

Agenda Item No:

Report To: Cabinet

Date of Meeting: 26 October 2023

Report Title: Quarter Two - Financial Monitoring

Report Author: Jo Stocks
Job Title: Principal Accountant

Portfolio Holder: Cllr. Noel Ovenden – Leader of the Council
Portfolio Holder for: Prosperity & Resource



Summary: This report presents the forecast outturn for 2023/24, based on information available in quarter two, which ended on 30 September 2023.

The forecast position to 31 March 2024 indicates an overall pressure to the General Fund (GF) of £625,000, which is an increased pressure of £193,000 since the first quarter.

The key movements in the General Fund include:

- £233,000 additional pressure in Environment, Property and Recreation largely in respect of additional essential repairs and maintenance work, £126,000 of which will be funded from reserves
- £220,000 reduction in planning fee income, as applications are reducing, especially for major sites
- The outturn forecast includes an additional contribution from reserves of £151,000, (in addition to the £1.4m already allocated, and the £770,000 reported in the first quarter).

The Housing Revenue Account (HRA) is reporting a further reduction in the 2023/24 forecast of £415,000.

This report provides an update on the collection fund, treasury management, reserves and progress on Corporate savings identified in the 2023/24 budget.

Key Decision: No

Significantly Affected Wards: None

Recommendations: The Cabinet is recommended to:-

- I. **Note the quarter two forecast position for the General Fund and the Housing Revenue Account.**
- II. **Note the Collection Fund position**
- III. **Note the Capital Monitoring position**
- IV. **Note the Treasury Management position**
- V. **Note the provisional reserve allocations at Table 8 of this report.**

Policy Overview: The Budget is a key element supporting the delivery of the Council's wider policy objectives.

Financial Implications: The General Fund is reporting an overall pressure of £625,000 based on the current information we hold, as at quarter two budget monitoring.

An additional draw on reserves of £151,000 supports the outturn position, making the total forecast draw on reserves £2.4m for 2023/24. £1.5m was approved as part of the budget process.

The HRA are reporting a reduction in the budgeted deficit of £415,000. There is also a further forecast decrease in capital spend, compared to the original budget of £230,000.

Legal Implications: N/A

Equalities Impact Assessment: A full assessment was undertaken as part of 2023/24 Final Budget Report.

Exempt from Publication: No

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Agenda Item No.

Report Title: Quarter Two Financial Monitoring

Introduction and Background

1. This report presents the forecast outturn position to 31 March 2024 based on information available as at 30 September 2023.
2. In response to high inflation the Bank of England (BOE) has continued to increase the UK interest rates and at the time of writing this report the interest rate was 5.25%. It is anticipated that rates will remain at this level for the rest of the financial year, and may have plateaued.
3. This report considers each area of the Council in more detail including the General Fund, Housing Revenue Account, Collection Fund (Council Tax and Business Rates), Capital Monitoring, Reserves, and Treasury Management. There is also an update on progress being made against corporate savings identified in the 2023/24 budget setting process.

Summary of General Fund Position

4. The current General Fund position is forecasting a deficit of £625,000.
5. Directors are reviewing and challenging all new appointments, to limit additional staffing costs, and minimise the deficit. There is also a need for careful consideration by budget managers to ensure that all spend is necessary.
6. **Table 1**, shows the movement between the current budget and forecast outturn, and the variance between the quarter one and quarter two forecasts, at an Assistant Director/Head level. Further details of material movements in each Assistant Director/Head area are covered in the narrative section below.

Table 1 - General Fund Quarter Two Forecast as at 30 September 2023 projecting the year end position

General Fund Summary at Assistant Director Level	2023/24 Current Budget	2023/24 Forecast Outturn at Q2	2023/24 Forecast Outturn at Q1	2023/24 Forecast Variance	2023/24 Q1 to Q2 Movement
	£'000	£'000	£'000	£'000	£'000
Finance and IT	3,131	2,745	2,760	(386)	(15)
HR, Customer Services, Comms and Digitalisation	636	590	620	(46)	(30)
Housing	1,513	2,103	2,046	590	57
Safety Wellbeing and Port	1,355	1,325	1,358	(30)	(33)
Environment, Property and Recreation	6,702	7,659	7,436	957	223
Planning and Development	2,564	2,714	2,537	150	177
Corporate Management Costs	1,016	883	883	(133)	0
Head of Economic Development	776	742	783	(34)	(41)
Head of Performance and Policy	1,665	1,659	1,657	(6)	2
Solicitor to The Council and Monitoring Officer	404	423	419	19	4
Total Service Expenditure	19,762	20,843	20,499	1,081	344
Capital Charges & Net Interest	(734)	(269)	(269)	465	0
Levies, Grants and Precepts	325	325	325	0	0
Contribution to Balances	(650)	(1,571)	(1,420)	(921)	(151)
Budget Requirement	18,703	19,328	19,135	625	193
Financing:					0
Retained Business Rates	(7,502)	(7,502)	(7,502)	0	0
Government Grants	(517)	(517)	(517)	0	0
Rural Services Delivery Grant	(97)	(97)	(97)	0	0
New Homes Bonus	(1,662)	(1,662)	(1,662)	0	0
Council Tax	(8,925)	(8,925)	(8,925)	0	0
Total Movement	0	625	432	625	193

