
Moderate between 8 and 12	The risk owner will make their manager aware of a moderate risk as soon as it is logged. Reports run from the Grace system every month and sent to the Leadership Team for discussion and further action. Amber risks will be reviewed by the risk owner and other interested parties at least every 3 months.
High between 15 and 25 (strategically significant risks)	New risks at this level should be reported immediately to the Chief Officer and then raised at the next available Leadership Team meeting. These risks will also be captured in the monthly reporting sent to the Leadership Team for discussion and further action. High risks will be owned by a Chief Officer, regardless of who initially raised the risk. The risks should be reviewed monthly.

Risks should be escalated up the hierarchy of risk registers, from operational (departmental) to strategic etc. when any of the following criteria apply:

- The current risk score remains very high with a score of 15 or higher, even after control measures and mitigating actions have been fully implemented.
- The current risk score exceeds the appetite boundaries set for the risk, even after control measures and mitigating actions have been fully implemented.
- The risk becomes unmanageable by responsible officers at the current level.
- The risk would impact beyond the current service/directorate/project as appropriate for the current tier of risk register.

Risks should be de-escalated to a lower tier of risk register when the criteria listed above no longer apply.

Escalation to the Strategic Risk Register, should be reviewed and agreed by the respective Chief Officer.

4.2 Recording Incidents

When a risk occurs, it is often known as an issue or incident. It could be beneficial to record an incident when it occurs, so records exist of how often it occurs and the severity of the consequence. Near misses can be recorded in the same way. There is provision within the Grace risk management system to record incidents, using the drop-down fields to note if it was a near miss or an incident and how severe the consequence of this occurring was.

Depending on the risk and what occurred, you may wish to escalate this or involve another professional, such as the Health and Safety team. You may also wish to re-evaluate your risk scoring after an incident occurs, remembering to run a risk review at the end.

Recording an occurrence or near miss allows the Council to review the information collected and learn from these events.

4.3 Grace Risk Management System

The Grace risk management system will encourage risk owners to monitor and update identified risks on a regular basis. In line with our policy, the Grace risk system will issue risk review reminders as follows:

- Red risks – every month
- Amber – every 3 months
- Yellow risks – every 6 months
- Green risks – every 12 months

Risk owners are encouraged to review and update their risks more frequently than this if events occur which means an earlier review is beneficial.

Updates from the strategic risk register will be reported to the Audit Committee at each of their meetings. Strategic risks will also be seen by Cabinet and Budget and Performance Panel for noting.

5 Roles and Responsibilities

To ensure risk management is effectively implemented, all staff and Councillors should have a level of understanding of the Council's risk management approach and regard risk management as part of their responsibilities:

All Colleagues

- Report risk management concerns to their line managers, or in cases where this is not possible, use the online risk reporting form.
- Manage day-to-day risks and opportunities effectively.
- Participate fully in risk workshops and action planning as appropriate.
- Attend training and awareness sessions as requested.

Risk Owners (including project managers)

- Manage day-to-day risks and opportunities effectively and report risk management concerns to their line managers, including escalating any risks with a residual score of amber or red (scoring 8 or above), or risks which are above the Council's risk appetite.
- Promptly escalate high (red) risks to the appropriate Chief Officer.
- Take ownership of the risks they are responsible for by confirming control measures and/or implementing new actions.
- Provide assurance about the management of those risks.
- Update the Grace system as new risks occur, when changes happen to existing risks and when prompted to run a risk review.

Note: The above also applies to colleagues within the shared service (Preston City Council). The Preston risk scoring matrix (3x3) and has been mapped to the Lancaster City Council risk scoring matrix so the risks can be managed and reported on effectively.

Risk Actionees (colleague who have been assigned a risk action)

- Carry out the actions to manage the risk within the agreed timeframe, update the Grace system as needed, including once the action is complete.

Owners of secondary risk registers, such as H&S and Business Continuity

- Review the risk registers they own, updating the central risk register (Grace risk management system) as needed.
- Assist other colleagues in their knowledge and understanding of risk and risk management processes.

Leadership Team / Chief Officers

- Champion an effective Council-wide risk management culture.
- Manage risk in their services by ensuring colleagues are updating their risk registers as required.
- Encourage staff to be open and honest in identifying risks and opportunities.
- In conjunction with the appropriate risk owner, maintain the relevant risk registers ensuring all key risks are identified, managed and reviewed in line with the corporate risk management approach.
- Constructively review and challenge the risks involved in decision making.
- Ensure Councillors receive relevant risk information including discussing significant service risks with the relevant Portfolio Holders.
- Responsible for owning and managing strategic risks, which will be reviewed quarterly or more often when needed.
- Promptly escalate risks, including adding additional strategic risks where a service risk requires escalation.
- Ensure risk management process is an explicit part of all projects.
- Ensure that appropriate resources and importance are allocated to the risk management process.
- Provide assurance that the risks for which they are the risk owner are being effectively managed. This will be completed as part of the Annual Governance review process.
- Ensure that the Council's risk management policy is implemented and followed.

All Councillors

- Support and promote an effective risk management culture.
- Constructively review and scrutinise the risks involved in delivering the Council's core purpose, priorities and outcomes.

Cabinet / Portfolio Holder

- Take a strategic view of risks in the organisation, specifically to:
 - Determine and continuously assess the Council's risk appetite.
 - Review how management is responding to the strategic risks.
 - Consider and challenge the risks involved when making any key decisions.
 - Review operational and projects risks supplied to them in their capacity as portfolio holder.

Audit Committee

- Monitor the effective development and operation of risk management in the Council and monitor progress in addressing risk-related issues reported to the committee.
- Consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- Approve the Council's risk management policy statement and strategy, reviewing their effectiveness, to help ensure that risk is appropriately managed.
- Review and challenge the content of the strategic risk register.

Budget and Performance Panel

- Consider risk management issues in reviewing and scrutinising performance (as stated in the panel's terms of Reference).

Partners

- Where appropriate, participate in the development of a joint partnership risk register.
- Ensure ownership of each risk is clear.
- Actively manage risk within the partnership, setting a timetable for reviewing risks when the partnership is formed.
- Report on risk management issues to partnership boards or equivalent. It may be necessary to adopt a dual scoring approach, to identify and score risks from more than one perspective.
- Where possible, map your chosen method for managing risks back to the Council's method
- Seek advice from the Lancaster City Council Projects and Performance Team (projects@lancaster.gov.uk) if unclear on risk management and reporting risks.

Projects and Performance Team

- Design and facilitate the implementation of a risk management framework ensuring it meets the needs of the organisation.
- Act as a centre of expertise, providing support, training and guidance as required.
- Act as systems administrators for the Grace risk management system and check that risk owners are updating their assigned risks in accordance with the schedule. Escalating to senior management as required.
- Collate risk information and prepare reports as necessary for Leadership Team and Councillor led committees.

Internal Audit

- Ensure the Internal Audit work plan is focused on the key risks facing the Council.
- During all relevant audits, challenge the content of risk registers to provide assurance that risks are being effectively managed.
- Periodically arrange for the independent review of the Council's risk management process and provide an independent objective opinion on its operation and effectiveness.

6 Embedding Risk Management

For risk management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. As such, risks and the monitoring of associated actions should be considered as part of the Council's significant business processes, including:

- **Corporate Decision Making** – significant risks, which are associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.
- **Business / budget planning** – this annual process includes updating the relevant risk registers to reflect current aims / outcomes.
- **Project Management** – all significant projects should formally consider the risks to delivering the project outcomes before and throughout the project. This includes risks that could influence service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).
- **Partnership Working** – partnerships should establish procedures to record and monitor risks and opportunities that may impact the Council and/or the partnership's aims and objectives.
- **Procurement** – all risks and actions associated with a purchase need to be identified and assessed, kept under review and amended as necessary during the procurement process.
- **Contract Management** – significant risks associated with all stages of contract management are identified and kept under review
- **Insurance** – the Council's Insurance Officer manages insurable risks and self-insurance arrangements.
- **Health and Safety** – the Council has specific policies and procedures to be followed in relation to health and safety risks. For more information on H&S, please contact: healthandsafety@lancaster.gov.uk.

