



Oadby & Wigston

BOROUGH COUNCIL

Law & Democracy
Democratic Services

TO COUNCILLOR:

N Alam
L A Bentley
G A Boulter
F S Broadley (Vice-Chair)
M L Darr

J K Ford
D A Gamble
C S Gore
S Z Haq
G G Hunt

P Joshi
J Kaufman
K J Loydall
I K Ridley (Chair)

I summon you to attend the following meeting for the transaction of the business in the first agenda update below.

Meeting: Policy, Finance & Development Committee
Date & Time: Tuesday, 18 June 2024, 7.00 pm
Venue: Civic Suite 2, Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ
Contact: Democratic Services
t: (0116) 257 2775
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Yours faithfully

Council Offices
Oadby
13 June 2024

Anne E Court
Chief Executive



Meeting ID: 2695

<u>ITEM NO.</u>	<u>FIRST AGENDA UPDATE</u>	<u>PAGE NO'S</u>
7.	Budget Monitoring (Q4 2023/24)	3 - 56

Report of the Finance Manager

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Agenda Item 7



Policy, Finance and Development Committee	Tuesday, 18 June 2024	Matter for Information and Decision
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Report Title: **Budget Monitoring Report (Q4 2023/24)**

Report Author(s): **Laura Parsons (Finance Manager)
Simon Ball (Senior Business Partner)
Aseel Qassim (Finance Business Partner)**

Purpose of Report:	To provide the Committee with the Outturn position for the Council for the financial year 2023/24, at the end of the year, Quarter 4 (Q4).
Report Summary:	<p>The outturn position for the year on the General Fund is an overspend of £535K compared to the revised budget of £7,719K for 2023/24.</p> <p>The outturn for the HRA is an overspend of £580K, compared to a budgeted deficit of £391K.</p> <p>Spending on the Council's HRA and General Fund Capital Programmes currently show slippage.</p>
Recommendation(s):	<p>That the Committee:</p> <p>A. Note the contents of the Outturn report and the appendices; and</p> <p>B. Approves the slippage on Capital and HRA programmes be carried forward to 24/25.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Sal Khan (Interim Strategic Director) (0116) 257 2690 sal.khan@oadby-wigston.gov.uk</p> <p>Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk</p> <p>Simon Ball (Senior Business Partner) (0116) 257 2624 simon.ball@oadby-wigston.gov.uk</p> <p>Aseel Qassim (Finance Business Partner) (0116) 257 2890 aseel.qassim@oadby-wigston.gov.uk</p>
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place to Be" (Vision) Resourceful & Resilient (V4)
Report Implications: -	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out in this report.

Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments: -	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team • Heads of Service • Budget Managers
Background Papers:	<ul style="list-style-type: none"> • Council Tax and Budget setting report 23/24 • Budget Monitoring Report Q1 2023/24 • Budget Monitoring Report Q2 2023/24 • Budget Monitoring Report Q3 2023/24 • Operational Update Q4 (2023/24)
Appendices:	<ol style="list-style-type: none"> 1. Variance Analyses of Services 2. Analysis of Movement Between Q3 & Q4 3. Statement of Movement on Reserves 4. HRA Movement Between Q3 & Q4 5. Capital Programme (2023/24) 6. Treasury Management Report

1. Introduction

- 1.1 In February 2023, the Council approved its revenue and capital budgets for the general fund and the HRA for the 23/24 financial year.
- 1.2 This is the fourth and last monitoring report for the 2023/24 financial year and the report details the outturn position for the year. Although economic conditions and inflationary pressures have started to ease, there is still considerable pressure on the Council's budgets and therefore the ability to deliver services within the revised budget.

2. General Fund Revenue Draft Outturn Position 2023/24

- 2.1 The final revenue position for 23/24 was an overspend of **£535k**, initial Q4 outlook reported a variance of £463k, this figure has moved by £72k due to year-end adjustments noted below-
- £28k additional interest paid to the Housing revenue account. We are required annually to apportion interest received between the General Fund and HRA based on the activities of both funds, this is a calculation that can only be carried out after all the accounting for both funds have been carried out.

- £37k for discretionary Council tax support over the grant income amount to facilitate this.
- £7k minor adjustments to accruals and prepayments from services.

2.2 Further to the year-end accounting items above there was further adverse variance to budget of £463k exceptional items in the year are noted below-

- £150k was underprovided for in the budget setting process as previously advised, this has been corrected for future years.
- The Leisure management contract underachieved by £463k as expected, this is due to reduced contract payments as agreed in 2022 occurring in year (£194k) and a further variance of £136k due to the renegotiation of the contact December 2023. £133k of variance was caused by amendments required to budgets.
- The method of calculating MRP has been amended to use an annuity method which results in a saving of £419k, this method will continue to be used for future years.
- £160k of costs were incurred due to the delayed sale of Bushloe House and the continuing utility costs, along with the costs of the move to Brockshill and the new conferencing system.

Detailed descriptions of all variances prior to year-end adjustments totalling £463k are shown in **Appendix 1**.

2.3 At Quarter 3 (December 2023) the forecast outturn position for 2023/24 was **£563K** overspend which represents a 7.3% variance of the revised revenue budget of £7.709m.

Table 1 - General Fund Budget Monitoring Position by Service

Service	Original Budget 2023/24	Revised Budget 2023/24	Outturn	Variance
	£	£	£	£
Senior Leadership Team	482,350	492,350	455,447	(36,903)
Finance & Resources (Including Corporate Budgets)	2,390,454	3,344,202	3,741,678	397,476
The Built Environment	1,258,986	1,315,247	964,245	(351,002)
Law & Democracy	757,652	730,162	782,750	52,588
Community & Wellbeing, Corporate Assets, Depot	1,088,928	1,088,928	1,990,279	901,351
Customer Service & Business Transformation	1,970,768	1,164,438	1,126,534	(37,904)
HRA Recharge	(1,433,803)	(1,433,803)	(1,433,803)	0
Capital Financing	1,017,100	1,017,100	626,443	(390,657)
Net Revenue Expenditure	7,532,435	7,718,624	8,253,573	534,949

NOTE TO TABLE 1

* Law and Democracy: £32K of the £50,210K variance relates to budget setting errors.

** Community and Wellbeing, Corporate Assets, Depot: £118K of the £902,328K variance relates to budget setting errors.

2.4 **Table 1** shows the draft outturn position at Q4 of **£535k** reducing the forecast overspend of **£563K** forecast in Q3 which is an improvement and represents a 7.0% variance of the revised revenue budget of £7.719m.

2.5 Detailed analysis of the changes between Q3 and Q4 are shown in **Appendix 2**.

The major variances at year end are summarised in Table 2 below. Further detailed analysis of the variances in each Service with explanatory notes is provided in **Appendix 1**.

Table 2 – Major Variances over £30K

Service Area	Team	Under/Over spends	Key reasons for forecast variance
SLT	Senior Leadership Team	(40)	Savings on Strategic Director posts due to changes in post holders.
Finance & Resources	Corporate Management	69	Health insurance £18K, sundry debt write offs etc £36K, £6K apprentice levy underbudgeted.
	Vacancy Target	166	Corporate vacancy savings target removed.
	Finance	(30)	£(37)K vacancy savings, £6K professional service costs (CIVICA, LG Futures)
	Insurance	37	Impact of inflation
	Non-Domestic Rates	(36)	Vacancy savings
	Net Cost of Benefit	264	Mainly homeless costs for temporary accommodation offset by improved recovery of overpayments
	Head of Finance, Revenues & Benefits	(40)	Improved savings on salaries due to team restructure, including travel costs.
	ICT	(39)	Vacancy savings
The Built Environment	Environment Strategy	(43)	Accounting correction of revenue overspend in previous years due to incorrect split between capital and revenue grant funding.
	Building Control Section	36	Due to economic downturn and cost of living crisis there is a shortfall in anticipated income resulting from contributions to the delegated Leicestershire Building Control Partnership, resulting in an additional fee of £8k, £13k implementation costs and £3k training costs.
	Planning Control	59	Mostly £43K from unachieved planning income, and £15K salary pressures and minor variances.
	Planning Policy	(64)	2 Years of grant income relating to Net biodiversity gain was received in year, relating to new planning legislation.
	Economic Development	(96)	£(73)K due to some salary capitalisation not achieved, pressure from Pay Award mitigated by vacancy savings on Economic Regeneration Manager and 2x Officers, and £(18)K savings from costs charged elsewhere, £(6)K savings on town events being funded.
	Homelessness	(281)	Mainly from additional homeless grants income and housing benefit receipts.
Law & Democracy	Taxi Licences	(37)	Additional income from new drivers' licences.
	Selective Property Licensing Scheme	121	Mainly from underachieved income from Private Landlord Property licences.
	Licensing Service	(40)	Due to £(32)K salary, £(2)K grant funding and £(5)K subscription changes recharged elsewhere.