Summary of General Fund Movements at Assistant Director Level

Environment, Property and Recreation

7. Environment, Property and Recreation is reporting an additional pressure in quarter two of £223,000. Many of these pressures relate to the property estate and include: £40,000 for asbestos surveys, £47,000 for tree work at Repton, £18,000 for the Lifts at Edinburgh Road car park, £30,000 to jet stream Park Mall car park, and £20,000 for further air conditioning repairs and Tenterden Leisure Centre. Reserve funding of £126,000 will be used to fund some of these costs. There is also a £50,000 reduction in income at Elwick place, £11,000 for the hearing loop installation in the Council Chamber, and £9,500 for the boiler maintenance at the Civic Centre.
8. There are some savings in this area, notably a £60,000 reduction in the forecast payment to Freedom Leisure to operate Tenterden Leisure Centre. This reduction is the result of improved usage forecasts, which is the result of upgrades made to the facilities.
9. The forecast has benefited from a one-off £40,000 receipt from a retail site lease termination.

Planning and Development

10. There is an additional £177,000 pressure in Planning and Development, in the second quarter. This is primarily as a result of a £220,000 reduction in Planning Fees. There has been a marked drop in planning applications, notably major applications, where income is considerably below expectations. The reduction in applications is likely to be due to factors such as Stodmarsh and the economic climate, which will affect the financial feasibility of building projects, creating a barrier for developers.

General Fund Housing

11. Housing have additional pressures of £57,000, £44,000 of this is in respect of a service for vulnerable homeless adults, which was previously funded by KCC, but will now be funded from the Rough Sleeping Initiative Grant. This is a three-year grant, the final year is 2024/25. Officers are anticipating an announcement for a further three year extension to the grant, however, if this funding does not come forward this will be a risk to future budgets.
12. Homelessness continues to be a risk to the forecast, especially as winter approaches. The budget forecast was increased at first quarter, and the latest forecasts continue to be in line with these assumptions. However, this area is under constant review and any further increase to the forecast will be reported in the third quarter report.
13. **Cabinet are asked to note the General Fund position.**

Housing Revenue Account (HRA)

14. The Housing Revenue Account is forecasting a reduction in expenditure of £415,000, compared to the first quarter, resulting in a pressure of £125,000 compared to the original budget.
15. A breakdown of the HRA variance is shown in **Table 2** below, with variance analysis following the table:

Table 2 – 2023/24 Housing Revenue Account Forecast Outturn Position (Quarter Two)

Housing Revenue Account	2023/24 Current Budget	2023/24 Forecast Outturn at Q2	2023/24 Forecast Outturn at Q1	2023/24 Q1 to Q2 Movement	2023/24 Forecast Variance
	£'000	£'000	£'000	£'000	£'000
Supervision and Management	6,532	6,881	6,801	80	349
Income	(30,347)	(30,685)	(30,347)	(338)	(339)
New Build	105	158	129	29	53
Other	19,521	18,901	19,131	(230)	(620)
Repairs and Maintenance	5,333	6,015	5,971	44	682
Net Revenue Expenditure	1,144	1,270	1,685	(415)	125
Capital Works - Decent Homes	4,906	4,368	4,597	(229)	(538)
Financed By:					
Contribution to/(from Major Repairs Reserve)	(3,787)	(3,787)	(3,787)	0	0
Revenue Contribution	(1,119)	(581)	(810)	229	538
Net Capital Expenditure	0	0	0	0	(0)
Total Net Expenditure	1,144	1,270	1,685	(415)	125

Supervision and Management

16. There is an additional pressure of £80,000 in Supervision and Management, most of which is for software and associated costs to enable the responsive repairs service to be delivered in-house and to handle and monitor anti-social behaviour. Both of these modules are part of the existing Housing IT software solution and integrate with other modules in the system.
17. To partially offset the additional software costs, there are savings on terminating the Customer Relationship Management (CRM) system, which will no longer be required following the service transferring in-house.

Income

18. The original budget included an assumption for a 5.5% rent increase as Government were consulting on a number of options, however, Government settled on a 7% increase, leading to an additional £338,000 of rental income.

Other

19. There is a £230,000 reduction in the contribution to Capital, due to a reduction in Major Works expenditure (see paragraph 22 for further information).

Repairs and Maintenance

20. To assist in the implementation and running of the new responsive repairs service a new post, Head of Housing Assets, has been introduced to the structure, this results in a pressure of £62,000. This post is currently an interim position and future requirements will be reviewed over the next 6 months.

Capital

21. Capital maintenance costs are expected to reduce by a further £230,000 in 2023/24, resulting in an overall reduction in the budget of £538,000.
22. This £230,000 is the result of the termination of the re-roofing and windows contracts, these works will be incorporated into future work schedules.
23. **Cabinet are asked to note the Housing Revenue Account position.**

Collection Fund Monitoring

Business Rates

24. Collection rates for NNDR are regularly monitored to gauge the potential impact of the current economic situation. **Table 3**, below compares collection rates, at the second quarter, for the past few years, including pre-Covid.

