



Committee: CABINET

Date: THURSDAY, 31 JULY 2025

Venue: MORECAMBE TOWN HALL

Time: 4.00 P.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 8 July 2025 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. Declarations of Interest

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. Public Speaking

To consider any such requests received in accordance with the approved procedure.

6. Reports from Overview and Scrutiny

None.

Reports

7. Provisional Revenue, Capital and Treasury Management Outturn 2024/25 (Pages 4 - 40)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Chief Officer Resources (report published 25.7.25)

8. Exclusion of the Press and Public

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item(s) in private.

Cabinet is recommended to pass the following recommendation in relation to the following items:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

Members are reminded that, whilst the following items has been marked as exempt, it is for Cabinet itself to decide whether or not to consider it in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and also whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

9. Canal Quarter Regeneration Phase III (Heron Works) - Progressing Development Design, Planning Approval, and Delivery (Pages 41 - 86)

(Cabinet Member with Special Responsibility Councillor Peter Jackson)

Report of Chief Officer Sustainable Growth (report published on 25.7.25)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Caroline Jackson (Chair), Peter Jackson, Mandy Bannon, Martin Bottoms, Tim Hamilton-Cox, Paul Hart, Sally Maddocks, Sam Riches and Sue Tyldesley

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Support - email ebateson@lancaster.gov.uk.

(iii) Apologies

Please contact Democratic Support, telephone 582000, or alternatively email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on Tuesday 22 July 2025.

CABINET

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

Report of Chief Finance Officer

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

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

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

1. BACKGROUND

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

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

2. PROVISIONAL REVENUE OUTTURN: SUMMARY

2.1 General Fund Revenue Outturn

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

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

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

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

3. TREASURY MANAGEMENT

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

Investments

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

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

Borrowing

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

4. HOUSING REVENUE ACCOUNT (HRA)

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

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

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

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

5. GENERAL FUND REVENUE RESERVES AND BALANCES

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

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

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

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

6. HOUSING REVENUE ACCOUNT USABLE REVENUE RESERVES AND BALANCES

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

7. CARRY FORWARD OF UNDERSPENDINGS AND OVERSPENDINGS

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

8. CAPITAL OUTTURN

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

Capital Expenditure

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

Capital Financing

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

Capital Slippage

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

9. DETAILS OF CONSULTATION

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

10. OPTIONS AND OPTIONS ANALYSIS

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

11. OFFICER PREFERRED OPTION AND JUSTIFICATION

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

12. CONCLUSION

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

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

12.5 Given the size of the ongoing financial issues the Council faces this fundamental reshaping of the Council's services and realigning against its priorities through the OBR/FtF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. The application of OBR/FtF across the Council is a significant piece of ongoing work and it is imperative that the work, or similar principles continues.

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

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

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

RELATIONSHIP TO POLICY FRAMEWORK

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

CONCLUSION OF IMPACT ASSESSMENT

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

None directly identifiable, due to the high level nature of this report.

LEGAL IMPLICATIONS

There are no legal implications directly arising.

FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

References and any related implications are contained within the report and related

appendices.

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer however he would draw Members attention to the commentary regarding the Council's Housing Revenue Account (HRA) within section 4 and section 6.

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

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

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

Contact Officers: Paul Thompson
Chief Finance Officer & s151 Officer
Telephone: 01524 582603
E-mail: pthompson@lancaster.gov.uk
Ref:

FINANCIAL PERFORMANCE

Financial Summary 2024/25

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

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

With regard to savings it is noted that £0.385M (31.2%) were achieved within the year. A majority of these net savings were budgeted to be achieved by the increase of fees and charges for which additional receipts of £0.838M were included. However, it is difficult to project as there are shortfalls in income across services which may be attributable to other issues over pricing strategy.

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

General Fund

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

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

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

A core element of the Council's budget is salary driven and as part of the 2024/25 budget setting process, an inflationary uplift of 5.95% was included to salaries across all services of

the Council. The National Employers' offer of an increase of £1,290 (or 2.5% whichever is higher) on all NJC pay points was accepted on 22nd October 2024. The Chief Officer's pay award was agreed and included at 2.5%. This resulted in an estimated saving of £0.463M including oncosts and the relative variances are summarised in the table below and contribute in part to the notes to follow.

