



**Corporate Policy and
Resources Committee**

Thursday, 9 February 2023

**Subject: Budget and Treasury Monitoring - Quarter 3 2022/2023
(1st April 2022 to 31st December 2022)**

Report by:

Director of Corporate 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 1st April 2022 to 31st December 2022.

RECOMMENDATION(S):

REVENUE

- a) Members accept the forecast out-turn position of a £0.119m net contribution to reserves as of 31st December 2022 (see Section 2) relating to revenue activity.
- b) Members accept the use of Earmarked Reserves during the quarter approved by the Chief Finance Officer using Delegated powers (2.4.1).
- c) Members approve the amendments to the fees and charges schedules for 2023/2024, to be effective from 1st April 2023 (2.3.2) and **recommend to Council** any new Fees and Charges be implemented from that date.

CAPITAL

- d) Members accept the current projected Capital Outturn as detailed in 3.1.1.
- e) Members approve the adjustments to the Capital Budget as detailed in 3.2.

- f) Members approve the revised Capital Budget of £7.863m.

TREASURY

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

IMPLICATIONS

Legal: None arising as a result in this report.

Financial : FIN/137/23/CPR/SL

REVENUE

The draft revenue forecast out-turn position for 2022/2023 is a net contribution to reserves of £0.119m relating to revenue activity as of 31st December 2022.

A summary of the forecast out-turn position:

Summary of Out-turn Position 2022/2023		
	£ 000	
FORECAST OUTTURN AS AT 31.12.22	(384)	BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-PREVIOUSLY APPROVED	65	ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	102	ALREADY APPROVED
SUB-TOTAL:	(217)	
SERVICE CARRY FORWARD REQUESTS	98	Pending Approval by Management Team April 2023
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(119)	
TOTAL CARRY FORWARDS:	265	

The forecast General Fund Balance as of 31 March 2023 is £3.789m (excluding carry forwards). This is £1.289m above the minimum working balance of £2.5m agreed by this Committee and is before any contribution approved to support the Cost of Living, or any further proposed use of General Fund Balances pending decisions taken on this agenda.

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

CAPITAL

The Capital Forecast Out-Turn for 2022/2023 is £7.742m, a variance of £2.808m against the revised budget of £10.550m.

The amendments to the scheme are requested at 3.2.

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, further additional borrowing may be required this financial year, our prudential indicators have been set to allow this.

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

Average investments for the quarter 3 (October - December) were £21.574m, which achieved an average rate of interest of 2.996% (July - September was 21.037m, 2.037%).

Staffing:

Salary budgets for 2022/2023 were set based on an estimated 2% pay award. £0.25m was carried forward from the 2021/2022 surplus into 2022/2023 which allowed for up to a 4% increase. However, the final pay award is based on a monetary value against each scale point for NJC Local Government staff, which equates to an average increase of 6%. The forecast outturn for salary expenditure contained within this report is based on the agreed pay award, backdated to April 2022.

As of 31st December 2022, a pressure of £0.175m is reported against employee costs. c£0.25m of this pressure is attributable to the pay award, with a saving of £0.075m due to vacancies during the year. Due to increased income within services, we have been able to contain the impact of the pay award within existing budget provision.

There will be an ongoing budget pressure from 2023/2024 to be considered through the MTFP and budget setting process.

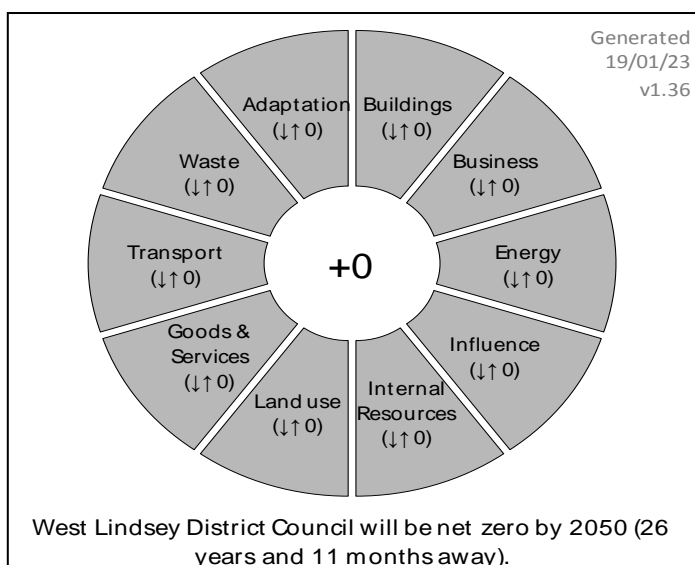
The mini budget presented by Government in September 2022 included the removal of the additional 1.25% applied to National Insurance contributions for Health and Social Care from the 6th of November 2022.

A 2% (£0.235m) Vacancy Factor is included within the 2022/2023 Budget, which was applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance).

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 at the end of Quarter 3 2022/2023 for:

REVENUE

- Revenue Forecast Out-Turn (after carry-forwards) – Contribution to Reserves £0.119m. (2.58% of Net Revenue Budget – see 2.1 for details of significant variances).
- Carry forwards (see **Appendix 2** for details) – total £0.265m
 - approved during the year of £0.065m
 - previously approved use of reserves £0.102m
 - requests pending approval at year-end £0.098m
- **Budget risks:**
 - Fluctuations in fuel costs (2.2.3)
 - Impact of inflation at unprecedented levels on day-to-day costs
 - Impact of movement in interest rates
 - Impact of the uncertain economic position (Ukraine/Russia, cost of living issues, government change of leadership, Covid)

Members are asked to approve:

- Amendments to the fees and charges schedules for 2023/2024, to be effective from 1st April 2023 (2.3.2) and **recommend to Council** any new Fees and Charges be implemented from that date.
 - a) Land Charges – CON29R
 - b) Licensing - DBS Checks
 - c) Crematorium - Tributes

CAPITAL

- Capital Forecast Out-Turn: £7.742m, a variance of £2.808m against current budget £10.550m and include the following requests:

Members are asked to approve:

- Carry forward £2.703m from 2022/2023 to 2023/2024 (see section 3.2.1 for detail of schemes).
- Capital Enhancements to Council Properties – This committee approved a budget of £0.05m in December for the Trinity Arts Centre Replacement Fire doors – the cost of the successful tender is £0.066m and this committee is asked to approve a further £0.016m from the Maintenance of Facilities Reserve.
- Website Replacement – project complete. Reduce budget by £0.042m and return to reserves.

- Request the transfer of £0.013m budget from Thriving Gainsborough Resources Budget to Thriving Gainsborough Wayfinding Budget to fund the overspend relating to additional expert opinion required to deliver the project.
- Approve the additional budget of £0.042m for UK Shared Prosperity Fund (UKSPF) Projects for 2022/2023.
- Approve the revised Capital Budget of £7.863m.

