

Minutes of a Meeting of the Audit and Governance Committee held in the Hub, Mareham Road, Horncastle, Lincolnshire LN9 6PH on Wednesday, 24th January, 2024 at 10.15 am.

#### PRESENT

Councillor Rosalind Jackson (Chairman)  
Councillor Jill Makinson-Sanders (Vice-Chairman)

Councillors Stef Bristow, Danny Brookes, Thomas Kemp, James Knowles and Edward Mossop.

Mr Walter Leschenko attended the Meeting as an Independent Co-Optee.

Councillor Alex Hall attended the Meeting as a Substitute.

#### GUESTS IN ATTENDANCE:

Councillor Richard Fry - Portfolio Holder for Finance  
Rosie Kelly - Representative from KPMG, External Auditors

#### OFFICERS IN ATTENDANCE:

Christine Marshall - Deputy Chief Executive (Corporate Development) and S151 Officer  
Sean Howsam - Treasury & Investment Manager (PSPS)  
John Medler - Assistant Director (Governance) & Monitoring Officer  
Matthew Waller - Internal Audit Manager, Assurance Lincolnshire  
Colleen Warren - Head of Finance, Public Sector Partnership Services Ltd  
Laura Allen - Democratic Services Officer  
Lynda Eastwood - Democratic Services Officer

#### **51. APOLOGIES FOR ABSENCE:**

Apologies for absence were received from Councillor Sam Kemp.

It was noted that in accordance with Regulation 13 of the Local Government (Committees and Political Groups) Regulations 1990, notice had been given that Councillor Alex Hall had been appointed to the Committee in place of Councillor Will Grover for this Meeting only.

#### **52. DISCLOSURE OF INTERESTS (IF ANY):**

At this point in the meeting, Members were invited to declare any relevant interests. There were no disclosures of interest received.

**53. MINUTES:**

The Minutes of the Meeting held on 22 November 2023 were agreed as a correct record.

**54. ACTION SHEET:**

Members were referred to the Action Sheet, pages 19 to 22 of the Agenda refer.

Members noted that the actions from previous meetings were confirmed as completed or in hand as follows:

*Action No. 40 (a) and (b) from the meeting held on the 22<sup>nd</sup> November 2023, page 19 of the Agenda refers.*

A Member requested clarification on whether the final report on S106's was to include information on the reporting mechanisms in place. The Section 151 Officer advised that the Annual Report was due to be published online and confirmed that it detailed all information and processes.

It was further queried if updates on Invest East Lindsey's outstanding action in relation to dividend policies was to return to Audit and Governance, and what guidance was recommended to protect the Council's investments by ensuring Invest East Lindsey continued to operate. The Section 151 Officer advised that a timeline on formalising arrangements for the payment of dividends was to be reported back to the Committee as a separate action. It was further advised that Invest East Lindsey was not currently in a position to make a dividend and that there were other options to pursue which would be considered by Invest East Lindsey and Shareholders in due course.

**55. CHAIRMAN'S UPDATE:**

The Chairman informed the Committee that today's meeting had a shortened Agenda due to delayed reports, and that an extra-ordinary meeting was being scheduled specifically for these items. The Chairman reminded Members that training relating to a review the Committee's effectiveness was being undertaken following the meeting.

In relation to training, the Chairman informed Members that she was attending CIPFA audit training for Chairs on 31st January 2024 on emerging developments in governance, and a Schrodgers webinar had been attended on 15<sup>th</sup> January 2024 on global economic trends. The Chairman further advised that she had met with KPMG, the Council's new external auditor on 15th December 2023 and had discussed progress to date.

**56. DRAFT BUDGET REPORT 2024/25 - 2028/29:**

Councillor Richard Fry, Portfolio Holder for Finance presented Members with the Draft Budget Report 2024/25 - 2028/29.

Members were invited to review the papers and provide comment and feedback to Executive Board for consideration at its Meeting to be held on 14 February 2024. The report and associated documents were attached to the Agenda, pages 23 to 64 refer.

The Portfolio Holder for Finance advised that this was his last budget presentation as he was stepping down from the role of Portfolio Holder. Recognition was placed on the dedication and expertise of the Finance team; the service area teams and Portfolio Holders in the context of the budget challenge process and he was pleased to report that the 2024/25 budget was balanced and retained the Council's current baseline service levels.