Table 3 – Business Rates Collection Rates

Quarter Two Collection Rates	Percentage Collected to date
2023/24	57.13%
2022/23	56.38%
2021/22	51.52%
2020/21	51.61%
2019/20	55.89%

25. At the end of September 2023, 57.13% (£30m) of rates billed for the year had been collected, the table above shows that collection rates are continuing to improve despite the current economic challenges.
26. However, while this is good news, it is important to recognise the potential future risk to this income, from the continuing economic pressures on businesses, which will not only impact on the ability of businesses to pay but may also result in a fall in the number of businesses overall.
27. **Table 4**, below shows that the estimated “Business Rates Billed” is £696,000, higher than the first quarter estimate, leading to a forecast, in-year, surplus of £411,000.
28. This increase in income is due to a £630,000 reduction in the empty premises relief as growth in empty properties has not increased as anticipated.
29. Including a prior year deficit of £1.3m, the overall deficit on the collection fund for business rates is forecast at £920,000 with Ashford’s share (40%) of that deficit being around £368,000.

Table 4 – Business Rate Summary

Collection Fund - Business Rates	Original Budget	Qtr 1 Outturn	Qtr 2 Outturn	Variance to Previous Quarter
	2023/24	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000
Opening (Surplus)/Deficit	1,238	1,238	1,238	0
(Deficit) contributed by/Surplus distributed to Major Preceptors	93	93	93	0
Remaining Deficit/(Surplus) to be Contributed/(Distributed)	1,331	1,331	1,331	0
2023/24				
Amount of Business Rates to be paid to Major Preceptors	53,040	53,040	53,040	0
Amount of Business Rates Billed	(50,007)	(49,719)	(50,415)	(696)
Transitional Relief (Recovered)/Payable	(5,189)	(5,058)	(5,088)	(30)
Other Items Charged to the Collection Fund:				
Appeals and Rateable Value Reductions	1,465	1,331	1,331	0
Bad and Doubtful Debts	423	449	452	3
Renewable Energy	64	64	64	0
Cost of Collection	204	204	204	0
In year (Surplus)/Deficit	0	312	(411)	(723)
Overall (Surplus)/Deficit on Collection Fund	1,331	1,643	920	(723)

Council Tax

30. At the end of September 2023 57.83% (£60.2m) of rates billed for the year had been collected, **Table 5**, below compares this to the collection rates since before the pandemic.

Table 5 – Council Tax Collection Rates

Quarter Two Collection Rates	Percentage Collected to date
2023/24	57.83%
2022/23	57.25%
2021/22	57.48%
2020/21	57.60%
2019/20	58.35%

31. The in-year collection rate is higher than the previous year, but is still a little lower than pre-Covid levels, where collection rates were 58.35%. Officers are continuing to monitor collection rates, in light of the continuing pressures on households, as a result of continued high inflation and interest rates.
32. **Table 6**, below shows the amount of council tax billed has increased, since first quarter, by £480,000, this is due to more property growth that anticipated. The improved collection rate has led to a reduction in the increase for the provision of bad debts, this will continue to be monitored, in light of the changing economic landscape.
33. Overall, the collection fund for Council Tax is reporting a year-end deficit of £2.8m of which Ashford's share would be around £278,000, based on current forecasts.

Table 6 - Council Tax Summary

	Original Forecast 2023/24 £'000	Quarter 1 2023/24 £'000	Quarter 2 2023/24 £'000	Variance to Previous Qtr £'000
Opening Deficit/(Surplus)	1,405	1,405	1,405	0
Deficit contributed by Major Preceptors	(43)	(43)	(43)	0
2023/24				
Amount of Council Tax to be Paid to Major Preceptors	102,738	102,738	102,738	0
Amount of Council Tax Billed	(102,738)	(102,018)	(102,258)	(240)
In Year Write Offs and Bad Debt Provision Increase	1,565	1,072	937	(135)
In Year (Surplus)/Deficit	1,565	1,792	1,417	(375)
Overall (Surplus)/Deficit	2,927	3,154	2,779	(375)

34. **Cabinet are asked to note the Collection Fund position.**

Capital Monitoring

35. **Table 7**, below, illustrates the capital expenditure forecast for each approved capital project. Sources of funding do not form part of the figures shown in the table below, but will be detailed within the narrative for the individual projects

Table 7 – 2023/24 Capital Expenditure Forecast Quarter Two, Projecting the Year End Position

