



Corporate Policy and
Resources Committee

Thursday, 13th February 2025

**Subject: Budget and Treasury Monitoring - Quarter 3 2024/2025 (1st April
2024 to 31st December 2024)**

Report by:

Director of Corporate Services

Contact Officer:

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Purpose / Summary:

This report sets out the revenue, capital and treasury management activity from 1st April 2024 to 31st December 2024.

RECOMMENDATION(S):

REVENUE

- a) Members accept the forecast out-turn position of a **£0.536m** net contribution to reserves as of 31st December 2024 (see Section 2) relating to revenue activity.
- b) Members approve the contribution to Earmarked Reserves **2023/2024** - £0.076m (2.4.1).
- c) Members accept the use of Earmarked Reserves approved by the Chief Finance Officer using Delegated powers (2.4.2).
- d) The Committee approves the amendments to the fees and charges schedules for 2024/2025 (2.3.2).
- e) Members approve the revenue budget carry forwards into

2025/2026 (2.5).

CAPITAL

- f) Members accept the current projected Capital Outturn position of £22.842m (Section 3).
- g) Members approve the amendments to the Capital Schemes as detailed in 3.2.

TREASURY

- h) Members accept the report, the treasury activity and the prudential indicators (Section 4).

IMPLICATIONS

Legal: None arising as a result in this report.

Financial : FIN/124/25/CPR/SL

REVENUE

The draft revenue forecast out-turn position for 2024/2025 is a net contribution to reserves (underspend) of **£0.536m** relating to revenue activity as of 31st December 2024.

A summary of the forecast out-turn position:

Summary of Out-turn Position 2024/2025		
	£ 000	
OUTTURN AS AT 31.12.24	(1,116)	BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-PREVIOUSLY APPROVED	262	ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	43	ALREADY APPROVED
SUB-TOTAL:	(811)	
CARRY FORWARDS : SERVICE REQUESTS	275	Pending recommendation by Management Team March 2025
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(536)	
TOTAL CARRY FORWARDS:	580	

The forecast General Fund Balance as of 31st March 2025 is £2.956m (excluding carry forwards). This is £0.956m above the minimum working balance of £2.0m agreed by this Committee.

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

CAPITAL

The capital programme forecast outturn for 2024/2025 is expenditure of £22.842m against a revised budget of £28.413m, a variance of £5.571m.

The amendments to the 2024/2025 capital scheme are detailed 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 £24.0m.

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 £24.675m, which achieved an average rate of interest of 4.94% (July - September was 22.040m, 5.146%).

Staffing:

Salary budgets 2024/2025 were based on an estimated 3.5% pay award across all scale points.

There are 4 separate negotiations for pay award:

1. Chief Officer Pay – agreement reached 22nd July 2024 at 2.5%
2. Chief Executive Pay – agreement reached 23rd October 2024 at 2.5%
3. Locally Determined Pay Points - agreement reached 23rd October 2024 at 2.5%
4. NJC Local Government Staff – agreement reached 23rd October 2024 as follows:

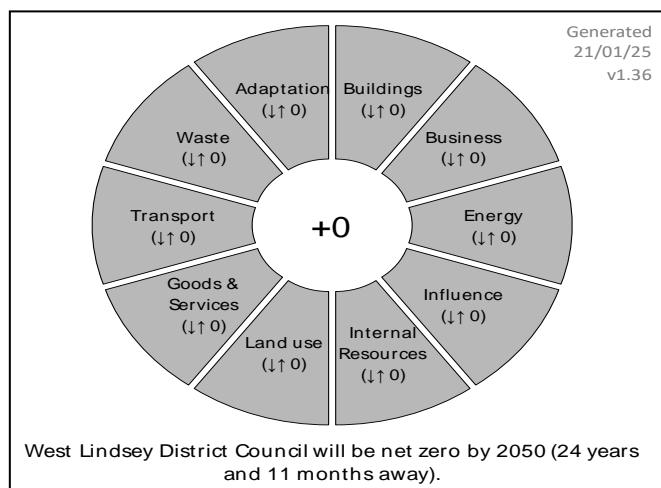
- With effect from 1 April 2024, an increase of £1,290 (pro-rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- With effect from 1 April 2024, an increase of 2.5% on all pay points above the maximum of the pay spine but graded below deputy chief officer.
- With effect from 1 April 2024, an increase of 2.5% on all allowances.

Whilst the agreed pay award is an average of 3.5% across all scale points which is the increase built into the 2024/2025 MTFP, due to the weighting of the proposal there would be additional cost of £0.029m when compared to the budgeted amount.

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 2024/2025 for:

REVENUE

- Revenue Forecast Out-Turn (after carry-forwards) – Contribution to Reserves **£0.536m**. (-3.05% of Net Revenue Budget – see 2.1 for details of significant variances).
- **Appendices included within the report:**
 1. Capital Investment Programme – budget monitoring table as of 31st December 2024.
 2. MUFG (formerly known as Link Asset Services) Updated Interest Rate Forecast 31st December 2024.
 3. Link Treasury Services Monthly Investment Analysis Review December 2024.
 4. UK Shared Prosperity Fund (UKSPF) Update Qtr. 3 2024/2025.
 5. Statutory Planning Fees Schedule 2025/2026.

CAPITAL

- Capital Forecast Out-Turn: £22.842m against a revised budget of £28.413m, resulting in a variance of **£5.571m**.
- £0.192m being net underspends on scheme budgets, and £5.379m carry forwards to 2025/2026.

