

**QUARTER 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Services</b>								
	98	106	6	112	30	113	(1)	
	330	387	0	387	1	329	58	+15%
	(10)	(3)	(4)	(7)	68	(43)	36	+514%
	364	591	0	591	138	437	154	+26%
	251	229	23	252	44	259	(7)	
	1,376	1,236	3	1,239	869	1,276	(37)	(3%)
<a href="#">Environment &amp; Place</a>	0	(18)	0	(18)	(63)	(23)	5	
	960	356	22	378	83	523	(145)	(38%)
	662	786	2	788	378	844	(56)	(7%)
	1,739	1,793	(1)	1,792	760	1,737	55	+3%
	65	72	0	72	25	71	1	
	(786)	(1,037)	0	(1,037)	(1,295)	(887)	(150)	(14%)
	3,510	2,984	0	2,984	952	3,087	(103)	(3%)
	538	366	43	409	124	450	(41)	(10%)
	962	1,030	0	1,030	533	1,037	(7)	
<a href="#">Governance</a>	647	634	0	634	419	680	(46)	(7%)
	(21)	(72)	0	(72)	(12)	(70)	(2)	
	(1,366)	(1,415)	(69)	(1,484)	(768)	(1,590)	106	+7%
	533	597	0	597	260	549	48	+8%
	550	664	20	684	387	676	8	
	179	(10)	0	(10)	54	12	(22)	
<a href="#">Housing &amp; Property</a>	628	570	63	633	197	652	(19)	
	62	106	(71)	35	16	33	2	
	885	1,521	0	1,521	(2,374)	1,444	77	+5%
	703	842	(26)	816	488	764	52	+6%
	122	127	0	127	62	135	(8)	
	0	0	0	0	0	0	0	
	246	240	0	240	81	236	4	
	313	382	0	382	98	194	188	+49%
	92	97	0	97	38	97	0	
	678	215	0	215	92	213	2	
<a href="#">People &amp; Policy</a>	85	74	0	74	28	72	2	
	1,384	1,123	0	1,123	621	1,180	(57)	(5%)
	127	183	0	183	106	236	(53)	(29%)
	302	312	0	312	300	312	0	
	170	18	0	18	25	18	0	
	121	190	0	190	47	186	4	
<a href="#">Planning &amp; Climate Change</a>	429	712	56	768	492	873	(105)	(14%)
	197	205	0	205	106	210	(5)	
	747	974	0	974	380	898	76	+8%
	51	59	0	59	74	66	(7)	
	1,257	1,625	0	1,625	655	1,488	137	+8%
<a href="#">Resources</a>	1,503	1,807	0	1,807	879	1,647	160	+9%
	156	169	0	169	97	169	0	
	992	1,213	0	1,213	(964)	1,213	0	
	346	220	0	220	100	220	0	
	(53)	(126)	(10)	(136)	(98)	(4)	(132)	(97%)
<a href="#">Sustainable Growth</a>	433	485	0	485	220	489	(4)	
	(2,553)	(2,753)	0	(2,753)	(1,223)	(2,748)	(5)	
	873	590	(57)	533	193	540	(7)	
	312	450	0	450	77	372	78	+17%
	<b>21,189</b>	<b>20,906</b>	<b>0</b>	<b>20,906</b>	<b>3,800</b>	<b>20,672</b>	<b>234</b>	<b>+1%</b>
<b>Corporate Services</b>								
<a href="#">Corporate Accounts</a>	2,093	98	0	98	218	921	(823)	(840%)
	4,039	2,362	0	2,362	0	2,362	0	
	(1,159)	(1,239)	0	(1,239)	(775)	(1,239)	0	
	1,132	1,541	0	1,541	0	1,241	300	+19%
	(1,413)	(505)	0	(505)	(416)	(1,140)	635	+126%
<a href="#">Other Items</a>	2,660	3,010	0	3,010	0	2,912	98	+3%
	(80)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	(345)	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	<b>6,927</b>	<b>5,267</b>	<b>0</b>	<b>5,267</b>	<b>(973)</b>	<b>5,057</b>	<b>210</b>	<b>+4%</b>
	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	(130)	(139)	0	(139)	840	(139)	0	
	1,295	1,272	3,127	4,399	269	4,414	(15)	
	(1,295)	(1,272)	(3,127)	(4,399)	(3)	(4,414)	15	
<b>General Fund Revenue Budget</b>	<b>26,954</b>	<b>25,008</b>	<b>0</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>444</b>	<b>+2%</b>
Core Funding :								
	(406)	(433)	0	(433)	(225)	(433)	0	
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
	181	141	0	141	0	141	0	
	(16,126)	(13,788)	0	(13,788)	7,320	(13,788)	0	
<b>Council Tax Requirement</b>	<b>10,603</b>	<b>10,928</b>	<b>0</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>444</b>	<b>+4%</b>

**Notes:**

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**QUARTER 2 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2024/25**

		Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,769	25,116	203	25,319	11,275	23,867	1,452	+6%
	Indirect Employee Expenses	2,348	816	0	816	797	1,180	(364)	(45%)
	Cleaning and Domestic Supplies	272	169	0	169	90	171	(2)	
	Energy Costs	2,207	1,548	0	1,548	134	1,590	(42)	(3%)
	Fixtures and Fittings	1	1	0	1	0	1	0	
	Grounds Maintenance Costs	52	61	0	61	13	61	0	
	Operational Bldgs Allocation	219	107	0	107	113	107	0	
Premises Related Exp	Other Premises Costs	0	0	0	0	0	0	0	
	Premises Insurance	294	320	0	320	337	336	(16)	
	Rates	1,284	1,339	0	1,339	1,537	1,535	(196)	(15%)
	Rents	72	65	0	65	59	65	0	
	Repair and Maintenance	1,421	1,262	(121)	1,141	306	1,271	(130)	(11%)
	Water Services	393	338	73	411	201	472	(61)	(15%)
	Car Allowances	12	2	0	2	6	9	(7)	
	Contract Hire Operating Leases	215	46	0	46	31	55	(9)	
Transport Related Exp	Direct Transport Costs	1,777	1,503	0	1,503	590	1,584	(81)	(5%)
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	13	20	0	20	2	18	2	
	Transport Insurance	77	87	0	87	90	90	(3)	
	Catering	51	40	0	40	11	40	0	
	Clothing Uniform and Laundry	104	88	0	88	61	89	(1)	
	Communications and Computing	1,496	1,693	0	1,693	1,376	1,669	24	
	Contribution to Provisions	963	250	0	250	0	599	(349)	(140%)
Supplies and Services	Equip Furniture and Materials	1,807	1,610	77	1,687	857	1,711	(24)	
	Expenses	588	528	0	528	240	502	26	
	General Office Supplies	245	247	0	247	287	236	11	
	Grants and Subscriptions	1,927	1,782	74	1,856	1,028	1,927	(71)	(4%)
	Miscellaneous Expenses	1,458	1,232	1,803	3,035	492	3,418	(383)	(13%)
	Services	7,640	6,824	1,903	8,727	3,186	9,220	(493)	(6%)
Transfer Payments	Housing Benefit	25,310	21,977	0	21,977	9,238	21,977	0	
Support Services	Recharges Exp	151	141	87	228	39	228	0	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	0	
	Depreciation	0	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,132	1,542	0	1,542	0	1,242	300	+19%
Appropriations	Appropriations	6,829	5,373	0	5,373	0	5,274	99	+2%
	Customer Fees and Charges	(19,482)	(20,040)	0	(20,040)	(10,890)	(19,645)	(395)	(2%)
	Government Grants	(29,176)	(25,281)	(2,852)	(28,133)	(15,717)	(28,526)	393	+1%
Income	Interest	(1,611)	(568)	0	(568)	(416)	(1,204)	636	+112%
	Other Grants and Contributions	(3,261)	(2,281)	(1,247)	(3,528)	(1,952)	(3,563)	35	+1%
	Recharges Inc	(2,481)	(1,501)	0	(1,501)	(594)	(1,594)	93	+6%
Capital Financing Inc	Capital Related Income	0	(300)	0	(300)	0	(300)	0	
	Net Recharges to Housing Revenue Account	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	0	(139)	840	(139)	0	
	Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	3,126	4,399	269	4,414	(15)	
	Revenue Reserve funded items included in above analysis (Appropriations)	(1,295)	(1,272)	(3,127)	(4,399)	(3)	(4,414)	15	
<b>General Fund Revenue Budget</b>		<b>26,954</b>	<b>25,008</b>	<b>(1)</b>	<b>25,008</b>	<b>2,907</b>	<b>24,564</b>	<b>444</b>	<b>+2%</b>
Core Funding :	Revenue Support Grant	(406)	(433)	0	(433)	(225)	(433)	0	
	Additional New Homes Bonus	0	0	0	0	0	0	0	
	Supplementary Government Grants	0	0	0	0	0	0	0	
	Prior Year Council Tax Surplus	181	141	0	141	0	141	0	
	Net Business Rates Income	(16,126)	(13,788)	0	(13,788)	7,320	(13,788)	0	
<b>Council Tax Requirement</b>		<b>10,603</b>	<b>10,928</b>	<b>(1)</b>	<b>10,928</b>	<b>10,002</b>	<b>10,484</b>	<b>444</b>	<b>+4%</b>

**Notes:**

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**QUARTER 2 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Housing Revenue Account</b>								
Policy & Management	2,748	3,080	329	3,409	1,278	2,949	460	+13%
Repairs & Maintenance	7,935	6,911	69	6,980	3,312	6,956	24	
Welfare Services	(90)	(237)	0	(237)	(255)	(274)	37	+16%
Special Services	266	238	11	249	113	234	15	
Miscellaneous Expenses	1,039	952	0	952	685	1,364	(412)	(43%)
Income Account	(17,551)	(17,985)	0	(17,985)	(9,144)	(18,071)	86	+0%
Capital Charges	(4,298)	7,014	0	7,014	0	7,463	(449)	(6%)
Appropriations	9,434	(490)	(409)	(899)	0	(471)	(428)	(48%)
Gain/Loss on Asset Sales	0	0	0	0	0	0	0	
Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	0	
	<b>(517)</b>	<b>(517)</b>	<b>0</b>	<b>(517)</b>	<b>(4,011)</b>	<b>150</b>	<b>(667)</b>	<b>(129%)</b>
Net Recharges to General Fund	517	517	0	517	517	517	0	
<b>Housing Revenue Account Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,494)</b>	<b>667</b>	<b>(667)</b>	