Appendix 1 – Measures of Likelihood and Impact

Likelihood: Can be measured using Frequency of Probability

Score	Description	Frequency or Probability
5	Almost Certain	Almost certain occurrence /The event is expected to occur in most circumstances / There is a history of very frequent occurrence at the Council or similar organisations OR > 80% probability
4	Highly Likely	There is a strong possibility that the event will occur / There is a history of frequent occurrence at the Council or similar organisations OR 50-80% probability
3	Possible	The event might occur / There is a history of occurrence at the Council or similar organisations OR 20-50% probability
2	Unlikely	Not expected / but there is a moderate possibility it may occur OR 5-20% probability
1	Remote	Highly unlikely, but it may occur in exceptional circumstances / It could happen but it is very unlikely OR <5% probability

Impact Measures:

Example	Insignificant – 1	Minor – 2	Moderate – 3	Major – 4	Catastrophic – 5
People / Duty of Care	Minor injury	Temporary disability or illness	Permanent disability or major injury	Fatality, multiple serious injuries	Multiple fatalities
Financial Impact	The lesser of <5% or < £10,000 over budget.	The lesser of 5-10% or £10,000 to £50,000 over budget.	The lesser of 11-15% or £50,000 to £250,000 over budget.	The lesser of 16-25% or £250,000 to £1,000,000 over budget.	The lesser of >25% or > £1,000,000 over budget.
Legal and Compliance Impact	No legal proceedings brought against the Council	Minor civil litigation	Low Civil litigation numbers and/or local public enquiry	Significant civil litigation and/or national public enquiry	High significant legal action certain Section 151 or government intervention or criminal charges
Service Impact	No impact on service delivery as temporary capacity / work around in place	Short term service disruption	Noticeable service disruption affecting customers	Significant service failure but not directly affecting vulnerable groups	Serious service failure affecting all customer, including vulnerable groups
Project Delivery	Minor delay to project. Very limited impact on cost or savings. Scope / deliverables of project unaffected.	Minor delay to project, limited impact on cost or savings. Scope / deliverables of project broadly unaffected.	Significant delay to project, significant impact on cost or savings. Scope / deliverables of project affected.	Major delay to project, major impact to cost or savings. Many of the deliverables of the project are not possible.	Project spends allocated funding but fails to deliver any objectives or benefits.
Intervention Required	Limited intervention by Service Manager or Project Manager required	Major intervention by Service Manager or Project Manager	Intervention by Chief Officer	Intervention by the Leadership Team, Chief Exec or Project Board	Intervention by Council, Project Board or external authority / governing body.
Reputation Impact	Little or no media attention	Minor negative local media attention	Significant negative local media attention	Sustained negative local media attention and/or significant regional media attention	Sustained negative national media attention

Appendix 2 - Risk Response Categories

Category	Opportunity or Threat	Description
Accept	Threat	A decision is taken to accept the risk. Management and/or the risk owner make an informed decision to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.
Avoid	Threat	A decision is made not to take a risk. Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or stop the activity.
Fallback	Threat	Put in place a fallback plan for the actions that will be taken to reduce the impact of the threat should the risk occur. This is a reactive form of the 'reduce' response which has no impact on likelihood.
Reduce	Threat	Implement further additional action(s) to reduce the risk by: <ul style="list-style-type: none"> • minimising the likelihood of an event occurring (e.g. preventative action) and/or • reducing the potential impact should the risk occur (e.g. business continuity plans) Further actions are recorded in the risk register and regularly monitored.
Transfer	Threat	Transfer all or part of the risk through insurance or to a third party e.g. contractor or partner, who is better able to manage the risk. Although responsibility can be transferred, in most cases accountability remains with the Council, so this still needs to be monitored.
Share	Threat or Opportunity	Share is different from the transfer response. It seeks multiple parties, typically within the supply chain, to share the risk on pain/gain share basis.
Enhance	Opportunity	Proactive actions taken to: <ul style="list-style-type: none"> • Enhance the probability of the event occurring. • Enhance the impact of the event should it occur.
Exploit	Opportunity	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.
Reject	Opportunity	A conscious and deliberate decision is taken not to exploit or enhance the opportunity, having discerned that it is more economical not to attempt an opportunity response action. The opportunity should continue to be monitored.

Appendix 3 – Risk Appetite

The boxes shaded in yellow, indicate the Council's current risk appetite for each category. The score is the impact x likelihood score as generated at the residual risk stage of the risk management process.

Risk Category	Risk Appetite				
	Averse Score 1-3	Minimal Score 4-6	Cautious Score 8-9	Open Score 10-12	Eager Score 15-25
Strategy (Cautious, Score 8-9) Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance (Cautious, Score 8-9) Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.
Operations (Open, Score 10-12) Risks arising from inadequate, poorly designed or ineffective/ inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.	Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
Legal (Cautious, Score 8-9) Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).	Play safe and avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge.	Want to be reasonably sure we would win any challenge.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.
Property (Open, Score 10-12) Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.	Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money	Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Requirement to adopt arrange of agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Consider benefits of agreed solutions for purchase, rental, disposal, construction, and refurbishment that meeting organisational requirements.	Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements.
Financial (Cautious, Score 8-9) Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from	Avoidance of any financial impact or loss, is a key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).

investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.					
Commercial (Open, Score 10-12) Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.	Zero appetite for untested commercial agreements. Priority for close management controls and oversight with limited devolved authority.	Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
People (Cautious, Score 8-9) Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control.
Technology (Open, Score 10-12) Risks arising from technology not delivering the expected services due to inadequate or deficient system/ process development and performance or inadequate resilience.	General avoidance of systems / technology developments.	Only essential systems / technology developments to protect current operations.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.
Data Info and Management (Cautious, Score 8-9) Risks arising from a failure to produce robust, suitable and appropriate data/ information and to exploit data/information to its full potential.	Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimise level of risk due to potential damage from disclosure.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Accept need for operational effectiveness in distribution and information sharing.	Level of controls minimised with data and information openly shared.

Security (Cautious, Score 8-9) Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.	No tolerance for security risks causing loss or damage to HMG property, assets, information or people. Stringent measures in place, including: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • Staff vetting maintained at highest appropriate level • Controls limiting staff and visitor access to information, assets and estate • Access to staff personal devices restricted in official sites <p>* FCDO = Foreign, Commonwealth and Development Office</p>	Risk of loss or damage to HMG property, assets, information or people minimised through stringent security measures, including: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • All staff vetted levels defined by role requirements. • Controls limiting staff and visitor access to information, assets and estate • Staff personal devices permitted, but may not be used for official tasks 	Limited security risks accepted to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • Vetting levels may flex within teams, as required • Controls managing staff and limiting visitor access to information, assets and estate • Staff personal devices may be used for limited official tasks with appropriate permissions. 	Considered security risk accepted to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • New starters may commence employment at risk, following partial completion of vetting processes • Permission may be sought for travel within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices may be used for official tasks with appropriate permissions. 	Organisational willing to accept security risk to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • New starters may commence employment at risk, following partial completion of vetting processes • Travel permitted within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices permitted for official tasks.
Project / Programme (Open, Score 10-12) Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.

CABINET

Medium Term Financial Strategy Update

2026/27 – 2030/31

2 December 2025

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide an update on the Council's Medium Term Financial Strategy forecasts for 2026/27 to 2030/31 and outline the approach to balancing the budget.

This report is public.

RECOMMENDATION OF PORTFOLIO HOLDER FOR FINANCE & RESOURCES

That Cabinet considers :

- (1) The draft future years estimates as set out in the report as the latest information available, accepting that this is an interim position.
- (2) Agrees that the update be referred on to December Council for information.
- (3) Notes the Council Tax Base for 2026/27 as set out in paragraph 3.8.

1.0 INTRODUCTION

- 1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.
- 1.2 This report sets out:
 - An updated budget gap analysis taking account of the latest funding outlook and other information on expenditure and income pressures.
 - A summary of the budget framework strategy
- 1.3 It is critically important that all Members understand that the position reported is an interim update of the baseline position and primarily for information. It contains a series of estimates and assumptions that are based on the latest information available. These are highly likely to change over the coming months as we work through the budget process. It does not include any impact the Local Government Finance Settlement due mid-December may have.

