



**Corporate Policy and
Resources**

Thursday, 14 April 2022

**Subject: Budget and Treasury Monitoring - Quarter 4 2021/2022
(1st April 2021 to 31st March 2022)**

Report by:	Assistant Director, Finance, Business and Property Services
Contact Officer:	Sue Leversedge Business Support Team Leader sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	This report sets out the revenue, capital and treasury management activity from 1 April 2021 to 31 March 2022.

RECOMMENDATION(S):

REVENUE

- a) Members accept the forecast out-turn position of a £0.187m net contribution to reserves as of 31st March 2022 (see Section 2) relating to business-as-usual activity.
- b) Members approve the use of Earmarked Reserves (2.4.1).
- c) Members accept the use of Earmarked Reserves during the quarter approved by the Chief Finance Officer using Delegated powers (2.4.2).
- d) Members approve the amendment to the fees and charges schedules (2.3.2), to be effective immediately.
- e) Members accept the Revenue budget carry forwards of £0.856m approved in year (Appendix 3).

CAPITAL

- f) Members accept the current projected Capital Outturn as detailed in

3.1.1.

- g) Members approve the capital budget carry forwards of £2.449m, and to bring forward budget of £0.051m from 2022/2023 into 2021/2022, as detailed at 3.1.2.

TREASURY

- h) Members accept the report, the treasury activity and the prudential indicators.

IMPLICATIONS

Legal: None arising as a result in this report.

Financial : FIN/2/23/CPR/SL

REVENUE

The draft revenue forecast out-turn position for 2021/2022 is currently reflecting a net contribution to reserves of £0.187m relating to business-as-usual activity as of 31st March 2022.

When then considering the impact of Covid-19 we are currently forecasting that the additional costs and loss of income forecast for the financial year, offset by savings, will total a net pressure of £1.13m. This will leave a balance of £0.399m remaining against the Covid Support funds held to support Covid recovery (total £1.529m).

The summary of forecast Covid financial implications are contained within the report at 2.2.8.

A summary of the forecast out-turn position relating to business as usual activity:

Summary of Out-turn Position 2021/2022		
	£ 000	
FORECAST OUTTURN AS AT 28.02.22	(1,043)	BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-APPROVED IN YEAR	93	ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	342	ALREADY APPROVED
SUB-TOTAL:	(608)	
SERVICE CARRY FORWARD REQUESTS	421	Pending Approval by Management Team 04.04.22
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(187)	
TOTAL CARRY FORWARDS:	856	

The forecast General Fund Balance as of 31 March 2022 is £3.981m (excluding carry forwards). This is £1.481m above the minimum working balance of £2.5m agreed by this Committee.

The items with significant variances are contained within this report at 2.1 and 2.2.

CAPITAL

The Capital Forecast Out-Turn for 2021/2022 is £7.228m, a variance of £2.603m against the approved budget of £9.831m. The variances and requests for carry forwards/drawbacks of £2.603m are detailed at 3.1.2.

Both the revenue and capital figures are subject to change once the actual outturn position is finalised, and the final outturn will be reported to Corporate Policy and Resources in June 2022.

TREASURY

The Treasury Management activities during the reporting period are disclosed in the body of this report. Total external borrowing is currently £21.5m; however, no additional borrowing will be required this financial year.

There have been no breaches of Treasury or Prudential Indicators within the period of this report.

Average investments for the period (Jan-Mar) were £22.77m, which achieved an average rate of interest of 0.855% (Oct-Dec was 21.626m, 0.727%).

Staffing:

Salary budgets for 2021/2022 were set based on an estimated 0% pay award. The actual pay award for the year has been confirmed at 1.75%, payable in March 2022 backdated to April 2021.

There is a forecast 1.27% (£0.151m) surplus for the year against revised employee budgets due to a number of vacancies across services, some of which have been covered by interim or agency staff.

This is after the 2% (£0.183m) Vacancy Factor included within the 2021/2022 Budget, which was applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance).

Without the vacancy factor, there would be a 2.82% (£0.334m) surplus across all employee budgets.

Equality and Diversity including Human Rights: None arising as a result of this report.

Data Protection Implications: None arising as a result of this report.

Climate Related Risks and Opportunities: None arising as a result if this report.

Section 17 Crime and Disorder Considerations: None arising as a result of this report.

Health Implications: None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report : N/A

Risk Assessment: This is a monitoring report only.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

X

1. Executive Summary

This report provides the oversight of financial performance for:

REVENUE

- 'Business as Usual' Revenue Forecast Out-Turn (after carry forwards) – Contribution to Reserves £0.187m. (-1.42% of Net Revenue Budget – see 2.1 for details of significant variances).
- The net impact of Covid-19 on services during 2021/2022 is £1.13m (being costs and loss of income, offset by savings and additional income received). Balances held to support the Council for this purpose total £1.529m, leaving a balance of £0.399m in reserves (see 2.2.8 for details).
- Carry forwards approved during the year of £0.856m (see Appendix 3 for details).
- Net surplus of £1.043m (including carry forwards) to be transferred to the General Fund Balance. This would result in a Fund balance as of 31 March 2021 of £4.837m (£3.981m excluding carry forwards).

CAPITAL

- Capital Forecast Out-Turn: £7.228m, a variance of £2.603m against current budget £9.831m, this is made up of:
- Anticipated Slippage of £2.449m (see section 3.1.2).
- Bring forward from 2022/2023 budget of £0.051m in relation to Rough Sleeper Accommodation Project and LEAP – Supported Accommodation. (see section 3.1.2).
- Underspend of £0.276m on six schemes (see section 3.1.2):
- Overspend of £0.002m on Private Sector Renewal
- Amendments to four schemes:
 - Request for Capital budget of £0.03m funded from the Welcome Back Fund grant. This grant has previously received approval to spend but we did not have the split between revenue and capital at that time.
 - Request to reduce the Customer Relationship Management Budget by £0.003m for Software Costs to be transferred to revenue.
 - Request to reduce the CCTV Expansion Budget by

£0.032m for 5-year line connection fee to be transferred to revenue.

- £0.075m Request to reinstate the Capital Budget for the Website replacement scheme, previously approved in 2021/2022 MTFP for spend in 2022/2023. Spend is to be rephased to 2021/2022.

TREASURY MANAGEMENT

- Treasury Management Report and monitoring:
- Investments held as at 31 March 2022 were:
 - Average investment interest rate for October to December was 0.855%.
 - Total Investments at the end of Quarter 4 was £22.77m.

The tables below reflect investment movements and prudential borrowing analysis:

	Qtr 3	Qtr 4
Investment Movements	£'000	£'000
Investments B/fwd (at 31.12.2021 incl. bank)	20,602	22,219
Add/(Less) Capital expenditure	(943)	(10,198)
Add/(Less) PWLB/Other LA Borrowing in year	0	0
Add/(Less) Net Revenue Expenditure	(1,563)	5,911
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	20,237	74,956
Add/(Less) Working Capital Movement	(16,114)	(70,118)
Investments c/fwd (at 31.03.2022)	22,219	22,770

Our prudential borrowing position reflects actual borrowing undertaken from the Public Works Loans Board/Other Local Authorities and the amount of internal borrowing required to meet the actual costs of borrowing up to the 31 March 2022.

	Qtr.3	Qtr. 4
Prudential Borrowing	£'000	£'000
Total External Borrowing (PWLB), and Other Local Authorities	16,500	16,500
Internal Borrowing	3,500	5,000
	19,425	17,925
Total Prudential Borrowing at 31.03.2022	39,425	39,425

With the invasion of the Ukraine by Russian Forces, we are seeing changes in economic forecasts, inflation projections and price increases all of which will have future impact on the Council. We continue to monitor the situation and will be undertaking a review of the Medium Term Financial Plan as at end September. We will report back to members in November of updated forecasts.

In addition we have reviewed all our Treasury and none of our investments have direct links with Russia.

There is further information in relation to the Economic impacts at Appendix 2 to the Treasury Management Update.

REVENUE BUDGET MONITORING QUARTER 4
(1st April 2021 to 31st March 2022)
Forecast Outturn for 2021/2022

2. The Revenue Budget forecast for 'business as usual' out-turn currently stands at a net contribution to reserves of £0.187m as detailed in the table below.

