

**Teignbridge District Council
Executive
4 July 2022
Part i**

**BUDGET MONITORING – REVENUE & CAPITAL, TREASURY MANAGEMENT
LENDING LIST**

Purpose of Report

To update Members on the principal areas where there are likely to be departures from the 2022/23 budget and summarise those variations to the end of May 2022, to update Members on progress with the capital programme and funding and any amendments to the lending list for treasury management purposes.

Recommendation(s)

The Executive Committee RESOLVES to:

- (1) approve the revenue budget variations as shown at appendix 1**
- (2) approve the updated capital programme as shown at appendix 2**
- (3) note the updated lending list as shown at appendix 3**
- (4) approve the use of £112,500 of Strata revenue savings identified in 2021/22 to be reinvested in the delivery of information technology support in 2022/23**

Financial Implications

The financial implications are contained throughout the report. The main implication is the favourable variance of £766,950 at the end of May on the revenue budget

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Legal Implications

The Council is required to secure a balanced budget and also to provide certain services. Regular financial monitoring by the Executive helps ensure that the Council is able to meet these statutory obligations.

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Risk Assessment

Major risks are identified in 4.13 and summarised in section 9. The most significant of these is the level of future funding from Central Government

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Environmental/ Climate Change Implications

Impacts are summarised in section 10. The revenue budget supports the funding of a Climate Change Officer and capital projects are highlighted which contribute towards our climate change objectives

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

Appendix 1 – Revenue variations
Appendix 2 – Capital programme
Appendix 3 – Treasury management lending list
Current year budget monitoring files: capital files:

1. PURPOSE

- To identify the principal areas where there are likely to be departures from the approved 2022/23 budget and summarise the likely overall variation based on the information available to the end of May 2022. Also to inform Members of progress that has been made with achieving savings and efficiencies. All shown at Appendix 1.
- To update Members on progress with the capital programme and funding and bring the latest details for members' approval as shown in Appendix 2.
- To update Members on the lending list for treasury management purposes as shown in Appendix 3.
- To approve revenue savings made by Strata in 2021/22 to be reinvested in supporting delivery of information technology services in 2022/23.

2. SUMMARY

2.1 The closing of the ledger for 2021/22 is currently being finalized with anticipated general reserves for the year to be maintained at £2.0 million plus earmarked reserves for specific grants, contributions and carry forwards including the various Covid grants for business rates etc. The 2021/22

external audit is due to commence in late Summer. There is a net surplus of £766,950 forecast for 2022/23 arising from variations to the original budget.

2.2 A summary of revenue budget variations by service identified to the end of May for the current year is shown below with favourable variations indicated by a minus sign as per the details shown in Appendix 1.

Service	Variance £
Development management including land charges	8,800
Corporate services	-301,770
Economy & assets	7,200
Environment/climate change	-594,590
Leisure/green spaces	0
General	113,410
TOTAL FAVOURABLE BUDGET VARIATION TO DATE	-766,950

2.3 Budgeted contributions to capital were eliminated as part of the budget process two years ago with new homes bonus receipts likely to disappear as the bonus is phased out. There is still no clarity as to what will take its place. Estimated rates retention above the baseline and pooling gain is assumed to be reset next year as part of the review into fair funding which will eliminate most of the gains made. There is still uncertainty as to whether this will actually take place next year as planned. There has been no communication on consultation about fair funding so it seems most likely that any reset will be delayed by a further 12 months. We await clarification on this which may be made clearer when full details of the next settlement are provided for 2023/24 in December. The business rates retention reserve holds funds to assist with this eventuality initially. Likely shortfalls for future years after 2022/23 will need to be addressed as part of the budget setting and monitoring process this year and next year. Work is ongoing through service plan reviews, modified business plans and work with Ignite to determine savings to meet the gaps identified in the final budget papers from February 2022.

3. BACKGROUND

3.1 The Covid 19 pandemic created a massive financial uncertainty for all Local Authorities. As a result the detailed financial reports for 2020/21 were replaced by more frequent updates on the overall financial position taking account of updates from Central Government on their financial support and the various lockdowns suffered. Reporting for 2021/22 and for this year have reverted to more detailed variance analysis by service area.