	£m
2022/2023 Revised Budget pre Amendments	10.550
Additional Budget:	
UKSPF	0.042
Trinity Arts Centre - Fire Doors	0.016
Return to Reserves - Website Replacement	(0.042)
Carry Forwards from 2023/24 to 2024/25	(2.703)
2022/2023 Revised Budget post Amendments	7.863

TREASURY MANAGEMENT

Treasury Management Report and monitoring:

- Investments held as of 31st December 2022 were:
 - Average investment interest rate for October to December was 2.996%.
 - Total Investments at the end of Quarter 3 was £18.451m.

The tables below reflect investment movements and prudential borrowing analysis:

Investment Movements	Qtr. 3 £'m
Investments B/fwd. (at 30.9.2022 incl. bank)	20.671
(Less) Net Capital expenditure	(1.305)
Add PWLB/Other LA Borrowing in year	0
Add/(Less) Net Revenue Expenditure	(2.517)
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	2.871
Add Working Capital Movement	(1.269)
Investments carried forward (at Period end)	18.451

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 31st of March 2023.

	Qtr.3
Prudential Borrowing	£'000
Total External Borrowing (PWLB)	16,500
Other Local Authorities	5,000
Internal Borrowing	17,568
Total Prudential Borrowing at 31.12.2022	39,068

REVENUE BUDGET MONITORING QUARTER 3
(1st April 2022 to 31st December 2022)
Forecast Outturn for 2022/2023

2. The Revenue Budget forecast out-turn currently stands at a net contribution to reserves of £0.119m as detailed in the table below.

This is after taking account of £0.265m of revenue budget carry forwards. The details of which are provided at **Appendix 2**.

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

2022/2023						
SERVICE CLUSTER	Original Budget	Revised Budget	Forecast Outturn	Outturn Variance before Cfws	Carry Forwards	Outturn Variance after Cfws
	£	£	£	£	£	£
Our People	1,733,300	1,866,600	1,745,658	(120,942)	82,700	(38,242)
Our Place	4,223,700	4,400,300	4,456,762	56,462	45,400	101,862
Our Council	6,066,500	7,027,500	7,136,878	109,378	137,200	246,578
Covid 19 Business Support Grants	0	50,000	50,000	0	0	0
Controllable Total	12,023,500	13,344,400	13,389,299	44,899	265,300	310,199
Corporate Accounting:						
Interest Receivable	(149,200)	(149,200)	(502,144)	(352,944)	0	(352,944)
Interest Payable	451,800	428,800	473,026	44,226	0	44,226
Investment Income	(1,470,800)	(1,470,800)	(1,477,378)	(6,578)	0	(6,578)
Precepts and Levies	2,746,900	2,746,900	2,736,118	(10,782)	0	(10,782)
Movement in Reserves:						
Use of General Fund	(541,100)	(1,627,600)	(1,627,600)	0	0	0
Contribution to General Fund	75,400	75,400	75,400	0	0	0
Use of Specific Reserves	(1,691,800)	(2,109,300)	(2,167,062)	(57,762)	0	(57,762)
Contribution to Specific Reserves	2,636,700	2,694,100	2,674,100	(20,000)	0	(20,000)
Repayment of Borrowing	898,000	898,000	898,000	0	0	0
Net Revenue Expenditure	14,979,400	14,830,700	14,471,759	(358,941)	265,300	(93,641)
Funding Total	(14,979,400)	(14,830,700)	(14,855,900)	(25,200)	0	(25,200)
NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR	0	0	(384,141)	(384,141)	265,300	(118,841)

Carry Forwards - previously approved	65,500
Carry Forwards - pending approval at year end	97,800
Carry Forwards - use of Earmarked Reserves	102,000
Total Carry Forwards	265,300

2.1 The significant movements being:

Cluster	EXPENDITURE	Total £000	Direction of Travel
BUDGET UNDERSPENDS			
Our Council	Corporate Contingency budget not required.	(£59)	New
Our People	Balance of Connectivity Reserve uncommitted, to be returned to General Fund Balances.	(£30)	↔
Our People	Grounds Maintenance Contract.	(£74)	↔
PRESSURES			
	Salary (savings) / pressure. Budget includes 2% vacancy factor (£235k) and pay award contingency £250k. Forecast Outturn c£250k pressure relates to the final 2022/23 pay award impact. (£75k) saving on vacant posts.	£175	↓
Our Council	Insurance premium increase £27k, offset by saving on ill health insurance (£16k).	£11	↓
Our Council	Crematorium - property costs (£8k gas, £14k maintenance).	£22	↓
Our Council	Bank Charges - costs incurred due to large number of faster payment transactions when distributing Government support.	£90	New
Our Council	3 year extension to Human Resources system - increased cost of software and maintenance.	£20	New
Our People	Trinity Arts Centre - property maintenance costs.	£20	New
Our Place	Electricity across all properties.	£43	New
Our Place	Fleet repairs and maintenance.	£24	New
Our Place	Business Rates across all properties.	£20	New
Our Place	Fuel - increased costs.	£60	↑
	Various forecast outturn variances <£10k	£72	↓
		£394	

Cluster	INCOME	Total £000	Direction of Travel
BUDGETED INCOME EXCEEDED			
Corporate Accounting-Interest Received and Paid	Interest Receivable (£353k), Interest Payable £44k.	(£309)	↑
Funding	Government Grants - Council Tax Family Annexe and Transparency Code.	(£25)	↑
Our Council	Increase in bulky waste collections (£16k) and increase in sale of new & replacement waste bins (£16k).	(£32)	New
Our Council	Land Charges income - higher than anticipated as transfer of LLC1 searches to HM Land Registry has been delayed.	(£19)	New
Our Place	Planning Fee Income has exceeded budgeted levels (£255k), offset by a reduction in pre-application fees £20k, and increased operational costs of £14k.	(£221)	↑
BUDGETED INCOME NOT ACHIEVED			
Our Council	Council Tax - Legal costs/Legal Costs Recovered.	£30	New
Our Place	Reduction in demand for private sweeper works.	£17	New
Our Place	Car Park Income - Parking Permit sales reduced.	£46	↓
		(£513)	
TOTAL VARIANCE		(£119)	

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

2.2.1 Our Council

- There are £0.137m proposed carry forwards into 2023/2024 (see **Appendix 2** for details).
- £0.027m increased cost of our insurance premium following a new contract tender exercise. The contract has been awarded to multiple suppliers to cover the different elements of insurance cover required, and is effective for three years from 31st May 2022, with an option to extend for a further two years.

This has been offset by a reduction in the ill health insurance premium of £0.016m. The actual amount payable is adjusted in year to reflect actual pension scheme membership as of the 31st of March 2022.