This is after taking account of £0.856m of revenue budget carry forwards. The details of which are provided at **Appendix 3**.

Details of headline variances by Cluster can be found below at 2.1 and 2.2.

Details of the Covid-19 financial implications can be found at 2.2.8.

SERVICE CLUSTER	2021/2022					
	Original Budget	Revised Budget	Forecast Outturn	Outturn Variance before Cfwds	Carry Forwards	Outturn Variance after Cfwds
	£	£	£	£	£	£
Our People	1,529,000	2,196,000	1,915,005	(280,995)	288,000	7,005
Our Place	3,778,100	4,222,100	3,793,343	(428,757)	199,100	(229,657)
Our Council	6,372,700	6,722,300	6,058,870	(663,430)	368,600	(294,830)
Controllable Total	11,679,800	13,140,400	11,767,218	(1,373,182)	855,700	(517,482)
Corporate Accounting:						
Interest Receivable	(124,600)	(136,200)	(216,500)	(80,300)	0	(80,300)
Interest Payable	377,700	383,500	372,100	(11,400)	0	(11,400)
Investment Income	(1,434,900)	(1,434,900)	(1,436,760)	(1,860)	0	(1,860)
Precepts and Levies	2,574,700	2,574,700	2,572,300	(2,400)	0	(2,400)
Movement in Reserves:						
To / (From) General Fund	(1,943,700)	4,731,500	4,731,500	0	0	0
Use of Specific Reserves	(3,011,800)	(2,575,900)	(2,575,900)		0	0
Contribution to Specific Reserves	4,719,000	4,731,500	4,731,500	0	0	0
Repayment of Borrowing	442,900	442,900	823,000	380,100	0	380,100
Net Revenue Expenditure	13,279,100	21,857,500	20,768,458	(1,089,042)	855,700	(233,342)
Funding Total	(13,279,100)	(14,191,400)	(14,144,600)	46,800	0	46,800
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	0	7,666,100	6,623,858	(1,042,242)	855,700	(186,542)

Carry Forwards - approved in year	93,300
Carry Forwards - approved at year end	421,300
Carry Forwards - use of Earmarked Reserves	341,100
Total Carry Forwards	855,700

2.1 The significant movements being;

Cluster	EXPENDITURE	Total £000	Direction of Travel
	BUDGET UNDERSPENDS		
	Salary (<i>savings</i>) / pressure. Includes 2% vacancy factor £183k. Includes est. 1.75% pay award.	(£151)	↑
Our Council	Corporate Contingency budget not required.	(£20)	↔
All Clusters	Reduced spend on legal services.	(£67)	↑
	PRESSURES		
Movement in Reserves	Voluntary Revenue Provision - Commercial Properties.	£180	↔
Our Council	Software Licence Fee nationwide increase.	£52	↔
Our Council	Telephony costs - continued compliant connection to the Voter Registration Process and the DWP Benefits system.	£23	↔
Our Council / Our Place	Fuel - increased costs.	£23	↓
	Various forecast outturn variances <£10k	£60	↑
		£100	

Cluster	INCOME	Total £000	Direction of Travel
BUDGETED INCOME EXCEEDED			
Corporate Accounting- Interest Received and Paid	Interest Receivable £80k, Interest Payable £11k.	(£91)	↑
Our Council	Green Waste service income target exceeded - service subscriptions £46k, new bin sales £24k.	(£70)	↑
Our Council	Bulky Waste Collections income has exceeded the target for the year.	(£24)	New
Our Place	Planning Pre Application advice income forecast above budget for the year.	(£27)	↑
Our Place	Planning Fee Income has exceeded budgeted levels.	(£80)	New
Our Place	Civil Parking Enforcement fines received.	(£16)	New
Our Place	Shopping Trolley reclaimed income.	(£53)	↔
BUDGETED INCOME NOT ACHIEVED			
Funding	Government Grants - budget set at estimated value of £0.159m. The final settlement was announced in March as £0.112m	£47	↑
Our Place	Property Services - loss of rental income due to transfer of Housing Stock to P3.	£27	↔
		(£287)	
TOTAL VARIANCE		(£187)	

2.2 Significant items (>£10k) of note by Cluster:

2.2.1 Movement in Reserves

- The total Voluntary Revenue Provision (VRP) for 2021/2022 is £0.374m. It is proposed to use £0.194m of the Commercial Contingency budget to offset this cost.

The balance of £0.18m is to be met from in year surplus, if there are sufficient balances at year-end, following the closure of accounts.

Alternatively, the £0.18m balance will be funded from the Valuation Volatility Reserve if required.

The forecast outturn reported at Qtr. 4 2021/2022 includes the VRP as a use of in year surplus. Without this transaction, the forecast outturn is **a net contribution to reserves** of £0.367m.

2.2.2 Interest & Investment Income

- (£0.091m) - Interest receivable on investments is forecast to be £0.08m above budget for the year, and interest payable on borrowing is forecast to be £0.011m less than budget for the year.

2.2.3 Our Council

- £0.369m approved carry forwards into 2022/2023 (see Appendix 3 for details).
- (£0.07m) - Income from Green Waste service received above budget for the year. £0.046m is from service subscriptions, and £0.024m from the sale of new bins.
- (£0.020m) – being the balance of a corporate contingency budget which is not required.
- (£0.024m) – Income from bulky waste collections received above budget for the year.
- £0.052m - Pressure for software licenses. This is the result of a nationally agreed framework and an increase in the number of licensed users. The ICT Team will over the next year look to reduce these costs by converting some users to an alternative license model, and by reviewing the applications used and suggesting alternative approaches to reduce costs.
- £0.023m – Pressure for telephony costs. To ensure the continued compliant connection to the Voter Registration Process and DWP Benefits system. The Council has engaged in a procurement exercise with a reduced requirement to try to reduce further costs.
- £0.023m – increased fuel costs due to market price for fuel, and the use of fuel cards during the transition period when moving depot sites (from late July to early December 2021).

2.2.4 Our People

- £0.288m approved carry forwards into 2022/2023 (see Appendix 3 for details).

2.2.5 Our Place

- £0.199m approved carry forwards into 2022/2023 (see Appendix 3 for details).
- £0.006m - There is a pressure on market fee income due to charges being suspended for April and May in support of traders in their financial recovery from Covid-19 impacts. Charges were reinstated from 1st June 2021. This pressure will be offset by the use of the Commercial Contingency budget.
- £0.067m - reduced spend on legal services is forecast for 2022/2023 (£0.027m within Development Management).

- £0.027m – the transfer of housing stock to P3 has realised a net pressure for the year, due to loss of rental income.
- (£0.027m) – The forecast income for planning pre-application advice is expected to be greater than budget, based on activity for this period.
- (£0.08m) – Planning fee income has exceeded the budget for the year, due an increase in planning applications in the final quarter of the financial year.
- (£0.053m) of income has been received to date for the Shopping Trolley scheme. This scheme was not introduced to generate income but to help keep communities free of abandoned shopping trolleys, and we anticipate the number of reclaimed trolleys to reduce as supermarkets take action.
- (£0.016m) additional income from civil parking enforcement fines have been received. This income will be monitored during 2022/2023 to establish whether there is an ongoing increase in fines issued, and subsequent income received.

2.2.6 Funding

£0.047m reduction in funding against the budget. The budget was set at an estimated value of £0.159m. The final settlement was announced in March 2021 as £0.112m.

2.2.7 Establishment

A 2% vacancy factor against salary budgets was approved for 2021/2022 through the MTFP, which equates to a reduction of £0.183m.

Salary budgets for 2021/2022 were set based on an estimated 0% pay award. The actual pay award for the year has been confirmed at 1.75%, payable in March 2022 backdated to April 2021.

Current vacancy levels after costs of interim staffing resources is forecast to achieve a further £0.151m budget underspend for the year; this represents 1.27% of the overall employee revised budget. This is detailed by cluster as follows:

Cluster	Sum of variance £
Our Council	(175,131)
Our People	(81,118)
Our Place	(78,069)
2% Vacancy Factor	183,400
Grand Total	(150,918)

2.2.8 Financial Implications of Covid-19

We have monitored the ongoing financial implications of the Covid-19 pandemic and updated Members regularly during the year.