4. VARIATIONS BY SERVICE (revenue shown in appendix 1 and capital in appendix 2)

4.1 Building control

- At the end of May fee income is forecast to be 10% above the target budget of £380,000. Any variation at the year end will be charged to the building control reserve so will not affect Teignbridge's general reserve. Income received to date is up on that at the same time last year.
- Teignbridge became the Lead Authority fully hosting The Devon Building Control Partnership with South Hams and West Devon councils from 1 April 2017 and holds the partnership earmarked reserves on behalf of the partners.

4.2 Development management including land charges

- At the end of May net planning application income is forecast to be in line with the original budget of £795,000. Planning application numbers are 14% down at the end of May as compared with last year.
- The Executive of 30 May 2017 agreed the introduction of charges for pre-application planning advice from 1 July 2017. At the end of May 2022 income was down on the budget of £75,000 by an estimated £8,800 for the year.
- There are currently no known Planning appeal costs for this financial year.
- Land charges income is forecast to be in line with projected net budget of £212,000. The number of searches is 13% down on last year. A search can be a full or part search or individual questions.

4.3 Strategic leadership team & corporate services

The 2019 revised strategic leadership team structure has permanent appointments to the relevant positions. The new structure will ultimately deliver ongoing savings in excess of £150,000. These savings have already been incorporated into the budget setting process for 2021/22, 2022/23 and thereafter.

Finance

- Forecast interest receivable at £301,774 is forecast to be up £271,774 on the base income budget of £30,000. Interest accrued to the end of May is £39,919. There is currently no forecast external borrowing for the year, which means zero interest payable against base budget for interest payable of £30,000. While call account rates remain relatively subdued, money market fund rates have risen modestly in response to base rate changes. There have

been four base rate rises between December 2021 and May 2022, with the rate now at 1.00%. Our average lending rate to the end of May is 0.97% which is above SONIA (Sterling Overnight Index Average), which was 0.94% as at 01 June 2022. Average daily lend for the year is forecast at £31.6m. There is considerable economic uncertainty at present which may affect the Bank of England's interest rate decisions. Cash-flow also continues to be volatile due to government grant activity around the pandemic and cost of living crisis. However, if base rates increase in line with commentators' expectations, forecast interest income may rise further.

- As at the end of 2021/22, the draft capital financing requirement (CFR) (underlying need to borrow) is £20.07 million. By using existing balances to fund this internally rather than borrowing externally, the Council saves £456,557 per annum. This is based on the cost of borrowing 50% of CFR at the PWLB's 10-year certainty rate and 50% at the 25-year certainty rate, less potential interest earned at the current average rate of 0.97%.

In April we arranged lending as follows:

BORROWER	RATE	AMOUNT	START DATE	END DATE	TOTAL DAYS LENT IN YEAR	INTEREST (£)
DMO	0.55	2,000,000	01/04/2022	27/04/2022	26	783.56
DMO	0.565	500,000	01/04/2022	09/05/2022	38	294.11
DMO	0.59	500,000	01/04/2022	19/05/2022	48	387.95
DMO	0.56	3,000,000	08/04/2022	29/04/2022	21	966.58
DMO	0.56	500,000	11/04/2022	28/04/2022	17	130.41
DMO	0.55	500,000	14/04/2022	28/04/2022	14	105.48
DMO	0.55	3,000,000	19/04/2022	28/04/2022	9	406.85
DMO	0.55	5,000,000	19/04/2022	29/04/2022	10	753.42
DMO	0.55	1,000,000	21/04/2022	29/04/2022	8	120.55
DMO	0.55	1,000,000	25/04/2022	29/04/2022	4	60.27
DMO	0.755	5,000,000	27/04/2022	26/05/2022	29	2,999.32
DMO	0.55	4,500,000	28/04/2022	05/05/2022	7	474.66
DMO	0.59	1,500,000	29/04/2022	06/05/2022	7	169.73
DMO	0.645	2,000,000	29/04/2022	09/05/2022	10	353.42
DMO	0.685	1,000,000	29/04/2022	11/05/2022	12	225.21
DMO	0.735	1,000,000	29/04/2022	19/05/2022	20	402.74
DMO	0.74	1,000,000	29/04/2022	20/05/2022	21	425.75
DMO	0.755	2,500,000	29/04/2022	23/05/2022	24	1,241.10
DMO	0.76	1,000,000	29/04/2022	24/05/2022	25	520.55
DMO	0.77	2,500,000	29/04/2022	26/05/2022	27	1,423.97

