

CABINET

Delivering Our Priorities: Q2 2024/25 03 December 2024

Report of Chief Executive & s151 Officer

PURPOSE OF REPORT				
To provide members with an update on financial performance during the first two quarters of 2024/25 (April – September 2024).				
Key Decision	N	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

RECOMMENDATION OF CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE & RESOURCES

That Cabinet

- (1) Consider the update on financial performance for Quarter 2 2024/25.

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-September 2024, which can be found within the appendices.

2.0 FINANCIAL MONITORING

- 2.1 The 2024/25 Budget and Medium-Term Financial Strategy (MTFS) 2024-2029 approved by Council in February 2024 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 2 information distributed to Members of the above mentioned committees in late October 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:	Aged Debtor Analysis
Appendix J:	Treasury Management Quarterly 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 SALARY PROJECTIONS

- 3.1 Salary expenditure is one of the largest areas of expenditure in the Council and the latest budgeted pay bill for direct employee expenses is £32.592M (£26.333M General Fund, £6.259M HRA).

As part of the 2024/25 budget setting process, an inflationary uplift of 5.95% was included to salaries across all services of the Council. The National Employers offer of an increase of £1,290 (or 2.5% whichever is higher) on all NJC pay points was accepted on 22 October 2024. Whilst the pay award is generally a flat monetary increase, the award has generated budgetary savings and these have now been included within the projections presented in this report. The projected annual savings included are £0.574M (£0.468M General Fund, £0.106M HRA).

The Chief Executives pay award was also agreed and has been included at 2.5%.

The Chief Officers pay award was previously agreed and included at 2.5%.

4.0 OUTCOMES BASED RESOURCING

- 4.1 As part of the 2024/25 budget setting process, Members approved savings and budget proposals to save the Council £1.108M in 2024/25. The process to implement these savings is now underway and Appendix G details the progress of each proposal.
- 4.2 A majority of these net savings were budgeted to be achieved by the increase of fees and charges for which additional receipts of £0.838M were included. However, it is difficult to project as there are shortfalls in income across services which may be attributable to other issues over pricing strategy. Projected income updates have been included updated within the service analysis and in section 5 below and the full impact of these variances have been included for reporting purposes within the appendix.

5.0 GENERAL FUND SUMMARY POSITION

- 5.1 Quarter 2 (Q2) monitoring covers the period for April – September 2024. At the end of Q2 (September 2024) a year end underspend of **£0.444M** is projected against the Council's approved original net revenue budget of **£25.008M**. As part of the 2024/25 budget setting process, Council approved a contribution to reserves of **£0.250M** to produce a balanced budget. The latest position suggests that the projected net amount contributed to reserves in respect of general fund activities will be **£0.694M**.

- 5.2 A summary of the Q2 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 2 Financial Monitoring – Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Environment & Place	9,097	7,848	7,942	2,114	8,173	(231)
Governance	1,588	1,592	1,592	940	1,647	(55)
Housing & Property	2,296	3,002	2,919	(1,678)	2,675	+244
People & Policy	3,397	2,644	2,644	1,389	2,558	+86
Planning & Climate Change	1,494	2,081	2,137	1,025	2,167	(30)
Resources	3,959	4,873	4,873	741	4,583	+290
Sustainable Growth	(642)	(1,134)	(1,201)	(731)	(1,131)	(70)
Corporate Accounts	2,093	98	98	218	921	(823)
Other Items	4,834	5,169	5,169	(1,191)	4,136	+1,033
Sub Total	28,116	26,173	26,173	2,827	25,729	+444
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	840	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	4,399	269	4,414	(15)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(4,399)	(3)	(4,414)	+15
Sub Total	(1,162)	(1,165)	(1,165)	80	(1,165)	0
General Fund Revenue Budget	26,954	25,008	25,008	2,907	24,564	+444
Financing Income	(16,351)	(14,080)	(14,080)	7,095	(14,080)	0
Council Tax Requirement	10,603	10,928	10,928	10,002	10,484	+444

