

**Delivering Our Priorities: Q3 2023/24  
20 February 2024**

**Report of Chief Officer Resources**

PURPOSE OF REPORT				
To provide members with an update on financial performance during the first three quarters of 2023/24 (April – December 2023).				
Key Decision	<b>N</b>	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

**RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX**

That Cabinet

- (1) Consider the update on financial performance for Quarter 3 2023/24.

**1.0 INTRODUCTION**

- 1.1 The primary purpose of this report is to present information relating to the council’s financial performance for the period April-December 2023, which can be found within the appendices.

**2.0 FINANCIAL MONITORING**

- 2.1 The 2023/24 Budget and Medium-Term Financial Strategy (MTFS) 2022-2026 approved by Council in February 2023 set a balanced budget for the year based on the assumptions made at that time.
- 2.2 All portfolios are required to examine their revenue budgets and meet with their budget holders regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement, Financial Services continually reviews and refreshes how it presents the Council’s corporate monitoring information, with the Quarter 3 information distributed to Cabinet in February 2024.
- 2.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets ( ) this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position. The following financial appendices accompany the financial monitoring section of this report.

Appendix A:	General Fund Service Analysis
Appendix B:	General Fund Subjective Analysis
Appendix C:	HRA Service Analysis
Appendix D:	General Fund Capital Projects
Appendix E:	HRA Capital Projects
Appendix F:	Reserves Projected Outturn
Appendix G:	Approved Savings Monitoring
Appendix H:	Service Analysis
Appendix I:	Treasury Management Quarter 3 Update

- 2.4 It should also be noted that **projected outturn figures are monitored against the working budget** and not the original budget within this report. The working budget includes approved virements and in-year budget adjustments. This reduces a number of variances in respect of items such as 'grossing-up' of grant income/expenditure and the movement of employees to different costs centres which is especially needed during times of service restructuring. It provides a more accurate up-to date forecast and eliminates the need for duplicate reporting at service and subjective levels.

### **3.0 COST OF LIVING / ENERGY PRICE CRISIS / EMERGENCY INCIDENT**

- 3.1 Since the energy budgets were prepared and approved in the previous financial year, there has been high price volatility within the sector. More recently prices appear to have settled allowing for a more accurate estimated year-end outturn projection. Based on the latest price information available, projected variances have been included within the relevant service areas. For information, the estimated projected variance on energy budgets is £0.634M (£0.623M General Fund, £0.011M HRA). These areas will continue to be closely monitored and the latest price and usage information has been included in the draft budget for the forthcoming year which is currently being prepared.
- 3.2 As part of the 2023/24 budget setting process, an inflationary uplift of 4% was included to salaries across all services of the Council. The National Employers offer of an increase of £1,925 on all NJC pay points was accepted on 1<sup>st</sup> November 2023. This is estimated to result in an estimated additional strain of £0.517M (£0.399M General Fund, £0.118M HRA) including oncosts. All salary projections now include the latest approved rates and are included in the summary positions and tables below as appropriate. For information, the Chief Officers pay award was agreed and included at 3.5%.
- 3.3 On 3 December 2023 a major incident was declared by both the Lancashire Fire and Rescue Service and Lancaster City Council, in respect of a fire at the former Supaskips building in Lancaster. The Council have committed £0.912M from unallocated reserves (see section 8.2) to contribute to the initial stages of building clearance and demolition. Whilst efforts are being made by Members and Officers to reduce this amount via government aid or contributions from other key partners, only one substantial pledge (£0.065M) has been received. The net general fund position assumes no further amounts will be forthcoming.

For information, the expenditure is included within the 'Corporate Accounts' section of the service analysis. In the subjective analysis, a majority of the related expenditure is within 'Supplies and Services' and the contribution pledged is in 'Income.'

### **4.0 OUTCOMES BASED RESOURCING**

- 4.1 As part of the 2023/24 budget setting process, Members approved savings proposals to save the Council £2.423M in 2023/24. The process to implement these savings is now underway and Appendix G details the progress of each proposal.