2.0 UPDATED BUDGET GAP ANALYSIS

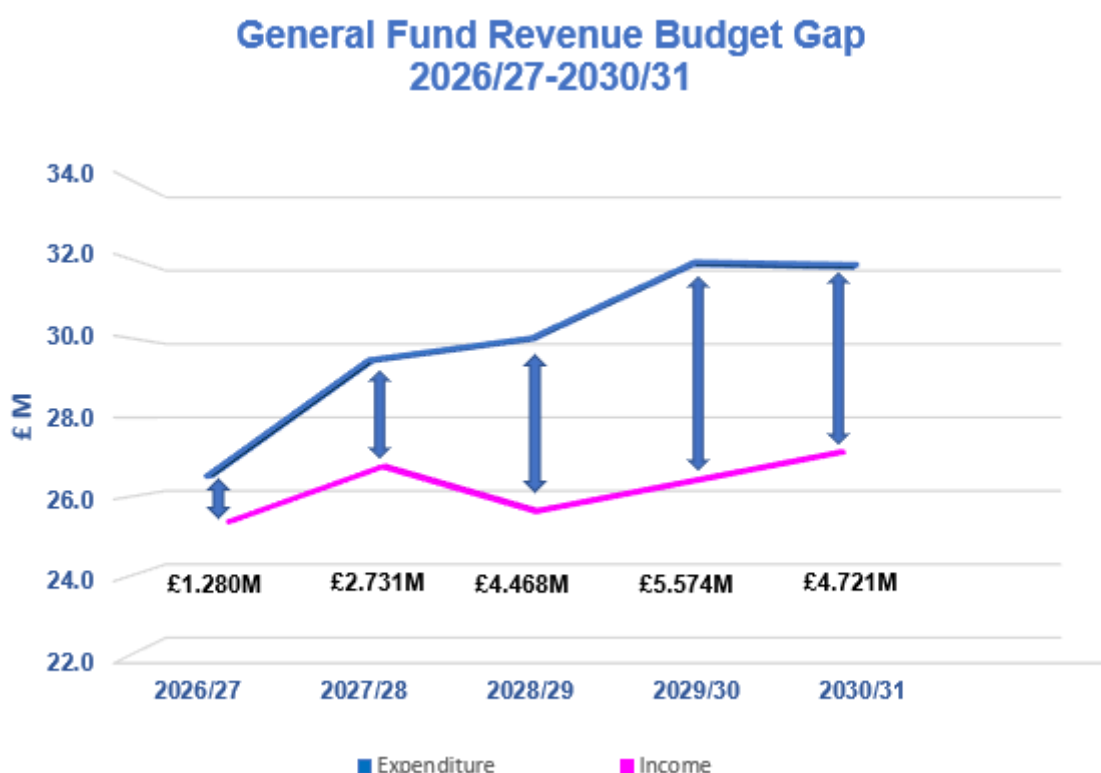
- 2.1 Officers have been working with budget holders and Senior Leadership Team to update the Council's Medium Term Financial position. The review considered latest available information around government funding, other income streams as well as forecast expenditure levels incorporating known budget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

2.2 As noted above, this baseline forecast is subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any Outcomes Based Resourcing (OBR)/Fit for the Future (FtF) proposals, nor does it reflect the revenue impact of any proposed further revisions to the capital programme made after the after Capital Programme Mid Year Review report was approved by Council on 24 September 2025. It sets a baseline position without any further interventions in the Budget setting process. The interventions and actions being undertaken include:

- A range of income and efficiency proposals aiming to significantly reduce the 2026/27 budget gap, to be brought forward in the upcoming Budget and Policy Framework.
- An ongoing OBR/FtF process which includes the examination of every area of its budget and matching resources more closely with its priorities. The OBR/FtF programme includes looking at ways the Council can do things differently by utilising technology and being more efficient, as well as considering areas in which it can generate more income.

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

2.3 The current budget gap for the next five years to 2030/31 is summarised in the graph below. The graph below assumes no intervention, but it does highlight the scale of the challenge facing the Council, the reasons for which are outlined in the report.



3.0 GOVERNMENT FUNDING PROSPECTS

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

Autumn Statement

- 3.2 Government announced its Autumn Statement on 26 November 2025 and as this report was written prior to that date and therefore doesn't include any financial consequences arising from it. A further update will be produced for all Members which will be reported into January's Cabinet and Council meetings.

Local Government Finance Settlement

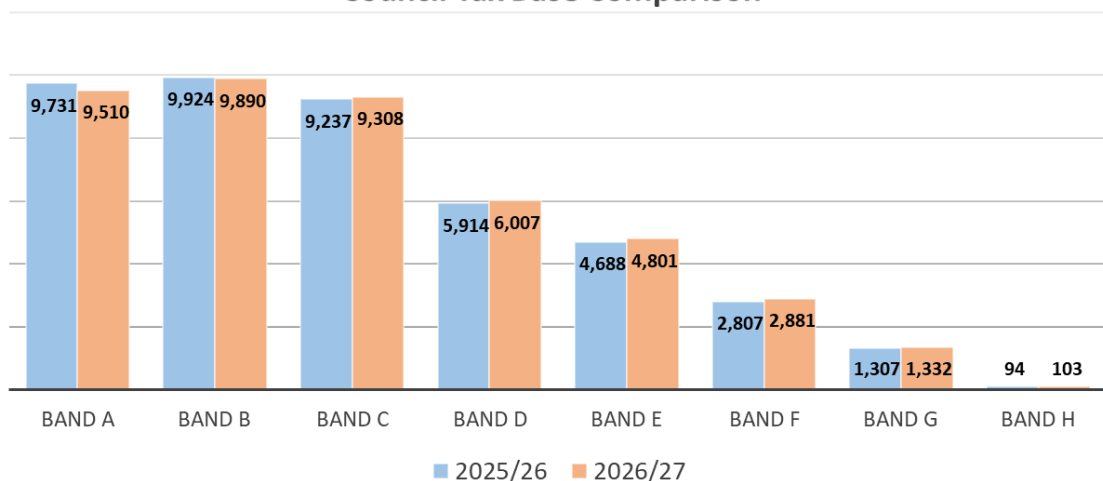
- 3.3 Given that the Settlement announcement is imminent, and the current level of uncertainty, there is little benefit to be gained from spending significant time on modelling different funding scenarios; real information is needed at this stage in the process.
- 3.4 Nonetheless, some preliminary high-level work has been done to update the budget scenarios, in order that we do not lose sight of the potential risks and the challenge created by the underlying position.
- 3.5 This has taken the updated budget position and reflected several assumptions such as general inflation, the Local Government Pay Award and prospects for retained Business Rates, Council Tax yield and New Homes Bonus.
- 3.6 A further update will be produced for all Members once the Settlement has been announced and its impact assessed. This will be reported into January's Cabinet and Council meetings.

Council Tax

- 3.7 Council Tax is one of the Council's primary sources of funding and is calculated by multiplying the tax base, the number of eligible residential properties (expressed in band D equivalents), by the level of the district council precept which is determined each year.
- 3.8 The tax base for 2026/27 has been calculated as 43,833 Band D equivalent properties after allowing for a collection rate of 98.677%, the same as in previous years. This equates to a negligible increase in the tax base from 43,702 in 2025/26. This increased number of Band D equivalents when compared to the forecast in 2025/26 is largely due to :-
- new properties built in the area
 - an increase in exempt accounts due to a review of student exemptions

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

Council Tax Base Comparison



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

years.

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

	Actual 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Council Tax Band D 2.99% increase	£264.30	£272.20	£280.34	£288.72	£297.35	£306.24
Council Tax Band D (£5 increase)	£264.30	£269.30	£274.30	£279.30	£284.30	£289.30
Tax base (1% growth from 2026/27)	43,702	43,833	44,271	44,714	45,161	45,613
Council Tax Income (based on 2.99%)	£10,610,019	£11,931,343	£12,410,932	£12,909,826	£13,428,623	£13,968,525
Previous MTFS		£12,015,000	£12,498,000	£13,000,000	£13,522,000	£14,066,000
Difference Increase or (Decrease)		-£83,657	-£87,068	-£90,174	-£93,377	-£97,475
Scenario 1 – No increase in Council tax over period of MTFS		-£429,938	-£797,175	-£1,182,090	-£1,585,948	-£2,010,484
Scenario 2 – Council Tax Band D (£5 increase)		-£210,773	-£354,465	-£511,380	-£682,728	-£870,159
Scenario 3 – 1.5% increase in tax base growth & 2.99% increase from 2026/27)		-£83,657	-£1,845	£62,848	£133,204	£208,459

Business Rates

- 3.11 Business Rates is now a fundamental part of the local government finance settlement and, along with Council Tax, accounts for the majority of local government financing. There are currently several significant uncertainties which make forecasting and planning extremely difficult, these are set out below.
- 3.12 As discussed in section 3.2, the Autumn Statement has not been released at the time of writing this report so no changes can be factored in at this point in time.
- 3.13 There is a 2025/26 forecast year end deficit of (-£0.788M) which will be recognised in 2026/27, however this will be fully funded from the Business Rates Retention Reserve (BRRR). It should be noted that this figure will increase or decrease in line with collection fund monitoring until the NNDR1 form is submitted in January 2026.
- 3.14 With regard to 2026/27, the proposed business rates reset will take place and this will affect the collection fund in a number of ways :-
- A revised business rates baseline which is the amount that we are expected to collect as an Authority
 - A revised baseline funding level which is the funding need as determined by the government
 - Expected changes to the tariff payable by the Authority and S31 grants due to the Authority

The overall effect of the above is expected to be addressed within transitional arrangements but it is proposed to utilise the BRRR to mitigate any significant financial impact.