Members are asked to note:

- Underspend on schemes of £0.200m detailed at 3.2.1
- Increase in scheme budgets of £0.008m detailed at 3.2.2
- Carry forward budgets to 2025/2026 of £5.379m detailed at 3.2.3
- Movement of budgets between schemes detailed at 3.2.4 (net impact nil)

Underspends	£m
Home Upgrade Grant Phase 2	(0.200)
Total	(0.200)

Increase in Scheme Budgets	£m
Contact Centre	0.008
Total	0.008

Carry Forwards into 2025/2026	£m
Carbon Efficiencies - Street Lights	(0.037)
Thriving Gainsborough - Market Place/Streetscape	(0.150)
Thriving Gainsborough - Pocket Park	(0.014)
Hemswell Cliff Investment for Growth	(0.105)
Purchase of RAF Scampton	(4.750)
Shop Front Improvement	(0.023)
Thriving Gainsborough - Whittons Gardens	(0.250)
Vehicle Replacement Programme	(0.005)
5-7 Market Place Redevelopment	(0.045)
Total	(5.379)

Movement of Budgets between Schemes	£m
From	
Thriving Gainsborough - Whittons Gardens	(0.045)
Thriving Gainsborough - Market Place/Streetscape	(0.001)
To	
Thriving Gainsborough - Wayfinding Strategy	0.001
Thriving Gainsborough - Pocket Park	0.045

Variance Against Revised Budget	(5.571)
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TREASURY MANAGEMENT

Treasury Management Report and monitoring:

- Investments held as of 31st December 2024 were:
 - Average investment interest rate for October to December was 4.940%.
 - Total Investments at the end of Quarter 3 were £22.995m.

The tables below reflect the movement on our investments and borrowing in Quarter 3:

Investment Movements	Qtr. 3 £'m
Investments B/fwd. (at 01.09.2024 including cash held at bank)	21.767
(Less) Net Capital expenditure/ Funding received	(3.492)
Add PWLB/Other LA Borrowing in year	10.000
Add/(Less) Net Revenue Expenditure	(8.258)
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	3.048
Investments carried forward (at Period end)	23.065

The 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 December 2024. Internal Borrowing is an approved practice whereby external borrowing is delayed by using cash held for other purposes. It allows us to avoid paying interest until the original expenditure planned for the internally borrowed cash is required.

	Qtr.3
Prudential Borrowing	£'000
Total External Borrowing (PWLB)	14,000
Other Local Authorities	10,000
Internal Borrowing	12,070
Total Prudential Borrowing at 31.12.2024	36,070

FINAL REVENUE BUDGET OUTTURN 2024/2025

2. The Revenue budget forecast out-turn for 2024/2025 currently stands at a net contribution to reserves of **£0.536m** as detailed in the table below.

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

Cluster	Base Budget £	Revised Budget £	Forecast Outturn £	Outturn Variance before Cfws £	Carry Forwards £	Outturn Variance after Cfws £
Our Council	8,224,800	8,725,747	7,888,636	(837,111)	429,800	(407,311)
Our People	1,715,100	1,793,700	1,927,173	133,473	0	133,473
Our Place	4,705,100	5,009,900	4,993,550	(16,350)	150,000	133,650
Covid 19 Business Support Grants	0	0	1,000	1,000	0	1,000
Grand Total	14,645,000	15,529,347	14,810,360	(718,987)	579,800	(139,187)
Interest Receivable	(658,200)	(692,200)	(1,054,500)	(362,300)	0	(362,300)
Investment Income - Property Portfolio	(1,568,400)	(1,568,900)	(1,587,652)	(18,752)	0	(18,752)
Drainage Board Levies	531,900	531,900	531,900	0	0	0
Parish Precepts	2,700,700	2,700,700	2,700,700	0	0	0
Interest Payable	692,700	692,700	718,000	25,300	0	25,300
MRP/VRP (repayment of borrowing)	959,300	959,300	951,600	(7,700)	0	(7,700)
Net Revenue Expenditure	17,303,000	18,152,847	17,070,407	(1,082,440)	579,800	(502,640)
Transfer to / (from) General Fund	(52,700)	(957,800)	(957,800)	0	0	0
Transfer to / (from) Earmarked Reserves	1,248,600	1,301,853	1,301,853	0	0	0
Amount to be met from Government Grant or Council Tax	18,498,900	18,496,900	17,414,460	(1,082,440)	579,800	(502,640)
Funding Income						
Business Rate Retention Scheme	(5,796,700)	(5,796,700)	(5,796,700)	0	0	0
Collection Fund Surplus - Council Tax	(290,000)	(290,000)	(290,000)	0	0	0
Parish Councils Tax Requirement	(2,700,700)	(2,700,700)	(2,700,700)	0	0	0
New Homes Bonus	(845,300)	(845,300)	(845,300)	0	0	0
Other Government Grants	(1,113,900)	(1,111,900)	(1,145,900)	(34,000)	0	(34,000)
Council Tax Income	(7,752,300)	(7,752,300)	(7,752,300)	0	0	0
TOTAL FUNDING	(18,498,900)	(18,496,900)	(18,530,900)	(34,000)	0	(34,000)
Balanced Budget / Funding Target	0	0	(1,116,440)	(1,116,440)	579,800	(536,640)

2.1 The significant incremental variances against the approved budgets being:

KEY:	
↑	improved position (i.e. increased surplus, or reduction in pressure)
↔	no change
↓	worsened position (i.e. decrease in surplus, or increase in pressure)

Cluster	EXPENDITURE	Total £000	Direction of Travel From Prev. Qtr.
BUDGET UNDERSPENDS			
Our Council / Our People / Our Place	Salary (underspends) / pressure. £29k impact of pay award, (£71k) underspend arising from vacancies offset by pressures due to temporary resources appointed to cover vacant posts.	(£42)	↑
Our Council	Corporate Contingency budget not required.	(£367)	New
Our Council / Our Place	Fuel - average price per litre to date £1.09, forecast £1.09 for remainder of year (compared to £1.14 average price per litre for the year 2023/2024).	(£105)	↑
Our Council / Our People / Our Place	Utilities - Electricity (£1k) and Gas (£29k) based on current rates and consumption.	(£30)	↔
PRESSURES			
Our Council	Local Land Charges - Highways Fees payable to LCC.	£23	↔
	Various forecast outturn variances <£10k	£25	↑
		(£496)	

Cluster	INCOME	Total £000	Direction of Travel From Prev. Qtr.
BUDGETED INCOME EXCEEDED			
Corporate Accounting-Interest Received and Paid	Interest Receivable (£362k), Interest Payable £25k.	(£337)	↑
Corporate Accounting-Investment Income	Increase in service charges for investment properties (£13k) plus forecast underspends of (£5k) on maintenance.	(£19)	New
Our Council	Supplementary Services - Bulky Waste collections (£11k), Big Bin Hire (£11k).	(£22)	New
Our Council	Green Waste Service increased subscriptions.	(£20)	New
Our Place	Property Services - dilapidation fees and interest charged on overdue accounts.	(£43)	New
Funding	Windfall Income: Government Grants - DLUHC - Internal Drainage Board Levies Support.	(£34)	↔