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## QUARTER 2 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25

	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q2 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
<b>Services</b>							
	0	0	0	(30)	0	0	
	0	0	0	(342)	0	0	
<a href="#">Environment &amp; Place</a>	0	0	0	(1,462)	0	0	
	0	0	0	0	0	0	
	1,301	(179)	1,122	211	545	577	
	976	0	976	0	0	976	+100%
	0	422	422	55	250	172	+41%
	62	0	62	0	62	0	
	0	0	0	(300)	0	0	
	0	0	0	(2,510)	0	0	
	127	(87)	40	0	0	40	+100%
<a href="#">Housing &amp; Property</a>	0	0	0	0	0	0	
	984	0	984	0	10	974	+99%
	0	73	73	470	531	(458)	(627%)
	0	0	0	(2)	0	0	
	0	0	0	0	0	0	
	355	0	355	0	273	82	+23%
	996	838	1,834	8	1,834	0	
<a href="#">People &amp; Policy</a>	0	0	0	(40)	0	0	
	200	0	200	0	600	(400)	(200%)
<a href="#">Planning &amp; Climate Change</a>	240	(240)	0	(66)	0	0	
	0	240	240	6	500	(260)	(108%)
	0	0	0	(134)	0	0	
	0	0	0	13	0	0	
	0	0	0	0	0	0	
	166	0	166	41	60	106	+64%
<a href="#">Resources</a>	115	113	228	54	125	103	+45%
	0	116	116	9	116	0	
	300	0	300	0	300	0	
	5	10	15	5	15	0	
	755	623	1,378	392	1,378	0	
	0	0	0	0	0	0	
	0	0	0	1	0	0	
	50	0	50	0	0	50	+100%
	0	0	0	(2,389)	0	0	
	0	0	0	(1,578)	0	0	
	0	0	0	(668)	0	0	
<a href="#">Sustainable Growth</a>	30	0	30	14	30	0	
	0	0	0	(9)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	373	373	62	173	200	+54%
	5	0	5	(18)	5	0	
	0	63	63	48	48	15	
	30	0	30	0	30	0	
	0	0	0	(23)	0	0	
	0	0	0	(264)	0	0	
	0	0	0	(8)	0	0	
	0	0	0	(790)	0	0	
	0	0	0	(13)	0	0	
	0	0	0	(39)	0	0	
<a href="#">Other Items</a>	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	(67)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	144	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	6,697	2,365	9,062	(9,219)	6,885	2,177	+24%
<b>GRAND TOTAL</b>	<b>6,697</b>	<b>2,365</b>	<b>9,062</b>	<b>(9,219)</b>	<b>6,885</b>	<b>2,177</b>	<b>+24%</b>

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### Council Housing Capital Programme 2024/25

	2024/25 Original Budget	2024/25 Working Budget	2024/25 P6 Actual	2024/25 Projected Outturn	2024/25 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
<b>EXPENDITURE</b>						
Adaptations	300,000	300,000	135,545	300,000	0	
Energy Efficiency / Boiler Replacement	909,000	1,333,700	517,068	1,553,700	(220,000)	Extend current year's boiler replacement programme to minimise impact on revenue budgets, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Kitchen / Bathroom Refurbishment	888,000	888,000	297,320	888,000	0	
External Refurbishment	526,000	546,800	16,874	546,800	0	
Environmental Improvements	150,000	277,600	190,177	277,600	0	
Re-roofing / Window Renewals	493,000	781,500	226,331	781,500	0	
Rewiring	88,000	109,900	2,745	109,900	0	
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	392,000	486,100	59,059	536,100	(50,000)	Achieve 10 year replacement cycle for smoke / heat / carbon monoxide detectors at agreed specification, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Housing Renewal & Renovation	607,000	1,181,000	424,500	1,411,000	(230,000)	Continue whole house major void refurbishment programme to minimise rent loss; Provide for additional costs relating to changes to specifications at Alder Grove, as included in the Mid Year Review presented to Cabinet on 22 October 2024
Mainway Regeneration Project	0	0	-363,919	0	0	
Acquisitions	0	0	0	700,000	(700,000)	Seek to acquire a maximum of 6 properties to serve the purpose of increasing council housing stock, as included in the Mid Year Review presented to Cabinet on 22 October 2024
<b>TOTAL EXPENDITURE</b>	<b>4,353,000</b>	<b>5,904,600</b>	<b>1,505,700</b>	<b>7,104,600</b>	<b>(1,200,000)</b>	

Note: Variances are expressed as negative ( ) for adverse and positive + for favourable

## Reserves Statement (Including Unallocated Balances)

&lt;----- ORIGINAL BUDGET -----&gt;

&lt;----- PROJECTED OUTTURN -----&gt;

