LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Committee: **BUDGET AND PERFORMANCE PANEL**

Date: **WEDNESDAY, 16TH SEPTEMBER 2026**

Venue: **LANCASTER TOWN HALL**

Time: **6.00 P.M.**

A G E N D A

1. **Apologies for Absence**

2. **Appointment of Vice-Chair**

   The Vice-Chair shall not be a member of the largest political group which has Councilors on the Cabinet.

3. **Minutes**

   To receive as a correct record the Minutes of the Meeting held on 11th March 2026 (previously circulated).

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

5. **Declaration of Interests**

   To receive declarations by Councillors of interests in respect of items on this Agenda.

   Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

   Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

   In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

6. **Provisional Revenue, Capital and Treasury Management Outturn 2025/26** (Pages 4 - 41)

   Report of the Chief Officer – Resources.

   Councillor Tim Hamilton-Cox, Cabinet Member with Responsibility, has been invited to attend for this item.

7. **Delivering Our Priorities: Q1 2026/27** (Pages 42 - 74)

Report of Chief Executive & s151 Officer.

Councillor Tim Hamilton-Cox, Cabinet Member with Responsibility, has been invited to attend for this item.

8. **Projects and Performance: Q1 2026-27** (Pages 75 - 91)

Report of Chief Executive.

Councillor Tim Hamilton-Cox, Cabinet Member with Responsibility, has been invited to attend for this item.

9. **Strategic Risk Management** (Pages 92 - 102)

Report of the Chief Executive.

Councillor Tim Hamilton-Cox, Cabinet Member with Responsibility, has been invited to attend for this item.

Whilst this report is public, Appendix B is exempt* by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972*, and notice is hereby given that the meeting is likely to move into private session if it is necessary to refer to the exempt appendix.

10. **Work Programme** (Pages 103 - 111)

Joint report of Chief Officers Finance and Governance.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Chris Hanna (Chair), Keith Budden, Ruth Colbridge, Wilson Colley, Ross Hunter, Hamish Mills, Sue Penney, Jackson Stubbs and Nick Wilkinson

(ii) Substitute Membership

Councillors Suhir Abuhajar, Joanne Ainscough, Dave Brookes, John Livermore, John Wild and Jason Wood

(iii) Queries regarding this Agenda

Please contact Stephen Metcalfe, Democratic Support - email sjmetcalfe@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support email democracy@lancaster.gov.uk.

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

Published on Monday, 7th September 2026.

CABINET

Provisional Revenue, Capital and Treasury Management Outturn 2025/26
28 July 2026

Report of Chief Officer - Resources

PURPOSE OF REPORT					
This report provides summary information regarding the provisional outturn for 2026/27, including treasury management. It also sets out information regarding the carry forward of capital slippage and other matters for Members' consideration.					
Key Decision		**Non-Key Decision**		**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 2025/26 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 2065.

1.2. It is pleasing to note that the statutory deadline of 30 June 2026 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 26 February 2025 Council approved a General Fund Revenue Budget for 2025/26 of £27.201M (£25.008M 2024/25).

2.2 The table below provides details of the General Fund revenue income and expenditure for 2025/26 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.

	2025/26			Remove Reserve Funded Variances	Variance from Working Budget
Expenditure:	Original Budget £000	Working Budget £000	Actual £000	£000	£000
Environment & Place	11,891	11,552	12,175	75	(548)
Governance	1,598	1,598	1,642	-	(44)
Housing & Property	5,851	6,024	5,062	(228)	734
People & Policy	2,415	2,465	2,328	(53)	84
Planning & Climate Change	2,611	2,789	2,023	(381)	385
Resources	5,471	5,783	5,408	(192)	183
Sustainable Growth	2,011	2,384	2,157	(231)	(4)
Other Corporate Income & Expenditure Items	(5,150)	(4,405)	(5,315)	1,010	1,920
Contribution to/(from) General Fund Balance	503	(989)	1,721	-	(2,710)
NET REVENUE EXPENDITURE	**27,201**	**27,201**	**27,201**	**-**	**-**

2.3 With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £2.151M. 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 2025/26. The Council's treasury operations are conducted in accordance with its annual Treasury Management Strategy, which was approved by Council on 26 February 2025. 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 2025/26 the Council retained its comparatively low risk appetite towards investments. The average daily amount invested increased to £32.13M (£26.82M 2024/25) with short term investments on 31 March 2026 (all held in the balance sheet as cash and cash equivalents) totalling £12.50M (£14.60M 2024/25). The overall return on investments was £1.316M at an average interest rate of 4.10% (£1.336M and 4.98% 2024/25).

Borrowing

3.3 The Council undertook no short-term borrowing in 2025/26 (£0M 2024/25). Total long-term debt at 31 March 2026 amounted to £54.85M (£55.89M 2024/25) 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 £104.858M (£97.854M 2025/26), a decrease of £0.725M. The amount of MRP charged in 2025/26 totalled £3.744M (GF £2.703M HRA £1.041M) (£3.953M 2024/25).

4. HOUSING REVENUE ACCOUNT (HRA)

4.1 At the end of the financial year, the Council owned 3,564 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 £0.004M resulting in a net surplus for 2025/26 of £0.023M (2024/25 £0.054M surplus), which has been transferred to the HRA unallocated reserve.

	£000
Dwelling rents	(229)
Council tax on void properties	(160)
Repairs & Maintenance costs	(421)
Slippage on projects funded from reserves	392
Contribution to bad debts provision	89
Net pension variance re IAS19	233
Decreased use of Reserves	(534)
Net increase in Capital funded from Revenue	(500)
Loan principal funded from Major Repairs Reserve	1,041
Other minor variances	85
	(4)

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 2026, the HRA's unallocated reserve balance stands at £0.827M, £0.077M above the minimum recommended level for 2025/26 of £0.750M.

4.5 As the margin between the minimum recommended level and the outturn level of unallocated reserves is proportionately small, the financial health of the HRA will continue to be carefully monitored.

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 2025/26, 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:-

	2025/26				
	Original Budget £000	Working Budget £000	Actual £000	Variance from Working Budget £000	Slippage to be requested £000
Contributions To Reserve					
Approved Contribution	820	820	820	-	-
Revenue Underspend	-	-	2,151	2,151	-
Contributions From Reserve					
Heysham Gateway		(598)	(551)	47	47
Local Plan including review	(207)	(369)	42	411	411
LERG Match Funding	(25)	(38)	(29)	9	9
Business Analyst Posts	(85)	(85)	(83)	2	-
Burrowbeck Solar PV	-	(3)	-	3	-
SALC Valve Replacement	-	-	(56)	(56)	-
Armed Forces Day Hostile Vehicle Mit	-	(25)	(20)	5	-
Love Clean Streets	-	(28)	(21)	7	-
WLD Fuel Tanks	-	(25)	-	25	25
Williamson Park Lighting	-	(30)	(30)	-	-
Williamson Park Café Demolition/temp solution	-	(160)	(260)	(100)	-
Williamson Park HPA feasibility	-	(10)	(13)	(3)	-
Penny Street Works	-	(35)	(15)	20	20
Car Parking ANPR	-	(32)	(27)	5	5
Car Parking Strategy feasibility	-	(57)	(7)	50	50
Civica Property Management	-	(7)	(7)	-	-
Microsoft Licenses	-	(24)	(20)	4	-
Cyber Security (Arctic Wolf)	-	(78)	(91)	(13)	-
Douglas Park	-	(31)	-	31	31
SALC Gravity Tower	-	(17)	(18)	(1)	-
Musuem Review	-	(95)	(35)	60	60
Storey Equipment	-	(12)	(9)	3	-
Coopers Field	-	(50)	-	50	50
NET REVENUE EXPENDITURE	**503**	**(989)**	**1,721**	**2,710**	**708**

Taking all this into account has resulted in the amount in the unallocated reserve as at 31 March 2025 is £11.751M (2024/25 £10.028M). This is £6.751M above the current minimum recommended level of reserves £5.000M.

5.2 The overall level of General Fund Reserves has increased to £34.535M (2024/25 £29.435M). Summary details of these movements 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 2026/27 accordingly. A summary of these projects totalling £0.902M 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 2026 the HRA's Unallocated Balances amounted to £0.827M (2024/25 £0.804M) which is above the minimum recommended level for 2025/26 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 2026/27 accordingly. A summary of these projects totalling £0.650M 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 2025/26.

8. CAPITAL OUTTURN

8.1 In 2025/26 the Council spent £22.961M in total on capital schemes (£15.220M 2024/25). Total spend on the General Fund was £17.427M against a budget estimate of £28.667M, with the HRA spending being £5.534M against a budget estimate of £8.152M.

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

	A	B	C	D	E
Service	2025/26 Gross Budget	2025/26 Expenditure	Variance	(Slippage)/ Accelerated Expenditure	Final Over/(Under) spend
	£000	£000	£000	£000	£000
			(B-A)		*(C-D)*
Environment & Place	9,722	8,666	(1,056)	(658)	(398)
Housing & Property	7,557	3,708	(3,849)	(1,297)	(2,552)
People & Policy	313	351	38	-	38
Planning & Climate Change	7,496	3,998	(3,498)	(2,598)	(900)
Resources	1,053	601	(452)	(452)	-
Sustainable Growth	2,526	103	(2,423)	(45)	(2,378)
Schemes Under Development	-	-	-		-
Total General Fund Programme	**28,667**	**17,427**	**(11,240)**	**(5,050)**	**(6,190)**
Housing Revenue Account	8,152	5,533	(2,619)	(1,940)	(679)
Total Council Capital Programme	**36,819**	**22,960**	**(13,859)**	**(6,990)**	**(6,869)**

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	1,671	1	59	-	-	6,935	8,666
Housing & Property	2,869	147	-	-	-	692	3,708
People & Policy	351	-	-	-	-	-	351
Planning & Climate Change	1,509	-	-	-	-	2,489	3,998
Resources	-	-	-	-	-	601	601
Sustainable Growth	65	-	-	-	-	38	103
Schemes Under Development	-	-	-	-	-	-	-
Total General Fund Programme	**6,465**	**148**	**59**	**-**	**-**	**10,755**	**17,427**
Housing Revenue Account	305	-	-	4,508	720	-	5,533
Total Council Capital Programme	**6,770**	**148**	**59**	**4,508**	**720**	**10,755**	**22,960**

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 2025/26 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 £1.5M is still forecast for 2027/28 and further gaps are evident in all years to 2030/31 for which the cumulative effect is not sustainable.

12.2 As at 31 March 2026, the HRA's unallocated reserve balance stands at £0.827M, £0.077M above the minimum recommended level for 2025/26 of £0.750M. As the margin between the minimum recommended level and the outturn level of unallocated reserves is proportionately small, the financial health of the HRA will continue to be carefully monitored.

12.3 Ongoing work will continue to address the financial issues the Council faces as it approaches Local Government Reorganisation and seeks to enter into the new authority in the best financial health that is possible, in order to maintain both financial and organisational stability.

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

This report has been prepared by the Section 151 Officer.

Members' attention is specifically drawn to the commentary on the Council's Housing Revenue Account (HRA) set out in Sections 4 and 6. During 2025/26, significant work has been undertaken to support the ongoing financial sustainability of the HRA. As at 31 March 2026, the HRA's unallocated balance stood at £0.827M, compared with £0.804M in 2024/25. This remains above the minimum recommended level for 2025/26 of £0.750M. However, given the limited margin above that threshold, the position will continue to be subject to close monitoring throughout 2026/27. The reserve position does not include any future capital investment in the Mainway Estate. Given the likely timing and scale of any such decision, this is expected to fall to the new Unitary Authority and will be a key factor in assessing the HRA's ongoing financial sustainability.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS	**Contact Officers:** Paul Thompson
None.	Chief Finance Officer & s151 Officer **Telephone: 01524 582603** **E-mail: pthompson@lancaster.gov.uk** **Ref:**

APPENDIX 1

FINANCIAL PERFORMANCE

Financial Summary 2025/26

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

As part of the 2025/26 budget setting process, Members approved growth amounting to £0.026M in 2025/26, and savings proposals to save the Council £0.051M of which £0.013M (25.5%) were achieved.

However, although both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2025/26 and maintain a balanced budget, 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 £1.481M is still forecast for 2027/28 and further gaps are evident in all years to 2030/31. 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 26th February 2025 Council approved a General Fund Revenue Budget for 2025/26 of £27.201M (£25.008M 2024/25).

The table below provides details of the General Fund revenue income and expenditure for 2025/26 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.

	2025/26					
	Original Budget	Working Budget	Actual	Remove Reserve Funded Variances	Variance from Working Budget	Note
Expenditure:	£000	£000	£000	£000	£000	
Environment & Place	11,891	11,552	12,175	75	(548)	1
Governance	1,598	1,598	1,642	-	(44)	2
Housing & Property	5,851	6,024	5,062	(228)	734	3
People & Policy	2,415	2,465	2,328	(53)	84	4
Planning & Climate Change	2,611	2,789	2,023	(381)	385	5
Resources	5,471	5,783	5,408	(192)	183	6
Sustainable Growth	2,011	2,384	2,157	(231)	(4)	7
Other Corporate Income & Expenditure Items	(5,150)	(4,405)	(5,315)	1,010	1,920	8
Contribution to/(from) General Fund Balance	503	(989)	1,721	-	(2,710)	9
NET REVENUE EXPENDITURE	**27,201**	**27,201**	**27,201**	**-**	**-**	

A core element of the Council's budget is salary driven and as part of the 2025/26 budget setting process, an inflationary uplift of 2.5% was included to salaries across all services of the Council. The National Employers' offer of an increase of 3.2% on all NJC pay points was agreed in July 2025. This resulted in an estimated additional cost of £0.182M including oncosts and the relative variances are summarised in the table below and contribute in part to the notes to follow.

APPENDIX 1

Service/Section	SALARIES VARIANCE £000	PAY AWARD £000	AGENCY VARIANCE £000	OTHER VARIANCE £000	TOTAL VARIANCE £000	Note
Environment & Place	365	(89)	(396)	(45)	(165)	1
Governance	194	(12)	(57)	(66)	59	2
Housing & Property	369	(28)	(66)	149	424	3
People & Policy	26	(10)	(11)	0	5	4
Planning & Climate Change	498	(18)	0	(53)	427	5
Resources	317	(15)	(8)	(69)	225	6
Sustainable Growth	205	(10)	0	16	211	7
Provision for Staff Turnover	(648)	-	-	-	(648)	8
TOTAL FAVOURABLE VARIANCE	**1,326**	**(182)**	**(538)**	**(68)**	**538**	

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

Note 1 Environment & Place

- Net salary costs (-£0.165M) across the service with significant overspending relating to waste collection (-£0.326M) due to increased use of overtime and agency staff to address sickness and vacancies plus roll out of new household bins to all properties within the district. Hospitality & events management (-£0.059M) largely due to increased use of casual staff at The Storey. Savings from Salt Ayre Leisure Centre +£0.061M, Street Cleaning +£0.093M plus vacant senior positions still not be recruited to within the Environmental Protection +£0.092M
- Energy savings +£0.099M
- High volumes of vehicle hire required (-£0.199M) due to lengthy off-road spells for the electric bin wagons plus an aging fleet compacted by greater lead-in times for vehicle procurement which have now been received, offset by reduced vehicle R&M charges across service +£0.085M
- Savings within Environmental Protection including air quality +£0.020M; water/EPA fees and grant income +£0.040M
- Continuation to rent promenade space to concession due to ongoing delays relating to the commencement of the Eden Project +£0.033M
- Cemeteries income in respect of interment and memorial fees (-£0.056M)
- Income shortfalls at SALC, including Spa, Swimming and Café (-£0.252M) partially offset by reduction in stock purchases +£0.064M and staffing contained within the general turnover savings above
- Increased R&M costs at SALC (-£0.150M) largely due to continued issues in plant rooms (specifically the hot water system) with further reactive maintenance required to deliver service plus additional water charges (-£0.047M)
- Additional trade waste disposal costs for recycling (-£0.029M) and income shortfall (-£0.079M) due to loss of custom due to not being able to make food waste collections from customers
- Full amount of annual Pack UK grant for waste collection not budgeted for +£0.356M
- Closure to Williamson Park café led to alternative arrangements put in place but affected income levels (-£0.251M) partially offset by reduced cost of sales +£0.098M. Events income also impacted (-£0.047M) due to cancellation of Highest Point amongst other events
- Non-programmed R&M required at the park (-£0.042M) largely relating to Butterfly House Portico

APPENDIX 1

Note 2 Governance

- Net salary savings +£0.059M largely due to staff turnover arising to key posts
- Additional legal and court costs due to having to rely on externals due to specialist advice required (-£0.044M)
- Reduced Legal Fee income (-£0.064M) which includes correction of a previous years over-stated debtor
- Street Trading Consent scheme not yet commenced (-£0.020M)

Note 3 Housing & Property

- Net salary savings +£0.424M including Housing Advice team funded by external grants rather than internal resources as budgeted
- Net reduction in rent income due to commercial property lease changes (-£0.737M)
- Net additional business rates on void units (-£0.305M)
- Net adjustment on non-recoverable services at Gateway +£0.111M
- Repairs & maintenance reprioritisation +£0.258M, off-set by additional expenditure incurred by other services
- Reduction in bed & breakfast expenditure in line with quality assurance of placements and utilisation of Council voids +£0.770M, plus funding from external grants +£0.010M
- Corresponding reduction in income from Housing Benefit (-£0.105M)
- Removal of utilities savings target due to delays in recruitment (-£0.037M)
- Grant income utilised for direct revenue financing of capital works to Local Authority Housing Fund properties +£0.148M
- HMO Licence Fees and Fines +£0.035M

Note 4 People & Policy

- General HR savings including corporate training, software and DBS costs +£0.034M
- Delayed start to new Council website resulting in subscription fees saving +£0.029M
- MVIC Rent - not yet tenanted therefore rental income not achievable (-£0.032M)
- Minor net savings within service +£0.064M

Note 5 Planning & Climate Change

- Net salary savings +£0.427M largely due to difficulties in recruiting and retaining staff, a small restructure is being explored to attract more applicants
- Reduced demand for pre-application advice particularly for the higher value, larger developments (-£0.055M)
- Planning Performance Agreement (PPA) J33 Auction Mart income +£0.056M
- Legal costs (-£0.064M) relating to formal and high court actions
- Building Control works in default income received +£0.032M

Note 6 Resources

- Net salary savings +£0.225M due to vacancies within Finance and ICT
- Internal Audit/Consultancy fees relating to external projects (-£0.122M)
- Software savings +£0.057M
- ICT data line connections and ICT support costs savings +£0.054M

- Net Housing Benefit Support saving (including overpayment recovery) +£0.027M
- Reduced court costs recovered from Council Tax/NNDR (-£0.033M)
- Increased shared service management fees for Revenues (-£0.031M)

Note 7 Sustainable Growth

- Net salary savings +£0.211M which includes 5 vacant Engineer posts
- Morecambe Market income (-£0.012M) down on last year with a higher number of vacant stalls and units. Additional security required which was part-funded by traders (-£0.044M). Marketing campaign to encourage new stall holders is ongoing.
- Revaluation of VAT classification, mainly at Morecambe Market resulting in 4 year VAT adjustments (-£0.224M)
- Rates review at Maritime Museum backdated 3 years resulting in +£0.024M credit
- Service wide savings on utilities +£0.061M largely due to credit notes received for prior years
- Off-street parking income including pay & display, permit and enforcement (-£0.057M) due to usage throughout the year plus the opening of externally provided car parks in Lancaster from early 2026 plus additional costs identified for cash collection (-£0.039M)
- Delays to projects and ongoing R&M responsibilities due to staffing shortages. Key areas identified include Christmas decorations upgrades and bridge repairs delayed also due to consultancy engagement, both are likely due to commence in 2026/27 +£0.065M

Note 8 Other Corporate Income & Expenditure Items

- The provision for staff turnover target (-£0.648M) 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 +£1.186M
- A reassessment of the bad debt provision +£0.440M largely due to commercial property lease changes
- Costs for works relating to oil spill incident February 2025 (-£0.046M) not received until this financial year
- Bank charges paid to Barclays and Natwest lower than forecasted +£0.049M
- Additional contribution to BRR reserve of (-£0.861M) to reflect increased collection fund income in 2025/26, however this will be required to offset a deficit in 2027/28 and reflected in future iterations of the budget
- Removal of significant contribution to general renewals reserve no longer required +£0.293M
- Additional Section 31 (new burdens) grants received in year +£0.029M
- No borrowing was required in 2025/26 largely due to significant levels of slippage on schemes in the capital programme plus large government grants that were not forecast leading to higher levels of cash balances +£0.386M
- Interest rates have remained higher than the 3.5% forecast in September 2024 due to inflationary pressures. Also cash balances have been higher than forecast largely due to slippage on schemes in the capital programme and large government grants held +£0.786M
- The Council's minimum revenue provision (MRP) is underspending against budget +£0.221M due to slippage on capital programme schemes during 2024/25
- Marginal gain in year on vehicle disposals which have been fully depreciated +£0.058M
- Unbudgeted allocation to Property Voids and Maintenance reserve (-£0.034M) in line

APPENDIX 1

with rents and service charges received in year
- Revenue contribution to capital schemes (mainly LAHF) met from revenue savings (-£0.147M)

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.

	2025/26				
	Original Budget £000	Working Budget £000	Actual £000	Variance from Working Budget £000	Slippage to be requested £000
Contributions To Reserve					
Approved Contribution	820	820	820	-	-
Revenue Underspend	-	-	2,151	2,151	-
Contributions From Reserve					
Heysham Gateway		(598)	(551)	47	47
Local Plan including review	(207)	(369)	42	411	411
LERG Match Funding	(25)	(38)	(29)	9	9
Business Analyst Posts	(85)	(85)	(83)	2	-
Burrowbeck Solar PV	-	(3)	-	3	-
SALC Valve Replacement	-	-	(56)	(56)	-
Armed Forces Day Hostile Vehicle Mit	-	(25)	(20)	5	-
Love Clean Streets	-	(28)	(21)	7	-
WLD Fuel Tanks	-	(25)	-	25	25
Williamson Park Lighting	-	(30)	(30)	-	-
Williamson Park Café Demolition/temp solution	-	(160)	(260)	(100)	-
Williamson Park HPA feasibility	-	(10)	(13)	(3)	-
Penny Street Works	-	(35)	(15)	20	20
Car Parking ANPR	-	(32)	(27)	5	5
Car Parking Strategy feasibility	-	(57)	(7)	50	50
Civica Property Management	-	(7)	(7)	-	-
Microsoft Licenses	-	(24)	(20)	4	-
Cyber Security (Arctic Wolf)	-	(78)	(91)	(13)	-
Douglas Park	-	(31)	-	31	31
SALC Gravity Tower	-	(17)	(18)	(1)	-
Musuem Review	-	(95)	(35)	60	60
Storey Equipment	-	(12)	(9)	3	-
Coopers Field	-	(50)	-	50	50
NET REVENUE EXPENDITURE	**503**	**(989)**	**1,721**	**2,710**	**708**

With regard to day to day income and expenditure, at the end of the financial year, the General Fund was underspent by £2.151M and this has been transferred to the General Fund unallocated reserve.

Where a scheme has not been fully delivered by 31 March 2026, slippage is requested. These amounts are included within the final column in the above table and will be formally requested to be carried forward through the provisional outturn Cabinet report.

Attention should be paid to the following areas where one-off expenditure items were funded from the General Fund unallocated reserve.

- A reserves request for valve replacements for SALC was agreed in July 2024. The works took place in August 2025 however slippage was not requested as part of the 2024/25 revenue closedown exercise to cover the costs
- The demolition of the café and provision of a temporary solution at Williamson Park

costs exceeded the initial budgeted estimate, mainly due to unforeseen expenditure being required arising from operational complexities when delivering the programme of works
- The quotes received for Cyber Response were higher than the initial reserve request, however the cost for future years are now built into operational budgets

Appendix 2

Annual Treasury Management Report

2025/26

For Noting by Cabinet 28 July 2026

Annual Treasury Management Review 2025/26

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 2025/26. 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 2025/26 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26 February 2025)
- a mid-year (minimum) treasury update report (Council 17 December 2025)
- 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 16 September 2025 and Cabinet 10 February 2026).

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.

Executive Summary

During 2025/26, the Authority complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators		31.3.25 Actual £000	2025/26 Estimate £000	31.3.26 Actual £000
Capital expenditure				
	Non-HRA	8.83	28.67	17.43
	HRA *(if applicable)*	6.39	8.07	5.53
	Total	**15.22**	**36.74**	**22.96**
Capital Financing Requirement:				
	Non-HRA	64.82	78.07	72.87
	HRA *(if applicable)*	33.04	31.99	31.99
	Total	**97.86**	**110.06**	**104.86**
Actual Gross Debt		56.93	71.89	55.89
(Under)/Over Borrowing		(40.93)	(38.17)	(48.97)
Investments				
	Longer than 1 year	0.00	0.00	0.00
	Under 1 year	14.60	14.19	12.50
	Total	**14.60**	**14.19**	**12.50**

Other prudential and treasury indicators are to be found in the main body of this report. The Section 151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

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 2025/26

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	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Capital expenditure	**8.83**	**28.67**	**17.43**
Financed in year	(5.61)	(12.71)	(6.68)
Unfinanced capital expenditure (i.e. reliant on an increase in underlying borrowing need)	**3.22**	**15.96**	**10.75**

HRA £M	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Capital expenditure	**6.39**	**8.07**	**5.53**
Financed in year	(6.39)	(8.07)	(5.53)
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 2025/26

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 2025/26 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 2025/26 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2025/26 on 26 February 2025.

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 2025 Actual	31 March 2026 Estimate	31 March 2026 Actual
Opening balance	**64.49**	**64.82**	**64.82**
Add unfinanced capital expenditure (as above)	3.22	15.96	10.75
Less MRP	(2.91)	(2.70)	(2.70)
Less finance lease repayments	0.02	0.00	0.00
Closing balance	**64.82**	**78.07**	**72.87**

CFR (£M): HRA	31 March 2025 Actual	31 March 2026 Estimate	31 March 2026 Actual
Opening balance	**34.09**	**33.04**	**33.04**
Add unfinanced capital expenditure (as above)	0.00	0.00	0.00
Less Debt Repayment	(1.05)	(1.04)	(1.04)
Closing balance	**33.04**	**32.00**	**32.00**

CFR (£M): Combined	31 March 2025 Actual	31 March 2026 Estimate	31 March 2026 Actual
Opening balance	**98.58**	**97.85**	**97.85**
Add unfinanced capital expenditure (as above)	3.22	15.96	10.75
Less Debt Repayment, Finance Leases and MRP	(3.95)	(3.74)	(3.74)
Closing balance	**97.85**	**110.07**	**104.86**

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 (2024/25) plus the estimates of any additional capital financing requirement for the current (2025/26) 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 2025/26 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 2025 Actual	31 March 2026 Estimate	31 March 2026 Actual
Gross borrowing position	56.93	71.89	55.89
CFR	97.85	110.07	104.86

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 2025/26 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.

	2025/26 Actual
Authorised limit	£134.00M
Maximum gross borrowing position	£56.93M
Operational boundary	£118.96M
Average gross borrowing position	£56.57M
Financing costs as a proportion of net revenue stream - GF	14.16%
Financing costs as a proportion of net revenue stream - HRA	15.59%

3. Treasury Position as at 31 March 2026

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 2025/26 the Council's treasury position was as follows:

DEBT PORTFOLIO	31 March 2025 Principal £M	Average Rate %	Average Life yrs	31 March 2026 Principal £M	Average Rate %	Average Life yrs
Fixed rate funding:						
PWLB	56.92	4.84	28	55.88	4.87	27
Total debt	**56.92**			**55.88**		
CFR	**97.85**			**104.86**		
Over / (under) borrowing	**(40.93)**			**(48.98)**		

The loan repayment schedule is as follows:

	31 March 2026 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	6.25
20 years and within 30 years	27.92
More than 30 years	11.30

All investments were placed for under one year.

INVESTMENT PORTFOLIO	31 March 2025 £M	31 March 2025 %	31 March 2026 £M	31 March 2026 %
Money Market Funds	14.60	100.00	12.50	100.00
Other Local Authorities	0.00	0.00	0.00	0.00
Total investments	**14.60**		**12.50**	

The average rate of interest payable on PWLB debt in 2025/26 was 4.87%. A total of £2.76M interest was incurred during the year, of which £1.61M was recharged to the HRA.

Interest Payable

	2025/26
Estimate	£3.14M
Actual	£2.76M

4. The Strategy for 2025/26

Investment returns remained robust throughout 2025/26 despite Bank Rate reducing steadily through the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve had turned positive, reflecting inflation concerns emanating from the on-going conflict in the Middle East.

Bank Rate reductions of 0.25% occurred in May, August and December, bringing the headline rate down from 4.50% to 3.75%. Two 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 2026, market sentiment has been heavily influenced by the Middle East conflict. Commentators anticipate a growing risk of inflation, meaning interest rates will not be cut for some time, and may increase to counteract inflationary pressures arising from steepening energy costs. Growth will also be impacted in many regions of the world. UK GDP is projected by the Office for Budget Responsibility (3 March 2026) to be 1.1% in 2026 before picking up to 1.6% in 2027 and 2028. But the likelihood is that there is downside risk to this forecast given events in the Middle East through March and still on-going.

Looking back to 2025/26, investors were able to achieve returns generally in a range of 4.5%-5% for periods ranging from 1 month to 12 months in the spring of 2025. By the end of March 2026 deposit rates were somewhat volatile, regaining some traction as the Middle-East conflict suggested energy driven inflation may lead to higher interest rates than would otherwise have been the case. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of “laddered investments” paid off.

Heading into 2026/27, UK inflation is likely to increase to over 4% in the coming months as oil prices, for example, remain close to $100 per barrel, over 50% higher than before the Middle East conflict started.

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

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% year on year (April), the CPI measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%.

Moreover, borrowing has becoming more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February's outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% year on year jump in spending. On the flip side, sitting at £8.1bn, tax revenues were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor's £23.6bn headroom.

The loosening in the labour market continues to bear down on wage growth. The 3month year on year growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

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 driven largely by the US administration.

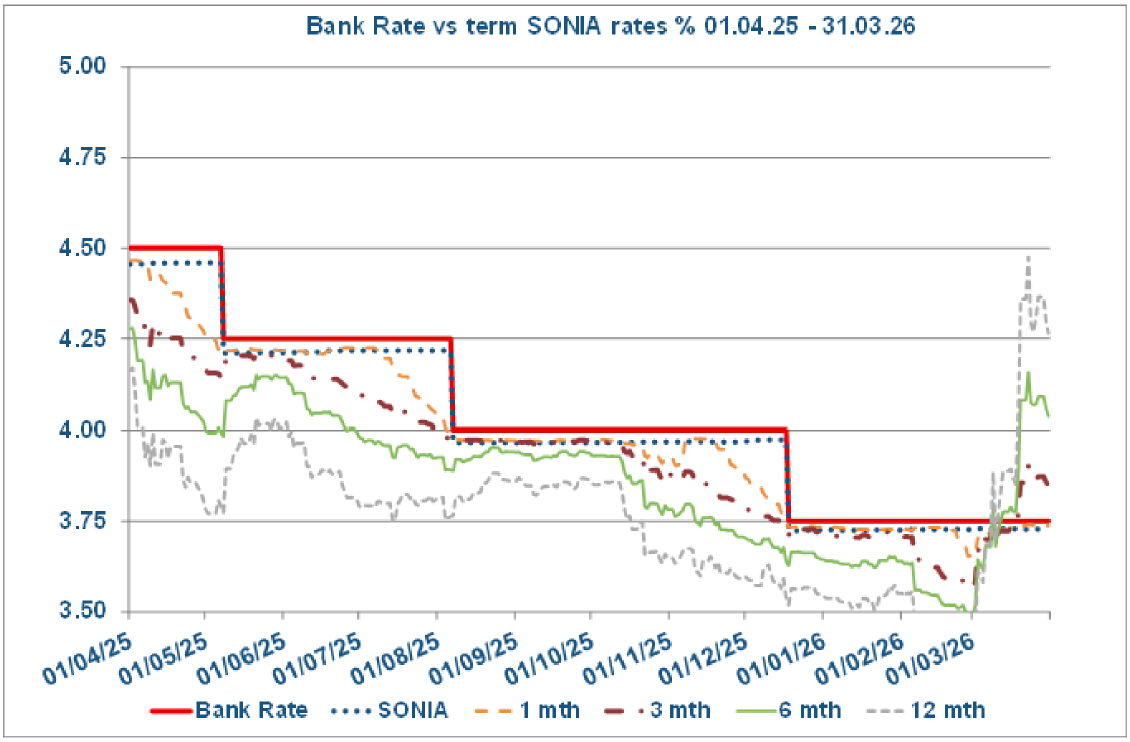
	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%y/y)	+0.2%q/q Q4 (1.2%y/y)	0.7% Q4 Annualised
Inflation	3.0%y/y (Feb)	1.9%y/y (Feb)	2.4%y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it "stands ready to act as necessary" and "is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting". Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate *hikes* were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That pullback leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. The £ has stayed relatively resilient also at $1.33, strengthening from $1.29 back in April.