The additional costs and loss of income forecast for the financial year, offset by savings, total a net pressure of £1.13m. This will leave a balance of

£0.399m remaining against the Covid Support funds held to support Covid recovery (total £1.529m).

Of this balance, £0.232m has been approved to support the ongoing implications of the pandemic in 2022/2023 and 2023/2024.

The balance of unallocated Covid Support funds being £0.167m.

The tables below present the financial impact of Covid-19 on the Council for 2021/2022.

Full Year 2021/2022 Financial Summary	£000
LA Covid Support Grant 20/21 - Balance Remaining Held in Earmarked Reserves	(434)
Earmarked Reserve Approved 21/22 MTFP	(500)
LA Covid Support Grant 21/22	(510)
Additional grant for loss of income 21/22	(85)
Total Covid-19 Support Funds Held	(1,529)
Total Covid-19 pressure 21/22	1,130
Net Covid-19 Allocation Balance Remaining 21/22	(399)

Approved use of Covid-19 Allocation 22/23	158
Approved use of Covid-19 Allocation 23/24	74
Net Covid-19 Allocation Balance Unallocated	(167)

Covid-19 Pressures	2021/22 Actuals £000
Loss of income due to service closures / changes - services covered by Sales, Fees and Charges Compensation Grant for the period Apr - Jun 2021 (Qtr 1)	162
Loss of income due to service closures / changes	623
Cost Pressures - Covid costs funded from Support Grant *	561
Other Income Received to Support Services	(12)
Savings	(204)
Total Pressures	1,130

* Cost Pressures - Covid costs funded from Support Grant	£000
Additional Resources - agency, backfilling, overtime	391
Economic Development - additional resources for project development	48
Theatre - cost of equipment to comply with Covid regulations	17
Democratic Representation - hire of premises and equipment to hold meetings	21
ICT Team - headsets / licences / training	26
ICT Team - additional laptop provision for Covid virtual working (capital)	14
Health & Wellbeing - Leisure Management contractor support	12
Other costs <£10k	32
	561

Costs are mitigated by savings achieved and other income received to support services.

£0.595m of the Covid Support Funds are held within base budgets for 2021/2022.

Member approval is requested to release the balance of £0.535m from the Covid Support Fund held within earmarked reserves (see 2.4.1).

2.3 Fees and Charges

2.3.1 £4.254m has been received in Fees and Charges up to the end of the period against a budget of £4.08m, a surplus of £0.174m.

The most significant areas of additional income forecast for the year being:

- Planning fee income £0.08m
- Garden Waste subscriptions £0.046m
- Planning pre-application advice £0.027m
- Garden Waste sale of new bins £0.024m
- Bulky Waste collections £0.024m
- Civil Parking Enforcement fines £0.016m

The significant areas of forecast income losses due to the ongoing impact of Covid-19, which are included in the claim against the Local Government Income Compensation Scheme for Lost Sales, Fees and Charges, are:

- Trinity Arts Centre box office takings £0.062m
- Local Tax Collection – Court Costs Recovered £0.132m
- Car Park income (season tickets and parking fees) £0.082m

2.3.2 Amendments to Fees and Charges 2022/2023

a) Crematorium

- An error in the 2022/2023 fees and charges schedule has been identified when the service came to publish the rates for the new year, where an amount has been included under VAT in error. The table below shows the original fee on the top line, with the corrected fee on the second line.

	2021/22	Proposed Increase / (Decrease)		2022/23	VAT Amount	2022/23 Charge Inc. VAT	VAT Rate
	£	% Type	or £	£	£	£	
Memorial Service (45mins)	£232.00	2.5%	£5.80	£237.80	£1.00	£238.80	X
Memorial Service (45mins)	£232.00	2.6%	£6.00	£238.00	£0.00	£238.00	X

- A fee for ‘mulberry tree – per leaf with motif’ was allowed for in the fees and charges schedule approved for 2022/2023 within the narrative beneath the schedule for the Crematorium:

** Sanctum 2000 vault/Barbican memorial/Mulberry tree – additional artwork/photo plaque can be provided – POA (plus admin fee £10 - £30 dependent on requirements)

The Crematorium Manager has requested to include the ‘mulberry tree – per leaf with motif’ as a separate line on the schedule and remove from the narrative below the schedule. This would make the option more accessible to the customer, without the need for them to request a price.

	2021/22	Proposed Increase / (Decrease)		2022/23	VAT Amount	2022/23 Charge Inc. VAT	VAT Rate
	£	% Type	or £	£	£	£	
Mulberry Tree - per leaf with motif, space leased for 5 years	£165.83	0.5%	£0.84	£166.67	£33.33	£200.00	S

b) Land Charges – CON29R

The CON29 form is used to request information held by a local authority about a property.

This fee is set by Lincolnshire County Council highways department, and is recharged as part of the search fee issued by West Lindsey District Council.

The rate to be applied was notified after fees and charges for 2022/2023 were submitted for Committee approval, but we have requested earlier notification for future years.

The table below shows the original fee on the top line, with the corrected fee on the second line.

		2021/22		Proposed Increase / (Decrease)		2022/23		VAT Amount	2022/23 Charge Inc. VAT	VAT Rate
		£	%	£	£	£	£	£	£	
CON 29R	Lincolnshire County Council Fee	£23.10	3.9%	£0.90	£24.00	£4.80	£28.80		S	
CON 29R	Lincolnshire County Council Fee	£23.10	3.9%	£16.90	£40.00	£8.00	£48.00		S	

2.4 2021/2022 Use of and Contribution to Reserves

2.4.1 Use of Reserves – Member Approval Required

The following use of Earmarked Reserves is greater than £0.05m and requires the approval of Corporate Policy and Resources committee:

- £0.535m from the Finance Budget Risks Reserve to release the Covid Support Funds held within earmarked reserves, as detailed at 2.2.8.

2.4.2 Use of Reserves – Delegated Decision

The Chief Finance Officer has used delegated powers to approve the use of earmarked reserves up to £0.05m – total approved £0.026m.

- £0.015m from General Fund Balances. Engagement of consultants to assist with the review and action relating to the public service reform agenda, and how the five components of the reform plan can be accomplished.
- £0.007m from the Insurance Fund Reserve. Insurance excess incurred during 2021/2022.
- £0.001m from the Enforcement Costs – Housing and Planning Reserve. Enforcement costs incurred during 2021/2022 which are not recoverable within the financial year.

2.5 Grants

As at 1st April 2021 we had an amount of £0.885m relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms. The forecast balance as at 31st March 2022 is £0.379m

2.5.1 Successful Grant Bids and New Grant determinations

The following grants have been received/awarded during this period:

Grant Issued By	Name of Grant	£
Department for Levelling Up, Homes and Communities	Covid 19 Additional Relief Fund	1,408,044
Department for Levelling Up, Homes and Communities	Omicron Hospitality & Leisure Grant	1,098,108
Department for Levelling Up, Homes and Communities	Levelling Up Funding	388,829
Department for Levelling Up, Homes and Communities	Rural Services Delivery	248,834
Department for Levelling Up, Homes and Communities	New Home Bonus	179,785
Department for Levelling Up, Homes and Communities	Additional Restrictions Grant	161,098
Department for Levelling Up, Homes and Communities	Reopening the High Street	45,502
Department Business, Energy & Industrial Strategy	New Burdens Grant -Re Covid19	39,080
Department for Levelling Up, Homes and Communities	Homelessness Prevention	37,646
Department for Levelling Up, Homes and Communities	Lower Tiers Services Grant	21,460
Department for Work and Pensions	Kickstart Grant	10,802
Department for Levelling Up, Homes and Communities	Rough Sleepers Initiative	10,000
Department for Levelling Up, Homes and Communities	Pavement Licences	4,917
Department for Levelling Up, Homes and Communities	Welcome Back Fund	4,744
		3,658,848

Other Items for information

2.6 Planning Appeals

In Quarter 4 2021/2022, to the end of March 2022, there were 9 appeals determined – 3 allowed and 6 dismissed.

There are no live application for costs.