Community & Wellbeing	Swimming Pools & Leisure Centre	463	Income shortfall on the leisure management fee income previously reported an overspend external contractor costs.
	Crime and Disorder Partnership	(58)	Unbudgeted cumulative CSP funding for 2021-24 and £(51)K and £(22)K saving on OPCC Youth prevention work.
Corporate Assets	Cemeteries	54	Mostly from reduced fees income.
	Facilities Management Holding Account	46	Salary costs: SLT approved recruitment of Manager mostly financed by savings from an apprentice vacancy and services/supplies savings.
	Bushloe House Offices and Grounds	76	Delays in sale, incurred utility costs (under investigation).
	Brocks Hill Move	83	Moving costs, utilities and maintenance of new conferencing system.
Depot	Domestic Refuse Collection	48	Overspend due to contractual payments for working bank holidays.
Capital Financing	Capital Financing	(419)	Savings in capital financing charges due to £(343)K MRP savings, £(29)K savings from interest payable due to slippage, £(47)K additional interest receivable due to interest rate increases.

- 2.6 Although easing, inflationary pressures continue to affect all services across the Council, the Local government pay award was £147k above budgeted, utility costs are still a pressure in many areas, costs of supplies and materials remain high and increase the costs of works and repairs.
- 2.7 The cost of providing homelessness accommodation is shown above in both Finance and Resources and The Built Environment, the below table shows the Income and expenditure incurred to provide the homelessness service.

	23/24 Income/ Expenditure £	23/24 Budget £	Variance
Homelessness emergency accommodation	603,344	269,000	334,344
Cost of providing the service	238,537	233,180	5,357
Housing benefit for emergency accommodation	(551,082)	(200,000)	(351,082)
Other recovery	(33,227)	(14,000)	(19,227)
Grant income- Homelessness	(195,568)	(142,380)	(53,188)
Grant income- Homes for Ukraine	(144,395)	0	(144,395)
Other income	(52,319)	0	(52,319)
	(134,710)	145,800	(280,510)

The Housing benefit income for emergency accommodation (£551k) is full payment for accommodation costs incurred, only a small element of these costs are able to be reclaimed through the Housing subsidy resulting in a deficit in the provision for housing benefits.

Homelessness accommodation is also supported by grant income to reduce the burden on the authority, in 23/24 we have also received grant income relating to Ukraine tenants that became eligible to be included on housing registers.

3. General Fund Funding and Reserves

- 3.1 The Budget for 23/24 required £430k of funding from the General Fund reserve to enable a balanced budget, due to the overspend of £535k this amount is also required to be funded by reserve, a total of £1.121m. **Table 3** below demonstrates the funding required for 23/24.
- 3.2 The use of reserves in setting the budget and using the reserve to fund the in-year overspend is not sustainable. Both these actions reduce reserves further making the Council vulnerable to any future unforeseen budget pressures. Members and Officers are continuing to work together to move away from the reliance on reserves to balance the budget.

Table 3

Service	Original Budget 2023/24	Revised Budget 2023/24	Outturn	Variance
	£	£	£	£
Net Revenue Expenditure	7,532,435	7,718,624	8,253,573	534,949
Financed by:				
Funding	6,959,048	6,959,048	6,959,048	-
Earmarked Reserves	143,200	173,389	173,389	-
General Fund Reserve	430,187	586,187	1,121,136	534,949
Total Financing	7,532,435	7,718,624	8,253,573	534,949

- 3.3 The General fund reserve has a balance of £1.799m at the end of 23/24. Detailed movements in reserves are shown in **Appendix 3**.

A balanced budget was set for 24/25 requiring no funding from the general fund reserve, further saving plans are in place to prevent use of general fund reserves and bolster the Councils Finances.

4. Sustainability Programme 2023/24

- 4.1 The budget for 2023/24 included the following savings in respect of the sustainability programme approved as part of the MTFS.

Table 3 - Sustainability Programme Savings

Sustainability Programme Savings	2023/24
Service Reviews	£50,000
Income Generation	£15,000
Total savings	£65,000

4.2 The 2023/24 saving targets have been achieved as reported in previous quarterly reports. £50K was achieved through Regeneration Team Restructuring/review and £15K additional income has been achieved through licensing income process improvements.

5. Business Rates

5.1 The only element of the Council Funding that is not fully fixed for the year at budget stage is Business Rates. The table below shows the latest forecast in respect of Business Rates for 2023/24.

Table 4 – Business Rates Forecast 2023/24

	Original Budget 2023/24	Forecast Outturn Q3	Outturn Q4	Variance
	£	£	£	£
NNDR Income	(4,947,649)	(4,947,649)	(4,947,649)	-
Tariff	3,745,755	3,745,755	3,745,755	-
Section 31 Grants - Funded Reliefs	(1,406,489)	(1,343,611)	(1,300,593)	105,896
Levy	315,693	61,088	41,817	(273,876)
Renewable energy	(8,564)	(8,564)	(8,564)	-
Previous year's (surplus)/deficit	113,886	113,886	113,886	-
Total Financing	(2,187,368)	(2,379,095)	(2,355,348)	(167,980)

5.2 Due to the complexities of the Collection Fund, it is important to note that the largest element of this position 'NNDR income' is fixed based on the amount forecast at budget setting, any variance from the actual NNDR income impacts on the budget in 24/25 in the form of the surplus/deficit for the previous year. The forecast cumulative deficit at the end of 2023/24 that will impact on the budget in 2024/25 is £1.07m.

An element of this deficit is the result of additional reliefs given by central government. There is Section 31 grant being held as an earmarked reserve of £306K to off-set this element of this deficit. A large part of this deficit relates to a provision held for appeals which has been increased during the year, this provides for any successful appeals against Businesses that believe their rateable value is too high. Should the appeals be unsuccessful the provision will be reduced back down, however should the appeals be successful we have made a provision for these payments.

5.3 Oadby & Wigston are part of a business rate pool led by Leicester City Council, £199k was received in year in benefits from the Pool in 22/23, £531k is forecast to be received from pooling activities for 23/24.

5.4 The Collection fund reserve at Q4 has a balance of (492,548).

	Council Tax	NNDR	Total
Opening balance 1st April 2023	(59,893)	158,810	98,917
Movement in year	(38,660)	432,291	393,631
Closing Balance 31st March 2024	(98,553)	591,101	492,548

The movements in year reflect the expected surplus/deficits on the funds for 23/24, which will impact in 24/25.

6. Housing Revenue Account (HRA)

6.1 At the end of the year, the HRA is showing an adverse variance of **£580K** compared to the revised budget. Movements since Q3 are shown in **Appendix 4**.

6.2 The position on the account as the end of the year is set out in **Table 6** below.

Table 6 HRA Variance to Budget at Quarter 4

Service	Variance 2023/24 £'000	Reason for Variance
Estate Management	12	Horsewell Lane development project management costs of £29K offset against savings of £(17)K from the consultancy budget.
Rents and Service Charges	(24)	£(11K) additional income from service charges due to increases in management and cleaning costs. £15K variance due to lower-than-expected income from garage rents. All vacant garages have now been allocated to those who qualify. £(28K) in additional rental income due to fewer void properties.
Depreciation & Impairment	964	This is a statutory accounting adjustment for depreciation & impairment and is based on the asset values and useful life from the most recent annual accounts.
Communal Heating Charges	(50)	Savings are due to heating costs being lower than what we budgeted for from October 2023. Since October 2023 we are now working on a full cost recovery basis.
Gas Service Repairs Contract	100	£20K overspend is due to an inflationary linked increase to the annual contract from October onwards. Remaining £80K overspend due to the temporary boiler plant installation and hire costs for Chartwell House.
Computer Software	11	Overspend due to inflationary linked increases to the annual licences and maintenance of the Housing IT system.
Repairs & Maintenance	(222)	Variance largely down to savings in voids and planned maintenance costs. We have had fewer voids compared to prior years. More planned maintenance work to be carried out once we receive the stock condition survey.
Capital Charges	(69)	Savings on interest paid on loans £(10)K and interest received on balances £(59)K.
Compensation	(7)	Fewer instances of compensation being paid following improvements to internal processes.
Housing Tenancy Management Posts	(100)	Saving on salaries after a restructure, vacancies which have now been recruited to £(35K). Unbudgeted capitalisation of salaries of £(27K). Back funded pension charge to service £(38K).
Housing Maintenance Posts	(78)	Savings from vacancies and capitalisation of salaries.
Provision for Bad Debts	(51)	The assessment of the level of bad debt provision required at 31 March 2024 has resulted in a smaller amount of £24K being moved to the provision compared to the budgeted position requiring £75k.
Communal Services	83	Variance due to energy costs for communal areas at our estates being higher than expected.

PCN site	11	Reduction in income due to the telephone mast lease ending at one of our estates.
	580	

6.3 The Closing balance on the Housing Revenue account reserve is £1,426m this is a movement of £8k from £1,418m.

7. Capital Programme

7.1 The 2023/24 Capital Programme was set at Full Council in February 2023. Table 8 below shows a summary of the 2023/24 capital programme; the full capital programme is shown in **Appendix 3**.

7.2 The forecast outturn for the **General Fund capital programme** is £2.906m with significant slippage of £705K estimated by outturn. A significant reason for that is the new sports facilities schemes now being re-programmed for 2024/25 - £484K. This is offset on the table by £651K of spend on the grant-funded Local Authority Delivery 3 programme, which was not included in the budget.

7.3 The forecast outturn for the **HRA capital programme** is £1.725m with significant slippage of £3.560m estimated by outturn. The New Housing Initiatives scheme shown in the Table below accounts for £2.178m (61%) of the anticipated slippage with explanations provided. Another £0.761m (21%) is due to the Decarbonisation scheme.

7.4 Approval is requested to reduce the capital budgets for 2023/24 and increase the 2024/25 by the reported slippage amounts for the general fund and HRA. Capital spend against the revised budgets will be monitored for the remainder of the financial year.