and we had £39.4 million lent out or in call accounts at the end of the month.

In May we arranged lending as follows:

BORROWER	RATE	AMOUNT	START DATE	END DATE	TOTAL DAYS LENT IN YEAR	INTEREST (£)
DMO	0.82	3,000,000	03/05/2022	26/05/2022	23	1,550.14
DMO	0.85	2,500,000	05/05/2022	20/06/2022	46	2,678.08
DMO	0.8	1,500,000	06/05/2022	11/05/2022	5	164.38
DMO	0.85	1,000,000	11/05/2022	23/06/2022	43	1,001.37
Nationwide	1.46	1,000,000	11/05/2022	10/05/2023	364	14,560.00
Thurrock Council	1.1	2,000,000	01/06/2022	01/09/2022	92	5,545.21
DMO	0.835	1,000,000	16/05/2022	20/06/2022	35	800.68
DMO	0.885	7,000,000	16/05/2022	05/07/2022	50	8,486.30
DMO	1.005	2,000,000	20/05/2022	09/08/2022	81	4,460.55
DMO	0.93	2,000,000	24/05/2022	05/07/2022	42	2,140.27
DMO	0.965	1,500,000	26/05/2022	19/07/2022	54	2,141.51

and we had £35.0 million lent out or in call accounts at the end of the month.

- Municipal Mutual Insurance (MMI) provided insurance for the Council until early 1993 when policies were transferred to Zurich Municipal. MMI experienced financial difficulties in 1992 and a scheme of arrangement was agreed by local authority creditors to facilitate the solvent run-off of the company. The scheme has been triggered and we have to pay a percentage of our potential liability of £341,000.

In 2013/14 a provision was made for the first levy notice of 15% or £51,000 which the administrator issued in April 2013 and was billed and paid early in 2014. A further reserve of 35% or £119,000 for likely claims in future years was also set up. Together these allowed for a total 50% of the potential liability as recommended by the broker. MMI's accounts to 30 June 2015 were published and we paid a second levy of 10% or £34,000 in April 2016. We were not required to pay any more after publication of the accounts since 2016. We still have £85,000 in reserve for the potential remaining 25%.

Human resources, legal, democratic services, audit and procurement

There are no variations to report at the end of May.

4.4 Economy & assets

- Repairs and maintenance are on target to be within the budget of £901,070. Actual spend to the end of May is £151,495.
- Income from car parking is currently in line with the original budget of £4.2 million at the end of May.
- General rental income has reduced over the last 12 months. The income to date is currently in line with the budget set. Market income is slightly down by

£7,200 from the original budget. The total property income budget is £3.1 million.