Cluster	INCOME	Total £000	Direction of Travel From Prev. Qtr.
BUDGETED INCOME NOT ACHIEVED			
Our Council	Commercial Waste income aligned to updated Business Plan approved March 2024.	£59	↔
Our Council	Crematorium income - Standard Cremations.	£30	New
Our People	Housing Benefits Subsidy - forecast loss of subsidy reclaimed on supported accommodation placements £153k, offset by ad hoc grants to for Housing Benefit administration (£20k).	£133	↓
Our People	Wellbeing Contract - New Contract Effective from 1st Jan 2025.	£16	↔
Our Place	Nationally Significant Infrastructure Projects (NSIP) Planning Performance Agreement (PPA) Income to Offset Consultancy Costs.	£111	New
Our Place	Neighbourhood Planning Grants - shortfall in grant income.	£32	New
Our Place	Street Naming and Numbering. Reduction in fee income.	£18	New
Our Place	Building Regulations - Fee Earning. Reduction in fee income.	£36	↔
		(£40)	
TOTAL VARIANCE		(£536)	

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

2.2.1 Our Council

- Commercial Waste**
 The service is forecasting a shortfall in income of **£0.059m**. This is reflective of the Business Plan approved by Corporate Policy and Resources committee on the 21st of March 2024, which included an estimated £0.073m net pressure in 2024/2025. The Business Plan has been reflected in the Medium-Term Financial Plan (MTFP) from 2025/2026.
- Utilities: Gas and Electricity**
 An underspend of £0.001m on electricity and £0.029m on gas has been realised in year - a total saving of **£0.03m**.

For information, electricity prices are fixed until 31st October 2025 and gas prices were fixed until 31st March 2025.

- **Local Land Charges – Land Registry Fees Payable to LCC**

As part of the new Infrastructure Act, the responsibility of administering LLC1 searches has migrated to HM Land Registry. West Lindsey District Council have retained liability and responsibility for information provided from the register. The migration was implemented during 2023/2024.

In previous years' Local Land Charges provided two types of searches. One search fee has a portion that is paid over to Lincolnshire County Council (LCC). Following the migration of one type of search (the Local Land Charge search, to HM Land Registry) we are left with only the searches containing a portion of fee to be paid over to LCC. 42% of the income received is paid over to LCC resulting in a forecast pressure of **£0.023m** in 2024/2025.

- **Corporate Contingency Budgets**

There are revenue contingency budgets held to:

- mitigate risks
- provide support for projects within approved business plans
- utilise for county wide projects, and
- offset potential pressures identified through the Medium Term Financial Plan where the values and/or timing of spend was unconfirmed at the time of budget setting.

£0.367m has been confirmed as not required during 2024/2025.

£0.250m of this underspend will be requested in Q4 to be transferred to an earmarked reserve to support the ongoing maintenance of new capital assets created from Grant Funded capital schemes. The details of this will be presented to Corporate Policy and Resources Committee for approval as part of the '2024/2025 Final Outturn Report'.

- **Supplementary Services**

The forecast income for bulky waste collections is **£0.011m** above target as take up of the service has been above expectations.

The Big Bin Hire service was introduced for a 12 month period, as reported to this Committee in January 2024 and is forecast to generate **£0.011m** of income in 2024/2025. A review of the service is due to be undertaken as we approach the end of year one and the results presented to this Committee for a decision on whether to continue.

- **Green Waste Service**

Income from subscriptions to the green waste service has exceeded the target for the year by **£0.020m**.

- **Crematorium**

There is a forecast pressure on income of £0.030m for standard cremation services, partly due to an increase in direct cremations. The MTFP reflects the latest business plan, as presented to Corporate Policy and Resources Committee in October 2024.

2.2.2 Our People

- **Housing Benefit Subsidy**

We have new accommodation providers in West Lindsey who are offering 'supported accommodation' and because the providers are not 'Registered Providers of Social Housing' we cannot claim full subsidy on the Housing Benefit we pay out to any tenants in these properties. There is a possibility that West Lindsey will be responsible for 50% of the benefit paid on these properties and as the accommodation is supported accommodation the rents are far higher than normal rents. These landlords are being urged to become 'Registered' which means they will be regulated, and full Housing Benefit subsidy can be claimed from the Department for Work and Pensions.

The impact of this is forecast to be a maximum pressure of £0.133m on Housing Subsidy. If a landlord became registered during the year this would be reduced.

- **Wellbeing Contract**

The Wellbeing contract has been in place since 1 April 2018 and was budgeted up to the end of 2024/2025 at the existing contract rates.

A new contract was effective from the 1st of January 2025. The revised contract has resulted in a pressure against the current year budgets of £0.016m but is a gain for the Medium-Term Financial Plan of c£0.078m pa for five years from 2025/2026.

2.2.3 Our Place

- **Fuel**

There is a forecast underspend against fuel budgets of £0.105m. The average fuel price to date is £1.09 per litre, with an average price of £1.09 per litre forecast for the remainder of the year (compared to the average price paid per litre during 2023/2024 of £1.14).

- **Building Regulations-Fee Earning**

Net income from building regulation fees is £0.036m below budget. There has been a downturn in construction nationally, partly due to cost of living and interest rates being high.

£0.010m relates to forecast dangerous structure costs, final figure to be confirmed, with the remaining £0.026m being a pressure on fee earning

income.

The Building Control fees were increased from mid-December 2024, and the impact of this is expected to be realised from 2025/2026.

- **Property Services**

There is additional income forecast of £0.043m in respect of charges raised for dilapidation fees and interest on overdue accounts.

- **Neighbourhood Planning Grants**

The Neighbourhood Planning scheme was introduced in 2011, and the level of grant recoverable from the DLUHC has remained unchanged since 2016/2017.

Costs of delivering the plans have increased significantly over the past 8 years, including staffing, postage, and printing.

We are expecting to complete, and claim for, two neighbourhood plans during 2024/2025.

When compared to the costs incurred during the year, there is a forecast pressure of £0.032m.

- **Street Naming and Numbering**

Income from street naming and numbering fees is £0.018m below budget.

- **Nationally Strategic Infrastructure Project (NSIP)**

In 2021/2022 £0.050m bridging funding from General Fund balances (GFB) was approved to cover the advance costs of the NSIP project, to be reimbursed once Planning Performance Agreements (PPA) were signed.

£0.025m pa was drawn down from GFB in 2021/2022 and 2022/2023, which was then reimbursed during 2023/2024.

For 2024/2025 – there are consultancy costs of £0.285m forecast, with PPA income of £0.141m forecast – net pressure £144m.

A contingency budget of £0.032m had been earmarked for NSIP consultancy costs through the 2024/2025 MTFP, which reduces the forecast pressure to £0.111m, although this may reduce at year end to c£0.040m if income is confirmed this financial year.

This pressure is reflected in the forecast outturn for Qtr. 3, as the forecast net contribution to reserves can absorb the cost, as opposed to seeking the use of reserves.

To date we have expended £0.284m on costs associated with delivering the Council's role as Host Authority for five Nationally Significant Infrastructure Projects (2023/24 £0.073m, 2024/25 £0.211m). The Council will be reimbursed for most of the expenditure through the negotiation of planning performance agreements for each scheme, these are being finalised for Gate Burton,

Cottam and West Burton, with Tillbridge and One Earth expected in early 2025. Income from the first three planning performance agreements should be known shortly and will be reported. The current income estimate is £0.290m out of a total forecast expenditure of £0.330m, but this remains subject to the negotiation of the planning performance agreements.

2.2.4 Corporate Accounting

- **Interest Payable/Receivable –**
Income for interest receivable is £0.362m above the revised budget. This is due to the current base rate being higher than the peak expected when the budget was set. This combined with pro-active treasury management has meant that the Council is forecast to exceed its interest receivable budget. This is offset by a pressure on the interest payable budget of £0.025m.
- **Investment Income –**
There has been an increase in service charges during the year to reflect costs incurred by the Council which are attributable to investment properties of £0.013m, in addition to a forecast underspend on repairs and maintenance of £0.005m.

2.2.5 Funding

£0.034m has been received from the DLUHC to support Authorities with the budgetary pressure resulting from Internal Drainage Board Levies (DBL), being 6% of our total DBL liability for 2024/2025.

2.2.6 Establishment

Salary budgets 2024/2025 were based on an estimated 3.5% pay award across all scale points.

There are 4 separate negotiations for pay award:

1. Chief Officer Pay – agreement reached 22nd July 2024 at 2.5%
2. Chief Executive Pay – agreement reached 23rd October 2024 at 2.5%
3. Locally Determined Pay Points - agreement reached 23rd October 2024 at 2.5%
4. NJC Local Government Staff – agreement reached 23rd October 2024 as follows:

- With effect from 1 April 2024, an increase of £1,290 (pro-rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- With effect from 1 April 2024, an increase of 2.5% on all pay points above the maximum of the pay spine but graded below deputy chief officer.

- With effect from 1 April 2024, an increase of 2.5% on all allowances.

Whilst the agreed pay award is an average of 3.5% across all scale points which is the increase built into the 2024/2025 MTFP, due to the weighting of the proposal there would be additional cost of £0.029m when compared to the budgeted amount.

This has been offset by a forecast underspend of £0.071m across salary budgets arising from vacancies across the establishment, resulting in a net underspend of **£0.042m**.

2.3 Fees and Charges

2.3.1 £4.139m has been received in Fees and Charges income during 2024/2025 to date against a budget of £3.989m, a gain of £0.123m due to planning application fee income received in the first half of the year.

The significant variance forecast for the year end is:

- Shortfall in Commercial Waste income of **£0.059m** (see 2.2.1 for details)
- Shortfall in Building Control income of **£0.036m** (see 2.2.3 for details)
- Shortfall in Crematorium income of **£0.030m** (see 2.2.1 for details)
- Shortfall in Street Naming and Numbering income of **£0.018m** (see 2.2.3 for details)
- Gain in Green Waste subscription income **£0.020m** (see 2.2.1 for details)
- Gain in Supplementary Services income **£0.022m** (see 2.2.1 for details)

2.3.2 Amendment to Fees and Charges Schedule 2024/2025

a) Crematorium (non-statutory)

Two new fees are proposed to enhance the offerings provided by the crematorium:

1. Digital download of the service when ordered alongside service recording - **£20.00 plus VAT**.
2. Digital download of service – stand-alone product - **£36.00 plus VAT**.

b) Planning Fees (statutory)

On the 13th of January 2025, the Government tabled a draft statutory instrument to bring forward the fees for planning applications in England, to take effect from the 1st of April 2025.

As per Regulation 18A, fee values have been increased by 1.7% (being September 2024 CPI) and then rounded to the nearest pound. Those fees which have increased above inflation are subject to parliamentary approval.

The schedule of fees is included within this report at **Appendix 5**.

2.4 Use of and Contribution to Reserves

2.4.1 Contribution to Reserves – Member Approval Required 2023/2024- £0.0.76m

- Following an amendment to the 2023/2024 Statement of Accounts, there is a further surplus of £0.076m at year end 2023/2024. This has been transferred into the Budget Stability Reserve.
- For information this increases the final 2023/2024 surplus transferred to the Budget Stability Reserve to £0.176m.

2.4.2 Use of Reserves – Delegated Decision - £0.042m

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

- £0.002m from General Fund Balances. Additional enforcement resources (2 x 2-year fixed term officers). CP&R 17.01.24 approved funding of £0.089m GFB and £0.089m Communities at Risk reserve. *Increase due to pay award – amended total for 2024/2025 £0.053m.*
- £0.003m from the Redundancy Contingency Reserve. Redundancy payable at the end of a fixed term contract.
- £0.019m from the Maintenance of Facilities Reserve. To complete works identified through the conditions survey.
- £0.010m from the Maintenance of Facilities Reserve. External repainting works.
- £0.008m from the ICT Reserve. To enhance cybersecurity – one off cost for configuration in year 1 (2024/2025).

2.5 Revenue Budget Carry Forwards to 2025/2026

2.5.1 Management Structure

The net savings realised in the current financial year are requested to be carried forward to support the backfill and interim arrangements of the management structure in 2025/2026. The carry forward request was supported by the Chief Officer Employment Committee (COEC) at their meeting on the 7th of January 2025.

The current estimate is for carry forward is c£0.150m but the carry forward value will reflect the final outturn position and reported to Corporate Policy and Resources committee in the '2024/2025 Final Outturn Report'.

2.5.2 Levelling Up Fund (LUF) – Resources

An extension is proposed to the following posts:

1. LUF Project Officer
2. LUF Programme Manager

for 6 months (July to December 2025) to oversee project delivery, to ensure that projects are completed to the quality and standard we expect and that a robust handover to 'business as usual' is completed.

These posts have been funded from LUF grant income up to the 31st of March 2025.

To facilitate the extension, revenue budget underspends have been identified within salary budgets in 2024/2025 of £0.068m and approval is sought to carry this budget into 2025/2026.

2.5.3 Cultural Events – Resources

An extension is proposed to the Cultural Events and Marketing Officer post for 3 months (April to June 2025) to ensure the delivery of the Go Festival and Lincolnshire Show.

This post has been funded from UKSPF grant income up to the 31st of March 2025.

To facilitate the extension, revenue budget underspends have been identified within salary budgets in 2024/2025 of £0.013m and approval is sought to carry this budget into 2025/2026.

2.6 Grants

As of 1st April 2024, we had an amount of £0.706m 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 2025 is £0.615m.

2.6.1 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 Work & Pensions (DWP)	Rent Allowance	3,212,817
Nottingham City Council	Homes Upgrade Grant (HUG2)	403,889
Department for Levelling Up, Homes and Communities (DLUHC)	Local Authority Housing Fund	249,725
Department for Levelling Up, Homes and Communities (DLUHC)	New Home Bonus	211,315
National Heritage Lottery	Townscape Heritage (THI)	93,632
Lincolnshire County Council	Household Support Fund	59,013
Home Office	Asylum Dispersal Grant	55,250
Department for Work & Pensions (DWP)	Housing Benefit Admin Grant	53,352
Department for Levelling Up, Homes and Communities (DLUHC)	Funding Guarantee	52,712
Department for Levelling Up, Homes and Communities (DLUHC)	Revenue Support Grant	38,967
Department for Levelling Up, Homes and Communities (DLUHC)	Internal Drainage Board Levies	32,000
Department for Environment, Food & Rural Affairs (DEFRA)	Biodiversity Grant	14,750
Lincolnshire County Council	Homes For Ukraine	11,741
North Kesteven District Council	Local Energy Advice Demonstrator (LEAD)	10,422
Department for Levelling Up, Homes and Communities (DLUHC)	Storm Babet	10,000
Department for Work & Pensions (DWP)	Rent Rebate	4,203
Department for Levelling Up, Homes and Communities (DLUHC)	Service Grant	3,517
Department for Levelling Up, Homes and Communities (DLUHC)	Storm Henk	2,000
		4,519,305

Other Items for information

2.7 Planning Appeals

In Quarter 3 2024/2025, to the end of December 2024, there was one appeal determined which was dismissed.

There are no live applications for costs awaiting decision. Appeal costs are not budgeted for and therefore any costs allowed will be a direct loss to the Council.

Period	Number of Appeals	Allowed	Dismissed
October	0	0	0
November	1	0	1
December	0	0	0
Total for Quarter 3	1	0	1

2.8 Aged Debt Summary – Sundry Debtors Aged Debt Summary Quarter 3 2024/2025 Monitoring Report

At the end of December 2024, there was a total of £0.177m outstanding debt in the system over 90 days. Much of this debt was over 150 days old (94%) and comprised of:

- Housing £0.073m
- Environmental Services £0.032m
- Property Services £0.025m

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 £0.011m 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 2023/2024 is provided below for information:

2023/2024 Total £	Month	90 – 119 days £	120 – 149 days £	150+ days £	2023/2024 Total £
233,249	Quarter 1 - ending May 2024	5,145	5,541	220,623	231,309
234,208	Quarter 2 - ending Sept 2024	4,531	12,661	216,536	233,728
183,614	Quarter 3 - ending Dec 2024	5,674	4,803	166,969	177,446

2.9 Changes to the Organisation Structure

- 2.9.1 Cultural Development Manager – a new post was approved for a fixed term of two years (band 9) to provide strategic capacity to deliver the Cultural Strategy and support a range of activity to move our cultural work to the next stage.

Funding for this post was approved from the Cultural Strategy earmarked reserve.

- 2.9.2 Trainee Development Officer – a new post was approved for a fixed term of eighteen months (band 3) to assist with the decommissioning of the Flare system.

Funding for this post was approved from the Information Technology earmarked reserve.

- 2.9.3 Review of Electoral Registration and Elections Team – The existing posts within the team were deleted and replaced with revised posts.
Delete – Senior Elections Officer x 3, Electoral Registration Support Assistant
New – Senior Officer for Elections Service, Election Services Officer, Election Services Support Officer

The review of the structure resulted in an ongoing saving of £0.003m pa.

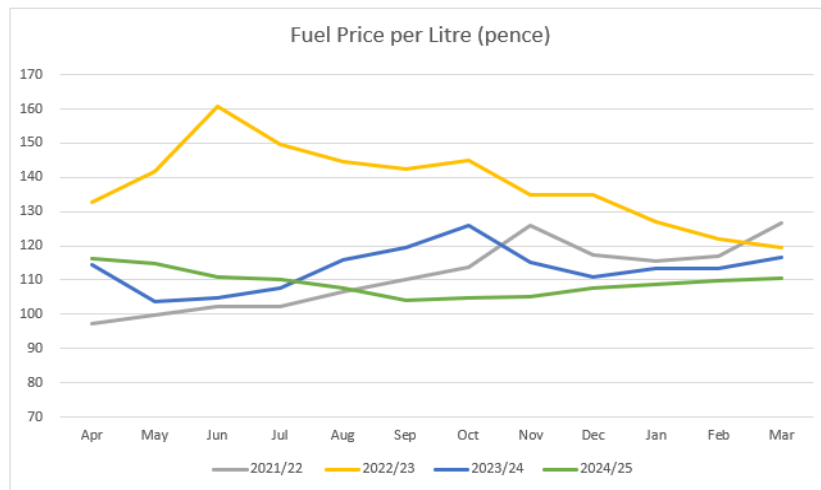
- 2.9.4 Welbeing Responder Service – the new contract was effective from the 13th January 2025 and existing 18 staff members were TUPE'd over from East Lindsey District Council to West Lindsey District Council under their existing terms and conditions.

The costs of delivering this service, including staff costs, is fully funded under the contract arrangements with East Lindsey District Council.

2.10 Fuel

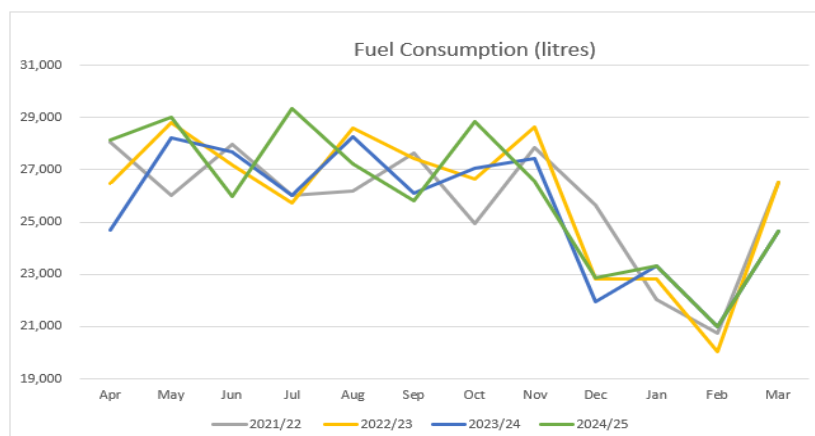
2.10.1 The chart below shows the actual price paid per litre of fuel, in pence, for each year from 2021/2022 to 2024/2025.

The prices shown for 2024/2025 are actuals to date, for the period April to December 2024, at an average of £1.09 per litre. The average price paid per litre during 2023/2024 was £1.14.



2.10.2 The chart below show the actual volume of fuel purchased, in litres, for each year from 2021/2022 to 2024/2025. The volumes shown for 2024/2025 are actuals to date, for the period April to December 2024, with estimates for the remainder of the year based on the previous years' consumption.

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



3.1 CAPITAL UPDATE – Quarter 3 2024/2025

3.1.1 The Capital Budget forecast out-turn is £22.842m against a revised budget of £28.413m. This results in a variance (underspend) of £5.571m.

This is made up of:

- £0.192m net underspend
- £5.379m requested carry forward to 2025/2026

3.1.2 Individual Schemes are detailed in the table contained within the report at **Appendix 1** with commentary provided on performance.

3.2 Capital Programme Amendments 2024/2025

The detailed capital monitoring table is included within the report at **Appendix 1**. The amendments to the following schemes are requested:

3.2.1 Net Underspend Position - £0.200m

- **Home Upgrade Grant Phase 2 (HUG2)** - Delays in initial delivery has reduced take up of the scheme resulting in an underspend of £0.200m. Project due to complete 31/03/25.

3.2.2 Increase to scheme budgets - £0.008m

- **Contact Centre** - Implementation underway. Go live was mid November 2024. Up to £0.008m to be drawn down from IT reserve at the end of the year once full implementation costs are known. Increase to scheme required £0.008m. Project due to complete 31/03/25.

3.2.3 Carry Forward Budgets to 2025/2026 - £5.379m

- **Carbon Efficiencies, Street Lights** - LED street light upgrade work will be phased over multiple financial years. Project to be broken down into manageable areas and is subject to contractor availability. At this stage the overall completion date is unknown. Carry forward £0.037m.
- **5-7 Market Place Redevelopment** - Awaiting outcome of dispute with contractor, aim to be resolved by Qtr1 2025/2026. Carry forward £0.045m.
- **Hemswell Cliff Investment for Growth** - A review of Hemswell growth projects is due later in 2024/2025 with anticipated spend on paths and lighting to be proposed, subject to member approval. Spend expected to slip into 2025/2026. Expected completion date 31 December 25. Carry forward £0.105m.

- **Purchase of RAF Scampton** - Purchase not due to be completed until November 2025. Carry forward **£4.750m.**
- **Shop Front Improvement** - No live applications, in dialog with several building owners - Due to be completed by September 2025. Carry forward **£0.023m.**
- **Thriving Gainsborough - Market Place/Streetscape** - Project due to complete March 2025 with final payments in Qtr1 2025/2026. Carry forward **£0.150m.**
- **Thriving Gainsborough - Pocket Park** - Project due to complete March 2025 with final payments in Qtr1 2025/2026. Carry forward **£0.014m.**
- **Thriving Gainsborough - Whitton Gardens** - Project due to complete by April 2025 due to delay of Environment Agency permit. Carry forward **£0.250m.**
- **Vehicle Replacement Programme** - 4 refuse collection vehicle's (RCV's) and 3 caged vehicles received. 2 caged vehicles have been ordered. Radio Frequency Identification Device (RFID) chips spend expected in 2025/2026. 2 RCVs ordered for 2025/2026 delivery. Carry forward **£0.005m.**

3.2.4 Movement of budgets between schemes

Movement of Budgets between Schemes	£m
From	
Thriving Gainsborough - Whittons Gardens	(0.045)
Thriving Gainsborough - Market Place/Streetscape	(0.001)
To	
Thriving Gainsborough - Wayfinding Strategy	0.001
Thriving Gainsborough - Pocket Park	0.045

£0.001m

The original artwork for the wayfinding was designed in 2022, before installation in 2023. Whilst the additional signage and installation is committed within budget, extra amendments are required to ensure the new destinations (Baltic Mill and Cinema) are depicted appropriately on the artwork with new desire lines created in the town centre. This is more work than initially envisaged for the designers.

Savings have been identified in the Market Place budget line and can be reallocated.

A request is made to move £0.001m from Market Place to Wayfinding to enable the project and its associated outputs to be delivered.

£0.010m

During construction of Baltic Mill additional works have arisen including:

- Design changes to Pergola
- Design changes to wall
- Brickwork Return

- Flank wall remedial works
- Stitch drilling in remaining slab

The total for these additional works is £0.010m.

Savings have been identified and made in the Whitton Gardens scheme and can be reallocated to Baltic Mill without effecting associated outputs.

A request is made to move £0.010m from Whitton Gardens to Baltic Mill to enable the project and its associated outputs to be delivered.

£0.035m

Following procurement processes, additional works have been identified to be undertaken for Baltic Mill Pocket Park including:

- Works to flank wall
- Water connection and irrigation
- Lighting to allow CCTV column to be housed.

Additional funding of £0.035m is required to undertake the above works.

This has been discussed and approved at Levelling Up Programme (LUF) board on the 28th of November 2024.

A request is made to move £0.035m from Whitton Gardens construction budget to Baltic Mill Pocket Park budget to enable the project and its associated outputs to be delivered.

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 processed the disposal of the following assets during Quarter 3:

Asset	Disposal Date	Processed Date	Disposal Amount £
DEL NAS Storage NX3230	15/02/2024	06/11/2024	0
Members IT Equipment	15/02/2024	06/11/2024	0
			0

3.3.3 Capital Receipts (>£0.010m)

The total value of capital receipts received in 2024/2025 at the end of Quarter 3 total £0.088m:

- £0.055m from the Housing Stock Transfer Agreement share of Right to Buy receipts

- £0.017m repayments of DFG Grants
- £0.011m Sale of asset YX53 DVW JCB Tractor
- £0.005m repayment of short-term loan.

4. TREASURY MONITORING – Quarter 2 (October – December 2024)

The Treasury Management Strategy Statement (TMSS) for 2024/2025, which includes the Annual Investment Strategy, was approved by the Council on 4th March 2024. 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 4.9 below.

4.2 Interest received (October - December) has been more than the average 7-day Sterling Overnight Index Average (SONIA) (4.7%) with an average yield of 4.940% (including CCLA) and 4.870% (excluding CCLA). The Council budgeted to receive £0.651m of investment income during 2024/25.

4.3 Interest Rate Forecasts

The Council’s treasury advisors, Link Asset Services, have provided the following forecasts:

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Appendix 2 details MUFG (formally known as Link Asset Services) commentary on the economy.

4.4 Investments

The Council held investments of £22.995m on 31st December 2024. The table below details these investments for Quarter 3:

	Qtr. 3
Investments at Qtr. 3	£'000

LGIM Money Market Fund	2,495
CCLA Money Market Fund	5,500
Local Authority	5,000
Lloyds Bank Deposit Account	500
CCLA Property Fund	2,000
Insight Money Market Fund	7,500
Total	22,995

4.5 Investment in Local Authority Property Fund (CCLA)

The total the Council has invested now stands at £2m (of an approved £4m). Interest is receivable on a quarterly basis.

4.6 New External Borrowing

External temporary borrowing of £5.000m was repaid in December 2024 and new external temporary borrowing was taken at £10.000m.

The Council's total external borrowing stands at £24.0m.

4.7 Total Prudential Borrowing at Quarter 3

	Qtr. 3
Prudential Borrowing	£'000
Total External Borrowing	24,000
Total Internal Borrowing	12,070
Total Prudential Borrowing	36,070

4.8 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31st of December 2024.

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	29,155	29,155
Operational boundary for external debt	24,155	24,155
External Debt	18,750	24,000
Investments	(13,000)	(13,000)
Net Borrowing	5,750	11,000
Prudential Indicators		
Capital Expenditure	30,716	22,792
Capital Financing Requirement (CFR)	36,340	36,070
<i>Of Which is Commercial Property</i>	<i>19,099</i>	<i>19,099</i>
Annual change in CFR*	(866)	(952)
External Debt Forecast	18,750	24,000
Under/(over)borrowing	17,590	12,070
Ratio of financing costs to net revenue stream*	9.55%	9.13%
Incremental impact of capital investment decisions:		
Increase/Reduction (-) in Council Tax (band change per annum)	£0.00	£(2.69)

APPENDIX 1 – Capital Investment Programme 2024/2025

Capital Investment Programme 2024/2025

Cluster/Scheme	Stage	Actuals	Base Budget	Revised Budget Incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£		£	£
Our Council										
Capital Enhancements to Council Properties	BAU	9,100	175,000	143,300	143,300	0	0		0	0
Carbon Efficiencies - Street Lights	Stage 3	0	160,000	67,000	30,000	0	(37,000)	LED street light upgrade work will be phased over multiple financial years. Project to be broken down into manageable areas and is subject to contractor availability. At this stage the overall completion date is unknown. Carry forward £37k to 2025/26.	0	0
Chamber Equipment Refresh	Pre Stage 1	0	10,000	0	0	0	0		0	0
Civic Car Replacement	Pre Stage 1	0	30,000	30,000	30,000	0	0		0	0
Contact Centre	Stage 2	31,191	26,500	26,500	34,000	7,500	0	Implementation underway. Go live was Nov 24. Up to £7.5k to be drawn down from IT reserve at end of year once full implementation costs are known.	0	0
CRM System	Stage 3	0	95,400	95,400	95,400	0	0		0	0
Desktop Refresh	BAU	0	11,000	21,000	21,000	0	0		0	0
ERP Systems Phase 2	Stage 2	0	200,000	200,000	200,000	0	0		0	0
Member ICT Provision	Stage 3	0	32,000	32,000	32,000	0	0		0	0
Mobile Phones	Pre Stage 1	6,297	10,000	10,000	10,000	0	0		0	0
Richmond House Conservatory	Stage 3	0	50,000	50,000	50,000	0	0		0	0
Our People										
1.1 Flagship Community Grants Programme	Stage 3	120,184	338,700	281,000	281,000	0	0		0	0
1.2 Supporting our Town, Village & Neighbourhood Centres	Stage 3	19,542	0	27,600	27,600	0	0		0	0
Disabled Facilities Grants	BAU	615,532	674,900	968,800	968,800	0	0		0	0
Extra Care Provision	Stage 3	1,250,000	1,161,000	1,661,000	1,661,000	0	0		0	0
Gains LC Solar Scheme	Pre Stage 1	5,703	0	402,000	402,000	0	0		0	0
Grange Farm - Community Supported Living	Stage 3	0	0	100,000	100,000	0	0		0	0
Home Upgrade Grant Phase 2	Stage 3	2,064,351	8,585,000	5,000,000	4,800,000	(200,000)	0	Based on projected spend for properties signed up to date and any potential drop out has been taken into account. Project due to complete 31/03/25.	0	0
Local Authority Housing Fund - Resettlement	Stage 3	0	0	410,700	410,700	0	0		0	0
Local Authority Housing Fund - Temp Accommodation	Stage 3	0	0	385,500	385,500	0	0		0	0
Parks Fund Project	Stage 3	0	0	47,500	47,500	0	0		0	0
Supported Accommodation (LEAP)	Stage 3	0	42,800	0	0	0	0		0	0

Expected Completion Date

Ongoing BAU
Unknown
Removed from cap programme
Unknown
Q4 24/25
25/26
Ongoing BAU
Unknown
Q4 24/25
Q4 24/25
Unknown

Q4 24/25
Q4 24/25
Ongoing BAU
Q4 24/25
Q4 24/25
25/26
Q4 24/25
25/26
25/26
Q4 24/25
Removed from cap programme

Capital Investment Programme 2024/2025

Cluster/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£		£	£
Our Place										
1.3 Safer Streets West Lindsey	Stage 2	52,932	24,400	66,400	66,400	0	0		0	0
1.4 Multi Year Signature Events Programme	Stage 3	0	0	500	500	0	0		0	0
2.1 Flagship West Lindsey Business Support Programme	Stage 3	304,286	421,700	578,400	578,400	0	0		0	0
5-7 Market Place Redevelopment	Stage 3	4,227	0	49,100	4,200	0	(44,900)	Awaiting outcome of dispute with contractor, aim to be resolved by Q1 2025/26 therefore £44.9k to be carried forward to 2025/26.	0	44,900
CCTV Expansion	Stage 3	0	0	27,400	27,400	0	0		0	0
Food Waste Collection	Stage 2	0	720,000	817,100	817,100	0	0		0	0
Gainsborough Heritage Regeneration	Stage 3	408,045	1,009,700	733,854	733,854	0	0		0	0
Hemswell Cliff Investment for Growth	Stage 2	23,630	88,300	128,300	23,630	0	(104,670)	A review of Hemswell growth projects is due later in 2024, with spend expected to slip into 2025/26. Expected completion date 31 December 25. Carry forward £104.7k to 2025/26	0	0
Market Rasen 3 year vision	Stage 3	35,690	103,000	126,000	126,000	0	0		0	0
Purchase of RAF Scampton	Stage 2	0	4,750,000	4,750,000	0	0	(4,750,000)	Purchase not due to be completed until approx. Nov 2025, therefore carry forward £4.75m to 2025/26.	0	0
Shop Front Improvement	Stage 3	11,057	49,771	48,871	25,971	0	(22,900)	No live applications, in dialog with several building owners - Due to be completed by September 2025. Carry forward £22.9k to 2025/26.	0	0
Thriving Gainsborough - Bus Station	Stage 3	(860)	0	1,000	1,000	0	0		0	0
Thriving Gainsborough - Cinema	Stage 3	3,143,392	4,721,748	5,467,548	5,467,548	0	0		0	0
Thriving Gainsborough - Living Over The Shops	Stage 2	344,426	609,960	640,717	640,717	0	0		0	0
Thriving Gainsborough - Market Place/Streetscape	Stage 3	17,790	421,912	435,912	284,612	(1,300)	(150,000)	Project due to complete March 2025 with final payments in Q1 2025/26. Carry forward £150k to 2025/26. £1.3k to be moved to Wayfinding scheme.	0	0
Thriving Gainsborough - Pocket Park	Stage 3	275,509	265,000	758,900	789,800	44,700	(13,800)	Project due to complete March 2025 with final payments in Q1 2025/26. Carry forward £13.8k to 2025/26. £34.7k to be moved from Whittons Gardens scheme.	0	0
Thriving Gainsborough - Resources	Stage 3	0	275,526	381,326	381,326	0	0		0	0
Thriving Gainsborough - Townhall THI	Stage 3	1,004,610	1,021,573	1,497,416	1,497,416	0	0		0	0
Thriving Gainsborough - Wayfinding Strategy	Stage 3	1,795	5,800	10,800	12,100	1,300	0	£1.3k to be moved in from Market Place scheme.	0	0
Thriving Gainsborough - Whitton Gardens	Stage 3	85,873	964,944	674,644	379,944	(44,700)	(250,000)	Project due to complete by April 2025 due to delay in Environment Agency permit. Carry forward £250k to 2025/26. Move £34.7k to Pocket Park scheme.	0	0
Trinity Arts Centre Improvements	Pre Stage 1	0	2,500,000	0	0	0	0		0	0
Unlocking Housing (LoS)	Stage 3	0	69,600	69,600	69,600	0	0		0	0
Vehicle Replacement Programme	BAU	1,046,505	1,090,500	1,157,635	1,152,700	0	(4,935)	4 Refuse Collection Vehicle's (RCV's) and 3 caged vehicles received. 2 caged vehicles have been ordered. Radio Frequency Identification (RFID) chips spend now expected in 2025/26. 2 RCV's ordered for 2025/26 delivery. Carry forward £4.9k to 2025/26.	0	0
WLDC - Cinema Land Purchase	Stage 3	58,436	0	31,900	31,900	0	0		0	0
Total Capital Programme Gross Expenditure		10,939,242	30,715,734	28,412,623	22,841,918	(192,500)	(5,378,205)		0	44,900

Expected Completion Date

Q4 24/25
Q4 24/25
Q4 24/25
25/26
Q4 24/25
25/26
26/27
25/26
Q4 24/25
25/26
Q4 24/25
25/26
Q4 24/25
Q4 24/25
25/26
25/26
Removed from cap programme
Q4 24/25
Ongoing BAU
25/26

APPENDIX 2. MUFG (formerly known as Link Asset Services) Updated Interest Rate Forecast 31st December 2024.

Economics and Interest Rates

Economics Update

- The third quarter of 2024/25 (October to December) saw:
 - GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
 - The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
 - CPI inflation increase to 2.6% in November;
 - Core CPI inflation increase from 3.3% in October to 3.5% in November;
 - The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
 - 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).
- The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)
- This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.
- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast - 0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024
- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being

more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.

- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.
- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.
- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.
- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

MPC meetings: 7th November & 18th December 2024

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

2. Interest rate forecasts

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

The latest forecast, updated on 11th November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30th October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of 2025, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Moreover, Donald Trump's victory in the US President election paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of any further tax cuts and an expansion of the current US budget deficit.

Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain

influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link November Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

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