Project Name	Total Approved Budget	Spend at 31/3/23	23/24 Forecast Spend	Future Forecast Spend	Total Spend	Project Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Place and Space						
Planned Minor Capital Works for General Fund Assets	2,000	500	500	1,000	2,000	0
Ellingham Roof	800	50		750	800	0
Victoria Park Fountain & Carpark	510	0	0	0	0	(510)
International House Works	2,080	113	1,681	406	2,200	120
Solar PV (various sites)	10,800	73	3,100	7,493	10,666	(134)
Solar PV Carlton Road	401	0	535		535	134
Stodmarsh - Phase 1	24,705	190	12,250	12,265	24,705	0
Newtown Works - Phase 1	87,273	4,162	8,636	74,475	87,273	0
Newtown Works - Phase 2	58,000		29,000	29,000	58,000	0
Project Green	70,009	90	50	69,869	70,009	0
Single Grants Gateway Fund	300		75	225	300	0
Victoria Park Rejuvenation Project	4,169	2,549	1,620	0	4,169	0
Conningbrook Lakes Country Park development	2,353	143	50	2,160	2,353	0
Play Parks	1,100	954	0	146	1,100	0
Courtside/Pitchside	419	36	383	0	419	0
Health & Wellbeing						
Henwood Temporary Accommodation	6,200	328		7,280	7,608	1,408
Rough Sleepers Accommodation Programme	3,287	1,540	1,747	0	3,287	0
Customer Tech & IT						
Digital Transformation	650	179	30	441	650	0
HRA						
Programmed Works Including Disabled Adaptations	29,738	2,581	4,286	22,871	29,738	0
Play Areas	298	178	120	0	298	0
Street Purchases	29,490	28,790	1,345	0	30,135	645
55 Mabledon (Piper Joinery)	7,552	2,056	0	5,496	7,552	0
Oakleigh House	15,257	257	377	14,623	15,257	0
Coneybeare	7,700	0	1,700	6,000	7,700	0
Tile Kiln	6,924	1,152	0	5,772	6,924	0
Infill Sites	5,100	0	0	5,100	5,100	0
Digitalisation	60	0	40	20	60	0
Decarbonisation	18,400	12	6,000	12,388	18,400	0
Lifeline	274	0	54	220	274	0
Court Wurtin	275	63	212	0	275	0
Monypenny & Vicarage	10,500			10,500	10,500	0
Millview	800	10	190	600	800	0
Pym House	8,500			8,500	8,500	0
Repton Medical Centre	6,000			6,000	6,000	0
Hope House - High Halden	4,115			4,115	4,115	0

General Fund Capital

36. *Henwood Temporary Accommodation* – This project has faced delays due to the issues at Stodmarsh and planning, which has led to an increase in costs, due to rising costs and planning requirements.
37. The final cost will be £1.4m more than the £6.2m budget. Material costs have increased with the requirement to achieve net-zero operational carbon homes, and planning condition as the site is within flood zone four. The final scheme is currently being reviewed and will be reported separately, in due course.
38. *International House re-roofing project* – The project is progressing well and is due to be completed in January 2024, a few months later than anticipated.
39. *Victoria Park* – The official opening was 23 July 2023, following extensive restoration of the park. Works included a new community building with café, new toilets, a refurbished nursery, new playground, new hard surface track, wetland area, and sensory garden. £3.35m funding from the National Lottery Heritage Fund (NLHF) was granted for the entire project, as well as £662,800 Section 106 funding.

Housing Revenue Account (HRA) Capital

40. Stodmarsh continues to delay the HRA development programme, with the current economic climate affecting the feasibility of some projects, which will need to be delayed. Officers are currently reviewing the HRA Business Plan, which will provide more detail on the current timeline for projects.
41. A further four Ukrainian/Afghanistan refugee properties have been purchased since quarter one under the Local Authority Housing Fund (LAHF). These were a mixture of three two-bed properties and a three-bed property, of which Government will fund 40% of the purchase price, plus an extra £20,000 for refurbishments costs. A further seven properties under this scheme are in the process of being purchased.
42. The Kent Wool Growers (KWG) site was purchased by the Housing Development Team, using delegated authority, with endorsement by Cabinet (December 2022). The site is currently derelict but offers an exciting opportunity to develop 1.2 hectares into a mixed tenure development.
43. Decarbonisation – Four hundred surveys have been undertaken so far, by EON, on the housing stock, which will enable works to commence on obtaining an Energy Performance Certificate (EPC) rating of Band C on council properties. This is to comply with new legislation that all tenancies must achieve a Band C rating by 2035.
44. **Cabinet are asked to note the Capital Monitoring position.**

Reserves

45. This section of the report provides recommendations for reserve contributions to, that were not identified as part of the budget setting process.
46. In quarter two, additional funding, from reserves, of £151,000 is anticipated. This additional funding is mainly the result of additional repairs and renewals costs as previously covered. There is also a contribution required to offset the reduction in Land Searches income.
47. **Table 8**, below, illustrates the original budget position, a (net) £850,000 contribution to reserves, added to this is the £922,000 further reserve movements that have been recommended. In addition, the General Fund deficit will be funded from reserves. Therefore, the current projected net contribution from reserves is £2.4m (£2.9m from reserves and a contribution of £600,000 to reserves).
48. **Cabinet are asked to note these proposals.**