Environment & Place (-£0.231M) Adverse

- 5.3 Significant budget variances : -

- Estimated pay award savings +£0.145M
- General staff turnover savings +£0.397M due to vacancies across the with significant contributions from vacant Head of Public Protection and EP Team Leader positions which will not be recruited to
- Significant income shortfalls at SALC, including Spa and Swimming (-£0.261M) offset by salary savings included above
- Vital health and safety works at Roman Baths, Ashton Road, Heysham Bus Depot and Knowlys Road (-£0.039M)
- Hire of portakabins at WLD (-£0.082M) and holder of WAMITAB qualification needed for depot (-£0.018M)
- Energy and water charges (-£0.069M)
- Vehicle R&M (-£0.090M) across street cleaning and waste collection due to extension of vehicles whilst further information sought surrounding food waste collection; hire vehicles now returned (-£0.014M)
- Additional trade waste disposal costs for recycling (-£0.135M)
- Williamson Park Zoo, wedding venue and park no longer exempt from business rates and charging back-dated to 2017/18 (-£0.061M)

Governance (-£0.055M) Adverse

- 5.4 Significant budget variances : -

- Estimated pay award savings +£0.038M
- Agency cover for Procurement Officer (-£0.082M) offset by vacant post savings within service +£0.059M
- Reduced Search Fee income (-£0.025M) due to current market conditions
- Street Trading Consent scheme not yet commenced (-£0.020M)
- Increased Material & Postage Costs for Electoral Registration (-£0.010M)

Housing & Property +£0.244M Favourable

- 5.5 Significant budget variances : -

- Estimated pay award savings +£0.081M

- Salary savings +£0.037M largely due to vacancies within private sector housing and property services sections. A further +£0.135M has been identified due to the Selective Licensing scheme not progressing which is off-set by a reduction in income (-£0.136M)
- Recharge of staff seconded to neighbouring authorities +£0.032M
- Household Support Fund administration charge income +£0.032M
- Net additional business rates on void units (-£0.071M)
- Net additional utilities costs (-£0.033M)
- Net additional rent income due to lease and other commercial property changes +£0.163M however it should be noted that rent due for 17-21 Penny Street has been assumed although this has led to an increase in the level of bad debt provision (see section 5.10)

People & Policy +£0.086M Favourable

5.6 Significant budget variance: -

- Estimated pay award savings +£0.067M
- Severance payments (-£0.076M) in respect of transformational change
- Financing of Business Analysts posts still to be determined however will be classified as transformational costs or met from reserves (-£0.053M)
- Savings from retirement of senior management officers +£0.179M

Planning & Climate Change (-£0.030M) Adverse

5.7 Significant budget variances: -

- Estimated pay award savings +£0.063M
- Savings from 9 vacant posts and 6 posts currently in process of being readvertised +£0.180M
- Additional cost of planning appeals (-£0.053M)
- Reduced levels of planning fee/pre application income due to downward projection in major planning applications (-£0.217M)

Resources +£0.290M Favourable

5.8 Significant budget variances: -

- Estimated pay award savings +£0.045M
- Salary savings +£0.179M including key accountancy and ICT vacancies.
- Net saving on data line connections and ICT support costs +£0.072M

Sustainable Growth (-£0.070M) Adverse

5.9 Significant budget variances: -

- Estimated pay award savings +£0.029M
- Salary savings +£0.074M which includes 4 vacant Engineer posts
- Business rates revaluations largely relating to off-street car parks (-£0.027M)
- City Council element of project costs for Eden North which are ineligible to be included within the grant claim although being disputed (-£0.034M)
- Market income (-£0.100M) 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 (-£0.823M) Adverse

5.10 Significant budget variances: -

- The provision for staff turnover target (-£0.474M) 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 +£1.515M.
- The provision for Bad Debts is anticipated to increase by (-£349K) due to the lease at 17-21 Penny Street not having been surrendered, however the income is accounted for in section 5.5 above.

Other Items +£1.033M) Adverse

5.11 Significant budget variances: -

- New borrowing in 2023-24 was not incurred as anticipated largely due to significant

levels of slippage on schemes in the capital programme leading to higher levels of cash balances +£0.300M.