Capital

- The capital programme is shown at appendix 2. It continues to include significant provisions for investment in town centres and employment land. This includes the Future High Street Fund projects, which will revitalise the centre of Newton Abbot, creating a central, flexible mixed use space for community, artistic and cultural activities, alongside a revitalised market, food hall and Market Square. There are improvements to Queen Street and the National Cycle Network Route, as well as the building of a new state-of-the-art cinema. This regeneration will help transform the town centre into a vibrant and welcoming place to visit, boosting footfall and local spend and creating a premier market destination for the wider area. The total investment of £12.5 million includes government funding of £9 million.
- In 2019, Council resolved to progress plans to develop a hotel, including car park re-provisioning as part of the town centre regeneration outlined in the Newton Abbot master-plan. This project is funded mainly from prudential borrowing.
- Council of 28 April 2022 granted authority for the sale of land at Brunswick Street in Teignmouth town centre to Torbay and South Devon NHS Trust. Alongside this, it was resolved to create a new car park at the junction of George Street and Brunswick Street, to be funded from capital receipts.
- There is a £2 million provision for employment sites, funded from borrowing. It is anticipated this will be spent on schemes on council owned land, either to invest in new assets or to enhance and make best use of those already available. This will encourage new and existing businesses to set up, move in and stay in the area. The aim is to create better paid jobs and business expansion for a more resilient local economy. Where people can both work and spend leisure time locally, carbon emissions are also reduced. Individual projects will come back to committee as appropriate as business cases are developed
- Council of 6 June 2016 resolved to commit funding to the Superfast Broadband Connecting Devon and Somerset phase 2 programme. An investment of £250,000 financed from capital receipts was confirmed and the collaboration agreement signed. It is anticipated to be paid in 2022/23.

Capital - coastal & drainage

- The South West Regional Coastal Monitoring Programme (SWRCMP) completed its 3rd phase in 2020/21 and entered a new 6 year phase on 1 April 2021. This is 100% funded by grant from the Environment Agency – up to £10.5 million over 6 years. The latest phase includes coastal asset data in addition to topographic beach survey data, bathymetric data, LiDAR, aerial

photography and habitat mapping, providing a long term dataset showing changes to the beaches and coastline of the South West. It ensures that all Coastal Protection Authorities have the evidence to better understand the processes affecting the coast ensuring that coastal defence schemes are designed based on reliable information.

4.5 Environment

- A waste savings sharing agreement exists with Devon County Council. Additional savings which might arise can help to contribute towards the costs of implementing and on-going costs of extra waste and recycling rounds and improvements. This is anticipated to be in line with the budget set for 2022/23.
- Fuel costs are currently in line with the budget set.
- Income from recycling sales is up on the original budget by £584,000 – mainly due to increased volumes which have increased and been maintained and also due to the price for cardboard and plastics collected.
- The increased volumes has increased recycling credit income by £72,690.
- Hardware replacement to the waste and recycling vehicles will be required at a likely cost of £62,100. This will be funded by extra revenue contributions to capital.

Capital

- On 4 May 2021, Council approved decarbonisation works at Forde House offices. This includes £0.672 million grant funding secured under the Public Sector Decarbonisation Scheme. The delivery of projects covered by grant funding at Forde House is dependent on the Authority further investing in building upgrades and renovation works to enable compatibility with low-carbon technologies and to future-proof the site for flexible working. A further £2.4 million for these supporting works, funded from prudential borrowing and capital receipts, was also approved. Works include upgrading heating and ventilation systems, installing thermal fabric improvements and upgrading the incoming electricity supply. The flexible working project seeks to optimise and modernise staff provisions to support Council services, by redistributing desks and freeing up ground floor space to enable the potential to rent out the space and generate a new income stream. Following the original contractor going into administration, the works were re-tendered. Cost increases relating to unprecedented levels of inflation meant that an urgent decision was taken on 13th April 2022 to increase the total budget to £4.4 million, with the additional funding comprising revenue savings from the 2021/22 financial year and capital receipts. Works are now underway with the new contractor.
- The Authority also worked with a leisure energy specialist to develop a grant application under the Public Sector Decarbonisation Scheme covering Newton

Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido. The bid was successful, resulting in receipt of £2.3 million of grant funding to replace existing gas-fired heating systems with low-carbon air source heat pumps. Further provisions covered by the grant vary on a site-by-site basis but broadly involve electricity system upgrades, air handling unit works, solar photovoltaics and energy management system upgrades. These projects were recently Highly Commended in the Large Scale Project of the Year category at the Energy Efficiency Awards – South West.

4.6 Housing

- Teignbridge have received £32,291 of new burdens funding towards the statutory duty to support victims of domestic abuse within safe accommodation.