At the time of writing this report, the various models required to calculate the future impact have not been released. However, it is expected before the end of November and the financial impact will be considered within future iterations of this report as appropriate.

4.0 MEDIUM TERM FINANCIAL STRATEGY – CURRENT PROSPECTS TO 2030/31

- 4.1 Total operational changes included in the base budget for 2026/27 currently amount to a decrease in expenditure of £2.225M and are provided in the General Fund Revenue Budget

Projections 2026/27 - 2030/31 table at paragraph 4.3.

MTFS Planning Assumptions

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

	2026/27	2027/28	2028/29	2029/30	2030/31
Council Tax Base Growth	1.00%	1.00%	1.00%	1.00%	1.00%
Council Tax Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax Collection Rate	98.67%	98.67%	98.67%	98.67%	98.67%
Fees & Charges	3.80%	2.20%	2.00%	2.00%	2.00%
Pay Award	3.00%	3.00%	3.00%	3.00%	3.00%
Employer Pensions Contribution	10.40%	10.40%	10.40%	10.40%	10.40%
Electricity	24p/kwh	-9.81%	-4.38%	-6.79%	-17.61%
Gas	3.5p/kwh	2.20%	2.00%	2.00%	2.00%
Other inflation	3.80%	2.20%	2.00%	2.00%	2.00%
Interest Rate – investments	4.00%	3.25%	3.00%	3.00%	3.00%
Interest Rate – new borrowing	4.70%	4.30%	4.30%	4.30%	4.30%

4.3 General Fund Revenue Projections 2026/27 – 2030/31

General Fund Revenue Budget Projections 2026/27 to 2030/31					
For Consideration by Cabinet 2 December 2025					
	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
GF Revenue Budget/Forecast as at 26 February 2025	28,749	29,489	30,118	31,873	32,829
Base Budget Changes					
Further Operational Changes					
Pay Award 25/26	188	194	200	206	212
Pensions (Employer Contribution Reduction)	(1,251)	(1,232)	(1,223)	(1,229)	(1,234)
Increase Staff Turnover (to £1M)	(352)	(352)	(352)	(352)	(352)
Interest Payable	(128)	43	33	33	43
Interest Receivable	18	72	36	38	38
Minimum Revenue Provision (MRP)	(190)	15	26	17	(426)
Review of Reserves	(293)	(293)	(293)	(293)	(293)
Use of Business Rates Retention Reserve	(788)	0	0	0	0
Review of Inflation Factors	37	61	71	60	(159)
Review of Corporate Property Programme	61	291	82	(12)	(382)
Review of Asset & Compliance Programme	(389)	(135)	(240)	(161)	(193)
Commercial Property Rental Income	498	74	(13)	(13)	(13)
Bed & Breakfast Expenditure	(541)	0	0	0	0
Burrowbeck/Gateway Solar	200	200	200	200	200
Waste Collection pEPR Payment	(367)	(347)	(326)	(305)	(305)
Food Waste (removal of savings target)	350	388	409	434	434
Williamson Park Net Income	143	143	143	143	143
Car Parking Pay & Display Income	350	350	350	350	350
Revenues Shared Service	60	60	60	60	60
ICT Cyber Security	114	114	114	114	114
Minor Variances	(15)	(110)	74	179	192
Latest Budgetary Position	26,454	29,025	29,469	31,342	31,258
Revenue Impact of Capital Programme Review (MRP & Interest)	77	441	546	564	583
Revenue Impact of Capital Programme Review (Ongoing Revenue)	(7)	(32)	(32)	(32)	(32)
General Fund Revenue Budget	26,524	29,434	29,983	31,874	31,809
Core Funding:					
Revenue Support Grant	(460)	(460)	(460)	(460)	(460)
Prior Year Council Tax (Surplus)/Deficit					
Prior Year Business Rates (Surplus)/Deficit	788				
Net Business Rates Income	(13,641)	(13,832)	(12,145)	(12,411)	(12,659)
Council Tax Requirement	13,211	15,142	17,378	19,003	18,690
Estimated Council Tax Income - (Increases based on 2.99% for 2025/26 then max allowable)	11,931	12,411	12,910	13,429	13,969
Structural (Surplus)/Deficit	1,280	2,731	4,468	5,574	4,721
Incremental Deficit as Percentage of Net Revenue Budget	5%	9%	15%	17%	15%

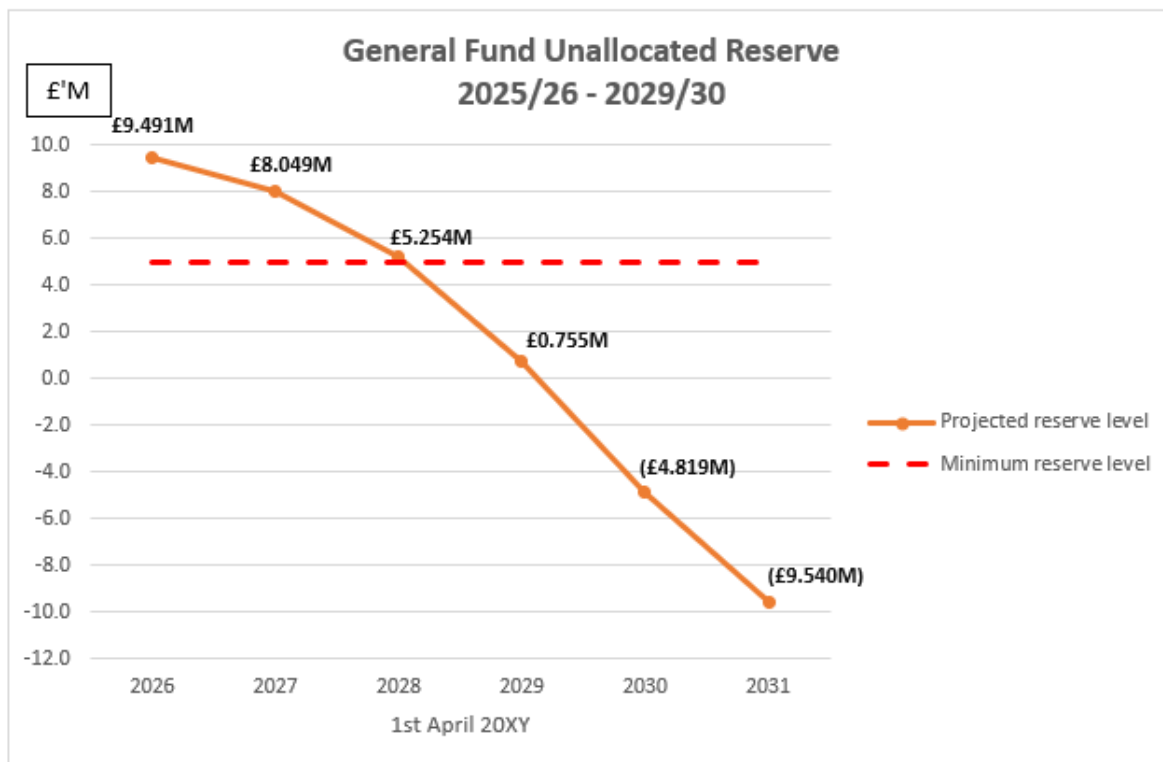
- 4.4 To reaffirm, the baseline forecast deficit positions above are subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team in regard to any OBR/FtF proposals, nor does it reflect the revenue impact of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

5.0 PROVISIONS, RESERVES AND BALANCES

- 5.1 A Council's reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. Councils generally hold two types of reserves, "Unallocated" to meet short term unexpected cost pressures or income reductions and "Earmarked". These can be held to provide for some future anticipated expenditure for identified projects (particularly in respect of corporate priorities), address specific risks such as business rates, provide up-front costs which specifically result in future efficiencies, cost savings or increased income, or to hold funding from other bodies, mainly Government, for specified purposes.
- 5.2 As noted above, reserve levels and their usage are an important part of the budget framework. It is important that the Council maintains a healthy level of reserves in order to maintain financial resilience. The Council's minimum level of General Fund balance currently stands at £5M, at the advice of the s151 Officer.
- 5.3 The Council's Outturn Report 2024/25 showed the Council's Unallocated General Fund Balance as £10.028M. As reported to Cabinet elsewhere on this agenda (Delivering Our Priorities: Q2 2025/26 report), the projected level of the unallocated reserve is expected to reduce to £9.491M by 31 March 2026.