The Portfolio Holder for Finance further advised that final checks on the budget were being undertaken and that the Capital Programme remained in draft as final adjustments were made. Significant improvement had taken place on last year's timelines with more opportunities for Portfolio Holders to be involved.

A copy of the budget presentation delivered by the Portfolio Holder for Finance is attached at Appendix A to the Minutes.

Key information was highlighted as follows:

- The previous Medium Term Financial Strategy (MTFS) committed to a Council Tax increase in line with the maximum allowed under the recent Local Government Settlement. For ELDC in 2024/25 this was a £4.95 (3.06%) per annum increase (for band D properties). This was to generate additional income of £370k and the increase was to be reflected throughout the life of the MTFS.
- The proposed budget showed that efficiencies would be required to support the medium-term financial strategy (MTFS).
- Efficiency Target of £424k allowing for £1.4m IDB support and significant contributions to reserves were budgeted for.
- Minimum Revenue Provision (MRP) approach was being utilised for future replacements of assets rather than use of reserves.
- Revenue budget was in draft and loaded into the finance system.
- The capital programme was proposed with a total financing requirement of £54.4m and a final version of the programme was being presented to Council on 28<sup>th</sup> February 2024 for approval.

- Following the premature repayment of borrowing in 23/24, the budget included the pro rata discount credit of £834k.
- Areas for priority investment and consultation included market towns and rural areas, driving and supporting economic growth, the delivery of affordable housing, supporting the vulnerable, healthy living, decarbonisation and continued investment in green initiatives and invest to save.
- A new Corporate Priorities reserve had been established to facilitate the delivery of these areas of focus.

Members were invited to put their comments and questions forward.

- A Member queried how many Councils in areas with IDB's paid levies rather than precepting and whether these Councils had been working together to address the issues. It was further queried why external information had suggested the increase on IDB's was 0.75% compared to the 2-10% increase reported.

In response, the Section 151 Officer advised that all Council areas with IDBs were working together and was pleased to see that 29 authorities had signed up to the Special Interest Group (SIG) with the number set to increase. It was confirmed that IDB levy fees were embedded within the Council Tax limit and that Councils were obliged to pay them. The choice for authorities whose increases exceeded their Council Tax uplift was either to raise Council Tax or cut services to fund the fees.

The Section 151 Officer further advised that the 0.75% figure increase referred to did not include the transfer of land and that there were two components in the charges, this included the rate and the charge as agricultural land became developed. It was advised that every year IDBs looked at agricultural land which had been developed and that the rates were increased accordingly. Indications from IDBs and colleagues were that levies were to be increased because of continued cost pressures and recent wet weather.

- In relation to pension contributions at 23.8%, a Member queried how many members of staff remained with the Local Government Pension Scheme and what the value of the lump sum payable towards the deficit stood at, page 25 of the Agenda refers.

In response, the Section 151 Officer advised that the value of the amount payable was estimated to be £713,000. The budget included two components; the people previously employed by the Council and the contribution factor for current employees. The scheme was evaluated every three years, and this had recently been undertaken.

- A Member further queried if staff could be moved to a more cost-effective pension scheme. The Section 151 Officer advised that she was not familiar with authorities who had moved away from the Local Government Pension Scheme and believed that Councils were obliged to remain part of the scheme. It was confirmed that the current scheme was a Career Average Revalued Earnings (CARE) scheme which meant that it was a career average of salary calculation.
- In follow-up to the earlier question on IDBs, a Member considered that it would be beneficial to explain the difference between the 0.75% and 2% to the Chairman of the IDBs to clarify the position and ensure all facts were correct. It was further stated that the transfer of land into new housing in relation to Lindsey Marsh Drainage Board needed greater clarification and that there should be more co-operation across the three drainage boards to save money. It was queried if ELDC was the Council leading the SIG on drainage board levies.

