

**BUDGET AND  
PERFORMANCE PANEL**

**6.00 P.M.**

**11TH FEBRUARY 2026**

**PRESENT:-** Councillors Chris Hanna (Chair), Ross Hunter (Vice-Chair), Keith Budden, Ruth Colbridge, Hamish Mills, Sue Penney and Jackson Stubbs

Apologies for Absence:

Councillors Isabella Metcalf-Riener

Officers in attendance:

Paul Thompson	Chief Officer - Resources and Section 151 Officer
Joanne Wilkinson	Chief Officer - Housing and Property
Andrew Kipling	Accountancy Manager
Stephen Metcalfe	Principal Democratic Support Officer

**42 MINUTES**

The minutes of the meeting held on 14<sup>th</sup> January 2026 were approved as a correct record.

**43 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR**

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

**44 DECLARATION OF INTERESTS**

No declarations were made at this point.

**45 BUDGET & POLICY FRAMEWORK GENERAL FUND REVENUE BUDGET 2026/27 - 2030/31**

The Panel received a report to Cabinet from the Chief Finance Officer that set out the latest position in respect of the Budget and Policy Framework and Cabinet's proposed General Fund revenue budget for 2026/27.

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

Revenue Budget

Council may adjust its revenue budget proposals, so long as the overall budget for 2025/26 balances and fits with the proposed Council Tax level.

Other Budget Framework Matters (Reserves and Provisions)

Given known commitments, risks, and Council Tax restrictions there is little flexibility in financial terms, but Council could consider different budget strategies to be appraised for future years, or alternative arrangements for approving the use of various reserves, or

different virement and/or carry forward limits. Overall, however, previous arrangements have worked reasonably well, and so no other fundamental changes are proposed.

#### Section 151 Officer's Comments and Advice

Council is required to note this formally in the minutes of the meeting; hence it is reflected in the recommendations.

Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision making.

#### **OFFICER PREFERRED OPTION (AND COMMENTS)**

##### Revenue Budget 2026/27 and Reserves Position

To agree the recommendations as presented as the proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

Members of the Panel asked a number of questions at the meeting. Arising from discussions the Panel was informed that, with regard to UKSPF funding, the Programme Management Office had been transferred to Blackpool Council with responsibility for oversight, reporting and programme coordination across all Lancashire districts. Clarification was requested to be sought regarding what relationships have been built since the arrangements have been made and what steps are being taken with Blackpool Council to ensure funding applications are facilitated. The Panel agreed that this issue required further investigation and clarification and that further enquiries be made with the district councils representatives on the Lancashire Combined County Authority.

Referring to the report with regarding to Fit for the Future the issue of growing venue income was raised and also the increase in costs of staffing and maintenance. It was felt that it would be helpful if the Panel could be provided with details on council commercial venue income at a future meeting in order to demonstrate outcomes. The Cabinet Member advised that this information would be provided at the July meeting of the Panel as part of the Outturn report.

***During questions a request was made to exclude the press and public in order that the information contained within the exempt appendices could be discussed. Councillor Hamish Mills proposed the exclusion seconded by Councillor Sue Penney and this was agreed unanimously.***

**That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting to enable the Panel to consider Appendices C1 and C2 to the report, on the grounds that the information provided could involve the possible disclosure of exempt information as defined in paragraphs 2, 3 and 4 of Part 1 of Schedule 12A of that Act.**

***Resolved: -***

- (1) That the report be noted.

(2) That the items raised, outlined above, be added to the Panel's Work Programme.

**At this point the press and public were readmitted to the meeting.**

**46 CAPITAL PROGRAMME 2026/27 – 2035/36 & CAPITAL STRATEGY (INVESTING IN THE FUTURE)**

The Panel received a report to Cabinet from the Chief Finance Officer that presented Cabinet's final budget proposals in order that the Council can approve a General Fund Capital Programme for 2026/27 to 2035/36, and a Capital Strategy 2026/27 as required by regulation.

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

It was reported that Cabinet may put forward alternative proposals or amendments to the proposed Strategy ahead of consideration by Full Council. For capital, Council may adjust its capital investment and financing proposals taking account of spending commitments and priorities, but its proposals for 2026/27 must balance.

Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision-making.

The officer preferred option was to consider the Capital Programme and Strategy as attached to the report, allowing for any amendments being made under delegated authority prior to referral to Council.

The report addressed the actions required to complete the budget setting process for its Capital Programme and Capital Strategy. If Cabinet, or Budget Council changes its Capital Programme from that which is proposed in the report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy.

Members of the Panel asked a number of questions at the meeting.

**Resolved: -**

That the report be noted.

**47 TREASURY MANAGEMENT STRATEGY 2026/27**

The Panel received a report to Cabinet from the Chief Finance Officer that presented the draft Treasury Management Strategy and associated documents for 2026/27 and provided an opportunity for consideration and comment ahead of formal presentation to Full Council 25 February 2026 for approval.