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2025/26



6. Borrowing Strategy and Control of Interest Rate Risk

During 2025/26, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as near-term investment rates have generally been lower than medium to long-term borrowing costs. The latter are expected to fall a little through 2026 and 2027 in the 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 on a maturity loan structure/ <10 years on an EIP loan structure) 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 risks:

- 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 a 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.

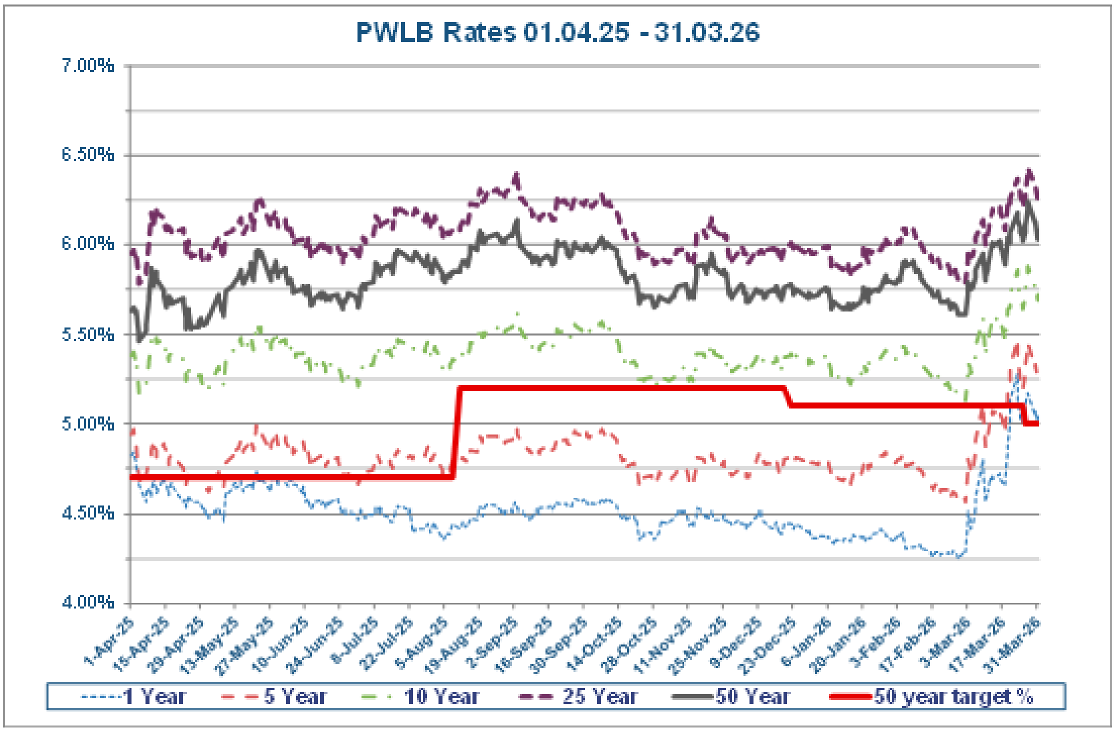
Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.

At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%, whilst all parts of the curve have also risen substantially through March. 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 2025/26 were as follows:

	Mar-25	Mar-26	Mar-27	Mar-28
Bank Rate	4.50	3.75	3.50	3.50
3 Month average earnings	4.50	3.80	3.50	3.50
6 Month average earnings	4.40	3.70	3.50	3.50
12 Month average earnings	4.40	3.70	3.50	3.60
5yr PWLB rate	5.00	4.40	4.30	4.00
10yr PWLB rate	5.30	4.90	4.60	4.40
25yr PWLB rate	5.80	5.40	5.00	4.80
50yr PWLB rate	5.50	5.10	4.70	4.50

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	4.25%	4.56%	5.13%	5.78%	5.46%
Date	27/02/2026	27/02/2026	02/03/2026	04/04/2025	04/04/2025
High	5.28%	5.47%	5.88%	6.43%	6.24%
Date	23/03/2026	23/03/2026	27/03/2026	27/03/2026	27/03/2026
Average	4.52%	4.82%	5.38%	6.06%	5.81%
Spread	1.03%	0.91%	0.75%	0.65%	0.78%

7. Borrowing Outturn for 2025/26

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 2025/26

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 26 February 2025. 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**	
	31/03/25	**31/03/26**	**31/03/25**	**31/03/26**	**31/03/25**	**31/03/26**
Balances	10.03	11.75	0.15	0.83	10.18	12.58
Earmarked reserves	19.41	22.78	6.79	8.29	26.20	31.07
Provisions	4.21	5.48	0.00	0.00	4.21	5.48
Working Capital	10.15	11.72	4.17	3.63	14.32	15.35
Total	**43.80**	**51.73**	**11.11**	**12.75**	**54.91**	**64.48**
Amount Over/(Under) Borrowed						**(48.97)**
Baseline Investment Balances						**15.51**

Investments held by the Council - the Council maintained an average investment balance of £32.13M of internally managed funds. The average rate of interest earned for the year was 4.10%. 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).

	2025/26
Lancaster CC Investments full year	4.10
Lancaster CC Investments weighted average at 31 March	3.81
Base Rate	4.04
7 day SONIA rate	4.02

The actual interest earned in 2025/26 was £1.313M.

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.

Annex A

LANCASTER CITY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT

Last reported to Council on 25 February 2026

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.

Annex B

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.*

Appendix 3

HOUSING REVENUE ACCOUNT OUTTURN 2025/26

For Consideration by Cabinet 28 July 2026

	Original Budget £	Working Budget £	Actual £
INCOME			
Rental Income - Council Housing	(16,920)	(16,920)	(16,691)
Rental Income - Other (Shops and Garages etc.)	(282)	(282)	(294)
Charges for Services & Facilities	(2,509)	(2,509)	(2,482)
Grant Income	(70)	(70)	(87)
Contributions from General Fund	(108)	(108)	(108)
Total Income	**(19,889)**	**(19,889)**	**(19,662)**
EXPENDITURE			
Repairs & Maintenance	6,527	6,557	6,978
Supervision & Management	5,915	6,148	5,108
Rents, Rates & Insurance	558	558	712
Contribution to Provision for Bad and Doubtful Debts	154	154	64
Depreciation & Impairment of Fixed Assets	4,775	4,775	11,140
Debt Management Costs	0	0	0
Total Expenditure	**17,929**	**18,192**	**24,002**
NET COST OF HRA SERVICES	**(1,960)**	**(1,697)**	**4,340**
(Gain)/Loss on disposal of non-current assets	0	0	(1,077)
Interest Payable & Similar Charges	1,608	1,608	1,608
Interest & Investment Income	(55)	(55)	(71)
Pensions Interest Costs & Expected Return on Pensions Assets	0	0	3
Capital Grants and Contributions Receivable	0	0	(305)
Premiums & Discounts from Earlier Debt Rescheduling	0	0	0
(SURPLUS) OR DEFICIT FOR THE YEAR	**(407)**	**(144)**	**4,498**
Self Financing Debt Repayment	1,041	1,041	0
Net Charges made for Retirement Benefits	0	0	292
Adjustments to reverse out Notional Charges included above	0	0	(4,481)
Transfer to/(from) Earmarked Reserves - for Revenue Purposes	(661)	(924)	(332)
Capital Expenditure funded from Major Repairs Reserve	0	0	0
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	**(27)**	**(27)**	**(23)**
Housing Revenue Account Balance brought forward	(76)	(804)	(804)
HRA BALANCE CARRIED FORWARD	**(103)**	**(831)**	**(827)**

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.

Appendix 4

HRA RESERVES BUDGET SUMMARY - 2025/26 OUTTURN

	2025/26				
HOUSING REVENUE ACCOUNT	**Balance as at 31/03/25**	**Contributions to Reserve**	**Contributions from Reserve**		**Balance as at 31/03/26**
		From Revenue	**To Capital**	**To Revenue**	
	£000	**£000**	**£000**	**£000**	**£000**
HRA General Balance	**(804)**	**(23)**	**-**	**-**	**(827)**
Earmarked Reserves:					
Business Support Reserve	**(389)**	-	-	191	**(198)**
Major Repairs Reserve	**(281)**	(5,275)	5,556	-	**-**
Flats - Planned Maintenance	**(283)**	-	-	29	**(254)**
ICT and Systems Improvement	**(722)**	-	-	257	**(465)**
Sheltered - Equipment	**(276)**	(48)	-	24	**(300)**
Sheltered - Planned Maintenance	**(372)**	(96)	-	22	**(446)**
Sheltered Support Grant Mtce	**(328)**	(48)	-	-	**(376)**
Total Earmarked Reserves	**(2,651)**	**(5,467)**	**5,556**	**523**	**(2,039)**

Appendix 5 General Fund Reserves

General Fund Reserves				
	31/03/2025 £000	**Transfer (From) Reserve £000**	**Transfer To Reserve £000**	**31/03/2026 £000**
General Fund Balance	**10,028**	**(1,248)**	**2,971**	**11,751**
Earmarked Reserves (Usable)				
Business Rates Retention Reserve	12,660		991	13,651
Corporate Priorities Reserve	268	(122)		146
Corporate Property Reserve	314		1,303	1,617
Homelessness Support Reserve	111			111
Invest to Save Reserve	163	(40)		123
Investment Property Maintenance	119		34	153
Renewals Reserves	1,922	(10)	204	2,116
Restructure Reserve	451			451
Other Minor Reserves	156		6	162
Total Earmarked Reserves (Usable)	**16,164**	**(172)**	**2,538**	**18,530**
Earmarked Reserves (Ringfenced)				
Lancaster District Hardship Fund	61			61
Revenue Grants Unapplied Reserve	265	(28)		237
S106 Commuted Sums Reserve	1,764	(151)	210	1,823
Welfare Reforms Reserve	325			325
Other Minor Reserves	132		45	177
Total Earmarked Reserves (Ringfenced)	**2,547**	**(179)**	**255**	**2,623**
Capital Receipts Reserve	593		935	1,528
Capital Grants Unapplied Reserve	103			103
Total Usable Capital Reserves	**696**	**0**	**935**	**1,631**
Total Combined Reserves	**29,435**	**(1,599)**	**6,699**	**34,535**

APPENDIX 5a

Appendix 5a - Reserve Funded Projects Slipped from 2025/26

Reserve	**Description**	**Slippage Amount £**	**Details**
Unallocated Reserve	Local Plan Review	411,900	Review of the adopted Local Plan for Lancaster District
	Morecambe Regeneration	8,600	LERG match funding to be spent 2026/27
	Gateway - Whitelund Roof	47,000	Roof and Cladding works at Gateway
	WLD Fuel Tank	25,300	Replacement tank project still at procurement stage
	Car Parking ANPR	5,400	Minor element of set-up costs have slipped into 2026/27
	17-21 Penny Street Works Consultants	20,300	Consultancy ongoing and supplemented by further expenditure required in 2026/27
	Museums Review (HLF Funding)	58,900	Unspent external funding requires slippage into 2026/27
	Parking Strategy	50,000	Delayed commencement of project into 2026/27
	Douglas Park	31,000	Delayed commencement of project into 2026/27
	Coopers Field	50,000	Delayed commencement of project into 2026/27
Corporate Priorities Reserve	Frontierland Site Developer Marketing	7,300	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
	Works in Default	17,500	Reactive activity led allocation to support expenditure
Corporate Property Reserve	Corporate Property Reveiew	28,600	Reprofiling of 2025/26 programme has resulted in expenditure spanning year-end
	Ryelands House	100,000	Ryelands House works re. lease to North Lancs Community Land Trust delayed into 2026/27
Invest To Save Reserve	Heysham Gateway	18,000	Required to fund ongoing project and joint partnership arrangement with Lancashire County Council
Renewals Reserve	Remove 2 x bridges over Burrow Beck	4,100	Works still to be finalised
S106 Reserve (Capital)	Winchester Field and Nature Area	8,400	Final works still to complete
Slippage Requested	**Total**	**902,300**	

Appendix 6 - Housing Revenue Account Reserve Funded Projects Slipped from 2025/26

Reserve	Description	Slippage Amount £	Details
Flats - Planned Maintenance Reserve	Intercom, Community Alarm and Door Screen Replacements	141,100	Works required in general needs flats, not completed by March 2026
ICT and Systems Improvement Reserve	System-related Projects	392,500	Housing System Replacement project, ongoing
Sheltered - Equipment Reserve	Equipment, Fittings and Furnishings	51,400	Replacements required in communal areas of independent living schemes
Sheltered - Planned Maintenance Reserve	Automatic Opening Door Actuator Replacements	65,000	Works required in communal areas of independent living schemes
	Total	**650,000**	

Appendix 7

Lancaster City Council - Capital Expenditure 2025-26

For consideration by Cabinet 28 July 2026

HOUSING REVENUE ACCOUNT	Revised Estimate	Expenditure to be financed in 2025/26	SCHEME FINANCING: GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	£	£	£	£	£	£	£	£	£
COUNCIL HOUSING									
Adaptations	300,000	278,063.87					278,063.87	278,063.87	0.00
Energy Efficiency Boiler Replacements	2,072,400	1,577,295.73	187,952.92				1,389,342.81	1,577,295.73	0.00
Internal Refurbishment	1,078,000	960,623.14					960,623.14	960,623.14	0.00
External Refurbishments	855,400	317,689.33					317,689.33	317,689.33	0.00
Environmental Improvements	500,000	268,209.41					268,209.41	268,209.41	0.00
Re-roofing & Window Renewals	692,900	510,553.90	30,074.34				480,479.56	510,553.90	0.00
Lift Replacement	42,000	46,561.92					46,561.92	46,561.92	0.00
Rewiring	128,000	104,145.98					104,145.98	104,145.98	0.00
Fire Precaution Works	335,000	423,360.43					423,360.43	423,360.43	0.00
Housing Renewal & Renovation	997,500	748,492.93	17,798.00				239,770.76	257,568.76	490,924.17
Mainway Regeneration Project	355,500	0.00						0.00	0.00
- Additions (Alder Grove)	0	152,025.04	59,000.00					59,000.00	93,025.04
- Additions (Skerton School demolition)	0	10,580.36	10,580.36					10,580.36	0.00
Acquisitions (Additions)	794,900	136,206.34						0.00	136,206.34
TOTAL - HRA	**8,151,600**	**5,533,808.38**	**305,405.62**	**0.00**	**0.00**	**0.00**	**4,508,247.21**	**4,813,652.83**	**720,155.55**

GENERAL FUND	Revised Estimate	Expenditure to be financed in 2025/26	SCHEME FINANCING: GRANTS & CONTRIBUTIONS	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	£	£	£	£	£	£	£	£	£
ENVIRONMENT & PLACE									
Vehicle Renewals	4,898,000	4,350,405.10						0.00	4,350,405.10
AONB Capital Access Works	64,000	64,320.00	64,310.00					64,310.00	10.00
National Landscapes Core Capital	119,000	119,478.00	118,907.00					118,907.00	571.00
LTA Tennis Court Refurbishment	52,000	51,945.67	51,306.12			639.55		51,945.67	0.00
Playground The Roods - Warton	60,000	58,219.83	58,219.83					58,219.83	0.00
Winchester Field and Nature Area	118,000	105,902.90	47,360.00		58,542.90			105,902.90	0.00
Food Waste Strategy	1,462,000	1,331,210.00	1,331,210.00					1,331,210.00	0.00
Public Bins	500,000	484,477.50						0.00	484,477.50
Commercial Venue Improvements	150,000	150,000.00						0.00	150,000.00
Wheelie Bins	2,208,000	1,950,239.20						0.00	1,950,239.20
Douglas Park Skate Park	91,000	0						0.00	0.00
Sub-Total	9,722,000	8,666,198.20	1,671,312.95	0.00	58,542.90	639.55	0.00	1,730,495.40	6,935,702.80
HOUSING & PROPERTY									
Mellishaw Park	0	8,039.71						0.00	8,039.71
LAHF	0	546,437.34	399,350.00			147,087.34		546,437.34	0.00
Disabled Facilities Grants	4,103,000	2,398,529.21	2,398,529.21					2,398,529.21	0.00
Home Improvement Agency Vehicles	40,000	0						0.00	0.00
UK Shared Prosperity Fund Affordable Warmth	38,000	37,999.88	38,000.00					38,000.00	-0.12
1 Lodge Street Urgent Structural Repairs	300,000	174,035.79						0.00	174,035.79
Gateway Solar Array	750,000	161,981.29						0.00	161,981.29
Commercial & Corporate Property Works	609,000	134,750.26						0.00	134,750.26
White Lund Depot - Offices	272,000	212,740.15						0.00	212,740.15
King Street	50,000	0						0.00	0.00
Canal Quarter - Nelson St/St Leonardsgate	1,395,000	33,120.00	33,120.00					33,120.00	0.00
Sub-Total	7,557,000	3,707,633.63	2,868,999.21	0.00	0.00	147,087.34	0.00	3,016,086.55	691,547.08
PEOPLE & POLICY									
UK Shared Prosperity Fund External Projects	163,000	200,836.33	200,836.33					200,836.33	0.00
Rural England Prosperity Fund External Projects	150,000	149,994.00	149,994.00					149,994.00	0.00
Sub-Total	313,000	350,830.33	350,830.33	0.00	0.00	0.00	0.00	350,830.33	0.00
PLANNING & CLIMATE CHANGE									
Burrow Beck Solar	3,653,000	2,422,576.38						0.00	2,422,576.38
Electric Vehicle Charging Hub	401,000	3,101.33	3,101.33					3,101.33	0.00
Property De-carbonisation Works	3,325,000	1,462,792.30	1,396,678.00					1,396,678.00	66,114.30
SALC - optimisted solar farm, air source heat pumps & glazing	10,000	0						0.00	0.00
UK Shared Prosperity Fund Climate & Nature Strategy	12,000	14,650.00	14,650.00					14,650.00	0.00
UK Shared Prosperity Fund Local Area Energy Plan	95,000	95,000.00	95,000.00					95,000.00	0.00
Sub-Total	7,496,000	3,998,120.01	1,509,429.33	0.00	0.00	0.00	0.00	1,509,429.33	2,488,690.68
RESOURCES									
ICT Systems, Infrastructure & Equipment	509,000	187,659.08						0.00	187,659.08
ICT Laptop Replacement & e-campus screens	22,000	6,449.61						0.00	6,449.61
Local Full Fibre Network (including Data Centre)	270,000	277,012.02						0.00	277,012.02
ICT Nimble	252,000	130,238.56						0.00	130,238.56
Sub-Total	1,053,000	601,359.27	0.00	0.00	0.00	0.00	0.00	0.00	601,359.27
SUSTAINABLE GROWTH									
Caton Road Flood Relief Scheme	1,579,000	0						0.00	0.00
Coastal Revival Fund - Morecambe Co-Op Building	8,000	6,183.64	6,183.64					6,183.64	0.00
Lancaster Square Roots	21,000	0						0.00	0.00
Lancaster Heritage Action Zone	75,000	30,567.88	5,843.26					5,843.26	24,724.62
Centenary House	462,000	15,735.14	15,735.14					15,735.14	0.00
City Museum Shop	14,000	0						0.00	0.00
Morecambe Sea Front Parapet Repair	0	12,829.00						0.00	12,829.00
Bare Outfall Flooding	0	0						0.00	0.00
Our Future Coast	367,000	37,336.79	37,336.79					37,336.79	0.00
Sub-Total	2,526,000	102,652.45	65,098.83	0.00	0.00	0.00	0.00	65,098.83	37,553.62
SCHEMES UNDER DEVELOPMENT									
Sub-Total	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL - GENERAL FUND	**28,667,000**	**17,426,793.89**	**6,465,670.65**	**0.00**	**58,542.90**	**147,726.89**	**0.00**	**6,671,940.44**	**10,754,853.45**

	Revised Estimate	Expenditure to be financed in 2025/26	SCHEME FINANCING: GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)	TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
	£	£	£	£	£	£	£	£	£
GENERAL FUND	28,667,000	17,426,793.89	6,465,670.65	0.00	58,542.90	147,726.89	0.00	6,671,940.44	10,754,853.45
HOUSING REVENUE ACCOUNT	8,151,600	5,533,808.38	305,405.62	0.00	0.00	0.00	4,508,247.21	4,813,652.83	720,155.55
TOTAL CAPITAL EXPENDITURE & FINANCING	**36,818,600**	**22,960,602.27**	**6,771,076.27**	**0.00**	**58,542.90**	**147,726.89**	**4,508,247.21**	**11,485,593.27**	**11,475,009.00**

2025/26 CAPITAL EXPENDITURE FINANCING	Housing Revenue Account	General Fund	Grand Total for all Funds
	£	£	£
Amounts to be financed by General Capital Resources	720,155.55	10,754,853.45	11,475,009.00
Financed by:			
Underlying Borrowing Need - Increase in Capital Financing Requirement	0.00	10,754,853.45	10,754,853.45
Usable Capital Receipts	720,155.55	0.00	720,155.55
General Grants Unapplied	0.00	0.00	0.00
Total Financing from General Capital Resources	720,155.55	10,754,853.45	11,475,009.00

Appendix 8

Slippage and Accelerated Expenditure

	Slippage £000	£000	Reason for Slippage
Environment & Place			
Purchase of Vehicles	(301)		The lead times of some vehicles was longer than anticipated, these vehicles will be received in 2026/27
Winchester Field and Nature Area	(8)		project to continue into 2026/27
Food Waste Strategy	0		Delayed delivery of vehicles due to long lead in times, net of £131K external funding
Wheelie Bins	(258)		Project is largely complete except for the communal bins which are due for delivery in 2026/27
Douglas Park Skate Park	(91)		Scheme delayed awaiting planning permission
		(658)	
Housing & Property			
Disabled Facilities Grants	0		£1,759K externally funded budget to be slipped. £688K of this relates to committed grants which will complete early 2026/27. The remainder allows new grants to continue to be approved until the 2026/27 grant allocation is received in July 2026
Home Improvement Agency Vehicles	0		£40K externally funded budget to be slipped. Funds to be utilised to acquire vans for use by the home improvement agency which were on hold until more is known about the ongoing provision of this service
1 Lodge Street Urgent Structural Repairs	(126)		Project continuing into 2026/27 due to prioritisation of other external funding
Solar Array - Gateway	(588)		Project underway but will complete in 2026/27
White Lund Depot - Offices	(59)		Ongoing works to complete in 2026/27
King Street redevelopment	(50)		Project delayed whilst external funding options are determined
Property Capital Works	(474)		Ongoing scheme of works to continue into 2026/27
		(1,297)	
Planning & Climate Change			
Burrow Beck Solar	(1,230)		Further delays to scheme largely due to connection to the grid. Works to be completed in 2026/27
Electric Vehicle Charging Hub	0		Ongoing contract awarded Febraury 2026, £303K externally funded works slipped for completion in 2026/27
Property De-carbonisation Works	(1,368)		Decarbonisation Works are ongoing with the remaining £1,863K budget to be slipped (including £495K external funding) into 2026/27 when the project is to be completed
SALC Salix Funded Optimised Solar Farm	0		Remaining £10K grant funding to slip into 2026/27 to cover additional spend that may be needed after investigative work
		(2,598)	
Resources			
ICT Systems, Telephony, Nimble & Equipment	(459)		Changing corporate needs during 2025/26 led to delays in expenditure
		(459)	
Sustainable Growth			
Caton Road Flood Relief Scheme	0		net of £1,579K income. Project continuing into 2026/27
Lancaster Square Roots	(5)		net of £16K income requested to be slipped to support remaining grant and contract commitments
Lancaster Heritage Action Zone	(39)		net of £5K external funding requested to be slipped. Main programme complete, residual works and retentions remain outstanding
Centenary House	0		£446K net nil budget to slip. Scheme has needed to change and evolve as developer withdrew and no new developer has been identified. There is also a lack of revenue funding for any design work limiting what can be achieved
City Museum Shop	(14)		To request slippage into 2026/27 - delays due to lead times for the new lift which has a knock on effect delaying flooring and finishing of the staircase area
Our Future Coast	0		net of £142K income. This an ongoing project continuing into 2026/27

Nelson Street - BLRF	0		net of £1,362K grant income. Significant delays whilst ironing out contractual issues resulted in late commencement of the project which is continuing into 2026/27
		(58)	
Housing Revenue Account			
Acquisitions	(659)		Further acquisition opportunities anticipated in 2026/27
Energy Efficiency / Boiler Replacement	(350)		Warm Homes: Social Housing Fund, net of £55K external funding, committed at year end; other ongoing energy efficiency projects
External Refurbishment	(245)		Fire Risk Assessment remedial works to communal entrance areas, committed at year end; door and window replacement contracts, ongoing at year end
Re-roofing/Window Renewals	(206)		Reroofing contract and other related works, ongoing at year end
Housing Renewal & Renovation	(192)		Works on major voids and fire-damaged properties, ongoing at year end; conversion slipped to 2026/27
Fire Precaution Works	(152)		Smoke alarm replacement contract, committed at year end
Environmental Improvements	(114)		Replacement of communal bin stores, ongoing at year end
Disabled Adaptations	(22)		Extension construction works, ongoing at year end
Mainway Regeneration Project	0		Net of BLRF grant income £345K - demolition works to be completed in 2026/27
		(1,940)	

	Accelerated Expenditure £000	**£000**	**Reason for Accelerated Expenditure**
Resources			
Salt Ayre Data Centre	*7*		Ongoing project. £800K had been slipped into 2026/27 as part of the 2026/27 budget process but expenditure in 2025/26 was slightly higher than forecast
		7	
Sustainable Growth			
Morecambe Sea Front Parapet	*13*		Ongoing project until 2028/29 had been slipped as part of the 2026/27 budget process to start in 2026/27 but commenced before the end of 2025/26
		13	
Total Net Slippage & Accelerated Expenditure		**(6,990)**	

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

items shaded pink denote a partly externally funded scheme

CABINET

Delivering Our Priorities: Q1 2026/27
15 September 2026

Report of Chief Executive & s151 Officer

PURPOSE OF REPORT					
To provide members with an update on financial performance during the first quarter of 2026/27 (April – June 2026).					
Key Decision	**N**	**Non-Key Decision**		**Referral from Cabinet Member**	
Date of notice of forthcoming key decision	N/A				
This report is public					

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

That Cabinet

(1) Consider the update on financial performance for Quarter 1 2026/27.

1.0 INTRODUCTION

1.1 The primary purpose of this report is to present information relating to the Council's financial performance for the period April-June 2026, which can be found within the appendices.

2.0 FINANCIAL MONITORING

2.1 The 2026/27 Budget and Medium-Term Financial Strategy (MTFS) 2026-2031 approved by Council in February 2026 set a balanced budget for the year based on the assumptions made at that time.

2.2 All portfolios are required to examine their revenue budgets and meet with their budget holders regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement, Financial Services continually reviews and refreshes how it presents the Council's corporate monitoring information, with the Quarter 1 information distributed members of Cabinet on 31 July 2026.

2.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets ( ) this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.
The following financial appendices accompany the financial monitoring section of this report.

Appendix A: General Fund Service Analysis
Appendix B: General Fund Subjective Analysis
Appendix C: HRA Service Analysis
Appendix D: General Fund Capital Projects

Appendix E:	HRA Capital Projects
Appendix F:	Reserves Projected Outturn
Appendix G:	Approved Savings & Growth Monitoring
Appendix H:	Service Analysis
Appendix I:	Aged Debt Summary By Service
Appendix J:	Treasury Management Quarterly Update

2.4 It should also be noted that **projected outturn figures are monitored against the working budget** and not the original budget within this report. The working budget includes approved virements and in-year budget adjustments. This reduces a number of variances in respect of items such as 'grossing-up' of grant income/expenditure and the movement of employees to different costs centres which is especially needed during times of service restructuring. It provides a more accurate up-to date forecast and eliminates the need for duplicate reporting at service and subjective levels.

3.0 SALARY PROJECTIONS

3.1 Salary expenditure is one of the largest areas of expenditure in the Council and the latest budgeted pay bill for direct employee expenses is £33.528M (£26.818M General Fund, £6.710M HRA). These amounts include salaries which are reserve or externally funded.

3.2 As part of the 2026/27 budget setting process, an inflationary uplift of 3.0% was included to salaries across all services of the Council. The National Employers latest offer of an increase of 3.3% on all NJC pay points and at the time of writing this report was still out to consultation with the unions.

For the purposes of the projected outturn calculations used within this report, the latest offer of 3.3% has been included. For information, additional annual costs in the region of £0.101M (£0.081M General Fund, £0.020M HRA) have been forecasted.

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

Table 1 Quarter 1 Financial Monitoring – Salary Monitoring

	Salaries Variance £'000	Pay Award £'000	Agency Variance £'000	Other Variance £'000	Total Variance £'000
General Fund					
Environment & Place	290	(40)	(183)	34	+101
Governance	6	(5)	0	18	+19
Housing & Property	118	(13)	(160)	30	(25)
People & Policy	25	(4)	(9)	0	+12
Planning & Climate Change	152	(9)	0	(7)	+136
Resources	127	(6)	0	0	+121
Sustainable Growth	50	(4)	0	(13)	+33
Provision for Staff Turnover	*(515)*	*0*	*0*	*0*	(515)
TOTAL FAVOURABLE VARIANCE	**253**	**(81)**	**(352)**	**62**	**(118)**
Housing Revenue Account					
Housing & Property	241	(20)	(83)	0	+138
Provision for Staff Turnover	*(5)*	*0*	*0*	*0*	(5)
TOTAL FAVOURABLE VARIANCE	**236**	**(20)**	**(83)**	**0**	**+133**

As the above table demonstrates, the council salary related position as a whole (including the additional pay award, agency and consultancy costs) is expected to be overspent by (-£0.118M) within the General Fund and underspent by +£0.133M within the HRA. However, it should be noted that this includes an in-year re-assessment of the 'Provision for Staff Turnover' which is estimated at this point in time.

4.0 OUTCOMES BASED RESOURCING

4.1 As part of the 2026/27 budget setting process, Members approved savings and growth proposals. These resulted in a net cost to the Council of £0.590M in 2026/27. The process to implement these savings and growth proposals is now underway and Appendix G details the progress of each proposal.

5.0 COMMERCIAL & CORPORATE PROPERTY REVIEW

5.1 Following a review of the Council's commercial and corporate property portfolio, Members approved an ongoing programme of capital and revenue works over the next ten years to initially address the immediate issues whilst formulating an ongoing strategy to maintain the asset portfolio.