Table 8 – Capital Programme Summary

Fund	Revised Budget 2023/24 £'000	Outturn £'000	Forecast Variance to Budget £'000	Explanation
General Fund Schemes				
New Council Offices	563	928	365	Overspend as per report to Capital Sub Committee.
Vehicle Refurbishment	939	653	(286)	Order placed. Long lead time on vehicles, so delivery slipped into next financial year.
Sports Facilities Improvement Programme	495	11	(484)	Schemes will slip to 24/25
Local Authority Delivery	0	651	651	Grant funded
Other	963	663	(300)	Slippage on various projects.
Total	2,960	2,906	(54)	
Housing Revenue Account				
New Housing Initiatives	2,178	0	(2,178)	No capital spends this year.

Purchasing Existing Properties	245	254	9	Purchase of a single existing property.
Decarbonisation of Housing Stock	761	0	(761)	£277K of grant funding received for 23/24. £514K of Council funding already allocated. No spend in year.
Housing Block Improvements	450	534	84	Expected to spend in full
Other	1,651	937	(714)	Chartwell House boiler replacement slipped into 24/25, delays in contractor procurement.
HRA Scheme Total	5,285	1,725	(3,560)	
Total	8,245	4,631	(3,614)	

8. Treasury Management as at Quarter 4

- 8.1 The report includes an update on Treasury Management activities to 31 March 2024. This is required to comply with both the "Code of Practice on Treasury Management in Local Government" and the Council's own Treasury Management Policy Statement.
- 8.2 The Code requires the Section 151 Officer to ensure that the treasury management function operates in accordance with treasury management practices adopted by Council. There are no issues of non-compliance with these practices that need be brought to Member's attention.
- 8.3 As at the 31st of March 2024, the total debt portfolio of the Council (including HRA debt) is £36.474m offset by investments of £1.0m, resulting in an overall net debt position of £35.474m.

External Borrowing	As At 31/03/23 £m	As At 31/03/24 £m
Fixed Rate PWLB	19.069	17.974
Other Local Authorities	15.000	18.500
Total Gross External Debt	34.069	36.474
Investments	0.000	(1.000)
Total Net External Debt	34.069	35.474

- 8.4 The total accrued interest received to 31 March 2024 on temporary investments amounted to £165,802 (2022/23 £92,465). A summary of the total amount invested in 2023/24 to date is given at **Appendix 6**.
- 8.5 **Prudential Indicators**
The Local Government Act 2003 requires Councils to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators which provide the basis for management and monitoring of

borrowing and investments. These indicators were agreed by Council on 23 February 2023. An update on the indicators is provided at **Appendix 6**.

VARIANCE ANALYSIS OF SERVICES

OUTTURN

Note: In Table 2: "Principal Variances" the Pay Award pressure £147K is shown as a total. The Pay Awards have been detailed by service area in the tables below.

1 Senior Leadership Team

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Corporate Costs	0	5,028	Cost brought forward from previous COVID marshal expenses.
Senior Leadership Team	(40,041)	0	Savings on Strategic Director posts due to changes in post holders.
TOTAL	(40,041)	5,028	
Net Forecast (Under)/Overspend	(35,013)		

2 Finance & Resources (Including Corporate Budgets)

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Corporate Management	0	68,514	£18K Health insurance £18K, sundry debt write offs etc £36K, £6K apprentice levy underbudgeted.
Vacancy Target		166,099	Corporate vacancy savings target removed.
Non-Distributed Costs	(5,789)	0	Pension added years from LGPS
Internal Audit	(4,050)	0	Savings on costs
Finance	(30,210)	0	£(37)K vacancy savings, £6K professional service costs (CIVICA, LG Futures)
Photocopiers	(14,499)	0	
Postage	0	814	Postage slightly greater than expected.
Emergency Callout	0	1,940	
Insurance	0	36,808	Impact of inflation
Council Tax	0	18,904	Hired staff to cover for vacancies after promotion and a resignation.

Service Area	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Non-Domestic Rates	(35,678)	0	Vacancy savings
Housing Benefit	(1,725)	0	Excess new Burdens Grant received.
Benefits Team	0	24,398	Pay award and team restructure.
Net Cost of Benefit	0	264,140	Mainly homeless costs for temporary accommodation offset by improved recovery of overpayments
Head of Finance, Revenues & Benefits	(39,809)	0	Improved savings on salaries due to team restructure, including travel costs.
ICT	(39,478)	0	Vacancy savings
Systems Administration	(27,236)	0	Vacancy savings (post frozen from August 2023).
Corporate Projects	(23,624)	0	Salary savings from part-time working.
TOTAL	(222,097)	581,617	
Net Forecast (Under)/Overspend	359,520		

3 The Built Environment

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Environment Strategy	(43,344)	0	Correction of revenue overspend in previous years due to incorrect split between capital and revenue grant funding.
Building Control	0	1,000	No cost, no income.
Building Control Section	0	36,152	Due to economic downturn and cost of living crisis there is a shortfall in anticipated income resulting from contributions to the delegated Leicestershire Building Control Partnership.
Planning Control	0	58,504	Mostly £43K from unachieved planning income, and £15K salary pressures and minor variances.
Planning Policy	(63,750)	0	Surplus arose from grant to fund expenditure across difference services.
Planning Section	(2,853)	0	Savings on professional fee payments for planning section.
Economic Development	(96,331)	0	£(73)K due to some salary capitalisation not achieved, pressure from Pay Award mitigated by vacancy savings on Economic Regeneration Manager and 2x Officers, and £(18)K savings from costs charged elsewhere, £(6)K savings on town events being funded.

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Private Housing	0	25,000	Management part of Lightbulb Project costs covered by the Council.
Climate Change	0	583	Shared service costs.
Homelessness	(281,378)	0	Mainly from additional homeless grants income and housing benefit receipts.
Belmont House Hostel	0	5,878	£3K overspend on gas central heating. £1K overspend on maintenance of fire & security alarms. £2K overspend on management & supervision costs.
Rent Plus	0	96	Retained management fee.
Cleaning Contract	0	8,041	Pressure from salary increases and travel between sites.
	(487,656)	135,254	
Net Forecast (Under)/Overspend	(352,402)		

4 Law and Democracy

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Non service-specific	0	32,000	The full cost of staff in the Environmental Health Admin & Enforcement budget was not fully reflected. As reported previously.
Environmental Health Administration / Enforcement	0	22,511	£12K Unbudgeted Apprentice post and £2K Pay Awards, £8K overspend on Air Quality equipment.
Environmental Protection	(7,373)	0	Savings due to fewer vehicles being abandoned than expected.
Health and Safety	0	2,024	Pay Award pressure and additional costs for First Aiders.
Local Land Charges	0	403	Inflationary increase in cost of outsourcing service not budgeted for.
Democratic Representation & Management	0	1,258	Mostly Pay Award
Register of Electors	(21,919)	0	Savings achieved from postage recharges.
Election Expenses	0	4,726	Increased staff costs at polling station to assist with introduction of voter ID offset by gov't grants provided elsewhere (Finance).

Service Area	Underspend OR Income over- recovery (-) £	Overspend OR Income under- recovery (+) £	Key reasons for forecast variance
Legal & Admin Service	(2,535)	0	Professional costs offset by cost awards made.
Taxi Licences	(37,422)	0	Additional income from new drivers' licences.
Other Licences	(830)	0	Exceeded expectations on some of the minor licences.
Alcohol and Entertainment Licences	(27,549)	0	Mostly due to recovery of historical uncollected premises licences.
Gambling Act Fees	0	3,293	Refund of duplicated payment from 22/23
Selective Property Licensing Scheme	0	121,477	Mainly from underachieved income from Private Landlord Property licences.
Licensing Service	(39,736)	0	Due to £(32)K salary, £(2)K grant funding and £(5)K subscription changes recharged elsewhere.
Net Forecast (Under)/Overspend	(137,482)	187,692	
	50,210		

5 Community & Wellbeing

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Community & Wellbeing	Non service-specific	0	118,000	Error in the detailed budget setting when the transfer of the Community Wellbeing function to Blaby was reflected (the cost of transferring the service to Blaby remains as previously presented and agreed by members). This was reported at Q1.
Community & Wellbeing	Community Development	0	22,363	Underachievement of Community Lottery income which started in July but budgeted for full year.
Community & Wellbeing	Health Promotion	(4,600)	0	Savings: service outsourced
Community & Wellbeing	Grants	(14,814)	0	Fewer than expected grant payments to 3rd parties.

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Community & Wellbeing	Recreation & Leisure	0	1,630	Shortfall in funding to BDC for Physical Activity/ Health Work.
Community & Wellbeing	Multicultural	(300)	0	N/A
Community & Wellbeing	Swimming Pools & Leisure Centre	0	463,442	Income shortfall on the leisure management fee income previously reported an overspend external contractor costs.
Community & Wellbeing	Crime and Disorder Partnership	(58,448)	0	Unbudgeted cumulative CSP funding for 2021-24 and £(51)K and £(22)K saving on OPCC Youth prevention work.
Community & Wellbeing	Civil Contingencies and Emergency Planning	0	952	Contribution to the local resilience forum.
Community & Wellbeing	Children and Young Persons	(1,500)	0	Overspend on youth boxing sessions which will be fully funded by YEA grant in grants reserve.