	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
	£	£	£	£	£	£	£	£	£	£
<b>Unallocated Balances</b>	(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)
<b>Earmarked Reserves:</b>										
Corporate Priorities	(18,300)			82,700	64,400	(454,700)			412,900	(41,800)
Capital Support	(73,000)				(73,000)	(73,000)				(73,000)
Corporate Property	(313,500)				(313,500)	(313,500)				(313,500)
Covid 19 Support Reserve	(9,700)				(9,700)	(9,700)				(9,700)
Investment Property Maint	(34,900)				(34,900)	(84,900)				(84,900)
Invest to Save	(73,500)				(73,500)	(264,300)			162,900	(101,400)
Museums Acquisitions	(40,800)	(4,500)			(45,300)	(42,500)	(4,500)			(47,000)
Planning Fee Income	(30,400)				(30,400)	(10,600)				(10,600)
Restructure	(399,900)				(399,900)	(450,600)			50,600	(400,000)
<b>To Support Revenue &amp; Capital Expenditure</b>	(994,000)	(4,500)	0	82,700	(915,800)	(1,703,800)	(4,500)	0	626,400	(1,081,900)
<b>Renewals Reserves</b>	(1,422,700)	(491,800)	38,000		(1,876,500)	(1,430,300)	(491,800)	38,000	4,100	(1,880,000)
General Renewals	(1,064,300)	(295,800)			(1,360,100)	(1,068,500)	(295,800)		4,100	(1,360,200)
Salt Ayre Leisure Centre	(55,700)	(150,000)	38,000		(167,700)	(55,700)	(150,000)	38,000		(167,700)
Williamson Park	(47,000)	(18,000)			(65,000)	(47,000)	(18,000)			(65,000)
Car Parks	(135,200)	(12,000)			(147,200)	(135,200)	(12,000)			(147,200)
Happy Mount Park	(49,900)	(14,000)			(63,900)	(49,900)	(14,000)			(63,900)
Arnsdale & Silverdale AONB	(70,600)	(2,000)			(72,600)	(74,000)	(2,000)			(76,000)
Elections	9,600	(45,000)			(35,400)	(17,300)	(45,000)			(62,300)
Homelessness Support	(110,800)				(110,800)	(110,800)				(110,800)
Lancaster District Hardship	(500)				(500)	(106,000)			105,400	(600)
Business Rates Retention	(7,694,000)	(751,000)			(8,445,000)	(11,313,400)	(751,000)			(12,064,400)
Revenue Grants Unapplied	(158,700)			73,400	(85,300)	(440,400)			329,500	(110,900)
<b>S106 Commuted Sums - Affordable Housing</b>	(155,800)				(155,800)	(218,800)				(218,800)
<b>S106 Commuted Sums - Highways, Cycle Paths etc.</b>	(1,398,600)	(200,000)			(1,598,600)	(1,274,400)	(200,000)	63,000		(1,411,400)
Welfare Reforms	(324,900)				(324,900)	(324,900)				(324,900)
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
<b>Reserves Held in Perpetuity:</b>										
Graves Maintenance	(22,200)				(22,200)	(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)	(47,700)				(47,700)
<b>Total ring-fenced/held against risk</b>	(11,355,300)	(1,487,800)	38,000	73,400	(12,731,700)	(15,335,200)	(1,487,800)	101,000	439,000	(16,283,000)
<b>Total Earmarked Reserves</b>	(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)
<b>Total Combined Reserves</b>	(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)

## HRA Reserves Statement (Including Unallocated Balances)

&lt;----- ORIGINAL BUDGET -----&gt;

&lt;----- PROJECTED OUTTURN -----&gt;

	<----- 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 £
<b>HRA Unallocated Balances</b>	<b>(750,000)</b>	<b>(95,600)</b>	<b>0</b>		<b>(845,600)</b>	<b>(750,000)</b>	<b>(95,600)</b>		<b>667,400</b>	<b>(178,200)</b>
<b>Earmarked Reserves:</b>										
<b>Business Support Reserve</b>	<b>(35,400)</b>	0	0	0	<b>(35,400)</b>	<b>(581,900)</b>	0	0	328,600	<b>(253,300)</b>
<b>Major Repairs Reserve</b>	<b>(121,400)</b>	(4,325,700)	4,325,700	0	<b>(121,400)</b>	<b>(779,500)</b>	(4,324,500)	5,103,900	0	<b>(100)</b>
<b>Flats - Planned Maintenance</b>	<b>(472,400)</b>	(33,000)	0	22,900	<b>(482,500)</b>	<b>(404,500)</b>	(33,000)	0	67,100	<b>(370,400)</b>
<b>ICT and Systems Improvement</b>	<b>(963,200)</b>	0	0	688,900	<b>(274,300)</b>	<b>(974,200)</b>	0	0	261,000	<b>(713,200)</b>
<b>Sheltered - Equipment</b>	<b>(254,200)</b>	(37,900)	0	43,000	<b>(249,100)</b>	<b>(299,300)</b>	(49,100)	0	98,800	<b>(249,600)</b>
<b>Sheltered - Planned Maintenance</b>	<b>(56,500)</b>	(75,600)	0	15,300	<b>(116,800)</b>	<b>(284,100)</b>	(98,000)	0	40,300	<b>(341,800)</b>
<b>Sheltered Support Grant Maintenance</b>	<b>(235,900)</b>	(37,900)	0	0	<b>(273,800)</b>	<b>(279,500)</b>	(49,100)	0	0	<b>(328,600)</b>
<b>Total Earmarked Reserves</b>	<b>(2,139,000)</b>	<b>(4,510,100)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(1,553,300)</b>	<b>(3,603,000)</b>	<b>(4,553,700)</b>	<b>5,103,900</b>	<b>795,800</b>	<b>(2,257,000)</b>
<b>Total Combined Reserves</b>	<b>(2,889,000)</b>	<b>(4,605,700)</b>	<b>4,325,700</b>	<b>770,100</b>	<b>(2,398,900)</b>	<b>(4,353,000)</b>	<b>(4,649,300)</b>	<b>5,103,900</b>	<b>1,463,200</b>	<b>(2,435,200)</b>