- 4.2 Several savings proposals impact on staffing which will incur restructuring costs. Severance payments (-£0.598M) are included within the People & Policy projected outturn figures and pension strain payments (-£0.393M) are included within Corporate Services. The financing of these costs is still to be finalised but there is the potential to utilise capital receipts to fund some of them (subject to asset disposals arising in year) or use the revenue restructuring reserve, which currently has a projected balance of £0.400M. The decision as to which method would be used will be made in the run up to the closedown process.

## 5.0 GENERAL FUND SUMMARY POSITION

- 5.1 Quarter 3 (Q3) monitoring covers the period for April – December 2023. At the end of Q3 (December 2023) a year end overspend of **£0.677M** is projected against the Council's approved original net revenue budget of **£21.091M**. Members will recall that, as part of the 2023/24 budget setting process, Council approved a significant contribution from reserves of **£0.577M** to produce a balanced budget. The latest position suggests that the projected amount required from reserves will be **£1.254M**.
- 5.2 A summary of the Q3 revenue position for the main service accounts of the Council is set out in table 1 below with commentary on significant variances provided in the following paragraphs.

Table 1 Quarter 3 Financial Monitoring – Service Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q3 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Communities & Leisure	2,895	2,700	2,201	2,737	(37)
Environment & Place	6,954	6,996	4,317	7,394	(398)
Governance	1,314	1,440	1,347	1,546	(106)
Housing & Property	991	1,199	(438)	1,349	(150)
People & Policy	2,169	2,047	2,111	2,738	(691)
Planning & Climate Change	1,705	1,705	968	1,664	+41
Resources	4,521	4,497	6,278	4,336	+161
Sustainable Growth	310	275	(442)	(313)	+588
Corporate Accounts	(135)	(135)	378	1,664	(1,799)
Other Items	1,538	1,538	(346)	100	+1,438
<b>Sub Total</b>	<b>22,262</b>	<b>22,262</b>	<b>16,374</b>	<b>23,215</b>	<b>(953)</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,032)	(1,026)	(1,032)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	871	(139)	0
Revenue Reserve funded items included in above analysis	297	2,541	268	1,441	+1,100
Revenue Reserve funded items included in above analysis	(297)	(2,541)	108	(1,441)	(1,100)
<b>Sub Total</b>	<b>(1,171)</b>	<b>(1,171)</b>	<b>221</b>	<b>(1,171)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>21,091</b>	<b>21,091</b>	<b>16,595</b>	<b>22,044</b>	<b>(953)</b>
Financing Income	(10,481)	(10,481)	7,953	(10,757)	+276
<b>Council Tax Requirement</b>	<b>10,610</b>	<b>10,610</b>	<b>24,548</b>	<b>11,287</b>	<b>(677)</b>

### Communities & Leisure (-£0.037M) Adverse

- 5.3 Significant budget variances : -
- Estimated pay award additional cost (-£0.086M)
  - Salary savings +£0.079M plus recharges to other local authorities for seconded officers +£0.152M
  - Building cleaning now coded directly to individual services (-£0.105M)
  - Rechargeable staff time to externally funded projects +£0.078M
  - Insurance costs +£0.060M
  - Business rates increases at Salt Ayre Leisure Centre (-£0.029M)
  - Salt Ayre Leisure Centre income (-£0.093M) due to participation rates in Main Hall; increases in cost of goods and services across the centre (-£0.103M). Fortuitously changes to the VAT treatment of local authority leisure services will offset some of this shortfall and a VAT repayment claim is being prepared to submit to HMRC. The exact amount of the claim hasn't yet been determined.