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Corporate Assets	Allotments	(1,744)	0	Savings: lower water consumption in winter months.
Corporate Assets	Sports Grounds	0	19,202	Overspends mainly from higher utility costs and a reduced hire income.
Corporate Assets	Freer Community Centre	0	21,505	Overspends mainly from higher utility costs and a reduced hire income.
Corporate Assets	Sheila Mitchell Pavilion	0	1,323	Higher utility costs.
Corporate Assets	Walter Charles Centre	(2,094)	0	Higher utilisation
Corporate Assets	Cemeteries	0	53,652	Mostly from reduced fees income.
Corporate Assets	Public Conveniences	0	1,144	Higher utility costs.
Corporate Assets	Car Parks	(10,749)	0	Slightly higher parking income than expected.

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Corporate Assets	Borough Engineering	(4,932)	0	Reactive maintenance for various items of street furniture. Low demand this year.
Corporate Assets	Street Cleansing	0	8,133	Overspends on supplies and services.
Corporate Assets	Grounds Maintenance	0	13,011	Mainly salary overspends: pay award and overtime costs.
Corporate Assets	Facilities Management Holding Account	0	45,884	Salary costs: SLT approved recruitment of Manager mostly financed by savings from an apprentice vacancy and services/supplies savings.
Corporate Assets	Structural Maintenance	(2,409)	0	Underspend on repairs now that Bushloe House vacant.
Corporate Assets	Bushloe House Offices and Grounds	0	76,270	Delays in sale, incurred utility costs (under investigation).
Corporate Assets	Brocks Hill Move	0	83,371	Moving costs, utilities and maintenance of new conferencing system.

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Corporate Assets	Brocks Hill	(2,954)	0	Underspend due to reduction in supplies and services costs.
Corporate Assets	Land Drainage	(93)	0	N/A
Depot	Domestic Refuse Collection	0	47,907	Overspend due to contractual payments for working bank holidays.
Depot	Recycling Collection	0	12,668	Overspend due to contractual payments for working bank holidays.
Depot	Recycling Disposal	(1,201)	0	Increased income from recycling and textiles collection.
Depot	Waste Minimisation	0	1,802	Overspend due to contractual payments for working bank holidays.
Depot	Garden Waste Collection	0	3,648	Lower revenue from garden waste.
Depot	Mechanics Workshop	(1,027)	0	Vacancy saving
Depot	Oadby Depot	0	1,777	Underspends in services and supplies.

Service Area	Team	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Depot	Fleet Management	0	11,508	Unexpected vehicle repairs.
	Net Forecast (Under)/Overspend	(106,865) 902,238	1,009,193	

6 Customer Service & Business Transformation

Service Area	Underspend OR Income over-recovery (-) £	Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
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Information & Public Relations	(23,435)	0	Event programme delivered under anticipated budget. Less need for external communications expertise/graphic design skills than anticipated.
Customer Services	(28,670)	0	Savings resulting from reduction in provision for software.
Head of Customer Services & Transformation	0	3,321	Pay Award pressure.
Customer Service Improvement	0	517	Pay Award pressure.
Telephones	0	7,837	Increase in calls.
Mobile Phones	0	2,504	Increased contract cost subject to contract review.
Human Resources	(4,385)	0	Salary/corporate training savings.
Net Forecast (Under)/Overspend	(56,490)	14,179	
	(42,312)		

7 HRA Recharges

Service	Variance £'000	Reason for variance
HRA Recharges	-	Not applicable – balanced position

8 Capital Financing

Service Area	Forecast Underspend OR Income over-recovery (-) £	Forecast Overspend OR Income under-recovery (+) £	Key reasons for forecast variance
Capital Financing	(418,998)		Savings in capital financing charges due to £(343)K MRP savings, £(29)K savings from interest payable due to slippage, £(47)K additional interest receivable due to interest rate increases.
Net Forecast (Under)/Overspend	(418,998)	-	

APPENDIX 1.2: Movements from Q3 to Q4

Service	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse /Favourable Movement
Senior Leadership Team	(35,013)	(65,537)	(30,525)	adverse
Finance & Resources (Including Corporate Budgets)	359,520	491,196	131,677	favourable
Law & Democracy	50,210	65,553	15,344	favourable
The Built Environment	(352,402)	(208,324)	144,078	favourable
Community & Wellbeing, Corporate Assets, Depot	902,328	729,963	(172,365)	adverse
Customer Service & Business Transformation	(42,312)	(33,865)	8,447	favourable
Capital Financing	(418,998)	(415,728)	3,270	favourable
Total	463,333	563,258	99,926	favourable