## GENERAL FUND - 2024/25 SAVINGS &amp; BUDGET PROPOSALS MONITORING (QUARTER 2)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
	£'000	£'000	£'000	£'000	
<b>2023/24 APPROVED SAVINGS</b>					
<b>Council Wide</b>					
Fees & Charges	838	220	439	(399)	This is difficult to project as there are shortfalls in income across services however this maybe attributable to other issues over pricing strategy. For the purposes of this variance the projection includes all under or over-achievement. Key areas of income not being achieved are SALC (-£261K) & Morecambe Market (-£100K)
<b>Environment &amp; Place</b>					
Service Administration	12	0	12	0	restructuring in process - template on target
EHO (Apprentice/Student) Staffing Review	25	25	25	0	template delivered
Salt Ayre Leisure Centre (Soft Play Charging)	18	0	0	(18)	template delivered - income levels are down at SALC and will be reviewed.
Happy Mount Park (Splash Park Charging)	22	(7)	(7)	(29)	template delivered - weather affected income levels which isn't connected to pricing offset by £15K savings on staffing
Parks & Open Spaces Staffing Review	55	55	55	0	template delivered
<b>Housing &amp; Property</b>					
Customer Services	32	32	32	0	template delivered - budget removed
Property Compliance Staffing Review	0	0	0	0	savings to be delivered from 25/26 onwards
Mellishaw Park Staffing Review	15	15	15	0	template delivered - budget removed
<b>People &amp; Policy</b>					
Playschemes	26	26	26	0	template delivered - budget removed
<b>Planning &amp; Climate Change</b>					
Planning Fees	100	0	100	0	National downturn in all planning applications, including major apps. The Government's proposed amendments to the planning system are aimed at boosting house building and investment, which will directly improve the planning fee position. However the Government response to the consultation is still awaited. Reporting £200k (33% down) on fees
S106 Monitoring Fees	10	0	10	0	Profiled from Q2 onwards - template on target
<b>Resources</b>					
Financial Services Staffing Review	30	15	30	0	Staff changes on-going and savings will be made by end of year - template on target
<b>Sustainable Growth</b>					
Coastal Maintenance	50	50	50	0	Post not yet filled, savings from R&M already taken
<b>TOTAL SAVINGS</b>					
	<b>1,233</b>	<b>431</b>	<b>787</b>	<b>(446)</b>	
<b>2024/25 APPROVED GROWTH</b>					
<b>Environment &amp; Place</b>					
The Platform	75	38	75	0	Part of running costs in year; will be within budget
<b>People &amp; Policy</b>					
Project Management System	12	0	12	0	Software not yet purchased
<b>Planning &amp; Climate Change</b>					
Restructuring/Biodiversity Officer	38	7	30	(8)	Recruited late September
<b>TOTAL GROWTH</b>					
	<b>125</b>	<b>45</b>	<b>117</b>	<b>(8)</b>	
<b>NET SAVINGS</b>					
	<b>1,108</b>	<b>387</b>	<b>670</b>	<b>(438)</b>	