Period	Number of Appeals	Allowed	Dismissed
January	3	2	1
February	4	0	4
March	2	1	1
Total for Quarter 4	9	3	6

2.7 Aged Debt Summary – Sundry Debtors Aged Debt Summary Quarter 4 Monitoring Report

At the end of March 2022, there was a total of £0.219m outstanding debt in the system over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

- Environmental Protection & Licensing £0.053m – the debt recovery process is under way for all debt over 90 days, payment plans are being put in place where possible.
- Housing Benefits overpayments £0.03m the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.
- Housing £0.014m – the majority of which are in the process of debt recovery, or a payment plan is being implemented.

The level of outstanding debt for the same period 2020/2021 is provided below for information.

2020/2021 Total £	Month	90 – 119 days £	120 – 149 days £	150+ days £	2021/2022 Total £
227,938	Quarter 1 - ending May 2021	8,813	8,120	163,504	180,437
370,266	Quarter 2 - ending Sept 2021	47,871	3,217	158,630	209,718
345,840	Quarter 3 - ending Dec 2021	16,097	13,499	189,805	219,401
224,602	Quarter 4 - ending Mar 2022	1,971	10,229	206,593	218,793

2.8 Changes to the Organisation Structure

2.8.1 Housing Benefits Restructure - The restructure has been approved following the retirement of a Benefits Assessment Officer, to allow the team to continue to function whilst more working age Housing Benefit customers migrate onto Universal Credit.

The changes are effective from 1st April 2022, and the financial implications of the change is a small saving of £0.001m in 2022/2023.

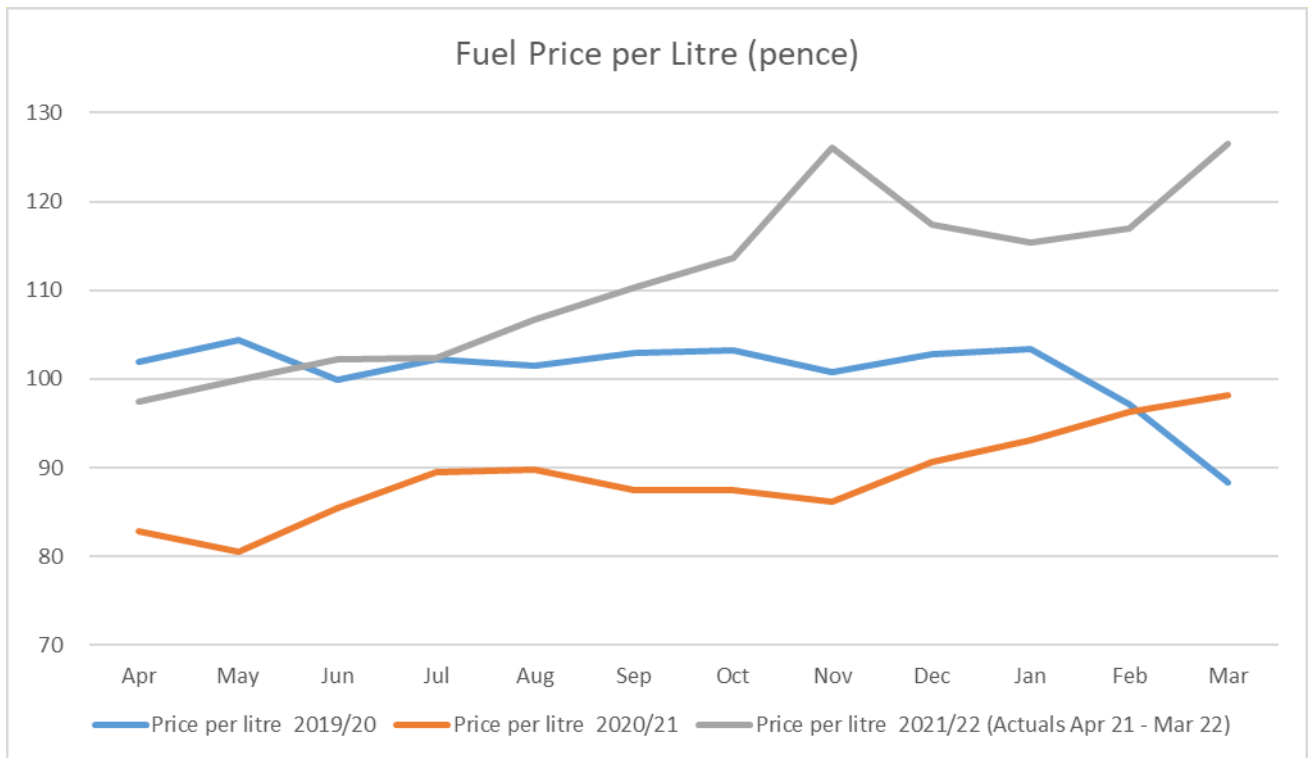
2.8.2 Planning Enforcement Resources – a Planning Enforcement Officer post has been increased from a Band 6, to a career grade Band 6-8. This is in response to the service requirements of the policy and service demand, and to reflect the experience, competency and qualifications required by the post holder.

The financial implication of the change in 2021/2022 is a pressure of £0.001m.

2.9 Fuel

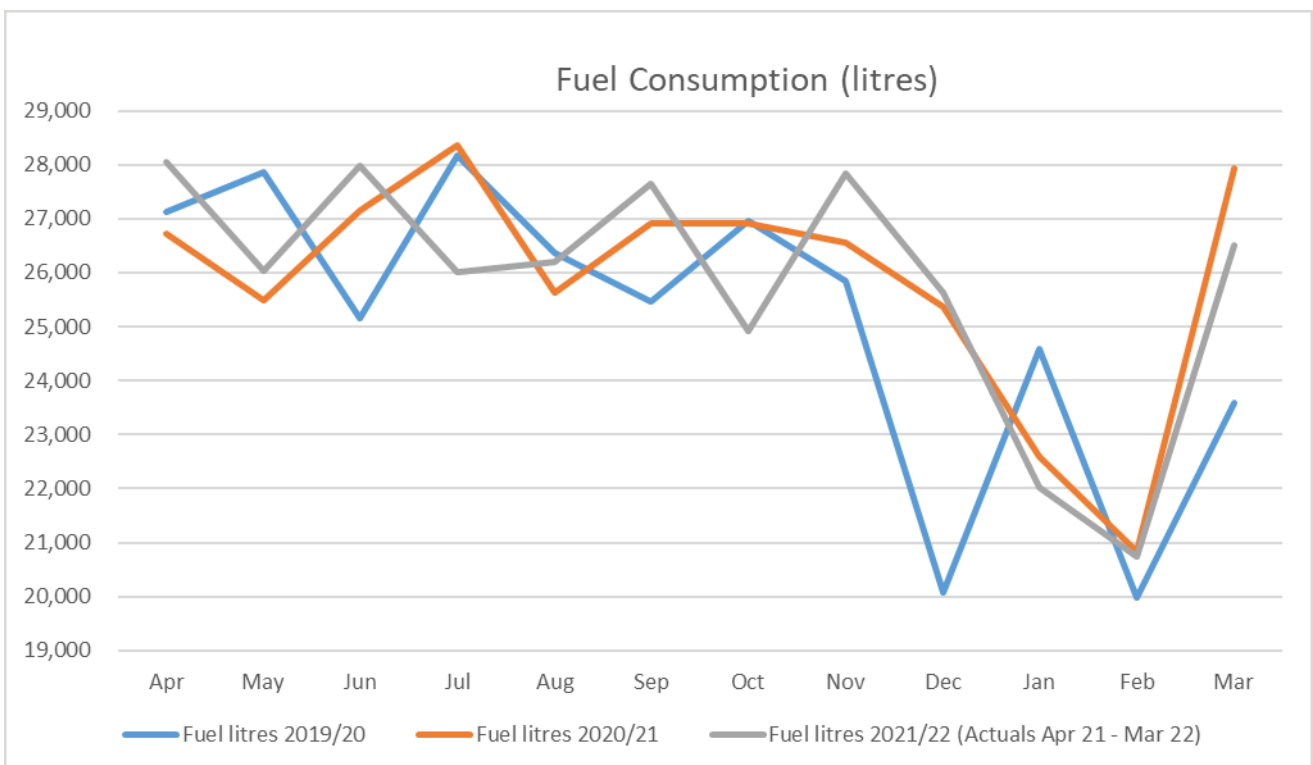
2.9.1 The chart below shows the actual price paid per litre of fuel, in pence, during 2019/2020 and 2020/2021. The prices shown for 2021/2022 are actuals to date, for the period April to March 2022.