In response, the Section 151 Officer confirmed that the SELCP was leading the process and highlighted that it was one of the top five most affected Councils in the country and stressed that the Council was significantly affected by the £5.1m bill for IDBs that was embedded in the Council's revenue account as there was no funding support available. Affected authorities were in a difficult position and were continuing to collaborate efforts to make representations to the House of Commons and with MPs. The campaign was gaining momentum and it was within the Council's interest to gain support to ensure the issue was resolved.

- A Member expressed their support to all members of the Council's team who were leading the initiative on IDB levies.
- In relation to IDBs, a Member queried if costs were able to be recovered through S106 agreements which aimed to mitigate the impact of new developments. The Section 151 Officer advised that she was not aware of any links between S106s and IDBs and stated that other requirements were in place for new developments, such as Sustainable Drainage Systems.
- A Member praised the Council's well managed budget and raised a query on risk and the New Homes Bonus. It was queried why the new homes bonus was allocated to the Capital Fund and had not been ringfenced for building houses, noting there was a mismatch between the Council's priorities, page 54 of the Agenda refers. In response, the Section 151 Officer advised that regarding the New Homes Bonus, the reserves had been sufficient and the money was not ringfenced and was available for use. It was further advised that there was nothing which prevented the funds from being ringfenced in future.

- A Member further highlighted that the Council needed to be cautious of new projects which had not been included in the risk table, page 61 and 62 of the Agenda refers. In relation to the revenue costs risk, the Section 151 Officer advised this was a foreseen risk that had been factored into the budget. An example of this was provided to reassure Members that the revenue impact had been assessed to ensure risk was effectively managed. Following Members comments, the Section 151 Officer advised that new projects that presented risk were being factored into the final version of the budget.
- A Member requested clarification for the incoming increase in Waste Services income and on the position of bad debt on National Non-Domestic Rates (NNDR), pages 41 and 45 of the Agenda refer.

In relation to Waste Services, the Head of Finance – Client advised that Waste Services 23/24 had increased from £1.4m to £1.7m and this was attributed to additional customers buying into the Garden Waste Scheme. It was confirmed that the expected increase had been factored in to the 24/25 budget.

In relation to NNDR and bad debt, the Section 151 Officer explained to Members that many small businesses did not pay rates and that a backward trend had been observed from post COVID insolvencies and decline in business. It was advised that this deficit related to when debts had been written off during the transition period between a former occupant and a new occupant of a business. Members were assured that this was not a recurring deficit or a significant trend.

- A Member further queried that there was an inconsistency in the figures, page 42 and 48 of the Agenda refers. In response, the Section 151 Officer advised that any inconsistencies would be examined before finalising the budget.
- A Member queried why the Sutton on Sea Colonnade project was not included in Table 14, page 56 of the Agenda refers. The Section 151 Officer advised that the information in the report related to 23/24 not 24/25, and that slippage of spending on the Colonnade project into 24/25 was awaiting to be determined before it was included as part of the Q3 Report.
- A Member commended the difficult and challenging work which was undertaken when preparing the budget and stated that it was good to see the inclusion of a Risk Register. It was queried if service delivery issues in core services or reductions were expected as a result of the coming budget. Referring to the short and medium-term alternatives

for balancing the budget, it was further queried how this was being co-ordinated and prioritised, page 28 of the Agenda refers.

In response, the Section 151 Officer advised Members that there were no proposals for any reductions. Opportunities across the Partnership had been examined to make the budget more efficient and more areas were being aligned such as joint working and grouping of resources, including IT. Opportunities for the three sovereign Councils were being examined and managed in a methodical way as part of the longer-term strategy.

- A Member stated that £198,000 allocated for the IT budget in capital was remarkably small and queried what plans were in place to maximise IT, and whether there was a Digital Transformation Strategy in place, page 56 of the Agenda refers. In response, the Section 151 Officer advised that the IT budget whilst it appeared modest was significantly large in revenue terms. It was advised that through looking at areas of focus and other opportunities, for example moving to cloud based services, the Council had obtained improved services without a large cost increase. The Section 151 Officer further advised that IT continued to be an area of focus.
- In relation to Key Budget Pressures for PSPS, a Member queried if ELDC was getting value for money and requested if a breakdown of figures for the PSPS contract increase was available rather than being listed under other costs, page 28 of the Agenda refers. In response, the Section 151 Officer advised that a breakdown of the figures was available and that the main pressure which had increased costs was staff pay. Reassurance was provided that the issue was recently reviewed and scrutinised.
- In relation to the three carbon related reserves listed on Table 12 – Reserve Balances, a Member queried which one of the three categories was used for the Hub Solar project noted on the Forward Plan, page 53 of the Agenda refers. It was further queried why specific projects had not been listed in the Corporate Priorities Reserve of £5.8m and when details on those projects was going to be provided, page 60 of the Agenda refers.