**GENERAL FUND SERVICE ANALYSIS 2024/25**

	Provisional Outturn 2023/24 £'000	Original Budget 2024/25 £'000	Q1 Projected 2024/25 £'000	Q2 Projected 2024/25 £'000	Q3 Projected 2024/25 £'000	Q4 Projected 2024/25 £'000
<b>Services</b>						
<b>Environment &amp; Place</b>						
AONB & Nature Reserves	98	106	112	113		
Environmental Protection	330	387	350	329		
Fleet Management	47	35	(20)	(43)		
Food Safety	364	591	496	437		
Hospitality & Events Management	251	229	255	259		
Parks & Open Spaces	1,376	1,236	1,256	1,276		
Pest Control	0	(18)	(20)	(23)		
Salt Ayre Leisure Centre	960	356	593	523		
Service Support	662	786	770	844		
Street Cleaning	1,739	1,793	1,791	1,737		
Streetscape	65	72	72	71		
Trade Refuse	(786)	(1,037)	(899)	(887)		
Waste Collection	3,510	2,984	3,166	3,087		
Williamson Park	538	366	476	450		
<b>Governance</b>						
Democratic Support & Elections	962	1,030	1,025	1,037		
Legal Services	647	634	686	680		
Licensing	(21)	(72)	(93)	(70)		
<b>Housing &amp; Property</b>						
Commercial Land & Properties	(1,366)	(1,415)	(1,527)	(1,590)		
Customer Services	533	597	603	549		
Facilities Management	550	664	635	676		
GF Housing Schemes	179	(10)	3	12		
Municipal Buildings	628	570	658	652		
Other Land & Buildings	62	106	34	33		
Private Sector Housing	885	1,521	1,486	1,444		
Property Group	703	842	784	764		
Public Health Services	122	127	134	135		
Repairs & Maintenance	0	0	0	0		
<b>People &amp; Policy</b>						
Communications & Marketing	246	240	238	236		
Community Connectors	313	382	204	194		
Emergency Planning & CSP	92	97	97	97		
Exec Support	678	215	217	213		
Health & Safety	85	74	59	72		
HR & OD	1,384	1,123	1,144	1,180		
Projects & Performance	127	183	174	236		
VCFS	302	312	312	312		
Visitor Information Centres	170	18	18	18		
<b>Planning &amp; Climate Change</b>						
DM - Building Control	121	190	186	186		
DM - Planning	429	712	723	873		
Energy and Sustainability	150	167	173	210		
Planning & Housing Strategy	747	974	932	898		
<b>Resources</b>						
CCTV	51	59	63	66		
Finance	1,257	1,625	1,546	1,488		
ICT	1,503	1,807	1,733	1,647		
Internal Audit	156	169	169	169		
Revenues & Benefits	992	1,213	1,213	1,213		
<b>Sustainable Growth</b>						
Economic Development & Culture	346	220	220	220		
Markets	(53)	(126)	(31)	(4)		
Museums	433	485	490	489		
Parking	(2,553)	(2,753)	(2,726)	(2,748)		
Regeneration	873	590	514	540		
Strategic Projects & Engineers	312	450	411	372		
	<b>21,199</b>	<b>20,906</b>	<b>20,905</b>	<b>20,672</b>	<b>0</b>	<b>0</b>
<b>Corporate Services</b>						
<b>Corporate Accounts</b>						
Corporate Accounts	2,093	98	256	921		
Contributions from Reserves	(1,594)	2,362	2,362	2,362		
Government Grants	(1,159)	(1,239)	(1,239)	(1,239)		
Interest Payable	1,132	1,541	1,541	1,241		
Interest Receivable	(1,413)	(505)	(505)	(1,140)		
<b>Other Items</b>						
Minimum Revenue Provision	2,660	3,010	3,010	2,912		
Notional Charges	(80)	0	0	0		
Pandemic Support	0	0	0	0		
Revenue Funding of Capital	132	0	0	0		
Capital Funding of Revenue	(477)	0	0	0		
UKSPF	0	0	0	0		
	<b>1,294</b>	<b>5,267</b>	<b>5,425</b>	<b>5,057</b>	<b>0</b>	<b>0</b>
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)		
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	(139)		
Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	4,270	4,414		
Revenue Reserve funded items included in above analysis (Appropriati	(1,295)	(1,272)	(4,270)	(4,414)		
<b>General Fund Revenue Budget</b>	<b>21,331</b>	<b>25,008</b>	<b>25,165</b>	<b>24,564</b>	<b>0</b>	<b>0</b>
<b>Core Funding :</b>						
Revenue Support Grant	(406)	(433)	(433)	(433)		
Additional New Homes Bonus	0	0	0	0		
Supplementary Government Grants	0	0	0	0		
Prior Year Council Tax Surplus	181	141	141	141		
Net Business Rates Income	(10,652)	(13,788)	(13,788)	(13,788)		
<b>Council Tax Requirement</b>	<b>10,454</b>	<b>10,928</b>	<b>11,085</b>	<b>10,484</b>	<b>0</b>	<b>0</b>

**Notes:**

- Income is expressed as a negative figure in brackets
- Expenditure is expressed as a positive figure
- Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

**APPENDIX I**

**Aged Debt Summary by Service (as at 30 September 2024)**

Debtor Sections	Under 28 Days		28 to 59 days		60 to 91 days		92 to 183 days		184 to 364 days		Over 365 days		Credit/Income not applied		Total Debts	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Environment & Place	195	£120,288	33	£43,162	49	£108,203	521	£530,011	63	£90,701	268	£193,861	84	(£12,645)	1,213	£1,073,582
Governance	0	£0	2	£1,350	0	£0	0	£0	0	£0	16	£29,384	0	£0	18	£30,734
Housing & Property	179	£297,804	98	£115,955	51	£109,223	287	£338,693	356	£520,207	761	£657,064	81	(£12,597)	1,813	£2,026,350
Planning & Climate Change	17	£82,539	5	£8,980	1	£322	4	£1,762	36	£122,704	27	£162,032	7	(£4,345)	97	£373,994
Resources	2	£15,316	0	£0	0	£0	0	£0	0	£0	1	£9,773	4	(£51)	7	£25,039
Sustainable Growth	52	£255,848	20	£11,838	12	£5,786	91	£106,752	0	£0	0	£0	3	(£5,446)	178	£374,779
<b>Total Per Period</b>	<b>445</b>	<b>£771,794</b>	<b>158</b>	<b>£181,286</b>	<b>113</b>	<b>£223,534</b>	<b>903</b>	<b>£977,219</b>	<b>455</b>	<b>£733,612</b>	<b>1,073</b>	<b>£1,052,115</b>	<b>179</b>	<b>(£35,083)</b>	<b>3,326</b>	<b>£3,904,477</b>

<b>Total Debts</b>	<b>3,319</b>	<b>£3,904,466</b>
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# Treasury Management Update

Quarter ended 30<sup>th</sup> June 2024

Report of Chief Resources and S151 Officer

# 2024/25 Treasury Management Update

Quarter Ended 30<sup>th</sup> June 2024

## 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

## 2. Economic update (provided by Link Asset Services)

*The first quarter of 2024/25 saw:*

- *GDP growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.*
- *A stalling in the downward trend in wage growth, with the headline 3myy rate staying at 5.9% in April.*
- *CPI inflation falling from 2.3% in April to 2.0% in May.*
- *Core CPI inflation decreasing from 3.9% in April to 3.5% in May.*
- *The Bank of England holding rates at 5.25% in May and June.*
- *10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.*

*The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m, as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.*

*On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may well continue to strengthen.*

*Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Our colleagues at Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).*

*Nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England. The 3myy rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. This stickiness partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.*

*Despite the stickiness of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.*

*The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news to the Bank. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have won the race to get CPI inflation back to 2.0%. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.*

*The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%). And the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.*

*There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer (August?). First, two members of the MPC, Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted "indicators of inflation persistence had continued to moderate" and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding "as part of the August forecast round".*

### **3. Interest Rate Forecast**

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012. For Housing Revenue

Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 28<sup>th</sup> May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

*Additional notes by Link on this forecast table: -*

- *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.*

#### 4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 28 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the charts below and the interest rate forecasts in section 3, investment rates have remained elevated during the first quarter of 2024/25 but are expected to fall back through the second half of 2024 as inflation reduces and the MPC starts to loosen monetary policy.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriated counterparties are considered for investment purposes.

The current investment counterparty criteria selection approved in the Treasury Management Strategy is meeting the requirement of the treasury management function.

The average level of funds available for investment purposes to the end of quarter 1 was £21.69M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow meets its needs).

Base Rate	5.25%
7 day SONIA	5.20%
Lancaster City Council investments	5.23%

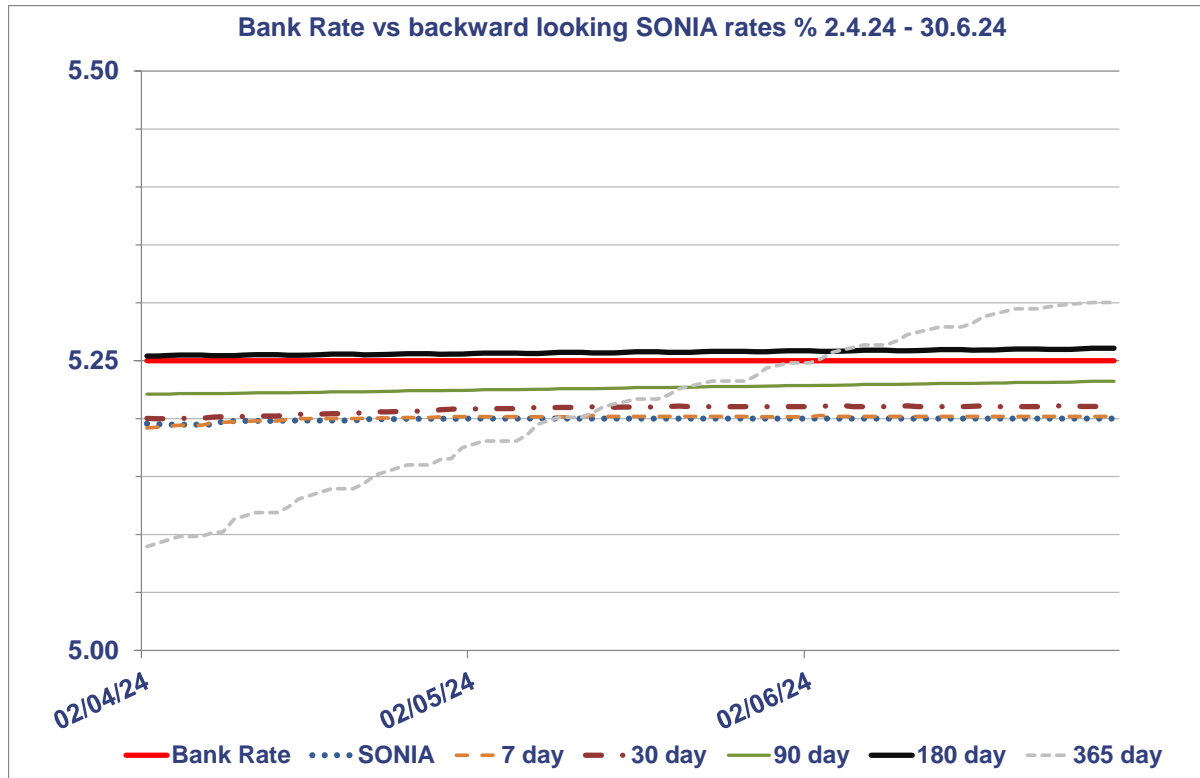
#### **Investment Balances – quarter ended 30 June 2024**

At the start of the quarter investments totalled £10.5M rising to £23.9M by 30 June. Fixed term investment with local authorities on 30 June were £10.0M whilst Money Market Fund balances were £13.9M.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> June 2024.