- Crematorium – there is a forecast £0.008m pressure on the cost of gas, and £0.014m on property maintenance expenditure.
- The balance remaining on a revenue contingency budget of £0.059m is not required and is to be returned to General Fund Balances.
- Bank charges of £0.09m were incurred in the processing of faster payment transactions when distributing Government Support payments. A claim has been submitted to recover these costs, but reimbursement is yet to be confirmed. Future payments of this nature will be processed via BACS upload, as per recent Government guidance. The payments take 2-3 days to be received instead of the same day when paid via faster payment but incurs lower bank charges.
- There has been a 3-year extension to the Human Resources system, with increased cost of software and maintenance of £0.02m.
- The income for bulky waste collections has exceeded the budget for the year by £0.016m, and the sale of new and replacement wheeled bins has increased by £0.016m as a result of new developments in the district.
- Land charges income is higher than anticipated as the transfer of LLC1 searches to HM Land Registry has been delayed. This is expected to take place in April 2023. The delay has resulted in increased income of £0.019m.
- Local tax collection recovery of court costs and increased legal costs has resulted in a forecast pressure of £0.03m as the courts catch up with the backlog of cases, and cost recovery is ongoing.
- A commercial contingency budget of £0.2m is held to mitigate a number of commercial risks, including investment properties, and demand led service generated income. During 2022/2023, income loss of £0.197m is forecast, leaving a balance on the contingency budget of £0.003m.

	£
Commercial Contingency Base Budget 2022/2023	200,000
Approved use MTFP 2022/2023	(26,100)
Total Commercial Contingency 2022/2023	173,900
CCTV income due to reduction in customer base	(7,500)
Crematorium income - cremations	(123,800)
Trinity Arts Centre box office income	(29,300)
Market Stallage income	(10,000)
Remaining Balance at Qtr. 3 2022/2023	3,300

2.2.2 Our People

- There are £0.083m proposed carry forwards into 2023/2024 (see **Appendix 2** for details).
- (There is £0.074m) saving on the ground's maintenance contract (2022/2023 budget of £0.189m, contract value £0.115m).

The reduced costs are due to the economies of scale, as the contractor secured all tendered lots in the Lincolnshire framework – North Kesteven, East Lindsey, West Lindsey, Rest of Lincolnshire. They also have secure compounds in or very close to each of the districts reducing travelling time and fuel costs and many employees are from the local areas. In addition, as the framework is open to parish/town councils they are also carrying out grounds' maintenance for Torksey and Northorpe Parish Councils and Gainsborough Town Council.

The current contract is in place for four years, from January 2022 to January 2026, with an option to extend for a further year, and is an ongoing saving in the Medium Term Financial Plan (MTFP).

- The balance of the Connectivity Reserve was drawn down into revenue budgets in previous years to support transport initiatives. The remaining balance of £0.03m is uncommitted and will be returned to General Fund Balances.
- Trinity Arts Centre have seen unplanned property maintenance costs of £0.02m.

2.2.3 Our Place

- There is £0.045m proposed carry forwards into 2023/2024 (see **Appendix 2** for details).
- There is an additional £0.255m of income from planning fees forecast above the current income budget. The first six months of 2022/2023 has seen a high income from planning application fees (some 68% higher than the equivalent period last year). Whilst the fee income for non-major development applications has been at a fairly consistent level, we have seen some extra-ordinary applications for major developments that have brought in significant fees alongside. This includes the Anglian Water Elsham to Lincoln 57km pipeline,

and application to extend the permission for the Gainsborough Southern Sustainable Urban Extension. Forecasting on the assumption that fee income from non-major applications remain steady, and other anticipated major development applications are submitted in this financial year as expected, then fee income should exceed this year's budget.

This has been offset by a reduction in pre-application fees of £0.02m and increased operational costs of £0.014m – resulting in a net increase income of £0.221m.

- There is a £0.06m forecast increase in fuel costs. The forecast is based on the price paid per litre of fuel during November 2022 (£1.35) and fuel consumption for the year 2021/2022. Fuel prices are volatile, and the impact of a full year at the new depot on consumption is not yet known. For context, every 1p increase in fuel price results in a £200 pressure each month.
- There is a £0.046m pressure on car park permit income. This is due to the reduction in the number of permits being sold due to continued remote working in some sectors. This is an ongoing pressure within the MTFP.
- Property Services – there is a £0.043m pressure across all properties for electricity, in addition to business rate costs of £0.02m.
- Utilities Assumptions - The Government has set a Supported Wholesale Price which is expected to be £211 per MWh for electricity and £75 per MWh for gas, less than half the wholesale prices anticipated this winter, this support was initially for six months only, from 1st of October 2022 to 31st of March 2023. However, the support has been extended to 31st March 2024 but with a lower discount and a fixed top limit. This equates to a saving of c£6k on electricity for the first 6 months of 2023/2024.

For West Lindsey District Council this will mean an average 44% increase on electricity costs from the 1st of October 2022. 40% has been built into the forecasts based on last year's usage, therefore, additional pressure is expected of £0.043m across all sites. This is primarily due to the standing charge which has increased between 120% and 180% across the property portfolio.

For gas there would have been an average 200% increase on the gas costs, but the gas contract is fixed until the 31st of March 2023.

- The vehicle repairs and maintenance contract is on a Pay as you Go basis (PAYG) and has incurred additional costs of £0.024m in the current financial year, partly due to the increased cost of parts and labour in the industry.
- We have seen a reduction in demand for private sweeper work, which has reduced our forecast income by £0.017m. Demand has reduced for private road sweeping work in recent years, mainly due to the biggest customer purchasing their own machine. The street cleansing service has undertaken a Together 24 service review recently, one of the outcomes will be a restructured operational team. Consequently, the efficiencies gained in salary budgets will offset any reduced income.

2.2.4 Corporate Accounting

- **Interest Receivable** - Income for interest receivable is forecast to be £0.353m above the current budget. This is due to the budget being set when interest rates were historically low, and this combined with larger balances than expected in the early part of the year has meant that the Council is forecast to exceed its interest receivable budget.
- **Interest Payable** - Expenditure for interest payable is forecast to be £0.044m above the current budget. This is due to interest rates rising and the forecast is based around the cashflow projections of the Council, and the proposed external borrowing required to maintain resource levels.

2.2.5 Funding

- Windfall grants received from Government which have not been budgeted for total £0.025m.

2.2.6 Establishment

- A 2% vacancy factor against salary budgets was approved for 2022/2023 through the MTFP, which equates to a reduction in budget of £0.235m.
- Salary budgets for 2022/2023 were set based on an estimated 2% pay award. £0.25m was carried forward from the 2021/2022 surplus into 2022/2023 which will allow for up to a 4% increase. However, the final pay award is based on a monetary value against each scale point, which equates to an average increase of 6%. The forecast outturn for salary expenditure contained within this report is based on the agreed pay award, backdated to April 2022.
- As of 31st December 2022, a pressure of £0.175m is reported against employee costs. £0.25m of this pressure is attributable to the pay award, with a saving of £0.075m due to vacancies during the year. Due to increased income within services, we have been able to contain the impact of the pay award within existing budget provision.
- There will be an ongoing budget pressure from 2023/2024 to be considered through the MTFP and budget setting process.
- The mini budget presented by Government in September 2022 included the removal of the additional 1.25% applied to National Insurance contributions for Health and Social Care from the 6th of November 2022.

2.3 Fees and Charges

- 2.3.1 £6.345m has been received in Fees and Charges up to the end of the period against a budget of £6.173m, a surplus of £0.171m.