During the period from late July to early December 2021 a combination of fuel cards and fuel from the existing depot site tanks have been used to deplete the stock held in the tanks, pending the transfer to the new site. The fuel tank at the new depot site was available for use from early December 2021.



2.9.2 The chart below show the actual volume of fuel purchased, in litres, during 2019/2020 and 2020/2021. The volumes shown for 2021/2022 are actuals to date, for the period April to March 2022.

There is a drop in fuel purchased December to February, which reflects the pause in Garden Waste collections.



3.1 CAPITAL BUDGET MONITORING – Quarter 4

3.1.1 The Capital Budget out-turn for schemes totals £7.228m against a revised budget of £9.831m. This has resulted in a variance of £2.603m, of which a net £2.399m is requested for carry forward/draw back and £0.204m being the net underspend on scheme budgets.

3.1.2 Approvals to Carry Forward £2.449m, are requested as detailed in the table below, with the most significant being;

- £0.530m Local Authority Delivery Grant Phase 2 – Green Homes Grant – the grant has been extended to 30.6.2022.
- £0.057m Disabled Facilities Grant – Money is all allocated to projects but delays in getting the work completed before 31.3.2022.
- £0.050m Market Rasen 3 Year Vision – individual projects have not been able to complete prior to 31.3.2022.
- £0.050m Hemswell Masterplan Public Realm Improvements – project to spend in 2022/23.
- £0.050m Gainsborough Heritage Regeneration THI – spend anticipated in 2022/23 alongside the LUF Bid.
- £0.250m 5-7 Market Place Redevelopment – delays to the commencement of the building works.
- £0.681m Gainsborough Growth – Grant for Development Cinema – delays to the purchase of the land slip 2022/23.
- £0.046m CCTV Expansion – completion expected early 2022/23.
- £0.066m Income Management System work expected to commence in April 2022.
- £0.100m Hemswell Cliff Investment for Growth – to be a focus for 2022/23
- £0.091m Vehicle Replacement Programme – vehicles on order but to be delivered 2022/23
- £0.100m of the remaining Depot budget to be slipped to 2022-23 for the build of the Wash Bay – costings are still being obtained.
- £0.050m Carbon Efficiency – light replacement to be carried out in 2022/23
- £0.047m Document Management System – project to go live early 2022/23
- £0.209m Thriving Gainsborough LUF – slip to 2022/23.
- £0.020m Telephony – project to complete in 2022/23

The remaining £0.053m is made up of small carry forward requests as detailed in the summary table below.

Included in the net carry forward amount are claw backs totaling £0.051m. Approval is sought to bring forward this funding from 2022/23 for the following schemes:

- £0.042m Rough Sleeper Accommodation Project
- £0.009m LEAP – Supported Accommodation

The net underspend position of £0.204m relates to schemes that have either underspent or overspent or schemes that are requesting amendments.

Scheme which overspent;

- £0.002m Private Sector Renewal - this has been financed from Investment for Growth Reserve.

Schemes that have underspent are:

- Crematorium Phase 2 - £0.034m
- Property Flood Resilience - £0.005m
- Capital Enhancements to Council Owned Assets - £0.015m
- Additional Laptop Provision for Virtual Working - £0.022m.
- New Depot £0.200m

Approval is sought for amendments/additions to the following schemes:

- There is a request for the approval of a Capital budget of £0.030m from the Welcome Back Fund. This grant has previously received approval to spend but we did not have the split between revenue and capital at that time.
- Customer Relationship Management System - £0.003m for Software Costs to be transferred to revenue.
- CCTV Expansion – Approval is sought to transfer £0.032m to revenue to cover the cost of a 5 year line connection fee.
- £0.075m Request to reinstate the Capital Budget for the Website previously approved in 2021-22 MTFP for spend in 2022-23. Spend is to be rephased to 2021-22.

All amendments to the schemes will be made at the year end when the capital schemes have closed and the final outturn has been confirmed. The position reported reflects the estimated outturn at this point and will be subject to further change.

3.1.3 The out-turn position and narrative for capital schemes is provided in the table below;

Capital Investment Programme 2021/22

Corporate Priority / Scheme	Stage (1 April 2021)	Stage	Actuals to 28/02/2022	Original Budget 2021/22	Revised Budget 2021/22	Contingency Budget	Revised Budget Excluding Contingency Budget	Forecast Outturn 2021/22	Over/ (Underspend) Against Revised Budget 2021/22	Carry Forward Requests/ Drawbacks	Contingency Budget Spent	Comments
			£	£	£	£	£	£	£	£	£	
Vulnerable Groups & Communities												
Extra Care Provision Scheme	Stage 1	Stage 1	0	1,500,000	0	0	0	0	0	0	0	
LEAP - Supported Accommodation	-	Stage 3	0	0	20,000	0	20,000	28,570	0	8,570	0	Scheme approved Sept 2021 it is anticipated this will be finalised in 22/23 - minor drawback from 22/23 anticipated.
Property Flood Resilience	-	Stage 3	24,749	0	34,200	0	34,200	29,409	(4,791)	0	0	Claims submitted in 21/22 - these will be funded from external grant - the claim will be made once all applications have been received.
Rough Sleeper Accommodation Project	-	Stage 2	42,000	0	0	0	0	42,000	0	42,000	0	The grant was to be paid on completion of a Grant Funding Agreement, it was finalised sooner than anticipated so the spend came out this financial year instead of the projected 2022/2023.
Local Authority Delivery Grant Phase 2 - Green Homes	-	Stage 3	0	0	560,000	0	560,000	30,497	0	(529,503)	0	Agreement took longer than anticipated to sign with Eon who are delivering the scheme on our behalf. Funding was due to all be spent by 31st March 2022 but Government extended the deadline of spend until 30th June 2022.
Health and Wellbeing												
Disabled Facilities Grants	BAU	BAU	775,150	857,714	977,140	0	977,140	920,550	0	(56,590)	0	All the DFG budget has been committed but due to a shortage of contractors not all work will be finalised before 31.3.2022.
Private Sector Renewal	Stage 3	Stage 3	46,000	98,547	43,842	0	43,842	46,000	2,158	0	0	Small overspend - project is now finished.
Market Rasen Leisure Centre	Stage 4	Stage 4	(435)	0	0	0	0	0	0	0	0	0
Economy												
Market Rasen 3 year vision	Stage 3	Stage 3	0	200,000	50,000	0	50,000	0	0	(50,000)	0	Budget reapproved by PC & CPR in September for historic building grant scheme. Scheme developed and opened to applicants in Qtr. 3 21/22. A number of building owners have raised interest in the scheme since open, however due to individual project timelines none are expected to be in a position to draw down funds in this financial year.
Hemswell Masterplan - Public Realm Improvements	Stage 2	Stage 2	0	0	50,000	0	50,000	0	0	(50,000)	0	£10k c/f spend in April/May 2022 to purchase wet pour base for a play park and additional play equipment to aid the play parks adoption by Hemswell Cliff Parish Council to be slipped to 22/23. £40k to be carried over to 2022/2023 and spent in conjunction with the £100k Investment for Growth for Building Regeneration / Community Space.
Crematorium	Stage 4	Stage 4	(7,330)	0	0	0	0	0	0	0	0	0
Crematorium Phase 2	Stage 3	Stage 3	9,160	154,000	154,000	0	154,000	120,000	(34,000)	0	0	May be a small underspend on this project need final confirmation on values due to contractor.
Gainsborough Heritage Regeneration - THI	Stage 2	Stage 2	0	402,000	50,400	0	50,400	0	0	(50,400)	0	Building owners have been withholding applications due a lack of confidence and uncertainty due to COVID and the announcement of LUF funding which is supplementary to this scheme. Interested building owners have started coming forward following the results of LUF bid have been communicated, however due to project timelines no applicants will be in the position to draw down funds in this financial year.
Gainsborough Shop Front Improvement Scheme	Stage 3	Stage 3	5,300	70,000	5,300	0	5,300	5,300	0	0	0	0
Economy												
5-7 Market Place - Redevelopment	Stage 3	Stage 3	2,184	342,300	250,000	0	250,000	0	0	(250,000)	0	Delays to start of building works due to limiting factors such as quantity surveyor availability and other professional services such as legal. Expecting to have paid out £40k preliminary costs and £150k relating to GLLEP LOTS grant and match funding before year end. Original scheme budget included contingency of £59.5k (10%), this has been slipped into 2022/23 as at Qtr. 1.
Trinity Arts Centre Improvement Projects	Stage 3	Stage 3	15,750	279,800	20,500	0	20,500	20,500	0	0	0	0
Gainsborough Growth - Grant for development (Cinema)	Stage 2	Stage 2	0	2,390,000	718,916	0	718,916	37,500	0	(681,416)	0	Deposit paid for Land Purchase
Riverside Walk Acquisition	Stage 3	Stage 3	99,770	0	415,000	0	415,000	415,000	0	0	0	0
Saxilby Industrial Units	Stage 4	Stage 4	(15,000)	0	0	0	0	0	0	0	0	0
The Sun Inn - Capital Grant	Stage 3	Stage 3	0	0	0	0	0	0	0	0	0	0
Hemswell Cliff Investment for Growth	Stage 2	Stage 2	0	100,000	100,000	0	100,000	0	0	(100,000)	0	Focus for spend is to invest in rejuvenation of run down building to provide a community space. Its location can facilitate links with community and business park which is an aim of the Masterplan. Focus 2022/2023 is to gain funding agreement for community space within ex-sergeants mess (currently New Owners Charity). No spend to date due to no engagement with previous owner and no feasible opportunities within business park arose during this financial year.
Thriving Gainsborough - LUF	-	Stage 3	0	0	259,300	0	259,300	50,000	0	(209,300)	0	LUF Budget needs to be slipped to 2022/23
Welcome Back Fund	-	Stage 3	0	0	0	0	0	30,000	30,000	0	30,000	Welcome back Fund has been approved to spend - this is the capital element which will be financed from Grant receipts.