Table 8 – Breakdown of Reserve Movements

	Suggested Reserve	Amount £
Budgeted Contribution To Reserves	Provide for maintenance of assets	(600,000)
Budgeted Contribution From Reserves	Provide for maintenance of assets	1,449,720
Total Budgeted Contribution (To)/From Reserves		849,720
Recommended Reserve Movement in year:		
Management fee to Freedom Leisure, in respect of Tenterden Leisure Centre	Economic Growth and Risk Fund	468,000
Tenterden Leisure Centre - Running costs for April	Economic Growth and Risk Fund	150,000
Tenterden Leisure Centre - Lease surrender costs	Economic Growth and Risk Fund	50,000
Tenterden Leisure Centre - Legal fees	Economic Growth and Risk Fund	25,500
To fund arts projects in respect of the South Ashford Garden Community	Required by Statute Reserves and other ring-fenced amounts	12,750
s106 officers - to be funded from reserves	Required by Statute Reserves and other ring-fenced amounts	63,990
Recommended Reserve Movement - Quarter 1		770,240
Tenterden Leisure Centre - Reduction in open book contribution to Freedom Leisure	Economic Growth and Risk Fund	(14,220)
Repton Tree	Renewals Reserve	47,750
Property Condition Surveys	Renewals Reserve	58,870
Tenterden Leisure Centre - additional works	Renewals Reserve	20,340
Land Searches - to offset reduction in income	Land Search Reserve	38,560
Recommended Reserve Movement - Quarter 2		151,300
Total Recommended Reserve Movement		921,540
Deficit to Be Funded From Reserve	Economic growth and risk fund	624,500
Total (To)/From Reserves		2,395,760

Treasury Management

49. The breakdown of the Capital Charges and Net Interest line, (as per **Table 1**) is shown below at **Table 9**.
50. This table shows the borrowing and investment budget, Minimum Revenue Provision (MRP) and depreciation. The MRP is a statutory payment the Council has to make to offset the costs of capital borrowing over the life of the associated asset.

Table 9 – Net Interest Summary

Treasury Management Table	2023/24 Current Budget	2022/23 Quarter 2 Projected Outturn	Q1 - Q2 Movement
	£'000	£'000	£'000
Interest payable	4,323	4,751	0
Interest receivable	(4,633)	(4,596)	0
Minimum revenue provision	1,719	1,719	0
Depreciation	(2,144)	(2,144)	0
Total Net Interest	(735)	(270)	0

Interest payable / Interest receivable

51. Since the last budget monitoring report the Bank of England has increased the base rate to 5.25%. On 21st September 2023, it was expected the Monetary Policy Committee would increase the base rate further, to 5.50%. However, the decision was made to maintain the interest rate at 5.25%.
52. Whilst the Council's external Treasury Management advisors, Arlingclose, believe 5.25% could be the peak interest rate level, there is a risk that this could increase if inflationary pressures persist. Therefore, there has been no movement since quarter one and officers are continuing to keep cash balances low, to minimise borrowing.

Investment Capital Values

53. The capital value of strategic investments is currently valued at £30.1m compared to an original investment value of £30.9m, a reduction in capital values of £800,000.
54. With current global tensions, persistent inflation, high interest rates, and the continued risk of recession, strategic funds will continue to be monitored on a regular basis, in conjunction with the Council's Treasury Management advisors Arlingclose.

Liability benchmark

55. The liability benchmark is an important tool to shape the Council's strategic focus and decision-making. It is useful to help establish whether the Council is likely to be a long-term borrower, or long-term investor in the future. The

liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans.

56. The liability benchmark reflects the Councils Capital Financing Requirement (CFR - the amount of debt the Council has, and plans to take out over the next 5 years). This liability benchmark is shown at **Appendix A**.
57. As can be seen from the graph the Council has a debt requirement of £285m, of which £144m relates to the HRA. The graph then breaks down the debt requirement into categories of debt, and the forecast repayment profile. The liability benchmark will be updated with capital plans.
58. Current investment balances, and borrowing portfolios are shown at **Appendix A**.
59. **Cabinet are asked to note the Treasury Management position.**

Savings to Be Identified

60. A report was taken to Overview and Scrutiny Committee on 11 July 2023, to update members on the current position of the saving schedule, recommended as part of the 2023/24 Budget Report, the update is provided at **Appendix B**.
61. To summarise the position, £1.6m of savings were identified, to close the budget gap, with £1.42m of these savings expected in 2023/24. Good progress has been made with £840,000 identified against specific savings, with minimal disruption to services and also excluding any savings from the move to International House, as this is not yet approved. It is expected, despite the good progress, that there will be an ongoing requirement to make further savings, given the current economic conditions.

Portfolio Holder's Views

62. The financial position continues to be challenging, with nutrient neutrality affecting not only the Council's developments, but also its ability to maintain planning income.
63. There are currently unfunded pressures of £625,000. Management will work hard to reduce this deficit over the remainder of the year.

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Investment Portfolio at 30 September 2023

Counter Party	Deal Date	Rate %	Amount £	Fair Value £
Investment Accounts				
Goldman Sachs	Various		53,459	53,459
ICD Portal - Blackrock	Various	5.23%	505,000	505,000
ICD Portal - BNP	Various	5.28%	20,757	20,757
ICD Portal - HSBC	Various	5.26%	600,000	600,000
ICD Portal - Invesco	Various	5.33%	3,782,000	3,782,000
Payden Global MMF	Various	3.35%	3,000,000	2,926,375
Total Investment Accounts			7,961,216	7,887,592
Long Term Investments				
Property Investment				
A Better Choice of Property Ltd.***	Various	0.00%	991,907	2,674,623
CCLA Local Authority Property Fund	Various	5.27%	11,000,000	11,432,409
Equity Funds**				
Aegon Diversified Income Fund	13/05/2019	5.71%	5,500,000	4,725,595
CCLA Diversified Income Fund	Various	3.17%	3,000,000	2,796,037
Ninety One Diversified Income Fund	28/03/2019	4.31%	2,500,000	2,200,890
Schroder Income Maximiser	Various	7.85%	3,500,000	2,988,679
UBS Global Income Equity Fund	29/07/2019	9.32%	1,500,000	1,156,876
UBS Multi Asset Income Fund	Various	6.83%	3,000,000	2,194,524
Total Long Term Investments			30,991,907	30,169,633
Total Investment Portfolio			38,953,123	38,057,224
* Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant net asset values. Interest rates are shown at the time of producing this report.				
** Equity funds and the Property fund have variable rates of interest and also have fluctuating capital values, the amount stated is the current fair value.				
*** A Better Choice Of Property Ltd. is a solely owned subsidiary of ABC.				