In response, the Section 151 Officer advised that reserves for Carbon Reduction, Decarbonisation and Climate Change was preferable to be combined. It was confirmed that funding for solar was sourced from the Decarbonisation Reserve which was £1.4m. It was further explained that there were investments in services within the budget, for example sand replenishment on beaches was put forward by the relevant service and had been incorporated into the budget. There was a lot of work underway, and it was advised that a preference for themes was to be established and communicated to the relevant teams before moving forward.

In relation to the public consultation being undertaken, a Member queried if there was any specific concerns raised. The Section 151 Officer advised that nothing of note had come forward.

The Section 151 Officer confirmed to Committee that she had captured the comments to be fed back to Executive Board as set out in the recommendation.

No further questions or comments were received.

Following which it was,

RESOLVED:

That the Draft Budget Report 2024/25 - 2028/29 be noted and relevant Member comments be fed back to Executive Board.

**57. DRAFT TREASURY MANAGEMENT POLICY AND TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2024/25:**

Sean Howsam, Interim Treasury and Investment Manager, PSPS Limited presented Members with the Draft Treasury Management Policy and Strategy Statement for the 2024/25 financial year, pages 65 to 112 of the Agenda refer.

Members were informed that the report was being presented to Overview Committee for prior scrutiny and was included as part of the Budget Setting Report that was being presented to the Executive Board on 14<sup>th</sup> February 2024 before being submitted to Council for approval on 28<sup>th</sup> February 2024.

The following areas were highlighted to Members:

- Reporting requirements and compliance with Treasury and Prudential indicators
- No changes were proposed to the Treasury Management Policy included as Appendix A (pages 73 to 74 of the Agenda refer)
- A review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy and Annual Investment Strategy 2024/25 included as Appendix B (pages 75 to 112 of the Agenda refer)
- A review of the Council's borrowing strategy and investment policy for 2024/25 and the Council's Debt rescheduling

Members were invited to put their comments and questions forward.

- A Member praised the report which demonstrated that a good solid approach was being undertaken.



- Referring to Paragraph 5.4 'Approved countries for investments', a Member queried if the Council had taken into account situations occurring in the far East and sought clarification if money was held in any areas that were associated with greater risk, pages 99 and 107 of the Agenda refer. In response, the Treasury and Investment Manager advised that the Section 151 Officer had the discretion to take various circumstances into account and the Council was not investing in areas of current concern, despite having invested in some of those countries in the past. It was further advised that the Section 151 Officer had ultimate responsibility for all investment decisions, and it was the role of the Treasury and Investment Manager to highlight what opportunities existed and the rates that were available.

There were no further comments or questions received.

The Chairman thanked the Treasury and Investment Manager for his comprehensive report.

Following which it was,

RESOLVED:

That the Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024/25 report be approved and presented to the Executive Board on 14<sup>th</sup> February 2024.

#### **58. EXTERNAL AUDITORS PROGRESS REPORT 2023/24:**

The Chairman welcomed Rosie Kelly a representative from KPMG to provide Members with an update.

Members were informed that KPMG was the Council's incoming external audit manager for 2023-24 and an audit plan was underway. It was advised that a meeting had been held with the Chairman of Audit & Governance, the Council's previous auditors and PSPS managers, and that further progress was needed to initiate the process.

The KPMG representative advised that further updates were to follow and that weekly catch-up meetings had been scheduled with PSPS. It was emphasised that all audit planning procedures required completion by March 2024.

The Chairman thanked the representative from KPMG for attending and providing an update.

#### **59. APPOINTMENT OF INDEPENDENT CO-OPTED MEMBER:**

The Chairman advised Members that the Working Group had interviewed one candidate and had not been able to appoint. The intension was to re-advertise the position following the report of the Independent

Remuneration Panel (IRP) which was being presented to Council in February 2024.