Capital

- The indicative anticipated 2022/23 Better Care government grant, received via Devon County Council is £1.48 million, with a further £0.92 million carried over from 2021/22. £0.42 million of this is budgeted towards supporting the Warm Homes fund grant scheme, with the remainder towards statutory disabled facilities and other discretionary grants, to meet anticipated increased demand.
- To date in 2022/23, no previously paid renovation grants have so far been recovered.
- The Council successfully bid for Warm Homes funding streams (supported by Better Care funding) covering provision of both air source heat pumps and first-time gas central heating to residents. £20,000 budget is carried forward for park home grants and £400,000 for Category 1 (Gas) and Category 2 (Air Source Heat Pumps).
- In addition, £1.1 million was received in 2020-21 from the Green Homes Fund. £250,000 is carried forward for grants towards energy efficiency measures.
- A provision of £8.5 million over two years relates to the first half of the Teignbridge 100 housing scheme for affordable and social housing. This work has already commenced as the programme covers previously approved schemes. Two homes at Drake Road, Newton Abbot and a further 5 units at Carlisle St (East St), Newton Abbot were recently completed. The tenants have the benefit of EPC A-rated energy efficient homes. The Carlisle St project also includes two fully wheelchair accessible flats. In addition, three properties have recently been acquired under the Rough Sleeper Accommodation Programme. The aim of this project is to provide move on accommodation and support to rough sleepers, to enable them to transition to independent living. The Teignbridge 100 pipeline covers a range

accommodation types, the intention being to deliver a rented programme across urban and rural locations on Teignbridge land.

Figures and timing are currently indicative only and represent the initial estimate for the first 50% of the Teignbridge 100 projects less the amounts relating to previously approved projects. Funding is assumed to be a combination of Homes England grant, capital receipts (including right to buy receipts estimated at £0.6 million per annum until payments cease in 2024) section 106 for affordable housing and borrowing. Discussions continue with housing providers over the method of delivery and pipeline projects will be brought forward for approval in due course.

- A shared equity scheme funded from £0.7 million of external planning contributions as approved at Full Council in November 2019 is also included.

4.7 Leisure / Green spaces

- Leisure experienced significant loss of income due to various lockdowns in 2020/21. The single biggest income stream is memberships which reduced significantly and although this has gradually increased again, competition has resulted in slower growth than anticipated. Actual income is down on the base budget for 2022/23 with an estimated loss for the year of £75,330 at the end of May – mainly due to memberships, decarbonisation works at Broadmeadow sports centre and the Lido, and difficulty in offering a full range of activities due to issues with recruiting and retaining staff. Swimming lessons and pay as you go swimming income is currently on target. It is anticipated that the loss of fees and charges income will be offset by savings.
- We currently have £9.3 million available in S106 receipts. These are over many services and parishes but the majority is for leisure including open spaces, sports provision and play facilities.

Capital

Following improvements to Bakers Park and Decoy play area, £430,000 is now included for play area improvements at the flagship Den play area in Teignmouth and Ashburton Road Newton Abbot, funded from developer contributions.

Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido will benefit from the £2.3 million decarbonisation project outlined in 4.5. There is also a project to replace the sports hall floor at Broadmeadow Sports Centre and to introduce modern gated access across our leisure centres (both funded from Section 106 contributions).

4.8 Licensing

Licensing income looks to be on target to achieve the budget of £221,590.

4.9 Revenue & benefits plus customer services

- Covid 19 has created significant pressure on revenue and benefits in distributing the business grant support monies to various businesses and increased workload from council tax support and recently the distribution of the £150 energy grant. Government have provided support and a new burdens grant was received this year of £66,590.

4.10 Spatial planning and delivery

We received the first payments of community infrastructure levy (CIL) in 2015/16. The money is being coded by town/parish and any payments due to them are made half-yearly. As at year end 2021/22, Teignbridge has recognised £18.6 million of usable CIL to date after payments due to parishes (£3.2 million paid to the end of 2021/22). £7.4 million has been spent on infrastructure, with the remainder committed to existing approved projects including provisions for local transport, education and sports. £0.3 million has been allocated towards administration costs since inception. As CIL may be paid in instalments, the actual cash balance after parish payments and expenditure is £4.6 million.