Corporate Priority / Scheme	Stage (1 April 2021)	Stage	Actuals to 28/02/2022	Original Budget 2021/22	Revised Budget 2021/22	Contingency Budget	Revised Budget Excluding Contingency Budget	Forecast Outturn 2021/22	Over/ (Underspend) Against Revised Budget 2021/22	Carry Forward Requests/ Drawbacks	Contingency Budget Spent	Comments
			£	£	£	£	£	£	£	£	£	
Public Safety & Environment												
Vehicle Replacement Programme	BAU	BAU	347,560	438,400	438,400	0	438,400	347,560	0	(90,840)	0	
Depot Review	Stage 3	Stage 3	1,980,915	1,650,000	2,467,607	500,000	1,967,607	2,167,607	(200,000)	(100,000)	300,000	Depot is now operational - still awaiting final invoices. The original scheme budget included £500k contingency budget (10%). £200k of the contingency has been spent. £100k requested to slip to 2022/23 for construction of wash bay
CCTV Expansion	Stage 3	Stage 3	120,929	0	199,265	0	199,265	120,930	(32,000)	(46,335)	0	The scheme is not quite complete as at 31.3.2022 carry forward is required at year-end due to contractor/supplier delays. £32k is to be reallocated to revenue to cover the cost of a 5 year line connection fee.
Housing Growth												
Unlocking Housing - Living over the Shop	Stage 3	Stage 3	0	0	30,400	0	30,400	30,400	0	0	0	
Housing Infrastructure (Southern SUE)	Stage 3	Stage 3	980,480	218,784	2,193,784	0	2,193,784	2,193,784	0	0	0	
Finances												
Financial Management System	Stage 3	Stage 3	149,452	145,000	198,150	0	198,150	198,150	0	0	0	
Capital Enhancements to Council Owned Assets	BAU	BAU	25,857	50,000	76,000	0	76,000	50,000	(15,000)	(11,000)	0	The budget is based on the Asset Management Plan, but, before work is undertaken external consultants are asked to review the life of an asset and if the works need undertaking or can be delayed and sometimes events occur outside of the Council's control that means some works are brought forward or may not have been on the plan i.e. death of a tenant and work required on a property to enable the property to be re let. Slippage of £11k for completion of Market electric sockets
Carbon Efficiency	Stage 3	Stage 3	0	210,000	50,000	0	50,000	0	0	(50,000)	0	Scheme for light replacement to be slipped to 2022/23.
Richmond House Conservatory	Stage 3	Stage 3	0	0	20,000	0	20,000	0	0	(20,000)	0	The works quote came in at £150k all parties agreed a total cost of £60k for the works, therefore, all 3 parties have had to reconsider the project.
Customer												
Telephony (incl. Contact Centre)	Pre-Stage 1	Pre-Stage 1	0	20,000	20,000	0	20,000	0	0	(20,000)	0	Work is ongoing and will slip into April 2022.
Income Management	Stage 1	Stage 1	0	0	86,240	0	86,240	20,250	0	(65,990)	0	Work commenced but due to cpmplete August 2022.
3 D Secure Payment Software	Stage 3	Stage 3	0	0	12,000	0	12,000	2,500	0	(9,500)	0	Final implementation stage will be Summer 2022 with the system upgrade.
Customer Relationship Management System	Stage 3	Stage 3	5,144	0	20,000	0	20,000	5,144	(3,304)	(11,552)	0	Software costs - budget to be reduced to revenue.
Website Replacement	-	-	0	0	0	0	0	75,000	75,000	0	0	Reinstate budget previously agreed for 2022-23 in MTFP 2021-22. May be some slippage
Staff & Members												
ERP Systems (Phase 2)	Stage 2	Stage 2	0	200,000	0	0	0	0	0	0	0	
Document management system	Stage 3	Stage 3	20,475	70,000	75,000	0	75,000	28,563	0	(46,437)	0	
Storage Refresh	Stage 3	Stage 3	199,247	0	200,000	0	200,000	199,247	(753)	0	0	
Additional Laptop Provision for Covid Virtual Working	Stage 1	Stage 3	13,633	0	35,600	0	35,600	14,000	(21,600)	0	0	Number of laptops required is less than initially expected.
Total Capital Programme Gross Expenditure			4,840,989	9,396,545	9,831,044	500,000	9,331,044	7,228,461	(204,290)	(2,398,293)	330,000	

3.2 Acquisitions, Disposals and Capital Receipts

3.2.1 The Council has not made any asset acquisitions during Quarter 4.

3.2.2 The Council has had no asset disposals during Quarter 4.

3.2.3 Capital Receipts - The total value of capital receipts at the end of Quarter 4 totalled £0.47m relating to:

- £0.088m from the Housing Stock Transfer Agreement share of Right to Buy receipts.
- £0.184m Loan repayments.
- £0.024m for the Council's share of the proceeds of two plots of land.
- £0.034m Repayments of Disabled Facilities Grant (DFG).
- £0.140m from the sale of Lea Road School.

4. TREASURY MONITORING – Quarter 4 (Jan – Mar 2022)

The Treasury Management Strategy Statement (TMSS) for 2021/2022, which includes the Annual Investment Strategy, was approved by the Council on 01 March 2021. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

4.1 Officers can confirm that there have been no breaches of Prudential Indicators as detailed at 4.7 below.

4.2 Interest received (Jan-Mar) has been in excess of the 7 day average libid (-0.07%) with an average yield of 0.799% (including CCLA) and 0.139% (excluding CCLA). It has recently been impossible to earn the level of interest rates commonly seen in previous decades. However, With the recent successive rises in the Bank rate (March 2022, 0.75%) some improvement is being seen. Despite this, investment returns are expected to remain low. The Council budgeted to receive £0.090m of investment income, the forecast outturn is now £0.158m.

4.3 Interest Rate Forecasts

The Council's treasury advisor, Link Group, have provided the following forecasts on 7 February 2022:

Link Group Interest Rate View		7.2.22											
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Appendix 1 details Link Asset Services detailed commentary on Interest Rate Forecasts (as at end of March).