The significant variances forecast for the year, reported at Qtr. 3 2022/2023 are:

- Planning fee income – increased by £0.255m
- Land Charges income – search fees increased by £0.019m
- Bulky waste income – increased by £0.016m
- Sale of new and replacement wheeled bins - £0.016m
- Car Park income – parking permits reduced by £0.046m
- Planning pre application income – reduced by £0.02m

2.3.2 Amendment to Fees and Charges Schedule 2023/2024

a) 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.

A notification of the applicable fee for 2023/2024 was received on the 6th of January 2023, increasing the search fee from £48 to £62 (incl. VAT). The charge for a printed enquiry has increased from £23.07 to £28.00 (incl. VAT) per copy.

Prosperous Communities Committee				Land Charges					
2022/23		Proposed Increase / (Decrease)		2023/24	VAT Amount	2023/24 Charge Inc. VAT	VAT Rate		
£	% Type	or £	£	£	£	£			
Lincolnshire County Council Fee**		£40.00	29.2%	£11.67	£51.67	£10.33	£62.00	S	
CON 290									
submitted with CON29R or LLC1		Each printed enquiry	£19.22	21.4%	£4.11	£23.33	£4.67	£28.00	S

b) Licensing - DBS Checks

An estimated increase was applied to the DBS check element of taxi licensing in the schedule reported to Corporate Policy and Resources committee in November 2022.

This fee is set by the Disclosure and Barring Service, and Lincoln City Council undertake the checks on our behalf.

The DBS check included on the schedule for taxi licensing is to remain unchanged at £38. The DBS admin fee is to remain unchanged at £10.

Prosperous Communities Committee				Licensing				
2022/23		Proposed Increase / (Decrease)		2023/24	VAT Amount	2023/24 Charge Inc. VAT	VAT Rate	
£	% Type	or £	£	£	£	£		
Taxi Licensing (Including Horse Drawn Omnibus)								
DBS Check	On New or Renewal	£38.00	0.0%	£0.00	£38.00	£0.00	£38.00 OS	
DBS Admin Fee*	On New or Renewal	£10.00	0.0%	£0.00	£10.00	£0.00	£10.00 OS	

c) Crematorium - Tributes

Our tributes supplier has added new products to their offering which we are proposing to include in our fees schedule.

Prosperous Communities Committee			Crematorium						
			2022/23	Proposed Increase / (Decrease)		2023/24	VAT Amount	2023/24 Charge Inc. VAT	VAT Rate
			£	% Type	or £	£	£	£	
Bundle	Halo Photo	First photo is free, second is chargeable. One photo is included if purchased as part of the Bundle.	£0.00	0.0%	£0.00	£15.50	£3.10	£18.60	S
Bundle	Obitus Bundle	10% saving vs individual sale price (total £209 incl. VAT)	£0.00	0.0%	£0.00	£156.67	£31.33	£188.00	S
	Themed Tribute	A photo montage with a difference; users can choose from a range of themes and have up to 25 photos professionally edited and timed to their chosen piece of music.	£0.00	0.0%	£0.00	£83.33	£16.67	£100.00	S
	Bespoke Tribute	A photo montage with a difference; users can choose from a range of themes and have up to 25 photos professionally edited and timed to their chosen piece of music.	£0.00	0.0%	£0.00	£333.33	£66.67	£400.00	S
	Video Book	A keepsake Video Book displaying the service, Tribute, or both.	£0.00	0.0%	£0.00	£79.17	£15.83	£95.00	S
	Memory Box	A premium quality Memory Box with 25 printed photos, a keepsake USB and a keepsake DVD displaying the Live Stream/ Tribute, or both if both products were chosen	£0.00	0.0%	£0.00	£116.67	£23.33	£140.00	S

They have also amended the description of some of the existing offerings, which has been amended on the fees schedule to ensure that funeral directors are ordering and paying for the correct item.

PREVIOUS DESCRIPTION

Webcast recording
Webcast recording (available for 28 days and download)
DVD recording (1st copy)
Pro Visual tribute (2-25 photographs)
Visual tribute (2-25 photographs)

AMENDED DESCRIPTION

	Webcast recording - Live Only	
Bundle	Webcast recording - Live & On Demand	Stream a service live and watch on demand for a further 28 days, with the option to download.
Bundle	DVD, USB, Blue-Ray, Audio CD	A keepsake copy of the service, Tribute, or both. If purchased as part of the Bundle choose from USB or DVD.
Bundle	Music Slideshow	A beautifully simple photo tribute of up to 25 photos, timed to their chosen piece of music with fade transitions.
	Basic Slideshow	Photo slide show of up to 25 photos with simple transitions that can be set to loop. This option does not include music.

The full amended schedule for the Crematorium is included at **Appendix 4** for information.

2.4 2022/2023 Use of and Contribution to Reserves

2.4.1 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 £0.143m.

- £0.029m from the Wheeled Bin Replacement reserve. Balance of reserve transferred into operational services budget. Reserve deleted as now built into base budget.

- £0.01m from the Cultural Strategy Reserve. Creative Consultancy-Cultural Strategy.
- £0.017m from the ICT Reserve. Customer Relationship Management (CRM) system transition, Granicus contract.
- £0.009m from the Cultural Strategy Reserve. Town Manager estimated start Jan 23.
- £0.003m from the Communities at Risk Reserve. Contribution to the Voluntary Community Service (VCS) Community Officer post.
- £0.035m from Revenue Grants Unapplied. Project Manager for the Development Management System.
- £0.03m from the Project Investment Reserve. Technology One system support.
- £0.007m from the Maintenance of Facilities Reserve. Car park relining.
- £0.003m from the Redundancy Reserve for HR consultant advice.

2.5 Grants

As of 1st April 2022, we had an amount of £0.638m 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 of 31st March 2023 is £0.376m.

2.5.1 Successful Grant Bids and New Grant determinations

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

Department for Work & Pensions (DWP)	Rent Allowance	3,147,120
Lincolnshire County Council (LCC)	Household Support Fund	301,286
Department for Levelling Up, Homes and Communities (DLUHC)	New Home Bonus	231,099
Department for Levelling Up, Homes and Communities (DLUHC)	Lower Tier Service Grants	86,661
Department for Work & Pensions (DWP)	Discretionary Housing Payment	70,882
Department for Work & Pensions (DWP)	Housing Benefit Admin Grant	56,889
Arts Council England	Townscape Heritage (THI)	23,395
Department for Levelling Up, Homes and Communities (DLUHC)	Electoral Integrity Programme	18,189
Nottingham City Council	Green Homes Grant (LAD2)	17,651
Department for Business, Energy and Industrial Strategy (BEIS)	New Burdens 5 Post Payment Assurance, Reconciliation and Debt Recovery	12,400
Department for Work & Pensions (DWP)	Rent Rebate	3,246
Department for Work & Pensions (DWP)	LA Data Sharing Programme	2,614
Department for Environment, Food and Rural Affairs (DEFRA)	Taxi and PHV Database	597
		3,972,029

Other Items for information

2.6 Planning Appeals

In Quarter 3 2022/2023, to the end of December 2022, there were 10 appeals determined – 7 of which were dismissed, 3 allowed.