In response, the Assistant Director (Governance) & Monitoring Officer confirmed that the IRP was to make a recommendation on co-optee allowances, and that this could support recruitment of a second Independent Co-opted Member.

Committee Members indicated their support for the position to be re-advertised following the Council's consideration of the IRP report.

#### **60. COMMITTEE WORK PROGRAMME 2023/24:**

Members were presented with the Audit & Governance Committee Work Programme 2023/24, pages 113 to 116 of the Agenda refer.

The Chairman informed Members that an extra meeting was being scheduled for the outstanding reports (financial statements 2021/22 and 2022/23 and various external audit reports) and a date was yet to be confirmed. In response, the Section 151 Officer advised that the delay related to challenges from finalising the year end 22/23 accounts, which had coincided alongside preparing Q3 2023/24 and the budget.

The Internal Audit Manager provided an update to the March meeting on the Work Programme and requested that a duplication of the Internal Audit Progress Report was rectified, pages 114 and 115 of the Agenda refer. It was advised that the S106 follow-up was preferable being reported in the standard progress report.

Further to a discussion, it was agreed that the S106 audit update would be presented to the Committee as a separate report.

A Member commented on the Procurement Card Item that had not been included as an item on the January 2024 Agenda, page 114 of the Agenda refers. In response, the Section 151 Officer advised that the item had moved to the March 2024 Agenda and that Assistant Directors were being invited to attend that meeting.

No further comments or questions were received.

Following which it was,

RESOLVED:

That the Work Programme 2023/24 be noted.

#### **61. DATE OF NEXT MEETING:**

The programmed date for the next Meeting of this Committee was noted as 27 March 2024.

The meeting closed at 12.07 pm.

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ELDC Budget 2024/25  
(for consultation)

# Budget Progress 2024/25

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- Final checks and adjustments to the budget are still being undertaken
- Significant improvement on last years timelines
- Capital Programme in draft – final adjustments being made
- Revenue budget in draft and loaded into the finance system
- Cabinet Away day feedback incorporated.
- Settlement received 18<sup>th</sup> December and now included in the budget
- Efficiency Target £424k allowing for £1.4m IDB support, significant contributions to reserves budgeted for.
- MRP approach being taken for future replacements of assets rather than use of reserves.

# LG Finance Policy Statement – Summary of main points

- Business rates baseline funding level – CPI increase
- Business Rates indexation increase
- RSG increase in spending power
- Council Tax 3%/£5
- Funding Guarantee – 3% increase in spending power
- NHB – retained and taken to reserves
- RSDG and Services Grant retained
- Consultation response has been submitted to Draft Settlement

# Spending Review for 2024/25

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- Provisional Settlement received 18<sup>th</sup> December, final expected in February
- Business Rates Retention & Fair funding review postponed
- Future funding arrangements uncertain especially NHB
- IDB representations have been made in consultation

East Lindsey	Budget 22/23	Budget 23/24	Budget 24/25 Settlement 18.12.24	Movement 23/24 to 24/25
	£'000	£'000	£'000	£'000
Revenue Support Grant	964	1,310	1,396	86
Rural Services Delivery Grant	697	779	779	0
Lower Tier Service Grant	281	0	0	0
Services Grant	424	249	39	-210
Funding Guarantee 3%	0	888	940	52
NHB	1,244	378	434	56
<b>Total</b>	<b>3,610</b>	<b>3,604</b>	<b>3,588</b>	<b>-16</b>



# Revenue Budget & MTFS

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## Key points and assumptions:

- Estimated 1.82% (845) annual growth in tax base (from 46,377 to 47,222) – £370k
- £4.95 annual increase in Band D charge (£161.64 to £166.59) capped at 3% or £5 whichever is higher.
- Business Rates yield assumptions still to be finalised:
  - Review of provisions
  - Additional growth expected
  - National Non Domestic Rates (NNDR1) 31<sup>st</sup> January 2024 deadline

# Budget Pressures & Risks

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- Significant Service pressures being included in net budget are:
  - Internal Drainage Boards
  - Pay 3.5% and Pensions
  - Utilities
  - Fuel
  - Contract costs – PSPS, MV
  - New Asset Costs (being reviewed)

# Improvements built in and further opportunities

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Included in the budget:

- SELCP savings
- Investment Income
- Business Rates improvement

Further Opportunities:

- Internal Drainage Board conversation
- Asset Development opportunities
- Contract review opportunities
- Service reviews
- Driving economic growth to create business rate yield
- Reserves – commercialisation, decarbonisation, invest to save, Market Towns and Rural support, Economic Growth and supporting the delivery of Affordable Housing

# Fees & Charges

- National charge /statutory charge increases.
- Review underway.