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse /Favourable Movement	Comment
Senior Leadership Team	Corporate Costs	5,028	(33,718)	(38,746)	adverse	Cost brought forward from previous COVID marshal expenses.
	Senior Leadership Team	(40,041)	(31,820)	8,221	favourable	Savings on Strategic Director posts due to changes in post holders.
Finance & Resources (Including)	Corporate Management	68,514	58,984	(9,530)	adverse	£18K Health insurance £18K, sundry debt write offs etc £36K, £6K apprentice levy underbudgeted.
	Vacancy Target	166,099	119,299	(46,800)	adverse	Corporate vacancy savings target removed.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
	Non-Distributed Costs	(5,789)	0	5,789	N/A	Pension added years from LGPS
	Internal Audit	(4,050)	0	4,050	favourable	Savings on costs
	Finance	(30,210)	19,488	49,698	favourable	£(37)K vacancy savings, £6K professional service costs (CIVICA, LG Futures)
	Photocopiers	(14,499)	(1,685)	12,814	favourable	
	Postage	814	(100)	(914)	adverse	Postage slightly greater than expected.
	Emergency Callout	1,940	2,050	110	favourable	
	Insurance	36,808	0	(36,808)	adverse	Impact of inflation
	Council Tax	18,904	15,744	(3,160)	adverse	Hired staff to cover for vacancies after promotion and a resignation.
	Non-Domestic Rates	(35,678)	(36,460)	(782)	adverse	Vacancy savings
	Housing Benefit	(1,725)	(9,364)	(7,639)	adverse	Excess new Burdens Grant received.
	Benefits Team	24,398	5,272	(19,127)	adverse	Pay award and team restructure.
	Net Cost of Benefit	264,140	354,659	90,519	favourable	Mainly homeless costs for temporary accommodation offset by improved recovery of overpayments
	Head of Finance, Revenues & Benefits	(39,809)	(20,180)	19,629	favourable	Improved savings on salaries due to team restructure, including travel costs.
	ICT	(39,478)	39,210	78,688	favourable	Vacancy savings
	Systems Administration	(27,236)	(30,151)	(2,916)	adverse	Vacancy savings (post frozen from August 2023).
	Corporate Projects	(23,624)	(25,569)	(1,945)	adverse	Salary savings from part-time working.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
Law & Democracy	Non service-specific	32,000	32,000	0	N/A	The full cost of staff in the Environmental Health Admin & Enforcement budget was not fully reflected. As reported previously.
	Environmental Health Administration / Enforcement	22,511	17,422	(5,089)	adverse	£12K Unbudgeted Apprentice post and £2K Pay Awards, £8K overspend on Air Quality equipment.
	Environmental Protection	(7,373)	(1,000)	6,373	favourable	Savings due to fewer vehicles being abandoned than expected.
	Pest Control	0	0	0	N/A	N/A
	Dog Control	(119)	0	119	favourable	N/A
	Health and Safety	2,024	1,657	(367)	adverse	Pay Award pressure and additional costs for First Aiders.
	Local Land Charges	403	400	(3)	adverse	Inflationary increase in cost of outsourcing service not budgeted for.
	Democratic Representation & Management	1,258	9,939	8,681	favourable	Mostly Pay Award
	Register of Electors	(21,919)	(15,034)	6,885	favourable	Savings achieved from postage recharges.
	Election Expenses	4,726	18,955	14,230	favourable	Increased staff costs at polling station to assist with introduction of voter ID offset by gov't grants provided elsewhere (Finance).
	Externally funded elections	0	0	0	N/A	N/A
	Legal & Admin Service	(2,535)	(6,637)	(4,103)	adverse	Professional costs offset by cost awards made.
	Taxi Licences	(37,422)	(28,373)	9,049	favourable	Additional income from new drivers' licences.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
	Other Licences	(830)	(4,550)	(3,720)	adverse	Exceeded expectations on some of the minor licences.
	Alcohol and Entertainment Licences	(27,549)	(30,090)	(2,541)	adverse	Mostly due to recovery of historical uncollected premises licences.
	Gambling Act Fees	3,293	1,108	(2,185)	adverse	Refund of duplicated payment from 22/23
	Selective Property Licensing Scheme	121,477	112,357	(9,120)	adverse	Mainly from underachieved income from Private Landlord Property licences.
	Licensing Service	(39,736)	(42,601)	(2,865)	adverse	Due to £(32)K salary, £(2)K grant funding and £(5)K subscription changes recharged elsewhere.
The Built Environment	Environment Strategy	(43,344)	0	43,344	favourable	Correction of revenue overspend in previous years due to incorrect split between capital and revenue grant funding.
	Building Control	1,000	0	(1,000)	adverse	No cost, no income.
	Building Control Section	36,152	15,493	(20,659)	adverse	Due to economic downturn and cost of living crisis there is a shortfall in anticipated income resulting from contributions to the delegated Leicestershire Building Control Partnership.
	Planning Control	58,504	76,120	17,616	favourable	Mostly £43K from unachieved planning income, and £15K salary pressures and minor variances.
	Planning Policy	(63,750)	(7,626)	56,124	favourable	Surplus arose from grant to fund expenditure across difference services.
	Planning Section	(2,853)	(933)	1,921	favourable	Savings on professional fee payments for planning section.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
	Economic Development	(96,331)	(82,938)	13,392	favourable	£(73)K due to some salary capitalisation not achieved, pressure from Pay Award mitigated by vacancy savings on Economic Regeneration Manager and 2x Officers, and £(18)K savings from costs charged elsewhere, £(6)K savings on town events being funded.
	UK Shared Prosperity Fund	0	0	0	N/A	N/A
	Private Housing	25,000	0	(25,000)	adverse	Management part of Lightbulb Project costs covered by the Council.
	Climate Change **new	583	1,682	1,100	favourable	Shared service costs.
	Homelessness	(281,378)	(226,757)	54,622	favourable	Mainly from additional homeless grants income and housing benefit receipts.
	Belmont House Hostel	5,878	8,990	3,111	favourable	£3K overspend on gas central heating. £1K overspend on maintenance of fire & security alarms. £2K overspend on management & supervision costs.
	Rent Plus	96	(609)	(705)	adverse	Retained management fee.
	Improvements for People with Disabilities	0	0	0	N/A	N/A
	Boulter Crescent Flat	1	0	(1)	adverse	N/A
	Cleaning Contract	8,041	8,254	214	favourable	Pressure from salary increases and travel between sites.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
Community & Wellbeing, Corporate Assets, Depot	Non service-specific	118,000	118,000	0	adverse	Error in the detailed budget setting when the transfer of the Community Wellbeing function to Blaby was reflected (the cost of transferring the service to Blaby remains as previously presented and agreed by members). This was reported at Q1.
	Community Development	22,363	10,437	(11,926)	adverse	Underachievement of Community Lottery income which started in July but budgeted for full year.
	Health Promotion	(4,600)	(4,600)	0	adverse	Savings: service outsourced
	Grants	(14,814)	(12,944)	1,870	favourable	Fewer than expected grant payments to 3rd parties.
	Recreation & Leisure	1,630	10,755	9,125	favourable	Shortfall in funding to BDC for Physical Activity/ Health Work.
	Multicultural	(300)	0	300	N/A	N/A
	Swimming Pools & Leisure Centre	463,442	260,206	(203,236)	adverse	Income shortfall on the leisure management fee income previously reported an overspend external contractor costs.
	Crime and Disorder Partnership	(58,448)	(10,647)	47,801	favourable	Unbudgeted cumulative CSP funding for 2021-24 and £(51)K and £(22)K saving on OPCC Youth prevention work.
	Civil Contingencies and Emergency Planning	952	(548)	(1,500)	adverse	Contribution to the local resilience forum.
	Children and Young Persons	(1,500)	3,936	5,436	favourable	Overspend on youth boxing sessions which will be fully funded by YEA grant in grants reserve.
	Sports & PA Comm Working Budget	0	0	0	N/A	N/A
	Allotments	(1,744)	(1,351)	393	favourable	Savings: lower water consumption in winter months.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment
	Sports Grounds	19,202	19,753	551	favourable	Overspends mainly from higher utility costs and a reduced hire income.
	Freer Community Centre	21,505	12,358	(9,147)	adverse	Overspends mainly from higher utility costs and a reduced hire income.
	Sheila Mitchell Pavilion	1,323	909	(414)	adverse	Higher utility costs.
	Walter Charles Centre	(2,094)	985	3,079	favourable	Higher utilisation
	Cemeteries	53,652	57,140	3,488	favourable	Mostly from reduced fees income.
	Public Conveniences	1,144	(1,023)	(2,167)	adverse	Higher utility costs.
	Car Parks	(10,749)	4,359	15,108	favourable	Slightly higher parking income than expected.
	Borough Engineering	(4,932)	(4,007)	925	favourable	Reactive maintenance for various items of street furniture. Low demand this year.
	Street Cleansing	8,133	1,317	(6,816)	adverse	Overspends on supplies and services.
	Grounds Maintenance	13,011	13,751	740	favourable	Mainly salary overspends: pay award and overtime costs.
	Facilities Management Holding Account	45,884	9,035	(36,849)	adverse	Salary costs: SLT approved recruitment of Manager mostly financed by savings from an apprentice vacancy and services/supplies savings.
	Structural Maintenance	(2,409)	(15,100)	(12,691)	adverse	Underspend on repairs now that Bushloe House vacant.
	Bushloe House Offices and Grounds	76,270	70,654	(5,615)	adverse	Delays in sale, incurred utility costs (under investigation).
	Brocks Hill Move	83,371	72,205	(11,166)	adverse	Moving costs, utilities and maintenance of new conferencing system.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse /Favourable Movement	Comment
	Brocks Hill	(2,954)	136	3,090	favourable	Underspend due to reduction in supplies and services costs.
	Land Drainage	(93)	0	93	favourable	N/A
	Domestic Refuse Collection	47,907	60,375	12,468	favourable	Overspend due to contractual payments for working bank holidays.
	Recycling Collection	12,668	18,882	6,214	favourable	Overspend due to contractual payments for working bank holidays.
	Recycling Disposal	(1,201)	(916)	285	favourable	Increased income from recycling and textiles collection.
	Waste Minimisation	1,802	1,520	(283)	adverse	Overspend due to contractual payments for working bank holidays.
	Garden Waste Collection	3,648	7,325	3,677	favourable	Lower revenue from garden waste.
	Mechanics Workshop	(1,027)	1,165	2,192	favourable	Vacancy saving
	Oadby Depot	1,777	(12,917)	(14,694)	adverse	Underspends in services and supplies.
	Fleet Management	11,508	38,813	27,305	favourable	Unexpected vehicle repairs.
Customer Service & Business Transformation	Information & Public Relations	(23,435)	(25,553)	(2,118)	adverse	Event programme delivered under anticipated budget. Less need for external communications expertise/graphic design skills than anticipated.
	Customer Services	(28,670)	(11,462)	17,208	favourable	Savings resulting from reduction in provision for software.
	Head of Customer Services & Transformation	3,321	5,924	2,603	favourable	Pay Award pressure.
	Customer Service Improvement	517	2,738	2,221	favourable	Pay Award pressure.
	Telephones	7,837	0	(7,837)	adverse	Increase in calls.

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Adverse / Favourable Movement	Comment	
	Mobile Phones	2,504	0	(2,504)	adverse	Increased contract cost subject to contract review.	
	Human Resources	(4,385)	(5,512)	(1,126)	adverse	Salary/corporate training savings.	
Capital Financing		0	(418,998)	(415,728)	3,270	favourable	Savings in capital financing charges due to £(343)K MRP savings, £(29)K savings from interest payable due to slippage, £(47)K additional interest receivable due to interest rate increases.
TOTAL		463,333	563,258	99,926			

	Service	Variance at Q4	Variance at Q3	Q3 to Q4 Movement
Variance by Service area	Senior Leadership Team	(35,013)	(65,537)	(30,525)
	Finance & Resources (Including Corporate Budgets)	359,520	491,196	131,676
	Law & Democracy	50,210	65,553	15,344
	The Built Environment	(352,402)	(208,324)	144,078
	Community & Wellbeing, Corporate Assets, Depot	902,328	729,963	(172,365)
	Customer Service & Business Transformation	(42,312)	(33,865)	8,447
	Capital Financing	(418,998)	(415,728)	3,270
	Total	463,333	563,258	99,925