There is 1 live application for costs.

Period	Number of Appeals	Allowed	Dismissed
October	5	2	3
November	2	1	1
December	3	0	3
Total for Quarter 3	10	3	7

2.7 Aged Debt Summary – Sundry Debtors Aged Debt Summary Quarter 3 2022/2023 Monitoring Report

At the end of December 2022, there was a total of £0.217m outstanding debt in the system over 90 days. The majority of this debt was over 150 days old (92%) and mainly comprised of:

- Housing £0.044m
- Environmental Services £0.038m
- Property Services £0.031m
- Building Control £0.018m

For each of these areas 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 £0.037m the majority of which will look to be recovered through ongoing entitlement or where appropriate on agreed repayment schedules.

The level of outstanding debt for the same period 2021/2022 is provided below for information:

2021/2022 Total £	Month	90 – 119 days £	120 – 149 days £	150+ days £	2022/2023 Total £
180,437	Quarter 1 - ending May 2022	8,874	72,139	149,028	230,041
209,718	Quarter 2 - ending Sept 2022	2,972	10,295	211,865	225,131
219,401	Quarter 3 - ending Dec 2022	4,582	13,108	198,909	216,600

2.8 Changes to the Organisation Structure

2.8.1 Home for Ukraine Homelessness Prevention Officer. Band 8 2-year fixed term post, funded from external grant. There is no impact on the MTFP. Total cost over the 2-year period £0.084m, £0.019m in 2022/2023.

2.8.2 Senior Property Strategy & Projects Officer increased from a band 11 to 13. This is a fixed term post to the 31.12.2024 and is funded from the Levelling Up Fund (LUF) grant. There is no impact on the MTFP. The increase is £0.016m over the period of the fixed term, £0.009m in 2022/2023.

2.8.3 Change and Project Officer - Band 10 2-year fixed term post funded from Earmarked Reserves. Total cost over the 2-year period £0.113m, £0.017m in 2022/2023.

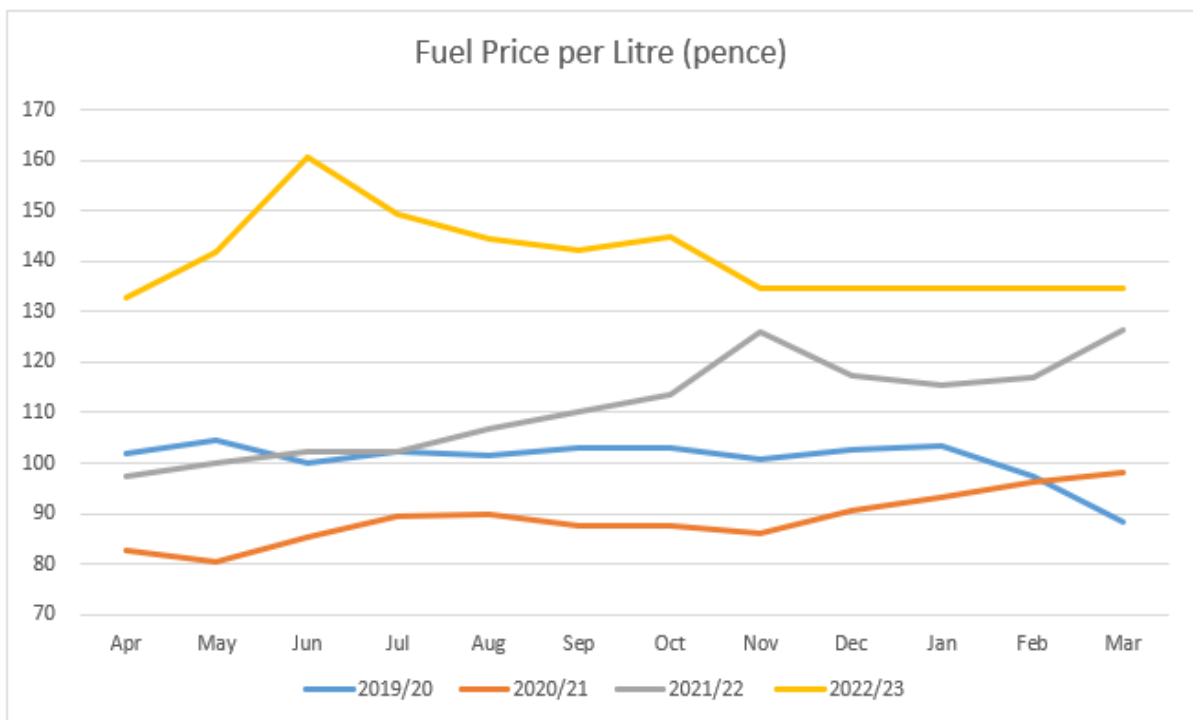
2.8.4 Housing Benefits Administration. The job evaluation of 2 existing posts (Appeals Officer and Quality Development Officer) was completed during the period, increasing the band for each post from 8 to 9, backdated to April 2021. The impact on the 2022/2023 forecast outturn is a cost of £0.006m.

2.8.5 Systems Development Trainee – Band 6 2-year fixed term post funded from Earmarked Reserves. Total cost of the 2-year period £0.071m. Nil impact 2022/2023 as post expected to commence from April 2023.