Budget Area	2023/2024	2024/2025
	£'000	£'000
Building control Fees	445	472
*Planning Fees (including pre-planning advice)	1,488	1,493
Car Park income	3,405	3,609
Market Stall Fees	100	106
Kingfisher Caravan Park	1,054	967
Waste Services	1,478	1,561
*Commercial Property Rental Income	1,967	2,132
Sales, Fees and other direct income	4,758	4,796
<b>Total</b>	<b>14,695</b>	<b>15,136</b>

\* Updates expected imminently

# Capital Programme 2024/25 – 2028/29

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<b>Scheme</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>Total</b>
Capitalised Planned Enhancements	200	200	200	200	200	<b>1,000</b>
Car Park Resurfacing	250	250	250	250	250	<b>1,250</b>
Disabled Facilities Grants	1,562	1,562	1,562	1,562	1,562	<b>7,810</b>
IT Investment	198	198	429	769	100	<b>1,694</b>
Neighbourhoods Vehicles			168	4,270		<b>4,438</b>
Sustainable Warmth	8,400					<b>8,400</b>
CDF - Phase 2	2,539	117				<b>2,656</b>
CDF - Pier Transformation	3,597	149				<b>3,746</b>
Horncastle Industrial Estate	400					<b>400</b>
<b>Total Projects (Excl. Towns Funds, UKSPF &amp; LUF)</b>	<b>17,146</b>	<b>2,476</b>	<b>2,609</b>	<b>7,051</b>	<b>2,112</b>	<b>31,394</b>
Towns Fund - Mablethorpe Leisure and Learning	895					<b>895</b>
Towns Fund - Skegness Railway Station	39					<b>39</b>
Towns Fund - Skegness Town Centre Transformation	812	122				<b>934</b>
Towns Fund - Skegness Learning Campus	4,158	189				<b>4,347</b>
Towns Fund - Mablethorpe Campus for Future Living	2,124	267				<b>2,391</b>
Towns Fund - Mablethorpe High Street	478	302				<b>780</b>
<b>Towns Fund</b>	<b>8,506</b>	<b>880</b>				<b>9,386</b>

# Capital Programme 2024/25 – 2028/29

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Scheme	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total
UKSPF	564					564
UKSPF - Rural	900					900
UKSPPF	1,464					1,464
LUF: Spilsby Sessions House	3,592					3,592
LUF: Alford Manor House	913	45				958
LUF: Alford Windmill	15					15
LUF Projects	4,520	45				4,565
<b>Total Current Approved Programme</b>	<b>31,636</b>	<b>3,401</b>	<b>2,609</b>	<b>7,051</b>	<b>2,112</b>	<b>46,809</b>
New Capital Bids						
Disabled facilities Grant (inc. Discretionary Grants)	955	955	955	955	955	4,775
Capital Enhancements Programme	177	65	170	-10	195	597
Neighbourhoods Vehicles	720	34	57	1,065		1,876
Enforcement - Van		35				35
Neighbourhoods Growth	100					100
Environmental Services	66	40	40	40	40	226
<b>Capital Bids</b>	<b>2,018</b>	<b>1,129</b>	<b>1,222</b>	<b>2,050</b>	<b>1,190</b>	<b>7,609</b>
<b>Total Draft Programme</b>	<b>33,654</b>	<b>4,530</b>	<b>3,831</b>	<b>9,101</b>	<b>3,302</b>	<b>54,418</b>



