

CABINET

6.00 P.M.

7TH FEBRUARY 2023

PRESENT:- Councillors Caroline Jackson (Chair), Kevin Frea (Vice-Chair),
Dave Brookes, Gina Dowding, Tim Hamilton-Cox, Tricia Heath,
Sandra Thornberry, Anne Whitehead and Jason Wood

Apologies for Absence:-

Councillor Cary Matthews

Also present: Councillor Colin Hartley

Officers in attendance:-

Mark Davies	Chief Executive
Luke Gorst	Head of Legal Services and Monitoring Officer
Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Joanne Wilkinson	Head of Housing
Liz Bateson	Principal Democratic Support Officer

65 MINUTES

The minutes of the meeting held on Tuesday 17 January 2023 were approved as a correct record.

66 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

67 DECLARATIONS OF INTEREST

No declarations were made at this point.

68 PUBLIC SPEAKING

Members were advised that there had been no requests to speak at the meeting in accordance with Cabinet's agreed procedure.

69 HACKNEY CARRIAGE FARE REVIEW 2023

(Cabinet Member with Special Responsibility Councillor Brookes)

Cabinet received a report from the Licensing Manager which sought Cabinet approval of the recommendations from the Licensing Committee to set a new Hackney Carriage fare tariff. Councillor Hartley, the Chair of the Licensing Committee was invited to address the meeting with regard to the Licensing Committee's proposals.

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

	Option 1: Maintain current table of fares approved in April 2022.	Option 2: Apply retail price index (RPI) across the tariff. (14%) Rounding down to the nearest 5p.	Option 3: Deregulate fare setting.	Option 4: Increase flag1fall by 7% Increase rolling rate by 10% by reducing the increment from 176yds to 160yds.
Advantages	Public are aware of expected fares when hiring a hackney carriage.	Drivers' income is increased in line with rising cost of living. This was identified as the preferred methodology to the trade through consultation. The licensed profession may be perceived as a career option for local people.	Allows licensed trade to calculate their own fares, they may be best placed to calculate costs.	The uplift is consistently applied across the tariff, not disadvantaging service user groups. e.g., those on long/short journeys.
Disadvantages	The current table of fares may not represent current cost of living.	Second increase in quick succession may lead to a decrease in public use.	Licensing Authority has no control on charges passed to the public. May create confusion as fares could vary across the trade.	The changes across the tariff and amending incremental charges may cause public confusion, leading to an increase in complaints.
Risks	Not consistently applying the methodology approved by Cabinet and supported by the trade.	Increase too much for service users. Drivers may see reduced income due to lack of public use.	Lack of public confidence in use of Hackney Carriages due to unknown charges.	Not consistently applying the methodology approved by Cabinet and supported by the licensed

	Drivers may decide to leave the trade, fares do not meet the demands of the rising costs of living.		Varying charges between proprietors creating confusion .	trade. Fares will increase earlier in journeys; regular users of taxis may feel penalised by the uplift.
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Option 4 is the preferred option of the Licensing Committee, as this is an executive decision, Licensing Committee are not the decision-making body so must refer their recommendation to Cabinet for approval.

Earlier in 2022, following a period of consultation with the public and licensed trade, the Councils Cabinet, on recommendation of Licensing Committee agreed a methodology for fare reviews in relation to hackney carriages operating in the district.

The approved methodology has been applied to the relevant parts of the hackney carriage tariff, with a 14% increase to flag-fall and rolling rate (rounded down to the nearest 5p). It represents a 40/60/80p increase in flag fall across the 3 tariffs with little difference to rolling rates (until tariff 3 where a 5p increase would be applied).

An alternative option has been suggested and recommended to Cabinet for approval, recognising that rounded the rate of RPI down to the nearest 5p will have little or no impact on rolling rate, so by reducing the yardage on the rolling rate by 10% and applying 20p on flag fall (7% increase) allows for a hybrid approach. This option does not follow the approved methodology, financial services have been consulted on the impact on applying RPI for subsequent years if Cabinet are minded to deviate from the approved position now.

The cost of living is rising; licensed drivers need to ensure the profession is sustainable; whereby the table of fares allows drivers to earn a fair salary. Cabinet will need to balance the views of the licensed trade with expectations of the public and ensure that any decision to depart from the approved methodology is documented, along with the reasons for doing so.