#### Environment & Place (-£0.398M) Adverse

##### 5.4 Significant budget variances : -

- Estimated pay award additional cost (-£0.222M)
- Additional salary costs across service (-£0.083M) which includes (-£0.194M) overspend in waste collection due to unprecedented high levels of long-term sickness.
- Energy price changes +£0.260M
- Insurance costs +£0.063M
- Hire of portacabins at White Lund Depot due to safety issues (-£0.120M) and topographical surveys required prior to capital works (-£0.030M)
- Transport costs have increased due to vehicle repairs & maintenance and associated hire costs arising from delayed delivery of new fleet (-£0.234M). Lead-in times for delivery have increased dramatically over the last few years due to supply chain issues and this is expected to continue in the short term. Fuel savings due to price fluctuations +£0.042M
- Williamson Park café and shop stock items have increased in cost (-£0.037M) and whilst prices have been addressed in year, they have not been increased by similar inflationary levels
- Car parks at Williamson Park no longer exempt from business rates and charging has been back-dated to 2017/18 (-£0.052M)
- Budgeted income from promenade vendors and events had been reduced due to the expectation of sites not being available in 23/24. Delays have meant the reduction has not yet materialised resulting in the continuation of existing rentals +£0.044M

#### Governance (-£0.106M) Adverse

##### 5.5 Significant budget variances : -

- Estimated pay award additional cost (-£0.014M)
- Cost of living and mortgage interest rate increase has resulted in a downturn in the housing market leading to a decline in applications since late 22/23 (-£0.028M)
- Legal court costs recovery income not achieved (-£0.053M) due to nature of cases in year
- Members Allowance Expenses not increased in year +£0.018M
- Reimbursement of cost of Neighbourhood Plan Referendums +£0.020M
- No income expected from Street Trading as this is still under review (-£0.020M) and reduced Premises Licence income (-£0.019M)

#### Housing & Property (-£0.150M) Adverse

##### 5.6 Significant budget variances : -

- Estimated pay award additional cost (-£0.038M)
- Salary savings +£0.251M largely due to vacancies within private sector housing section
- Energy price changes +£0.220M
- Increased bed & breakfast costs due to higher number of homeless families (-£0.479M), to be funded from external grants +£0.483M
- Reduction in income due to ceasing of Housing Benefit subsidy (-£0.082M)
- Additional costs relating to Mellishaw Park redevelopment including site clearance, insurance and loss of rent due to delays starting on site (-£0.126M)
- Compliance consultancy relating to corporate and commercial buildings (-£0.062M)
- Rent & service charge shortfall in respect of 3 fire damaged units at Gateway (-£0.256M)
- Business rates payable due to vacant commercial unit at Hilmore Way (-£0.056M)

#### People & Policy +£0.692M Adverse

##### 5.7 Significant budget variance: -

- Salary savings +£0.048M
- Removal of approved staff savings target (-£0.142M) made elsewhere within services.
- Projected severance payments (-£0.598M) relating to redundancies in the year as detailed in section 4.2 above.

#### Planning & Climate Change +£0.042M Favourable

##### 5.8 Significant budget variances: -

- Estimated pay award additional cost (-£0.017M)
- Salary savings +£0.361M which includes a high volume of long-term vacant planning positions.
- Additional cost of Capita consultancy required to deliver building control (-£0.143M)
- Planning fee income has slowed down in-line with nationwide trend (-£0.070M)
- Legal/expert witness costs (-£0.085M) regarding planning appeals

#### Resources +£0.160M Favourable

##### 5.9 Significant budget variances: -

- Estimated pay award additional cost (-£0.013M)
- Salary savings +£0.281M including key accountancy and ICT vacancies.
- Increase in external audit fees payable (-£0.093M)
- Revenues shared service charges from Preston City Council reduced +£0.021M
- Reduction in Housing Benefit management fee grant (-£0.037M) received from central government.