5.2 This commenced in 2025/26 however common practice with projects of this size, external pressures and constraints such as internal resource demands, contractors availability etc. will result in many sub-projects 'slipping' and therefore the in-year programme is constantly subject to profiling change. The project was subsequently reviewed in year and an updated programme was included in the approved 2026/27 budget.

5.3 In order to assist in providing a clearer financial position for services going forward, the connected financial budgetary positions have been removed from individual service lines reported within section 6 of this report and associated appendices. It should also be noted that any future slippage required will be transferred into the Corporate Property Reserve and therefore for the purposes of the figures presented only true under or overspends will be included in the overall figures.

5.4 The following table outlines the latest position of the project.

Table 2 Quarter 1 Financial Monitoring – Corporate Property Review

	Original Budget 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000
Environment & Place					
Hospitality & Events Management	13	13	15	16	(3)
Parks & Open Spaces	20	20	0	20	0
Salt Ayre Leisure Centre	749	749	139	778	(29)
Service Support	356	356	0	356	0
Williamson Park	129	129	11	129	0
Housing & Property					
Commercial Land & Properties	534	532	0	534	(2)
Facilities Management	52	52	11	52	0
Municipal Buildings	387	387	14	386	+1
Other Land & Buildings	87	87	0	87	0
Sustainable Growth					
Markets	0	0	0	0	0
Other Items					
Contribution to Reserve	0	(1,275)	0	(1,303)	+28
Total Revenue	**2,327**	**1,050**	**190**	**1,055**	**(5)**

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

6.0 GENERAL FUND SUMMARY POSITION

6.1 the Council's approved original net revenue budget of **£27.833M.** Quarter 1 (Q1) monitoring covers the period for April – July 2026. At the end of Q1 (July 2026) a year end underspend of **£0.714M**. However, this is offset by a corresponding reduction of (-£0.316M) in the

'Financing Income' as detailed in section 6.11 resulting in a projected underspend of **£0.399M** against the Council Tax Requirement.

6.2 A summary of the Q1 revenue position for the main service accounts of the Council is set out in table 3 below with commentary on significant variances provided in the following paragraphs.

Table 3 Quarter 1 Financial Monitoring – Service Analysis

	Provisional Outturn 2025/26 £'000	**Original Budget 2026/27 £'000**	**Working Budget 2026/27 £'000**	**Q1 Actual 2026/27 £'000**	**Projected Outturn 2026/27 £'000**	**Projected Variance 2026/27 £'000**
Environment & Place	8,762	8,966	8,966	336	9,100	(134)
Governance	1,751	1,701	1,701	636	1,750	(49)
Housing & Property	2,850	3,165	3,165	(3,521)	3,208	(43)
People & Policy	2,347	2,654	2,654	582	2,641	+13
Planning & Climate Change	1,988	1,881	1,881	266	1,874	+7
Resources	4,902	5,485	5,485	957	5,197	+288
Sustainable Growth	(976)	(879)	(879)	30	(903)	+24
Corporate Accounts	111	(157)	(157)	96	360	(517)
Other Items	5,932	5,192	5,192	(471)	4,067	+1,125
Sub Total	**27,667**	**28,008**	**28,008**	**(1,089)**	**27,294**	**+714**
Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)	0	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(212)	(218)	(218)	617	(218)	0
Corporate Property Review (Revenue)	124	2,344	2,344	190	2,372	(28)
Corporate Property Review (Appropriation)	1,303	(1,275)	(1,275)	0	(1,303)	+28
Revenue Reserve funded items (Revenue)	1,537	1,002	1,172	(16)	2,577	(1,405)
Revenue Reserve funded items (Appropriation)	(1,331)	(1,002)	(1,172)	0	(2,577)	+1,405
Sub Total	**395**	**(175)**	**(175)**	**791**	**(175)**	**0**
General Fund Revenue Budget	**28,062**	**27,833**	**27,833**	**(298)**	**27,119**	**+714**
Financing Income	(16,512)	(15,902)	(15,902)	1,491	(15,587)	(315)
Council Tax Requirement	**11,550**	**11,931**	**11,931**	**1,193**	**11,532**	**+399**

Environment & Place (-£0.134M) Adverse

6.3 Significant budget variances : -

- Pay award (-£0.040M)
- Staff turnover savings +£0.141M due to vacancies across the service including SALC, Environmental Protection and Street Cleaning. This includes an overspend within waste collection due to recruitment delays for the food waste strategy being supplemented by the use of overtime and agency plus the cost of delivering bulky waste in-house
- Bulky waste contract savings and income shortfall +£0.056M
- Vehicle R&M and hire costs (-£0.092M) within waste collection and street cleaning
- Additional waste collection bin sales +£0.030M
- Significant income shortfalls at SALC, including Spa, Swimming and Café (-£0.210M)
- Significant income shortfall relating to Williamson Park due to closure of Butterfly House and Zoo for decarbonisation works plus parking (-£0.069M) partially offset by electricity savings +£0.033M

Governance (-£0.049M) Adverse

6.4 Significant budget variances : -

- Reduced Legal Fee income due to change in types of cases being handled internally as workforce priority shifts to LGR focussed work (-£0.051M)

Housing & Property (-£0.043M) Adverse

6.5 Significant budget variances: -

- Pay award (-£0.013M)
- Reduction in rent income for municipal buildings (-£0.053M)
- Net additional business rates on void units (-£0.077M)

- Reduction in B&B expenditure in line with quality assurance of placements and utilisation of Council voids +£0.160M
- Corresponding reduction in income from Housing Benefit (-£0.043M)

People & Policy +£0.013M Favourable

6.6 Significant budget variance: -

- Salary savings +£0.024M offset by additional agency work required (-£0.009M)

Planning & Climate Change +£0.007M Favourable

6.7 Significant budget variances: -

- Salary savings +£0.136M due to high levels of vacancies currently which are currently in the recruitment process
- ENWL energisation delays at Burrow Beck (-£0.065M) and DNO delays at the Gateway plant (-£0.030M) both leading to loss of income

Resources +£0.288M Favourable

6.8 Significant budget variances: -

- Salary savings +£0.121M including key accountancy vacancies
- Cyber security savings including consultancy and grant income award +£0.166M

Sustainable Growth +£0.024M Favourable

6.9 Significant budget variances: -

- Salary savings +£0.033M which includes vacant Engineer posts which are to be recruited to under an agency arrangement
- Reduced electricity cost +£0.053M in line with previous year usage levels
- Delays to Cultural Strategy not undertaken in 2025/26 (-£0.020M)
- Expected loss of income from occupancy decrease caused by VAT charges at Morecambe Market (-£0.038M)

Corporate Accounts (-£0.517M) Adverse

6.10 Significant budget variances: -

- The provision for staff turnover target (-£0.515M) is held within Corporate Services whilst the additional costs/savings generated are attributed to the individual service lines. The council salary related position within the general fund (including the additional pay award, agency and consultancy costs) is expected to be overspent by +£0.118M

Other Items +£1.125M Favourable

6.11 Significant budget variances: -

- Following budget setting, new legislation was approved surrounding the multipliers attributable to NNDR renewable energy resulting in a contribution being required from the Business Rates Retention Reserve. This is offset by a corresponding reduction in the 'Financing Income' as shown in table 3 above +£0.315M
- The new borrowing in 2025/26 was not incurred as anticipated largely due to significant levels of slippage on schemes in the capital programme leading to higher levels of cash balances. Further borrowing anticipated in 2025/26 is not expected until quarter 2 onwards +£0.431M
- Cash balances have been higher than forecast largely due to slippage on schemes in the capital programme and grant held for external projects +£0.155M
- Minimum Revenue Provision (MRP) savings arising due to slippage of schemes in the Capital Programme during 2025/26 +£0.197M

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

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

Table 4 Quarter 1 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000
Employees	26,693	27,620	27,688	6,560	27,918	(230)
Premises Related Exp	5,995	5,959	5,948	1,768	6,011	(63)
Transport Related Exp	1,845	1,775	1,775	473	1,864	(89)
Supplies and Services	14,712	15,003	17,355	4,982	18,625	(1,270)
Transfer Payments	21,251	21,977	21,977	3,799	21,966	+11
Support Services	127	127	127	24	127	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,150	1,900	1,900	16	1,469	+431
Appropriations	7,827	3,799	3,799	0	3,260	+539
Income	(51,932)	(49,869)	(52,278)	(18,711)	(53,663)	+1,385
Capital Financing Inc	(1)	(300)	(300)	0	(300)	0
Sub Total	**27,667**	**28,008**	**28,008**	**(1,089)**	**27,294**	**+714**
Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)	0	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(212)	(218)	(218)	617	(218)	0
Corporate Property Review (Revenue)	124	2,344	2,344	190	2,372	(28)
Corporate Property Review (Appropriation)	1,303	(1,275)	(1,275)	0	(1,303)	+28
Revenue Reserve funded items (Revenue)	1,537	1,002	1,172	(16)	2,577	(1,405)
Revenue Reserve funded items (Appropriation)	(1,331)	(1,002)	(1,172)	0	(2,577)	+1,405
Sub Total	**395**	**(175)**	**(175)**	**791**	**(175)**	**0**
General Fund Revenue Budget	**28,062**	**27,833**	**27,833**	**(298)**	**27,119**	**+714**
Financing Income	(16,512)	(15,902)	(15,902)	1,491	(15,587)	(315)
Council Tax Requirement	**11,550**	**11,931**	**11,931**	**1,193**	**11,532**	**+399**

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

7.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

7.1 As at the end of Q1, a year end overspend against budget of **(-£0.652M)** is projected. A summary of the Q1 revenue position for the HRA is set out in table 5 below.

Table 5 Quarter 1 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000
Policy & Management	2,556	2,830	2,830	617	3,292	(462)
Repairs & Maintenance	6,302	6,873	6,873	1,227	7,223	(350)
Welfare Services	(297)	(388)	(388)	(122)	(276)	(112)
Special Services	258	265	265	121	318	(53)
Miscellaneous Expenses	1,155	1,296	1,296	104	1,423	(127)
Income Account	(18,026)	(18,908)	(18,908)	(4,237)	(18,639)	(269)
Capital Charges	8,513	6,832	6,832	0	6,832	0
Appropriations	(6,985)	683	683	0	(38)	+721
Sub Total	**(6,524)**	**(517)**	**(517)**	**(2,290)**	**135**	**(652)**
Net Recharges to General Fund	517	517	517	0	517	0
Housing Revenue Account Budget	**(6,007)**	**0**	**0**	**(2,290)**	**652**	**(652)**

7.2 Significant budget variances: -

- Pay award (-£0.020M)
- General staff turnover savings, net of agency services +£0.084M
- Additional repairs costs relating to defending and settling disrepair claims (-£0.150M)
- Additional repairs costs relating to damp and mould (-£0.080M)

- Additional rent loss from voids due to complex / increasing major voids (-£0.190M)
- Reduction in service charge income (-£0.070M)
- Additional council tax on re-lets due to complex / increasing major voids and capital projects (-£0.129M)

7.3 Appendix C: Housing Revenue Account Service Analysis covers this information in more detail and provides summary percentage variations for variances +/- £0.030M.

8.0 CAPITAL PROJECTS (General Fund & HRA)

8.1 At Q1 a year end variance against budget of **(-£6.788M)** (General Fund (-£4.905M), HRA (-£1.883M)) is projected. Summary details for both the General Fund and HRA are set out in table 6 below.

Table 6 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000	Slippage/ (Accelerated Expenditure) £'000
General Fund						
Environment & Place	4,092	4,092	316	4,705	(613)	658
Housing & Property	1,459	1,459	(1,713)	2,656	(1,197)	1,297
People & Policy	0	0	0	0	0	0
Planning & Climate Change	0	0	(390)	2,598	(2,598)	2,598
Resources	1,801	1,801	84	2,253	(452)	452
Sustainable Growth	1,520	1,520	(4,867)	1,565	(45)	45
Other Items	0	0	(95)	0	0	0
GENERAL FUND - TOTAL	**8,872**	**8,872**	**(6,665)**	**13,777**	**(4,905)**	**5,050**
Housing Revenue Account						
Adaptations	300	300	27	322	(22)	22
Energy Efficiency / Boiler Replacement	1,385	1,385	431	1,735	(350)	350
Internal Refurbishment	1,078	1,078	166	1,078	0	0
External Refurbishment	270	270	95	515	(245)	245
Environmental Improvements	260	260	86	314	(54)	114
Re-roofing / Window Renewals	527	527	74	736	(209)	206
Rewiring	88	88	4	88	0	0
Lift Replacement	0	0	0	0	0	0
Fire Precaution Works	500	500	(28)	652	(152)	152
Housing Renewal & Renovation	1,290	1,290	231	1,482	(192)	192
Acquisitions	250	250	0	909	(659)	659
HOUSING REVENUE ACCOUNT - TOTAL	**5,948**	**5,948**	**1,086**	**7,831**	**(1,883)**	**1,940**
GRAND TOTAL	**14,820**	**14,820**	**(5,579)**	**21,608**	**(6,788)**	**+6,990**

8.3 The overspend against budget relates to both General Fund and HRA. The table above highlights the slippage and accelerated expenditure, which was approved as part of the Provisional Outturn 2025/26 report on 28 July. Once accounted for, the following differences represent the true latest position of any forecast under/(over)spends :-

- Environment & Place: Fleet replacement programme has an anticipated underspend after slippage of +£0.050M due to actual prices being less than forecast when budgets were set. This if offset by an anticipated (-£5K) overspend on the VMU replacement programme where the replacement ramp is more than previously anticipated.
- Housing & Property: there is currently expected to be around +£100K saving against the Gateway solar array which has been achieved due to combining these works with the works at Burrow Beck managed by Planning and Climate Change.

8.4 With regard to the overall projected adverse variance on the HRA Capital Programme of £1.883M, this is largely caused by slippage from 2025/26 as detailed in the table. As per General Fund, this was approved by Cabinet on 28 July. After slippage, a projected underspend of +£0.060M remains on environmental improvement works. This will continue to be monitored throughout the year.

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

9.0 RESERVES

9.1 The Council's General Fund unallocated balances are projected to be **£9.830M.** This does not include the projected net overspend reported here. Overall, the combined level of reserves is forecast to be **£28.737M**. Table 7 Quarter 1 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 1 Financial Monitoring – General Fund Reserves

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £
Unallocated Balances	(10,338,300)	(460,000)	0	992,600	(9,805,700)	(11,750,874)	(460,000)	0	2,380,900	(9,829,974)
Total Earmarked Reserves (Usable)	(17,540,200)	(224,900)	0	2,093,500	(15,671,600)	(18,529,874)	(224,900)	0	2,585,800	(16,168,974)
Total Earmarked Reserves (Ringfenced)	(2,354,900)	(145,000)	0	21,600	(2,478,300)	(2,622,807)	(145,000)	8,400	21,600	(2,737,807)
Total Combined Reserves	(30,233,400)	(829,900)	0	3,107,700	(27,955,600)	(32,903,555)	(829,900)	8,400	4,988,300	(28,736,755)

9.2 The increase in usage of balances since the budget was approved include :-

- The inclusion of slippage (-£0.902M) as detailed within the Provisional Outturn report which was considered and approved by Cabinet on 28 July 2026
- Emergency repairs and upgrade works required at Lancaster Town Hall (-£0.560M) as considered elsewhere on this agenda
- Participation in the LGA Graduate programme (year one costs) (-£0.035M)
- Key capital projects consultancy support (-£0.035M)
- The creation of a Community Cultural Fund to enable the delivery of small-scale cultural events, creative commissions, and community-led initiatives (-£0.050M)
- The use of the Business Rates Retention Reserve as detailed in 6.11 above (-£0.316M)

9.3 The Council's Housing Revenue Account unallocated balances are projected to be **£0.700M** (surplus). This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£2.175M**. Table 8 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 8 Quarter 1 Financial Monitoring – Housing Revenue Account Reserves

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £
HRA Unallocated Balances	(770,100)	(525,600)	0	0	(1,295,700)	(826,388)	(525,600)		652,400	(699,588)
Total Earmarked Reserves	(1,354,500)	(5,854,900)	5,264,200	433,800	(1,511,400)	(2,038,816)	(5,859,400)	5,264,200	1,158,800	(1,475,216)
Total Combined Reserves	(2,124,600)	(6,380,500)	5,264,200	433,800	(2,807,100)	(2,865,204)	(6,385,000)	5,264,200	1,811,200	(2,174,804)

9.4 Whilst the HRA latest position causes concern, Officers are already working to reduce some of the larger variances. Note that work surrounding depreciation levels is still ongoing and the asset components are currently being reviewed to ensure that the useful remaining lives are intrinsically linked to future capital programmes. It is hoped that the financial consequences arising from this piece of work will be positive and ready for inclusion in the quarter 2 update report.

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

9.6 The Council's reserves are used to manage pressures such as the cost of living crisis and also support the work to address the underlying structural deficit through the OBR process. As a result, they are fundamental to ensuring the financial sustainability of the Council as it deals with these pressures and will be kept under review by Officers and Members.

10.0 COLLECTION FUND

Business Rates

10.1 At the Autumn Budget on 30th October 2024 the Chancellor announced that from 2026/27, existing Business Rate Relief for retail, hospitality or leisure (RHL) properties would be replaced by a lower rate multiplier set at 5p below the national multipliers. They also announced a higher multiplier that would apply to the most valuable properties (those with RVs of £500,000 and above) set at 2.8p above the national standard multiplier meaning the system will expand to 5 multipliers from 2026/27.

This is happening at the same time as the 2026 revaluation which sees the Valuation Office update the rateable values of all businesses.

At the Autum Budget on 26th November 2025 the Chancellor announced that the following multipliers that would apply for 2026/27:

- Small multiplier - 43.2p falling from 49.9p in 2025-26
- Standard multiplier - 48.0p falling from 55.5p in 2025-26
- Small RHL multiplier - 38.2p
- Standard RHL multiplier - 43.0p
- High Value multiplier - 50.8p

The Chancellor also announced at the budget on 26th November 2025 that the government would provide a package of reliefs to support businesses.

For 2026/27, this includes:

- **Transitional Relief** – To support ratepayers facing large bill increases at the revaluation the government is introducing a redesigned Transitional Relief scheme worth £3.2 billion.
- **Transitional Relief Supplement** – a 1p supplement to the relevant tax rate for ratepayers who do not receive Transitional Relief or the Supporting Small Business scheme to partially fund Transitional Relief. This will apply for one year from 1 April 2026.
- **2026 Supporting Small Business Scheme (SSB relief)** – bill increases for businesses losing some or all of their small business rates relief or rural rate relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026. The 2026 SSB relief scheme has been expanded to ratepayers losing their RHL relief. The government has also announced a one-year extension of the 2023 Supporting Small Business scheme from 1 April 2026. This support is applied before changes in other reliefs and local supplements.
- **100% relief for Eligible Electric Vehicle Charging Points and Electric Vehicle only forecourts (EVCP relief)** – a ten-year 100% business rates relief for EVCPs separately assessed by the VOA and Electric Vehicle-only forecourts to ensure that they face no business rates liability.
- **Extending the Small Business Rates Relief (SBRR) grace-period from one to three years** – meaning businesses will now remain eligible for SBRR on their first property for three years after expanding into a second property.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the EVCP and SSB reliefs in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from government. No new legislation will be required to deliver these schemes.

On 27th January 2026 the Government made a further announcement that in 2026/27, eligible pubs and live music venues will benefit from a 15% business rates relief on top of the support above announced at Budget 2025. Their bills will be frozen in real terms for a further 2 years.

Local authorities will be fully compensated for the loss of income associated with granting the pubs and live music venues relief and the government will fund the associated new burdens, including the administrative and software costs of implementation.

For financial year 2027/28 Supporting Small Business Rate Relief will end for those ratepayers who received this in the 2023 list, resulting in increased Business Rates bills for those charge payers.

On 15th April 2026 the Department for Housing, Communities and Local Government announced changes to the administration of Council Tax, including newly liable Council Tax payers moving to 12 monthly instalments by default, with 10 monthly instalments where preferred, from 1st April 2027, with existing Council Tax payers moving to this from 1st April 2028. Legislation will also be introduced from April 2027 to extend the time a household can lose the right to pay in instalments to at least 63 days from the first missed payment. A cap of £100 will be introduced on the costs added for seeking liability orders.

10.2 The collection rate for Business Rates is currently 27.7%, which is ahead of the profiled target of 26.2%. The annual target is 98.0%.

10.3 Following budget setting, new legislation was approved regarding an adjustment needed to calculate the amounts disregarded for renewable energy projects. This adjustment is needed as a result of the introduction of the lower Retails, Hospitality and Leisure multipliers and the Higher Value Multiplier and aims to return local authorities to the position they would have been in had the new multipliers not applied meaning the authority is no better or worse off as a result of the introduction of the new multipliers. This is expected to result in a shortfall of (-£0.315M) in retained business rates however, a contribution from the Business Rates Retention Reserve will be made to offset this.

Council Tax

10.4 The current collection rate for Council Tax is 27.5% which is behind the profiled target of 27.9%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q1 is 9,203.

11.0 WRITE OFFS

11.1 Appendix I details the 'Aged Debt Summary by Service'. Note that the analysis does not include any debtors relating to collection fund, housing benefit and HRA housing rents income.

11.2 Table 9 below provides details of the debts have been written off by the Council's Revenues and Benefits service in relation to Council Tax, Business Rates and Housing Benefits Overpayments.

Table 9: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	152,141				**152,141**
Business Rates	36,356				**36,356**
Housing Benefit Overpayments	9,988				**9,988**
Housing Rents (HRA)	5,095				**5,095**
Total	**203,580**	**0**	**0**	**0**	**203,580**

11.3 The write-off of other sundry debts in excess of £500 must be approved by the Chief Officer (Resources), in consultation with the Chief Officer (Governance). The value of these debts written-off in quarter 1 (including those under £500) is £7,686.

11.4 Debts are deemed non recoverable after all reasonable recovery steps have been taken and can be written off in accordance with the Council's Debt Management Policy in a number of circumstances such as unable to trace, uneconomical to pursue, insolvency as well as imprisonment and death.

12.0 TREASURY MANAGEMENT

12.1 Appendix J gives a quarterly update in respect of treasury management activities and the most recent economic prospects.

12.2 The average level of funds available for investment at the end of quarter 1 was £30.77M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 3.75%
7 day SONIA	– 3.73%
Lancaster City Council	– 3.78%

Details of investment holdings are set out in Appendix J

12.3 No new borrowing was undertaken during quarter 1 with cashflow projections indicating that temporary borrowing is likely to be required before the end of the financial year. The ultimate amount and timing of this will depend on working capital cashflows in the run up to year end which are kept under close review with a further update being made available at quarter 2.

12.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2026/27. Appendix J gives an update in respect of prudential indicators showing the current forecast for the year against estimate and last year's actuals.

RELATIONSHIP TO POLICY FRAMEWORK

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

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

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

LEGAL IMPLICATIONS

There are no legal implications directly arising.

FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

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

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

THE DEPTUY'S MONITORING OFFICER'S COMMENTS	
The Deputy 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:**

APPENDIX A

QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2026/27

		Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Budget Amendments 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000	*Variance +/- £30K %*
	Services								
	ASNL and Nature Reserves	102	120	0	120	9	120	0	
	Environmental Protection	303	388	0	388	(15)	371	17	
	Fleet Management	(1)	(9)	0	(9)	13	(5)	(4)	
	Food Safety	484	505	0	505	113	497	8	
	Hospitality & Events Management	306	260	0	260	49	285	(25)	
	Parks & Open Spaces	1,598	1,545	0	1,545	190	1,528	17	
Environment & Place	Pest Control	(14)	(22)	0	(22)	(86)	(25)	3	
	Salt Ayre Leisure Centre	847	563	0	563	106	666	(103)	*(18%)*
	Service Support	619	733	0	733	199	739	(6)	
	Street Cleaning	1,870	2,005	0	2,005	512	1,981	24	
	Streetscape	57	70	0	70	1	73	(3)	
	Trade Refuse	(651)	(874)	0	(874)	(1,132)	(865)	(9)	
	Waste Collection	2,595	3,167	0	3,167	217	3,202	(35)	*(1%)*
	Williamson Park	647	515	0	515	160	533	(18)	
	Democratic Support & Elections	1,017	1,062	0	1,062	345	1,067	(5)	
Governance	Legal Services	801	706	0	706	299	771	(65)	*(9%)*
	Licensing	(67)	(67)	0	(67)	(8)	(88)	21	
	Commercial Land & Properties	(454)	(1,157)	0	(1,157)	(758)	(1,053)	(104)	*(9%)*
	Customer Services	605	628	0	628	(475)	595	33	*+5%*
	Facilities Management	622	597	0	597	154	636	(39)	*(7%)*
	GF Housing Schemes	(88)	(83)	0	(83)	(25)	(70)	(13)	
Housing & Property	Municipal Buildings	774	823	0	823	247	907	(84)	*(10%)*
	Other Land & Buildings	64	114	0	114	6	114	0	
	Private Sector Housing	286	1,039	0	1,039	(2,908)	888	151	*+15%*
	Property Group	904	1,060	0	1,060	223	1,058	2	
	Public Health Services	137	144	0	144	15	133	11	
	Repairs & Maintenance	0	0	0	0	0	0	0	
	Communications	182	216	0	216	69	215	1	
	Community Connectors	0	0	0	0	0	0	0	
	Emergency Planning & CSP	115	118	0	118	22	119	(1)	
	Exec Support	193	193	0	193	49	192	1	
	Health & Safety	58	114	0	114	23	103	11	
People & Policy	HR & OD	822	842	0	842	230	854	(12)	
	Marketing	284	297	0	297	72	296	1	
	Policy and Partnerships	200	267	0	267	(284)	262	5	
	Projects & Performance	147	238	0	238	55	231	7	
	VCFS	314	333	0	333	327	333	0	
	Visitor Information Centres	32	36	0	36	19	36	0	
	DM - Building Control	245	305	0	305	18	310	(5)	
Planning & Climate Change	DM - Planning	662	684	0	684	177	607	77	*+11%*
	Energy and Sustainability	219	(61)	0	(61)	137	33	(94)	*(154%)*
	Planning & Housing Strategy	862	953	0	953	(66)	924	29	
	CCTV	73	84	0	84	60	86	(2)	
	Finance	1,535	1,700	0	1,700	302	1,541	159	*+9%*
Resources	ICT	1,649	1,987	0	1,987	771	1,827	160	*+8%*
	Internal Audit	172	177	0	177	99	177	0	
	Revenues & Benefits	1,473	1,537	0	1,537	(275)	1,566	(29)	
	Economic Development & Culture	226	310	0	310	81	328	(18)	
	Markets	235	(31)	0	(31)	(65)	19	(50)	*(161%)*
Sustainable Growth	Museums	456	459	0	459	100	457	2	
	Parking	(2,640)	(2,603)	0	(2,603)	(174)	(2,627)	24	
	Regeneration	524	521	0	521	53	546	(25)	
	Strategic Projects & Engineers	223	465	0	465	35	374	91	*+20%*
		21,624	**22,973**	**0**	**22,973**	**(714)**	**22,867**	**106**	*+0%*
	Corporate Services								
Corporate Accounts	Corporate Accounts	111	(157)	0	(157)	96	360	(517)	*(329%)*
	Contributions from Reserves	4,192	37	0	37	0	(279)	316	*+854%*
	Government Grants	(803)	0	0	0	(317)	0	0	
	Interest Payable	1,149	1,899	0	1,899	16	1,468	431	*+23%*
	Interest Receivable	(1,251)	(506)	0	(506)	(170)	(661)	155	*+31%*
Other Items	Minimum Revenue Provision	2,703	3,872	0	3,872	0	3,676	196	*+5%*
	Notional Charges	(58)	0	0	0	0	0	0	
	Pandemic Support	0	0	0	0	0	0	0	
	Revenue Funding of Capital	0	(110)	0	(110)	0	(137)	27	
	Capital Funding of Revenue	0	0	0	0	0	0	0	
	UKSPF	0	0	0	0	0	0	0	
		6,043	**5,035**	**0**	**5,035**	**(375)**	**4,427**	**608**	*+12%*
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	0	(1,026)	0	(1,026)	0	
RMS Capital Charges (now Housing Revenue Account)		(212)	(218)	0	(218)	617	(218)	0	
Corporate Property Review (Revenue)		124	2,344	0	2,344	190	2,372	(28)	
Corporate Property Review (Appropriation)		1,303	(1,275)	0	(1,275)	0	(1,303)	28	
Revenue Reserve funded items included in above analysis (Revenue)		1,537	1,002	170	1,172	(16)	2,577	(1,405)	*(120%)*
Revenue Reserve funded items included in above analysis (Appropriatic		(1,331)	(1,002)	(170)	(1,172)	0	(2,577)	1,405	*+120%*
General Fund Revenue Budget		**28,062**	**27,833**	**0**	**27,833**	**(298)**	**27,119**	**714**	+3%
Financing Income		(16,512)	(15,902)	0	(15,902)	1,491	(15,587)	(315)	*(2%)*
Council Tax Requirement		**11,550**	**11,931**	**0**	**11,931**	**1,193**	**11,532**	**399**	+3%

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

APPENDIX B

QUARTER 1 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2026/27

		Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Budget Amendments 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	25,359	26,700	61	26,761	6,212	26,593	168	+1%
	Indirect Employee Expenses	1,334	920	7	927	348	1,325	(398)	(43%)
Premises Related Exp	Cleaning and Domestic Supplies	189	178	0	178	46	183	(5)	
	Energy Costs	1,352	1,327	0	1,327	34	1,231	96	+7%
	Fixtures and Fittings	1	1	0	1	0	1	0	
	Grounds Maintenance Costs	53	64	0	64	16	64	0	
	Operational Bldgs Allocation	260	245	0	245	79	245	0	
	Other Premises Costs	0	(75)	0	(75)	0	(75)	0	
	Premises Insurance	366	405	0	405	1	404	1	
	Rates	1,655	1,427	0	1,427	1,269	1,511	(84)	(6%)
	Rents	80	67	0	67	29	67	0	
	Repair and Maintenance	1,664	1,989	(11)	1,978	226	2,019	(41)	(2%)
	Water Services	375	331	0	331	68	361	(30)	(9%)
Transport Related Exp	Car Allowances	14	11	0	11	2	11	0	
	Contract Hire Operating Leases	226	28	0	28	68	152	(124)	(443%)
	Direct Transport Costs	1,510	1,628	0	1,628	401	1,596	32	+2%
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	9	13	0	13	2	10	3	
	Transport Insurance	86	95	0	95	0	95	0	
Supplies and Services	Catering	40	68	0	68	18	68	0	
	Clothing Uniform and Laundry	129	104	0	104	25	104	0	
	Communications and Computing	1,745	2,009	0	2,009	1,226	2,028	(19)	
	Contribution to Provisions	(190)	250	0	250	0	250	0	
	Equip Furniture and Materials	1,562	1,489	0	1,489	392	1,493	(4)	
	Expenses	591	575	0	575	147	582	(7)	
	General Office Supplies	210	247	0	247	51	247	0	
	Grants and Subscriptions	1,697	1,467	186	1,653	957	1,933	(280)	(17%)
	Miscellaneous Expenses	817	1,122	1,850	2,972	345	2,972	0	
	Services	8,111	7,672	316	7,988	1,821	8,948	(960)	(12%)
Transfer Payments	Housing Benefit	21,251	21,977	0	21,977	3,799	21,966	11	
Support Services	Recharges Exp	127	127	0	127	24	127	0	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	0	
	Depreciation	0	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,150	1,900	0	1,900	16	1,469	431	+23%
Appropriations	Appropriations	7,827	3,799	0	3,799	0	3,260	539	+14%
Income	Customer Fees and Charges	(18,910)	(20,055)	0	(20,055)	(6,925)	(19,740)	(315)	(2%)
	Government Grants	(25,666)	(25,243)	(2,175)	(27,418)	(8,700)	(27,235)	(183)	(1%)
	Interest	(1,328)	(579)	0	(579)	(170)	(733)	154	+27%
	Other Grants and Contributions	(3,210)	(2,253)	(234)	(2,487)	(2,629)	(4,216)	1,729	+70%
	Recharges Inc	(2,818)	(1,739)	0	(1,739)	(287)	(1,739)	0	
Capital Financing Inc	Capital Related Income	(1)	(300)	0	(300)	0	(300)	0	
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	0	(1,026)	0	(1,026)	0	
RMS Capital Charges (now Housing Revenue Account)		(212)	(218)	0	(218)	617	(218)	0	
Corporate Property Review (Revenue)		124	2,344	0	2,344	190	2,372	(28)	
Corporate Property Review (Appropriation)		1,303	(1,275)	0	(1,275)	0	(1,303)	28	
Revenue Reserve funded items included in above analysis (Revenue)		1,537	1,002	170	1,172	(16)	2,577	(1,405)	(120%)
Revenue Reserve funded items included in above analysis (Appropria		(1,331)	(1,002)	(170)	(1,172)	0	(2,577)	1,405	+120%
General Fund Revenue Budget		**28,062**	**27,833**	**0**	**27,833**	**(298)**	**27,119**	**714**	+3%
Financing Income		(16,512)	(15,902)	0	(15,902)	1,491	(15,587)	(315)	(2%)
Council Tax Requirement		**11,550**	**11,931**	**0**	**11,931**	**1,193**	**11,532**	**399**	+3%