Without significant intervention by the Council the General Fund budget gaps will remain and unallocated balances will be required to fund them. Whilst the required level of reserves is assessed annually the forecast deficits are of such a size that available unallocated reserves will be expended within 2029/30, as illustrated in the tables below.

		2026/27	2027/28	2028/29	2029/30	2030/31
		£'000	£'000	£'000	£'000	£'000
BALANCES	General Fund Unallocated Balance					
		£M	£M	£M	£M	£M
	Balance as at 1 April 2026-30	(9.491)	(8.049)	(5.254)	(0.755)	+4.819
	In Year allocations	+0.162	+0.064	+0.031	+0.000	+0.000
	Forecast (Under)/Overspend	+1.280	+2.731	+4.468	+5.574	+4.721
	Other Adjustments	+0.000	+0.000	+0.000	+0.000	+0.000
	Projected Balance as at 31 March 2027-31	(8.049)	(5.254)	(0.755)	+4.819	+9.540
	Reserves	(8.049)	(5.254)	(0.755)	+4.819	+9.540
	Less Recommended Minimum Level of Balances	5.000	5.000	5.000	5.000	5.000
	Available Balances	(3.049)	(0.254)	+4.245	+9.819	+14.540



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

	31-Mar-26 £'M	31-Mar-27 £'M	31-Mar-28 £'M	31-Mar-29 £'M	31-Mar-30 £'M	31-Mar-31 £'M
Unallocated Reserve	(9.491)	(9.330)	(9.265)	(9.234)	(9.234)	(9.234)
Other Non-Ring Fenced Reserves	(2.595)	(2.632)	(2.668)	(2.705)	(2.741)	(2.778)
Business Rates Retention Reserve	(12.790)	(11.402)	(10.902)	(10.902)	(10.902)	(10.902)
Renewals Reserve	(2.376)	(2.558)	(2.779)	(2.999)	(3.220)	(3.440)
Forecast Cumulative Deficit Funded From Reserves	+0.000	+1.280	+4.011	+8.479	+14.053	+18.774
Balance carried forward	(27.252)	(24.642)	(21.603)	(17.361)	(12.044)	(7.580)
Less Recommended Minimum Level of Balances	+5.000	+5.000	+5.000	+5.000	+5.000	+5.000
Available Balances	(22.252)	(19.642)	(16.603)	(12.361)	(7.044)	(2.580)

- 5.5 Whilst reserves can be used to manage the current financial crisis, as the tables clearly show, funding of the forecast deficits from reserves is **NOT** a viable option. Addressing the

underlying structural issues within the Council's budget requires significant interventions from Cabinet, Senior Leadership Team, and Council to address the forecast deficit levels.

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

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

6.2 The Council embarked on its OBR/FftF process in 2022/23, as set out in the Council Plan, with its intention to ensure that funds are allocated according to a set of predefined outcomes, or priorities to ensure that funds are directed toward the Council's key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.

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

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

6.4 Given the size of the ongoing financial issues the Council faces this fundamental reshaping of the Council's services and realigning against its priorities through the OBR/FftF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. It is imperative that the work, or similar principles, continues. Work is still ongoing across the Council to apply the OBR/FftF process and a further update will be provided within the January iteration of this report.

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

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

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

7.0 BALANCING THE BUDGET TO 2030/31

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

7.2 Savings were identified during the previous three budget processes which have contributed towards addressing the structural deficit. However, the continuation of the application of OBR across the Council is an ongoing and significant piece of work and will continue to have

a particularly important part to play in driving down budget gaps from 2026/27 to achieve a position of financial sustainability.

- 7.3 Capital proposals have been reviewed by Capital Assurance Group and passed on to Cabinet who have given an initial steer on which proposals they would like to see worked up further. This work is ongoing and the revenue impact of MRP and interest charges are included as indicative costs in the figures presented within this report.

8.0 LOCAL GOVERNMENT REORGANISATION

- 8.1 This report has been prepared on a 'business as usual' basis. The financial projections contained within it include no reference to local government reorganisation.
- 8.2 The Government is expected to lead a public consultation on the proposals early next year, with a preferred option selected in summer 2026.
- 8.3 If approved, elections for shadow authorities could take place in May 2027, with the new councils taking over all services from 1 April 2028 (vesting day).
- 8.4 Inevitably, this will have severe financial consequences for the Council however it is expected that partners will enter into the new council in the best financial health that is possible to achieve. Therefore, the discussion in section 7 must be reiterated and further work to address the structural deficit remains paramount.
- 8.5 During the time from now until vesting day, transitional costs falling upon the council will occur and these will need to be managed from within either the existing budget framework, the use of non-ringfenced reserves or by utilising capital receipts under the 'flexible use of capital receipts' policy where transformation can be demonstrated.

9.0 DETAILS OF CONSULTATION

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

10.0 OPTIONS AND OPTIONS ANALYSIS

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

11.0 CONCLUSION

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

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 Diversity, Human Rights, Community Safety, Sustainability etc)

None identified at this stage

FINANCIAL IMPLICATIONS

As set out in the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.

It must be reiterated that the current forecasts ***do not*** include any interventions by Cabinet, Senior Leadership Team or the outcomes of the Local Government Settlement. However, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council still faces, a position shared nationally across the public sector. In light of this, balancing the budget both in the short and the medium term will be a tough task and ***all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.***

LEGAL IMPLICATIONS

No specific legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments

BACKGROUND PAPERS

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E-mail: pthompson@lancaster.gov.uk

Ref: N/A

Cabinet Report

Treasury Management Mid-Year Review 2025/26

2nd December 2025

Report of Chief Finance Officer

PURPOSE OF REPORT				
This report seeks Cabinet’s consideration of various matters in connection with the Treasury Management Mid-Year Review 2025/26.				
Key Decision		Non-Key Decision	x	Referral from Cabinet Member
Date of notice of forthcoming key decision				
This report is public				

RECOMMENDATIONS:

That Cabinet

- (1) Notes the report, the treasury activity and performance against the prudential indicators
- (2) Recommend approval of changes to the investment counterparty criteria to full Council
- (3) Recommend approval of change to the sovereign limit to full Council
- (4) Forward the Mid-Year Review 2025/26 on to Budget & Performance Panel and Full Council for consideration in accordance with CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) issued under the Local Government Act 2003

1.0 INTRODUCTION

- 1.1 The Council’s Treasury Management Activities are regulated by the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) issued under the Local Government Act 2003
- 1.2.1 During 2025/26 the minimum reporting requirements are that Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26 February 2025)
- a mid-year (minimum) treasury update report (this report).
- an annual review following the end of the year describing the activity compared to the strategy

1.3 In addition, Members will receive quarterly treasury management update reports which are presented to Cabinet and Budget and Performance Panel.

2.0 BACKGROUND

2.1 The Mid-Year Review (Appendix A) sets out the performance of treasury operations for the first six months of the 2025/26 financial year in terms of long and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators.

2.2 Under CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) it is a requirement that an information report on these matters be presented to Cabinet and full Council.

3.0 MID YEAR REVIEW SUMMARY DETAILS

Mid-year quarter 2 position incorporates the amended indicators set out in the amended TM strategy

Investments

3.1 The average level of funds available for investment purposes over the six-month period was £27.6M (2024/25 £25.0M). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

3.2 The Council's investments returned a weighted average rate of 4.09% on deposit generating £593K of interest against a profiled budget of £261K.

Borrowing

3.3 The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e., its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.