#### Sustainable Growth +£0.587M Favourable

##### 5.10 Significant budget variances: -

- Estimated pay award additional cost (-£0.008M)
- Salary savings +£0.252M which includes Economic Development Manager position to be deleted and various positions funded by UKSPF for an interim period.
- Consultancy costs (-£0.035M) for Canal Quarter and Frontierland not included in budget.
- Energy price changes +£0.135M
- Eden capacity funding shortfall (-£0.045M) which is potentially recoverable via government grant.
- Business rates revaluations largely relating to Museums and Car Parks +£0.293M
- Market income (-£0.021M) down on last year with a higher number of vacant stalls and units. A publicity drive and signage improvements are underway to encourage new stall holders.

#### Corporate Accounts (-£2.711M) Adverse

##### 5.11 Significant budget variances: -

- The provision for staff turnover target (-£0.596M) is held within Corporate Services whilst the additional costs/savings generated are attributed to the individual service lines. The council salary related position as a whole (including the additional pay award, agency and consultancy costs) is expected to be underspent by +£0.006M. However, it should be noted that the approved pay award has had a significant detrimental impact of (-£0.399M) which is included within the overall total.
- An additional top-up pension payment in of (-£0.131M) is due in respect of 2022/23 actual pensionable pay (originally planned for in 2022/23 but notified after the IAS 19 schedule had been prepared by the actuary so not able to be recognised in that year)
- Projected pension strain payments (-£0.393M) relating to redundancies made through the year as detailed in section 4.2.
- A reassessment of the bad debt provision (-£0.446M) includes a significant increase in allowances for rental income due from commercial properties, including (-£0.233M) for rental income due from building on Penny Street.
- An amount of (-£0.232M) income from HRA relating to a proportion of recharged pension cost is not expected as this cost is now accounted for directly within HRA.

Other Items +£1.438M Favourable

5.12 Significant budget variances: -

- The Council's minimum revenue provision (MRP) is underspending against budget +£0.285K due slippage on capital programme schemes during 2022/23.
- New borrowing has not been incurred as anticipated largely due to significant levels of slippage on schemes in the capital programme leading to higher levels of cash balances +£0.582M
- Interest rates on investment income are substantially higher than the 4% forecast in September 2022 due to increase in bank rate in response to inflationary pressures +£0.571M

Financing +£0.276M Favourable

5.13 Significant budget variances: -

- There is a back-dated one-off technical adjustment to retained business rates income which DHLUC employ relating to the 2023 rating revaluation. The same process occurred for the 2017 revaluation. The adjustment relates to the difference between the draft NNDR data used for 22/23 and the updated position following the submission of the NNDR3 form at the end of the financial year.

5.14 Appendix A: General Fund Service Analysis (Q3) set out the above information in more detail and provides summary percentage variations for variances +/- £30K. Appendix H provides additional analysis across individual service areas.

5.15 The revenue position provided within table 1 above is analysed across the Council's subjective headings and is set out in table 2 below.

Table 2 Quarter 3 Financial Monitoring – Subjective Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q3 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Employees	24,741	24,864	19,307	25,822	(958)
Premises Related Exp	6,967	6,973	5,104	6,164	+809
Transport Related Exp	1,656	1,656	1,175	1,836	(180)
Supplies and Services	12,934	13,097	10,325	16,207	(3,110)
Transfer Payments	21,977	21,977	14,854	21,977	0
Support Services	60	60	88	188	(128)
Capital Charges	17	17	0	17	0
Capital Financing Costs	2,152	2,152	1,413	1,570	+582
Appropriations	1,255	1,255	0	970	+285
Income	(49,197)	(49,489)	(35,892)	(51,236)	+1,747
Capital Financing Inc	(300)	(300)	0	(300)	0
<b>Sub Total</b>	<b>22,262</b>	<b>22,262</b>	<b>16,374</b>	<b>23,215</b>	<b>(953)</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,032)	(1,026)	(1,032)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	871	(139)	0
Revenue Reserve funded items included in above analysis	297	2,541	268	1,441	+1,100
Revenue Reserve funded items included in above analysis	(297)	(2,541)	108	(1,441)	(1,100)
<b>Sub Total</b>	<b>(1,171)</b>	<b>(1,171)</b>	<b>221</b>	<b>(1,171)</b>	<b>0</b>
<b>General Fund Revenue Budget</b>	<b>21,091</b>	<b>21,091</b>	<b>16,595</b>	<b>22,044</b>	<b>(953)</b>
Financing Income	(10,481)	(10,481)	7,953	(10,757)	+276
<b>Council Tax Requirement</b>	<b>10,610</b>	<b>10,610</b>	<b>24,548</b>	<b>11,287</b>	<b>(677)</b>