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

It was reported that Cabinet may put forward alternative proposals or amendments to the proposed Strategy ahead of consideration by Full Council, but these would have to be

considered in light of legislative, professional, and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such no further options analysis is available currently.

Furthermore, the Strategy must fit with other aspects of Cabinet's budget proposals, such as deposit interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. There are no options available regarding other components of the overall framework.

The officer preferred option was to approve the framework as attached to the report, allowing for any amendments being made under delegated authority prior to referral to Council.

The report addressed the actions required to complete the budget setting process for Treasury Management, and for updating the Council's associated financial strategy. This was based on the Council continuing to have a comparatively low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It was stressed that in terms of treasury activity, there is no risk-free approach. It was felt, however, that the measures set out in the report provide a fit for purpose framework within which to work, pending any update during the course of next year.

It was reported that if Cabinet, or Budget Council changes its Capital Programme from that which is proposed in this report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy.

Members of the Panel asked a number of questions at the meeting.

***Resolved: -***

That the report be noted.

**48 MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2030/31**

The Panel received a report to Cabinet from the Chief Finance Officer that provided an update on the Council's Medium Term Financial Strategy (MTFS) forecasts for 2026/27 to 2030/31.

The report considered Local Government Funding and Business rates, Council Tax, General Fund Projections, Capital Investment and financing, the short and medium-term budget gap, Provisions, Reserves and balances and Local Government Reorganisation. The risks to the Council were contained throughout the report and as the report was for noting, no alternative proposals had been put forward.

Whilst delivering a balanced budget for 2026/27, the Council continues to face unprecedented levels of financial and economic uncertainty. This hampers the degree of confidence with which forecasts can be made and inevitably some key estimates and assumptions are likely to change in the coming months.

The future key challenge surrounding Local Government Reorganisation should not be underestimated and the Council must position itself in the best financial health that is possible, in order to maintain both financial and organisational stability.

Members of the Panel asked a number of questions at the meeting.

**Resolved: -**

That the report be noted.

**49 HOUSING REVENUE ACCOUNT BUDGET FRAMEWORK 2026/27 - 2030/31**

The Panel received a joint report to Cabinet from the Chief Officer Housing and Property and Chief Officer Resources that sought Cabinet decisions on Council Housing rent setting proposals and HRA revenue and capital budget proposals.

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

The options with regards to rent setting are set out under section 4 of the report, the maximum permitted increase being CPI+1% for current tenants, with flexibility of an additional 5% / 10% above formula rent for new tenancies. By applying this increase, it allows for a budget that can deliver on the Council’s and Governments ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and wider legislative requirements.

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

With regard to the revenue budget generally, Cabinet could consider other proposals that may influence spending in current and future years, as long as their financing is considered and addressed and coherent with the legislative and regulatory requirements of a Registered Provider.

The options available in respect of the minimum level of HRA balances are to retain the level at £750K in line with the advice of the Section 151 Officer or adopt a different level. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting, and it could have implications for the Council’s financial standing, as assessed by its external auditor.

The options available in respect of the Capital Programme are:

- i) To approve the programme in full, with the financing as set out;
- ii) To incorporate other increases or reductions to the programme, with appropriate sources of funding being identified.

Any risks attached to the above would depend on measures Members proposed, and their impact on the council housing service and its tenants. As such, a full options analysis could only be undertaken once any alternative proposals are known, and Officers may require more time in order to do this.

	Option 1: Set housing and garage rent levels as set out in this report, and approve the	Option 2: To propose alternatives to those outlined in Section 11 to the report
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	provisions, reserves and balances position (and their use); the revenue budgets and capital programme	
Advantages	Increased rental income supports the Council to deliver against its Regulatory requirements and ensuring homes are safe and decent.	Unknown
Disadvantages	Increased rent levels for tenants, and new tenants.	Would require further options analysis.
Risks/Mitigation	The HRA budget set out in this report is sustainable in the long term. The risks associated with Option 1 are outlined in Appendix F to the report – Risks and Assumptions	Impact on housing service and council housing tenants unknown. Potential for housing service to fall foul of legislative and regulatory requirements, leading to unlimited fines and being ‘named and shamed’ by government.

**Officer Preferred Option (and comments)**

Option 1: Set housing and garage rent levels as set out in this report and approve the provisions, reserves and balances position (and their use); the revenue budgets and capital programme, as set out and refer onto full Council.

The budget headlines were presented to the Tenants Voice meeting of 29th January 2026 who were broadly in agreement with the proposals described, including the rent increase and understood the rationale for such. There was, however, a range of debate which should be noted including:

- Residents were keen to understand how we would seek to increase housing stock – replacing homes lost through Right-to-Buy
- Residents also noted that they did not want to see their rent money being offset to repair homes though tenant damage and wanted to understand the re-charge process in such instances.
- Officers committed to providing details of planned maintenance and capital programmes be presented to a future meeting of the Tenant Voice.

