



Corporate Policy and  
Resources Committee

Thursday, 24<sup>th</sup> July 2025

**Subject: Budget and Treasury Monitoring - Quarter 1 2025/2026 (1<sup>st</sup> April 2025 to 31<sup>st</sup> May 2025)**

Report by:	Director of Finance and Assets (S151 Officer)
Contact Officer:	Sue Leversedge Business Support Team Leader  sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	This report sets out the revenue, capital and treasury management activity from 1 <sup>st</sup> April 2025 to 31 <sup>st</sup> May 2025.

## **RECOMMENDATION(S):**

### **REVENUE**

- a) Members accept the forecast out-turn position of a **£0.019m** net contribution to reserves as of 31<sup>st</sup> May 2025 (see Section 2) relating to revenue activity.
- b) Members accept the use of Earmarked Reserves approved by the Chief Finance Officer using Delegated powers (2.4.1).
- c) The Committee approves the amendment to the fees and charges schedule for 2025/2026 (2.3.2).

### **CAPITAL**

- d) Members accept the current projected Capital Outturn position of £13.228m (Section 3).

- e) Members approve the amendments to the Capital Schemes as detailed in 3.2.

## **TREASURY**

- f) 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/20/26/CPR/SL

### REVENUE

The draft revenue forecast out-turn position for 2025/2026 is a net contribution to reserves (underspend) of **£0.019m** relating to revenue activity as of 31<sup>st</sup> May 2025.

A summary of the forecast out-turn position:

Summary of Out-turn Position 2025/2026		
	£ 000	
OUTTURN AS AT 31.05.25	(19)	BEFORE CARRY FORWARDS
CARRY FORWARDS : BASE BUDGET-PREVIOUSLY APPROVED	0	ALREADY APPROVED
CARRY FORWARDS : USE OF EARMARKED RESERVES	0	ALREADY APPROVED
SUB-TOTAL:	(19)	
CARRY FORWARDS : SERVICE REQUESTS	0	Pending recommendation by Management Team April 2026
NET CONTRIBUTION (TO) / FROM GENERAL FUND BALANCES:	(19)	
TOTAL CARRY FORWARDS:	0	

The forecast General Fund Balance as of 31<sup>st</sup> March 2026 is £2.212m (excluding carry forwards). This is £0.212m 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 2025/2026 is expenditure of £13.228m against a revised budget of £13.385m, a variance of £0.157m.

The amendments to the 2025/2026 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 Qtr. 1 2025/2026 (April - May) were £21.724m, which achieved an average rate of interest of 4.534% (Qtr. 4 2024/2025, January to March, was £23.945m, 4.719%).

**Staffing:**

Salary budgets 2025/2026 were based on an estimated 3.0% pay award across all scale points.

On the 22<sup>nd</sup> of April 2025 the National Employers made full and final offers of 3.2% to each of the four negotiating groups for which they have responsibility.

The unions have recommended that their members reject the offer and are holding consultative ballots:

- GMB ballot closed 20 June 2025
- Unite ballot closed 20 June 2025
- Unison ballot closed 23 June 2025

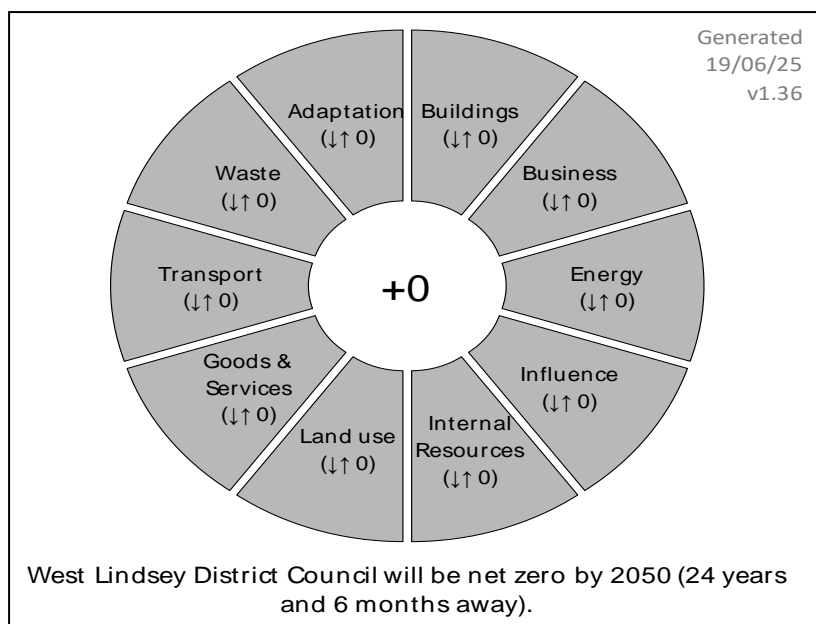
The forecast outturn as of 31<sup>st</sup> May 2025 is based on the budgeted pay award of 3.0% pending agreement of the 2025/2026 pay award.