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

APPENDIX C

QUARTER 1 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2026/27

		Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Budget Amendments 2026/27 £'000	Working Budget 2026/27 £'000	Q3 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000	*Variance +/- £30K %*
	Housing Revenue Account								
Housing Revenue Account	Policy & Management	2,556	2,830	0	2,830	617	3,292	(462)	*(16%)*
	Repairs & Maintenance	6,302	6,873	0	6,873	1,227	7,223	(350)	*(5%)*
	Welfare Services	(297)	(388)	0	(388)	(122)	(276)	(112)	*(29%)*
	Special Services	258	265	0	265	121	318	(53)	*(20%)*
	Miscellaneous Expenses	1,155	1,296	0	1,296	104	1,423	(127)	*(10%)*
	Income Account	(18,026)	(18,908)	0	(18,908)	(4,237)	(18,639)	(269)	*(1%)*
	Capital Charges	8,513	6,832	0	6,832	0	6,832	0	
	Appropriations	(6,985)	683	0	683	0	(38)	721	*+106%*
	Gain/Loss on Asset Sales	0	0	0	0	0	0	0	
	Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	0	
		(6,524)	**(517)**	**0**	**(517)**	**(2,290)**	**135**	**(652)**	*(126%)*
Net Recharges to General Fund		517	517	0	517	0	517	0	
Housing Revenue Account Budget		**(6,007)**	**0**	**0**	**0**	**(2,290)**	**652**	**(652)**	

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

APPENDIX D

QUARTER 1 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2026/27

	Services	Original Budget 2026/27 £'000	Budget Amendments 2026/27 £'000	Working Budget 2026/27 £'000	Q1 Actual 2026/27 £'000	Projected Outturn 2026/27 £'000	Projected Variance 2026/27 £'000	2025/26 Slippage / (Accelerated Expenditure) Request £'000	*Variance +/- £30K %*
	ASNL - Capital Access Works	0	0	0	0	0	0	0	
	Commercial Venue Improvements	0	0	0	0	0	0	0	
	Douglas Park Skate Park	0	0	0	0	91	(91)	91	
	Environment & Place Devpt Pool	1,651	0	1,651	0	1,651	0	0	
	Food Waste Strategy	0	0	0	(118)	0	0	0	
	LTA Tennis Court Refurbishment	0	0	0	0	0	0	0	
Environment & Place	National Landscape CORE Capital	0	0	0	0	0	0	0	
	Playground - The Roods	0	0	0	0	0	0	0	
	Public Bins	0	0	0	0	0	0	0	
	Purchase Of Vehicles	2,381	0	2,381	233	2,632	(251)	301	*(11%)*
	VMU Replacement Equipment Programme	60	0	60	0	65	(5)	0	
	Wheelie Bins	0	0	0	154	258	(258)	258	
	Winchester Field & Nature Area playground	0	0	0	47	8	(8)	8	
	1 Lodge Street Urgent Structural Repairs	52	0	52	24	178	(126)	126	*(242%)*
	87 King Street Conversion	350	0	350	0	400	(50)	50	*(14%)*
	Boiler Replacement - The Storey	0	250	250	1	250	0	0	
	Coopers Fields - BLRF	0	0	0	(183)	0	0	0	
	Disabled Facilities Grants	0	0	0	(1,642)	0	0	0	
Housing & Property	Home Improvement Agency Vehicles	0	0	0	0	0	0	0	
	Local Authority Housing Fund	334	0	334	(119)	334	0	0	
	Low Voltage Switchgear & Solar Array - Gateway	0	0	0	228	488	(488)	588	
	Mellishaw Park	0	0	0	0	0	0	0	
	Property Capital Works	723	(250)	473	22	947	(474)	474	*(100%)*
	White Lund Depot Improvements	0	0	0	(44)	59	(59)	59	
People & Policy		0	0	0	0	0	0	0	
	Burrow Beck Solar	0	0	0	98	1,230	(1,230)	1,230	
	Electric Vehicle Charging Hub	0	0	0	(334)	0	0	0	
Planning & Climate Change	Property De-carbonisation Works	0	0	0	(26)	1,368	(1,368)	1,368	
	Property De-carbonisation Works 2024-25	0	0	0	6	0	0	0	
	SALC Salix Funded Optimised Solar Farm	0	0	0	(134)	0	0	0	
	I.S. Desktop Equipment	138	0	138	22	278	(140)	140	*(101%)*
	I.T.Strategy	173	0	173	22	341	(168)	168	*(97%)*
	ICT Laptop Replacement & E-campus screens	0	0	0	0	16	(16)	16	
Resources	ICT Nimble	0	0	0	0	122	(122)	122	
	ICT Telephony	40	0	40	7	53	(13)	13	
	Lancaster Local Fibre Network	1,100	0	1,100	33	1,093	7	(7)	
	Resources Development Pool	350	0	350	0	350	0	0	
	Brownfield Land Release Fund	0	0	0	(994)	0	0	0	
	Caton Road Flood Relief Scheme	0	0	0	(1,578)	0	0	0	
	Centenary House Grant Funded Works	0	0	0	(446)	0	0	0	
	City Museum Shop	0	0	0	2	14	(14)	14	
	Coastal Revival Fund - Morecambe Co-op	0	0	0	0	0	0	0	
Sustainable Growth	Economic Growth & Regen Devpt Pool	1,460	0	1,460	0	1,460	0	0	
	Lancaster HS Heritage Action Zone	0	0	0	(7)	39	(39)	39	
	Lancaster Square Routes Project	0	0	0	(18)	5	(5)	5	
	Morecambe Bay Strategy	0	0	0	(300)	0	0	0	
	Morecambe Sea Front Parapet	60	0	60	(2)	47	13	(13)	
	Nelson Street - BLRF	0	0	0	(1,362)	0	0	0	
	Our Future Coast	0	0	0	(162)	0	0	0	
	Pride in Place Capital	0	0	0	(80)	0	0	0	
	REPF 25/26 (Yr3) External Projects	0	0	0	0	0	0	0	
	UKSPF - 23-24 (yr2) External Projects	0	0	0	0	0	0	0	
Other Items	UKSPF 25/26 (yr4) Affordable Warmth	0	0	0	0	0	0	0	
	UKSPF 25/26 (yr4) Climate & Nature Study	0	0	0	(15)	0	0	0	
	UKSPF 25/26 (yr4) Local Area Energy Plan	0	0	0	0	0	0	0	
	UKSPF-25/26 (yr4) External Projects	0	0	0	0	0	0	0	
		8,872	**0**	**8,872**	**(6,665)**	**13,777**	**(4,905)**	**5,050**	*(55%)*
GRAND TOTAL		**8,872**	**0**	**8,872**	**(6,665)**	**13,777**	**(4,905)**	**5,050**	*(55%)*

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

Council Housing Capital Programme 2026/27

	2026/27 Original Budget £	2026/27 Working Budget £	2026/27 P3 Actual £	2026/27 Projected Outturn £	2026/27 Variance (Working v Projected) £	2025/26 Slippage Request £	Comments (Working Budget to Projected Outturn)
EXPENDITURE							
Adaptations	300,000	300,000	26,571	321,900	(21,900)	21,900	Slippage requested
Energy Efficiency / Boiler Replacement	1,385,000	1,385,000	430,905	1,734,700	(349,700)	349,700	Slippage requested
Internal Refurbishment	1,078,000	1,078,000	166,194	1,078,000	0	0	
External Refurbishment	270,000	270,000	94,774	515,000	(245,000)	245,000	Slippage requested
Environmental Improvements	260,000	260,000	86,214	314,300	(54,300)	114,300	Slippage requested, off-set by lower demand for Positive Input Ventilations systems
Re-roofing / Window Renewals	527,000	527,000	73,567	735,500	(208,500)	206,500	Slippage requested
Rewiring	88,000	88,000	3,645	88,000	0	0	
Lift Replacement	0	0	0	0	0	0	
Fire Precaution Works	500,000	500,000	-28,475	652,300	(152,300)	152,300	Slippage requested
Housing Renewal & Renovation	1,290,000	1,290,000	230,898	1,482,000	(192,000)	192,000	Slippage requested
Mainway Regeneration Project	0	0	-344,973	0	0	0	
Acquisitions	250,000	250,000	0	908,700	(658,700)	658,700	Slippage requested
TOTAL EXPENDITURE	**5,948,000**	**5,948,000**	**739,320**	**7,830,400**	**(1,882,400)**	**1,940,400**	

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

APPENDIX F

Reserves Statement (Including Unallocated Balances)

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2026	From Revenue	To / (From) Capital	To Revenue	31 March 2027	31 March 2026	From Revenue	To / (From) Capital	To Revenue	31 March 2027
	£	£	£	£	£	£	£	£	£	£
Unallocated Balances	(10,338,300)	(460,000)	0	992,600	(9,805,700)	(11,750,874)	(460,000)	0	2,380,900	(9,829,974)
Earmarked Reserves (Usable):										
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
Corporate Priorities	(110,800)				(110,800)	(145,692)			68,500	(77,192)
Capital Support	(73,000)				(73,000)	(72,994)				(72,994)
Corporate Property	(1,626,400)			1,312,900	(313,500)	(1,616,628)			1,403,100	(213,528)
Covid 19 Support Reserve	(9,700)				(9,700)	(9,715)				(9,715)
Homelessness Support	(110,800)				(110,800)	(110,830)				(110,830)
Investment Property Maint	(119,100)				(119,100)	(153,288)				(153,288)
Invest to Save	(105,300)				(105,300)	(123,353)			18,000	(105,353)
Museums Acquisitions	(49,700)	(4,500)			(54,200)	(51,028)	(4,500)			(55,528)
Restructure	(400,000)				(400,000)	(450,628)				(450,628)
Business Rates Retention	(12,789,900)			693,000	(12,096,900)	(13,650,893)			1,008,600	(12,642,293)
Renewals Reserves	(2,116,500)	(220,400)	0	87,600	(2,249,300)	(2,115,825)	(220,400)	0	87,600	(2,248,625)
Total Earmarked Reserves (Usable)	(17,540,200)	(224,900)	0	2,093,500	(15,671,600)	(18,529,874)	(224,900)	0	2,585,800	(16,168,974)
Earmarked Reserves (Ringfenced):										
Elections	(107,300)	(45,000)			(152,300)	(107,302)	(45,000)			(152,302)
Lancaster District Hardship	(600)				(600)	(60,984)				(60,984)
Planning Fee Income	0				0	0				0
Revenue Grants Unapplied	(118,800)			21,600	(97,200)	(236,728)			21,600	(215,128)
S106 Commuted Sums - Affordable Housing	(218,800)				(218,800)	(218,796)				(218,796)
S106 Commuted Sums - Highways, Cycle Paths etc.	(1,514,600)	(100,000)			(1,614,600)	(1,604,192)	(100,000)	8,400		(1,695,792)
Welfare Reforms	(324,900)				(324,900)	(324,928)				(324,928)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,201)				(22,201)
Marsh Capital	(47,700)				(47,700)	(47,676)				(47,676)
Total Earmarked Reserves (Ringfenced)	(2,354,900)	(145,000)	0	21,600	(2,478,300)	(2,622,807)	(145,000)	8,400	21,600	(2,737,807)
Total Combined Reserves	(30,233,400)	(829,900)	0	3,107,700	(27,955,600)	(32,903,555)	(829,900)	8,400	4,988,300	(28,736,755)

APPENDIX F

HRA Reserves Statement (Including Unallocated Balances)

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £	31 March 2026 £	From Revenue £	To / (From) Capital £	To Revenue £	31 March 2027 £
HRA Unallocated Balances	**(770,100)**	**(525,600)**	**0**	**0**	**(1,295,700)**	**(826,388)**	**(525,600)**		**652,400**	**(699,588)**
Earmarked Reserves:										
Business Support Reserve	**(189,500)**	0	0	0	**(189,500)**	**(198,508)**	0	0	75,000	**(123,508)**
Major Repairs Reserve	**0**	(5,264,200)	5,264,200	0	**0**	**0**	(5,264,200)	5,264,200	0	**0**
Flats - Planned Maintenance	**(105,800)**	(33,000)	0	47,900	**(90,900)**	**(253,815)**	(33,000)	0	189,000	**(97,815)**
ICT and Systems Improvement	**(72,500)**	(256,000)	0	328,500	**0**	**(464,996)**	(256,000)	0	721,000	**4**
Sheltered - Equipment	**(248,500)**	(75,400)	0	42,100	**(281,800)**	**(299,997)**	(76,600)	0	93,500	**(283,097)**
Sheltered - Planned Maintenance	**(361,900)**	(150,900)	0	15,300	**(497,500)**	**(445,128)**	(153,000)	0	80,300	**(517,828)**
Sheltered Support Grant Maintenance	**(376,300)**	(75,400)	0	0	**(451,700)**	**(376,372)**	(76,600)	0	0	**(452,972)**
Total Earmarked Reserves	**(1,354,500)**	**(5,854,900)**	**5,264,200**	**433,800**	**(1,511,400)**	**(2,038,816)**	**(5,859,400)**	**5,264,200**	**1,158,800**	**(1,475,216)**
Total Combined Reserves	**(2,124,600)**	**(6,380,500)**	**5,264,200**	**433,800**	**(2,807,100)**	**(2,865,204)**	**(6,385,000)**	**5,264,200**	**1,811,200**	**(2,174,804)**

APPENDIX G

GENERAL FUND - 2026/27 SAVINGS & GROWTH PROPOSALS MONITORING (QUARTER 1)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
2026/27 APPROVED SAVINGS	**£'000**	**£'000**	**£'000**	**£'000**	
Environment & Place					
Bedding Plants	10	10	10	0	Built in to budget
Service Restructuring	44	11	44	0	Built in to budget
Planning & Climate Change					
Planning Team Restructuring	66	66	66	0	Restructure has been implemented
Resources					
Accountancy Team Restructuring	32	32	32	0	Restructure has been implemented
Sustainable Growth					
Engineers Team Restructuring	35	35	35	0	Restructure has been implemented
TOTAL SAVINGS	**187**	**154**	**187**	**0**	
2026/27 APPROVED GROWTH	**£'000**	**£'000**	**£'000**	**£'000**	
Environment & Place					
Allotment Officer Contribution	20	20	20	0	Grant Paid Across
Light-Up Lancaster	70	0	70	0	Grant to be paid Q2
Public Realm Resource	250	0	250	0	Currently planning spend
Governance					
IKEN Cloud System	34	34	34	0	Spending in Q1 for the year for licences as implemented 1 April 2026.
Procurement	43	11	43	0	Spending on track. Post filled.
People & Policy					
Marketing	47	12	47	0	Spending on track
Planning & Climate Change					
Digitalisation	51	16	51	0	Spending on track
Sustainable Growth					
Business Support Service	75	22	94	19	Additional cost for new split between WW, 27/28 budgets to be reduced by same amount
TOTAL GROWTH	**590**	**115**	**609**	**19**	
NET SAVINGS	**(403)**	**40**	**(422)**	**(19)**	

APPENDIX H

GENERAL FUND SERVICE ANALYSIS 2026/27

		Provisional Outturn 2025/26 £'000	Original Budget 2026/27 £'000	Q1 Projected 2026/27 £'000	Q2 Projected 2026/27 £'000	Q3 Projected 2026/27 £'000	Q4 Projected 2026/27 £'000
	Services						
Environment & Place	ASNL and Nature Reserves	102	120	120			
	Environmental Protection	303	388	371			
	Fleet Management	(1)	(9)	(5)			
	Food Safety	484	505	497			
	Hospitality & Events Management	306	260	285			
	Parks & Open Spaces	1,598	1,545	1,528			
	Pest Control	(14)	(22)	(25)			
	Salt Ayre Leisure Centre	847	563	666			
	Service Support	619	733	739			
	Street Cleaning	1,870	2,005	1,981			
	Streetscape	57	70	73			
	Trade Refuse	(651)	(874)	(865)			
	Waste Collection	2,595	3,167	3,202			
	Williamson Park	647	515	533			
Governance	Democratic Support & Elections	1,017	1,062	1,067			
	Legal Services	801	706	771			
	Licensing	(67)	(67)	(88)			
Housing & Property	Commercial Land & Properties	(454)	(1,157)	(1,053)			
	Customer Services	605	628	595			
	Facilities Management	622	597	636			
	GF Housing Schemes	(88)	(83)	(70)			
	Municipal Buildings	774	823	907			
	Other Land & Buildings	64	114	114			
	Private Sector Housing	286	1,039	888			
	Property Group	904	1,060	1,058			
	Public Health Services	137	144	133			
	Repairs & Maintenance	0	0	0			
People & Policy	Communications	182	216	215			
	Community Connectors	0	0	0			
	Emergency Planning & CSP	115	118	119			
	Exec Support	193	193	192			
	Health & Safety	58	114	103			
	HR & OD	822	842	854			
	Marketing	284	297	296			
	Policy and Partnerships	200	267	262			
	Projects & Performance	147	238	231			
	VCFS	314	333	333			
	Visitor Information Centres	32	36	36			
Planning & Climate Change	DM - Building Control	245	305	310			
	DM - Planning	662	684	607			
	Energy and Sustainability	219	(61)	33			
	Planning & Housing Strategy	862	953	924			
Resources	CCTV	73	84	86			
	Finance	1,535	1,700	1,541			
	ICT	1,649	1,987	1,827			
	Internal Audit	172	177	177			
	Revenues & Benefits	1,473	1,537	1,566			
Sustainable Growth	Economic Development & Culture	226	310	328			
	Markets	235	(31)	19			
	Museums	456	459	457			
	Parking	(2,640)	(2,603)	(2,627)			
	Regeneration	524	521	546			
	Strategic Projects & Engineers	223	465	374			
		21,624	**22,973**	**22,867**	**0**	**0**	**0**
	Corporate Services						
Corporate Accounts	Corporate Accounts	111	(157)	360			
Other Items	Contributions from Reserves	4,192	37	(279)			
	Government Grants	(803)	0	0			
	Interest Payable	1,149	1,899	1,468			
	Interest Receivable	(1,251)	(506)	(661)			
	Minimum Revenue Provision	2,703	3,872	3,676			
	Notional Charges	(58)	0	0			
	Pandemic Support	0	0	0			
	Revenue Funding of Capital	0	(110)	(137)			
	Capital Funding of Revenue	0	0	0			
	UKSPF	0	0	0			
		6,043	**5,035**	**4,427**	**0**	**0**	**0**
Net Recharges to Housing Revenue Account		(1,026)	(1,026)	(1,026)			
RMS Capital Charges (now Housing Revenue Account)		(212)	(218)	(218)			
Corporate Property Review (Revenue)		124	2,344	2,372			
Corporate Property Review (Appropriation)		1,303	(1,275)	(1,303)			
Revenue Reserve funded items (Revenue)		1,537	1,002	2,577			
Revenue Reserve funded items (Appropriation)		(1,331)	(1,002)	(2,577)			
General Fund Revenue Budget		**28,062**	**27,833**	**27,119**	**0**	**0**	**0**
Financing Income		(16,512)	(15,902)	(15,587)			
Council Tax Requirement		**11,550**	**11,931**	**11,532**	**0**	**0**	**0**

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

APPENDIX I

Aged Debt Summary by Service (as at 01 July 2026)

Debtor Sections	Under 28 Days		28 to 59 days		60 to 91 days		92 to 183 days		184 to 364 days		Over 365 days		Credit/Income not applied		Total Debts	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Environment & Place	93	78,957	89	41,436	579	590,484	16	16,995	49	42,054	175	108,297	59	-8,519	1,060	**£869,706**
Governance	0	0	3	3,750	0	0	0	0	3	10,766	10	24,049	0	0	16	**£38,565**
Housing & Property	124	191,464	79	84,787	85	101,351	226	285,390	168	399,401	1,283	1,683,705	54	-4,825	2,019	**£2,741,273**
Planning & Climate Change	7	10,593	1	590	1	768	1	768	0	0	35	141,830	2	-636	47	**£153,914**
Resources	0	0	0	0	0	0	0	0	0	0	2	12,032	0	0	2	**£12,032**
Sustainable Growth	31	79,788	46	52,062	40	122,063	19	56,076	22	10,843	47	34,339	4	-3,079	201	**£352,093**
Total Per Period	**247**	**£360,803**	**218**	**£182,626**	**705**	**£814,666**	**262**	**£359,230**	**242**	**£463,064**	**1,552**	**£2,004,253**	**119**	**(£17,059)**	**3,345**	**£4,167,582**

Total Debts	**3,345**	**£4,167,582**

APPENDIX J

Treasury Management Update

Quarter ended 30th June 2026

Report of Chief Resources and S151 Officer

2026/27 Treasury Management Update

Quarter Ended 30th June 2026

1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. Economic update (provided by MUFG Corporate Markets)

The first quarter of 2026/27 (1st April to 30th June) saw:

- The first sign that the economy is starting to falter with a 0.1% month over month fall in real GDP in April
- The 3 month year on year rate of average earnings growth excluding bonuses stagnate at 3.4% in April
- CPI inflation stuck at 2.8% in May, with a rise in core CPI inflation from 2.5% to 2.6%
- The Bank of England leave interest rates unchanged at 3.75% as the economy remains weak
- The 10-year gilt yield fluctuate between 5.18% and 4.69%, ending the quarter at 4.76%

The economy performed well in the early stages of the energy shock, with GDP rising by a strong 0.6% quarter on quarter between January and March. But that will likely be the high point of the year. Indeed, the 0.1% month on month fall in real GDP in April was the first decline since August 2025 and brought the first signs that the economy is starting to crack.

Services output contracted by 0.2% month on month in April and activity fell in eight of the 14 services sub-sectors, suggesting the sector is bearing the brunt of the Iran war fallout. Consumer-facing services recorded the biggest monthly fall in output since May 2025, causing the % 3 month over 3 month growth rate to ease from 0.9% in March to 0.6% in April, as households cut back on non-energy spending.

Despite a weak headline number, digging deeper there were some signs of strength. Manufacturing output rose by 0.4% month on month but that was probably in part due to a temporary prop from precautionary stock building. Looking ahead, despite the announced ceasefire of the conflict in the Middle East, Capital Economics expect elevated prices to erode the real spending power of households and businesses, leaving growth to stagnate in Q2 and Q3 this year.

The fall in the composite Purchasing Manager Index (PMI) from 49.7 in May to a 14-month low of 49.4 in June was entirely driven by services activity. Indeed, the services activity PMI fell from 49.3 to a 41-month low of 48.7 due to rising costs and political uncertainty weighing on consumer confidence. That weakness was partly offset by a rise in the manufacturing output for a third consecutive month but that was due to fears of shortages causing businesses to build stocks. Overall, the composite PMI suggests the strong start to the year will be followed by tepid growth at best. Various prices balances have edged lower more recently as falling oil prices feed through to an easing *in cost pressures. While these prices remain too high for the Bank of England, it is clear the upward pressure on prices is easing.,*

With most of the 1.2% month on month rise in retail sales volumes in May driven by promotions and unusually warm weather, this surprisingly strong month is unlikely to be the start of a sustained upturn. Admittedly, the recent fall in oil prices should boost fuel sales as drivers become less cost sensitive, but the GfK measure of consumer confidence in June still points to total sales volumes falling by about 2.0% month on month in June. Moreover, while the war could be over, the expected further rises in inflation and unemployment yet to come through seem consistent with the annual growth rate of retail sales volumes easing from +3.2% in May to about -1.0 this year.

Public sector net borrowing of £23.3bn in May was above the OBR's forecast of £17.7bn and £5.4bn above May's figure last year. The weak performance in May was mainly due to the strength of government spending, as the rise in Retail Prices Index inflation in March meant debt interest payments were £4.1bn higher than in May 2025, £3.3bn higher than the OBR anticipated in March and the highest in any May on record. Tax receipts of £85.5bn were also below OBR predictions.

The weak performance in May has come before the full impact from the energy price shock hits. The combination of further energy price support, higher inflation and the weakening economy may cause borrowing to rise from 4.2% of GDP in 2025/2026 to 4.4% in 2026/2027, above the OBR's March forecast of 3.6%. If Chancellor Reeves is replaced, there is scope for borrowing to be even higher.

The first quarter of 2026 saw significant weakening of the labour market. While the latest PAYE employment figure for May saw a 2,000 rise, that barely offset the big 53,000 drop in April and meant employment was still 64,000 (0.2%) lower than before the start of the Iran war and 0.4% lower than a year ago. Moreover, the number of job vacancies on the single-month measure fell for the fourth month in a row in May and the claimant count saw the largest monthly rise since July 2024.

In addition to some signs of stabilisation in the labour market figures, the recent easing in pay growth appears to have stalled. Despite some further easing in the private sector pay below the 3.25% that the Bank of England considers consistent with CPI inflation falling to target, the 3 month year on year growth rate of average earnings stayed at 4.4% in April. Excluding bonuses, it stayed at 3.4% whilst regular public sector pay growth accelerated from 4.8% 3 month year on year to 5.1% 3 month year on year.

Like wage growth, CPI inflation held steady in May at 2.8%. There wasn't much support to inflation from energy effects. The 0.3% month on month fall in fuel prices was smaller than the 1.6% month on month drop last May and meant fuel inflation rose only a bit from 23.0% to 24.6%. After rising to 129.6%, heating oil inflation eased to 95.6%. And the 13.5% rise in the Ofgem utility price cap, which will add 0.6 percentage points (ppts) to CPI inflation, doesn't take effect until 1st July. With food & drink inflation easing to its lowest rate since late 2024, higher energy costs do not seem to be boosting other items of the CPI just yet.

The delayed rise in utility prices and the lagged indirect energy effect will lift CPI inflation over the next nine months, perhaps to around 3.6%. Even so, the weak labour market and soft economic backdrop will prevent second-round effects, allowing inflation to fall to 2.0% next year.

There were two monetary policy committee (MPC) meetings in Q2 2026 where Bank rate was yet again left unchanged at 3.75%. Even so, the tone in recent meetings has *been increasingly hawkish, with two MPC members voting for a rate hike in June compared to just one in April. While energy prices may be falling, the MPC won't want to unwind some of the tightening in financial conditions priced into the markets. And while there is quite a difference between this energy shock and the one following the Russia-Ukraine war in 2022, the Bank of England will want to steer clear of allegations of taking too long to act. Nevertheless, we suspect a weak labour market, and soft activity will keep rates at 3.75% this year, with cuts thereafter leaving Bank rate at 3.5% by the end of next year and 3.25% by the spring of 2028.*

April to June brought more volatility for 10-year Gilt yields. After ending March at 4.92%, the 10-year Gilt shot up to 5.18% in mid-May, its highest level since 2008. While that largely reflects the surge in energy prices, sticky domestic inflation concerns and a rising UK political risk premium also put some upward pressure on the yield at the margin.

Since, positive developments in the US-Iran conflict has led to a fall in oil and gas prices. The 10-year Gilt yield has generally traced that move, falling back to 4.7% in June. This rally in Gilts has also been supported by the Bank of England keeping rates on hold and some reassurance on the fiscal outlook from the likely replacement of Starmer's leadership with Burnham's. Indeed, while financial markets had been pricing in around four policy rate hikes over the next year or so, they are now pricing in just one rate hike over the coming year. While the full inflationary impact of the war in Iran is yet to be felt, we still think a weaker labour market and subdued growth will prevent second-round effects.

The FTSE 100 has been slowly gaining back some of the losses of the previous quarter. While the index dropped from an all-time high of around 10,900 in late February to 10,176 by the end of March as the ongoing war weighed on sentiment, the FTSE 100 regained some ground by the end of June. Indeed, the index has increased by around 3.3% over the quarter, rising from 10,176 to 10,516 and volatility has returned to historical norms.

Nonetheless, with stocks in the energy sector generally providing negative returns amid falling energy prices, the large weighting of the sector in the FTSE 100 has led the index to underperform most peers in common currency terms. But returns from stocks in other sectors, particularly financials, helped to offset some of this weakness. Looking ahead, Capital Economics expect tech sectors to outperform as enthusiasm for AI builds, potentially pushing the FTSE 100 index up above 11,000 before a bursting of the AI bubble causes the index to fall back to 10,500 in 2027.

3. Interest Rate Forecast

The Council has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast was provided on 25th March 2026:

MUFG Corporate Markets Interest Rate View 25.03.26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90

- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The MUFG Corporate Markets forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

The forecast has proved robust over the period since the end of March, setting out a central view that short and long-dated interest rates will start to fall once it is evident that the Bank of England will not have to contend with second-round inflationary effects emanating from the conflict in the Middle East. Nonetheless, the longer dated part of the forecast also reflects the poor state of the public finances and the uncertainty pertaining to the likely Prime Ministership of Andy Burnham from 20th July.

Overall, our central view is that monetary policy is sufficiently tight for the likely uptick in CPI inflation through the remainder of 2026 if growth remains tepid. We forecast the next reduction in Bank Rate to be made in H2 2027, with Bank Rate falling to a low of 3.25% by the start of 2028.

4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2026/27, which includes the Annual Investment Strategy, was approved by the Council on 25 February 2026. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the charts below and the interest rate forecasts in section 3, investment rates have remained elevated during the first quarter of 2026/27 and are only expected to fall back once it is clear that inflation will not take a strong foothold in H2 2026. A peak in CPI inflation of 3.6% is currently forecast by Capital Economics.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

The current investment counterparty criteria selection approved in the Treasury Management Strategy is meeting the requirement of the treasury management function.