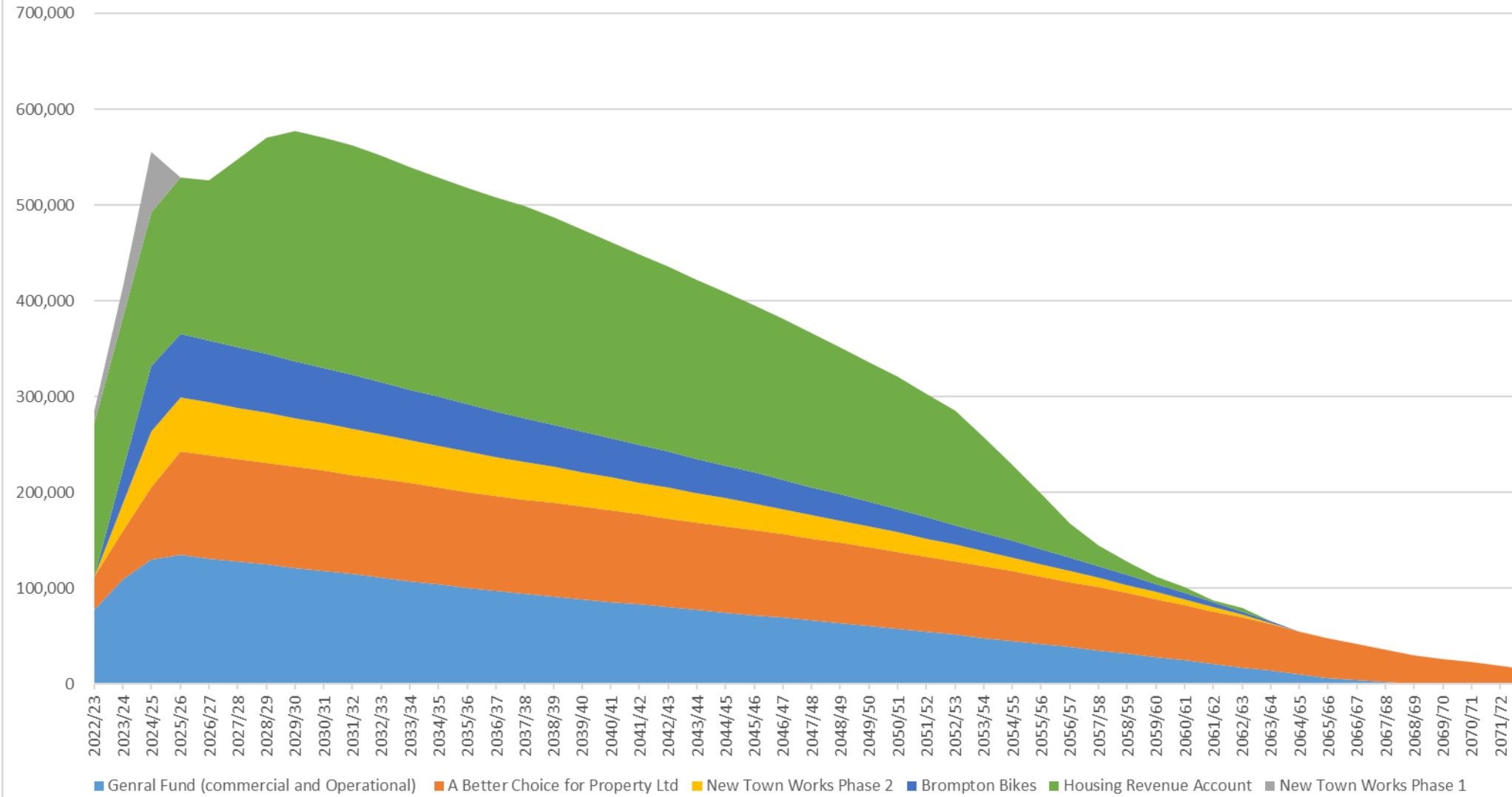
Debt Portfolio as at 30 September 2023

Counterparty	Start Date	Rate %	Amount £	Maturity Date
Temporary Borrowing				
North East Derbyshire District Council	16/12/2022	3.75%	5,000,000	15/12/2023
Vale of White Horse District Council	24/01/2023	4.00%	5,000,000	23/01/2024
Cambridgeshire & Peterborough Combined Authority	30/01/2023	4.00%	5,000,000	15/12/2023
Cambridgeshire & Peterborough Combined Authority	23/02/2023	4.00%	5,000,000	24/11/2023
South Cambridgeshire District Council	03/04/2023	4.60%	3,000,000	05/10/2023
Greater Manchester Combined Authority	24/04/2023	4.25%	6,000,000	24/10/2023
Warwickshire Council Council	25/04/2023	4.40%	5,000,000	24/04/2024
West Yorkshire Combined Authority	25/04/2023	4.28%	8,000,000	04/01/2024
Oxfordshire County Council	27/04/2023	4.50%	5,000,000	23/04/2024
West Yorkshire Combined Authority	22/05/2023	4.40%	3,000,000	22/04/2024
West Yorkshire Combined Authority	24/05/2023	4.40%	4,000,000	22/04/2024
Oxfordshire County Council	19/06/2023	4.60%	5,000,000	24/04/2024
Fylde Borough Council	22/06/2023	4.55%	2,000,000	22/03/2024
Tendering District Council	05/07/2023	4.60%	5,000,000	05/01/2024
West Midlands Combined Authority	13/07/2023	4.05%	10,000,000	13/02/2024
West Midlands Combined Authority	01/08/2023	4.05%	10,000,000	01/02/2024
West Midlands Combined Authority	11/09/2023	4.00%	10,000,000	11/03/2024
East Suffolk Council - Woodbridge	27/09/2023	5.50%	5,000,000	29/04/2024
Total Temporary Borrowing			101,000,000	
Long Term Borrowing				
Public Works Loan Board - HRA	various	various	110,964,150	various
Public Works Loan Board - GF	13/07/2021	1.56%	13,500,000	13/07/2041
Total Long Term Borrowing			124,464,150	
Grand Total Borrowing			225,464,150	

Detail of PWLB Loans Outstanding at 30 September 2023

Date of Advance	Loan Ref Number	Date of Repayment	Amount Outstanding £	Rate %
28/03/2012	499507	28/03/2024	3,000,000	2.70%
28/03/2012	499503	28/03/2025	3,000,000	2.82%
28/03/2012	499505	28/03/2026	1,000,000	2.92%
28/03/2012	499496	28/03/2027	1,000,000	3.01%
28/03/2012	499509	28/03/2028	2,000,000	3.08%
28/03/2012	499497	28/03/2029	2,000,000	3.15%
28/03/2012	499510	28/03/2030	2,000,000	3.21%
28/03/2012	499498	28/03/2031	8,000,000	3.26%
28/03/2012	499511	28/03/2032	9,000,000	3.30%
28/03/2012	499499	28/03/2033	10,000,000	3.34%
28/03/2012	499512	28/03/2034	11,000,000	3.37%