If the latest employer offer was agreed, based on a full establishment, costs would be increased by £0.027m. As the organisation currently carries vacancies above the 2% vacancy factor allowed for, it is anticipated that the impact of the pay award will be contained within existing budget provision.

**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 of 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 1 2025/2026 for:

### REVENUE

- Revenue Forecast Out-Turn (after carry-forwards) – Contribution to Reserves **£0.019m**. (-0.09% 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 31<sup>st</sup> May 2025.
  2. MUFG (formerly known as Link Asset Services) Interest Rate Forecast Update 10<sup>th</sup> February 2025.
  3. MUFG Investment Analysis Review May 2025.

### CAPITAL

- Capital Forecast Out-Turn: £13.228m against a revised budget of £13.385m, resulting in a variance of **£0.157m**.
- £0.031m being increase to scheme budgets, and £0.188m carry forwards to 2026/2027.

#### **Members are asked to note:**

- Increase in scheme budgets of £0.031m detailed at 3.2.1
- Carry forward budgets to 2026/2027 of £0.188m detailed at 3.2.2

Increase in Scheme Budgets	£m
Food Waste Collection	0.031
<b>Total</b>	<b>0.031</b>

Carry Forwards into 2026/2027	£m
Gainsborough Heritage Regeneration	(0.188)
<b>Total</b>	<b>(0.188)</b>

<b>Variance Against Revised Budget</b>	<b>(0.157)</b>
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## **TREASURY MANAGEMENT**

Treasury Management Report and monitoring:

- Investments held as of 31st May 2025 were:
  - Average investment interest rate for April to May was 4.534%.
  - Total Investments at the end of Quarter 1 were £18.225m.

The tables below reflect the movement on our investments and borrowing in Quarter 1:

<b>Investment Movements</b>	<b>Qtr. 1 £'m</b>
Investments B/fwd. (at 31.03.2025 including cash held at bank)	<b>21.843</b>
(Less) Net Capital expenditure/ Funding received	(2.990)
Add PWLB/Other LA Borrowing in year	0
Add/(Less) Net Revenue Expenditure	(2.616)
Add/(Less) Net Collection Fund Movement (Ctax/NNDR)	2.046
<b>Investments carried forward (at Period end)</b>	<b>18.283</b>

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 May 2025. 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.

	<b>Qtr. 1</b>
<b>Prudential Borrowing</b>	<b>£'000</b>
Total External Borrowing (PWLB)	14,000
Other Local Authorities	10,000
Internal Borrowing	11,108
<b>Total Prudential Borrowing at 31.05.2025</b>	<b>35,108</b>