- Teignbridge received £164,000 of capacity funding to support the delivery of Newton Abbot as a garden town from the Garden Communities Programme and £160,000 Design Code Pathfinder funding. The Programme is to transform local communities focused on sustainability and supported by the right infrastructure.

Capital

- At Council on 25 September 2017, the acquisition of approximately 38 hectares of land at South West Exeter for the creation of Ridgetop Park was approved. This is occurring in phases, with instatement works taking place in line with the acquisition phasing. £2 million is included for the acquisition, instatement and endowment costs of future phases, funded from Housing Infrastructure Fund grant.
- Both Dawlish Countryside Park and the first phase of Ridgetop Park have been handed over to the respected land charity, the Land Trust for management under agreements which will ensure that the public and environmental benefits of the sites will be safeguarded for the long term.
- In addition to the Garden Communities revenue funding of £164,000 noted above Teignbridge has also been awarded a capital element of £250,000 towards infrastructure funding.
- £4.8 million of CIL is budgeted for infrastructure projects in 2022/23 including £2.6 million towards ongoing improvements to the A382, £600,000 for the Jetty Marsh Link Road, and £1.2 million towards cycling and other sports and leisure projects. There is £337,000 provision towards habitat mitigation infrastructure.

4.11 General revenue

- Council tax support costs have decreased and were just over £10.8 million at the end of May which is £190,915 below the original estimate of £11.0 million. Council tax support falls directly to Teignbridge including parishes (12.6% together), county, fire and police and is being monitored monthly.
- Our business rateable value (RV) has increased slightly and stands at just over £86.0 million. The number of assessed businesses has increased from 5,617 to 5,625. These are the end of May 2022 figures as compared to the beginning of the current financial year. We still seem to be on target to achieve the total budget of £5.1 million business rates retention income for the year.

4.12 General savings progress

- Strata Service Solutions Ltd - the current year budget included a savings target of £212,780 which it is anticipated will be achieved. In 2021/22 Strata have identified that they will deliver savings over and above the original savings target anticipated. A request has been made by Strata that the three Councils reinvest surplus funds totalling £411,000 with Strata in 2022/23. The Councils share is £112,500. The reinvestment will allow Strata to continue to support the delivery of the required services and changes required for the three Councils. As part of our closedown of our accounts for 2021/22 the savings have been allocated to an earmarked reserve and it is recommended that they are reallocated to Strata in 2022/23 to be spent on extra resources to deliver the services and requirements needed.
- Salary vacancy savings at the end of May look to be in line with the required budget target of £425,000. There are no other material variances on other salary costs at the end of May. The 2021/22 pay award was agreed at 1.75%. There is no initial offer in relation to the pay award for 2022/23. We had assumed in the budget for 2022/23 a 2% increase. This assumption may be put under pressure with the significant cost of living increases. If the offer is higher than our assumed 2% there would be a pressure on the revenue budget of approximately £90,000 for every additional 0.5%. At this point I have assumed that the pay rise could be in the region of 3% adding £180,000 as a budget pressure.
- Utility costs for gas, electricity and water are in line with existing budgets as at the end of May. We anticipated some significant inflationary pressures as part of the February 2022 budget setting considerations.
- The Better 2022 review of service business plans will continue to identify savings that will be fed into the budget process together with the work and findings from Ignite.

- Construction cost inflation is being driven across the UK by numerous external Global factors including, inter alia: supply side issues for materials in particular steel; a weaker pound having fallen 14% against the dollar from May 2021 to date; cost of energy, transport and the cost of labour.
- Increasing costs for capital projects combined with increasing borrowing costs will challenge returns on capital projects and will require continual monitoring.
- All capital schemes undergo rigorous business plan projections using experts internally/externally as required. Risk registers are formulated and associated mitigations to those risks identified to all aspects of a project particularly with Global and external factors being volatile in the current economic cycle such as inflation, borrowing, interest rates, income projections, rates of return, running costs, environmental factors, legal aspects, our prudential indicators etc. These are modelled and revisited periodically (on larger projects this will be in the form of monthly valuations) as new information is made available or as a project moves to the next milestone or stage to ensure the returns are made and the objectives of the project are delivered.