3.4 The Council's capital financing requirement (CFR) for 2025/26 was forecast as £117.96M the current forecast CFR at quarter 2 is, however, £115.16M. This is principally due to the impact of slippage of expenditure funded by unsupported borrowing into future years.

3.5 If the CFR is positive the Council may borrow from the PWLB, or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £56.93M and has utilised £40.93M of cash flow funds in lieu of borrowing and with current forecasts estimating new borrowing of up to £15M later in the financial year. However, the potential for further slippage & uncertainty of large

cashflows relating to the Eden Project make this difficult to quantify with certainty and the actual amount of borrowing may be lower.

- 3.6 Consideration also needs to be given to the recent volatility in the markets leading to high PWLB interest rates. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

Prudential Indicators

- 3.7 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable.

The indicators are set out in **Annex A** of The Mid-Year Report at **Appendix A**

4.0 Recommended Changes to the Treasury and Capital Strategies

The current investment counterparty criteria selection approved in the TMSS requires updating to ensure it continues to meet the requirement of the treasury management function.

It is recommended that the money limits for orange and red rated banks be increased from £6M to £12M to allow increased use of Environmental, Social and Governance (ESG) based investment funds.

The Council will therefore use counterparties within the following durational bands:

- **Yellow (Y)** – up to but less than 1 year
- **Dark pink (Pi1)** liquid – Ultra-Short Dated Bond Funds with a credit score of 1.25
- **Light pink (Pi2)** liquid – Ultra-Short Dated Bond Funds with a credit score of 1.5
- **Purple (P)** – up to but less than 1 year
- **Blue (B)** – up to but less than 1 year (only applies to nationalised or part-nationalised UK Banks)
- **Orange (O)** – up to but less than 1 year
- **Red (R)** – 6 months
- **Green (G)** – 100 days
- **No colour (N/C)** – not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7

	Colour (and long-term rating where applicable)	Money Limit	Time Limit
Banks /UK Govt. backed instruments*	yellow	£12m	≤1 year
Banks	purple	£6m	≤1 year
Banks	orange	£12m	≤1 year
Banks – part nationalised	blue	£12m	≤1 year
Banks	red	£12m	≤6 mths
Banks	green	£3m	≤100 days
Banks	No colour	Not to be used	
Limit 3 category – Council's banker (for non-specified investments)	n/a	£1.5m	1 day
DMADF	UK sovereign rating	unlimited	≤6 months
Local authorities	n/a	£12m	≤1 year
	Fund rating**	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£6m	liquid
Money Market Funds LVNAV	AAA	£6m	liquid
Money Market Funds VNAV	AAA	£6m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£6m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	Light pink / AAA	£6m	liquid

** the yellow colour category includes UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.*

*** “fund” ratings are different to individual counterparty ratings, coming under either specific “MMF” or “Bond Fund” rating criteria.*

Whilst the Council does not set a minimum credit rating for the UK, in line with advice from MUFG it is also recommended to amend the minimum sovereign credit rating to lend to UK banks and building societies plus banks in other countries with at least one sovereign rating of a minimum of AA-.

5.0 OPTIONS AND OPTIONS ANALYSIS

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

6.0 CONCLUSION

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

RELATIONSHIP TO POLICY FRAMEWORK

Treasury Management forms part of the Councils budget framework

CONCLUSION OF IMPACT ASSESSMENT

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

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

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

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

OTHER RESOURCE IMPLICATIONS

There are no additional resource or risk implications

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has written this report in his role as Chief Finance Officer and would draw Members attention to the following comments

As part of the work to address the "Community concern over bombardment of Gaza and reaffirming Lancaster City Council's commitment to human rights and International Law" motion presented to Council 24th September 2025, this report requests an increase in sovereign limits from £6M to £12M. Whilst this increase will allow wider access to, and use of Environmental, Social and Governance (ESG) based investment funds, it does significantly increase the level of risk to the Council. As approval of the Treasury Management Strategy is a function of Full Council Members must be satisfied that the increase in risk is balanced against the benefits of investment in ESG funds

Work to address other issues raised within the motion is on going and will be reported to Full Council at the appropriate date.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Community concern over bombardment of Gaza and reaffirming Lancaster City Council's commitment to human rights and International Law

[Agenda for Council on Wednesday, 24th September 2025, 6.00 p.m. - Lancaster City Council](#)

Treasury Management Strategy

[Agenda for Council on Wednesday, 26th February 2025, 6.00 p.m. - Lancaster City Council](#)

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Appendix A

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

Mid-Year Review 2025/26

Report of Chief Finance Officer

1. Background

Treasury Management

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

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

Accordingly, treasury management is defined as:

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

CIPFA Consultation on Treasury Management and Prudential Codes of Practice

The Chartered Institute of Public Finance and Accountancy is currently consulting local authorities in respect of potential changes to the Codes. At this juncture, the focus seems to primarily be on the Non-Treasury investment aspects of local authority activity. Officers will provide an update on any material developments/changes in due course.

2. Introduction

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

The primary requirements of the Code are as follows:

- (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- (iii) Receipt by full Council of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision

Policy – for the year ahead, a Mid-year Review Report and an Annual Report, covering activities during the previous year.

- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Budget and Performance Panel.

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

- An economic update for the first half of the 2025/26 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators
- A review of the Council's investment portfolio for 2025/26
- A review of the Council's borrowing strategy for 2025/26
- A review of any debt rescheduling undertaken during 2025/26
- A review of compliance with Treasury and Prudential Limits for 2025/26

Key Changes to the Treasury and Capital Strategies

An increase in monetary limits to counterparties to allow increased use of Environmental, Social and Governance based investment funds.

The Country limit be amend to lend to UK banks and building societies plus banks in other countries with at least one sovereign rating of a minimum of AA-.

Recommendations

Cabinet is asked to recommend the following to the full Council:

- **Notes the report, the treasury activity and performance against the prudential indicators**
- **Recommend approval of changes to the investment counterparty criteria to full Council.**
- **Recommend approval of change to the sovereign limit to full Council.**

3. Economics update (provided by Link Asset Services)

- The first half of 2025/26 saw:
 - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
 - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
 - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.

- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
 - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.
-
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.
 - Sticking with future economic sentiment, the composite Purchasing Manager Index for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.
 - Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.
 - With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.
 - The weakening in the jobs market looked clear in the spring. 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. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.

- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).
- CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause for breath in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, we finish the half year in a similar position to where we started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, 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, and then easing 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%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.
- 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 1 April to 7,702 on 7 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. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025

- *There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPS members (Dhingra, Ramsden and Taylor) coted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.*

- *In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was “finely balanced” and reiterating that future rate cuts would be undertaken “gradually and carefully”. Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.*
- *The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction).*
- *The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.*

4. 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.

MUFG Corporate Markets' latest forecast on 11 August sets out a view the short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

5. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy (TMS) for 2025/26, which includes the Annual Investment Strategy was approved by Council on 26 February 2025.

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

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash

flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG Corporate Markets suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness

The UK's sovereign rating has proven robust through the first half of 2025/26. The Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 26 November 2025.

Investment Counterparty Criteria

The current investment counterparty criteria selection approved in the TMSS requires updating to ensure it continues to meet the requirement of the treasury management function.

It is recommended that the money limits for orange and red rated banks be increased from £6M to £12M to allow increased use of Environmental, Social and Governance based investment funds.

The Council will therefore use counterparties within the following durational bands:

- **Yellow (Y)** – up to but less than 1 year
- **Dark pink (Pi1)** liquid – Ultra-Short Dated Bond Funds with a credit score of 1.25
- **Light pink (Pi2)** liquid – Ultra-Short Dated Bond Funds with a credit score of 1.5
- **Purple (P)** – up to but less than 1 year
- **Blue (B)** – up to but less than 1 year (only applies to nationalised or part- nationalised UK Banks)
- **Orange (O)** – up to but less than 1 year
- **Red (R)** – 6 months
- **Green (G)** – 100 days
- **No colour (N/C)** – not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7

	Colour (and long-term rating where applicable)	Money Limit	Time Limit
Banks /UK Govt. backed instruments*	yellow	£12m	≤1 year
Banks	purple	£6m	≤1 year
Banks	orange	£12m	≤1 year

Banks – part nationalised	blue	£12m	≤1 year
Banks	red	£12m	≤6 mths
Banks	green	£3m	≤100 days
Banks	No colour	Not to be used	
Limit 3 category – Council’s banker (for non-specified investments)	n/a	£1.5m	1 day
DMADF	UK sovereign rating	unlimited	≤6 months
Local authorities	n/a	£12m	≤1 year
	Fund rating**	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£6m	liquid
Money Market Funds LVNAV	AAA	£6m	liquid
Money Market Funds VNAV	AAA	£6m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£6m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	Light pink / AAA	£6m	liquid

* the yellow colour category includes UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

** “fund” ratings are different to individual counterparty ratings, coming under either specific “MMF” or “Bond Fund” rating criteria.