## FINAL REVENUE BUDGET OUTTURN 2025/2026

2. The Revenue budget forecast out-turn for 2025/2026 currently stands at a net contribution to reserves of **£0.019m** 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	8,461,200	9,179,600	9,327,230	147,630	0	147,630
Our People	2,121,700	2,201,400	2,323,703	122,303	0	122,303
Our Place	5,052,900	5,185,500	4,927,521	(257,979)	0	(257,979)
<b>Grand Total</b>	<b>15,635,800</b>	<b>16,566,500</b>	<b>16,578,454</b>	<b>11,954</b>	<b>0</b>	<b>11,954</b>
Interest Receivable	(524,700)	(524,700)	(535,147)	(10,447)	0	(10,447)
Investment Income - Property Portfolio	(1,552,700)	(1,552,700)	(1,552,708)	(8)	0	(8)
Drainage Board Levies	552,600	552,600	552,590	(10)	0	(10)
Parish Precepts	2,850,200	2,850,200	2,850,190	(10)	0	(10)
Interest Payable	686,000	686,000	665,391	(20,609)	0	(20,609)
MRP/VRP (repayment of borrowing)	980,100	980,100	980,100	0	0	0
<b>Net Revenue Expenditure</b>	<b>18,627,300</b>	<b>19,558,000</b>	<b>19,538,870</b>	<b>(19,130)</b>	<b>0</b>	<b>(19,130)</b>
Transfer to / (from) General Fund	(156,600)	(1,087,300)	(1,087,300)	0	0	0
Transfer to / (from) Earmarked Reserves	2,684,300	2,684,300	2,684,300	0	0	0
<b>Amount to be met from Government Grant or Council Tax</b>	<b>21,155,000</b>	<b>21,155,000</b>	<b>21,135,870</b>	<b>(19,130)</b>	<b>0</b>	<b>(19,130)</b>
<b>Funding Income</b>						
Business Rate Retention Scheme	(6,654,900)	(6,654,900)	(6,654,900)	0	0	0
Collection Fund Surplus - Council Tax	(275,600)	(275,600)	(275,600)	0	0	0
Parish Councils Tax Requirement	(2,850,200)	(2,850,200)	(2,850,200)	0	0	0
New Homes Bonus	(499,400)	(499,400)	(499,400)	0	0	0
Other Government Grants	(2,726,300)	(2,726,300)	(2,726,300)	0	0	0
<b>Council Tax Requirement</b>	<b>(8,148,600)</b>	<b>(8,148,600)</b>	<b>(8,148,600)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNDING</b>	<b>(21,155,000)</b>	<b>(21,155,000)</b>	<b>(21,155,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balanced Budget / Funding Target</b>	<b>0</b>	<b>0</b>	<b>(19,130)</b>	<b>(19,130)</b>	<b>0</b>	<b>(19,130)</b>



## 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.
<b>BUDGET UNDERSPENDS</b>			
Our Council / Our People / Our Place	Salary ( <b>underspends</b> ) / pressure. Forecast underspend arising from vacancies offset by pressures due to temporary resources appointed to cover vacant posts.	(£94)	New
Our Council / Our Place	Fuel - average price per litre to date £1.05, forecast £1.08 for remainder of year (compared to £1.10 average price per litre for the year 2024/2025).	(£40)	New
<b>PRESSURES</b>			
Our Council	Insurance Premiums - Increase due to renewal volume changes.	£20	New
	Various forecast outturn variances <£10k.	£27	New
		(£87)	

Cluster	INCOME	Total £000	Direction of Travel From Prev. Qtr.
<b>BUDGETED INCOME EXCEEDED</b>			
Corporate Accounting	Interest Receivable (£10k), Interest Payable (£21k).	(£31)	New
Our Council	Supplementary Services - Big Bin Hire (£28k).	(£28)	New
<b>BUDGETED INCOME NOT ACHIEVED</b>			
Our People	Housing Benefits Subsidy - forecast loss of subsidy reclaimed on supported accommodation placements £150k, reduced by budget savings against Housing Benefit administration (£23k).	£127	New
		£68	

<b>SERVICE BUDGET VARIANCE</b>	<b>£12</b>
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<b>CORPORATE BUDGET VARIANCE</b>	<b>(£31)</b>
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## 2.2 Significant items (>£10k) of note by Cluster:

### 2.2.1 Our Council

- **Supplementary Services**

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 £0.028m of income in 2025/2026.

A review of the service has been undertaken and the results are to be presented to Committee for a decision on whether to continue, and for it to become a business-as-usual service offering. If approved the financial implications of the service will be built into the Medium Term Financial Plan from 2026/2027.

- **Insurance Premiums**

There is a pressure of £0.020m against the insurance premium for 2025/2026. The budget was forecast based on existing information at the time of budget setting. It did not take into account any renewal volume changes, such as changes to property values, and increases in fleet numbers which have occurred since. The final renewal price reflects all known renewal uplifts.

### 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. Work is underway for one landlord to become registered, but the timescales are unknown.

The impact of this is forecast to be a pressure of £0.150m on Housing Subsidy. If a landlord became registered during the year this would be reduced, but also if an unregistered landlord expanded their offering within the district it would increase.

This has been reduced by £0.023m budget saving against Housing Benefit

administration – with a net forecast pressure of £0.127m.