Appendix 2 provides information in relation to the Economic impacts of the invasion of Ukraine by Russian Forces.

4.4 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £3m (of an approved £4m). Interest is receivable on a quarterly basis with Q3 due during January.

4.5 New External Borrowing

No further temporary borrowing was undertaken in the fourth quarter of the financial year.

The Council's total external borrowing stands at £21.5m.

It is anticipated that no further borrowing will be undertaken during this financial year and that borrowing at the end of 2021/2022 will be £21.5m.

4.6 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31 March 2022.

4.7 Compliance with Treasury and Prudential Limits

It is statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy (TMS).

During the financial year to date the Council has operated within these treasury and prudential indicators and in compliance with the Council's Treasury Management Practices.

The prudential and treasury Indicators are shown below and take into account the revisions to the Capital Programme as detailed in section 3 of this report.

	Original £'000	Q3 £'000	Q4 £'000
Treasury Indicators			
Authorised limit for external debt	45,000	45,000	45,000
Operational boundary for external debt	40,062	30,000	39,425
External Debt	31,000	20,000	21,500
Long term Leases	0	0	0
Investments	(12,133)	(19,219)	(15,326)
Net Borrowing	18,867	781	6,174
Prudential Indicators			
Capital Expenditure	9,396	8,876	7,017
Capital Financing Requirement (CFR)*	41,340	39,425	39,425
<i>Of Which Commercial Property</i>	<i>22,999</i>	<i>20,585</i>	<i>20,585</i>
Annual change in CFR*	1,278	1,915	1,915
External Debt	31,000	20,000	21,500
Under/(over)borrowing	10,340	19,425	17,925
Ratio of financing costs to net revenue stream*	7.12%	6.70%	7.82%
Incremental impact of capital investment decisions:			
Increase/(Reduction) in Council Tax (band change per annum)	£0.00	£2.27	£2.27

Appendix 1

Interest Rate Forecast

We now expect the MPC to sharply increase Bank Rate during 2022 to combat the sharp increase in inflationary pressures. We do not think that the MPC will embark on a series of increases in Bank Rate of more than 1.00% during the current and next three financial years as we do not expect inflation to return to being sustainably above 2% during this forecast period.

With unpredictable virus factors now being part of the forecasting environment, there is a risk that forecasts could be subject to significant revision during the next three years.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e., equities, or the safe haven of government bonds. The overall longer-run trend is for gilt yields and PWLB rates to rise moderately.

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong and enduring will inflationary pressures turn out to be in both the US and the UK, and so impact treasury and gilt yields?
- **Will the major western central banks implement their previously stated new average or sustainable level inflation monetary policies when inflation has now burst through all previous forecasts and far exceeded their target levels? Or are they going to effectively revert to their previous approach of prioritising focusing on pushing inflation back down and accepting that economic growth will be very much a secondary priority - until inflation is back down to target levels or below?**
- How well will central banks manage the running down of their stock of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

Our forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia / China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Our target borrowing rates and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 7.2.22 p.m.	Target borrowing rate now (end of Q1 2022)	Target borrowing rate previous (end of Q1 2022)
5 year	2.12%	2.20%	1.50%
10 year	2.24%	2.30%	1.70%
25 year	2.38%	2.40%	1.90%
50 year	2.06%	2.20%	1.70%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, borrowing strategy will need to be reviewed, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

In addition, there are also some cheap alternative sources of long-term borrowing if a client is seeking to avoid a “cost of carry” but also wishes to mitigate future re-financing risk. Please speak to your CRM to discuss options. Our suggested budgeted earnings rates for investments up to about three months’ duration in each financial year are as follows: -

Average earnings in each year	Now	Previously
2022/23	1.00%	0.50%
2023/24	1.25%	0.75%
2024/25	1.25%	1.00%
2025/26	1.25%	1.25%
Years 6 to 10	1.50%	-
Years 10+	2.00%	2.00%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. The general expectation for a trend of moderately rising gilt yields is unchanged. Negative, (or positive) developments could significantly impact safe haven flows of investor money into UK, US and German bonds and produce shorter-term movements away from our central forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, (apart from the current rate of 10 bps), whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps.

Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Appendix 2

Information in Relation to the Economic Impacts of the Invasion of Ukraine by Russian Forces

GDP figures came out earlier this month for the UK, showing that January GDP rose by 0.8% on the month, which was better than expected and more than reversed December's decline of 0.2% and means the UK economy is 0.8% above its pre-pandemic levels.

However, on the back of the Russia / Ukraine conflict, Capital Economics provided the following change to their inflation and growth forecasts -

The UK is not as exposed to the economic consequences of the war in Ukraine as the rest of Europe. Even so, in response to the surge in global commodity prices caused by the war we have dramatically revised up our inflation forecasts and modestly revised down our GDP growth forecasts. We now think CPI inflation will rise from 5.5% in January to a peak of 8.3% in April and that it will stay above 6.0% for all of this year and above 3.0% for most of next year. And we now think GDP will grow by 3.5% this year (4.0% previously) and by 2.2% next year (3.0% previously). We suspect that the Bank of England is amply worried that the rise in actual inflation will keep feeding into higher price expectations to raise interest rates a few more times, with the next move from 0.50% to 0.75% on 17th March. But the risks to our forecast that interest rates will rise to 2.00% next year lie on the downside.

In terms of interest rates, will the Monetary Policy Committee still focus solely on the fight against inflation when we are living in such extraordinary times, and when it is so important to maintain consumer confidence and a willingness on the part of households to keep spending? Most recently, we have seen monthly economic data suggesting UK households have started to add to their savings from the pandemic (excess savings already totalled anywhere upwards from £160bn) whilst still showing a desire to move up the "housing ladder". The chart below shows the market's current view. MD0 – MD6 reflects the additional basis points the market is pricing in as an increase to the current Bank Rate of 0.5% for the next seven MPC meetings. MD0 (31bps) is March, MD1 (64bps) is May and MD6 (156bps) is December. The market now sees Bank Rate at 2% in December, but this time a few weeks ago it was 1.5%.....



At Link, we still think Bank Rate will rise in March and May, but with less confidence than before.

So, in conclusion there is going to be a lot of instability in the weeks and months ahead but we will continue to keep you abreast of what this means for our current forecast and your TMSS.

Investments

ATS rates have picked up a bit this week, compared to last week as the market's expectation for increases in interest rates feeds through (as per the graph above). The usual Goldman Sachs at 0.99% for 6 months and Standard Chartered at 1.34% for the same duration offer good value as well as the SMBC option for shorter dated deposits.

Borrowing

PWLB certainly rates against our updated trigger rates are as follows –

- 5 years 2.15% v 2.20%
- 10 years 2.31% v 2.30%
- 25 years 2.53% v 2.40%
- 50 years 2.31% v 2.20%

In addition, for those with a borrowing requirement of greater than £30m either this year or any time over the next 3 years and would like to lock in to a fixed rate of borrowing – Link can help you approach the market by way of a deferred settlement private placement, meaning that you lock in to a fixed rate now but defer the borrowing until you need the cash – thereby avoiding cost of carry.

APPENDIX 3

REVENUE CARRY FORWARDS – BASE BUDGETS ALREADY APPROVED

Budget underspends to be carried forward into 2022/2023, which have been approved during the year are provided below for information only.

The following carry forwards are base budgets which have been approved previously by Management Team or Committee.

• *Please note the figures quoted are as forecast as at February 2022 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year-end.*

BASE BUDGET C/FWDS APPROVED PREVIOUSLY				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Homes & Communities	Prosperous Communities	Our People	Community Action	8	Employment & Skills budget £10k 2019/2020 - from Business Planning budget.
Homes & Communities	Prosperous Communities	Our People	Communities	4	Approved to support commissioning work for Voluntary Community Sector review in 22/23.
Change Management & Regulatory Services	Prosperous Communities	Our People	Housing and Planning Enforcement	38	Selective Licensing - to fund staffing and project spend.
Change Management & Regulatory Services	Prosperous Communities	Our Council	Land Charges	12	Land Charges project - 2 year software costs to be carried forward into 2022/23. Horizon is a land charges specific system which is being used for the two years until the CRM system can be developed. The contract starts on 1st November 2021.
Change Management & Regulatory Services	Corporate Policy & Resources	Our Council	Systems Development	21	Extension to temporary posts for CRM project - Enabling Technology Project Officer & Data Migration Technical Officer - contract extended for a further 12 months to 2023. Balance funded from IT Reserve (£85.6k 22/23).
Planning & Regeneration	Prosperous Communities	Our Place	Visitor Economy	10	Mayflower Project carry forward for project temporary resourcing.
TOTAL				93	

APPENDIX 3

REVENUE CARRY FORWARDS – USE OF EARMARKED RESERVES

Budget underspends to be carried forward into 2022/2023, which have been approved during the year are provided below for information only.