- Interest rates have remained higher than the 4.5% forecast in September 2023 due to inflationary pressures. Also, cash balances have been higher than forecast largely due to slippage on schemes in the capital programme +£0.636M.
- Minimum Revenue Provision (MRP) savings arising due to slippage of schemes in the Capital Programme during 2023/24 +£0.099M.

5.12 Appendix A: General Fund Service Analysis (Q2) 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.

5.13 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 2 Financial Monitoring – Subjective Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Employees	26,117	25,932	26,136	12,072	25,047	+1,089
Premises Related Exp	6,215	5,210	5,168	2,790	5,609	(441)
Transport Related Exp	2,094	1,658	1,658	1,658	1,756	(98)
Supplies and Services	16,279	14,294	18,151	7,538	19,411	(1,260)
Transfer Payments	25,310	21,977	21,977	9,238	21,977	0
Support Services	151	141	228	39	228	0
Capital Charges	0	17	17	0	17	0
Capital Financing Costs	1,132	1,542	1,542	0	1,242	+300
Appropriations	6,829	5,373	5,373	0	5,274	+99
Income	(56,011)	(49,671)	(53,777)	(29,569)	(54,532)	+755
Capital Financing Inc	0	(300)	(300)	0	(300)	0
Sub Total	28,116	26,173	26,173	2,827	25,729	+444
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	0
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	840	(139)	0
Revenue Reserve funded items included in above analysis	1,295	1,272	4,399	269	4,414	(15)
Revenue Reserve funded items included in above analysis	(1,295)	(1,272)	(4,399)	(3)	(4,414)	+15
Sub Total	(1,162)	(1,165)	(1,165)	80	(1,165)	0
General Fund Revenue Budget	26,954	25,008	25,008	2,907	24,564	+444
Financing Income	(16,351)	(14,080)	(14,080)	7,095	(14,080)	0
Council Tax Requirement	10,603	10,928	10,928	10,002	10,484	+444

5.14 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 Q2, a year end overspend against budget of **(-£0.667M)** is projected. A summary of the Q2 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 1 Financial Monitoring – HRA Service Analysis

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
Policy & Management	2,748	3,080	3,409	1,278	2,949	+460
Repairs & Maintenance	7,935	6,911	6,980	3,312	6,956	+24
Welfare Services	(90)	(237)	(237)	(255)	(274)	+37
Special Services	266	238	249	113	234	+15
Miscellaneous Expenses	1,039	952	952	685	1,364	(412)
Income Account	(17,551)	(17,985)	(17,985)	(9,144)	(18,071)	+86
Capital Charges	(4,298)	7,014	7,014	0	7,463	(449)
Appropriations	9,434	(490)	(899)	0	(471)	(428)
Sub Total	(517)	(517)	(517)	(4,011)	150	(667)
Net Recharges to General Fund	517	517	517	517	517	0
Housing Revenue Account Budget	0	0	0	(3,494)	667	(667)

6.2 Significant budget variances: -

- Estimated pay award savings +£0.106M
- General staff turnover savings +£0.016M
- Additional repairs costs relating to defending and settling disrepair claims (-£0.075M)
- Additional rent loss from voids due to ongoing capital projects (-£0.122M)
- Additional council tax on re-lets due to major voids and capital projects (-£0.129M)
- Net saving on utilities costs +£0.129M
- Additional service charge income including increased uptake of furniture package service +£0.208M, partly off-set by increase in costs (-£0.118M)
- Reprofiling of Housing System Replacement project +£0.439M, off-set by decreased contribution from reserves (-£0.439M)
- Increase in contribution to bad debt provision (-£0.151M)
- Increase in depreciation charge (-£0.449M), due to 2023/24 revaluations

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 Q2 a year end variance against budget of **(£1.377M)** (General Fund (£2.577M), HRA (-£1.200M)) is projected. Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 2 Financial Monitoring – Capital Projects