Service	Team	Variance at Q4	Variance at Q3	Q3 to Q4 Movement	Comment
SLT	Corporate Costs	5,028	(33,718)	(38,746)	Reversal of an purchase order goods received but not required.
	Senior Leadership Team	(40,041)	(31,820)	8,221	Additional 3 months saving on Strategic Director post
Finance and Resources	Corporate Management	68,514	58,984	(9,530)	Profiling Variances
	Vacancy Target	166,100	119,299	(46,801)	Additional 3 months saving removed
	Non-Distributed Costs	(5,789)	0	5,789	Pension costs unknown until year end
	Internal Audit	(4,050)	0	4,050	Savings on costs
	Finance	(30,210)	19,488	49,698	£(37)K vacancy savings, £8k Grant income plus other minor variances
	Photocopiers	(14,499)	(1,685)	12,814	Lease charge for Photocopiers
	Postage	814	(100)	(914)	Postage costs greater than expected.
	Emergency Callout	1,940	2,050	110	
	Insurance	36,808	0	(36,808)	Insurance renews annually in January
	Council Tax	18,904	15,744	(3,160)	Hired staff to cover for vacancies after promotion and a resignation.
	Non-Domestic Rates	(35,678)	(36,460)	(782)	
	Housing Benefit	(1,725)	(9,364)	(7,639)	
	Benefits Team	24,398	5,272	(19,127)	Reduced grant income
	Net Cost of Benefit	264,140	354,659	90,519	Confirmation of Homelessness accomodation costs lower than forecast.
	Head of Finance, Revenues & Benefits	(39,809)	(20,180)	19,629	3 additional months of savings on salaries due to team restructure, including travel costs.
ICT	(39,478)	39,210	78,688	Salary Savings on 2 posts	
Systems Administration	(27,236)	(30,151)	(2,916)	Additional months of salary costs	
Corporate Projects	(23,624)	(25,569)	(1,945)		
Law & Democracy	Non service-specific	32,000	32,000	0	
	Environmental Health Administration / Enforcement	22,511	17,422	(5,089)	Further costs for unbudgeted post
	Environmental Protection	(7,373)	(1,000)	6,373	Savings due to fewer vehicles being abandoned than expected.
	Health and Safety	2,024	1,657	(367)	
	Local Land Charges	403	400	(3)	
	Democratic Representation & Management	1,258	9,939	8,681	
	Register of Electors	(21,919)	(15,034)	6,885	Continued savings
	Election Expenses	4,726	18,955	14,230	3 additional months of budget to reduce the overspend
	Legal & Admin Service	(2,535)	(6,637)	(4,103)	Continued reduction in income
	Taxi Licences	(37,422)	(28,373)	9,049	Additional income from new drivers' licences.
	Other Licences	(830)	(4,550)	(3,720)	Reduced income during Q4
	Alcohol and Entertainment Licences	(27,549)	(30,090)	(2,541)	Reduced income during Q4
	Gambling Act Fees	3,293	1,108	(2,185)	Reduced income during Q4
	Selective Property Licensing Scheme	121,477	112,357	(9,120)	Mainly from underachieved income from Private Landlord Property licences.
Licensing Service	(39,736)	(42,601)	(2,865)	Minor variations	
The Built Environment	Environment Strategy	(43,344)	0	43,344	Correction of revenue overspend in previous years due to incorrect split between capital and revenue grant funding.
	Building Control	1,000	0	(1,000)	No income received
	Building Control Section	36,152	15,493	(20,659)	Additional costs for the final quarter.
	Planning Control	58,504	76,120	17,616	Overspend reduced over remaining 3 quarters.
	Planning Policy	(63,750)	(7,626)	56,124	23/24 BNG grant received £27k,£13k funding from reserves.
	Planning Section	(2,853)	(933)	1,921	Further quarter of savings
	Economic Development	(96,331)	(82,938)	13,392	Salary savings for Q4
	Private Housing	25,000	0	(25,000)	Management part of Lightbulb Project costs covered by the Council.
	Climate Change **new	583	1,682	1,100	
	Homelessness	(281,378)	(226,757)	54,622	Additional grants received Q4
	Belmont House Hostel	5,878	8,990	3,111	Overspend spread over 4th qtr
	Rent Plus	96	(609)	(705)	
	Cleaning Contract	8,041	8,254	214	

Community & Wellbeing	Non service-specific	118,000	118,000	0	
	Community Development	22,363	10,437	(11,926)	Underachievement of Community Lottery income which started in July but budgeted for full year.
	Health Promotion	(4,600)	(4,600)	0	
	Grants	(14,814)	(12,944)	1,870	Fewer than expected grant payments to 3rd parties.
	Recreation & Leisure	1,630	10,755	9,125	Shortfall in funding to BDC for Physical Activity/ Health Work.
	Swimming Pools & Leisure Centre	463,442	260,206	(203,236)	Reconciliation of prior year contract amendments and further amendments for 23/24
	Crime and Disorder Partnership	(58,448)	(10,647)	47,801	Additional savings and continued reduction on expenditure.
	Civil Contingencies and Emergency Planning	952	(548)	(1,500)	Contribution to the local resilience forum.
	Children and Young Persons	(1,500)	3,936	5,436	Grant funding for Youth Boxing
	Allotments	(1,744)	(1,351)	393	
	Sports Grounds	19,202	19,753	551	
	Freer Community Centre	21,505	12,358	(9,147)	Continued overspend from higher utility costs and a reduced hire income.
	Sheila Mitchell Pavilion	1,323	909	(414)	Higher utility costs.
	Walter Charles Centre	(2,094)	985	3,079	Higher utilisation
	Cemeteries	53,652	57,140	3,488	Overspend reduced over Q4
	Public Conveniences	1,144	(1,023)	(2,167)	Higher utility costs.
	Car Parks	(10,749)	4,359	15,108	Recharge of management salaries and higher income
	Borough Engineering	(4,932)	(4,007)	925	Continued lower expenditure
	Street Cleansing	8,133	1,317	(6,816)	Overspends on supplies and services.
	Grounds Maintenance	13,011	13,751	740	
	Facilities Management Holding Account	45,884	9,035	(36,849)	Salary overspend
	Structural Maintenance	(2,409)	(15,100)	(12,691)	Additional expenditure in Q4 reducing variance
	Bushloe House Offices and Grounds	76,270	70,654	(5,615)	Continued Utility costs
	Brocks Hill Move	83,371	72,205	(11,166)	Moving costs, utilities and maintenance of new conferencing system.
	Brocks Hill	(2,954)	136	3,090	Underspend due to reduction in supplies and services costs.
	Land Drainage	(93)	0	93	
	Domestic Refuse Collection	47,907	60,375	12,468	Overspend reduced over Q4
	Recycling Collection	12,668	18,882	6,214	Overspend reduced over Q4
	Recycling Disposal	(1,201)	(916)	285	
	Waste Minimisation	1,802	1,520	(283)	
	Garden Waste Collection	3,648	7,325	3,677	Income levels improving
	Mechanics Workshop	(1,027)	1,165	2,192	Vacancy saving
	Oadby Depot	1,777	(12,917)	(14,694)	Additional overtime costs and savings not achieved Q4
Fleet Management	11,508	38,813	27,305	Lower costs for repairs Q4 reducing overspend	
Customer Services	Information & Public Relations	(23,435)	(25,553)	(2,118)	Reduction in savings in Q4
	Customer Services	(28,670)	(11,462)	17,208	Further quarter of savings
	Head of Customer Services & Transformation	3,321	5,924	2,603	Additional quarter reducing overspend
	Customer Service Improvement	517	2,738	2,221	Additional quarter reducing overspend
	Telephones	7,837	0	(7,837)	Reconciliation of Telephone costs
	Mobile Phones	2,504	0	(2,504)	Increased contract cost subject to contract review.
Human Resources	(4,385)	(5,512)	(1,126)	Reduced savings in Q4	
Capital Financing					Additional income received.
		(418,998)	(415,728)	3,270	
		-	-	-	
		463,333	563,258	99,507	

Statement of Movement on Reserves

	Opening Balance at 1st April 2023	Approved Contributions	Approved Withdrawals	Approved Balance at 31 December 2023	Requiring approval Contributions	Requiring approval Withdrawals	Forecast Closing Balance as at 31 March 2024
	£	£	£	£	£	£	£
<u>General Fund Earmarked Reserves</u>							
Contingency Reserve	-139,207			-139,207			-139,207
Budget Carried Forward	-27,051		20,189	-6,862		6,862	0
Council Priority Reserve Balance (Corporate Challenge)	-58,400		58,400	0			0
Disabled Facilities	-22,450		22,450	0			0
Land Valuation Reserve	-1,000			-1,000			-1,000
COVID-19 Reserve	-44,683		43,600	-1,083		1,083	0
Elections Reserve	-57,500		50,000	-7,500		7,500	0
GF Cost Of Living Reserve	-41,738			-41,738			-41,738
Lottery Reserve	0			0	-6,349		-6,349
Local Plan Reserve	-203,346			-203,346		13,261	-190,085
Total GF	-595,375	0	194,639	-400,736	-6,349	28,706	-378,379
<u>General Fund Grants</u>							
Section 31 Grant Reserve	-446,000			-446,000			-446,000
Earmarked Revenue Grants Reserve	-577,695			-577,695		401,666	-176,028
Grounds Maintenance Reserve Balance	-256,480		34,800	-221,680	-241,677		-463,357
Total GF Grants	-1,280,175	0	34,800	-1,245,375	-241,677	401,666	-1,085,386
General Fund Reserve	-1,179,520	-72,912	586,187	-666,245	-1,611,486	478,495	-1,799,236
Total General Fund Revenue Reserves	-3,055,069	-72,912	815,626	-2,312,355	-1,859,512	908,867	-3,263,001
General Fund Capital Receipts Reserve	-639,986	0	65,000	-574,986	-59,553	191,434	-443,105
<u>HRA Revenue Reserves</u>							
Major Repairs Reserve Balance	-1,296,381	-1,500,000	1,520,000	-1,276,381		60,126	-1,216,255
Regeneration Reserve	-361,443			-361,443			-361,443
Budgets Carried Forward HRA Reserve Balance	-8,500			-8,500			-8,500
HRA Cost Of Living Reserve	-50,000			-50,000			-50,000
Total HRA	-1,716,324	-1,500,000	1,520,000	-1,696,324	0	60,126	-1,636,198
HRA Reserve	-1,418,379			-1,418,379	-7,690		-1,426,069
Total HRA	-3,134,702	-1,500,000	1,520,000	-3,114,702	-7,690	60,126	-3,062,267
<u>HRA Capital Reserves</u>							
1-4-1 Housing Reserve	-1,059,354	0	0	-1,059,354	-336,097	127,079	-1,268,372