Councillor Brookes proposed, seconded by Councillor Wood:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That approval be given to the proposals of the Licensing Committee as follows:
 - an increase on the flag fall of 20p from £3.00 to £3.20 (7% increase)
 - that the rolling rate increases by 10% by reducing the increment from 176 yards to 160 yards per 20p.
- (2) That approval be given to the Licensing Manager to advertise the adjusted table of fares as required by Section 65 of the Local Government (Miscellaneous

Provisions) Act 1976.

Officer responsible for effecting the decision:

Licensing Manager

Reasons for making the decision:

It is a constitutional requirement that Lancaster City Council's Cabinet approve the setting of fares for Hackney Carriages operating in the district. In determining the charges for time/distance it must consider the impact on setting fares too low/too high on both the licensed trade and public who use Hackney Carriages, whilst balancing the rising cost of living and building a sustainable trade; one capable of earning a fair salary. The proposals are considered fair to taxi drivers and the travelling public.

70 BUDGET & POLICY FRAMEWORK UPDATE 2023/24 TO 2027/28

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report 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 2023/24.

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 2023/24 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

Revenue Budget 2022/24 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.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

“That the recommendations, as set out in the report, be approved.”

By way of an amendment, which was accepted as a friendly amendment by the proposer and seconder, Councillor Wood proposed and Councillor Thornberry seconded:-

“That the following be added at the end of the first bullet point on recommendation(1):
‘as amended to ensure the long term sustainable future of the Platform that the proposed saving be reduced to £32K throughout 2023/24 and its operation continue until a new operational model is agreed using additional savings of £43K funded from building control’ and that recommendation (3) be deleted”.

Councillors then voted on the revised recommendations:-

Resolved unanimously:

- (1) That Cabinet recommends the following for approval to Budget Council:
 - The 2023/24 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (Appendix A) and supporting budget proposals (Appendices B & B1, as amended), to ensure the long-term sustainable future of the Platform that the proposed saving be reduced to £32K throughout 2023/24 and its operation continue until a new operational model is agreed using additional savings of £43K funded from building control.
 - The Section 151 Officer’s statement on the adequacy of reserves and advice that the minimum level of balances remains at £5M, subject to annual review.
 - the resulting position on reserves (Appendix C to the report).
 - the position on budget transfers and use of reserves (Appendix D to the report)
- (2) That the Finance Portfolio Holder be given delegated authority to finalise the General Fund Revenue budget 2023/24 as updated for Cabinet’s final budget proposals, and outcomes of the Final Local Government Settlement for referral on to Council.

Officer responsible for effecting the decision:

Chief Officer Finance

Reasons for making the decision:

The budget framework in general sets out a financial plan for achieving the Council’s corporate priorities which incorporate the above cross cutting themes. The decision enables Cabinet to make recommendations back to Full Council in order to complete the budget setting process for 2023/24.

Cabinet's initial budget proposals were presented at the Council meeting 25 January 2023 and the meeting of Budget and Performance Panel 01 February 2023 when Cabinet were asked to revisit the Platform issue contained within the budget proposal. The decision reflects that Cabinet had listened to the community and made it a priority to ensure the Platform remained in operation during 2023/24 whilst a long-term solution was sought.

71 CAPITAL PROGRAMME 2023/24 - 2027/28 & CAPITAL STRATEGY (INVESTING IN THE FUTURE)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer which presented Cabinet's final budget proposals in order that the Council could approve a General Fund Capital Programme for 2022/23 to 2027/28 and a Capital Strategy 2023/24 as required by regulation. In addition, Cabinet was requested to endorse the s151 Officer advice in regard to the change in the Council's MRP policy for 2022/23 and future years and refer this to Council for formal approval.

This report addressed the actions required to complete the budget setting process for capital, and for updating the Council's associated financial strategy. It was noted that due to a number of factors including the late conclusion of the budget process, delays to IT software and provision of information, the Capital Strategy 2023/24 had not been considered by the Budget & Performance Panel (B&PP). As the approval of the strategy was a function of Full Council all Members, including those sitting on B&PP might propose any changes, or amendments at that meeting.