The following carry forwards are approved use of Earmarked Reserves where the project spend has slipped into future years.

• *Please note the figures quoted are as forecast as at February 2022 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year-end.*

USE OF EARMARKED RESERVES				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Homes & Communities	Prosperous Communities	Our People	Communities	72	Members Local Grants - Balance to be cfwd (£144k over 4 years 19/20 - 22/23)
Homes & Communities	Prosperous Communities	Our People	Communities	97	Community Grants - Balance to be cfwd (£500k over 5 years 18/19 to 22/23)
Homes & Communities	Prosperous Communities	Our People	Communities	1	Community Lottery - promotional and marketing budget remaining balance to be carried forward into 2022/23.
Change Management & Regulatory Services	Corporate Policy & Resources	Our Council	Change Management	6	Project Management Software £6k in year 1 - purchase expected April 2022.
Planning & Regeneration	Corporate Policy & Resources	Our Place	Policy, Strategy & Environment	20	Draw down from Climate Change reserve, to spend on climate change consultancy in 2022/23.
Finance, Business Support & Property Services	Corporate Policy & Resources	Our Council	Corporate Management - Finance	50	Business Planning Budget - balance of £50k previously approved for backfilling Change Management Team during implementation of ERP. Not required 21/22, may be required to support implementation & development of ERP in 2022/23.

USE OF EARMARKED RESERVES				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Homes & Communities	Prosperous Communities	Our People	Communities	40	Community transport budget to be carried forward to support future service delivery options.
Homes & Communities	Prosperous Communities	Our People	Communities	2	Defibrillator Maintenance Scheme - balance carried forward to support purchase of new equipment and marketing & promotional spend in 2022/23.
Homes & Communities	Prosperous Communities	Our People	Communities	13	Community Payback Scheme - on hold due to Covid-19.
Homes & Communities	Prosperous Communities	Our People	Community Action	10	Hemswell Cliff Regeneration - revenue spend to support capital scheme. Capital scheme to be c/fwd into 2022/23 pending a further report on proposals.
Planning & Regeneration	Prosperous Communities	Our Place	Development Management	25	Draw down from General Fund Balances. Bridging funding for NSIP (Nationally Significant Infrastructure Projects) £50k approved over 21/22 & 22/23 to be replenished from grant once received.
Planning & Regeneration	Prosperous Communities	Our Place	Economic Development	6	Draw down from General Fund Balances. Market Rasen Historic Building Scheme Project technical support.
TOTAL				342	

APPENDIX 3

REVENUE CARRY FORWARDS – PENDING APPROVAL BY MANAGEMENT TEAM AT YEAR-END

Bids for budget underspends to be carried forward into 2022/2023, which have been approved by Management Team on the 4th April 2022 are as follow.

- *Please note the figures quoted are as forecast as at February 2022 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year-end.*

BASE BUDGET C/FWDS PENDING APPROVAL BY MT				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Operational & Commercial Services	Prosperous Communities	Our Place	Commercial Services	13	Carry forward of remaining budget earmarked for market consultation (£6.8k spent to date 2021/22).
Operational & Commercial Services	Prosperous Communities	Our Council	Crematorium	8	Due to the delay in completion of the Garden of Remembrance, promotion has been deferred until 2022/23.
Operational & Commercial Services	Prosperous Communities	Our Council / Our Place	Waste Management	13	Relocation payments slipped into 22/23 - 6 month agreement being paid monthly. Carry forward to cover payments due April and May 2022.
Homes & Communities	Prosperous Communities	Our Place	Communities	18	Ongoing revenue costs of project delivery work at woodland nature reserves which has been delayed during 2021/22.
Homes & Communities	Prosperous Communities	Our Place	Communities	15	£15k was carried forward from 2020/21 for the purchase of radios. Procurement exercise has been completed and delivery is anticipated April 2022.
People & Democratic Services	Corporate Policy & Resources	Our Council	Elections	9	Electoral Services had identified savings within 2021/22 to purchase a scanner, as the current scanners are no longer supported by the Xpress system. The equipment won't be delivered before 31/03/22.

BASE BUDGET C/FWDS PENDING APPROVAL BY MT				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
People & Democratic Services	Corporate Policy & Resources	Our Council	Democratic Representation	5	Mandatory member training for planning and licensing did not take place in 2021/22 mainly due to Covid capacity and trainer availability. To be carried out in 2022/23.
People & Democratic Services	Corporate Policy & Resources	Our Council	Human Resources	49	Corporate Training Budget - Base Budget of £70k, £21k spend in 2021/22. Due to Covid limited training has taken place. Request to carry forward the remaining balance to prioritise delayed training in 2022/23.
Change Management & Regulatory Services	Prosperous Communities	Our Place	Cemeteries	25	Cemetery wall repairs underspend 2021/22 - c/fwd £20k for cemetery walls and £5k for tree works in 2022/23. N.B. Tree works was identified as a 2022/23 pressure on the MTFP, budget of £10k pa for 5 years agreed by MT from GFB. The additional £8k (see below) c/fwd would mean that work is able to progress early in 2022/23, and that more works can be completed.
Change Management & Regulatory Services	Prosperous Communities	Our Place	Cemeteries	10	Memorial testing - £7k for works scheduled for Summer 2022, £3k towards tree works in 2022/23. N.B. Tree works was identified as a 2022/23 pressure on the MTFP, budget of £10k pa for 5 years agreed by MT from GFB. The additional £8k (see above) c/fwd would mean that work is able to progress early in 2022/23, and that more works can be
Change Management & Regulatory Services	Corporate Policy & Resources	Our People	Housing Benefits Admin	4	Job Evaluation pending for 2 officers. Team Manager would request backdated to 01.04.21 if successful, plus the honorarium payments payable pending the outcome. In addition there are ongoing overtime pressures anticipated into the early months of 2022/23. Underspend on salaries in 2021/22 due to retirement of one officer and is requested as a carry forward to reduce the potential pressure on 2022/23 Housing Benefit admin budget.
Planning & Regeneration	Prosperous Communities	Our Place	Development Management	4	Agency staff funded from the Covid Support Grant in 2021/22. Delayed recruitment so post extended to end of April 2022.

BASE BUDGET C/FWDS PENDING APPROVAL BY MT				Feb 22	
AD	Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Planning & Regeneration	Prosperous Communities	Our Place	Business Support	5	Welcome Back Fund - trial of footfall data capture system did not take place during 2021/22 - now to run in 2022/23.
Planning & Regeneration	Prosperous Communities	Our Place	Economic Development	44	Ring-fenced budget for economic development projects. £21.5k A15 development of a feasibility study. £6.3k for Place Board. £9k Gainsborough Regeneration Programme. £6.8k 5-7 Market Place.
Finance, Business Support & Property Services	Corporate Policy & Resources	Our Council	Financial Services	5	Underspend on controllable budgets to be carried forward for resources to support system development and to assist with the transition to the new team structure.
Finance, Business Support & Property Services	Corporate Policy & Resources	Our Council	Corporate Management - Finance	59	Chief Executive budget 2021/2022 £100k. £20k reported as in year surplus. Remaining balance to support interim arrangements and support for SMT. Carry forward or movement to reserves tbc.
Finance, Business Support & Property Services	Corporate Policy & Resources	Our Council	Corporate Management - Finance	82	Remaining balance of management structure savings. Carry forward to support interim arrangements and support for SMT.
Finance, Business Support & Property Services	Corporate Policy & Resources	Our Council	Corporate Management - Finance	53	Corporate contingency budget carried forward to support implementation and development of ERP.
TOTAL				421	