28/03/2012	499506	28/03/2035	12,000,000	3.40%
28/03/2012	499513	28/03/2036	9,000,000	3.42%
28/03/2012	499515	28/02/2037	16,713,000	3.44%
29/03/2011	498502	29/03/2061	5,951,150	5.26%
13/07/2021	374161	13/07/2041	15,300,000	1.56%
Total HRA Borrowing			110,964,150	
13/07/2021	374159	13/07/2041	13,500,000	1.56%
Total GF Borowing			13,500,000	

Liability Benchmark Capital Financing Requirement plus Capital Plan



Savings Plan Progress at Quarter Two 2023/24

Purpose of this note

1. This note updates members on the progress that has been made on the delivery of the savings schedule that was included in the 2023/24 budget report.
2. As part of the report there was an undertaking for these savings to be reported to cabinet..

Background

3. As part of the budget build process a series of budget savings were developed to achieve savings of £1.6m, to close the budget deficit gap. Savings of £200,000 were immediately identified and applied to the 2023/24 budget, and following discussions between Officers and members proposals for a further 1.4m were identified and developed into the following savings plan:-

Proposed Budget Savings for the 2023/24 financial year

Service	Savings	Target £'000	Achieved £'000	Comments
Corporate	Management Team and wider restructure	300	233	Based on reducing the size of MT, will require adjustments within team structures. Upfront costs may be required
Corporate	Proposal to move to International House	300	0	Net savings including cost of moving to IH
Various	Review of service structures	505	577	Reviews still ongoing
Corporate	Administration review	150	0	Amalgamated into service reviews
Corporate	Enforcement review	65	0	Review underway
Policy & Performance	Reduction in Grants	100	30	Ongoing review to achieve target
		1,420	840	

4. Since the setting of the 2023/24 budget there have been further pressures to the budget including stubborn inflation, further interest rate rises, and continued cost of living crises which is impacting services, all of which present a risk of the deficit increasing.
5. Many areas proposed involved different ways of delivering key services with greater collaborative working between departments. These plans often involve

changes to job descriptions and where consultation with staff has already happened these have now been described in some detail.