2.9 Fuel

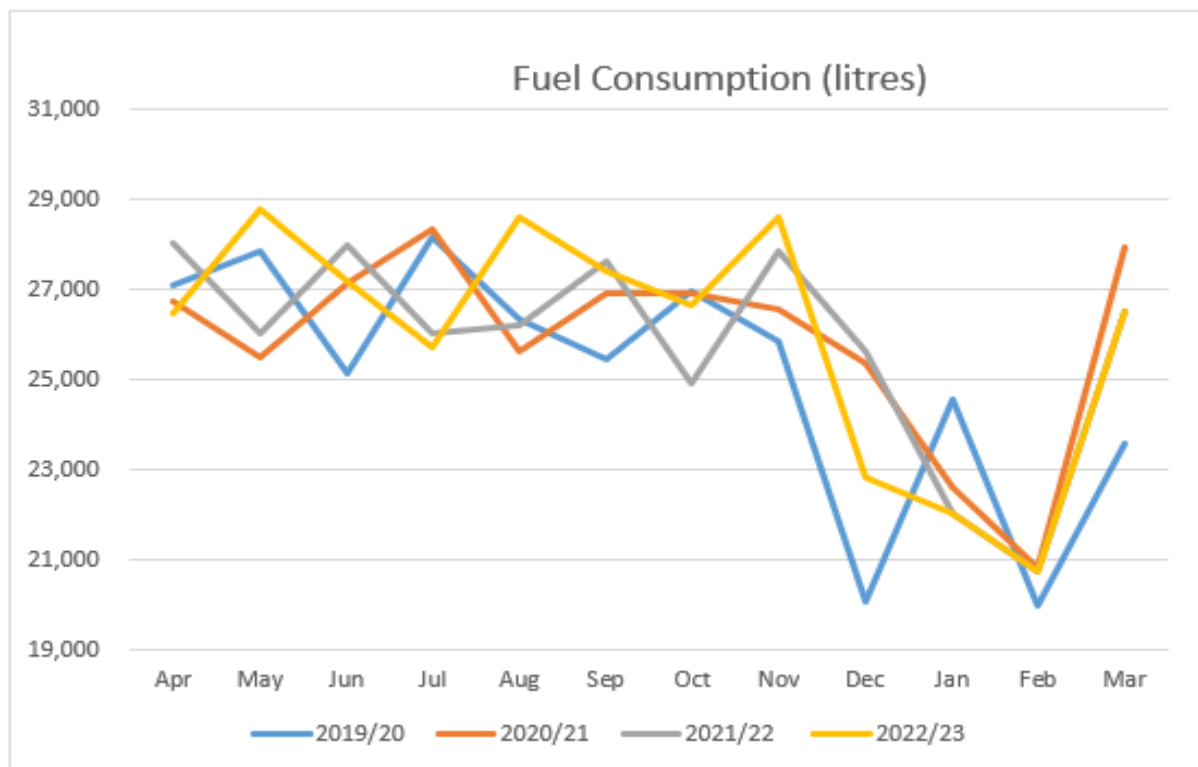
2.9.1 The chart below shows the actual price paid per litre of fuel, in pence, during 2019/2020, 2020/2021 and 2021/2022. The prices shown for 2022/2023 are actuals to date, for the period April to December 2022, and forecast for the remainder of the year at the December 2022 rate of £1.35 per litre.

The average price paid per litre during 2022/2023 to date is £1.43.



2.9.2 The chart below show the actual volume of fuel purchased, in litres, during 2019/2020, 2020/2021 and 2021/2022. The volumes shown for 2022/2023 are actuals to date, for the period April to December 2022, and forecast for the remainder profiled to reflect fuel consumption levels during 2021/2022.

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



3.1 CAPITAL BUDGET MONITORING – Quarter 3 2022/2023

3.1.1 The capital programme spend to date is £3.793m against a revised budget of £10.550m. Expenditure is forecast to be £7.742m resulting in a £2.808m variance. The variance consists of:

- £2.765m which is planned to be spent in future years.
- There are net projected underspends of £0.043m.

3.1.2 Subject to Committee approval, the Capital Programme will be reduced in this financial year with £7.863m being the new Revised budget for future monitoring purposes. See 3.2 for adjustments requested at this committee.

3.1.3 Individual Schemes are detailed in the table below with commentary provided on performance.

Capital Investment Programme 2022/23

Corporate Priority/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£		£	£
Customer										
3D Payment Secure	Stage 3	8,000	0	9,500	9,500	0	0	Oct 22 is expected completion date. Payment won't be made until the system is tested and works.	0	0
Income Management	Stage 1	1,640	0	47,700	40,700	(7,000)	0	Oct 22 is expected completion date. Payment won't be made until the system is tested and works.	0	7,000
Website Replacement	Pre Stage 1	0	0	42,100	0	(42,100)	0	Project complete	0	0
Telephony (Equipment)	Pre Stage 1	18,165	0	20,000	20,000	0	0	Started on market engagement and MT report	0	0
CRM System	Stage 3	3,515	83,800	95,400	45,400	0	(50,000)	Project ongoing. £50k set aside for AI.	0	0
Replacement Planning System	Stage 2	5,250	123,000	0	0	0	0		0	0
Economy										
Crematorium Phase 2	Stage 3	(14,526)	0	0	0	0	0	The contract is complete. Only £2.5k retention to be paid. The scheme cost of £103.8k. The underspend is due to the tender being lower than the budget, plus the omitted 1 year additional maintenance. HMRC has billed the authority for £741k for VAT repayment.	0	0
Trinity Arts Centre Improvements	Pre Stage 1	0	2,500,000	0	0	0	0	NLFH has rejected the initial application. Stating the project is more Arts than Heritage. NLFH will consider a revised application if we can get Arts Council to support the project too. As a result the project is to be slipped to 2023/24, as nothing will happen before then.	0	0
Market Rasen 3 year vision	Stage 2	0	150,000	0	0	0	0	Historic Building Grant Officer is working with building owners, work progressing and architects have been appointed to develop schemes. Local steering group continues to support this work and are happy with progress. Building works are anticipated to beginning at start of 2023 with grants to be awarded early 2023/24 financial year, therefore slip entire budget of £200k to 2023/24	0	0
Gainsborough Heritage Regeneration	Stage 2	50,710	449,600	62,200	62,200	0	0	One application TH20 approved by building grant panel expected to be paid out in Qtr3 for £60k. Second application due in Autumn/winter for TH19 which will be funded from LUF with £2.2k THI contribution. £2.6k to be moved to 5-7 Market Place scheme and further applications being developed for 2023/24 so slip remaining budget of £434,900.	0	0
Shop Front Improvement	Stage 3	0	52,413	0	0	0	0	Applications are being developed in Market Rasen with one expected to be submitted in Qtr3/4 expecting to be paid out early 2023/24. Slip whole budget of £53,413 to 2023/24	0	0
5-7 Market Place Redevelopment	Stage 1	522,744	404,500	676,200	676,200	0	0	Building works have no commence and refurbishment is due to be completed in December. Additional budget of £21,700 funded from LUF £19.1k and THI £2.6k following new grant intervention following LUF commencement.	65,500	65,500
Thriving Gainsborough - Cinema	Stage 2	66,864	2,219,212	2,514,749	228,000	0	(2,286,749)	GFA still underworks with Savoy. Anticipated reprofiling quarter 2 / quarter 3.	0	0
Hemswell Masterplan Public Realm	Stage 2	0	0	10,000	10,000	0	0	£10k spend for playparks wet pour resurfacing expected to be completed during 2022/23.	0	0
Sun Inn	Stage 3	22,199	0	32,900	22,199	(10,701)	0	Capital budget reinstated for 2022/23. The last variation of the agreement has a deadline for claims of August 2022.	0	0