### 2.2.3 Our Place

- **Fuel**

There is a forecast underspend against fuel budgets of £0.040m. The average fuel price to date is £1.05 per litre, with an average price of £1.08 per litre forecast for the remainder of the year (compared to the average price paid per litre during 2024/2025 of £1.10).

### 2.2.4 Corporate Accounting

- **Interest Payable/Receivable**

Income for interest receivable is £0.010m above the revised budget. This is due to the current base rate being slightly 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. There is also a saving forecast against interest payable of £0.021m.

### 2.2.5 Establishment

Salary budgets 2025/2026 were based on an estimated 3.0% pay award across all scale points.

On the 22<sup>nd</sup> of April 2025 the National Employers made full and final offers of 3.2% to each of the four negotiating groups for which they have responsibility.

The unions have recommended that their members reject the offer and are holding consultative ballots:

- GMB ballot closed 20 June 2025
- Unite ballot closed 20 June 2025
- Unison ballot closed 23 June 2025

The forecast outturn as of 31<sup>st</sup> May 2025 is based on the budgeted pay award of 3.0% pending agreement of the 2025/2026 pay award.

If the latest employer offer was agreed, based on a full establishment, costs would be increased by £0.027m. As the organisation currently carries vacancies above the 2% vacancy factor allowed for, it is anticipated that the impact of the pay award will be contained within existing budget provision.

**An underspend of (0.094m) is reported against employee costs:**

Underspend of £0.094m due to vacancies above the 2% vacancy factor, offset by pressures due to the appointment of temporary resources to cover vacancies. If the pay offer of 3.2% were agreed this would be reduced to £0.067m.

## **2.3 Fees and Charges**

2.3.1 £2.025m has been received in Fees and Charges income during 2025/2026 to date against a budget of £2.032m, a variance of £0.007m.

The significant variance forecast for the year end is:

- Gain in Supplementary Services – Big Bin Hire income **£0.028m** (see 2.2.1 for details)

### **2.3.2 Amendment to Fees and Charges Schedule 2025/2026**

#### **Markets**

A new fee is proposed for inclusion in the 2025/2026 fees and charges schedule for markets.

- Event Pitch / Stall Fee £50.00 for event traders only

Any registered or casual traders that attend our weekly markets will pay the standard fee on event days (see below), traders who only attend events (who come from all over the UK) will be charged the new event rate.

This reflects the cost of promoting and organising the events, and the benefits of the increased footfall. We also include power, security and a stall if the stall holder doesn't have their own. The fee remains competitive but reflects the space as premium for special events.

The proposed fee is benchmarked against a competitor who currently charges £100 for event pitches.

For information, the average fee for 1 stall/pitch for a registered/casual trader is currently £18.00 (range between £10.00 and £23.50).

We currently charge £20.00 per pitch/stall to event traders, being the casual trader rate for a Saturday market currently within the fees and charges schedule.

## **2.4 Use of Reserves**

### **2.4.1 Use of Reserves – Delegated Decision - £0.056m**

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

- £0.046m from General Fund Balances. Fixed term Green Spaces Officer for 9 months (to 31<sup>st</sup> December 2025). Was previously funded from UKSPF during 2024/2025, with match funding from General Fund Balances agreed prior to appointment.
- £0.010m from Revenue Grants Unapplied. LUF Parks Fund Grant to fund revenue work on parks project.

## 2.5 Grants

As of 1st April 2025, we had an amount of £1.169m 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 31<sup>st</sup> March 2026 is £1.006m.