The budget headlines and the wider context of housing finances were also presented and discussed at the Council Housing Advisory Group (CHAG) on 29th January 2026, who were supportive and understood the financial challenges and requirements faced within the HRA. Residents were keen that within their new rent letters that they saw the difference in what they had paid before as a comparator.

The report highlights challenges faced within the current economic climate, particularly in the context of the increased regulatory and legislative requirements being placed on the social housing sector. The longer-term financial forecasts contain numerous estimates and assumptions, and the service remains attuned to the risks contained within Appendix F to the report, and in particular the impacts of further legislative and regulatory change which could affect business planning within the HRA.

Members of the Panel asked a number of questions at the meeting regarding the Council's 10-year Capital Programme and building cost inflation.

**Resolved: -**

That the report be noted.

## 50 FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2026/27

The Panel received a report to Cabinet from the Chief Finance Officer that proposed a Flexible Use of Capital Receipts Strategy for 2026-27 to complement the ongoing Council's commitment to financial sustainability. Statutory guidance from the Department for Levelling Up, Homes and Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) enables local authorities to make flexible use of capital receipts to fund projects which are likely to generate savings to the authority and / or other public bodies. To make use of this provision, authorities must submit to the Secretary of State a Flexible Use of Capital Receipts Strategy setting out how the provision will be applied in the next financial year.

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

### **Option 1: Adopt the Strategy**

**Advantages** The Council will be able to make use of the Flexible Capital Receipts provision in delivering transformation.

**Disadvantages** None identified from this report.

**Risks** Capital receipts, savings and transformation benefits may not be realised as anticipated in the Strategy; the associated risks will be mitigated through its delivery of future programmes.

### **Option 2: Do not adopt the Strategy**

**Advantages** None identified from this report.

**Disadvantages** The Council will be unable to consider funding savings initiatives and service transformation through use of capital receipts, and may therefore be unable to achieve the savings, outcomes and benefits anticipated from these projects.

**Risks** Not adopting a Flexible Use of Capital Receipts Strategy at this point would severely constrain the Council's ability to deliver the transformation challenge ahead.

The officer preferred option is Option 1, to enable the Council to make use of the Flexible Capital Receipts provision in supporting its savings and service transformation initiatives over the coming years.

Members of the Panel asked a number of questions at the meeting including fund transformational schemes and LGR.

**Resolved: -**

That the report be noted.

**51 DELIVERING OUR PRIORITIES 2025/26 Q3**

The Panel received a report to Cabinet from the Chief Executive and s151 Officer that provided members with an update on financial performance during the first three quarters of 2025/26 (April – December 2025).

As the report was for comments and noting no options were provided.

Members of the Panel asked a number of questions at the meeting.

***Resolved: -***

That the report be noted.

At this point, on behalf of the Panel, the Chair thanked Councillor Hamilton-Cox for his attendance at the meeting and presentation of reports to the Panel.

**52 WORK PROGRAMME**

The Panel was provided with a report that contained updates for consideration.

With regard to SLAs for arts, partners are currently in discussion with those bodies, and it was anticipated that this will take some time to conclude and, then for monitoring achievements, it would be much later in the year when officers could report on those.

For Lancaster BID, it was reported that this is going through a ballot process to decide if the BID continues. This will conclude during February 2026 and then work on an SLA will be in the first half of 2026/27. Reporting on achievements would then be later in the year. Morecambe BID will be due their ballot later in 2026. It was suggested reporting much later in the year, maybe at mid-year point.

An update was also provided for Partnerships for Sustainable Growth. For the item regarding the Asset Management Plan, it was requested that this item be deferred to a later date.

An update was provided at the meeting regarding Projects and Performance Reporting with a process being introduced to advise the Panel when the latest reports for Projects and Performance had been published as part of Cabinet agenda. This would then enable the Panel to identify items to be reported to its next meeting with relevant Cabinet Members and officers invited to attend to answer questions on specific projects and performance. In view of the cycle of meetings of the Panel, it was noted and agreed that an additional meeting of the Panel would need to be scheduled in July 2026.

It was noted that the items agreed earlier in the meeting regarding UKSPF and also growing venue income for council commercial venues in order to demonstrate outcomes. The later item to be reported as part of the Outturn report at the July 2026 meeting (minute 45 refers).

***Resolved: -***

That the report and updates be noted.

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Chair

(The meeting ended at 6.55 p.m.)

**Any queries regarding these Minutes, please contact  
Stephen Metcalfe, Democratic Support - email [sjmetcalfe@lancaster.gov.uk](mailto:sjmetcalfe@lancaster.gov.uk)**