6. Progress against saving targets is described below.

Management Team and Wider Restructure

7. The requirement to review the Senior Leadership team of the Council had two main drivers. The first driver was the need to deliver substantial savings to help bridge the deficit which was forecast in the Medium Term Financial Plan. The second driver was the need to review and realign the senior leadership responsibilities given the changing nature of the Port Health Service model and a need to increase synergies and resilience within the remit of Environmental Health across the Council.
8. The proposed changes recognise the need to reduce overhead costs, but ensure the Senior Management structure continues to be responsive and integrated in its approach. These changes will achieve £233,000 in savings.
9. Following consultation, the proposed changes are:
 - a. Removing 2 posts from the current structure, the Assistant Director Port Health which is currently vacant and the Assistant Director Community Safety & Wellbeing
 - b. Corporate Director, responsible for Health and Wellbeing will be fully recharged to Port Health and will specialise in Environmental and Port Health, to provide resilience in this specialist professional area, where there are skill shortages nationwide
 - c. Corporate Director, responsible for HR, Customers, IT, Finance will now take on responsibility for Housing and therefore a proportion will be recharged to the HRA
 - d. The Housing Development and Regeneration Manager will become the Head of Development reflecting the strategic nature of the role.

Move to International House

10. The initial saving target was set at £300,000. However, based on current data, as at 30 August 2023, an annual budget savings target of £424,000 (net of IH move costs) is expected, with future capital works, net savings of £885,000, per annum (based on financing through the revenue budget), this cost would need to be added to the Medium Term Financial Plan, should this move not go ahead. Therefore, the annual saving by year two of the Medium Term Financial Plan would be £1.3m.
11. The net saving includes costs of moving to International House of £1.2m, these costs are currently being reviewed and the detail and were reported in the September Cabinet Report.
12. Staff have been consulted on phase one of the move, which would see the majority of services moved to International House, feedback, in the main was positive.
13. The Council is now looking to escalate phases two and three, which would see the Civic Suite move, and redevelopment of the site advanced, to ensure the total possible savings are achieved.
14. These savings are subject to Council approval, and should they not be achieved, additional pressure will be added to the Medium Term Financial Plan.

Enforcement Review

15. Work continues on this review and a report will be with Directors for consideration in the next few weeks. The report will detail several options to achieve the required £65,000 savings which could be phased through to 2024/25.

Review of Service Structures, Grants and Other Savings

16. Budget savings of £200,000 were achieved within the 2022/23 across services and the 2023/24 budgets were amended accordingly.
17. The Policy and Performance service was newly formed as part of the Senior Management Restructure in 2022. As part of the restructure the Funding and Partnership Officer joined the service from the Culture service. Now the service has been functioning for over one year, a number of new ways of working have been introduced that exploit synergies within the teams. This has resulted in efficiencies in working practices, with some processes digitalised. It was therefore decided that a new post would be created, Partnership and Scrutiny Manager and two other posts would be deleted, Scrutiny and Policy Officer and

Funding and Partnership Officer. This will result in a saving of £40,000. Following consultation, the Funding and Partnership Officer has opted for voluntary redundancy and the Scrutiny and Policy Officer has taken up the newly created post.

18. By directly charging Project Management time to Capital for a specific post, within the Housing Team, a revenue saving of £75,000 is achievable in 2023/24.
19. The Environment, Property and Recreation service was created in April 2022. Due to a number of resignations in this service area it has created the opportunity to review and re-align roles rather than replace like for like.
20. In total eight posts have been deleted; one post has reduced by 14 hours per week. Two new Apprenticeship roles have been created, one to support the Leisure Contracts Officer, and the other, a Building and Facilities Apprentice, which is expected to be self-funding.
21. Six posts have been regraded to reflect increased diversity, responsibilities and additional requirements of their roles to support the restructure of the service.
22. Overall, there is a saving of £234,000 per year, which will be reduced to £88,000 per year if Cabinet agree the implementation of the Parks Foundation proposal, thereby increasing the establishment by three posts.
23. A review of Parking Services has achieved a saving of £149,626 with the following changes:
 - i. Consolidate the two team leaders posts to create one post of Team Leader (Parking Services). One post has recently resigned
 - ii. Reduce the number of CEO Senior posts from two to one, to manage the day-to-day operation of the parking enforcement function, and consider changing the job title to CEO Supervisor. One post has taken up another role within the service
 - iii. Following retirement, the Senior Operations Officer responsibilities are to be split between other existing posts within the Parking Service, and to others outside the Safety & Wellbeing Service
 - iv. Representatives and Appeals post is to be re-designated a Senior Representatives and Appeals Officer and the current Parking Officer to be re-designated a Representative and Appeals Officer

24. Reduce the number of CEOs from eight to seven. This would see the deletion of one vacant post from the establishment.
25. Within HR, Comms and Customer Services a number of vacant posts totalling £25,000 have been identified for removal from the budget. Other plans are being worked onto deliver the remainder of the savings (£55,000).
26. There is an anticipated saving of £30,000 in member allowances by removing deputy portfolio holders.

Conclusion

27. Further saving are still being worked on and will be detailed in the next monitoring report.
28. The savings described in detail above amount to £842,000, excluding the capital savings of the International House move, but including the £200,000 already built into the budget from the previous year.
29. The remainder of the savings required will be continually monitored and reported accordingly as information becomes available and is suitable for disclosure.
30. To date good progress is being made on delivering the savings identified which are expected to have minimal disruption to services and have in some cases enable the streamlining of service provision.
31. The savings will be delivered partly in 2023/24, and be fully applied to the 2024/25 budget build, given the worsening economic conditions for the Council, delivery of the £1.4m is likely to be only part of a bigger savings requirement once the medium term financial plan is completed. This will result in the need for the Council to make further tough decisions on what can and cannot be delivered.