# Capital Financing 2024/25 – 2028/29

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Financing	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total
Internal Borrowing	(1,445)	(647)	(1,006)	(6,374)	(645)	(10,117)
External Grants	(31,112)	(3,701)	(2,517)	(2,517)	(2,517)	(42,364)
Capital Reserve	(31)	(7)				(38)
Other Reserve - Repair & Replacement Reserve	(166)	(75)	(208)	(110)	(40)	(599)
Other Reserve - Economic Growth	(900)	(100)	(100)	(100)	(100)	(1,300)
<b>Total Financing Requirement</b>	<b>(33,654)</b>	<b>(4,530)</b>	<b>(3,831)</b>	<b>(9,101)</b>	<b>(3,302)</b>	<b>(54,418)</b>

# Treasury Management

## Key points/assumptions:

- Investment income is forecast to be £2.573m in 24/25 (£2.373m net of property fund manager fees).
- This is based on average Investment Balances of £52.5m and an overall return on investments of 4.90%.
- The lower returns are mainly due to decreased investment balances as a result of capital expenditure, partially offset by increased rates of return averaging 4.90%.
- Property Funds returns are forecast to be 4.00%.
- Following the premature repayment of borrowing in 23/24, the budget includes the pro rata discount credit of £834k.
- External debt is unlikely to be undertaken in 24/25 as the focus remains on internal borrowing (utilising cash balances) for relatively short-term requirements.



# Reserves

Reserve	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Balances at	Balances at	Balances at	Balances at	Balances at	Balances at
	31st March 2024	31st March 2025	31st March 2026	31st March 2027	31st March 2028	31st March 2029
	£'000	£'000	£'000	£'000	£'000	£'000
Investments Volatility Reserve	871	871	871	871	871	871
Housing Reserve	2,244	2,161	2,077	1,994	1,911	1,827
Repair and Replacement Reserve	1,054	792	871	817	861	975
Carbon Reduction Reserve	398	398	398	398	398	398
Insurance Reserve	767	707	647	587	527	467
Capital Reserve	4,970	5,373	5,800	6,234	6,668	7,102
Economic Growth	658	966	2,098	3,255	4,437	4,337
Service Transformation Reserve	934	984	1,034	1,084	934	984
Business Rates Volatility Reserve	4,488	4,488	4,488	4,488	4,488	4,488
Legal and Appeals Reserve	2,632	2,632	2,632	2,632	2,632	2,632
Technology Reserve	334	402	470	538	606	674
Wellbeing Reserve	185	92	(-)	(-)	(-)	(-)
Property Fund Reserve	138	138	138	138	138	138
Budget Pressures Smoothing Reserve	742	742	742	742	742	742
Climate Change	(-)	481	481	481	481	481
Corporate Priorities Reserve	(-)	5,857	11,714	17,571	23,428	29,285
De-carbonisation reserve	1,432	1,432	1,432	1,432	1,432	1,432
<b>Specific Reserves Total</b>	<b>21,846</b>	<b>28,515</b>	<b>35,892</b>	<b>43,261</b>	<b>50,553</b>	<b>56,832</b>
General Fund	1,822	1,822	1,822	1,822	1,822	1,822
<b>Total</b>	<b>23,668</b>	<b>30,337</b>	<b>37,714</b>	<b>45,083</b>	<b>52,375</b>	<b>58,654</b>

# Areas for investment and consultation

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Some Particular areas of investment for consultation have been identified by Members:

- Market Towns and Rural Areas
- Driving and supporting Economic Growth
- Supporting the Delivery of Affordable Housing
- Supporting the Vulnerable
- Decarbonisation and continued investment in green areas
- Invest to Save

# Areas still to be finalised

Internal Drainage Boards by 31 January 2024

NNDR1 by 31<sup>st</sup> January 2024

Final Settlement Feb 2024

Final budget amendments

Budget Consultation

# Timetable 2024

- 10<sup>th</sup> January 2024 – Executive Board COMPLETE
- 23<sup>rd</sup> January 2024 – Overview
- 15<sup>th</sup> January 2024 - Public consultation started STARTED
- 24<sup>th</sup> January 2024 - Audit and Governance
- 2<sup>nd</sup> February 2024 - Public consultation ended
- 14<sup>th</sup> February 2024 – Executive Board
- 28<sup>th</sup> February 2024 – Full Council

# QUESTIONS



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