The average level of funds available for investment purposes to the end of quarter 1 was £30.77M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

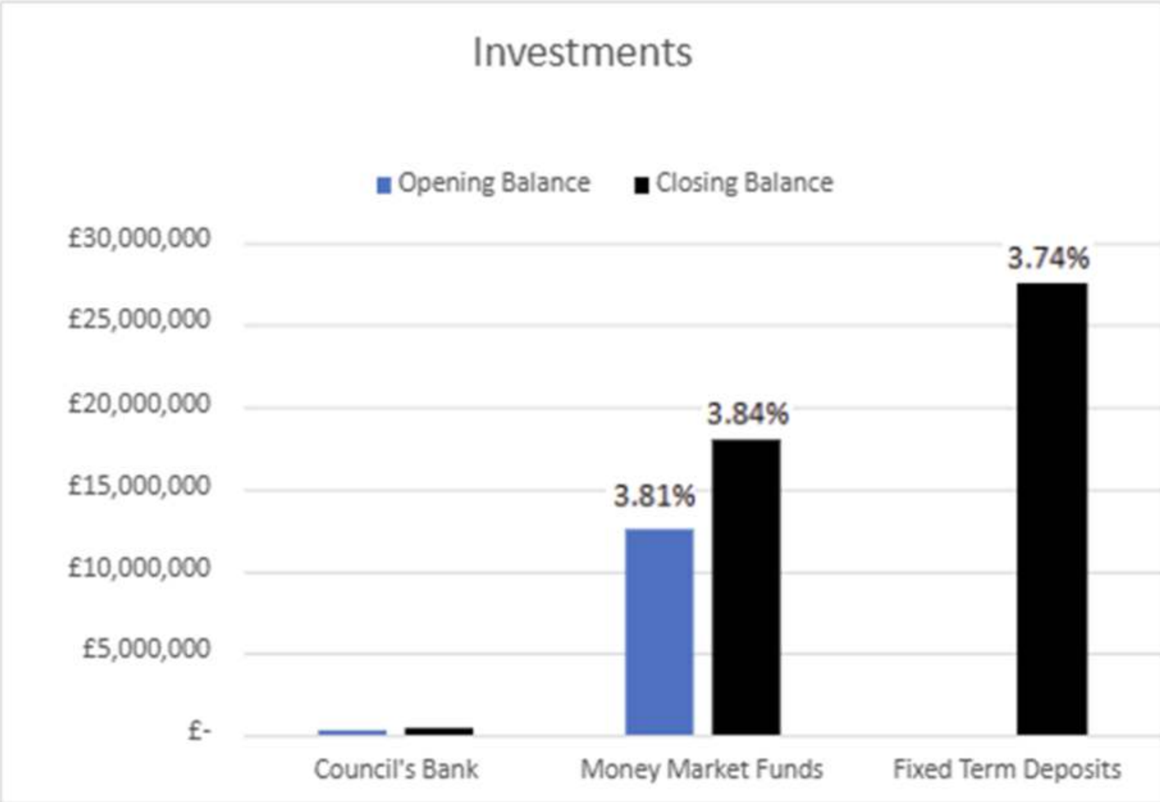
In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow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

Base Rate	3.75%
7 day SONIA	3.73%
Lancaster City Council investments	3.78%

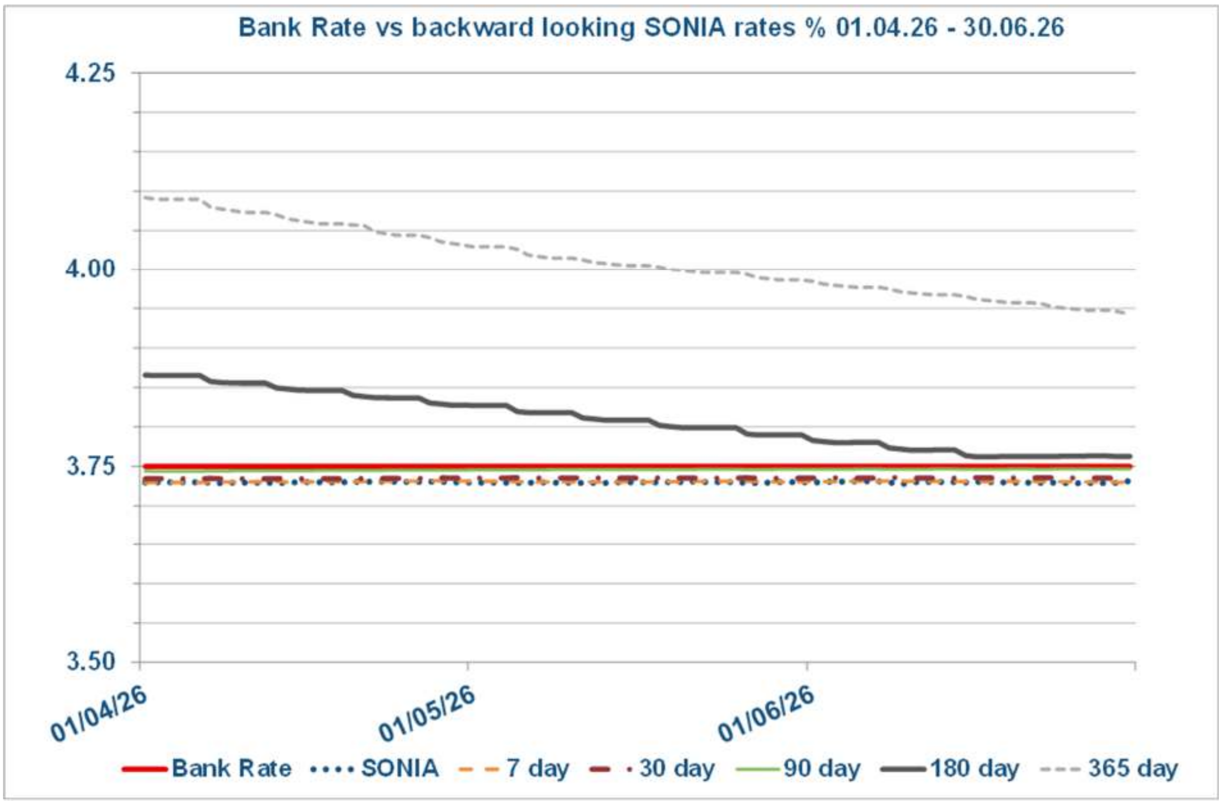
Investment Balances – quarter ended 30 June 2026

At the start of the quarter investments totalled £12.5M rising to £45.5M by 30 June. Fixed term investment with local authorities on 30 June were £0.0M whilst Money Market Fund balances were £18.0M and £27.5M was held in fixed term deposits with the DMO.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2026.



Other Investments	Term	Maturity Date	Opening 01.04.2026 £	Closing 30.06.2026 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
Call Accounts							
Natwest (Cash Manager Plus)			240,399	433,693	0.01%		3,395
Money Market Funds							
Insight			500,000	6,000,000	3.83%		48,964
Aberdeen Standard			6,000,000	6,000,000	3.83%		57,044
LGIM			6,000,000	6,000,000	3.86%		57,688
Fixed Term Deposits							
DMADF	40 days	6/7/2026	0	8,500,000		3.75%	30,524
DMADF	35 days	6/7/2026	0	2,000,000		3.74%	6,140
DMADF	42 days	13/07/2026	0	1,000,000		3.74%	3,070
DMADF	43 days	14/07/2026	0	1,000,000		3.74%	3,074
DMADF	49 days	20/07/2026	0	3,500,000		3.74%	10,759
DMADF	41 days	20/07/2026	0	1,300,000		3.75%	2,934
DMADF	40 days	20/07/2026	0	1,200,000		3.75%	2,586
DMADF	46 days	11/8/2026	0	5,000,000		3.74%	2,558
DMADF	42 days	11/8/2026	0	4,000,000		3.74%	409
Other DMADF investments	various	various	0	0			64,684
Sub-total			12,740,399	45,933,693			293,830
						Budgeted income	139,264
							154,566



5. **Borrowing**

No borrowing was undertaken during the quarter ended 30th June 2026. However, it is anticipated that borrowing will be undertaken during this financial year. This is anticipated to be temporary borrowing whilst interest rates remain elevated allowing an option to refinance for a longer term once rates fall. The ultimate timing and amount of borrowing will depend on exact working capital cashflows which are kept under close review.

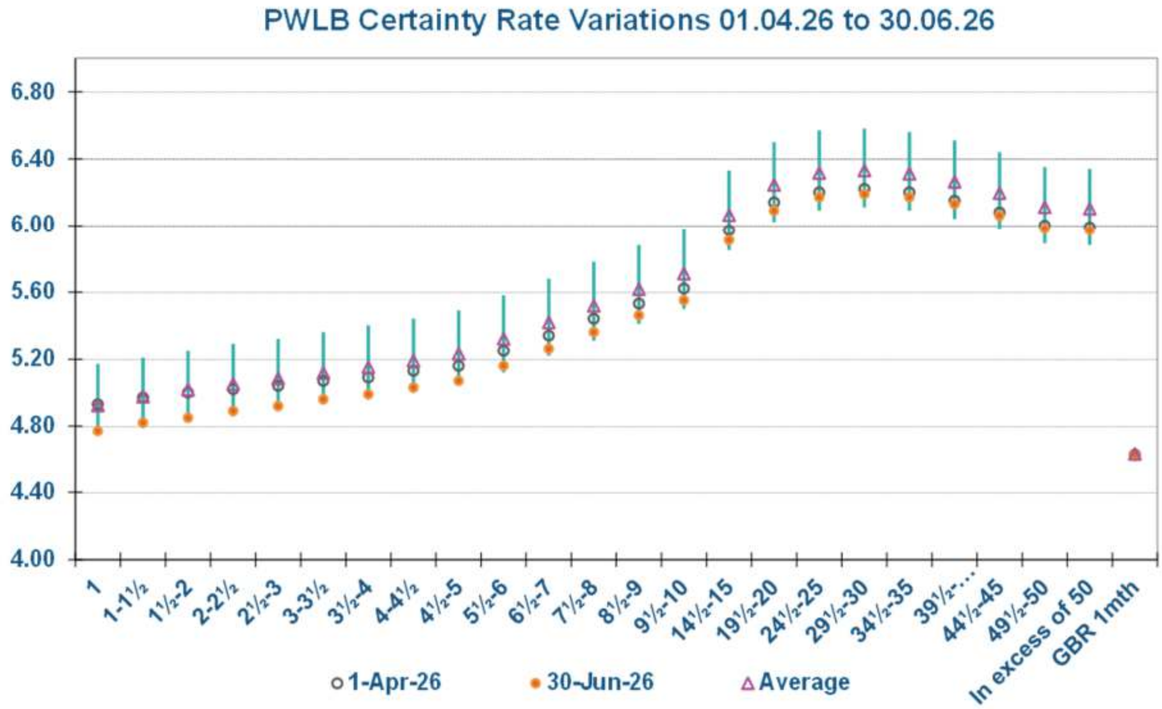
PWLB maturity Certainty Rates 1st April to 30th June 2026

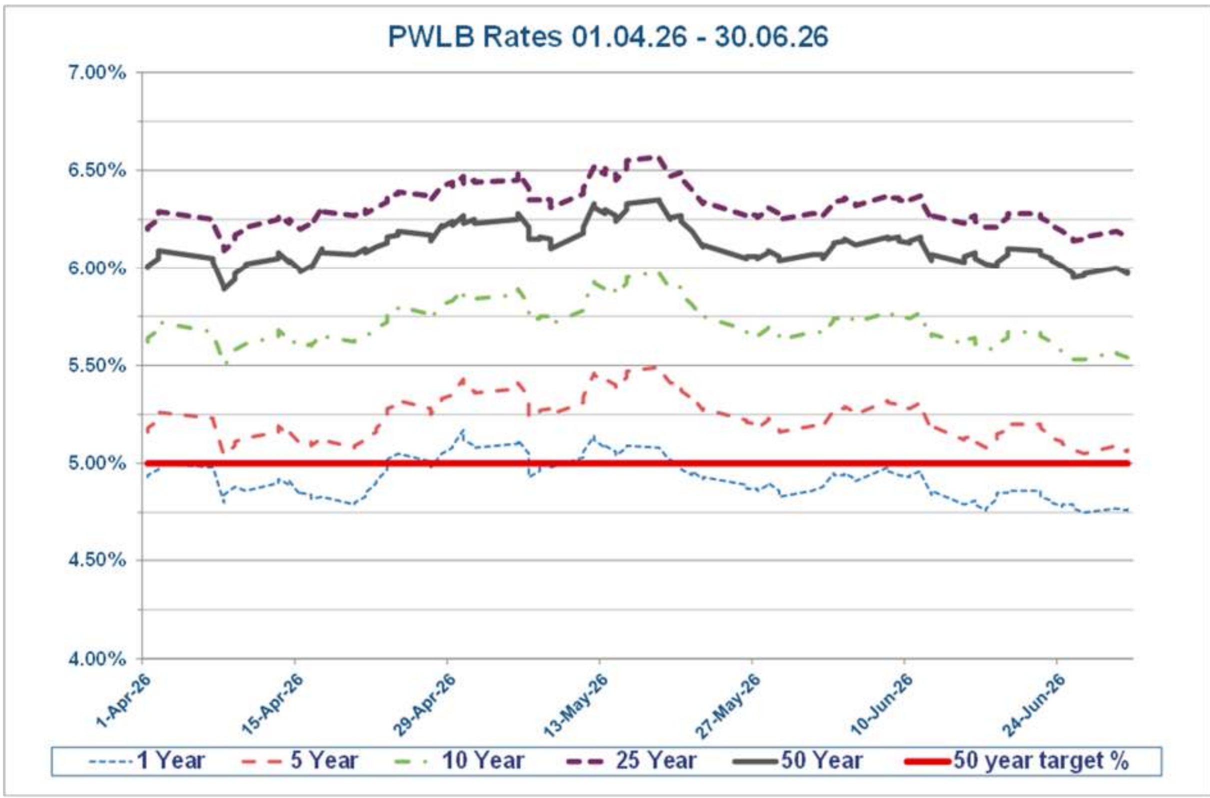
Heading into the second quarter of 2026/27, markets seem to have settled down to a view that Bank Rate may increase by 25 basis points to 4% later in 2026, or early in 2027, if the Bank of England's Monetary Policy Committee deems it prudent to keep any secondary round effects of inflation from flaring up. On balance, however, MUFG Corporate Markets believes that Bank Rate will remain unchanged at 3.75% for the remainder of 2026, and that the next movement will be downwards if the CPI measure of inflation gets no higher than a peak of circa 3.5% before trending lower towards the 2% inflation target rate. Consequently, where market sentiment has gradually moved towards that view, the chart below has captured the degree to which rates across the whole curve - having risen at the start of the quarter – have finished the quarter at a similar level to which they started.

There have been both international geo-political and domestic factors holding sway over the past three months, sometimes separately and sometimes jointly. Initially, markets focussed on the inflationary threat from a large spike upwards in fuel and energy costs emanating from the conflict in the Middle East and, more precisely, the shutting of the Strait of Hormuz to cargo ships transporting oil. Heading into July however, there has been tentative optimism that the US and Iran can reach an agreement that will either end or restrict the worst of the hostilities. As oil prices have dropped back, inflation concerns have become more muted, although gilt yields are still historically high and monetary policy tighter than it was before the start of the conflict.

Domestically, Andy Burnham is the Prime Minister in-waiting and could take over the leadership of the country by the end of July. Nonetheless, markets have generally assumed that whatever new policies may move to the fore under his leadership, there would still be fiscal constraints that he would have to adhere to.

The rates shown in the chart below shows that MUFG Corporate Markets think borrowers will achieve the most value by focusing on the shorter part of the curve. Medium and long-dated rates continue to prove expensive.





6. Debt Rescheduling

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

7. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th June 2026, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2026/27. The Chief Resources & S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

The Prudential and Treasury Indicators for 2026-27 as of 30th June 2026 are set out below:

Treasury Indicators	31.03.26 Actual £M	2026/27 Approved Estimate £M
Authorised limit for external debt	134.00	130.00
Operational boundary for external debt	118.96	115.02
Gross external debt	55.89	70.89
Investments	(12.50)	(13.65)

Prudential Indicators – Non HRA	31.03.26 Actual £M	2026/27 Approved Estimate £M
Capital expenditure *	17.43	13.08
Capital Financing Requirement (CFR) *	72.87	83.07
Annual change in CFR *	8.05	10.20
Ratio of financing costs to net revenue stream *	14.16%	21.79%

Prudential Indicators – HRA	31.03.26 Actual £M	2026/27 Approved Estimate £M
Capital expenditure *	5.53	6.23
Capital Financing Requirement (CFR) *	31.99	30.95
Annual change in CFR *	(1.05)	(1.04)
Ratio of financing costs to net revenue stream *	15.59%	14.61

8. Other Issues

Changes in risk appetite

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

Budget and Performance Panel

Projects and Performance: Q1 2026-27
16 September 2026

Report of Chief Executive

PURPOSE OF REPORT
To provide members with an update on Strategic Projects and Corporate Performance, during quarter one 2026-27 (April to June 2026).
This report is public.

RECOMMENDATIONS

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

1.0 Introduction

1.1 The purpose of this report is to present information relating to the council's Strategic Projects and Performance from April to June 2026, which can be found within the appendices.

2.0 Performance Reporting

2.1 Guidance on how to read appendix A.

2.1.1 The majority of indicators should be compared to the previous quarter (or previous year for annual indicators). For those marked with an asterisk comparing to the like quarter from the previous year is advised.

2.1.2 Our KPI (Key Performance Indicator) data is typically shown using a blue line. Where measures have targets or bench marking figures, they are shown using an orange or green line. Each chart contains a key for ease of reading.

2.1.3 The comments provided by KPI owners give further explanation on each indicator.

2.1.4 Within the 'Comments' column it is either marked 'Low is good' or 'High is good'. This is included to guide the reader on the preferred direction of travel.

2.1.5 Due to delays in the availability of the data, some measures report one quarter behind. These are clearly marked.

2.1.6 Some annual indicators report in quarter four, others will report in quarters one to three. This is a change from what we used to have in place. The change has been made to align the reporting to when the data becomes available.

2.2 Summary of key points to highlight in the performance report.

2.2.1 100% of Major planning applications were determined within the statutory 13 weeks or an agreed extension of time period.

2.2.2 Measurable environmental benefits were delivered through the new waste collection service, with CO_2 emissions reducing from 3,200 tones in Q4 to 2,548 tones in Q1.

2.2.3 No families were placed in Bed and Breakfast accommodation for more than six weeks for the third consecutive quarter.

2.2.4 Workforce wellbeing improved during Q1, with average sickness absence reducing from 2.52 days to 2.02 days per employee, alongside a reduction in new long-term sickness cases.

3.0 Strategic Projects Reporting

3.1 Guidance on how to read appendix B.

3.1.1 The Programmes and Projects highlight report shows a short narrative and “Red – Amber – Green” status updates for three elements of the project, these being Plan, Cost and Scope.

3.1.2 The ‘Update’ column shows a summary of the projects progress over the last quarter. Where projects are ‘on hold’ a short explanation as to why the project has this status is included.

3.1.3 The ‘Updated’ column shows the date when the update was received. This is included as some projects progress quickly, so it is useful to understand when the update (a snapshot of progress) was taken.

3.2 Key points on the progress of strategic projects. Nineteen strategic projects were reported this quarter, comprising of sixteen project update reports, two project completion/review reports, and one project remains at the feasibility stage. Of the sixteen projects producing full update reports:

3.2.1 Seven projects are reporting ‘amber’ (minor) delays with the progress of their project plans.

3.2.2 Four projects are reporting ‘amber’ (minor) deviations to the cost of the project.

3.2.3 Four projects are reporting ‘amber’ (minor) concerns with the scope, meaning it is anticipated that one or more benefits of each project may not be realised.

3.2.4 All other statuses are reporting ‘green’.

CONCLUSION OF IMPACT ASSESSMENT **(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):** None directly identifiable, due to the high-level nature of this report.
LEGAL IMPLICATIONS There are no legal implications directly arising.
FINANCIAL IMPLICATIONS There are no financial implications directly arising.
OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces There are no further implications directly arising.
SECTION 151 OFFICER’S COMMENTS The Section 151 officer has been consulted and has no further comments.
MONITORING OFFICER’S COMMENTS The Monitoring Officer has been consulted and has no comments.

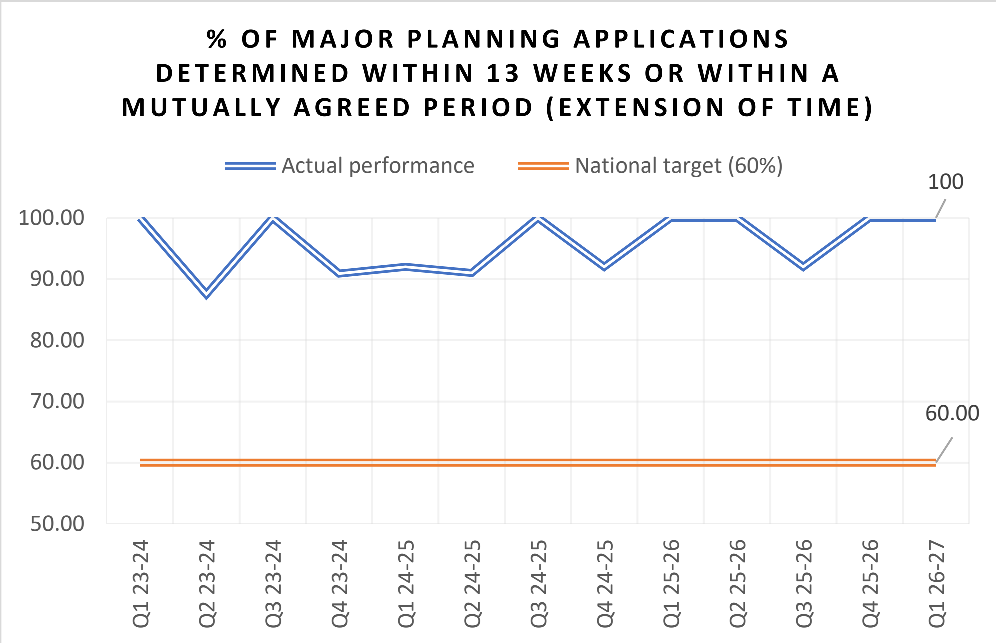
BACKGROUND PAPERS None	**Contact Officer:** Emilia Leak, Projects and Performance Manager **Telephone:** 01524 582504 **Email:** eleak@lancaster.gov.uk **Ref:** N/A

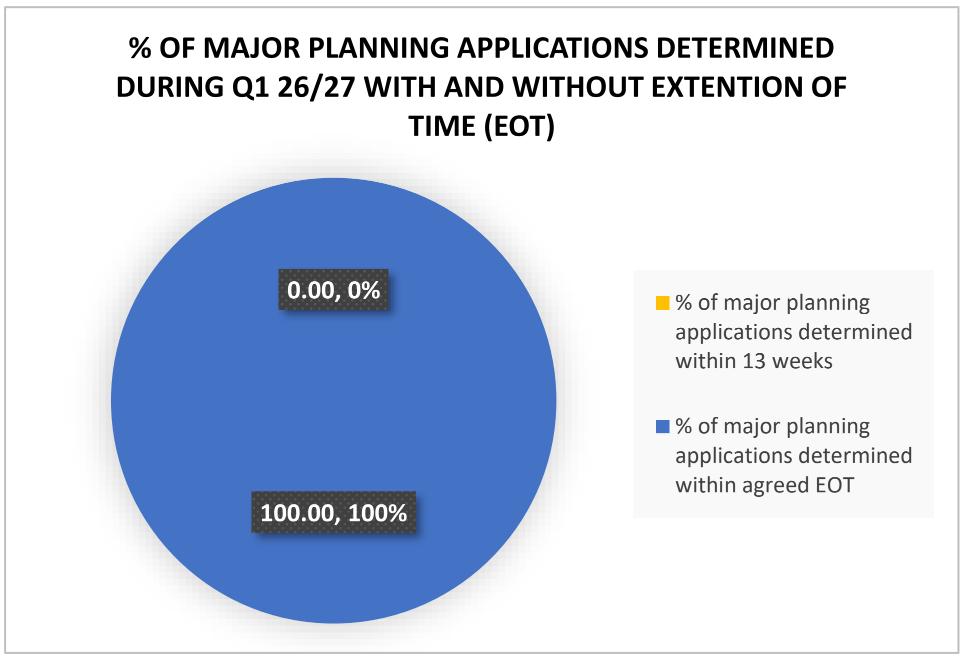
LANCASTER CITY COUNCIL *Promoting City, Coast & Countryside*	**Corporate Performance updates** **30th June 2026 (Q1)**	**Council Priorities Key**

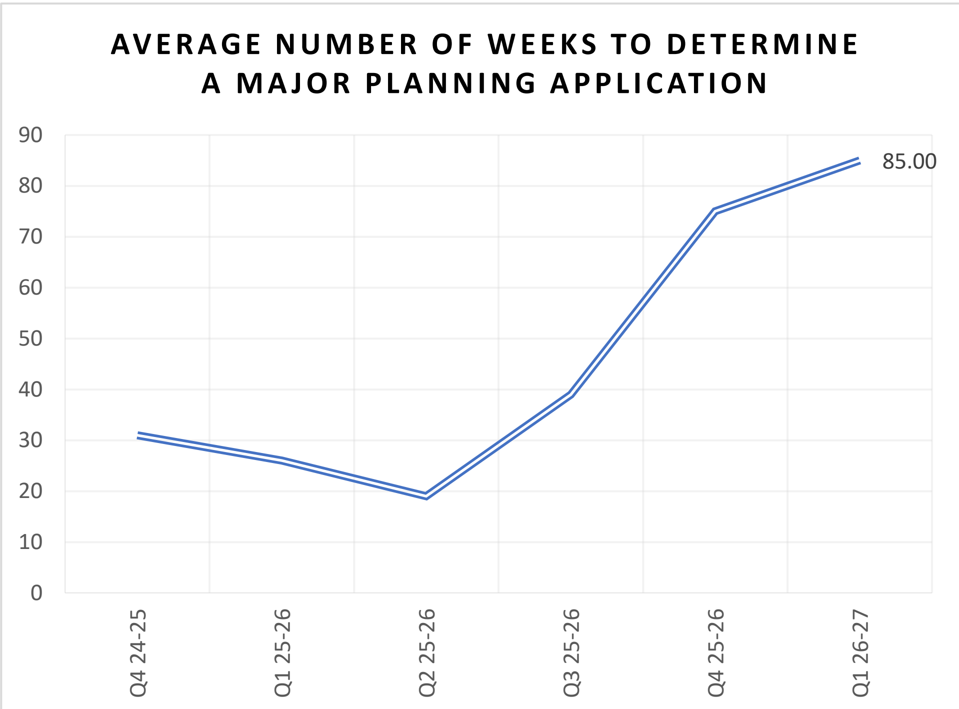
I	An inclusive and Prosperous Local Economy (Economy)
S	A Sustainable District (Environmental)
H	Healthy and Happy Communities (Social)
R	A Co-operative, Kind and Responsible Council (Governance)

Measures marked with a * are usually compared to the same quarter from the previous year.

An Inclusive and Prosperous Local Economy (Economy)

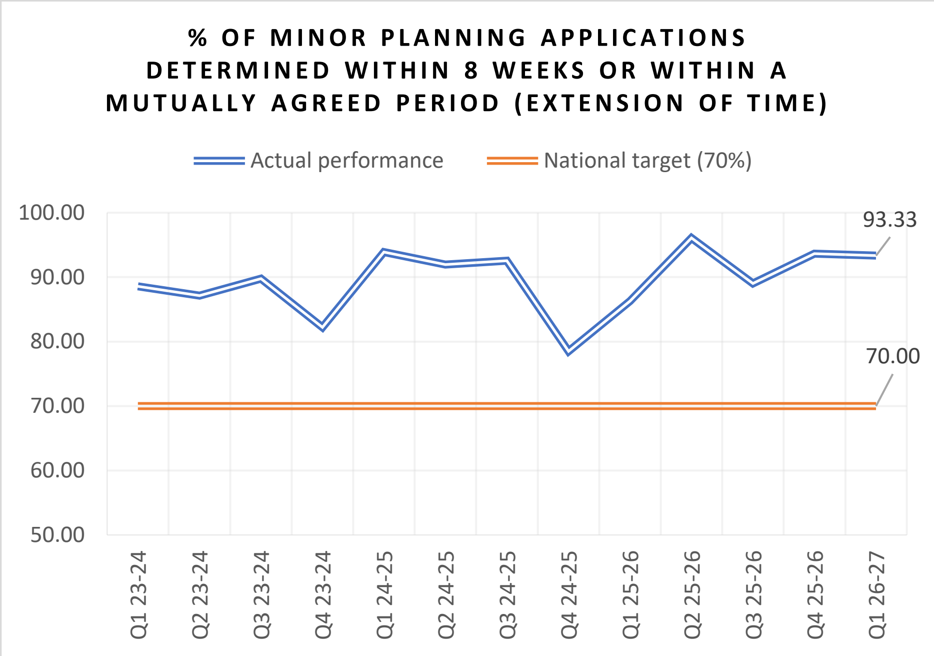


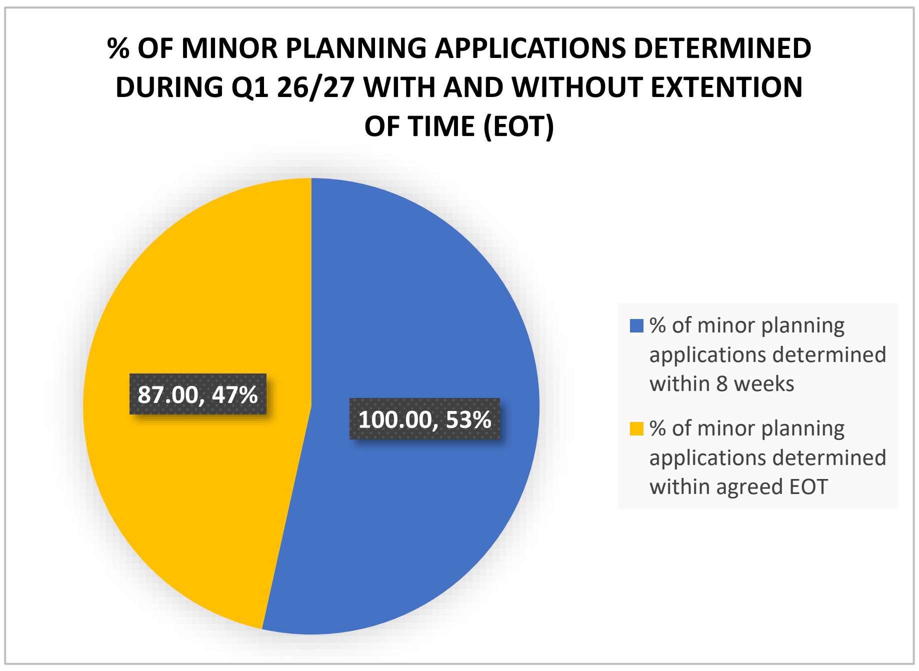


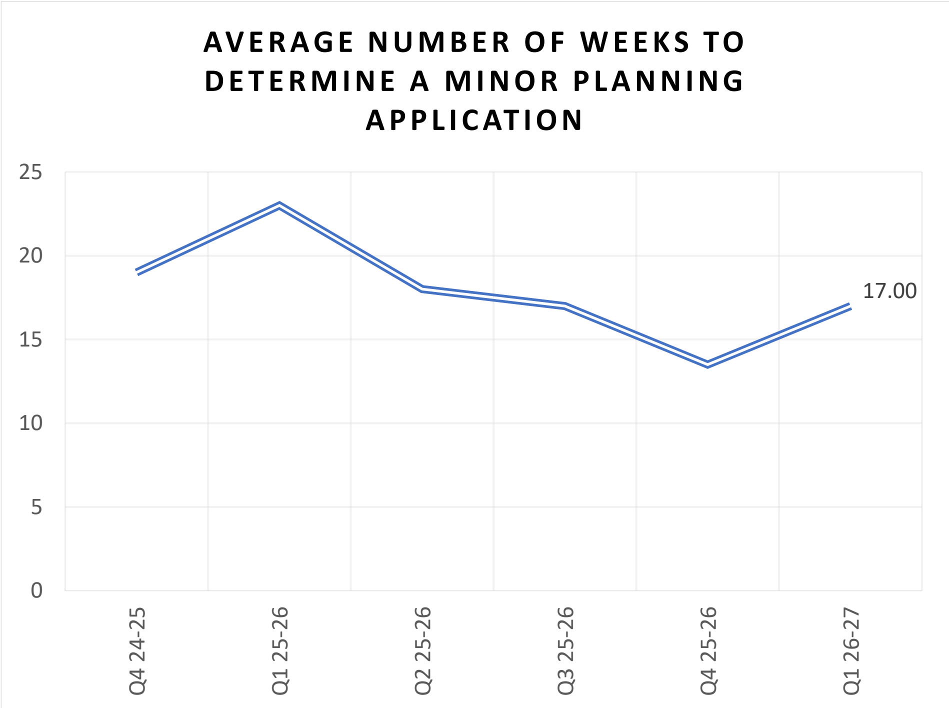


The percentage in time of major applications determined this quarter is at 100%, which is a fantastic result from the team. This is to be commended. One decision related to the strategic development site of Lancaster North which is being promoted by Taylor Wimpey. Contractors are now on site. This is an application that was submitted a number of years ago however there was challenges to due to access and it had been presented to Planning Committee twice in this time. A further approval relates to the delivery of much needed housing in Halton at land south of Low Road in the village on behalf of Applethwaite.