### 2.5.1 Successful Grant Bids and New Grant determinations

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

Grant Issued By	Name of Grant	£
Department for Work & Pensions (DWP)	Rent Allowance	2,408,173
Department for Levelling Up, Homes and Communities (MHCLG)	Homelessness	483,113
Department for Levelling Up, Homes and Communities (MHCLG)	Local Authority Housing Fund	477,750
Lincolnshire County Council	Elections funding	250,860
Department for Environment, Food & Rural Affairs (DEFRA)	Food Waste Collections	218,286
Sport England	Swimming Pool Support Fund	139,518
Department for Levelling Up, Homes and Communities (MHCLG)	New Home Bonus	124,839
Lincolnshire County Council	Household Support Fund	109,738
Department for Levelling Up, Homes and Communities (MHCLG)	Funding Floor	97,679
National Heritage Lottery	Townscape Heritage (THI)	71,253
Home Office	Asylum Dispersal Grant	70,550
Department for Work & Pensions (DWP)	Discretionary Housing Payments	55,195
Department for Levelling Up, Homes and Communities (MHCLG)	Recovery Grant	50,795
Department for Work & Pensions (DWP)	Housing Benefit Admin Grant	35,564
Department for Levelling Up, Homes and Communities (MHCLG)	Domestic Abuse	34,634
Department for Levelling Up, Homes and Communities (MHCLG)	Levy account grant surplus	25,350
Department for Levelling Up, Homes and Communities (MHCLG)	National Insurance grant	20,717
Department for Levelling Up, Homes and Communities (MHCLG)	Neighbourhood Planning Grant	20,000
Department for Levelling Up, Homes and Communities (MHCLG)	Redmond Review	18,612
Department for Work & Pensions (DWP)	HB Award Accuracy Initiative	14,304
Department for Levelling Up, Homes and Communities (MHCLG)	Revenue Support Grant	12,911
Department for Levelling Up, Homes and Communities (MHCLG)	Revenue Support Grant	12,911
Department for Work & Pensions (DWP)	Rent Rebate	11,451
Salix Finance Ltd	Decarbonisation of Guildhall	5,915
Department for Work & Pensions (DWP)	Managed Migration	4,880
Department for Levelling Up, Homes and Communities (MHCLG)	Business Rates New Burdens	4,779
Department for Levelling Up, Homes and Communities (MHCLG)	First Home Grant	4,226
Department for Work & Pensions (DWP)	Atlas Processing Changes	2,227
Department for Environment, Food & Rural Affairs (DEFRA)	Taxi Database	597
Department for Work & Pensions (DWP)	SFIS	114
		<b>4,786,940</b>

## Other Items for information

### 2.6 Planning Appeals

In Quarter 1 2025/2026, to the end of May 2025, 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
April	1	0	1
May	0	0	0
<b>Total for Quarter 1</b>	<b>1</b>	<b>0</b>	<b>1</b>

### 2.7 Aged Debt Summary – Sundry Debtors Aged Debt Summary Quarter 1 2025/2026 Monitoring Report

At the end of May 2025, there was a total of £0.210m outstanding debt in the system over 90 days. Much of this debt was over 150 days old (92%) and comprised of:

- Housing £0.065m
- Property Services £0.065m
- Environmental Services £0.033m

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 of £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 2024/2025 is provided below for information:

2024/2025 Total £	Month	90 – 119 days £	120 – 149 days £	150+ days £	2025/2026 Total £
231,309	Quarter 1 - ending May 2025	2,921	14,696	192,303	209,920

### 2.8 Changes to the Organisation Structure

2.8.1 Energy Efficiency Project Officer - fixed term for 3 years. The post will be

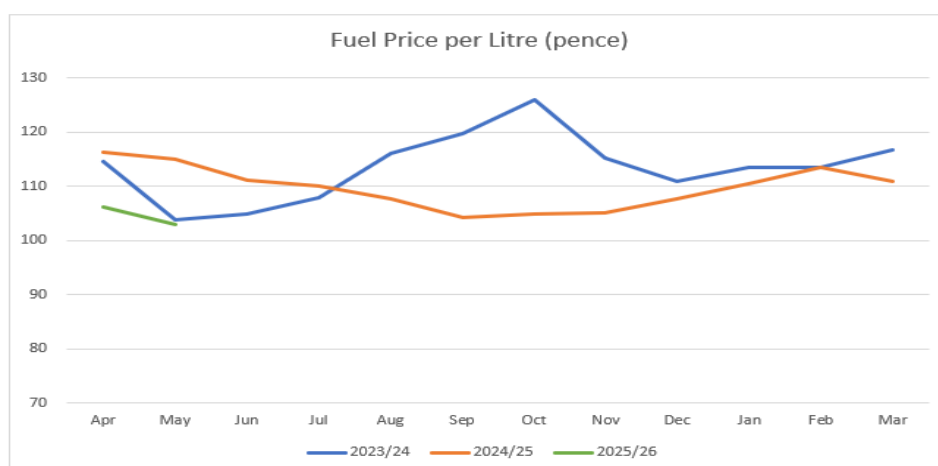
funded from the Warm Homes Local Grant, with no impact on the Medium Term Financial Plan (MTFP).