	Q4 Outturn variance to Budget	Q3 Forecast variance to Budget	Movement between Q3- Q4	Detail of variance
Salaries & other related costs	-247,550	-106,617	-140,933	Due to back funded pension charges to service and unbudgeted capitalisation of salaries.
Other Supervision & Management costs	28,053	51,744	-23,692	Forecast of £11K in legal fees relating to disrepair claim settled in 24/25 £2.5K additional savings from our work on resident involvement. The remainder are made up of savings in travel expenses, subscriptions and overtime which were no longer required.
Sheltered Schemes & Communal Services	14,318	-66,387	80,705	Variance due to energy costs for communal areas at our estates being higher than expected.
Council Tax on Voids	4,004	1,902	2,103	
Debt Management Charges	-7,934	0	-7,934	Lower debt managements fees for the year.
Provision for Bad Debts	-50,658	0	-50,658	Due to £30K of debts written off in year and arrears not increasing by more than expected.
Computer Software	10,700	10,608	92	
Repairs & Maintenance	-121,547	21,500	-143,047	Majority of planned maintenance work to be carried out once we receive the stock condition survey. Some capitalisation of void property repair costs. £21K in additional temporary boiler hire costs for Chartwell House.
Recharge from General Fund	107	0	107	
Depreciation & Impairment	963,838	0	963,838	Accounting adjustment.
Social Housing Decarbonisation Fund	14,697	0	14,697	Externally funded. Capital works to commence in 24/25.
Rental - Dwellings	-23,812	0	-23,812	Additional rental income from having fewer void properties.
Rental - Non-Dwellings	22,678	26,807	-4,129	Additional income from new lease agreed for a shop.
Service Charges	328	2,896	-2,567	
Misc Income	6,835	45,056	-38,222	£28K grant income for SHDF Admin. £6K recharge of salaries to SHDF. Remainder is new burdens funding and reimbursement from insurance claims.
Interest Payable	-10,017	-6,077	-3,940	
Interest Receivable	-59,133	-26,000	-33,133	Due to higher interest rates.
	544,908	-44,568	589,475	

Appendix 6



**Policy, Finance and
Development
Committee**

**Tuesday, 18 June
2024**

**Matter for
Information**

Report Title: Treasury Management Annual Report 2023/24

Report Author(s): Simon Ball (Senior Finance Business Partner)

1. Introduction

- 1.1 Two reports are produced annually on treasury management. The Treasury Management Strategy and Statement is approved by Council prior to the commencement of the financial year, and subsequently, the Treasury Management Annual Report provides Members with a summary of actual activity during the year 2023/24. The report is required to comply with both the "Code of Practice on Treasury Management in Local Government" and the Council's own Treasury Management Policy Statement.
- 1.2 The Code requires the Section 151 Officer to ensure that the treasury management function operates in accordance with treasury management practices adopted by Council. There are no issues of non-compliance with these practices that need be brought to Member's attention.
- 1.3 Under the Prudential Code for Capital Finance, the Council is required to prepare a number of prudential indicators against which treasury management performance is to be measured.
- 1.4 The details of all borrowing and investment transactions for 2023/24, together with the performance of the treasury management function against prudential indicators are given below.

1.5 Borrowing

1.5.1

TM Summary	31/03/2023 Balance £m	2023/24 Movement £m	31/03/2023 Balance £m
Long-term borrowing	18,062,561	-1,094,523	16,968,038
Short-term borrowing	16,006,333	3,500,000	19,506,333
Total borrowing	34,068,894	2,405,477	36,474,371

- 1.5.2 **Long Term** - The Authority is able to borrow on a long term basis from the Public Works Loans Board (PWLb). At the beginning of the year the value of the outstanding loans was £18.063m, comprising £13.082m relating to the HRA, and £4.980m relating to the general fund. £88k of principle was repaid in year, with £1.006m of long-term borrowing reclassified to short term borrowing, as the time to maturity fell under 365 days, and no additional long-term borrowing was undertaken, leaving the balance at £16.968m.
- 1.5.3 **Short Term** (Less than 365 days in duration) - There was £18.5m of short-term borrowing undertaken during 2023/24 (2023/24 £15m), in lieu of long-term borrowing. £1.006m of long term borrowing was reclassified to short-term, as the time until maturity fell under 365 days, and £1.006m of previously reclassified long-term borrowing was repaid.

1.5.4 Cost of Borrowing

Interest paid on all loans during 23/24 as follows:

Loan £000's	Loan Type	Maturity Date	Interest Rate	Interest £000's
500	Long Term	29/03/2052	4.1	21
4,392	Long Term	30/06/2055	2.66	119
14,089	Long Term	Various	3.17*	447
2,000	Short Term	09/08/2023	1.95	14
8,000	Short Term	24/01/2024	4.2	276
5,000	Short Term	26/02/2024	4.1	185
4,000	Short Term	12/07/2024	5.6	49
3,000	Short Term	28/03/2024	5.45	30
2,000	Short Term	05/02/2025	5.95	12
5,000	Short Term	05/02/2025	5.95	29
3,000	Short Term	30/09/2024	5.6	2
4,500	Short Term	13/01/2025	5.98	16
1,000	Temporary	16/08/2023	5.18	1
1,000	Temporary	01/12/2023	5.2	1
500	Temporary	15/01/2024	5.4	1
			TOTAL	1,203

* Average Interest rate for loans

1.6 Investments

During 2023/24, the Council was in a position where it often had temporary cash surpluses to invest. When considering investments the Council must consider the following factors;

- Security – the Authority has a counterparty list, based on credit ratings, within its Investment Strategy that is approved prior to the commencement of the financial year. The current list and basis of approval is attached at Appendix C;
- Liquidity – because of the fluctuation of cash flows, there is always a need to have a mix of investments that are realisable when required;
- Yield – probably the least important consideration as often higher yields mean greater risks.

Given the current economic climate, and the attendant volatility and uncertainty in the financial markets, security has to be the most important factor of the three listed above.

For 2023/24 surplus cash was invested in the following ways.

Special Interest Bearing Account – This account is held with National Westminster Bank plc. It can be used for deposits up to £5 million and presently pays interest at 1.45%.

Money Market Deposits – Used for larger amounts, up to £1.5 million. The list of institutions approved for investment was agreed at Committee on 7 February 2023 and is included again for reference in **Appendix C**. The investments fall into two categories;

- Money on Call – These investments run for a minimum of 7 days after which they can be recalled at any time. Interest rates are variable and can fluctuate during the life of the investment;
- Fixed Deposits – Investments which mature at a pre-arranged date. The interest rate is fixed for the life of the investment.

Debt Management Office Deposit Fund – There is no limit to amounts deposited, due to the absolute security of the fund. Amounts are deposited for a maximum of six months.

The total interest received for the year to 31 March 2024 on temporary investments amounted to £165,802 (2022/23 £92,168). A summary of the total amount invested in 2023/24 is given at **Appendix A**.

1.7 Prudential Indicators

The Local Government Act 2003 requires Councils to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators which provide the basis for management and monitoring of borrowing and investments. These indicators were agreed by Council on 22 February 2023.

The Capital Financing Requirement (CFR) – This represents the Council’s underlying need to borrow for capital purposes, based on the cumulative value of capital expenditure not fully paid for. The CFR will change year on year in accordance with the value of capital spending.

The key control over treasury activities is to ensure that over the medium term, net borrowing will only be for capital purposes. The Authority must ensure that net external borrowing does not, except for short periods, exceed the total of the CFR. A comparison of the estimate against the actuals is shown in the table below.

	2023/24 Original Estimate £000's	2023/24 Revised Estimate £000's	2023/24 Actuals £000's
Gross Borrowing	34,474	36,474	36,474
Investments	0	0	(1,000)
Net Borrowing 31st March	34,474	36,474	35,474
Total CFR 31st March	41,146	42,020	41,496

The Section 151 Officer reports that the Council complied with the requirement to keep borrowing below the relevant CFR in 2023/24 and no difficulties are foreseen for the current or future years.

Borrowing Levels – The following two indicators control the overall level of borrowing;

- **The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for

unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003;

- **The Operational Boundary** – This indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around the boundary for short times during the year. It should act as a barometer to ensure the authorised limit is not breached;
- **The actual borrowing compared to the Authorised and Operational limits agreed by Council are as follows.**

	2023/24 Original Limit £000's	2023/24 Revised Limit £000's	2023/24 Actual (Max) £000's
Authorised Limit	45,000	45,000	35,474
Operational Boundary	40,000	40,000	35,474

Ratio of Financing Costs to Net Revenue Stream – This indicator compares net financing costs (borrowing costs less investment income) to net revenue income from revenue support grant, business rates, housing revenue account subsidy, Council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

	2023/24 Original Estimate %	2023/24 Revised Estimate %	2023/24 Actual %
General Fund	14.7	8.6	8.7
HRA	13.3	12.9	12.2

The above indicator shows that within the General Fund, financing costs are equivalent to 8.7% of the net revenue income. This is lower than the original estimate due to the change in the MRP calculation.

In the case of the HRA there is net interest payable which is equivalent to 12.2% of the net revenue income. The decrease is due to the increase in interest attributable to the HRA.

Limits on Activity – The following indicators constrain the activity of the treasury function to within certain limits, thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position.

- **Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum Limit for variable interest rates;
- **Maturity Structures of Borrowing** – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing;
- **Total Principal Funds Invested** – This limit is set to reduce the need for early sale of investments and is based on the availability of investments after each year-end.