High is good

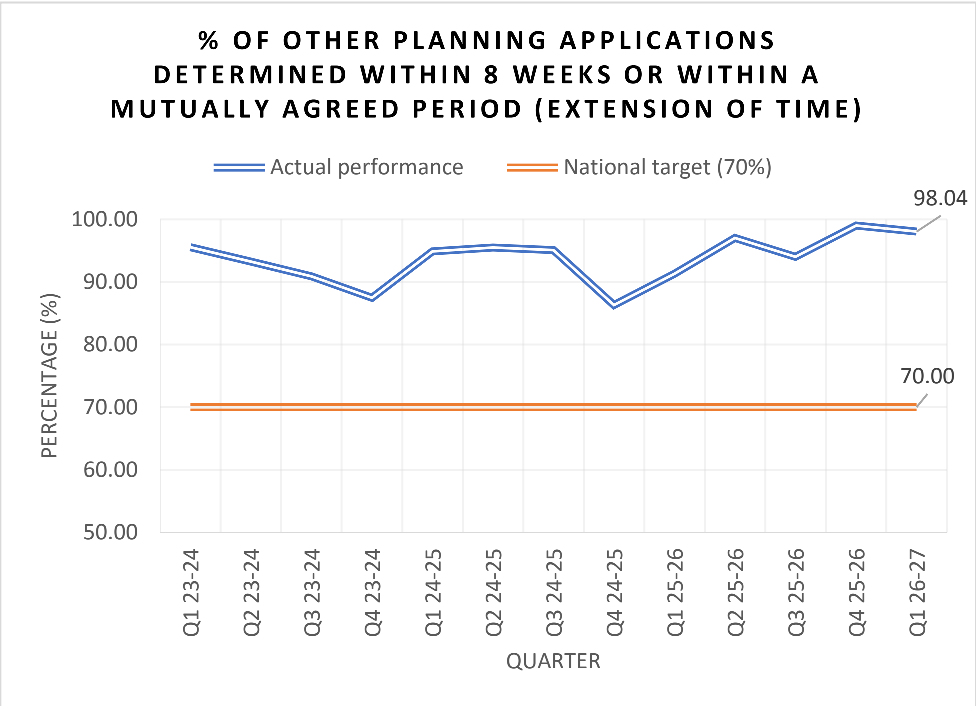


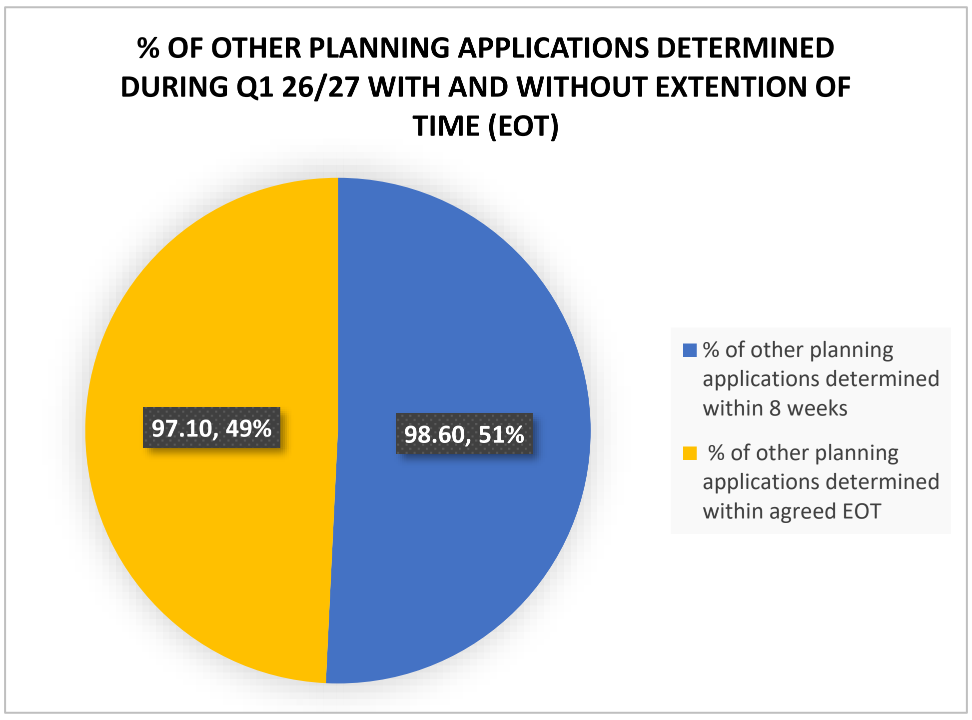


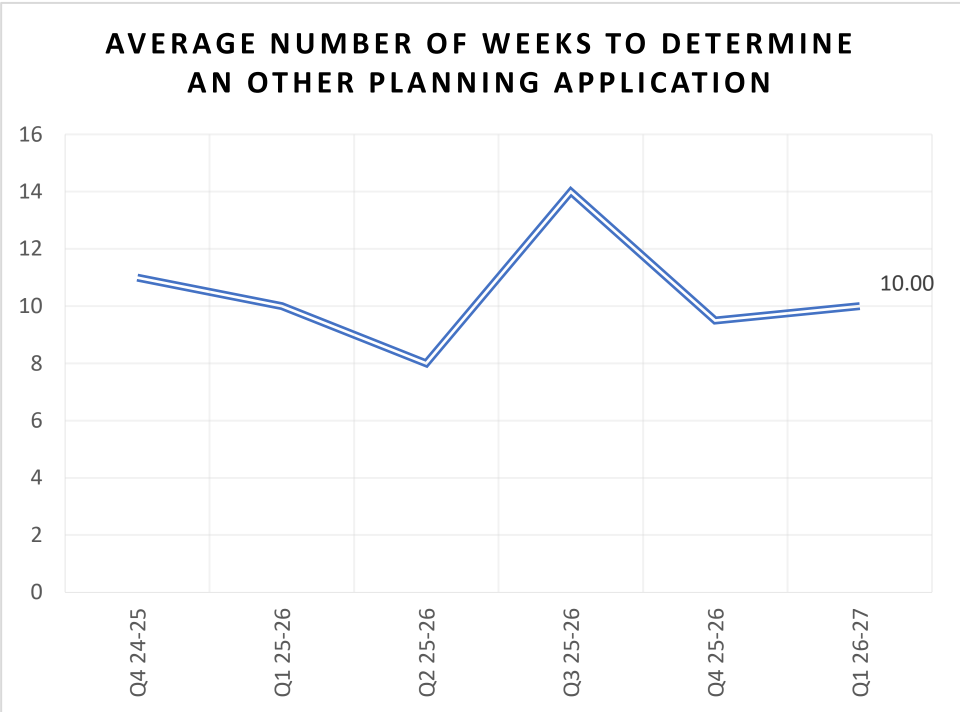


There has been a small fall compared to the last quarter but consistent to the quarter previous before. One of our planning assistants left the authority in June which will have contributed to this as her caseload had to be shared across an already stretched team. From August, two new planning assistants have been recruited which will assist delivery moving forward in the weeks and months ahead. Crucially as well, the number of determinations is consistent with respect to minor applications compared to the previous quarter.

High is good

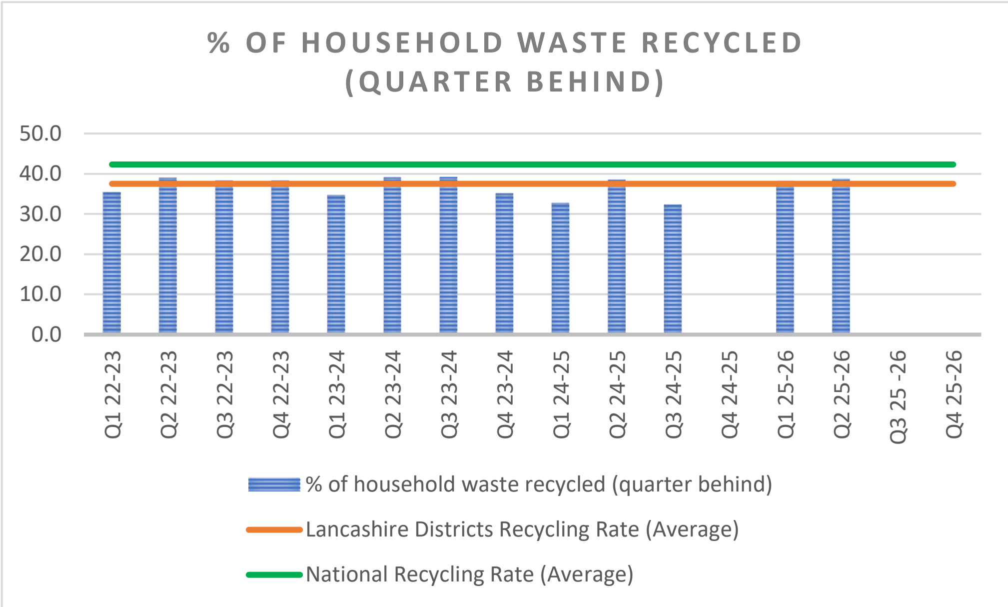
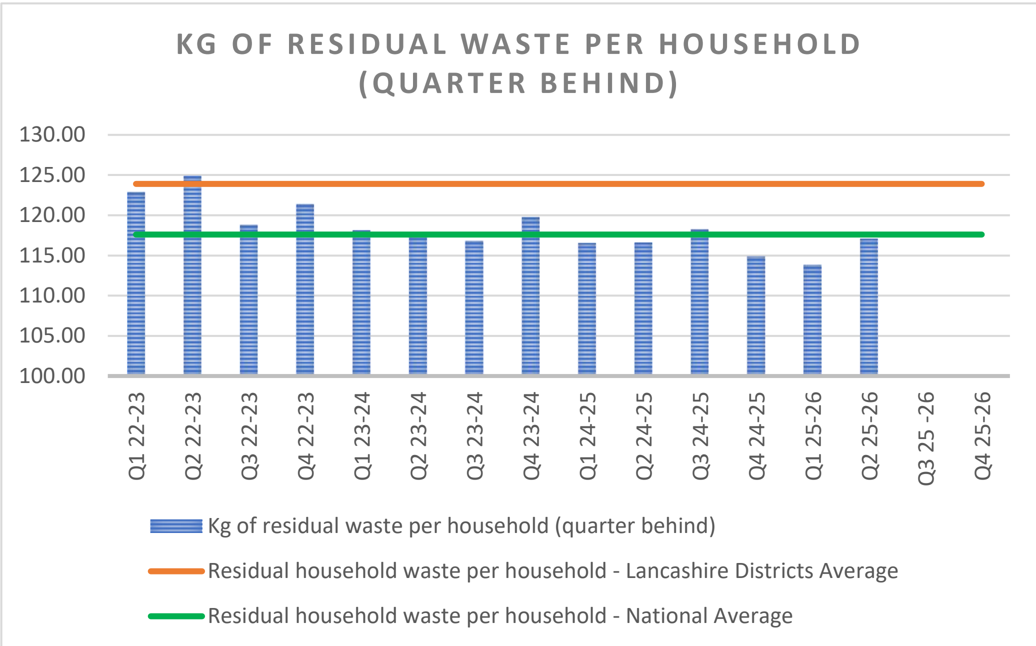


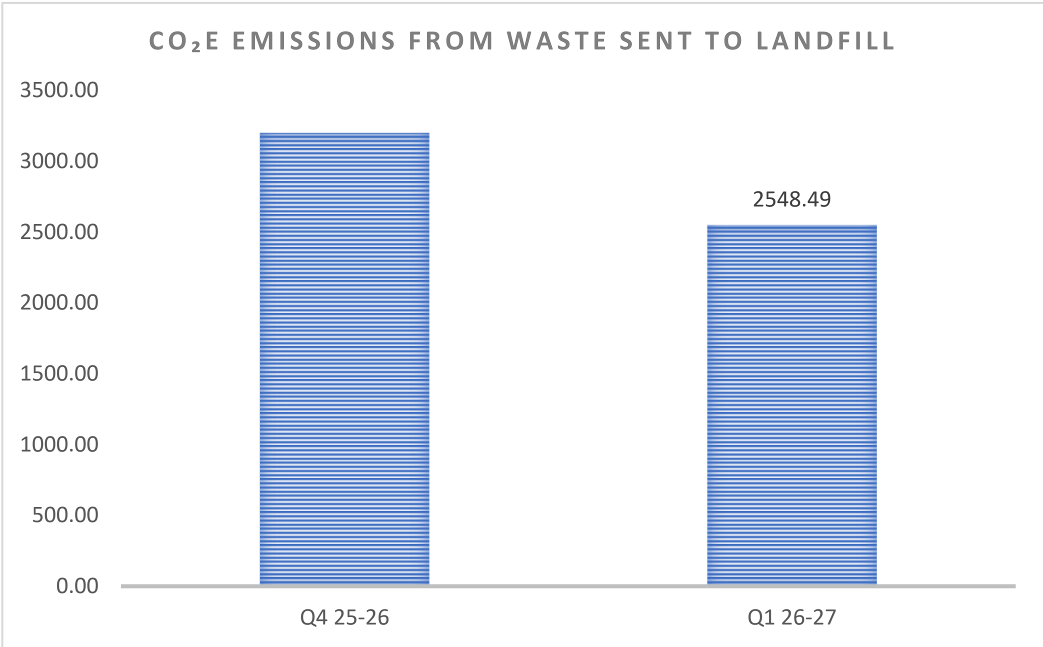
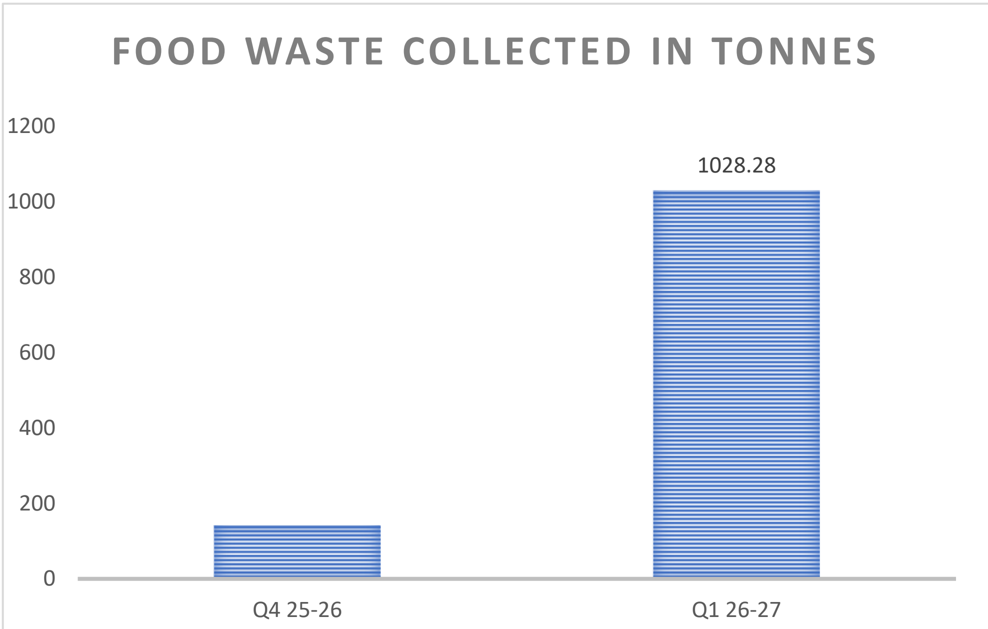




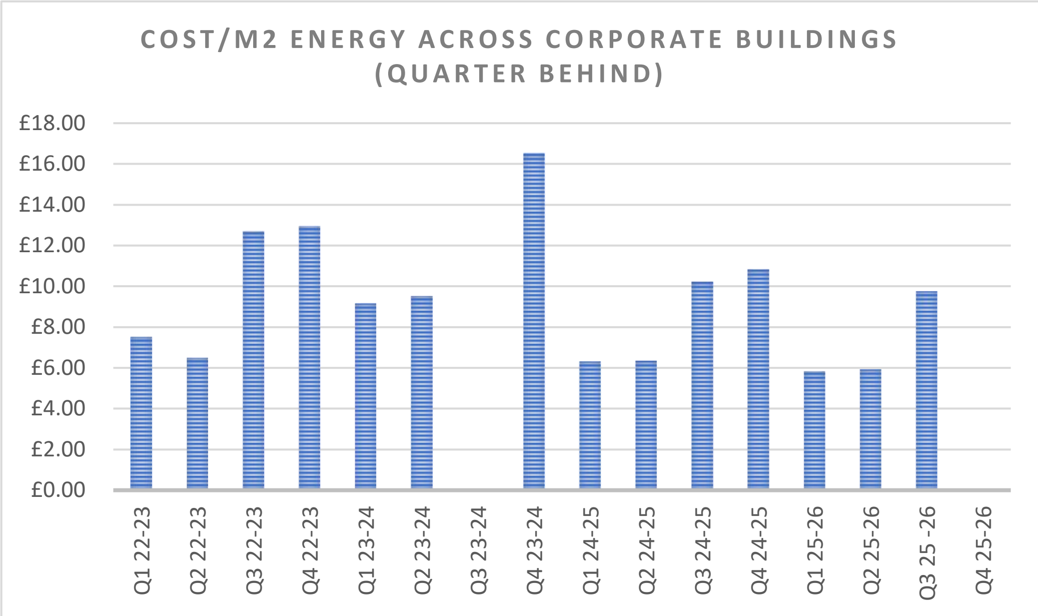
There has been a slight fall since the previous quarter but determinations remain consistent with the quarter before.

High is good

A Sustainable District (Environmental)		
Priority	**Measure and Direction of Travel**	**Comments**
S		**High is good** The figure and comment are not available this Quarter.
S		**Low is good** The figure and comment are not available this Quarter.

	S				Following the introduction of the new waste collection system, we have seen a reduction in grey waste collected compared with previous quarters. This has, in turn, led to a significant decrease in the CO2 emissions generated from landfill waste arising from domestic collections. **Low is good**
	S				With the introduction of the food waste service late in Q4, we are only now beginning to see robust figures that are representative of the service. We would like to see this figure increase during Q2 through the educational measures being undertaken. **High is good**

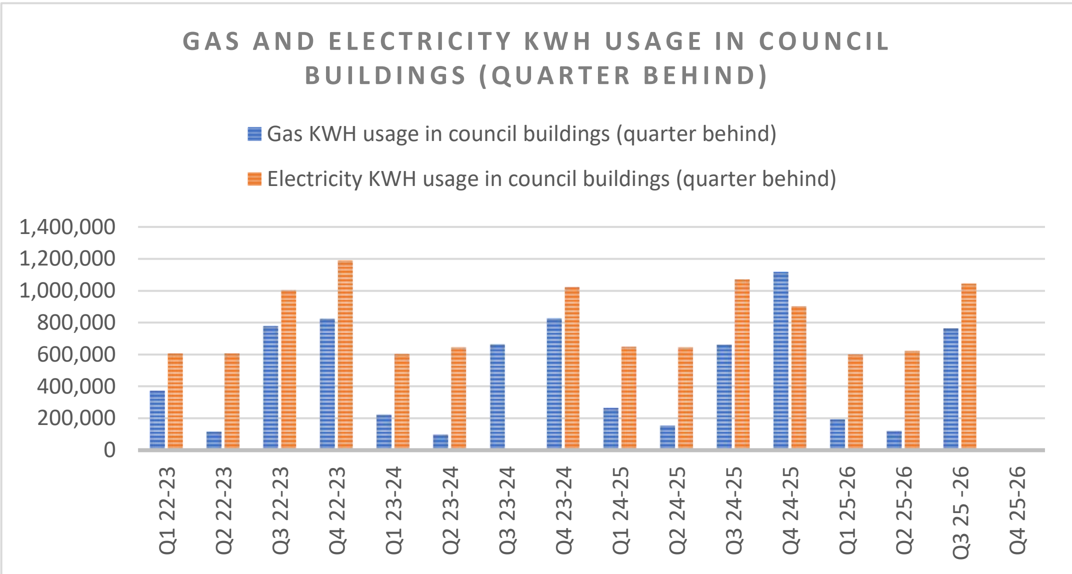
S



Low is good

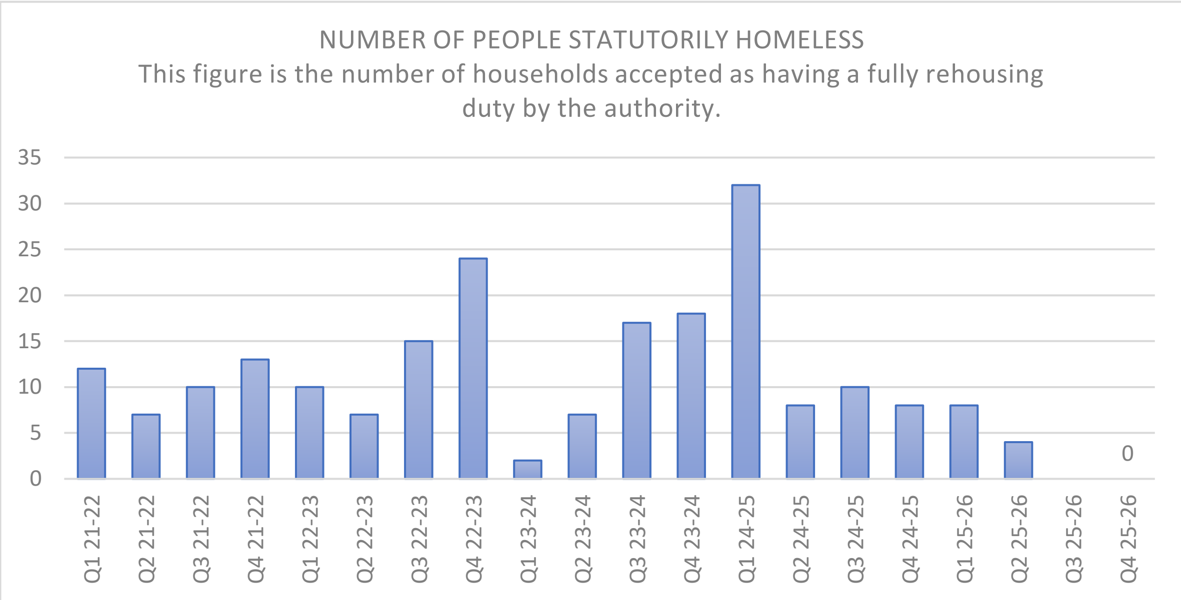
The figure and comment are not available this Quarter.

S

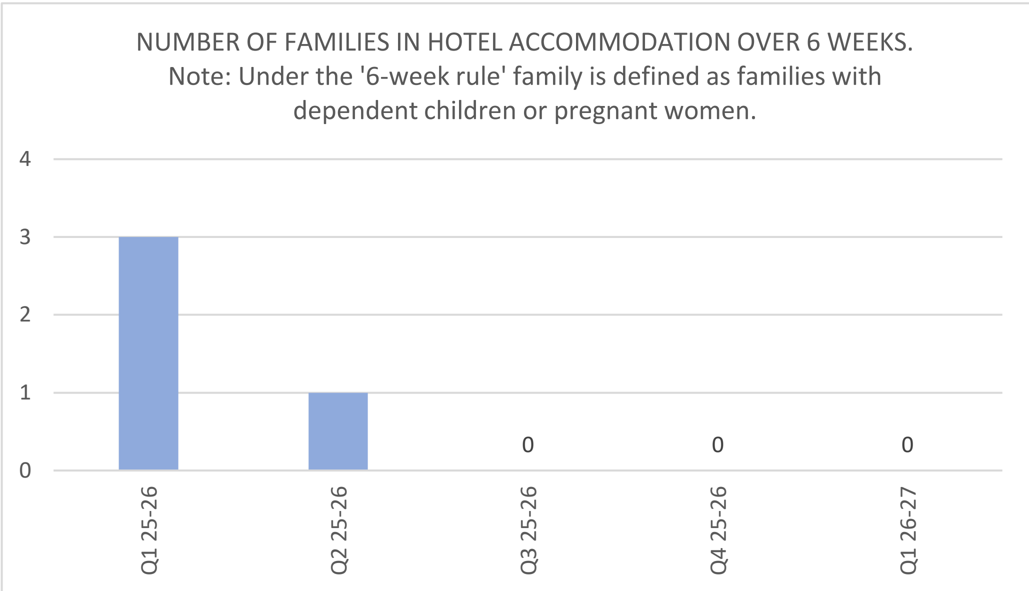


Low is good

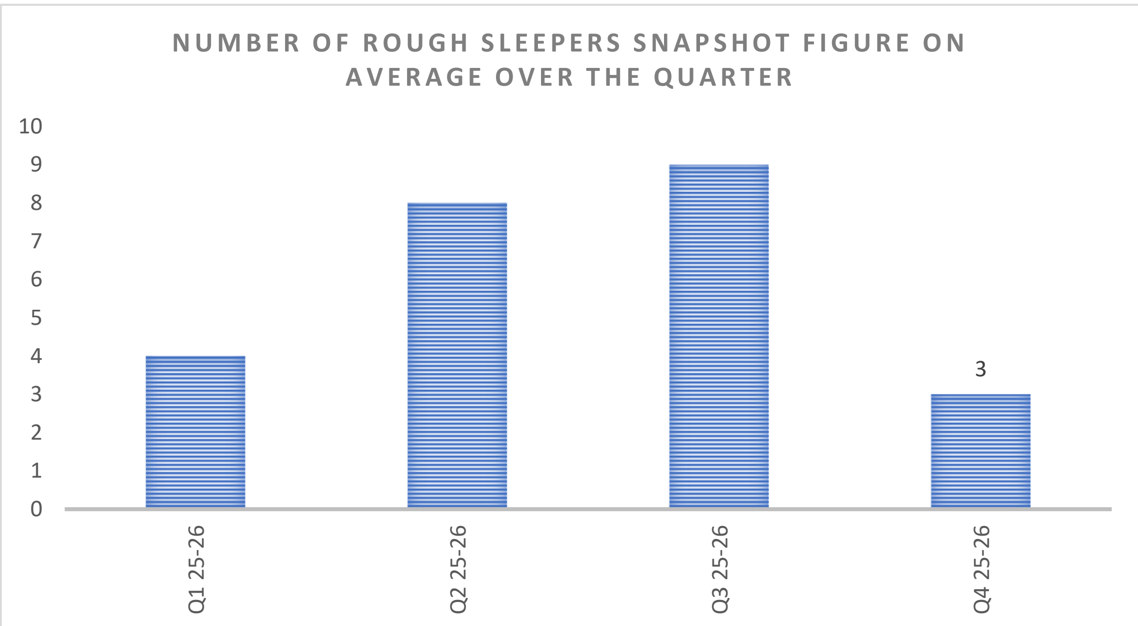
The figure and comment are not available this Quarter.

<table>
<tr><th colspan="3">Healthy & Happy Communities (Social)</th></tr>
<tr><th>Priority</th><th>Measure and Direction of Travel</th><th>Comments</th></tr>
<tr><td>H</td><td>


</td><td>
This KPI is delayed for Q1 26-27 due to the government portal for homeless data for being delayed due to upgrades. The information will be provided as soon as it is available.

Low is good
</td></tr>
<tr><td>H</td><td>


</td><td>
This quarter we have maintained nil families in B&B accommodation for 6 weeks or more as part of our B&B reduction strategy.

Low is good
</td></tr>
<tr><td>H</td><td>


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This KPI is delayed for Q1 26-27 due to the government portal for homeless data for being delayed due to upgrades. The information will be provided as soon as it is available.