- 2.8.2 Deletion of the Director of Corporate Services (S151 Officer) post, replaced with Director of Finance and Assets (S151 Officer). A net saving of £0.013m in 2025/2026.
- 2.8.3 Local Taxtion and Debtors: Impact of job evaluation of Revenue Officers (9.75 FTE), offset by the deletion of 29 vacant hours within the establishment. £0.01m ongoing cost within the MTFP.
- 2.8.4 Food Safety: Temporary Environmental Health Officer extended for a year to the end of October 2026. The extension will be funded from budget provision allocated for this resource within the Budget Pressure Contingency budget, with no impact on the MTFP.

## 2.9 Fuel

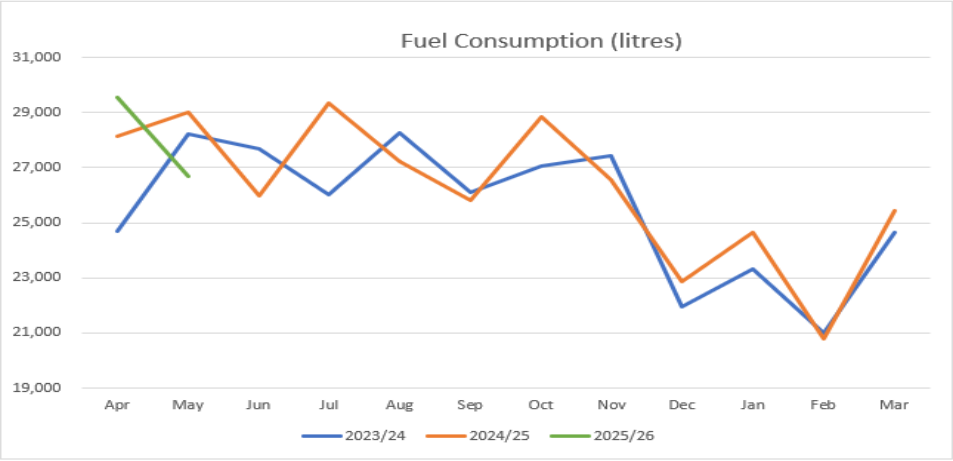
- 2.9.1 The chart below shows the actual price paid per litre of fuel, in pence, for each year from 2023/2024 to 2025/2026.

The prices shown for 2025/2026 are actuals to date, for the period April to May 2025, at an average of £1.05 per litre. The average price paid per litre during 2024/2025 was £1.10.



- 2.9.2 The chart below show the actual volume of fuel purchased, in litres, for each year from 2023/2024 to 2025/2026. The volumes shown for 2025/2026 are actuals to date, for the period April to May 2025.

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





### 3.1 CAPITAL UPDATE – Quarter 1 2025/2026

3.1.1 The Capital Budget forecast out-turn is £13.228m against a revised budget of £13.385m. This results in a variance (underspend) of £0.157m.

This is made up of:

- £0.031m increase to scheme budgets
- £0.188m requested carry forward to 2026/2027

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 2025/2026

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

#### 3.2.1 Increase to scheme budgets - £0.031m

- **Food Waste Collection** - Original report to Committee was based on estimated costs. Another vehicle is due for delivery January 2026, and caddies were delivered at the end of May 2025. Draw down £0.031m from the capital grant received from Defra to fund the increased spend.

#### 3.2.2 Carry Forward Budgets to 2026/2027 - £0.188m

- **Gainsborough Heritage Regeneration** - 18 schemes completed, 3 grants awarded, 3 developing schemes with architect appointed. Carry forward £0.188m to 2026/2027.

### 3.3 Acquisitions, Disposals and Capital Receipts

3.3.1 The Council has made no land acquisition during Quarter 1.

3.3.2 The Council has processed no disposals of assets during Quarter 1.

#### 3.3.3 Capital Receipts (>£0.010m)

No capital receipts were received in 2025/2026 at the end of Quarter 1.

## 4. TREASURY MONITORING – Quarter 1 (April – May 2025)

The Treasury Management Strategy Statement (TMSS) for 2025/2026, which includes the Annual Investment Strategy, was approved by the Council on 3rd March 2025. 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 (April to May) has been more than the average 7-day Sterling Overnight Index Average (SONIA) for the financial year to date (4.46%) with an average yield of 4.543% (including CCLA) and 4.006% (excluding CCLA). The Council budgeted to receive £0.519m of investment income during 2025/2026.