Whilst the Council does not set a minimum rating for the UK, in line with advice from MUFG it is also recommended to amend the minimum sovereign credit rating to lend to UK banks and building societies plus banks in other countries with at least one sovereign rating of a minimum of AA-.

CDS prices

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

Investment balances

The average level of funds available for investment purposes during the period was **£27.59M**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

Investment performance year to date as of 30 September 2025

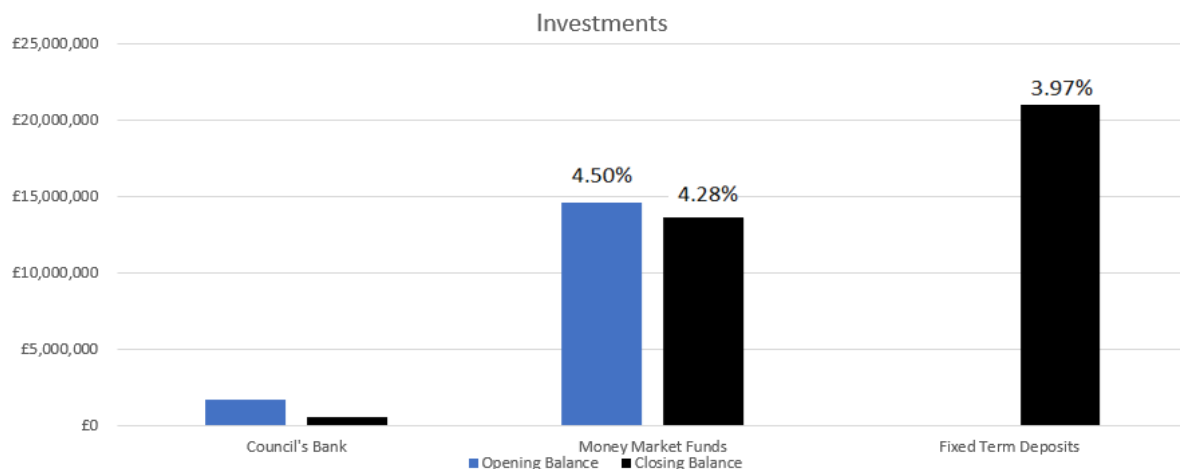
In terms of performance against external benchmarks, the return on investments compared to the SONIA (average) and bank rates at the end of the period is as follows. This is viewed as positive performance, especially given the need to prioritise security of investments, and liquidity (i.e. making sure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

Base Rate	4.00%
SONIA (average)	4.19%
Lancaster City Council investments	4.09%

Investment Balances – quarter ended 30 September 2025

At the start of the year investments totalled £14.6M rising to £34.6M by 30 September. Fixed term investments increased from £0M to £21.0M whilst Money Market Fund balances reduced slightly from £14.6M to £13.6M.

Other Investments	Term	Maturity Date	Opening 01.04.25 £	Closing 30.09.25 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
Call Accounts							
Natwest (Cash Manager Plus)			1,719,368	578,600	0.01%		8,434
Money Market Funds							
BlackRock 1st			2,600,000		4.26%		87,189
BlackRock Gov							13,631
Insight			0	1,600,000	4.26%		90,635
Aberdeen Standard			6,000,000	6,000,000	4.27%		128,414
Goldman Sachs			0		4.19%		21,725
LGIM			6,000,000	6,000,000	4.30%		127,214
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
DMADF	1 day	04/07/2025	0	0		4.20%	115
DMADF	2 days	01/08/2025	0	0		4.21%	807
DMADF	5 days	06/08/2025	0	0		4.21%	2,018
DMADF	7 days	08/08/2025	0	0		4.20%	7,249
DMADF	1 day	05/08/2025	0	0		4.20%	115
DMADF	1 day	07/08/2025	0	0		4.20%	518
DMADF	92 days	12/11/2025	0	11,000,000		3.97%	59,822
DMADF	11 days	12/09/2025	0	0		3.96%	10,727
DMADF	4 days	09/09/2025	0	0		3.95%	433
DMADF	12 days	22/09/2025	0	0		3.96%	1,300
DMADF	12 days	17/10/2025	0	10,000,000		3.96%	13,019
Sub-total			16,319,368	35,178,600			592,526
						Budgeted income	260,616
							331,911



Approved Limits

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

Borrowing

The Council's capital financing requirement (CFR) for 2025/26 was forecast as £117.96M as set out in **Annex A**. The current forecast CFR at quarter 2 is, £115.16M. This is principally due to slippage identified as part of the Capital Programme Mid-Year Review. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £56.93M and has utilised £40.93M of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

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

It is anticipated that further borrowing may need to be undertaken during this financial year. The original estimate was that we would need to borrow around £15M in quarter 4 of 2025/26. The latest cashflow forecast suggests that borrowing may now not be required in 2025/26 but there are significant uncertainties within that. The potential for further slippage within the Capital Programme and unknown large cashflows relating to the Eden Project make this difficult to quantify with certainty and the actual amount of borrowing may be lower. Consideration also needs to be given to the recent volatility in the markets leading to high PWLB interest rates. In light of this, it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

Gilt yields and PWLB certainty rates have remained relatively volatile throughout the six months under review, but the general trend has been for medium and longer dated parts of the curve to shift higher whilst the 5-year part of the curve finished September close to where it began in April.

Concerns around the stickiness of inflation, elevated wages, households' inflation expectations reaching a six-year high, and the difficult funding choices facing the Chancellor in the upcoming Budget on 26 November dominated market thinking, although international factors emanating from the Trump administration's fiscal, tariff and geo-political policies also played a role.

At the beginning of April, the 1-year certainty rate was the cheapest part of the curve at 4.82% whilst the 25-year rate was relatively expensive at 5.92%. Early September saw the high point for medium and longer-dated rates, although there was a small reduction in rates, comparatively speaking, by the end of the month.

The spread in the 5-year part of the curve (the difference between the lowest and highest rates for the duration) was the smallest at 37 basis points whilst, conversely, the 50-years' part of the curve saw a spread of 68 basis points.

At this juncture, MUFG Corporate Markets still forecasts rates to fall back over the next two to three years as inflation dampens, although there is upside risk to all forecasts at present. The CPI measure of inflation is expected to fall below 2% in early 2027 but hit a peak of 4% or higher later in 2025.

The Bank of England announced in September that it would be favouring the short and medium part of the curve for the foreseeable future when issuing gilts, but market reaction to the November Budget is likely to be the decisive factor in future gilt market attractiveness to investors and their willingness to buy UK sovereign debt.

6. Debt Rescheduling

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

7. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 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 Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

8. Other Issues

Changes in risk appetite

The 2021 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or to other types of investment instruments this change in risk appetite and policy should be brought to members' attention in treasury management update reports. Whilst the risk appetite remains low, the recommended

increase of monetary limits for banks with credit ratings show as orange or red from £6M to £12M in order to utilise more ESG investment funds does increase the risk to the Council.