Low is good
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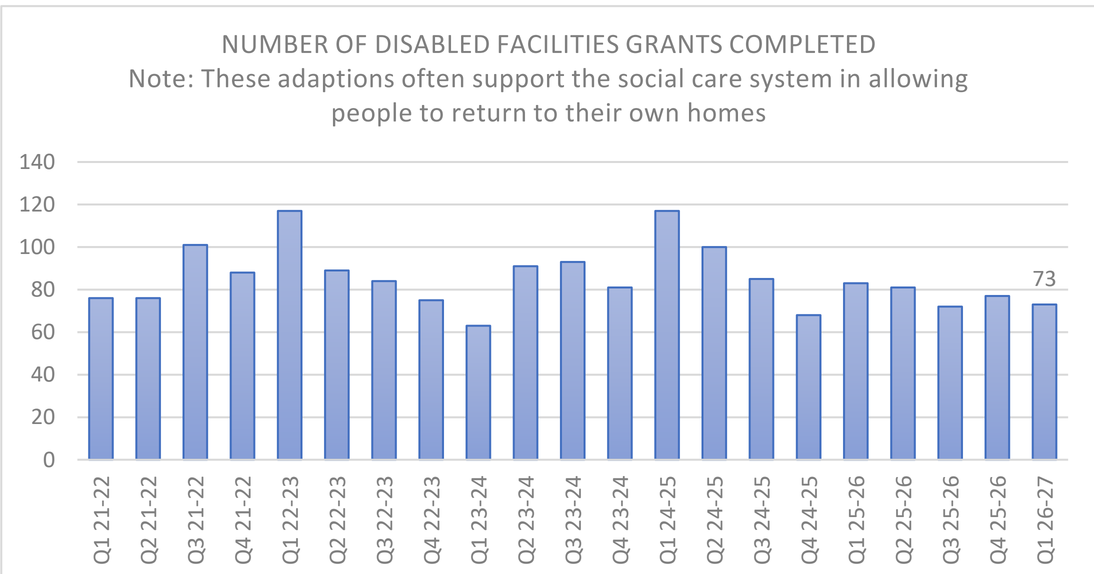
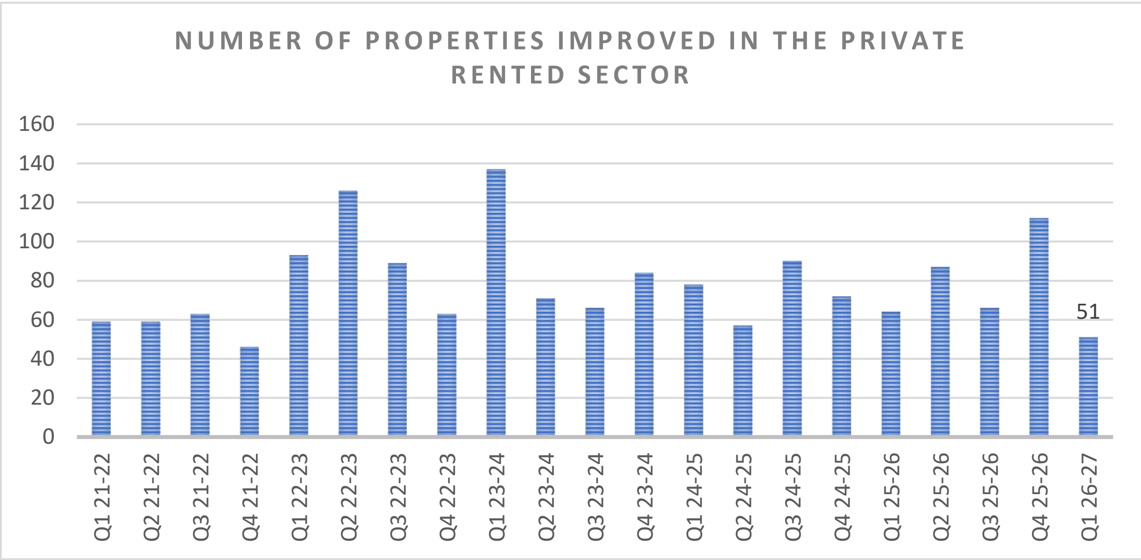
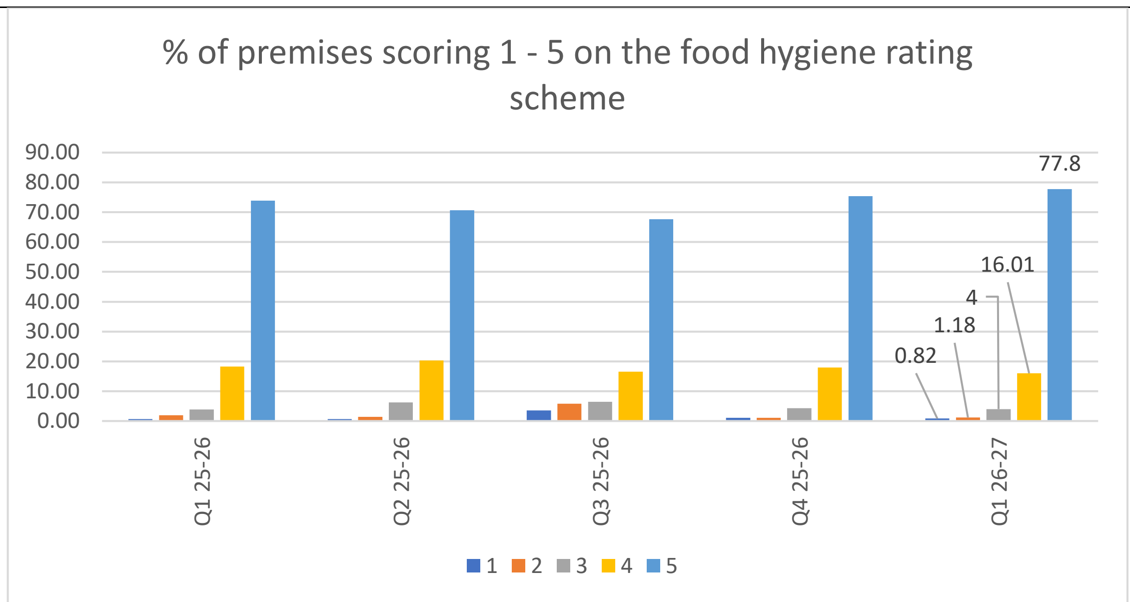
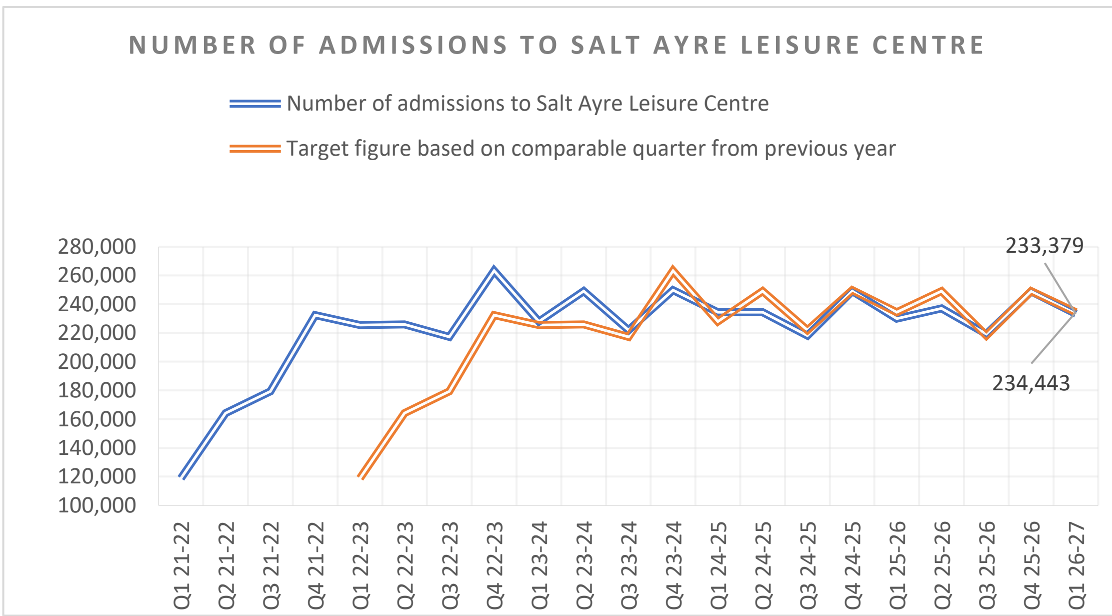
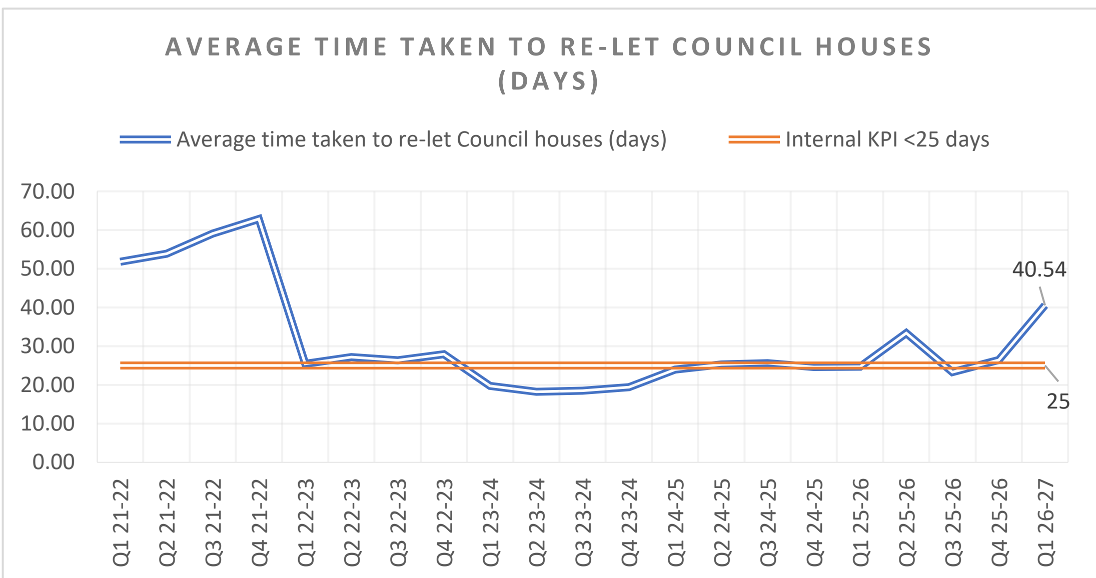
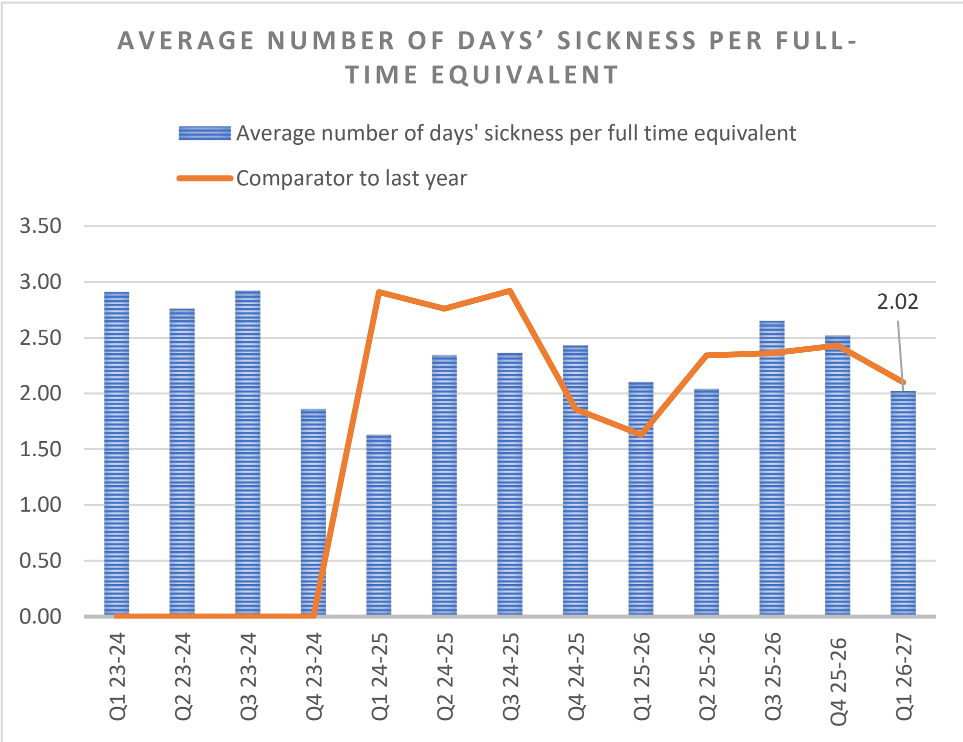
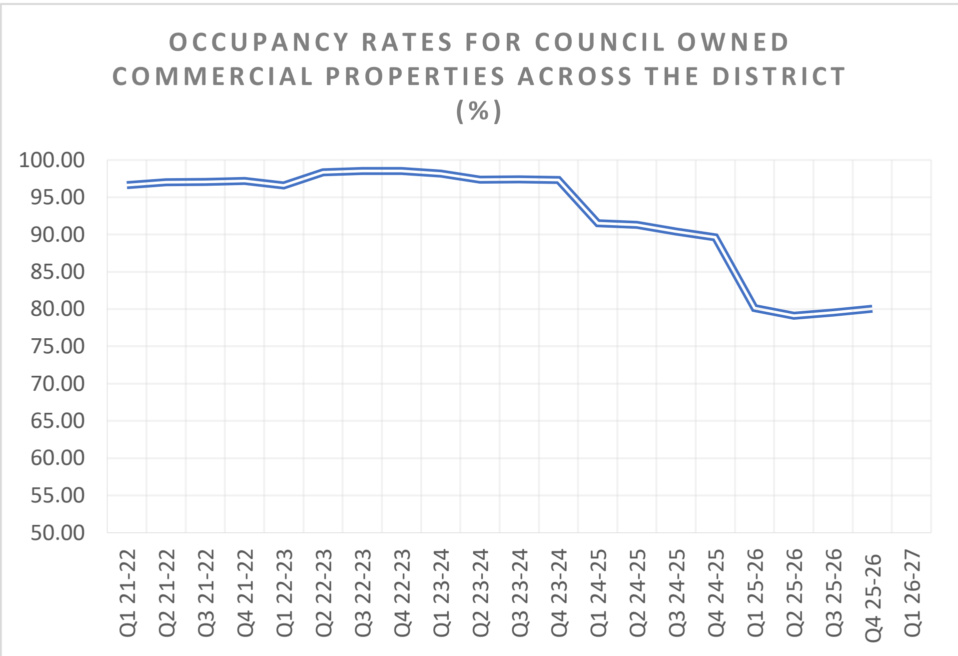
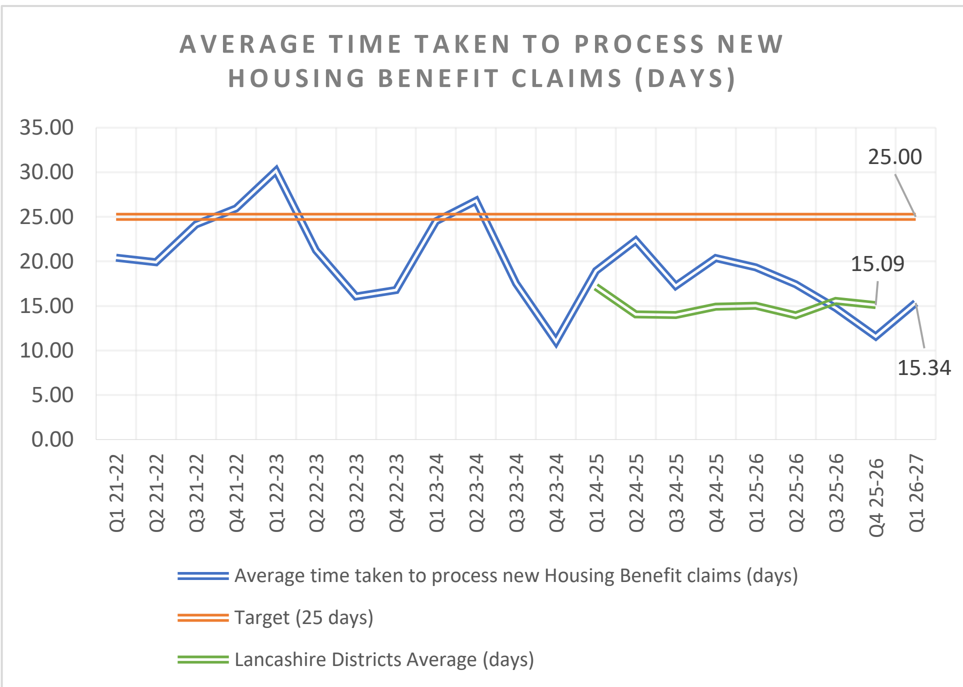


</td><td>
The total number of grants completed in 25/26 was 313. The recently introduced Housing Assistance Policy with increased flexibility around means testing should result in an increase in grant completions in future months. There are currently no waiting lists for grant applications. The ring-fenced allocation for 26/27 is £2.6m. Any unspent allocation will be carried forward and added to the following years allocation enabling the council to continue to operate a rolling programme.

High is good
</td></tr>
</table>

	H			Performance in this area was lower than usual during the quarter which could be explained by significant changes to housing standards legislation being introduced. Implementing these changes has required considerable staff time and resources, impacting operational capacity. **High is good**
I	H			Further to the 1-5 ratings, there were also 0.18% premises rated 0. The website below can be used to view all food hygiene ratings within the Lancaster City area: https://ratings.food.gov.uk/search-a-local-authority-area
	H			Our gymnastics and swim schemes continue to progress well, alongside year-on-year growth in gym and spa memberships. Q1 footfall increased by more than 140 visits per month, despite closures to the X-height and golf areas due to building amendments and changes, as well as unusually warm weather affecting attendance at the soft play area. Overall, Salt Ayre continues to increase footfall and strengthen its impact on the local community. **High is good**
	H			Performance was below target in Q1, with an average Standard Relet Time of 40.54 days. Performance will continue to be monitored through the Void Management process, with a focus on reducing turnaround times and maximising the availability of homes for letting. **Low is good**

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

Priority	Measure and Direction of Travel	Comments
R		There has been a decrease in the average number of days sickness since Q4. There has been a significant reduction in sickness days lost due to musculo-skeletal issues and coughs/colds/viruses. There were also significantly fewer new long-term sickness cases in this quarter compared to last quarter. Days lost due to mental health and stress increased slightly compared to last quarter. **Low is good**
R		**High is good** The figure and comment are not available this Quarter.
H R		The benchmarking data is provided by the Shared Service which is a comparison against the other Lancashire Authorities. The figure is provided based on the previous year's figures and is the average of each Quarter. This is deemed as best practice but doesn't take into consideration the makeup of the Local Authorities caseload or processing system used. **Low is good**

LANCASTER CITY COUNCIL Promoting City, Coast & Countryside	Corporate programmes and projects updates – 30th June 2026 (Q1)

1.1 – 1.6	A Sustainable District (Environmental)
2.1 – 2.6	An inclusive and Prosperous Local Economy (Economy)
3.1 – 3.6	Healthy and Happy Communities (Social)
4.1 – 4.6	A Co-operative, Kind and Responsible Council (Governance)

Status Key – Projects

R	Red – The project has experienced some major issues. Plan – the go-live date has slipped, Cost – over or under budget by more than 20%, Scope – several of the expected benefits may not be realised.	C	Complete or Closed
A	Amber – The project has experienced some issues. Plan – has slipped but won't affect go-live date, Cost – over or under budget by less than 20%, Scope – one or more benefits may not be realised.	N	Not Started
G	Green – The project is on track (within the project tolerance)	H	On hold
X	No data available / data not requested due to stage		* Projects in the Concept stage will not usually have updates

A Sustainable District (Environmental)

Link to Council Plan (see end of doc)	Project Name	Update	Due Date	Stage	Updated	Status Plan	Status Cost	Status Scope
1.1 1.2 1.3 4.1 4.3 4.5 4.6	Burrow Beck Solar Farm (part of Carbon Neutral Programme)	Full site energisation was achieved 1st July 2026 with export to the grid achieved from all 4 points. The DNO delay to energisation is estimated to have cost us £65,000 in income generation in Year 1. Wild-flower seeding and plug planting occurred as part of the site's bio-diversity plan. Fencing around the site perimeter and CCTV has been installed and is now fully operational.	Q1 26/27 (Jun 26)	Delivery	**21/07/26**	G	G	G
1.1 1.2 1.3 4.1 4.3 4.5 4.6	Public Sector Decarbonisation Scheme Phase 3c (part of Carbon Neutral Programme)	Q1 saw good progress with the project nearing the final stages of works on site at Williamson Park. The new plantroom was completed, with temporary power established to allow for full commissioning and testing to be undertaken. New radiators were successfully installed within Ashton Memorial, with the final radiator is due to be installed 15th July. Construction of the stone wall with Corten steel panelling at the Butterfly House has nearly been completed. The steel should weather in to a rust colour over a period of 2-6 months. Insulation works at the site has been completed, and all pipework to the buildings fully pressure tested. The Butterfly House and Mini-Zoo reopened at the end of Q1. Contractor's site cabin and storage will now be relocated to Gate Lodge.	Q2 26/27 (Aug 26)	Delivery	**24/07/26**	A	G	G
4.3 4.5	Salt Ayre Data Centre	DC room cleared and levelled. Concrete sampling undertaking to ensure suitability for load bearing. Deep clean arranged. Electrical and civil designs due for completion this month. Surveys of all impacted locations. Planning pack being produced by HPA. Submission expected next month. Stage 3 mechanical designs for heat recovery received. Feedback to be given before stakeholder engagement and work commencement. All tender packs ready, awaiting final design pieces prior to publication. CEEDA award draft submitted, awaiting feedback.	Q1 26/27 (Mar 26)	Detailed Design	**17/07/26**	G	G	G
1.1 1.2 4.1	Roof Mounted Solar Array – Gateway, White Lund (part of Carbon Neutral Programme)	26-27 Q1 saw the installation of the solar array completed with energisation of the site occurring at the end of April 2026. Roof condition gave no concerns and it is believed the warranty validation will not be affected. An export MPAN and corporate PPA are now in place which allows the sale of electricity generated back to the grid. However, due to DNO ENW works still needing to be completed, export back to the grid is currently limited to 200KWh. This will cause a loss in income for Year 1 which is currently estimated to be around £12-£13K. Precise figures will be calculated and reported through PRT. In positive news though, tenants' consumption of the electricity generated was shown to be higher than anticipated. Once the export issue is resolved the solar installation project will be considered complete.	Q1 26/27 (Jun 26)	Delivery	**24/07/26**	G	G	G

An Inclusive and Prosperous Local Economy (Economy)

Link to Council Plan	Project Name	Update	Due Date ** = To be confirmed	Stage	Updated	Status		
						Plan	Cost	Scope
1.1 1.3 1.6 2.3 2.4 3.2 3.3	Heritage Action Project	Final project review report to follow in due course when all funds have been defrayed.	N/A	Complete	**17/07/26**	C	C	C
1.2 2.1 2.4 3.1 3.2 3.3 3.4 4.1	Canal Quarter Phase 3 (part of Canal Quarter programme)	Phase I Housing Schemes Nelson St – contractors are on site. BLRF spend should be completed by August 2026. The site will transfer to South Lakes Housing Association under the conditional land disposal agreement. The main construction phase will then begin. Cooper's Field – tender process in being undertaken as per separate report. Phase II Northern Gateway Officers exploring partnership options for delivery of refurbishment and public realm scheme. Partnership work on Lancaster musicians Co-op is ongoing, supporting final stage of the construction contract and monitoring grant aid spend. Phase III Heron Works and Canalside Continuing to progress grant agreement mattes and land transfer matters with Maple Grove Developments. Phase IV Stonewell Courtyards and Former Mitchell's Brewery Continuing to progress liaison with owner / developer Axis-Re, meetings have been ongoing to support their ambitions including formal support expressed for community neighbourhood health centre. Infrastructure Matters: Work ongoing on County transport and movement strategy and implications for Canal Quarter. Heat Network: secured funding and have appointed consultants for analysis of the next stage of heat network development. Car Parking: Strategy actions are ongoing. Moor Mills 4 car Park has been opened for general use. Design and development of Edward St extension and Kingsway are progressing well.	Phase 3 – Q2 26/27 (Sep 26) Phase 4 – Q4 26/27 (May 27) Phase 5 – Q2 28/29 (Apr 28)	Delivery	**15/07/26**	G	G	G
1.1 1.3 1.5 1.6 2.2 2.3 2.4 2.5 3.2 3.3 3.4 3.6 4.1 4.2 4.3 4.4 4.5	Our Future Coast	No further deployment is planned and only monitoring of the present installations will continue. MRes Research student appointed and monitoring of the installations is taking place. Plans to hold engagement events this later this year are under discussion. No scheme is to be taken forward at Jenny Browns Point and funding is to be diverted to engagement and education activities. Additional engagement events, working with Lancaster University and other external stakeholders, are being planned to raise awareness of coastal risk within our communities.	** Q1 27/28	Delivery	**28/07/26**	G	G	G
1.1 2.6 3.5 4.2	Fair Work Charter	The project was straight forward to launch once all the amendments were completed and the final version was approved. Stakeholders and businesses were keen for the launch and to sign up. The Fair Work Charter was inherited by the Economy & Skills Team late in 2023.	Q4 25/26	Delivery	**23/07/26**	C	C	C
1.2 2.1 2.4 3.3 4.2	1 Lodge Street Urgent Structural Repairs	Progression of M&E works to the ground floor has been slower than anticipated due to lead-in times for equipment and installation complexities. The quarter ended frustratingly with a break-in causing external damage and some internal disruption. Works to the rear completed in respect of the package of works to demolish redundant structures and make good remaining, the re-grading of land and securing of the site.	** Q3 27/28	Delivery	**17/07/26**	A	A	A
2.1 2.3 2.4 2.5	Centenary House (formerly reported on as Morecambe Co-op Building Renovation)	Tender put out for Building Surveyor to obtain a price to specify the next phase of works. Positive progress made with potential delivery partner on route forward, but it comes with financial challenges.	Current phase – Q3 26-27	Delivery	**17/07/26**	A	A	G
2.4	Frontierland	Final Tenders received and evaluation and due diligence checks started but not complete.	Current phase – Q4 25/26	Delivery	**17/07/26**	G	G	G

2.4 3.4 4.1	Heysham Gateway	Project remains on hiatus until further funding is secured. Officers continue to chase response from County for a decision on their further funding application.	Current phase – Q1 26/27	Detailed Design	**15/07/26**	**A**	**A**	**A**
1.3 2.1 2.2 2.4 3.1 3.2 3.3 3.5 4.5	Canal Quarter - Coopers Fields	Stage 1: Invitation to participate: A Tender Notice invited interested suppliers to complete a Procurement Specific Questionnaire. The shortlist were then invited to move to Stage 2 Invitation to Submit an Outline Tender which officers are due to review in early Q2.	Current phase – Q3 26-27	Detailed Design	**15/07/26**	G	G	G
2.4	Eden Project Morecambe	Entered into RIBA 4, Eden held a breaking ground celebration event, Vinci the Main Contractor is engaging with local businesses, the match funding has been found. First monitoring submission to MHCLG submitted and funds have been receipted.	** Q2 28/29	Detailed Design	**28/07/26**	G	G	G
1.1 1.3 1.5 2.2 2.3 2.4 2.5 3.2 3.3 3.4 3.6 4.1 4.2 4.4 4.5	Lune Flood Protection, Caton Road	Project (as is) has been brought to a close pending discussions with developer and development of mutual benefits at this location. We have reasonably completed all works to gateway 1 and closed down this project with the consultant. We are now working with the developer to deliver outcomes required of this project. This is the aspect of bringing forward the attenuation and storage to manage surface water.	Unknown due to current stage	Feasibility	**28/07/26**	G	G	G
3.2 4.3	Williamson Park (Café and Play Development)	Cabinet and officers have reviewed a number of frameworks to assist with this project and have agreed a way forward. A vision workshop with Cabinet is due to take place on the w/c 20th July and procurement and other formal authorisations are in process. Once completed, a project group, made up of officers and elected members, will be set up under the Fit for Future Programme to oversee feasibility and design.	Unknown due to current stage	Feasibility	**21/07/26**	**X**	**X**	**X**

Healthy & Happy Communities (Social)								
Link to Council Plan	Project Name	Update	Due Date	Stage	Updated	Status		
						Plan	Cost	Scope
1.1 1.2 1.3 1.5 2.3 2.4 3.1 3.2 3.4 3.5 4.4 4.5	My Mainway (part of Homes Programme)	Key progress milestones for Q1 included Cabinet to receive of the Mainway Programme Business Case and the Skerton School Outline Business Case, marking the transition of the project from business case development to a co-ordinated delivery framework Mainway regeneration. Cabinet's decision initiated tendering for the direct delivery option for the Skerton School development. The tending outcome will inform future recommendations to cabinet, including the viability of this approach. Progressing Skerton enables the opportunity to commence planning to support the for wider regeneration programme. Planning for wider Mainway regeneration is progressing alongside Skerton delivery, with activity refocused on developing options for the future management, funding and delivery of the wider regeneration programme, incorporating our housing objectives. Working with the Council's Regeneration Service and Council Housing, Hive Land & Planning have been appointed to provide specialist client-side support to help shape future delivery arrangements and explore funding opportunities and potential partnership approaches. Ongoing financial modelling and engagement with Homes England continue to inform the overall viability and funding strategy for the programme. These workstreams will help establish a clear co-ordinated pathway for the wider programme of regeneration of Mainway whilst ensuring that lessons learned and opportunities arising from the delivery of Skerton as Phase 1 inform future decision-making and programme development.	** Q4 27/28	Detailed Business Case	**21/07/26**	A	G	A
4.3 4.5	Housing System Project	The project remains on track for the planned September 2026 go-live, with no requirement to extend this timeline. Strong progress continues to be demonstrated across all workstreams, with overall project completion increasing from 64% at the end of May to 75% at the beginning of July, representing an 11% uplift during the reporting period. Across the 15 Business Process Development (BPD) areas, progress has increased from 74% to 81% completion, with this workstream continuing to perform ahead of target. A significant milestone was achieved during the quarter with all system build and configuration activities completed by SMEs in line with agreed deadlines. Whilst challenges have been encountered around the pace of User Acceptance Testing (UAT), primarily due to the additional time required for script development and limited testing capacity across service areas, a hard deadline of the 31st of July 2026 has been established for completion of all testing activities and system tweaks. The Technical workstream has also made strong progress, increasing from 53% to 70% completion. Key achievements during the period include the successful completion of two data cuts, providing increased assurance around data quality and migration processes. Challenges remain in relation to interface development, including delays caused by external supplier resource constraints, changes to delivery timescales and communication issues with third-party vendors. Internal resource pressures have also affected some data migration activities. These risks continue to be actively managed through supplier engagement, escalation processes and targeted technical support. In addition, a significant project risk has been successfully mitigated through collaborative working with NatWest, enabling a bulk update of direct debit references and resolving a critical go-live dependency. The project has also moved into the final stages of data migration validation, with SME and management sign-off activity now underway following the completion of the latest data cut. The commencement of these key activities has driven a substantial increase in migration progress, with overall completion increasing by 10% in just over a week, reflecting the significant momentum achieved.	Phase 1 Q2 25-26 Phase 2-4 timescales TBC	Delivery	**24/07/26**	A	G	G

A Co-operative, Kind and Responsible Council (Governance)								
Link to Council Plan	Project Name	Update	Due Date	Stage	Updated	Status		
						Plan	Cost	Scope
1.5 1.6 2.1 2.4 3.3 3.4 4.1 4.3 4.5	Fit for the Future (FFTF)	Reporting for this project is temporarily on hold for a short period due to staffing changes within the Projects and Performance Team. All the current Fit for the Future projects remain active and high-level reporting will recommence next Quarter.	Phase 1 & 2 from Q3 24/25 to Q4 26/27	Delivery / On hold	**30/06/26**	X	X	X
1.1 1.2 1.6 2.2 2.3 2.4 2.5 3.2 3.3	UK Shared Prosperity Fund (UKSPF)	The UKSPF and REPF programme finished at the end of the financial year March 2026. This followed the initial 3 year programme from April 2022 to March 2025. Over £5,000,000 of funding via UKSPF was successfully managed in that initial 3 year programme. Projects received grants to deliver initiatives across the 3 core investment priorities of; Support for Local Business, Local Communities and People and Skills. Over £500,000 of investment went into our rural communities and economy via REPF. In the final financial year April 2025-March 2026, Lancaster City Council was the only council to complete spend and delivery within that financial year, with all other areas opting to extend their programme. £1,717,574 of investment went into the district via UKSPF in the financial year with our rural communities and economy also benefiting from just shy of £150,000 of funding. The diversity of projects demonstrates the wide range of impacts as a result of the fund. This will ensure longevity of impact for our local economy, our community well-being and for skills provision.	Q4 25/26	Delivery	**06/07/26**	C	C	C
TBC	High-Capacity Fibre Cable Network Provision (part of Digital Programme)	There is a single legal step that is not yet completed, once complete a project review report will be available.	N/A	Complete	**04/08/2026**	C	C	C
4.3	White Lund Depot	All works are now completed and just received invoices for the end of Part 4. Wernick are disputing the final account for the works. LCC Legal Department are currently looking at the claim. Remaining budget to remain open. Grand Plan required for WLD from Senior Management.	Demolition Q2 25/26	Delivery	**04/08/2026**	A	G	G

Council Plan 2026-2028

BUDGET AND PERFORMANCE PANEL

Strategic Risk Management

16 September 2026

Report of Chief Executive

PURPOSE OF REPORT

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

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

RECOMMENDATIONS

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

1 Report

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

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

1.2 There are no red risks and only 4 amber risks across the restricted and unrestricted risk registers. All risks are within the Council's risk appetite.

1.3 The attached appendices show the changes to the council's Strategic Risk Register made during the reporting period 13th May and 31st July 2026. Changes are highlighted using green text. A summary of the main changes is as follows:

1.3.1 Risk reviews have been run against 9 Strategic Risks.
1.3.2 An action item has been modified for SR20, SR05, SR22, SR06 and SR28
1.3.3 An action item has been added for SR15 and SR04
1.3.4 The action plan dates have been amended for SR22 and SR05
1.3.5 The Risk Score has been updated for SR24 with a further control measure added.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.

LEGAL IMPLICATIONS

No direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

No direct financial implications arising from this report.