5.16 Appendix B: General Fund Subjective Analysis covers this information in more detail.

## 6.0 HOUSING REVENUE ACCOUNT SUMMARY POSITION

6.1 As at the end of Q3, a year end overspend against budget of **(-£1.001M)** is projected. A summary of the Q3 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 3 Financial Monitoring – HRA Service Analysis

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q3 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Working Variance 2023/24 £'000
Policy & Management	2,883	3,123	2,275	3,325	(202)
Repairs & Maintenance	7,272	7,958	5,548	8,400	(442)
Welfare Services	(20)	146	(239)	87	+59
Special Services	232	276	213	268	+8
Miscellaneous Expenses	1,027	977	668	948	+29
Income Account	(16,450)	(16,450)	(12,206)	(16,430)	(20)
Capital Charges	5,453	5,453	0	7,007	(1,554)
Appropriations	(914)	(2,000)	0	(3,121)	+1,121
<b>Sub Total</b>	<b>(517)</b>	<b>(517)</b>	<b>(3,741)</b>	<b>484</b>	<b>(1,001)</b>
Net Recharges to General Fund	517	517	517	517	0
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>(3,224)</b>	<b>1,001</b>	<b>(1,001)</b>

6.2 Significant budget variances: -

- Estimated pay award additional cost (-£0.118M)
- Reduction in buildings insurance premium +£0.156M
- Additional repairs costs relating to materials price increases and the use of subcontractors to cover trade vacancies (-£0.464M)
- Additional rent loss from voids due to ongoing capital projects (-£0.181M)
- Additional service charge income including increased uptake of furniture package service and due to volatility in energy costs +£0.232M
- Increase in depreciation charge (-£1.554M), partly off-set by net decrease in additional contribution to Major Repairs Reserve +£0.982M

6.3 Appendix C: Housing Revenue Account Service Analysis covers this information in more detail and provides summary percentage variations for variances +/- £30K.

## 7.0 CAPITAL PROJECTS (General Fund & HRA)

7.1 At Q3 a year end variance against budget of **+£9.401M** (General Fund +£8.966M, HRA +£0.435M) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 3 Financial Monitoring – Capital Projects

	Original Budget 2023/24 £'000	Working Budget 2023/24 £'000	Q3 Actual 2023/24 £'000	Projected Outturn 2023/24 £'000	Projected Variance 2023/24 £'000
<b>General Fund</b>					
Communities & Leisure	161	259	264	264	(5)
Environment & Place	1,239	2,643	568	1,292	+1,351
Housing & Property	2,283	3,275	(1,628)	1,379	+1,896
People & Policy	0	0	(40)	0	0
Planning & Climate Change	4,487	4,487	(240)	0	+4,487
Resources	965	1,141	298	1,197	(56)
Sustainable Growth	2,221	2,167	(5,002)	874	+1,293
<b>GENERAL FUND - TOTAL</b>	<b>11,356</b>	<b>13,972</b>	<b>(5,780)</b>	<b>5,006</b>	<b>8,966</b>
<b>Housing Revenue Account</b>					
Adaptations	300	300	310	420	(120)
Energy Efficiency / Boiler Replacement	999	1,193	478	1,216	(23)
Kitchen / Bathroom Refurbishment	938	938	680	938	0
External Refurbishment	357	282	45	138	+144
Environmental Improvements	150	570	302	585	(15)
Re-roofing / Window Renewals	557	726	171	671	+55
Rewiring	88	125	55	125	0
Lift Replacement	0	0	0	0	0
Fire Precaution Works	280	520	311	520	0
Housing Renewal & Renovation	577	1,263	292	1,219	+44
Mainway Pilot Scheme	1,950	1,950	869	1,600	+350
<b>HOUSING REVENUE ACCOUNT - TOTAL</b>	<b>6,196</b>	<b>7,867</b>	<b>3,513</b>	<b>7,432</b>	<b>435</b>
<b>GRAND TOTAL</b>	<b>17,552</b>	<b>21,839</b>	<b>(2,267)</b>	<b>12,438</b>	<b>+9,401</b>