Capital Investment Programme 2022/23

Corporate Priority/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£		£	£
WLDC - Cinema Land Purchase	Stage 2	324,975	0	738,800	676,500		(62,300)	Relates to restrictive covenant and site acquisition Do not request to slip at this point.	0	0
Thriving Gainsborough - Pocket Park	Stage 2	20,529	65,600	32,000	32,000	0	0	Following regular contract meetings with Project Centre LTD, it is expected that RIBA Stage 3 will be completed by the end of the 22/23 financial year. This covers all three Public Realm interventions, Whitton's Garden's, Baltic Mill Pocket Park and Market Place. Following RIBA Stage 3, it is expected that progress on these interventions will run at different rates, and the spend and progress will fluctuate against the original profile. Based on current estimates, the construction should begin i	0	0
Thriving Gainsborough - Market Place/Streetscape	Stage 2	42,670	813,000	85,000	65,000	0	(20,000)	uncertainty around market place design will mean spend will be in 23/24 once decisions have been made regarding parking issues, viability of market stalls among others.	0	0
Thriving Gainsborough - Townhall THI	Stage 2	23,916	1,087,050	77,500	65,500	0	(12,000)	Promotion of scheme planning is taking place and communication with property owners is in progress.	0	0
Thriving Gainsborough - Whitton Gardens	Stage 2	77,581	597,880	150,000	150,000	0	0	Following regular contract meetings with Project Centre LTD, it is expected that RIBA Stage 3 will be completed by the end of the 22/23 financial year. This covers all three Public Realm interventions, Whitton's Garden's, Baltic Mill Pocket Park and Market Place. Following RIBA Stage 3, it is expected that progress on these interventions will run at different rates, and the spend and progress will fluctuate against the original profile. Based on current estimates, the construction should begin i	0	0
Thriving Gainsborough - Bus Station	Stage 2	11,969	125,100	151,300	21,000	0	(130,300)	The progress on the Bus Station has been slow compared to the original forecast in the Business Case. We were behind in procuring the architect, and we are currently on the 3rd revision of design due to the limitations around the budget and safety concerns with proposals.	0	0
Thriving Gainsborough - Living Over The Shops	Stage 2	0	575,580	0	0	0	0	Promotion of scheme planning is taking place and communication with property owners is in progress. Aim to simplify scheme for owners and provide interim stage grant payments	0	0
Thriving Gainsborough - Wayfinding Strategy	Stage 2	67,681	0	74,300	87,300	13,000	0	Overspend due to additional expert opinion required to delivery project	0	0
Thriving Gainsborough - Resources	Stage 2	235,311	556,300	650,400	637,400	(13,000)	0	Underspend on management line to request movement to wayfinding.	0	0
Financial Management System	Stage 3	17,675	0	17,700	17,675	(25)	0	Final invoice for ERP implementation has been paid. Small underspend remaining.	0	0
Capital Enhancements to Council Properties	BAU	21,040	70,000	71,000	87,040	16,040	0	TAC replacement fire doors, £50k funding has been approved though CP&R in December the contract procurement procedure result was that the successful tender for this work will cost £66k, therefore the additional £16k will be funded from the Maintenance of Facilities reserve	0	0
Carbon Efficiencies - Street Lights	Stage 3	0	160,000	52,500	52,500	0	0	LED Street Light upgrade to be phased over multiple years. Alternative scheme delivery options are being considered in order to progress the works quicker.	0	0

Capital Investment Programme 2022/23

Corporate Priority/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£		£	£
Finances										
Richmond House Conservatory	Stage 3	0	0	20,000	20,000	0	0	Reliant upon Gainsborough Town Council committing to revise double door and step scheme, costing for the revised scheme has yet to be determined	0	0
Health & Wellbeing										
Disabled Facilities Grants	BAU	785,904	674,900	1,266,080	1,266,080	0	0		0	0
Housing Growth										
Unlocking Housing (LoS)	Stage 3	0	0	0	0	0	0	Application expected for 3 units expected to be submitted early 2023 for payment in 2023/24. Slip remaining budget of £69.6k to 2023/24	0	0
Public Safety & Environment										
Vehicle Replacement Programme	BAU	785,000	828,000	835,600	835,600	0	0	4 new RCV has been received. One vehicle replacement has been delayed until next year. Remaining vehicles on order due this year	0	0
Depot (P)	Stage 3	(12,621)	0	100,000	100,000	0	0	Main Depot scheme is finished. Sweepings bay structure still to complete. Planning permission stage. Estimated costs is £90k with contribution from LCC of £25k	0	0
CCTV Expansion	Stage 3	1,400	0	46,000	46,000	0	0	To be completed during 2022/23.	0	0
Staff & Members										
Smart Device Refresh - Members	BAU	0	0	28,000	28,000	0	0	Member refresh to take place this year. Budget to be brought back to 22/23 from 23/24	0	0
ERP Systems Phase 2	Stage 2	0	200,000	0	0	0	0	Spend unlikely this year. Scheme is for HR & Asset Register	0	0
Document Management System	Pre Stage 1	19,863	0	46,400	46,400	0	0	Project to be complete by year end	0	0
Storage Refresh	Stage 3	0	0	0	0	0	0	Scheme complete	0	0
Vulnerable Groups and Communities										
Extra Care Provision	Stage 1	0	750,000	750,000	750,000	0	0		0	0
Supported Accommodation (LEAP)	Stage 3	28,570	80,000	71,400	71,400	0	0		0	0
Local Authority Delivery Grant Phase 2 - Green Home	Stage 3	399,121	0	529,500	529,500	0	0		0	0
Ongo - Stow Road Marton	Stage 2	0	226,250	226,250	22,625	0	(203,625)	10% payable on the signing of the contract which is due to be undertaken in March and 90% is due on completion of the contract	0	0
Lace Housing - Romangate Court	Stage 2	90,000	180,000	180,000	180,000	0	0		0	0
Local Authority Delivery Grant Phase 3	Stage 3	101,880	0	310,000	310,000	0	0	Spend deadline for the funding is 31st March 2023.	0	0
Homes Upgrade Grant Phase 1	Stage 3	65,845	0	530,000	530,000	0	0	Spend deadline for the funding is 31st March 2023.	0	0
Total Capital Programme Gross Expenditure		3,792,866	12,972,185	10,550,479	7,741,719	(43,786)	(2,764,974)		65,500	72,500

3.2 Capital Programme Update 2022/2023

3.2.1 The following projects require re-phasing, affecting future financial years of the current capital programme in the 5-year MTFP:

Approval to carry forward £2.703m from 2022/2023 to 2023/2024 are requested for the following schemes:

- CRM System - £0.050m
- Thriving Gainsborough Cinema - £2.287m
- Thriving Gainsborough Market Place/Streetscape - £0.020m
- Thriving Gainsborough Townhall THI - £0.012m
- Thriving Gainsborough Bus Station - £0.130m
- Ongo Stow Road Marton - £0.204m

3.2.2 - The amendments to the following schemes are also requested:

- Website Replacement – the project is now complete, return underspend of £0.042m to the IT Reserve.
- Capital Enhancements to Council Properties – This committee approved a budget of £0.050m in December for the Trinity Arts Centre Replacement Fire doors – the cost of the successful tender is £0.066m and this committee is asked to approve a further £0.016m from the Maintenance of Facilities Reserve.
- Request the transfer of £0.013m budget from Thriving Gainsborough Resources Budget to Thriving Gainsborough Wayfinding Budget to fund the overspend relating to additional expert opinion required to deliver the project.
- UKSPF Project – £0.042m budget for 2022/2023 is requested for the following projects:
 - 1.3 – Safer Streets West Lindsey - £0.010m
 - 1.4 – Multi Year Signature Events Programme - £0.032m

3.3 Acquisitions, Disposals and Capital Receipts

3.3.1 The Council has made no land acquisition during Quarter 3.

3.3.2 The Council has not made any asset disposals during Quarter 3.

3.3.2 Capital Receipts - The total value of capital receipts at the end of Quarter 3 total £0.122m relate to:

- £0.064m from the Housing Stock Transfer Agreement share of Right to Buy receipts.