	Original Budget 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000
General Fund					
Environment & Place	2,277	2,098	(1,623)	545	+1,553
Housing & Property	2,524	3,770	(2,279)	2,960	+810
People & Policy	0	0	(40)	0	0
Planning & Climate Change Resources	440	440	(194)	1,100	(660)
Sustainable Growth	1,341	2,203	514	1,994	+209
Other Items	115	551	(4,537)	286	+265
Other Items	0	0	(1,060)	0	0
GENERAL FUND - TOTAL	6,697	9,062	(9,219)	6,885	2,177
Housing Revenue Account					
Adaptations	300	300	136	300	0
Energy Efficiency / Boiler Replacement	909	1,334	517	1,554	(220)
Kitchen / Bathroom Refurbishment	888	888	297	888	0
External Refurbishment	526	547	17	547	0
Environmental Improvements	150	278	190	278	0
Re-roofing / Window Renewals	493	782	226	782	0
Rewiring	88	110	3	110	0
Lift Replacement	0	0	0	0	0
Fire Precaution Works	392	486	59	536	(50)
Housing Renewal & Renovation	607	1,181	424	1,411	(230)
Mainway Pilot Scheme	0	0	0	700	(700)
HOUSING REVENUE ACCOUNT - TOTAL	4,353	5,906	1,869	7,106	(1,200)
GRAND TOTAL	11,050	14,968	(7,350)	13,991	+977

7.2 +£2.177M forecast underspend against budget relating to GF is partially offset by -(£1.2M) overspend against budget on HRA.

7.3 With regard to the projected adverse variance on the HRA Capital Programme, this has been addressed in full by the Mid-Year Capital Review presented to Cabinet on 22nd October and Council on 13th November.

7.4 £2.455M of underspends on General Fund were also addressed by the Mid-Year Capital Review. Once accounted for, the following differences represent the true latest position of any forecast under/(over)spends: -

- Housing & Property: anticipated overspend after slippage request of (-£0.458M) for the Mellishaw Park project; +£0.012M Property Capital Works budget may not be needed as works to Lancaster Maritime Museum are no longer required.
- Resources: +£0.103M IT Strategy works may need to slip into 2025/26 due to changing priorities limiting what can be completed in this financial year.
- Sustainable Growth: +£0.050M budget for Bare Outfall Flooding may not be required as a £3K revenue solution has been carried out and is being monitored to ensure that its success. +£0.015M underspend on Lawsons Bridge S106 scheme as S106 timescale has expired. Residual funds held by Lancaster City Council are expected to be returned to the developer.

7.5 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 General Fund unallocated balances are projected to be **£8.420M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£25.785M**. Table 6 Quarter 2 Financial Monitoring – General Fund Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 6 Quarter 2 Financial Monitoring – General Fund Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
Unallocated Balances	(8,620,400)	(1,070,000)	0	1,277,500	(8,412,900)	(10,327,000)	(1,514,000)		3,420,700	(8,420,300)
Total Earmarked Reserves	(12,349,300)	(1,492,300)	38,000	156,100	(13,647,500)	(17,039,000)	(1,492,300)	101,000	1,065,400	(17,364,900)
Total Combined Reserves	(20,969,700)	(2,562,300)	38,000	1,433,600	(22,060,400)	(27,366,000)	(3,006,300)	101,000	4,486,100	(25,785,200)

- 8.2 The increase in usage of unallocated balances since the budget was approved include :-
- The inclusion of slippage (-£0.608M) as approved by Cabinet on 10 September 2024.
 - The revenue underspend of +£0.444M as detailed in section 5.1
 - Supporting the refurbishment of the roof and cladding works at the Gateway building (-£1.413M)
 - Set-up costs relating to the Civica Property Management system (-£0.102M)
 - To commission a waste composite audit in order to prepare for the collection of food waste in order to meet the government's waste strategy (-£0.020M)
 - Further spend on the major incident at the former Supaskips building (-£0.027M)
- 8.3 The increase in usage of earmarked reserve balances since the budget was approved include :-
- The inclusion of slippage (-£0.912M) as approved by Cabinet on 10 September 2024
 - Vehicle Dynamic Assessments to be funded from corporate priorities (-£0.040M)
 - A landscape and heritage management plan at Williamson Park to be funded from corporate priorities (-£0.010M)
- 8.4 The Council's Housing Revenue Account unallocated balances are projected to be **£0.178M**. This takes account of the projected net overspend reported here. Overall, the combined level of usable reserves is forecast to be **£2.435M**. Table 7 Quarter 2 Financial Monitoring – Housing Revenue Account Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 7 Quarter 2 Financial Monitoring – Housing Revenue Account Reserves