### 4.3 Interest Rate Forecasts

The Council’s treasury advisors, MUFG, have provided the following forecasts:

#### MUFG Corporate Markets – May 2025

	End Q2 2025	End Q3 2025	End Q4 2025	End Q1 2026	End Q2 2026	End Q3 2026	End Q4 2026	End Q1 2027	End Q2 2027	End Q3 2027	End Q4 2027	End Q1 2028
Bank Rate	4.25%	4.25%	4.00%	3.75%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5yr PWLB Rate	4.90%	4.80%	4.70%	4.60%	4.50%	4.40%	4.40%	4.30%	4.20%	4.20%	4.10%	4.00%
10yr PWLB Rate	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.70%	4.60%	4.50%	4.50%	4.40%	4.40%
25yr PWLB Rate	5.70%	5.60%	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	5.00%	4.90%	4.90%	4.80%
50yr PWLB Rate	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.70%	4.60%	4.60%	4.50%

**Appendix 2** details MUFG commentary on the economy.

### 4.4 Investments

The Council held investments of £18.225m on 31st May 2025. The table below details these investments for Quarter 1:

	Qtr. 1
<b>Investments at Qtr. 1 (May 25)</b>	<b>£'000</b>
LGIM Money Market Fund	7,500
CCLA Money Market Fund	5,500
Local Authority	0
Lloyds Bank Deposit Account	500
CCLA Property Fund	2,000
Insight Money Market Fund	2,725
<b>Total</b>	<b>18,225</b>

#### 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

No external temporary borrowing was repaid up to 31<sup>st</sup> May 2025 and no new external temporary borrowing was taken.

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

#### 4.7 Total Prudential Borrowing at Quarter 1

	Qtr. 1
<b>Prudential Borrowing</b>	<b>£'000</b>
Total External Borrowing	24,000
Total Internal Borrowing	11,108
<b>Total Prudential Borrowing</b>	<b>35,108</b>

#### 4.8 Borrowing in advance of need

The Council has not borrowed in advance of need during the period ending 31st of May 2025.

## 4.9 Compliance with Treasury and Prudential Limits

It is a 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. 1 £'000
<b>Treasury Indicators</b>		
Authorised limit for external debt	40,000	40,000
Operational boundary for external debt	35,000	35,000
External Debt Investments	24,000 (13,000)	24,000 (18,225)
<b>Net Borrowing</b>	<b>11,000</b>	<b>5,775</b>
<b>Prudential Indicators</b>		
Capital Expenditure	13,383	13,228
Capital Financing Requirement (CFR)	35,108	35,108
<i>Of Which is Commercial Property</i>	18,661	18,661
Annual change in CFR*	(977)	(977)
External Debt Forecast	24,000	24,000
Under/(over)borrowing	11,108	11,108
Ratio of financing costs to net revenue stream*	8.94%	7.77%
<b>Incremental impact of capital investment decisions:</b>		
Increase/Reduction (-) in Council Tax (band change per annum)	£0.00	£(32.69)