7.2 The Capital Programme working budget has been adjusted as follows during quarter 3:  
£M

Working budget reported at quarter 2	13.434
White Lund Depot Improvement	<u>0.538</u>
Working budget at quarter 3	13.972

7.3 The underspending against budget relates principally to General Fund. Schemes currently in the Development Pool account for £4.8M of the underspend. Extended timescales for vehicle deliveries are expected to lead to £1.351M slippage in the vehicle replacement programme. £0.984M expenditure in respect of the Gateway Solar Array will not be completed until 2024/25 following a wider review of the asset. The allocation of £0.487M for Property De-Carbonisation works is now expected to commence in 2024/25. Delays in respect of planning permission for White Lund Depot improvements have meant that works cannot commence as originally planned leading to slippage of £0.838M. The £0.422M city council contribution to works at 1 Lodge Street is expected to be deferred into 2024/25 as other externally funded aspects of the works need to be completed by a 31 March 2024 deadline.

7.4 Two schemes are expected to utilise some of their 2024/25 capital budget during the current financial year as works are proceeding more quickly than originally anticipated. These are Lancaster Local Fibre Network (-£0.245M) and Mellishaw Park (-£0.168M). At its meeting on 5 December 2023, Cabinet released the £0.425M budget for Morecambe Co-op Renovation as the scheme is now being fully funded using Brownfield Land Release Fund grant.

7.5 Two schemes within the General Fund capital programme are currently expected to overspend largely as a result of unexpected costs. These are Mellishaw Park (-£0.256M), Gateway Low Voltage Switchgear (-£0.049M).



- 7.6 The overall projected favourable variance on the HRA Capital Programme of +£0.435M relates largely to the release of funds earmarked for the demolition of former Skerton High School which will now be fully funded using Brownfield Land Release Fund grant. This is alongside a virement to fund additional adaptation works, subject to ICMD approval.
- 7.7 Appendix D General Fund Capital Projects and Appendix E HRA Capital Projects provide further information and summary commentary.

## 8.0 RESERVES

- 8.1 The Council's unallocated balances are projected to be **£8.620M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to decrease to **£20.970M**. Table 6 Quarter 2 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves.
- 8.2 The increase in usage of unallocated balances since quarter 2 include the Council's contribution towards the major incident at the former Supaskips building in Lancaster city centre (-£0.912M) as detailed in section 5.3 together with (-£0.207M) to support the local plan review and (-£0.165M) to fund property stock condition surveys.

Table 6 Quarter 2 Financial Monitoring – Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2023	From Revenue	To / (From) Capital	To Revenue	31 March 2024	31 March 2023	From Revenue	To / (From) Capital	To Revenue	31 March 2024
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(9,145,100)				(9,145,100)	(11,678,400)			3,058,000	(8,620,400)
<b>Total Earmarked Reserves</b>	(11,497,500)	(2,591,000)	187,000	2,019,000	(11,882,500)	(13,074,500)	(2,852,000)	187,000	3,390,200	(12,349,300)
<b>Total Combined Reserves</b>	(20,642,600)	(2,591,000)	187,000	2,019,000	(21,027,600)	(24,752,900)	(2,852,000)	187,000	6,448,200	(20,969,700)

- 8.3 Appendix F: Reserves Projected Outturn provides further detailed analysis.
- 8.4 The Council's reserves are used to manage pressures such as the cost of living crisis and also support the work to address the underlying structural deficit through the OBR process. As a result, they are fundamental to ensuring the financial sustainability of the Council as it deals with these pressures and will be kept under review by Officers and Members.