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

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

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

Note 1 Environment & Place

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

Note 2 Governance

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

Note 3 Housing & Property

- Net salary savings +£0.201M largely due to difficulties in recruiting and retaining staff. A further +£0.135M has been identified due to the Selective Licensing scheme not progressing which is off-set by a reduction in income (-£0.136M)
- Recharge of staff seconded to neighbouring authorities +£0.032M
- Energy savings +£0.075M
- Net additional business rates on Municipal Buildings and void units (-£0.094M)
- Reduction in bed & breakfast expenditure in line with quality assurance of placements and utilisation of Council voids +£0.326M, plus funding from external grants +£0.324M
- Net additional rent income due to lease and other commercial property changes +£0.312M, however it should be noted that rent due for 17-21 Penny Street has been assumed although this has led to an increase in the level of bad debt provision (see Note 8)
- Net additional income from General Fund Housing Schemes, largely service charges +£0.020M
- Household Support Fund administration charge income +£0.035M
- HMO Licence Fees +£0.034M
- Increased income from Disabled Facilities Grants +£0.056M due to faster approval with in-house Occupational Therapist
- Additional income from public burials +£0.018M

Note 4 People & Policy

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

Note 5 Planning & Climate Change

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

Note 6 Resources

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

Note 7 Sustainable Growth

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

Note 8 Other Corporate Income & Expenditure Items

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

Note 9 Contribution to General Fund Balance

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

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

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

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

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

Annual Treasury Management Report

2024/25

For Noting by Cabinet 31 July 2025

Annual Treasury Management Review 2024/25

Purpose

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

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

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

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

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

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

Introduction and Background

This report summarises the following:-

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

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

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

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

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

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

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

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

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

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

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

The total CFR can also be reduced by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Treasury Position as at 31 March 2025

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

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

The loan repayment schedule is as follows:

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

All investments were placed for under one year.

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

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

Interest Payable

	2024/25
Estimate	£3.18M
Actual	£2.78M

4. The Strategy for 2024/25

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

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

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

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

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

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

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

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

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

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

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

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

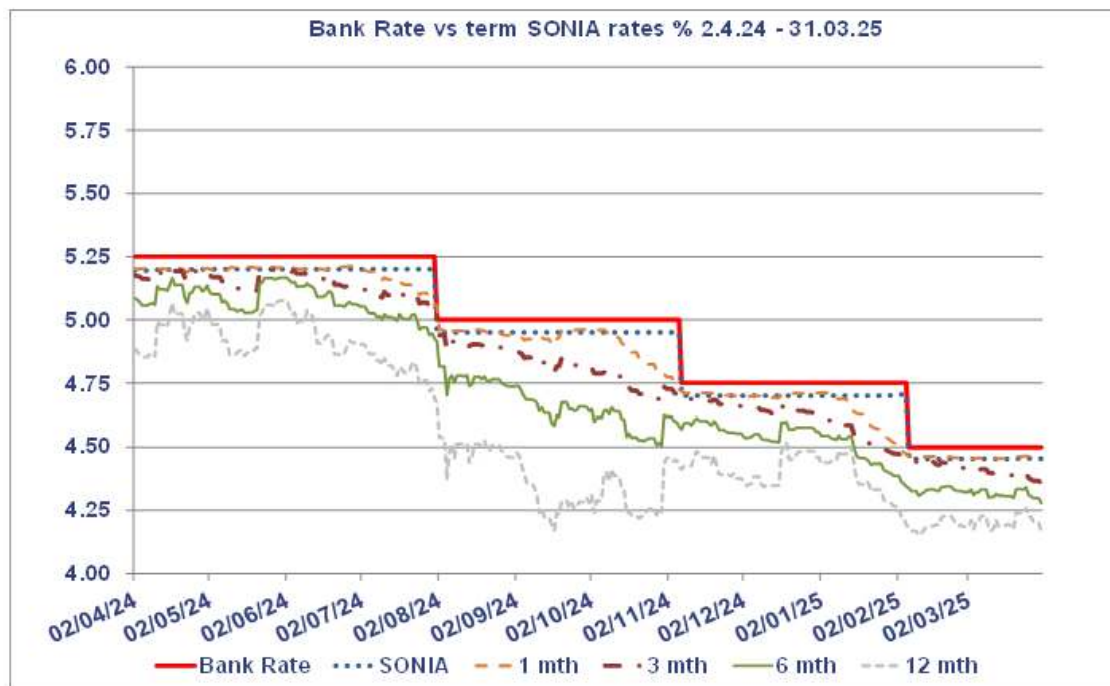
The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 4.5% by a vote of 8-1, but suggesting further reductions would be gradual. The Bank of England was always going to continue its cut-hold-cut-hold pattern by leaving interest rates at 4.50% but, in the opposite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