4.13 Future years

- Council tax is currently being closed down and balanced for 2021/22 and a surplus/deficit ultimately declared will be shared with county, fire and police in 2023/24.
- The number of dwellings in Teignbridge on the valuation list is monitored monthly and the data feeds into the new homes bonus (NHB) calculation if NHB is retained next year and not replaced with an alternative form of funding. At the end of May there were 64,046 dwellings which is 288 more towards any potential NHB payment for 2023/24. We will need to wait until the next provisional settlement announcement to be clear on the overall budget impact of loss of NHB and any replacement or perhaps further modification of the existing scheme for a further year.
- Business rates baseline funding was due to be reset in 2020/21. This has been delayed by 12 months at each spending review and is now supposed to be introduced in 2023/24. It is still not clear whether this will take place next year with no communication from Government in terms of consulting on any proposed changes. When the reset takes place it is considered likely that we will lose the majority of the business rate growth retention income we have received in recent years as a result of this reset. These losses will be significant for future budget setting and financial planning. We hold funds within the business rates/funding reserve to help cushion the impact of any initial losses of income as a result of the baseline reset.
- The overall impacts of the Brexit outcomes between the UK and the EU has been difficult to determine and has then been overshadowed by the events from the Covid 19 pandemic. Therefore drawing any conclusions about its

impact for local government is not possible. We will continue to monitor any information we receive in relation to this as part of our risk and financial management.

5. TREASURY MANAGEMENT

5.1 Lending list (appendix 3)

The authorised treasury management list was approved at the 2022 February budget meeting. It has been updated to reflect changes in ratings and is shown for information at appendix 3. Two institutions, Goldman Sachs bank and Sumitomo Mitsui banking, which were previously in Tier 1 have been moved to Tier 2.

6. MAIN IMPLICATION

The main implication members need to be aware of is as follows:

Resources

The report notes an overall favourable revenue variation of £766,950 identified this year to the end of May. Cash flow is forecast to be positive over the next twelve months. Revenue reserves are considered to be sufficient to sustain the council for the current financial year however the February 2022 budget identified a budget gap next year of £3.3 million and £2.6 million for 2024/25 currently being funded by earmarked reserves. Service reviews are exploring further savings that can be made this year and in the future to protect significant use of earmarked funding reserves. Consideration will need to be made of any future developments regarding funding changes from business rates retention and changes to New Homes Bonus. Capital is funded over the medium term. As mentioned in 2.3 above work is ongoing with Ignite to determine how we address the revenue budget gap in the medium to long term. A number of savings options are being considered and costed together with a review of the overall structure of the organization.

7. TIME-SCALE

This report covers the year 2022/23 but also refers to the accounts for 2021/22 and the financial plan for 2022/23 to 2024/25.

8. LEGAL

Regular budget monitoring is required by the Council's Constitution and Financial Rules.

9. RISKS

The major risks in examining and projecting financial forecasts are predicting future trends and variances. This was heightened by the Covid 19 pandemic. This is mitigated through monthly monitoring and discussions with service

managers. The most significant concerns are detailed in 4.13 above and mainly relate to future financial planning, only currently having a one year settlement, predicted changes to business rates retention and the abolition of New Homes Bonus and what it may be replaced with and how our funding from these sources will change as a result. The long term impacts of leaving the European Union and the economic impacts are difficult to determine and any further impacts on business rates, council tax support, debt recovery etc.

10. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

The revenue budget supports the funding of a climate change officer and the capital programme identifies projects which have an impact on climate change denoted with a green leaf in appendix 2.

11. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

10.00 a.m. on 11 July 2022