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

Capital Investment and Programming

For capital, Council may adjust its capital investment and financing proposals taking account of spending commitments and priorities, but its proposals for 2023/24 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.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

That Cabinet recommends the following for approval to Budget Council:

- the updated Capital Programme covering financial years 2022/23 to 2027/28 •
- the Capital Strategy (Investing in the Future) 2023/24

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

The proposed capital programme and supporting strategy is part of the Council's budget and policy framework, and fits into the Medium Term Financial Strategy. Capital and Investment Strategies form part of the Budget Framework and their adoption is a function of Full Council.

72 TREASURY MANAGEMENT STRATEGY 2023/24

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer that presented the draft Treasury Management Strategy and associated documents for 2022/23 and provided an opportunity for final consideration and comment ahead of formal presentation to Council for approval, in accordance with the Council's constitution.

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

Cabinet may put forward alternative proposals or amendments to the proposed Strategy, 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 at this time. 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. This is 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 is stressed that in terms of treasury activity, there is no risk-free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work, pending any update during the course of next year.

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. Delegation to the Finance Portfolio Holder is therefore requested in order to ensure that Cabinet's final capital programme proposals are reflected in the Treasury Management Strategy

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

That Cabinet recommends the following for approval to Budget Council:

- the Treasury Management Strategy 2023/24 and its Appendices A to C
- the revision to the Councils Minimum Revenue Provision (MRP) Policy for financial year 2022/23 (Appendix D).

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

Treasury Management forms part of the Council's budget framework. The Council is required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and for managing its investments and for giving priority to security and liquidity of those investments. The report satisfied these requirements and sought Cabinet's approval and recommendation to Full Council for formal adoption.

73 MEDIUM TERM FINANCIAL STRATEGY 2023/24 - 2027/28

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Finance Officer that provided an update on the Council's Medium Term Financial Strategy (MTFS) forecasts for 2023/24 to 2027/28. The previous reports on the agenda considered the annual process for setting the Council's revenue and capital budgets for 2023/24. This report set out the context in which future decisions on resource allocation and budgeting would be taken.

The risks to the Council were contained throughout the report and as the report was for noting, no alternative proposals had been put forward.

The Council continued to face unprecedented levels of financial and economic uncertainty in terms of Local Government funding, pandemic recovery, and the cost of living crisis. This and specific local issues such as those surrounding decommissioning plans for Heysham power station hampered the degree of confidence with which forecasts could be made and inevitably some key estimates and assumptions were likely to change in the coming months

Despite the work to date by Officers and Members to deliver on the Council's OBR programme, a significant budget gap remained which could not be met from Council reserves. The overall size of the challenge the Council faces in addressing its underlying structural deficit and in formulating a balanced budget over the medium and longer term must be recognised as does the need to deliver considerable future savings.

The Council continued to deliver high-quality frontline services to the district's residents. Continued focus on the application of Outcomes Based Resourcing principles such as strategic prioritisation, service transformation and continuous improvement would play a significant part in achieving the level of savings required. The Council must ,however,

recognise that it would face a number of key decisions over the next financial year which would affect the manner in which it delivered its services.

Councillor Whitehead proposed, seconded by Councillor Hamilton-Cox:-

“That the recommendations, as set out in the report, be approved.”

Councillors then voted:-

Resolved unanimously:

- (1) That the draft future years budget estimates as set out in the report as the latest information available be noted.
- (2) That the update be referred on to Council 22 February 2023 for information.

Officer responsible for effecting the decision:

Chief Finance Officer

Reasons for making the decision:

Performance, project, and resource monitoring provides a link between the Council Plan and operational achievement, by providing regular updates on the impact of operational initiatives against strategic aims.

74 HOUSING REVENUE ACCOUNT AND CAPITAL PROGRAMME

(Cabinet Member with Special Responsibility Councillor Matthews)

Cabinet received a report from the Director for Communities and the Environment and the Chief Finance Officer 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 were set out under section 4 of the report, the maximum permitted increase for existing tenants being 7.0% for 2023/24. By applying this increase, it allowed for a budget that could deliver on the Council’s ambitions on improving housing standards and addressing the climate change emergency, whilst adhering to the Rent Standard and legislative requirements.

In relation to garage rents, the previous decision was to freeze rents for 2022/23. In order to protect current occupancy and income levels, and in line with sector benchmarking, a further 12-month freeze was recommended. Garage rents and occupancy would remain under review.