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

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

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

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



6. Borrowing Strategy and Control of Interest Rate Risk

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

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

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

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

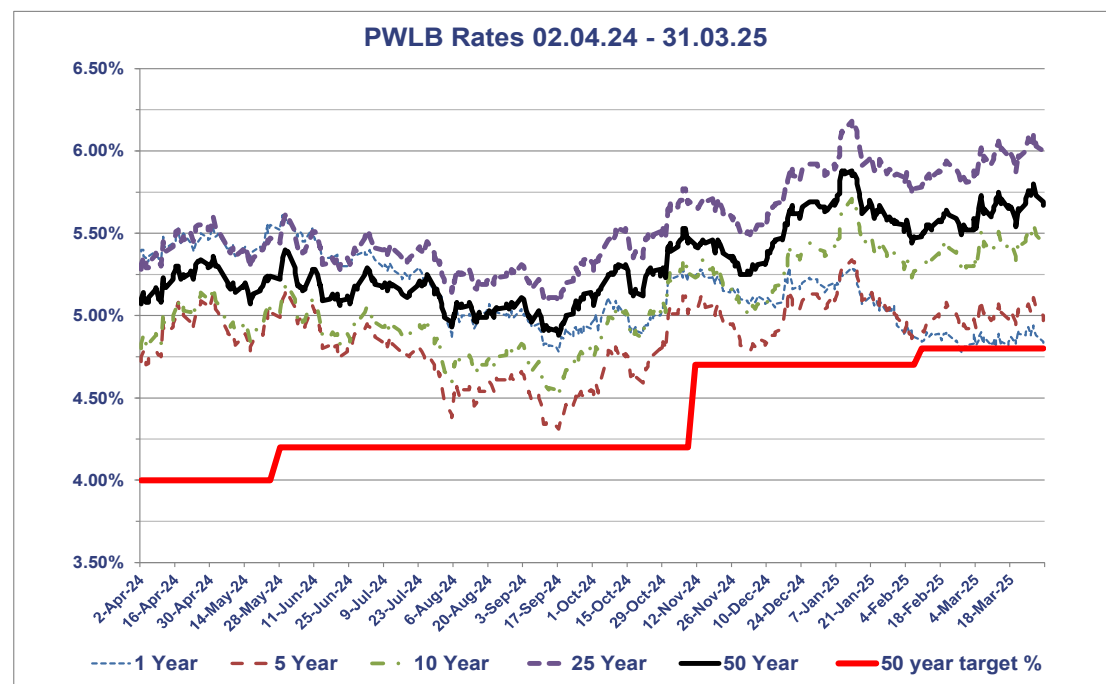
At the start of April 2025, following the introduction of President Trump's trade tariffs policies, the market now expects Bank Rate to fall to 3.75% by the end of December 2025, pulling down the 5- and 10-year parts of the curve too.

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

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

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

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



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

7. Borrowing Outturn for 2024/25

Borrowing

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

Borrowing in advance of need

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

Rescheduling

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

8. Investment Outturn for 2024/25

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

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

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

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

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

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

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

10. Other Risk Management Issues

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

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

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 26 February 2025

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

1. This organisation defines its treasury management activities as:

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

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

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

Treasury Management Glossary of Terms

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

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

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

E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$. See also PWLB.

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

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

HOUSING REVENUE ACCOUNT OUTTURN 2024/25

For Consideration by Cabinet 31 July 2025

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

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

HRA RESERVES BUDGET SUMMARY - 2024/25 OUTTURN

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

Appendix 5 General Fund Reserves

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

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

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

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

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

Lancaster City Council - Capital Expenditure 2024/25

For consideration by Cabinet 31 July 2025

HOUSING REVENUE ACCOUNT	SCHEME FINANCING								BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	Revised Estimate	Expenditure to be financed in 2024/25	GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	
	£	£	£	£	£	£	£	£	£
COUNCIL HOUSING									
Adaptations	300,000	304,936.98					304,936.98	304,936.98	0.00
Energy Efficiency Boiler Replacements	2,178,300	1,827,115.10	596,088.35				1,231,026.75	1,827,115.10	0.00
Environmental Improvements	277,600	403,398.43					403,398.43	403,398.43	0.00
External Refurbishments	546,800	218,365.90	4,270.48				214,095.42	218,365.90	0.00
Fire Procurement Works	536,100	443,135.26					443,135.26	443,135.26	0.00
Kitchen Bathroom Replacement	888,000	834,740.92					834,740.92	834,740.92	0.00
Re-roofing & Window Renewals	781,500	665,400.34					665,400.34	665,400.34	0.00
Rewiring	109,900	56,092.39					56,092.39	56,092.39	0.00
Whole House Improvements	2,026,400	771,303.18	152,271.42				618,939.09	771,210.51	92.87
Dwelling Acquisitions	700,000	155,103.17						0.00	155,103.17
Land Acquisitions	0	40,889.88	40,889.88					40,889.88	0.00
Construction	0	671,290.45						0.00	671,290.45
TOTAL - HRA	8,344,600	6,391,772.00	793,520.13	0.00	0.00	0.00	4,771,765.58	5,565,285.71	826,486.29

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

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

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

Slippage and Accelerated Expenditure

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

Housing Revenue Account

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

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

items shaded pink denote a partly externally funded scheme

Document is Restricted

Document is Restricted

Document is Restricted

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

Document is Restricted

Document is Restricted

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

Document is Restricted