	2023/24 Original Indicators		2023/24 Revised Indicators		2023/24 Actual Maturity Structure	
	%		%		%	
Fixed Interest Rates Limit	100		100		100	
Variable Interest Rates Limit	100		25		0	
Maturity Structure of Borrowing	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 Months	0	50	0	50	0	53
12 Months to 2 Years	0	50	0	50	0	3
2 Years to 5 Years	0	50	0	50	0	8
5 Years to 10 Years	0	100	0	100	0	14
10 Years & Above	0	100	0	100	0	22

The Prudential Code requires indicators to be set for the maturity structure of fixed borrowings only.

Total investments placed during the period
1 April 2023 to 31 March 2024

	Cumulative No. Of Investments To 31 March	Total Value Invested To 31 March	Average Interest Rate	Average Duration	Interest Earned (Accrued)
	£ 000's	£ 000's	%		£ 000's
British Clearing Banks					
National Westminster Bank PLC	211	85,430	1.45%	5 days	18
Local Authorities					
Derbyshire Country Council	1	3,000	4.25%	6 months	97
Kent Police & Crime Commissioner	1	1,500	5.21%	7 weeks	11
Spellthorne Borough Council	1	1,000	8.00%	2 weeks	1
Government Bodies					
Debt Management Office	44	118,700	5.19%	2 days	39
	258	209,630			166

Schedule Of PWLB Loans (HRA Self – Financing Settlement)

Principal (£)	Rate of Interest (%)	Date of Maturity
1,006,333	2.82	28/03/2025
1,006,333	2.92	28/03/2026
1,006,333	3.01	28/03/2027
1,006,333	3.08	28/03/2028
1,006,333	3.15	28/03/2029
1,006,333	3.21	28/03/2030
1,006,333	3.26	28/03/2031
1,006,333	3.30	28/03/2032
1,006,333	3.34	28/03/2033
1,006,333	3.37	28/03/2034
1,006,333	3.40	28/03/2035
1,006,333	3.42	28/03/2036
1,006,333	3.44	28/03/2037
13,082,334	Total	

Schedule Of PWLB Loans (General Fund)

Principal (£)	Rate of Interest (%)	Date of Maturity
500,000	4.10	29/03/2052
4,392,036	2.66	29/06/2055
4,892,036	Total	

Short Term loans (General Fund)

Principal (£)	Rate of Interest (%)	Date of Maturity
2,000,000	5.95	05/02/2025
5,000,000	5.95	05/02/2025
4,500,000	5.98	13/01/2025
11,500,000	Total	

Short Term loans (HRA)

Principal (£)	Rate of Interest (%)	Date of Maturity
4,000,000	5.60	12/07/2024
3,000,000	5.60	30/09/2024
7,000,000	Total	

Appendix C

INVESTMENTS STRATEGY 2023/24 – 2025/26

1.0 Introduction

This strategy is written in accordance with guidance issued under section 15 (1) (a) of the Local Government Act 2003, the Department of Levelling Up and Housing and Communities (DLUHC) Guidance on Local Authority Investments (3rd Edition) effective from 1 April 2018, , the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (2021) and the revised CIPFA Prudential Code (2021).

The objectives of this strategy are to:

- Security - facilitate investment decisions which ensure that the Council's investment sums remain secure
- Liquidity - ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times
- Optimum Yield - achieve the maximum return on investments after taking into account security and liquidity

2.0 Current Investments

Surplus funds arising from day to day operations are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain maximum benefit from the Council's cash position throughout the year. In the current financial climate only specified investments will be considered as set out below.

3.0 Investments: Loans

In accordance with relevant guidance, all investments will be placed with counterparties included on the Council's approved list. Institutions with which specified investments will be made include:

- UK government institutions and other local authorities
- institutions which have been awarded a high quality credit rating by a credit rating agency

The length of time an investment can be place for is specified below under each category of counterparty, normally this will be no longer than 364 days.

Non-Specified Investments are any investment not meeting the definition of a specified investment above. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are

defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

The Council's Treasury Management Practice note 1 (3) states that 'The Section 151 Officer will be responsible for preparing for the Council a list of institutions in which the Council's funds may be invested. This list will be supported by details of the criteria employed to assess the various credit standings of counterparties'. The following credit ratings will be considered:

- Long-term ratings – these range from the highest rating of AAA to the lowest rating of D. As the title suggests, this indicator reflects the long-term stability of the institution.
- Short-term ratings - These have a time horizon of less than 12 months and therefore place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. As most of the Council's investments are expected to be for less than 364 days, this is of particular importance. The ratings are F1 (highest credit quality), F2 (good credit quality), F3 (fair credit quality) and B to D (representing various levels of potential default).
- Individual ratings – These range from the highest of A to the lowest of F. This rating is only assigned to banks and attempts to assess how it would be viewed if it were entirely independent and could not rely upon external support.
- Support ratings – These range from 1 to 5 with 1 being the highest. It is a judgement on whether a bank would receive support should this become necessary. It is assumed that any such support would come from the sovereign state or institutional owners.

The Council's counterparty list needs to provide security for the amounts invested whilst containing a sufficient number of institutions with which to place funds. For the purpose of this strategy in respect of Categories 1 and 2 below, only counterparties that meet all of the following criteria will be considered for investment.

- UK banks
- Building societies with asset bases in excess of £6 billion.
- By reference to all three major credit rating agencies (Fitch, Standard and Poor's, Moody's) only those that reach the minimum standard for the lowest agency rating set out.

Category 1

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	AA-	AA3	AA-
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1.5m may be invested at any one time for a maximum duration of 364 days.

Any building society that meets the above criteria must also have an asset base in excess of £6 billion.

Category 2

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	A	A2	A1
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1m may be invested at any one time for a maximum duration of maximum duration of 364 days.

Any building society that meets the above criteria must also have an asset base in excess of £6 billion.

Other counterparties that can be used and any restrictions applicable are set out below.

Debt Management Office

Investments of a maximum duration of 6 months can be made with this Government department and are unrestricted in value.

Public Authorities in England, Scotland and Wales

Investments totalling up to £5m at any one time with a maximum duration of three years can be made with these bodies. These include local government, fire and police authorities.

The Council exercises due diligence by assessing the organisation's financial stability. This is achieved by reviewing their credit status, most recent audited financial statements, auditor's report, budget report and current news which is financial in nature. All decisions are signed off the by the Section 151 Officer or the Deputy Section 151 Officer.

Money Market Funds

Investments of up to £1.5m per fund at one time can be made provided they are AAA rated.

Credit ratings are monitored on a daily basis using Arlingclose credit rating service by the Section 151 Officer who will determine the amendments to be made to the counterparty list when credit ratings change.

The proposed counterparty list for investments is given at Annex 1.

The period for which investments are placed will be based on the Council's cash flow forecasts and estimates of movements in interest rates. The Council generally does not expect to place investments for longer than 364 days. This situation will be kept under review by the Section 151 Officer should a longer-term investment opportunity occur. Long-term investments will only be made where it is clear that surplus cash resources are not required for the day-to-day financing of the Council's activities. The maximum period for any long-term investments will be the three-year planning cycle covered by this strategy.

4.0 Policy on the Use of External Service Providers

External advisors will be used when appropriate e.g. to undertake independent valuations prior to acquisition, asset valuation or when there is a lack of expertise in-house regarding an industry.

The Authority uses Arlingclose as an external treasury advisor but still recognise that responsibility for treasury management decisions remains with the Council at all times. Whilst it is recognised that undue reliance should not be placed on external advisors, it is valuable to be able to access specialist skills and resources.

5.0 Scheme of Delegation

Full Council

- Approval of annual strategy
- Review of treasury management policy and procedures, including making recommendations to responsible body

Policy, Finance and Development Committee

- Approval of annual treasury outturn report
- Approval of mid year treasury management updates
- Mid year treasury management updates

Section 151 Officer

- Day to day management of treasury management, within agreed policy
- Appointment of external advisors, within existing Council procurement procedures and standing orders.

6.0 Role of Section 151 Officer

The Section 151 Officer has day to day responsibility for running the treasury management function.

7.0 Ethical Investment Strategy

The Council aims to be aware of ethical issues within its investment strategy. Where any member of the Council becomes concerned about such issues, these matters should be reported to the Section 151 Officer. Where necessary, the Section 151 Officer will then present a response to the concerns raised to the next meeting of the Policy, Finance and Development Committee.

EXTERNAL INVESTMENT OF FUNDS - APPROVED INSTITUTIONS**Category 1**

Restrictions	
Max Amount £m	1.5
Duration	364 days
Asset Base (Building Societies Only)	£6 bn

Category 2

Restrictions	
Max Amount £m	1
Duration	364 days
Asset Base (Building Societies Only)	£6 bn

The following institutions will also be classed as Category 2 although they currently may not meet the exact criteria.

Barclays Bank Plc

Lloyds Bank Plc

HSBC Plc

Santander UK Plc

National Westminster Bank Plc

Royal Bank of Scotland Plc

Bank of Scotland Plc

Nationwide Building Society

Debt Management Office

Restrictions	
Max Amount £m	N/A
Duration	6 months

Operated by a National Government Department

Public Authorities in England, Scotland and Wales

Restrictions	
Max Amount £m	5
Duration	3 Years

All public authorities (including local government, fire and police authorities)

in England, Wales and Scotland

Money Market Funds

Restrictions	
Max Amount £m	1.5
Duration	N/A

Funds must be AAA-rated and operated by a company regulated by the Financial Services Authority. The Section 151 Officer, under delegated powers, will choose the appropriate fund(s).