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

No direct resource implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS N/A	**Contact Officer:** Emilia Leak, Projects and Performance Manager **Telephone:** 01524 582505 **Email:** eleak@lancaster.gov.uk **Ref:** N/A

Strategic Risk Register, Report Created 31.07.26

Risk No.	Risk Name	Risk Description	Risk Owner	Gross Impact	Gross Likelihood	Gross Risk Score	Residual Impact	Residual Likelihood	Residual Risk Score	Risk Category	Risk Response Category	Existing Control Measure	Existing Control Measure Description	Target Impact	Target Likelihood	Target Risk Score	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Due Date	Review Comment	Review Date
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Link to Council Plan 24-27: 4.1 Value for Money	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	3	3	9	2	2	4	Financial	Reduce	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2	1	2	Outcomes Based Resourcing / Fit for the Future	Two in-delivery phases, with phase three currently being scoped.	Mark Davies (Chief Executive) Claire Dubelbeis (Projects and Performance Manager) Alex Kinch (Chief Officer People & Policy)	31/03/2027	Reviewed in conjunction with the risk owner (Mark Davies) and new control measure added	16/02/2026
												Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy									
												Monthly income monitoring by applicable services	Monthly income monitoring by applicable services									
												Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel									
												Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.									
												Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.									
												Fees and Charges Income Monitoring	Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.									
												Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.									
												Balanced Budget 26/27	To be presented to Council on 25th Feb.									
2	SR02 The Council fails to meet the 2027/28 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects.	The Council fails to meet the 2027/28 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Link to Council Plan 24-27: 4.1 Value for Money	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	3	3	9	3	2	6	Financial	Reduce	Reserves Policy	Reserves Policy	2	1	2	Outcomes Based Resourcing / Fit for the Future	Two in-delivery phases, with phase three currently being scoped.	Mark Davies (Chief Executive) Claire Dubelbeis (Projects and Performance Manager) Alex Kinch (Chief Officer People & Policy)	31/03/2027	Name and description of risk updated to refer to the 27/28 funding gap, opposed to the 26/27 funding gap.	26/05/2026
												Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects									
												Programme Managers	Programme Managers in place for specific programmes									
												Programme Delivery Board	Programme Delivery Board									
												Cabinet	Cabinet									
												Portfolio Holder	Portfolio Holder									
												Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years.	Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years									
												Project Delivery Board	Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.									
												Projects and Performance Manager	Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.									
												Delivering Our Priorities Quarterly Monitoring Reports	Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.									

												Quarterly Cabinet Meetings	Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/ Portfolio providing an opportunity for review and discussion of performance. As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond.									
												Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.									
												Balanced budget for 26/27	To be presented to Council on 25th Feb.									
3	SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities. Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	Alex Kinch (Chief Officer People & Policy)	4	3	12	3	2	6	People	Accept	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk. 25-26 is year 3 of the People Plan.	3	2	6					Reviewed on instruction from Alex Kinch. Scores unchanged but new control measure added.	16/01/2026
												Annual Appraisal Process	Annual Appraisal Process embedded									
												Pay and Grading Structure	Pay and Grading Structure - The pay and grading structure and 2019 job evaluation process ensures that all posts are objectively evaluated and then placed on a new pay and grading scale. Recent experience suggests that this assisted in attracting applicants with the desired skills and values.									
												Workforce planning	Workforce planning exercise being rolled out cross-service									
4	SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets. Link to Council Plan 24-27: 4.5 Innovative Public Service	Joanne Wilkinson (Chief Officer Housing & Property)	3	3	9	3	2	6	Property Financial	Reduce	Use of Council Assets	Capital Strategy Group	2	2	4	Council Assets	Updated Asset Management Strategy to be developed to incorporate property performance, as well as Estates and FM areas.	Paul Mackie (Consultant (Pennington Choice)) Joanne Wilkinson (Chief Officer Housing & Property) Dan Wood (Asset Manager)	31/12/2026	No significant change although Additional Estate Surveyors to be recruited - until Dec 26 to support LGR and backlog of rent reviews.	15/07/2026
												Use of Council Assets	Ongoing OBR workstream reviewing assets									
												Use of Council Assets	Performance monitoring of leases implemented									
												Use of Council Assets	Budget Monitoring									
												Use of Council assets	Implemented active asset management inc. financial modelling for stock rationalisation.				Council Assets	Additional Estate Surveyors to be recruited - until Dec 26 to support LGR and backlog of rent reviews.	Joanne Wilkinson (Chief Officer Housing & Property)	31/08/2026		
												Use of Council assets	Appointed Eckersleys to support the council in asset disposal.									
												Use of Council Assets	Stock Condition Surveys for property group completed									
												Use of Council Assets	Asset Management Strategy in place,									
												Use of Council Assets	Officer energy fit for the future group completed recommendations and report produced presented at OBR Assets									
												Use of Commercial Assets	Commercial Manager post recruited to.									
												Use of Commercial Assets	Estates Improvement Plan developed									
												Use of Council Assets	10 year capital programme developed and fed through the budget									
												Use of Council Assets	Energy Officer recruited to support reductions in utility costs									
												Use of Council Assets	Project Officer recruited to - to support delivery of increased capital / revenue projects for next three years.									
												Council Assets	Climate Statement finalised and published with clear actions around improvements.									
												Use of Council Assets	Utilising external support through HPA									

												Use of Council Assets	Repairs Service Improvement plan for property portfolio									
												Use of Council Assets	Implementation of APE model which drives option appraisals and decision making process on assets.									
												Use of commercial assets	CPM Property Management system in place (extension to be requested).									
5	SR05 Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies	Council services are disrupted and / or additional services are required and costs are incurred as a result of local and national emergencies.	Kirstie Banks-Lyon (Resilience and Community Safety Officer) Alex Kinch (Chief Officer People & Policy)	4	3	12	3	3	9	Financial	Accept	Resourcing the emergency response function	The Council continues to adequately resource its emergency planning function, including maintaining its team of out of appropriately trained emergency response officers.	3	2	6	Community Resilience	The Council supports community resilience through CEPGs and FLAG groups etc. The local CEPG own and update their own plans in liaison with the Resilience Officer	Alex Kinch (Chief Officer People & Policy)	31/08/2026	Risk reviewed on behalf of Action Owner Jonathan Noad. Action plan date updated. Comment provided - adaptation schemes form part of the Our Future Coast Programme which continues to be delivered. Opportunities for other projects considered as and when they arise.	21/07/2026
												District emergency	Lancaster District Emergency Plan and LRF (Lancashire Resilience Forum) plans that cover site or incident specific risks, including for example: an incident at Heysham Power Station, or a flooding/weather event.				Adaptation Schemes	The Council appraises and potentially invests in schemes and activities that provide adaptation (eg Lune river defence). This will be undertaken through the emerging Our Future Coast programme.	Paul Blakeley (Project Engineer) Jonathan Noad (Chief Officer Sustainable Growth)	01/10/2026		
												Business Continuity Plans	Business Continuity Plans									
												National Emergency (such as a pandemic)	LRF plans.									
												Financial Planning	Financial Planning - Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.									
												Business Resilience	Business Resilience - The Council continues to invest in resilience measures eg technology to facilitate remote working.									
												Partnerships	Partnerships - The Council continues to allocate resource to developing its key partnerships LRF, CSP (Community Safety Partnership) and local resilience partners.									
												County wide emergency (such as widespread loss of power and extreme weather events)	The LERP (Lancashire Emergency Response Plan) and plans as required from box 2 and box 3 plans, held in resilience direct.									
												Financial Planning	Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.									
												Corporate Resilience Exercises - January 2025	The LGA held two corporate resilience exercises with managers w/c 20th January 25.									
6	SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	In January 2019 the Council declared a 'climate change emergency' and have now sought endorsement of an approach to reduce the Council's direct Co2 emissions to 'net zero' by 2030. Whilst an action plan is in place, costs associated with implementing the actions are considerable and are constantly under review. Link to Council Plan 24-27: 1.1 Carbon Zero	Mark Cassidy (Chief Officer Planning & Climate Change)	4	3	12	4	2	8	Strategy Project / Programme	Accept	Delivery plan in place	Climate Change Action Plan - the Climate and Nature Strategy will supersede this	4	2	8	(i) Climate and Nature Strategy (pending) (ii) Annual Climate Report (published December 2025)	(i) The Council continues to work on the delivery of its CaNS. (ii) the Annual Climate Report was presented to Cabinet and subsequently published.	Mark Davies (Chief Executive)	30/10/2026	Risk reviewed in the Grace system on behalf of risk owner Mark Cassidy. The score remains the same as last time. The completion of renewable energy projects at Burrow Beck and the Gateway Building, and near completion of the Williamson Park project means that the Team will begin work on other decarbonisation initiatives soon. A planning application for the EV Chargers and solar canopy at Auction Mart, Lancaster, has just been submitted. CaNS draft anticipated end-September 2026.	21/07/2026
												Peoples Jury	Peoples Jury - The Council considers the recommendations of the Peoples Jury and builds recs that can be delivered directly by the Council into its plans				(ii) Local Area Energy Plan	The LAEP has set out a long-term vision for decarbonising the district by 2040 and looks beyond the council's own 2030 target for its direct activities. The LAEP sets out the changes required to transition the Lancaster district energy system and built environment to net zero while also addressing fuel poverty. It details what changes are required, where, when and by whom. The LAEP has been formally adopted. Implementation via individual projects is ongoing.	Mark Cassidy (Chief Officer Planning & Climate Change)	30/10/2026		
												Development of the Local Area Energy Plan and the emergence of the Climate and Nature Strategy	Local Area Energy Plan (LAEP)has been adopted by Cabinet (Oct 2024) and it set out the district's most cost-effective pathways to net zero. Climate and Nature Strategy (CaNS) is funded by a UKSPF award and will be the Council's Climate and Nature Action Plan, bringing together all climate and biodiversity workstreams under one document with realistic ambitions that align with the Council Plan.									

												Annual Review Mechanism in place	In December 2025, Cabinet received an annual appraisal of the Council's journey to net zero by 2030 (for its own activities). This report will be a regular end of year assessment.									
7	SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.	On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years. Link to Council Plan 24-27: Whole document.	Mark Davies (Chief Executive) Luke Gorst (Chief Officer Governance) Paul Thompson (Chief Officer Resources)	3	2	6	3	2	6	Strategy Operations Financial	Reduce	Carbon Zero +	More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates	2	2	4	Priority Policies 24-27	Council Plan	Mark Davies (Chief Executive)	31/03/2027	Reviewed in conjunction with the risk owner (Mark Davies), new control measure added regarding the Council Plan and old control measure closed.	16/02/2026
												Medium Term Financial Strategy (MTFS)	MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.									
												Programme Management	Programme Management - in place to ensure strategy is followed and monitored on a regular basis.									
												Fit for the Future	Fit for the Future is a strategic programme that assists in the balance of Council plan and MTFS									
												Council Plan 2024/27	Being refreshed in spring 2026 to include recent progress, following its creation and approved in January 2024.									
8	SR08 The Council fails to deliver its key projects due to the lack of capacity and resources.	The Council has a number of key projects (Canal Quarter, Eden Project Morecambe, OBR, My Mainway, Heysham Gateway, Frontierland etc) all of which have detailed strategies for implementation. In order to deliver these key projects it is essential they are properly prioritised and resourced. Link to Council Plan 24-27: 4.5 Innovative Public Services	Mark Davies (Chief Executive)	3	3	9	3	2	6	People Financial	Reduce	Local Plan	Local Plan	3	1	3	Local Plan	Local Plan, due to be adopted in June 28	Mark Cassidy (Chief Officer Planning & Climate Change) Mark Davies (Chief Executive)	30/06/2028	Additional action plan item added.	29/04/2026
												Medium Term Financial Strategy (MTFS)	Medium Term Financial Strategy (MTFS)									
												Investment Strategy	Investment Strategy									
												Capital Programme	Capital Programme				Reserves	Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	30/01/2026		
												The Council continues to resource key service teams in Planning, economic development, regeneration, property investment	The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.				New two-year People Plan co-designed and pending launch	New two-year People Plan co-designed and pending launch.	Alex Kinch (Chief Officer People & Policy)	31/03/2027		
												Collaborative Working	We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council.									
												Partnership Working	Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe.									
												Capital Programme	Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.									
												Funding the Future Strategy	Funding the Future Strategy									
												People Plan 2023 - 2026	3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention.									
10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Link to Council Plan 24-27: 4.1 Value for money	Mark Davies (Chief Executive)	3	3	9	3	2	6	Strategy Governance Operations People Project / Programme Financial	Reduce	Continued monitoring and horizon scanning of Government policy	Continued monitoring and horizon scanning of Government policy	3	2	6					Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												Clear and focused Council strategy to maximise alignment with Government policy and resourcing	Clear and focused Council strategy to maximise alignment with Government policy and resourcing									
												Strategic Plans	Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy									

11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. This risk is outside of the control of the Council. It can not be fully mitigated against but should still be recorded on the strategic risk register.	Mark Davies (Chief Executive)	4	4	16	3	3	9	Strategy Operations Technology Security Financial	Reduce	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues	3	3	9					Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												Strategic responsiveness through continued risk management review	Strategic responsiveness through continued risk management review									
												Agility and Resilience	Agility and Resilience - Continue to develop agility and resilience across the organisation									
												Strategic risk management approach	Strategic risk management approach									
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Link to Council Plan 24-27: 4.5 Innovative Public Service	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	3	3	9	3	1	3	Strategy Financial	Reduce	Budget Development	Comprehensive, robust and transparent approach to budget development and service delivery.	3	1	3					Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												OBR / Fit for the Future	Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.									
13	SR13 The Council's reputation is damaged through its own actions or actions of others in the District	SR13 The Council's reputation is damaged through its own actions or actions of others in the District. Link to Council Plan 24-27: 3.4 Community Engagement	Mark Davies (Chief Executive)	3	2	6	3	1	3	Strategy People	Reduce	Communications	Pro-active communications and transparency	3	1	3					Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												Strategic Management of Activities	Strategic management of all Council activities to ensure continued high reputation									
												Delivery of Services	Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council.									
												Strategic communication	Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation									
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Link to Council Plan 24-27: 4.1 Value for money	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	3	3	9	3	2	6	Operations Financial	Reduce	Budget and Performance Panel	Budget and Performance Panel	3	2	6	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures Council has approved the construction of a Solar Farm at Burrow Beck and also the development of a new Data Centre at Salt Ayre. Both will have a positive impact on the Council's sustainability ambitions but also income generation and cost reduction	Mark Davies (Chief Executive) Paul Thompson (Chief Officer Resources)	31/03/2026	Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												Reserves Policy	Reserves Policy									
												Continue financial forecasting	Continue financial forecasting and scenario planning e.g. for energy costs									
																	Level of Reserves	As part of the annual budget cycle the s151 Officer is required to make a statement of the adequacy of the Council's reserves, provision and balances and set a minimum level of reserves. This ensures that it is able to mitigate variations in the short to medium term.	Paul Thompson (Chief Officer Resources)	31/03/2026		
15	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district.	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	Joanne Wilkinson (Chief Officer Housing & Property)	3	3	9	2	2	4	Strategy	Reduce	Asset Management Plan	Asset Management Plan	1	2	2	Asset Management Plan	Review of Asset Strategy to be completed.	Joanne Wilkinson (Chief Officer Housing & Property)	31/12/2026	Limited change although Additional Estate Surveyors to be recruited - until Dec 26 to support LGR and backlog of rent reviews.	15/07/2026
												Continuous review of assets and infrastructure	Continuous review of assets and infrastructure									
												Councils infrastructure	OBR Assets group in place.				Asset Management Plan	Additional Estate Surveyors to be recruited - until Dec 26 to support LGR and backlog of rent reviews.	Joanne Wilkinson (Chief Officer Housing & Property)	31/08/2026		
												Councils infrastructure	Working on Assets LGR workstream now commenced.									
												Council's infrastructure	Team structure and competancy reviewed within Assets and Compliance Team. Addtional roles x 3 created - Energy Officer (GF), Senior Building Surveyor (GF) and Asset Apprentice (HRA).									
16	SR16 The Council's services fail to adapt to socioeconomic and	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the	Mark Davies (Chief Executive) Alex Kinch (Chief	3	3	9	3	2	6	Strategy	Reduce	Corporate Plan	Corporate Plan	1	2	2					Reviewed on instruction from Alex Kinch. Scoring	16/01/2026
												Policy Framework	Policy Framework									

	demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.	district, resulting in failure to meet the needs of local residents and businesses. Link to Council Plan 24-27: 4.5 Innovative Public Services	Officer People & Policy)									Continuous review of strategy and policy	Continuous review of strategy and policy, and alignment with service delivery.								remains as is, new control measure added	
												LGA Workshop with Members	These took place in September 2023.									
												CPC review and action plan.	CPC review and action plan. Action Plans have now been added into Service Plans.									
												CPC Action Plan progress reported to O&S	CPC Action Plan progress reported to O&S in October 2025 as a control measure									
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities.	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Link to Council Plan 24-27: 4.6 Openness	Mark Davies (Chief Executive) Luke Gorst (Chief Officer Governance)	3	3	9	2	3	6	Legal	Reduce	Corporate Governance	Corporate Governance	2	3	6					Reviewed in conjunction with the risk owner (Mark Davies) and no changes required.	16/02/2026
												Continuous review of governance processes	Continuous review of governance processes to ensure they are fit for purpose									
												Annual Governance Statement and Code of Corporate Governance	The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts. The Council has reviewed and adopted an amended Code of Corporate Governance (dated April 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework).									
												Training and development	Ongoing training and development to ensure staff and members are equipped to follow governance requirements.									
18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area.	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	Jonathan Noad (Chief Officer Sustainable Growth)	2	2	4	2	2	4	Project / Programme	Reduce	Programme Management	Programme Management	1	2	2	Development of a Canal Quarter Masterplan	Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad (Chief Officer Sustainable Growth)	31/12/2026	CQ action updated to reflect status	19/01/2026
19	SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings	LCC has two high rise (occupied) buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance. Link to Council Plan 24-27: 3.1 Access to Quality Housing	Dennis Graham (Repairs and Maintenance Manager) Paul Mackie (Consultant (Pennington Choice)) Joanne Wilkinson (Chief Officer Housing & Property)	3	3	9	3	2	6	Property Financial	Reduce	Registration with BSE for high rise blocks	Fortnightly senior housing management meetings updating on risks and plans around building safety review.	2	1	2	Non-compliance with BSE	To review Building Safety Case files following EWI survey results	Paul Mackie (Consultant (Pennington Choice))	30/09/2026	No significant change.	15/07/2026
												Registration with BSE for high rise blocks	Fire safety works being completed.				Non-compliance with BSE	To review Building Safety Case file against an approved case file.	Paul Mackie (Consultant (Pennington Choice))	30/09/2026		
												Registration with BSE for high rise blocks	Fire door audits being undertaken									
												Registration with BSE for high rise blocks	Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.									
												Registration with BSE for high rise blocks	Tenants Voice group and Building Safety Group established									
												Registration with BSE for high rise blocks	Registration of blocks with BSE complete									
												Registration with BSE for high rise blocks	On-going and regular campaigns on fire safety undertaken with residents.									
												Registration with BSE for high rise blocks	Cabinet (Feb 24) approved decommissioning Bridge House - now complete - building empty and secured.									
												Registration with BSE of high rise blocks	Building Saftey Case files prepared ready for call in.									

												Non compliance with BSE	Commissioned external cladding survey for Park House - draft report received shows low risk tolerable conclusion.									
												Non compliance with BSE	Information updated on improved intranet pages									
												Non- compliance with BSE	Resident engagement strategy for building safety approved									
												Non-compliance with BSE	Ongoing and regular dialogue with LFRS including site visits									
												Non compliance with BSE	Fire Safety Policy updated to cover new RPEEP legislation, and we have also added mobility scooter information.									
20	SR21 Non compliance with Regulator of Social Housing Standards	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve performance against new requirements. Link to Council Plan 24-27: 3.1 Access to Quality Housing	Joanne Wilkinson (Chief Officer Housing & Property)	3	3	9	3	2	6	Property Financial	Reduce	Social Housing Regulation	Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning	2	1	2					Outcome of the inspection now known but currently embargoed until 12th August. Amendment to risk register will take place once outcome is pubished.	15/07/2026
												Social Housing Regulation	Action planning within the service occurs in preparation for changes									
												Social Housing Regulation	Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.									
												Social Housing Regulation	Service Improvement Plan well established									
												Social Housing Regulation	Annual self assessment undertaken against current standards									
												Social Housing Regulation	Member advisory group for continued / wider input into the housing service established.									
												Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices									
												Social Housing Regulation	Breaches Policy in place									
												Social Housing Regulation	Internal Audit to be completed Q3 25/26									
												Social Housing Regulation	Engagement meetings taking place with the Regulator.									
22	SR24 ICT Data Centre	Data Centre is dated and improvements needed to satisfy future demand. Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	Paul Thompson (Chief Officer Resources)	3	3	9	3	2	6	Technology	Reduce	Air conditioning in place to keep the data centre at optimal temperature		3	2	6	Data Centre	Business case to be presented to CAG 15th May. Once considered the aim is for it be presented to June/ July Cabinet for formal approval and release from the Development Pool	Nick Goulden (Senior Technical Engineer) Paul Thompson (Chief Officer Resources)	31/07/2025	Risk rescored and further control measure added.	16/07/2025
												Back up Date Centre at SALC										
												Regular fire safety servicing carried out										
												Water ingress alerts	To alert all ICT senior managers to any water detected in data centre									
												Cabinet have approved money for the build of a new data centre at SALC	Cabinet have approved money for the build of a new data centre at SALC									
23	SR27 Waste Strategy	Increased revenue cost burden to the authority and failure to deliver in line with milestones set out by government (31st March 2026). Link to Council Plan 24-27: 1.5 Reduced Waste	Will Griffith (Chief Officer Environment & Place)	2	3	6	2	3	6	Strategy Financial	Reduce	Fit for Future Waste Group and Waste Implementation Officer Working Group.	Regular meeting with officers and members taking place to ensure milestones are met.	1	2	2	Waste Strategy Implementation	Officer working groups and relevant sub groups have started in order to develop a project delivery plan.	Will Griffith (Chief Officer Environment & Place)	31/03/2026	Risk reviewed and no change for the time being, until we move past implementation phase in Q1 of next year	16/01/2026
24	SR28 Delivery of Mainway Project	Delivery of the Mainway project is not executed as planned. Potential Consequences - Reputational risk and loss of trust from residents, risk around finances and health and safety implications. Delays could also put pressure on staff resources. This risk is on the Housing Risk Register as "H02 Delivery of Mainway Project" (9th Dec 2024)	Joanne Wilkinson (Chief Officer Housing & Property)	3	4	12	3	3	9	Project / Programme	Reduce	Mainway project	Reports completed on a quarterly basis to update on project progress at a corporate level.	2	2	4	Mainway project	Procurement of next stages to be completed	Joanne Wilkinson (Chief Officer Housing & Property)	31/03/2027	Business Cases have been accepted by Cabinet and Cabinet have recommended to go forward to tender. Documents are now being prepared to go out to tender. Team are engaging with HIVE re: Mainway next phases and funding possibilities.	20/07/2026
												Mainway project	Additional resource put into the project by way of Andrew Whittaker moving into a dedicated Lancaster City Council Development Manager post to support the success of this over the course of 23/24				Mainway project	Applications for funding to be submitted where relevant.	Joanne Wilkinson (Chief Officer Housing & Property)	31/03/2027		
												Mainway project	Demolition of school site completed									
												Mainway project	Regular meetings with Homes England taking place to keep them abreast of developments									

												Mainway project	Financial model put forward to Link					
												Mainway project	Planning application approved for Phase 1a and b					
												Mainway project	Various and ongoing engagement events / information sessions with residents and councillors					
												Mainway project	New governance structure with Project Board, Scrutiny Group and sub-groups established.					
												Mainway project	MIAA audit review completed					
												Mainway project	MIAA supporting with PBC for Mainway.					
												Mainway project	Report to Cabinet seeking preferred way forward through seeking partnership (as well as gaining cost for the scheme).					
												Mainway project	CHoSS - Council Housebuilding Support Service - providing some limited assurance support.					
25	SR29 Local Government Reorganisation	In December 2024 the government told local authorities across the UK that Local Government Reorganisation (LGR) will be brought in for geographical areas who have not yet participated. The aim being to create Council's with a population of 500k, or more, in most cases to provide efficiency benefits in the delivery of services. In the short term, whilst these changes are being implemented, this can lead to a number of risks to the delivery of local services. The main concerns being delivering the Ambitions as stated in the Council Plan and the risk of staff leaving the Council causing problems in the delivery of services.	Mark Davies (Chief Executive)	3	3	9	3	3	9	Strategy Governance Operations Legal Property Commercial People Technology Security Project / Programme Financial Data Info and Management	Accept	Regular discussions at LT and with Members	Regular discussions at LT and with Members, Lancashire Leaders / CEX groups Council have agreed an x party working group	2	4	8	Reviewed based on current context.	27/04/2026
												LGR Steering Group	Set up LGR steering group for Cabinet and senior officers					
												Liaise with Elected Members and Management from nearby Lancashire Authorities	Liaise with Elected Members and Management from nearby Lancashire Authorities to understand their thinking and positions.					
												PMO in place including all Lancashire authorities	PMO in place including all Lancashire authorities					
												Strategic delivery partner for LGR selected	Ernst and Young selected as the strategic delivery partner					
												Council Plan 26-28	Refreshed Council plan approved by Council 22/04/26. Which includes delivery plans for key priorities					

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

Document is Restricted

BUDGET AND PERFORMANCE PANEL

Budget and Performance Panel – Work Programme

16th September 2026

Joint report of Chief Officers Finance and Governance

PURPOSE OF REPORT
To consider the Panel's Work Programme.
This report is public.

RECOMMENDATIONS

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

1. Introduction

1.1 The Panel is responsible for setting its own annual Work Programme within the Terms of Reference, as set out in the Council's Constitution.

1.2 Members are requested to consider the Panel's Work Programme attached at Appendix A.

1.3 The Panel may consider any additional items to add within its terms of reference. Attached at Appendix B are the Terms of Reference of the Panel.

2. Updates

2.1 In accordance with the Constitution all Councillors, the Chief Executive and the public have been asked for issues that should be considered for inclusion in the Scrutiny Work Programme. Comments were then obtained on the issues from Senior Leadership Team and following a meeting with the Chairs of Overview and Scrutiny Committee and this Panel recommendations were made for consideration. These were submitted to the Overview and Scrutiny Committee meeting on 3rd June 2026. The Panel's Work Programme is appended to this report.

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

3. Training

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

Treasury Management

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

Budget and Project Monitoring (Delivering Our Priorities)

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

Introductory to Capital Financing

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

3.2 Members may wish to suggest additional training in line with the Panel's Terms of Reference.

RELATIONSHIP TO POLICY FRAMEWORK

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

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

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

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

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

None.

SECTION 151 OFFICER'S COMMENTS

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

MONITORING OFFICER'S COMMENTS	
The Monitoring Officer has been consulted and has no further comments to add.	
BACKGROUND PAPERS None.	**Contact Officer:** Stephen Metcalfe **Telephone:** 01524 582073 **E-mail**: sjmetcalfe@lancaster.gov.uk

Budget and Performance Panel Work Programme

Expected Date of Meeting	Agenda Item/Detail	Provider
16th September 2026.	Outturn report. To consider as part of the Outturn report. Fit for the Future. The issue of growing venue income and the increase in costs of staffing and maintenance. To provide details on council commercial venue income at a future meeting in order to demonstrate outcomes. (Minute 45 refers).	Cabinet/Report to the Panel.
16th September 2026	Provisional Revenue, Capital and Treasury Management Outturn 2025/26.	Cabinet/ Chief Officer – Finance.
16th September 2026	Delivering Our Priorities: Q1.	Cabinet/Chief Executive & s151 Officer.
16th September 2026	Strategic Risk Management.	Cabinet/ Chief Officer - People & Policy.
16th September 2026	Projects and Performance.	Cabinet/ Chief Officer - People & Policy.
16th September 2026	Capital Programme Mid-Year Review 2026/27.	Cabinet/ Chief Officer – Finance.
2nd December 2026	Delivering Our Priorities - Q2.	Cabinet/Chief Executive & s151 Officer.
2nd December 2026	Strategic Risk Management - Q2.	Cabinet/ Chief Officer - People & Policy.
2nd December 2026	Projects and Performance - Q2.	Cabinet/ Chief Officer - People & Policy.
2nd December 2026	Medium Term Financial Strategy 2026/27 - 2030/31 – Update.	Cabinet/ Chief Officer – Finance.

2nd December 2026	Treasury Management Mid-Year Review 2026/27.	Cabinet/ Chief Officer – Finance.
2nd December 2026	Asset Management Plan. A focus on commercial property, commercial venues income and the metrics. Min 58, 11.03.26.	Cabinet/ Chief Officer – Housing and Property.
2nd December 2026	Complaints report. That the Panel look forward to receiving regular updates. Min 24, 03.12.25.	Cabinet/ Chief Officer – Housing and Property.
2nd December 2026, or a later date.	SLAs. • Arts partners. Later in the year. • Lancaster BID. Reporting on achievements to be later in the year. • Morecambe BID. Reporting much later in the year, maybe at mid-year point.	Cabinet/ Chief Officer – Sustainable Growth.
13th January 2027	Budget and Policy Framework Update 2026/27 to 2030/31	Cabinet/ Chief Officer – Finance.
10th February 2027	Budget and Policy Framework Update 2026/27 to 2030/31.	Cabinet.
10th March 2027	Strategic Risk Management - Q3.	Cabinet/ Chief Officer - People & Policy.
10th March 2027	Projects and Performance – Q3.	Cabinet/ Chief Officer - People & Policy.
TBC.	LGR – Local Partners In the context of LGR, some Members felt that the Council wishes to provide the best possible opportunity for the positive relations with our local partners to continue through to the new unitary	TBD.

	authority and/or parish or town councils. We need to explore the barriers, hopes and fears of our partners so we can better understand what systems or mechanisms Lancaster City Council may need to establish to enable a seamless transition to the new representative arrangements in the local area from 2028 and beyond. Also, to focus on the "3rd sector" - charities, voluntary groups, social enterprises, cooperatives, and faith sectors who the Council work with and to look at those who we have SLAs with or fund in different ways. Min 58, 11.03.26.	

Training – Subject/date	Provider
Treasury Management. 30th June 2026, Teams.	External provider.

APPENDIX B

Budget and Performance Panel

Composition: **Nine Councillors in political balance.**

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

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

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

Terms of Reference

10.1 To scrutinise the Council's arrangements and performance in relation to financial planning, including budget / target setting, e.g. items within the Budget Framework including reviewing the effectiveness of the:

(a) budget setting process;

(b) contents of the Medium Term Financial Strategy (MTFS);

(c) Capital Investment Strategy; and

(d) financial targets in the Council Plan.

10.2 To review the management of resources by scrutinising the Council's financial performance in year against agreed budgets or other targets. e.g.:

(a) capital and revenue spending against approved budgets;

(b) specific activities including treasury management, generation of revenue and capital income targets; and

(c) monitoring of financial savings/efficiency targets (including within the MTFS).

(d) monitor the delivery and effectiveness of Service Level Agreement targets;

(e) assess performance against key performance indicators and benchmarks; and

(f) assess whether services are delivering their expected outcomes.

10.3 To review the effectiveness of the Council's overall performance management arrangements in relation to partnership working and to scrutinise the performance of the Council's major partnerships.

10.4 To scrutinise the Council's policies and procedures and other supporting arrangements for securing value for money (i.e. economy, efficiency, effectiveness) e.g.:

(a) value for money strategy;

(b) procurement practices;

(c) income management and collection arrangements;

(d) asset management practices; and

(e) insurance arrangements.

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

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

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