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->					
	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025	31 March 2024	From Revenue	To / (From) Capital	To Revenue	31 March 2025
	£	£	£	£	£	£	£	£	£	£
HRA Unallocated Balances	(750,000)	(95,600)	0		(845,600)	(750,000)	(95,600)		667,400	(178,200)
Total Earmarked Reserves	(2,139,000)	(4,510,100)	4,325,700	770,100	(1,553,300)	(3,603,000)	(4,553,700)	5,103,900	795,800	(2,257,000)
Total Combined Reserves	(2,889,000)	(4,605,700)	4,325,700	770,100	(2,398,900)	(4,353,000)	(4,649,300)	5,103,900	1,463,200	(2,435,200)

8.5 As the projected net overspend will cause HRA unallocated balances to fall below the recommended minimum level of £0.750M, largely due to the anticipated increase in depreciation charges, work is continuing to closely monitor areas of expenditure known to be under pressure, to evaluate forecast spends against service priorities as well as review the use of earmarked reserves in order to identify opportunities for the redirection of funds to support the revenue account.

8.6 Appendix F: Reserves Projected Outturn provides further detailed analysis for both funds.

8.7 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 Budget on 30th October 2024 the Chancellor announced that for 2025/26:

- 2025/26 Multipliers – It was confirmed that the small business rates multiplier would be frozen at 49.9p with the standard multiplier uprated from 54.6p to 55.5p
- Retail, Hospitality and Leisure Relief – This relief has been decreased from 75% to 40% and the cap has remained the same i.e., £110,000.
- Removing Charitable Rate Relief from Private Schools – The existing mandatory business rates relief of 80% for private schools with charitable status will end from 1st April 2025.

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 are compensated for the cost of granting these reliefs via a section 31 grant from the government.

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

9.2 The collection rate for Business Rates is currently 54.5%, which is ahead of the profiled target of 51.4%. The annual target is 98.0%.

Council Tax

9.3 The current collection rate for Council Tax is 54.0% which is slightly behind the profiled target of 56.5%. The annual target is 95.0%. The number of Local Council Tax Support claimants at Q2 is 9,313.

10.0 DEBTORS (INCLUDING WRITE OFFS)

10.1 Appendix I details the 'Aged Debt Summary by Service'. Note that the analysis does not

include any debtors relating to collection fund, housing benefit and HRA housing rents income.

- 10.2 Table 8 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 8: Write Offs

	Q1	Q2	Q3	Q4	Total
Council Tax	90,716	91,491			182,207
Business Rates	48,798	6,347			55,145
Housing Benefit Overpayments	16,847	24,846			41,693
Housing Rents (HRA)	4,085	9,336			13,421
Total	160,446	132,020	0	0	292,466

- 10.3 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 J (previously considered by Cabinet 22nd October and Council 13th November) 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 2 was £25.00M. In terms of performance against external benchmarks the return on investment at the end of the period was a follows:

Base Rate	– 5.00%
7 day SONIA	– 5.12%
Lancaster City Council	– 5.19%

Details of investment holdings are set out in Appendix J

- 11.3 No new borrowing was undertaken during quarter 2 with balance sheet projections indicating that temporary borrowing may be required before the end of the financial year. The ultimate amount and timing of this will depend on working capital cashflows in the run up to year end which are kept under close review with a further update being made available at quarter 3.
- 11.4 The Council has operated within the treasury and prudential indicators set out in its Treasury Management Strategy Statement for 2024/25. Appendix J gives an update in respect of prudential indicators showing the current forecast for the year against estimate.

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.

Contact Officers: Paul Thompson
Chief Finance Officer & s151 Officer

Telephone: 01524 582603

E-mail: pthompson@lancaster.gov.uk

Ref: