

QUARTER 3 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	Q3 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Services								
	98	106	6	112	(3)	112	0	
	330	387	0	387	71	332	55	+14%
	(10)	(3)	(4)	(7)	90	(49)	42	+600%
	364	591	0	591	259	421	170	+29%
	251	229	23	252	91	243	9	
	1,376	1,236	3	1,239	1,126	1,291	(52)	(4%)
Environment & Place	0	(18)	0	(18)	(52)	(22)	4	
	960	356	22	378	199	656	(278)	(74%)
	662	786	2	788	559	848	(60)	(8%)
	1,739	1,793	(1)	1,792	1,277	1,743	49	+3%
	65	72	0	72	34	71	1	
	(786)	(1,037)	0	(1,037)	(1,050)	(895)	(142)	(14%)
	3,510	2,984	0	2,984	2,128	3,227	(243)	(8%)
	538	366	43	409	275	469	(60)	(15%)
Governance	962	1,030	0	1,030	840	1,077	(47)	(5%)
	647	634	0	634	647	759	(125)	(20%)
	(21)	(72)	0	(72)	(63)	(75)	3	
	(1,366)	(1,415)	(69)	(1,484)	(1,232)	(1,707)	223	+15%
	533	597	0	597	435	549	48	+8%
	550	664	20	684	533	675	9	
	179	(10)	0	(10)	17	28	(38)	(380%)
Housing & Property	628	570	63	633	285	653	(20)	
	62	106	(71)	35	29	33	2	
	885	1,521	0	1,521	(1,977)	1,217	304	+20%
	703	842	(26)	816	527	793	23	
	122	127	0	127	91	164	(37)	(29%)
	0	0	0	0	0	0	0	
	246	240	0	240	125	237	3	
	313	382	0	382	150	203	179	+47%
	92	97	0	97	57	98	(1)	
People & Policy	678	215	0	215	153	216	(1)	
	85	74	0	74	58	78	(4)	
	1,384	1,123	0	1,123	949	1,253	(130)	(12%)
	127	183	0	183	174	167	16	
	302	312	0	312	300	312	0	
	170	18	0	18	32	33	(15)	
	121	190	0	190	84	209	(19)	
Planning & Climate Change	429	712	56	768	708	1,086	(318)	(41%)
	197	205	0	205	158	207	(2)	
	747	974	0	974	606	901	73	+7%
	51	59	0	59	76	66	(7)	
	1,257	1,625	0	1,625	952	1,479	146	+9%
Resources	1,503	1,807	0	1,807	1,249	1,675	132	+7%
	156	169	0	169	130	169	0	
	992	1,213	0	1,213	5,140	1,213	0	
	346	220	0	220	156	220	0	
	(53)	(126)	(10)	(136)	(77)	(18)	(118)	(87%)
Sustainable Growth	433	485	0	485	339	489	(4)	
	(2,553)	(2,753)	0	(2,753)	(1,923)	(2,747)	(6)	
	873	590	(57)	533	316	422	111	+21%
	312	450	0	450	199	317	133	+30%
	21,189	20,906	0	20,906	15,247	20,898	8	
Corporate Services								
Corporate Accounts	2,093	98	0	98	419	1,079	(981)	(1001%)
	4,039	2,362	0	2,362	0	2,362	0	
	(1,159)	(1,239)	0	(1,239)	(1,084)	(1,239)	0	
	1,132	1,541	0	1,541	1,398	1,140	401	+26%
	(1,413)	(505)	0	(505)	(957)	(1,258)	753	+149%
Other Items	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	
	6,927	5,267	0	5,267	(224)	4,996	271	+5%
	(1,032)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	(130)	(139)	0	(139)	853	(182)	43	+31%
	1,295	1,272	3,129	4,401	1,213	4,392	9	
	(1,295)	(1,272)	(3,129)	(4,401)	(3)	(4,392)	(9)	
General Fund Revenue Budget	26,954	25,008	0	25,008	16,060	24,686	322	+1%
Core Funding :								
	(406)	(433)	0	(433)	(329)	(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)	10,869	(13,960)	172	+1%
Council Tax Requirement	10,603	10,928	0	10,928	26,600	10,434	494	+5%

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 3 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	Q3 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,769	25,116	173	25,289	17,589	23,843	1,446	+6%
	Indirect Employee Expenses	2,348	816	0	816	1,131	1,269	(453)	(56%)
	Cleaning and Domestic Supplies	272	169	0	169	142	188	(19)	
	Energy Costs	2,207	1,548	0	1,548	481	1,629	(81)	(5%)
	Fixtures and Fittings	1	1	0	1	0	1	0	
	Grounds Maintenance Costs	52	61	0	61	30	59	2	
	Operational Bldgs Allocation	219	107	0	107	149	107	0	
Premises Related Exp	Other Premises Costs	0	0	0	0	0	0	0	
	Premises Insurance	294	320	0	320	342	336	(16)	
	Rates	1,284	1,339	0	1,339	1,507	1,537	(198)	(15%)
	Rents	72	65	0	65	76	67	(2)	
	Repair and Maintenance	1,421	1,262	(121)	1,141	591	1,243	(102)	(9%)
	Water Services	393	338	73	411	364	493	(82)	(20%)
	Car Allowances	12	2	0	2	11	11	(9)	
	Contract Hire Operating Leases	215	46	0	46	37	55	(9)	
Transport Related Exp	Direct Transport Costs	1,777	1,503	0	1,503	1,065	1,621	(118)	(8%)
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	13	20	0	20	5	18	2	
	Transport Insurance	77	87	0	87	90	90	(3)	
	Catering	51	40	0	40	23	41	(1)	
	Clothing Uniform and Laundry	104	88	0	88	91	102	(14)	
	Communications and Computing	1,496	1,693	0	1,693	1,491	1,695	(2)	
	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	1,233	1,699	(12)	
	Expenses	588	528	0	528	385	504	24	
	General Office Supplies	245	247	0	247	366	249	(2)	
	Grants and Subscriptions	1,927	1,782	74	1,856	1,235	1,916	(60)	(3%)
	Miscellaneous Expenses	1,458	1,232	1,803	3,035	607	3,369	(334)	(11%)
	Services	7,640	6,824	736	7,560	5,344	8,012	(452)	(6%)
Transfer Payments	Housing Benefit	25,310	21,977	0	21,977	14,947	21,977	0	
Support Services	Recharges Exp	151	141	87	228	56	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	1,398	1,141	401	+26%
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)	(15,120)	(19,448)	(592)	(3%)
	Government Grants	(29,176)	(25,281)	(1,576)	(26,857)	(16,400)	(27,203)	346	+1%
Income	Interest	(1,611)	(568)	0	(568)	(957)	(1,322)	754	+133%
	Other Grants and Contributions	(3,261)	(2,281)	(1,326)	(3,607)	(2,456)	(3,631)	24	
	Recharges Inc	(2,481)	(1,501)	0	(1,501)	(830)	(1,592)	91	+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)	853	(182)	43	+31%
	Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	3,129	4,401	1,213	4,392	9	
	Revenue Reserve funded items included in above analysis (Appropriations)	(1,295)	(1,272)	(3,129)	(4,401)	(3)	(4,392)	(9)	
General Fund Revenue Budget		26,954	25,008	0	25,008	16,060	24,686	322	+1%
Core Funding :	Revenue Support Grant	(406)	(433)	0	(433)	(329)	(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)	10,869	(13,960)	172	+1%
Council Tax Requirement		10,603	10,928	0	10,928	26,600	10,434	494	+5%

Notes:

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

QUARTER 3 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	Q3 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Housing Revenue Account								
Policy & Management	2,748	3,080	329	3,409	1,955	3,023	386	+11%
Repairs & Maintenance	7,935	6,911	69	6,980	4,908	7,150	(170)	(2%)
Welfare Services	(90)	(237)	0	(237)	(324)	(271)	34	+14%
Special Services	266	238	11	249	177	224	25	
Miscellaneous Expenses	1,039	952	0	952	814	1,364	(412)	(43%)
Income Account	(17,551)	(17,985)	0	(17,985)	(13,170)	(18,094)	109	+1%
Capital Charges	(4,298)	7,014	0	7,014	0	7,463	(449)	(6%)
Appropriations	9,434	(490)	(409)	(899)	0	(606)	(293)	(33%)
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	
	(517)	(517)	0	(517)	(5,640)	253	(770)	(149%)
Net Recharges to General Fund	517	517	0	517	517	517	0	
Housing Revenue Account Budget	0	0	0	0	(5,123)	770	(770)	

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QUARTER 3 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2024/25

	Original Budget 2024/25 £'000	Budget Amendments 2024/25 £'000	Working Budget 2024/25 £'000	Q3 Actual 2024/25 £'000	Projected Outturn 2024/25 £'000	Projected Variance 2024/25 £'000	Variance +/- £30K %
Services							
	0	0	0	(66)	0	0	
	0	0	0	(342)	0	0	
Environment & Place	0	0	0	(1,462)	0	0	
	0	0	0	0	0	0	
	1,301	(756)	545	470	545	0	
	976	(976)	0	0	0	0	
	0	250	250	128	250	0	
	62	0	62	0	62	0	
	0	0	0	(191)	0	0	
	0	0	0	(1,889)	0	0	
	127	(127)	0	0	0	0	
Housing & Property	0	0	0	0	0	0	
	984	(974)	10	2	10	0	
	0	73	73	477	531	(458)	(627%)
	0	0	0	(24)	0	0	
	0	0	0	0	0	0	
	355	(70)	285	2	184	101	+35%
	996	838	1,834	1,006	1,724	110	+6%
People & Policy	0	0	0	(40)	0	0	
	200	400	600	10	600	0	
Planning & Climate Change	240	(240)	0	(66)	0	0	
	0	500	500	101	500	0	
	0	0	0	(134)	0	0	
	0	0	0	13	0	0	
	0	0	0	0	0	0	
	166	(106)	60	58	60	0	
Resources	115	113	228	62	158	70	+31%
	0	116	116	14	66	50	+43%
	300	0	300	21	230	70	+23%
	5	10	15	5	6	9	
	755	623	1,378	620	1,378	0	
	0	0	0	0	0	0	
	0	0	0	1	0	0	
	50	0	50	32	0	50	+100%
	0	0	0	(2,389)	0	0	
	0	0	0	(1,578)	0	0	
	0	0	0	(507)	0	0	
Sustainable Growth	30	0	30	16	30	0	
	0	0	0	(9)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	173	173	74	173	0	
	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	(191)	0	0	
	0	0	0	(8)	0	0	
	0	0	0	(790)	0	0	
	0	0	0	(13)	0	0	
	0	0	0	(30)	0	0	
Other Items	0	0	0	2	0	0	
	0	0	0	(5)	0	0	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
	0	0	0	247	0	0	
	0	0	0	12	0	0	
	0	0	0	0	0	0	
	0	0	0	15	0	0	
	6,697	(90)	6,607	(6,339)	6,590	17	
GRAND TOTAL	6,697	(90)	6,607	(6,339)	6,590	17	

Notes:

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Council Housing Capital Programme 2024/25

	2024/25 Original Budget	2024/25 Working Budget	2024/25 P9 Actual	2024/25 Projected Outturn	2024/25 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	300,000	235,060	300,000	0	
Energy Efficiency / Boiler Replacement	909,000	1,563,700	766,463	1,563,700	0	
Kitchen / Bathroom Refurbishment	888,000	888,000	519,335	822,000	66,000	Delays to kitchen replacement programme due to supplier change following tender process
External Refurbishment	526,000	546,800	63,005	386,800	160,000	Extent of rendering work required less than anticipated
Environmental Improvements	150,000	277,600	300,662	441,600	(164,000)	Capitalisation of Positive Input Ventilation unit installations, along with redirection of in-house labour from revenue-funded works
Re-roofing / Window Renewals	493,000	781,500	319,187	743,000	38,500	Saving on 2023/24 roofing contract, works now completed
Rewiring	88,000	109,900	7,447	112,600	(2,700)	Final account for 2023/24 consumer unit replacement contract, works now completed
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	392,000	536,100	168,571	550,100	(14,000)	Final account for 2023/24 smoke / heat / carbon monoxide detector replacement contract, works now completed at agreed specification
Housing Renewal & Renovation	607,000	1,411,000	798,320	1,385,000	26,000	Additional costs relating to changes to specifications and delays at Alder Grove and professional fees relating to County-funded property extension, off-set by underspends on emergency component replacement
Mainway Regeneration Project	0	0	-282,870	0	0	BLRF funding b/f
Acquisitions	0	700,000	0	700,000	0	
TOTAL EXPENDITURE	4,353,000	7,114,600	2,895,180	7,004,800	109,800	

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

Reserves Statement (Including Unallocated Balances)

<----- 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)	(1,392,000)	0	3,529,800	(8,189,200)
Earmarked Reserves:										
Corporate Priorities	(18,300)			82,700	64,400	(454,700)			385,900	(68,800)
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)			159,000	(105,300)
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)
To Support Revenue & Capital Expenditure	(994,000)	(4,500)	0	82,700	(915,800)	(1,703,800)	(4,500)	0	595,500	(1,112,800)
Renewals Reserves	(1,422,700)	(491,800)	38,000		(1,876,500)	(1,430,300)	(491,800)	38,000	4,100	(1,880,000)
Elections	9,600	(45,000)			(35,400)	(17,300)	(45,000)		100	(62,200)
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)			293,585	(146,815)
S106 Commuted Sums - Affordable Housing	(155,800)				(155,800)	(218,800)				(218,800)
S106 Commuted Sums - Highways, Cycle Paths etc.	(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)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,200)				(22,200)
Marsh Capital	(47,700)				(47,700)	(47,700)				(47,700)
Total ring-fenced/held against risk	(11,355,300)	(1,487,800)	38,000	73,400	(12,731,700)	(15,335,200)	(1,487,800)	101,000	403,185	(16,318,815)
Total Earmarked Reserves	(12,349,300)	(1,492,300)	38,000	156,100	(13,647,500)	(17,039,000)	(1,492,300)	101,000	998,685	(17,431,615)
Total Combined Reserves	(20,969,700)	(2,562,300)	38,000	1,433,600	(22,060,400)	(27,366,000)	(2,884,300)	101,000	4,528,485	(25,620,815)

HRA Reserves Statement (Including Unallocated Balances)

<----- ORIGINAL BUDGET ----->

<----- PROJECTED OUTTURN ----->

	<----- 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)		769,600	(76,000)
Earmarked Reserves:										
Business Support Reserve	(35,400)	0	0	0	(35,400)	(581,900)	0	0	462,700	(119,200)
Major Repairs Reserve	(121,400)	(4,325,700)	4,325,700	0	(121,400)	(779,500)	(4,774,700)	5,004,100	0	(550,100)
Flats - Planned Maintenance	(472,400)	(33,000)	0	22,900	(482,500)	(404,500)	0	0	95,400	(309,100)
ICT and Systems Improvement	(963,200)	0	0	688,900	(274,300)	(974,200)	0	0	261,000	(713,200)
Sheltered - Equipment	(254,200)	(37,900)	0	43,000	(249,100)	(299,300)	(60,400)	0	98,800	(260,900)
Sheltered - Planned Maintenance	(56,500)	(75,600)	0	15,300	(116,800)	(284,100)	(120,300)	0	25,000	(379,400)
Sheltered Support Grant Maintenance	(235,900)	(37,900)	0	0	(273,800)	(279,500)	(60,400)	0	0	(339,900)
Total Earmarked Reserves	(2,139,000)	(4,510,100)	4,325,700	770,100	(1,553,300)	(3,603,000)	(5,015,800)	5,004,100	942,900	(2,671,800)
Total Combined Reserves	(2,889,000)	(4,605,700)	4,325,700	770,100	(2,398,900)	(4,353,000)	(5,111,400)	5,004,100	1,712,500	(2,747,800)

GENERAL FUND - 2024/25 SAVINGS & BUDGET PROPOSALS MONITORING (QUARTER 3)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
	£'000	£'000	£'000	£'000	
2024/25 APPROVED SAVINGS					
Council Wide					
Fees & Charges	838	168	224	(614)	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 (-£436K) & Morecambe Market (-£98K) however this could be offset by savings in service delivery
Environment & Place					
Service Administration	12	12	12	0	restructure in place - saving achieved
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
Housing & Property					
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
People & Policy					
Playschemes	26	26	26	0	template delivered - budget removed
Planning & Climate Change					
Planning Fees	100	45	60	(40)	Difficult to quantify as reporting £300K (40% down) on fees 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.
S106 Monitoring Fees	10	0	0	(10)	No new S106 in 24/25. Hoping for a pick up in major applications 25/26
Resources					
Financial Services Staffing Review	30	30	30	0	Staff changes on-going and other savings achieved during year means target easily met.
Sustainable Growth					
Coastal Maintenance	50	50	50	0	Post not yet filled, savings from R&M already taken
TOTAL SAVINGS					
	1,233	451	522	(711)	
2024/25 APPROVED GROWTH					
	£'000	£'000	£'000	£'000	
Environment & Place					
The Platform	75	38	75	0	Part of running costs in year; will be within budget
People & Policy					
Project Management System	12	0	0	(12)	Software not purchased in year - funding identify for next year
Planning & Climate Change					
Restructuring/Biodiversity Officer	38	20	30	(8)	Recruited late September
TOTAL GROWTH					
	125	58	105	(20)	
NET SAVINGS					
	1,108	394	417	(691)	

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
Services						
Environment & Place						
AONB & Nature Reserves	98	106	112	113	112	
Environmental Protection	330	387	350	329	332	
Fleet Management	47	35	(20)	(43)	(49)	
Food Safety	364	591	496	437	421	
Hospitality & Events Management	251	229	255	259	243	
Parks & Open Spaces	1,376	1,236	1,256	1,276	1,291	
Pest Control	0	(18)	(20)	(23)	(22)	
Salt Ayre Leisure Centre	960	356	593	523	656	
Service Support	662	786	770	844	848	
Street Cleaning	1,739	1,793	1,791	1,737	1,743	
Streetscape	65	72	72	71	71	
Trade Refuse	(786)	(1,037)	(899)	(887)	(895)	
Waste Collection	3,510	2,984	3,166	3,087	3,227	
Williamson Park	538	366	476	450	469	
Governance						
Democratic Support & Elections	962	1,030	1,025	1,037	1,077	
Legal Services	647	634	686	680	759	
Licensing	(21)	(72)	(93)	(70)	(75)	
Housing & Property						
Commercial Land & Properties	(1,366)	(1,415)	(1,527)	(1,590)	(1,707)	
Customer Services	533	597	603	549	549	
Facilities Management	550	664	635	676	675	
GF Housing Schemes	179	(10)	3	12	28	
Municipal Buildings	628	570	658	652	653	
Other Land & Buildings	62	106	34	33	33	
Private Sector Housing	885	1,521	1,486	1,444	1,217	
Property Group	703	842	784	764	793	
Public Health Services	122	127	134	135	164	
Repairs & Maintenance	0	0	0	0	0	
People & Policy						
Communications & Marketing	246	240	238	236	237	
Community Connectors	313	382	204	194	203	
Emergency Planning & CSP	92	97	97	97	98	
Exec Support	678	215	217	213	216	
Health & Safety	85	74	59	72	78	
HR & OD	1,384	1,123	1,144	1,180	1,253	
Projects & Performance	127	183	174	236	167	
VCFS	302	312	312	312	312	
Visitor Information Centres	170	18	18	18	33	
Planning & Climate Change						
DM - Building Control	121	190	186	186	209	
DM - Planning	429	712	723	873	1,086	
Energy and Sustainability	150	167	173	210	207	
Planning & Housing Strategy	747	974	932	898	901	
Resources						
CCTV	51	59	63	66	66	
Finance	1,257	1,625	1,546	1,488	1,479	
ICT	1,503	1,807	1,733	1,647	1,675	
Internal Audit	156	169	169	169	169	
Revenues & Benefits	992	1,213	1,213	1,213	1,213	
Sustainable Growth						
Economic Development & Culture	346	220	220	220	220	
Markets	(53)	(126)	(31)	(4)	(18)	
Museums	433	485	490	489	489	
Parking	(2,553)	(2,753)	(2,726)	(2,748)	(2,747)	
Regeneration	873	590	514	540	422	
Strategic Projects & Engineers	312	450	411	372	317	
	21,199	20,906	20,905	20,672	20,898	0
Corporate Services						
Corporate Accounts						
Corporate Accounts	2,093	98	256	921	1,079	
Contributions from Reserves	(1,594)	2,362	2,362	2,362	2,362	
Government Grants	(1,159)	(1,239)	(1,239)	(1,239)	(1,239)	
Interest Payable	1,132	1,541	1,541	1,241	1,140	
Interest Receivable	(1,413)	(505)	(505)	(1,140)	(1,258)	
Other Items						
Minimum Revenue Provision	2,660	3,010	3,010	2,912	2,912	
Notional Charges	(80)	0	0	0	0	
Pandemic Support	0	0	0	0	0	
Revenue Funding of Capital	132	0	0	0	0	
Capital Funding of Revenue	(477)	0	0	0	0	
UKSPF	0	0	0	0	0	
	1,294	5,267	5,425	5,057	4,996	0
Net Recharges to Housing Revenue Account	(1,032)	(1,026)	(1,026)	(1,026)	(1,026)	
RMS Capital Charges (now Housing Revenue Account)	(130)	(139)	(139)	(139)	(182)	
Revenue Reserve funded items included in above analysis (Revenue)	1,295	1,272	4,270	4,414	4,392	
Revenue Reserve funded items included in above analysis (Appropriati	(1,295)	(1,272)	(4,270)	(4,414)	(4,392)	
General Fund Revenue Budget	21,331	25,008	25,165	24,564	24,686	0
Core Funding :						
Revenue Support Grant	(406)	(433)	(433)	(433)	(433)	
Additional New Homes Bonus	0	0	0	0	0	
Supplementary Government Grants	0	0	0	0	0	
Prior Year Council Tax Surplus	181	141	141	141	141	
Net Business Rates Income	(10,652)	(13,788)	(13,788)	(13,788)	(13,960)	
Council Tax Requirement	10,454	10,928	11,085	10,484	10,434	0

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 31 December 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	111	£44,973	95	£292,486	50	£21,244	59	£22,329	489	£351,500	231	£147,762	127	(£27,893)	1,162	£852,402
Governance	1	£500	0	£0	0	£0	2	£1,350	0	£0	16	£29,384	0	£0	19	£31,234
Housing & Property	192	£357,224	72	£91,522	108	£161,112	175	£246,465	500	£547,936	769	£852,391	113	(£15,846)	1,929	£2,240,805
Planning & Climate Change	7	£33,716	3	£764	4	£1,672	7	£60,374	35	£101,108	32	£170,880	6	(£3,970)	94	£364,544
Resources	0	£0	1	£2,260	0	£0	0	£0	0	£0	1	£9,773	4	(£51)	6	£11,982
Sustainable Growth	8	£36,605	18	£20,624	12	£4,079	36	£22,784	88	£65,907	0	£0	8	(£5,510)	170	£144,488
Total Per Period	319	£473,018	189	£407,656	174	£188,107	279	£353,301	1,112	£1,066,452	1,049	£1,210,190	258	(£53,269)	3,380	£3,645,455

Total Debts	3,380	£3,645,455
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Treasury Management Update

Quarter ended 31st December 2024

Report of Chief Resources and S151 Officer

2024/25 Treasury Management Update

Quarter Ended 31st December 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 third quarter of 2024/25 saw:

- GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
- The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
- CPI inflation increase to 2.6% in November;
- Core CPI inflation increase from 3.3% in October to 3.5% in November;
- The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
- 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).

The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3%

The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost ~~1¾%~~ 1.75% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.

December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.

The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.

CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.

Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.

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 1st 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 11th November, 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 stubborn inflationary factors and a tight labour market.

Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30th October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of 2025, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Moreover, Donald Trump's victory in the US President election paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of any further tax cuts and an expansion of the current US budget deficit.

Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link November Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

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.
- Link forecasts 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 28th 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 2, investment rates have remained relatively elevated during the third quarter of 2024/25 but are expected to fall back in due course if inflation falls through 2025 and the MPC loosens monetary policy more substantially.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of credit worthiness to ensure that only appropriate 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 3 was £27.77M. 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.

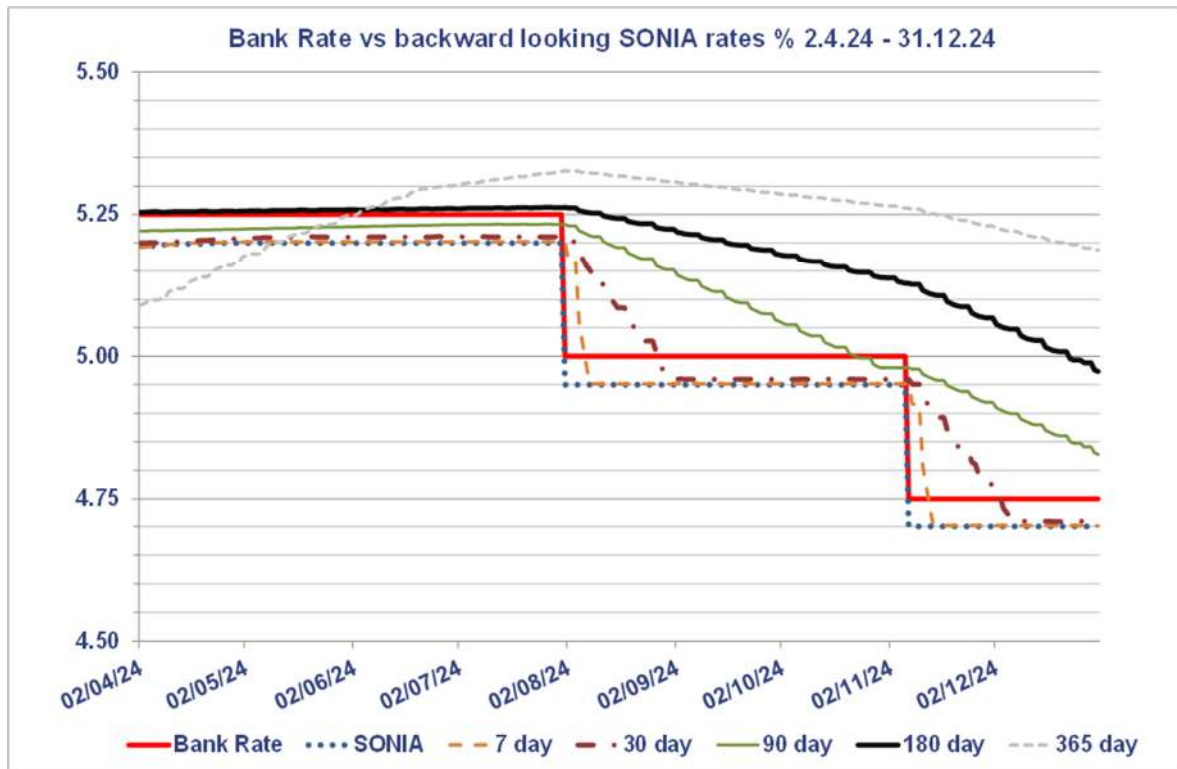
In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA and bank rates at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow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

Base Rate	4.75%
7 day SONIA	4.70%
Lancaster City Council investments	4.55%

Performance for the year to date is £648K above budget due to higher than forecast cash balances combined with interest rates falling more slowly than anticipated.

Investment Balances – quarter ended 31 December 2024

At the start of the quarter investments totalled £25.5M falling to £21.4M by 31 December. Fixed term investments with local authorities on 31 December were £0M, fixed term investments with the DMADF on 31 December were £0.4M whilst Money Market Fund balances were £21.0M.

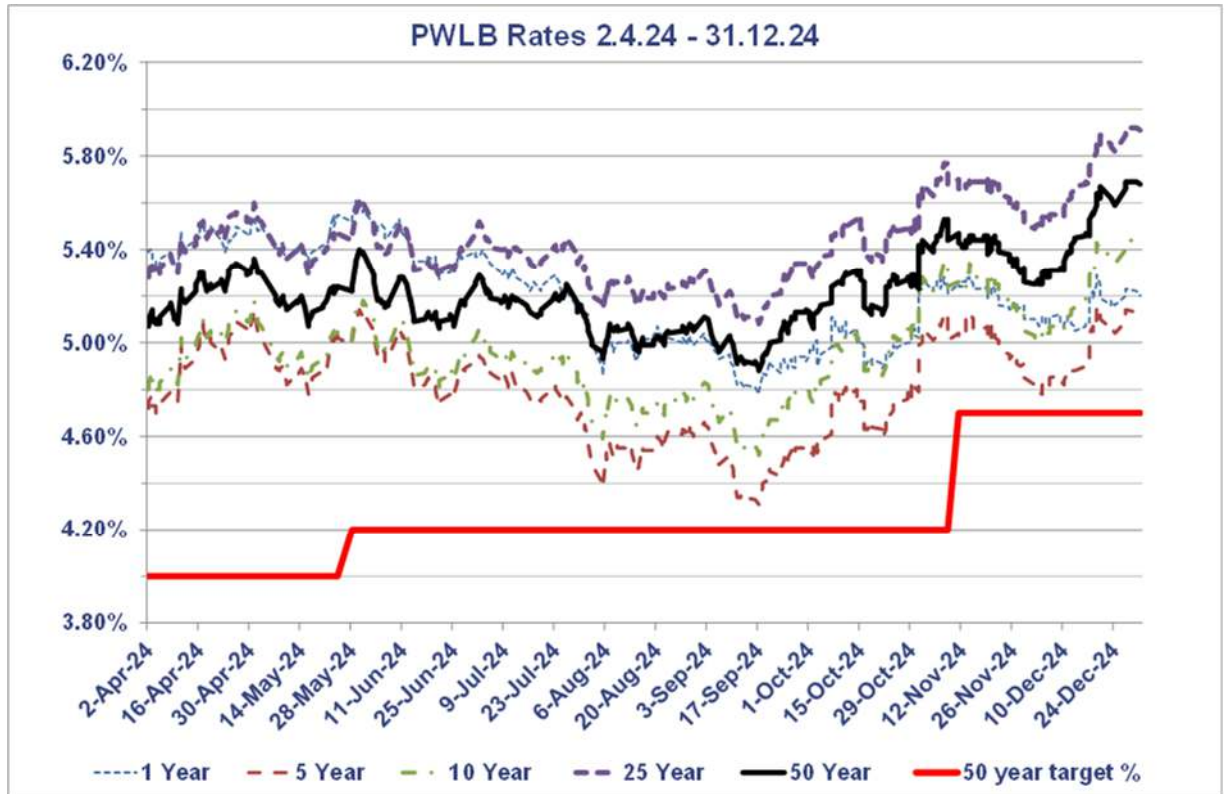


5. New Borrowing

No borrowing was undertaken during the quarter ended 31 December 2024. It is anticipated that further borrowing may need to be undertaken during this financial year. Balance sheet projections indicate that around £6M borrowing may be required before the end of the financial year. However, the potential for further slippage within the Capital Programme and uncertain large cashflows relating to the Eden Project make this difficult to quantify with certainty and the actual amount of borrowing may be lower. Should borrowing be required, it 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 have moved significantly higher over the course of the financial year, culminating in long-term rates approaching levels last seen in 1998. The rise in medium to long-term yields has arisen because of several factors. Namely, the inflation outlook has become stickier than the market anticipated earlier in the year, with wages remaining somewhat elevated and the labour market tight.

Moreover, the Government has not fully convinced the markets that the UK economy is about to undergo a material increase in productivity and growth. The quarter ending 30th September saw UK GDP stagnate and the prospects for 2025 are somewhat opaque at present. With the UK public finances seemingly under pressure too and historic buyer of longer-dated gilts – pensions funds and insurance companies – targeting shorter-dated maturities of late, it is not a great surprise that yields have risen in the longer dates even as the Debt Management Office has sought to issue debt with shorter durations than might normally have been the case.



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 31st December 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 31st December 2024 are set out below:

Treasury Indicators	31.03.24 Actual £M	2024/25 Approved Estimate £M	2024/25 Quarter 3 Estimate
---------------------	-----------------------	------------------------------------	-------------------------------

Authorised limit for external debt	115.00	120.00	117.00
Operational boundary for external debt	99.00	104.52	102.17
Gross external debt	57.97	71.93	64.88
Investments	(10.50)	(13.61)	(12.37)

Prudential Indicators – Non HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M	2024/25 Quarter 3 Estimate £M
Capital expenditure *	7.60	17.33	17.33
Capital Financing Requirement (CFR) *	64.49	70.47	68.13
Annual change in CFR *	0.93	5.98	3.66
Ratio of financing costs to net revenue stream *	17.98%	18.20%	16.09%

Prudential Indicators – HRA	31.03.24 Actual £M	2024/25 Approved Estimate £M	2024/25 Quarter 3 Estimate £M
Capital expenditure *	6.76	8.34	8.34
Capital Financing Requirement (CFR) *	34.09	33.05	33.04
Annual change in CFR *	(1.04)	(1.04)	(1.04)
Ratio of financing costs to net revenue stream *	17.52%	16.22%	15.71%

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.