With regard to the revenue budget generally, Cabinet could consider other proposals that might influence spending in current and future years, as long as their financing was 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 were to increase the level to £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 were:

- 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 were known, and Officers might 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 provisions, reserves and balances position (and their use); the revenue budgets and capital programme	Option 2: To propose alternatives to those outlined in Section 11 above.
Advantages	Increased rental income allows the Council to deliver towards its climate ambitions and provide an ambitious housing service which places people and place at the heart of its offer.	Unknown
Disadvantages	Increased rent levels for tenants.	Would require further options analysis
Risks	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 – Risks and Assumptions. To offset challenging increases in rent and service charges the team have a high performing Income Management Team providing dedicated one to one support to those who need it, alongside additional support officers such as Energy Support Officer, Household Intervention Team and Independent Living Team.	Impact on housing service and council housing tenants unknown. Potential for housing service to fall foul of legislative and regulatory requirements, leading to unlimited fines and being 'named and shamed' by government.

The preferred option is 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; and all additional budget proposals as set out.

A consultation meeting was held with the District Wide Tenants' Forum on 19th January 2023, where the Neighbourhood and Support Services Manager presented the headlines of the report and answered questions from tenants and councillors. The group agreed that they were broadly supportive of the rent increase of 7%, while recognising the challenge this poses to residents in the current economic climate. It was noted that financial and other support was a central part of housing service delivery. The group commented that they felt rents were accountable and transparent, and noted that it was important that rental income was being spent to ensure homes were maintained to a high standard. The group gave positive feedback about the council housing response to the climate emergency, particularly around plans to tackle energy efficiency within housing stock.

Whilst the report highlighted challenges faced within the current economic environment, Lancaster City Council's Housing Service continued to operate a sensible but forward-looking approach, developing and adopting best practice to deliver high quality homes and services to residents whilst being mindful of future legislation and regulation requirements, preparing accordingly.

Councillor Caroline Jackson proposed, seconded by Councillor Hamilton-Cox:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That the use of the latest projected Housing Revenue Account revenue outturn figures, as set out at Appendix A to the report, to provide a mid-year reviewed budget position which will form the basis of future monitoring and outturn within 2022/23, be referred on to full Council for noting.
- (2) That the latest projected Housing Revenue Account Capital Programme outturn figures for 2022/23, as set out at Appendix C to the report, be referred on to Council for approval.
- (3) That the minimum level of HRA unallocated balances be increased to £750,000 from 01 April 2023, and that the full Statement on Reserves and Balances as set out at Appendix E to the report be endorsed and referred on to Budget Council for approval.
- (4) That council housing rents be set in accordance with statutory requirements as follows:
 - for existing tenancies, rents will increase by 7.0% from 3 April 2023
 - for new tenancies within 2023/24, rents will be set at 'formula rent'
- (5) That garage rents be frozen for a 12-month period (rather than increased by CPI, as per the rent setting policy established by Cabinet in January 2017) in order to protect income levels currently achieved, and in line with benchmarking across the sector.

- (6) That a delegated decision to approve the tender of four programmes of work (over £200K and key decisions over £250K) during 2023/24 can be made by the Chief Executive and in line with procurement rules.
- Reroofing of properties on Ryelands estate
 - Re-rendering works to properties at Hala
 - Whole House Major Voids works and refurbishment
 - 1a Alder Grove – demolition of existing scheme managers property and construction of 4 flats (if contract not awarded within 2022/23)
- (7) That subject to the above, the resulting Housing Revenue Account budget for 2023/24 onwards, as set out at Appendix A to the report, together with the resulting Capital Programme as set out at Appendix C to the report, be referred on to Budget Council for approval.

Officers responsible for effecting the decision:

Director for Communities & the Environment
Head of Housing
Chief Finance Officer

Reasons for making the decision:

The Council is required under statutory provisions to maintain a separate ring-fenced account for all transactions relating to the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council's housing stock. The decision ensures there are sufficient resources to maintain and manage the Council's Housing Revenue Account (HRA) assets.

The budget represents, in financial terms, what the Council is seeking to achieve through its approved Housing Strategy in relation to council housing and the proposals set out in the report will have positive impacts on residents within Council Housing dwellings specifically in relation to climate change, wellbeing / social value, health and safety and community safety.

Chair

(The meeting ended at 7.35 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON MONDAY 13 FEBRUARY 2023.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
TUESDAY 21 FEBRUARY 2023.**