ANNEX A

PRUDENTIAL INDICATORS - MID YEAR REVIEW

Prudential Indicator for Capital Expenditure

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

Capital Expenditure by Fund	2025/26	
	Original Estimate £m	Quarter 2 Position £m
General Fund	27.08	33.65
Council Housing (HRA)	6.12	8.15
Total Capital Expenditure	33.20	41.80

Changes to the Financing of the Capital Programmes

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

Capital Expenditure	2025/26	
	Original Estimate £m	Quarter 2 Position £m
Total capital expenditure	33.20	41.80
Financed by:		
Capital receipts	1.35	1.41
Capital grants	6.22	13.14
Reserves	4.88	6.20
Revenue	0.00	0.00
Total Financing	12.45	20.75
Borrowing Requirement	20.75	21.05

Changes to the Capital Financing Requirement

Capital Financing Requirement	2025/26	
	Original Estimate £m	Quarter 2 Position £m
General Fund	85.96	83.17
HRA	32.00	32.00
Total Capital Financing Requirement	117.96	115.16
Net movement in CFR	16.79	-2.80

Limits to Borrowing Activity

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

External Debt v Borrowing Need (CFR)	2025/26	
	Original Estimate £m	Quarter 2 Position £m
External Debt	63.93	56.93
Expected Change in Other long term liabilities	14.96	13.96
Total Debt	78.89	70.89
Compared to current :		
Capital Financing Requirement	117.96	115.16
Operational Boundary:-		
Debt	118.96	118.96
Authorised Limit:-		
Debt	134.00	134.00

Definitions:

Operational Boundary

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

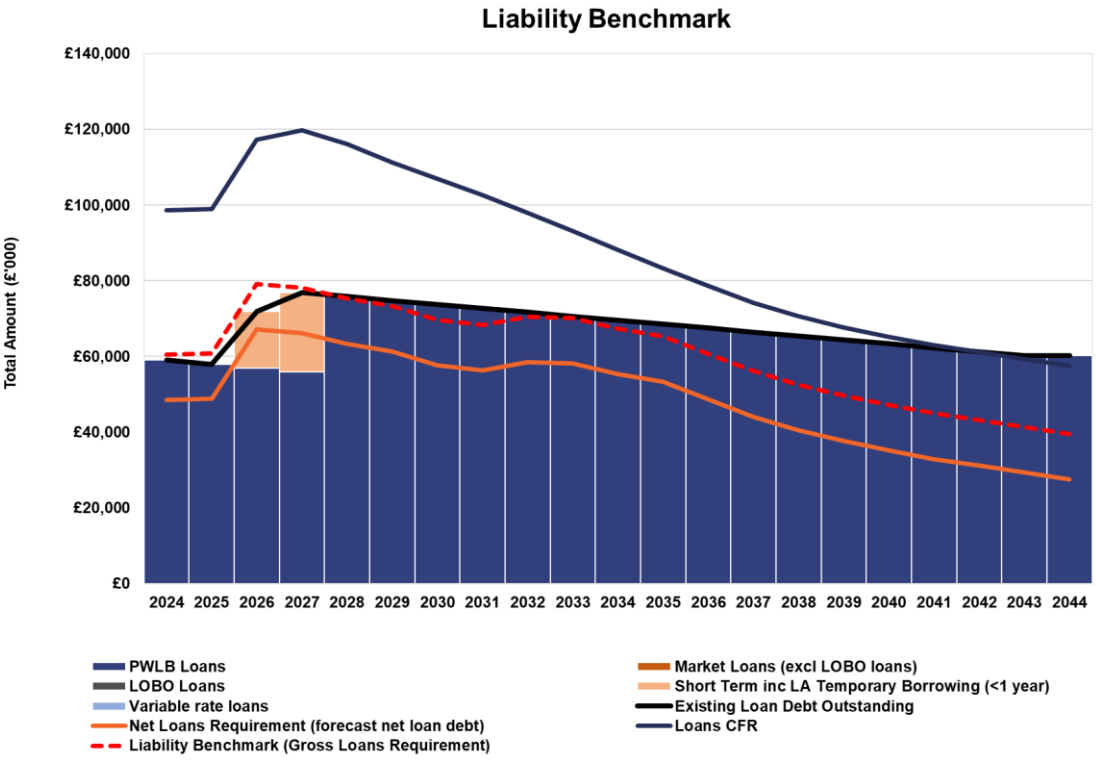
Authorised Limit for External Debt

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

Liability Benchmark

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

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



BUDGET AND PERFORMANCE PANEL**Budget and Performance Panel – Work Programme****3rd December 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 consider the Work Programme attached at **Appendix A** and also consider any additional items the Panel may wish to add within its terms of reference. Also attached at Appendix B are the Terms of Reference of the Panel.

2. Updates

- 2.1 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.
- 2.2 The Panel is asked to consider its Work Programme in accordance with its Terms of Reference.
- 2.3 At the last meeting of the Panel, held on 17th September, amongst other things it was agreed that the following be timetabled, dates have now been set:

Item	Date
To review the effectiveness of the Council's complaints systems in improving service delivery – to receive regular reports and statistics including	3 rd December 2025

outcomes on complaints to the City Council and Ombudsmen's (Local Government and Social Care) (Housing). Also to consider any annual reports and statistics from the Ombudsmen.	
Staff vacancies, the well-being of Council staff and how the Council are to fill vacancies. *	14 th January 2026
*To be prioritised with the Chair of People and Organisational Development Committee also invited to attend for the meeting.	

2.4 With regard to the remaining items agreed at the last meeting Members are asked to clarify what their expectations are and prioritise these actions. Please see **Appendix B**.

2.5 The Panel is informed that at the last meeting of the Overview and Scrutiny Committee Members of the Committee discussed a Fit for the Future update and agreed that a Workshop should be arranged as soon as possible for Scrutiny Members and that all other Councillor be invited to attend. This has been arranged to be held on **Wednesday 14th January commencing at 5.00pm**, prior to the meeting of B&PP. This will be hybrid.

3. Training

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

- Treasury Management
- Budget and Project Monitoring (Delivering Our Priorities)
- 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. Please see **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
3 rd December 2025	To review the effectiveness of the Council's complaints systems in improving service delivery – to receive regular reports and statistics including outcomes on complaints to the City Council and Ombudsmen's (Local Government and Social Care) (Housing). Also to consider any annual reports and statistics from the Ombudsmen.	Chief Officer Housing and Property.
3 rd December 2025	Treasury Management Mid-Year Review.	Cabinet/ Chief Officer Finance.
14 th January 2026	Staff vacancies, the well-being of Council staff and how the Council are to fill vacancies. * *To be prioritised with the Chair of People and Organisational Development Committee also invited to attend for the meeting.	Chief Officer People and Policy.
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.

Fit for the Future	<p data-bbox="506 201 607 225">Budget</p> <p data-bbox="506 264 1196 496">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 the Chief Executive to ensure that the documentation is available for scrutiny.</p> <p data-bbox="506 536 1196 600">Note: Reported to meeting of BPP – 19th February 2025.</p> <p data-bbox="506 639 1196 839">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 data-bbox="1218 201 1991 264">Fit for the Future was reported to the last meeting of Overview and Scrutiny Committee on 22nd October 2025.</p> <p data-bbox="1218 304 1991 432">Members discussed the Fit for the Future update and agreed that a Workshop should be arranged as soon as possible for Scrutiny Members and that all Councillor be invited.</p> <p data-bbox="1218 472 1991 568">A workshop has been arranged to be held on Wednesday 14th January commencing at 5.00pm, prior to the meeting of B&PP. This will be hybrid.</p>
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Training – Subject/date	Provider
TBD – see report.	TBD – see report.

Budget and Performance Panel – Minute Extract – 17th September 2025***Resolved:***

(1) In the Panel's terms of reference, there are six key areas for scrutiny:

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

Over the forthcoming year the Panel is committed to continue to look at:

- Staff vacancies, the well-being of Council staff and how the Council are to fill vacancies.
*
- Risk management
- Performance Indicators, project reporting systems, and benchmarking
- The HRA Capital Programme for Mainway
- Fit for the Future project proposal to generate income and realise income

*To be prioritised with the Chair of People and Organisational Development Committee also invited to attend for the meeting.

In addition, the Panel wishes to include the following areas of scrutiny to its Work Plan which have not been considered to date:

- To review the effectiveness of the Council's complaints systems in improving service delivery – to receive regular reports and statistics including outcomes on complaints to the City Council and Ombudsmen's (Local Government and Social Care) (Housing). Also to consider any annual reports and statistics from the Ombudsmen.
- 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 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. The Panel to have sight of service business plans for all services.

- To consider the finances and transition regarding Local Government re-organisation (likely to be in the 2026/27 municipal year).

That the Work Programme be updated to include the items raised earlier in the meeting (Minute 15 – Projects and Performance Q1 2025-26 refers).

Listed below:

- That, where the RAG rating is reported as causing a concern, Benefit Plans and Project Briefs be provided for each individual report and for the relevant Cabinet Member(s) and Project Lead(s) to attend Panel meetings to discuss and consider progress and performance on those projects.
- That the Cabinet Member for Finance and Property be requested to investigate whether a consolidated list of projects in development/on the horizon is available, with detail on who is responsible and the initiation date of the project. This to be provided to members of the Panel for scrutiny especially on those projects that are of concern both to members of the Panel and of possible disquiet and concern to members of the public.

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)