- £0.011m Loan repayments.
- £0.024m for the Council's share of the proceeds of several plots of land.
- £0.013m repayments of DFG Grants.
- £0.010m Insurance receipt for vehicle.

4. TREASURY MONITORING – Quarter 3 (October – December 2022)

The Treasury Management Strategy Statement (TMSS) for 2022/2023, which includes the Annual Investment Strategy, was approved by the Council on 7th March 2022. 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 (October - December) has been more than the average 7-day Sterling Overnight Index Average (SONIA) (2.81%) with an average yield of 2.996% (including CCLA) and 2.650% (excluding CCLA). The Council budgeted to receive £0.149m of investment income, the forecast outturn is now £0.502m.

4.3 Interest Rate Forecasts

The Council's treasury advisor, Link Group, have provided the following forecasts on 19 December 2022:

Link Group Interest Rate View	19.12.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50	
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50	
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60	
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70	
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10	
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30	
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50	
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20	

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

Link Asset Services detailed economic commentary on developments during quarter ended 31 December 2022 is included in **Appendix 3**.

4.4 Investments

The Council held investments of £18.451m on 31st December 2022. The table below details these investments for Quarter 3:

	Qtr. 3
Investments at Qtr. 3	£'000
Standard Chartered	4,000
Aberdeen Money Market Fund	7,500
Lloyds Bank Account	76
CCLA Property Fund	3,000
Insight Money Market Fund	3,875
Total	18,451

4.5 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 in the latter part of January or early February.

4.6 New External Borrowing

External temporary borrowing of £5.000m was repaid in October 2022 and new external temporary borrowing was taken at £5.000m.

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

4.7 Total Prudential Borrowing at Quarter 3

	Qtr. 3
Prudential Borrowing	£'000
Total External Borrowing	21,500
Total Internal Borrowing	17,568
Total Prudential Borrowing	39,068

4.8 Borrowing in advance of need

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

4.9 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 consider the revisions to the Capital Programme as detailed in section 3 of this report.

	Original £'000	Qtr. 3 £'000
Treasury Indicators		
Authorised limit for external debt	43,000	43,000
Operational boundary for external debt	38,241	39,068
External Debt Investments	26,500 (13,000)	26,500 (12,000)
Net Borrowing	13,500	14,500
Prudential Indicators		
Capital Expenditure	12,972	7,863
Capital Financing Requirement (CFR)	38,241	39,068
<i>Of Which is Commercial Property</i>	<i>20,211</i>	<i>20,211</i>
Annual change in CFR*	(1,184)	(1,227)
External Debt Forecast	26,500	26,500
Under/(over)borrowing	11,741	12,568
Ratio of financing costs to net revenue stream*	10.34%	12.88%
Incremental impact of capital investment decisions:		
Increase/Reduction (-) in Council Tax (band change per annum)	£0.00	£5.80

Appendix 1 (provided by the Council's Independent Treasury Advisors, Link Asset Services)

Interest Rate Forecast

- The central forecast for interest rates was most recently updated on 19th December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's policy of emphasising fiscal responsibility will probably mean Bank Rate will not need to increase to further than 4.5%.
- Further in the medium term, it is anticipated the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are over – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium, and longer end of the curve in equal measure now that the short-lived effects of the changes in prime ministers are mainly over.
- In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- The view is the markets have already built in nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than are currently anticipated.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than currently projected or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

APPENDIX 2

REVENUE CARRY FORWARDS – BASE BUDGETS ALREADY APPROVED

Budget underspends to be carried forward into 2023/2024, 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 at December 2022 out-turn monitoring. The final carry forward figures will reflect the actual outturn position at year-end.*

BASE BUDGET C/FWDS APPROVED PREVIOUSLY			Dec 22	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our Council	Land Charges	5	Land charges project - 3 year software to be cfwd to 2023/24 (year 3). Horizon is a land charges specific system which is being used until the CRM system can be developed. The contract commenced 1st November 21.
Corporate Policy & Resources	Our Council	Corporate Finance	53	Management Structure savings to be carried forward to cover the ongoing commitment for management support in 2023/2024.
Prosperous Communities	Our People	Community Action	7	Employment & Skills budget £10k 2019/2020 - from Business Planning budget.
TOTAL			65	

REVENUE CARRY FORWARDS – USE OF EARMARKED RESERVES

Budget underspends to be carried forward into 2023/2024, 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 has slipped into future years.

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

USE OF EARMARKED RESERVES			Dec 22	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our People	Community Action	8	Hemswell Cliff Regeneration - revenue spend to support capital scheme. Capital scheme to be c/fwd into 2023/24 pending a further report on proposals.
Corporate Policy & Resources	Our Council	Corporate Finance	31	Business Planning Budget of £200k. Carry forward remaining balance.
Prosperous Communities	Our People	Community Environment	23	Balance of community grants cfwd into 2023/24 for future use.
Prosperous Communities	Our Place	Economic Development	6	Approved budget for Market Rasen Historic Building Scheme Support.
Corporate Policy & Resources	Our Council	Local Taxation	3	Delay on Single Persons Discount review due to work on Energy rebate scheme.
Prosperous Communities	Our Council	Waste Management - Chargeable Services	10	Balance of Wheeled Bin Replacement Reserve drawn down into service 2022/23.
Corporate Policy & Resources	Our Place	Policy, Strategy and Environment	21	APSE climate change consultancy in 2023/24.
TOTAL			102	

REVENUE CARRY FORWARDS – PENDING APPROVAL BY MANAGEMENT TEAM

Bids for budget underspends to be carried forward into 2023/2024, which require Management Team approval are as follows.

• *Please note the figures quoted are as forecast at December 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			Dec 22	
Committee	Cluster	Business Unit	£ 000	Purpose of Carry Forward
Prosperous Communities	Our Place	Environmental Protection	3	Noise monitoring equipment improvement.
Corporate Policy and Resources	Our Council	Change Management	5	There is a need to enhance the licenses to a configurable system in 2023/24.
Prosperous Communities	Our Council	Crematorium	8	Crematorium promotional & marketing budget. Request cfwd to support Funeral Directors annual meeting (rescheduled to April from March), Direct loyalty scheme on 22/23 direct cremations to be applied in 2023/24. Open day to be held at a weekend in May/June 2023.
Prosperous Communities	Our People	Parks & Open Spaces	10	Tree survey works not expected to be completed by year end
Corporate Policy & Resources	Our Council	Corporate Finance	22	Corporate contingency budget earmarked for Interim Principal Accountant
Prosperous Communities	Our People	Housing Standards	35	Selective Licensing balance of budget (originally funded from PCC). Remaining balance to be retained for future works.
Prosperous Communities	Our Place	Cemeteries	15	Cemetery wall repairs not expected to be completed by year end
TOTAL			98	