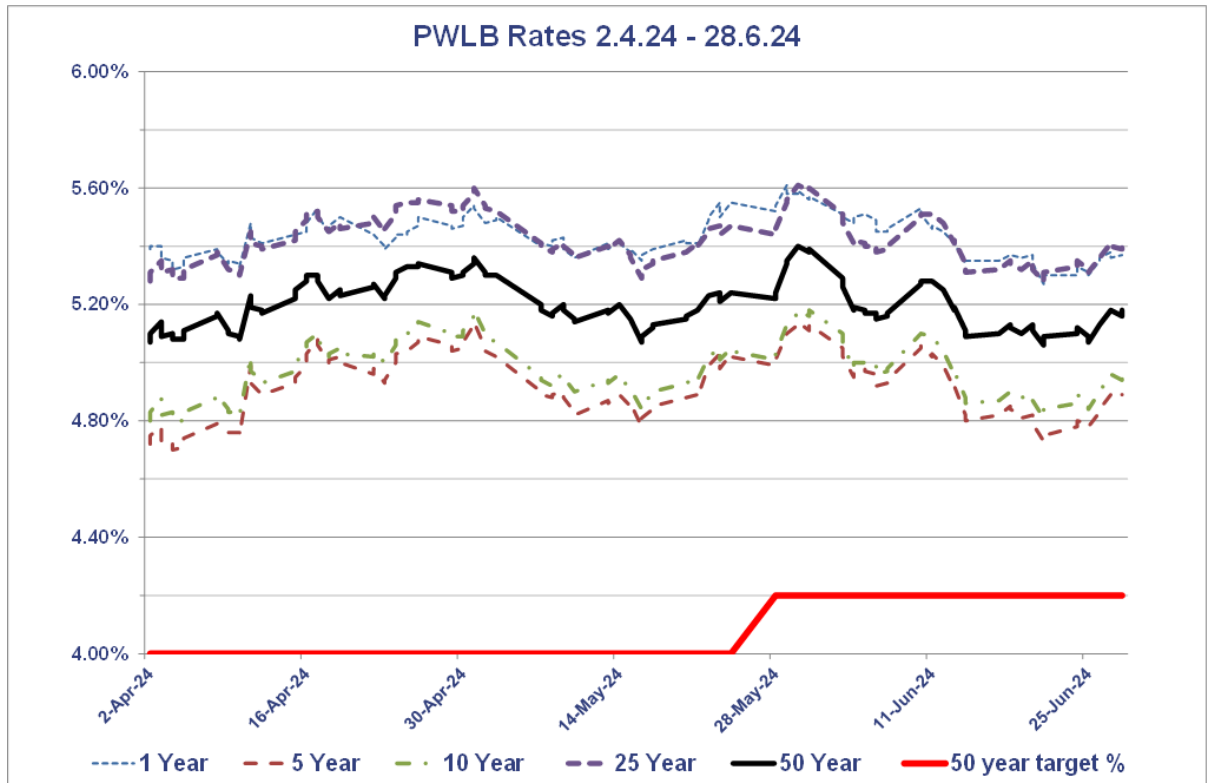


## 5. New Borrowing

No borrowing was undertaken during the quarter ended 30<sup>th</sup> June 2024. It is anticipated that further borrowing will be undertaken during this financial year. Balance sheet projections indicate that around £2M borrowing may be required before the end of the financial year. This is anticipated to be temporary borrowing. The ultimate timing will depend on exact working capital cashflows in the run up to year end which are kept under close review. These will continue to be monitored in the forthcoming financial year.

PWLB rates remained relatively stable between 1<sup>st</sup> April and 30<sup>th</sup> June. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.

The 50-year PWLB target certainty rate for new long-term borrowing started 2024/25 at 4.00% and increased to 4.20% on 28<sup>th</sup> May. As can be seen, with rates remaining elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.



**6. Debt Rescheduling**

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

**7. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30<sup>th</sup> June 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Chief Resources & S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

The Prudential and Treasury Indicators for 2024-25 as of 30<sup>th</sup> June 2024 are set out below:

Treasury Indicators	31.03.24 Actual £M	2024/25 Approved Estimate £M
Authorised limit for external debt	115.00	120.00
Operational boundary for external debt	99.00	104.52
Gross external debt	57.96	71.93
Investments	(10.50)	(13.61)

Prudential Indicators – Non HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	7.60	17.01
Capital Financing Requirement (CFR) *	64.50	70.47
Annual change in CFR *	0.93	3.52
Ratio of financing costs to net revenue stream *	17.98%	18.20

Prudential Indicators – HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M
Capital expenditure *	6.76	4.77
Capital Financing Requirement (CFR) *	34.08	33.05
Annual change in CFR *	(1.05)	(1.04)
Ratio of financing costs to net revenue stream *	17.52%	16.22

## 8. Other Issues

### Changes in risk appetite

The 2021 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment

instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.