# APPENDIX 1 – Capital Investment Programme 2025/2026

## Capital Investment Programme 2025/2026

Cluster/Scheme	Stage	Actuals	Base Budget	Revised Budget incl. Contingency	Forecast Outturn	Over/ (Under) Spend	Carry Forwards/ Drawbacks	Narrative	Expected Completion Date	Contingency Forecast Outturn	Contingency Budget
		£	£	£	£	£	£			£	£
Corporate											
Firewall upgrade & Replacement	Stage 1	0	35,200	35,200	35,200	0	0		31/08/2025	0	0
Our Council											
Capital Enhancements to Council Properties	BAU	(4,886)	125,000	171,200	171,200	0	0		BAU	0	0
Carbon Efficiencies - Street Lights	Stage 3	0	180,000	210,000	210,000	0	0		Multi year	0	0
Civic Car Replacement	Pre Stage 1	0	0	30,000	30,000	0	0		31/03/2026	0	0
Contact Centre	Stage 2	0	0	2,100	2,100	0	0		31/03/2026	0	0
CRM System	Stage 3	0	0	95,400	95,400	0	0		31/03/2026	0	0
Desktop Refresh	BAU	0	12,100	14,900	14,900	0	0		31/08/2025	0	0
ERP Systems Phase 2	Stage 2	6,270	200,000	398,400	398,400	0	0		31/03/2028	0	0
Member ICT Provision	Stage 3	0	0	16,700	16,700	0	0		31/10/2025	0	0
Northgate Replacement/Upgrade	Pre Stage 1	0	30,000	30,000	30,000	0	0		31/03/2026	0	0
Our People											
1.1 Flagship Community Grants Programme	Stage 3	0	0	5,000	5,000	0	0		30/06/2025	0	0
1.2 Supporting our Town, Village & Neighbourhood Centres	Stage 3	0	0	400	400	0	0		30/06/2025	0	0
Disabled Facilities Grants	BAU	100,066	736,200	882,000	882,000	0	0		BAU	0	0
Gains LC Solar Scheme	Pre Stage 1	5,703	0	0	0	0	0		30/06/2025	0	0
Grange Farm - Community Supported Living	Stage 3	0	100,000	200,000	200,000	0	0		31/03/2026	0	0
Home Upgrade Grant Phase 2	Stage 3	1,322,714	0	1,787,500	1,787,500	0	0		30/06/2025	0	0
Local Authority Housing Fund - Resettlement	Stage 3	0	410,700	480,900	480,900	0	0		31/03/2026	0	0
Local Authority Housing Fund - Temp Accommodation	Stage 3	0	385,500	771,000	771,000	0	0		31/03/2026	0	0
Parks Fund Project	Stage 3	0	0	47,500	47,500	0	0		31/08/2025	0	0
Our Place											
1.3 Safer Streets West Lindsey	Stage 2	0	0	200	200	0	0		30/06/2025	0	0
1.4 Multi Year Signature Events Programme	Stage 3	0	0	500	500	0	0		30/06/2025	0	0
2.1 Flagship West Lindsey Business Support Programme	Stage 3	0	0	100	100	0	0		30/06/2025	0	0
5-7 Market Place Redevelopment	Stage 3	0	44,900	44,900	44,900	0	0		unknown	44,900	44,900
CCTV Expansion	Stage 3	0	0	18,400	18,400	0	0		30/06/2025	0	0
Food Waste Collection	Stage 2	106,435	80,000	303,300	334,000	30,700	0	Original report to Committee was based on estimated costs. Vehicle due Jan 2026, and caddies delivered end of May 2025. Draw down from capital grant received from Defra to fund the overspend.	31/03/2026	0	0
Gainsborough Heritage Regeneration	Stage 3	21,736	365,746	508,246	320,500	0	(187,746)	18 completed, 3 grants awarded, 3 developing schemes / architect appointed. Carry forward £187.7k to 2026/2027.	30/09/2026	0	0
Hemswell Cliff Investment for Growth	Stage 2	40,262	104,670	104,670	104,670	0	0		31/12/2025	0	0
Market Rasen 3 year vision	Stage 3	0	0	90,300	90,300	0	0		31/10/2025	0	0
Purchase of RAF Scampton	Stage 2	0	4,750,000	4,750,000	4,750,000	0	0		30/11/2025	0	0
Shop Front Improvement	Stage 3	0	22,900	37,800	37,800	0	0		31/10/2025	0	0
Thriving Gainsborough - Cinema	Stage 3	375,169	0	691,100	691,100	0	0		30/06/2025	0	0
Thriving Gainsborough - Market Place/Streetscape	Stage 3	22,672	150,000	351,300	351,300	0	0		30/09/2025	0	0
Thriving Gainsborough - Pocket Park	Stage 3	0	13,800	24,200	24,200	0	0		11/04/2025	0	0
Thriving Gainsborough - Resources		0	0	56,100	56,100	0	0		30/06/2025	0	0
Thriving Gainsborough - Townhall THI	Stage 3	321	0	9,900	9,900	0	0		31/12/2025	0	0
Thriving Gainsborough - Whitton Gardens	Stage 3	114,297	250,000	444,200	444,200	0	0		30/05/2025	0	0
Unlocking Housing (LoS)	Stage 3	49,750	0	69,600	69,600	0	0		31/08/2025	0	0
Vehicle Replacement Programme	BAU	25,000	595,900	702,100	702,100	0	0		BAU	0	0
Total Capital Programme Gross Expenditure		2,185,507	8,592,616	13,385,116	13,228,070	30,700	(187,746)			44,900	44,900