## 9.0 COLLECTION FUND

### Business Rates

- 9.1 At the Autumn Statement on 22 November 2023, the Chancellor announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street. For 2024/25 the Chancellor announced that:
- The small business multiplier will be frozen at 49.9p
  - The standard multiplier will be updated in April by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p
  - The 2024/25 Retail, Hospitality and Leisure (RHL) scheme will be extended for a fifth year into 2024/25, retaining the existing scope and providing eligible properties with 75% relief, up to a cap of £110,000 per business

These changes will have effect from 1 April 2024.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant Retail, Hospitality and Leisure relief in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from the government. No new legislation will be required to deliver this scheme. [Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/business-rates-relief-2024-25-retail-hospitality-and-leisure-scheme)

Section 1 of the Non-Domestic Rating Act 2023 created a mandatory relief to support business making improvements to properties they occupy. From 1 April 2024, businesses that have made qualifying improvements may benefit from 100% relief from higher bills for 12 months. The scheme will run until 1 April 2029.

- 9.2 The collection rate for Business Rates is currently 79.8%, which is ahead of the profiled target of 78.3%. The annual target is 98.0%.

#### Council Tax

- 9.3 The current collection rate for Council Tax is 81.9% which is slightly behind the profiled target of 83.8%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q3 is 9,597.

### **10.0 WRITE OFFS**

- 10.1 Table 7 below provides details of the debts have been written off by the Council's Revenues and Benefits service in relation to Council Tax, Business Rates and Housing Benefits Overpayments.

Table 7: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	54,395	147,683	45,483		<b>247,561</b>
Business Rates	190,998	69,756	11,910		<b>272,664</b>
Housing Benefit Overpayments	0	38,126	15,560		<b>53,686</b>
Housing Rents (HRA)	31,577	17,452	57,436		<b>106,465</b>
<b>Total</b>	<b>276,970</b>	<b>273,017</b>	<b>130,389</b>	<b>0</b>	<b>680,376</b>

- 10.2 Debts are deemed non recoverable after all reasonable recovery steps have been taken and can be written off in accordance with the Council's Debt Management Policy in a number of circumstances such as unable to trace, uneconomical to pursue, insolvency as well as imprisonment and death.

### **11.0 TREASURY MANAGEMENT**

- 11.1 Appendix I gives a quarterly update in respect of treasury management activities and the most recent economic prospects.

- 11.2 The average level of funds available for investment at the end of quarter 3 was £34.03M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 5.25%
7 day SONIA	– 5.19%
Lancaster City Council	– 5.40%

Details of investment holdings are set out in Appendix I

- 11.3 No new borrowing was undertaken during quarter 3 with balance sheet projections indicating that around £6M temporary borrowing may be required before the end of the financial year. The ultimate timing of this will depend on working capital cashflows in the run up to year end which are kept under close review.

- 11.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2023/24. Appendix I gives an update in respect of prudential indicators showing the current forecast for the year against estimate and last year's actuals.

**RELATIONSHIP TO POLICY FRAMEWORK**

Performance, project and resource monitoring provides a link between the Council plan and operational achievement by providing regular updates on the impact of operational initiatives against strategic aims.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

None directly identifiable, due to the high level nature of this report.

**LEGAL IMPLICATIONS**

There are no legal implications directly arising.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:**

References and any related implications are contained within the report and related appendices.

**SECTION 151 OFFICER'S COMMENTS**

The report has been written by the Section 151 Officer.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

None.

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