

<b>CABINET</b>	<b>AGENDA ITEM No. 12</b>
<b>19 JUNE 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Legal, Finance and Corporate Services	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Emma Riding, Service Director Financial Management and Deputy Section 151 Officer	

### **BUDGET MONITORING REPORT FINAL OUTTURN 2022/23**

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and S151 Officer	Deadline date: 9 June 2023
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> <li>1. The final 2022/23 outturn position as an £0.6m underspend on the Council’s revenue budget (subject to finalisation of the statutory statement of accounts).</li> <li>2. The reserves position outlined in section 7 and Appendix B which includes a contribution of the £0.6m underspend to the General Fund Reserve.</li> <li>3. The 2022/23 Capital Programme outturn position of £43.5m outlined in section 8, with the details of schemes outlined in Appendix E.</li> <li>4. Performance against the Prudential Indicators as outlined in Appendix C.</li> <li>5. Performance on payment of creditors, debt collection performance, local taxation and benefit overpayments as outlined in Appendix D.</li> </ol>	

#### **1.0 ORIGIN OF THE REPORT**

1.1 This report is sent to Cabinet for information only, the outturn position will be reported to Audit Committee on 24 July 2023 alongside the draft Statement of Accounts for 2022/23.

#### **2.0 PURPOSE AND REASON FOR REPORT**

2.1 The report provides Cabinet with the 2022/23 outturn position for both the revenue budget and capital programme and performance information on payment of creditors, collection performance for debtors and local taxation. The final position is subject to any changes that may be needed as part of the finalisation of the Statement of Accounts and subsequent external audit.

2.2 The report is for Cabinet to consider under its terms of reference 3.2.7 to handle the Council’s overall budget and decide action to ensure that the overall budget still is within the cash limit.

### 3.0 TIMESCALE

Is this a Major Policy Item/ Statutory Plan	No	If yes, date for Cabinet meeting	n/a
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### 4.0 EXECUTIVE SUMMARY

4.1 Over the last 18 months the Council has been progressing its improvement journey, which has focussed on improving financial management and creating financial sustainability. Amongst the key financial successes outlined in the following section, this report shows a £0.6m underspend as the final revenue outturn position for 2022/23.

4.2 The Corporate Leadership Team has continued to work closely with the Independent Improvement and Assurance Panel, Cabinet and the Financial Sustainability Working Group to review the financial position, maintain tight grip and control of the Council's expenditure. In addition to the Revenue and Capital performance outlined in sections 5 and 8 respectively, there are key issues which have contributed towards delivering this final position including:

- A refreshed approach to forecasting and a revised format to the Budgetary Control Report, making it easier to understand with a focus on key messages and areas requiring management action.
- A review of the Capital Programme leading to reduced capital expenditure.
- Additional investment income due to a more pro-active approach to Treasury Management.
- Capital Training has been provided for Budget Managers, which will be extended to Revenue Training as part of the Council's financial transformation programme.
- Publication of an Asset Disposal Plan, which focuses on selling surplus assets and achieving best value for the Council.
- Improvement of the General Fund Reserves position, now at 5.7% of the Council's Net Revenue Expenditure.
- Building on the inflation reserve balance to provide a mechanism to mitigate any additional inflationary pressures.
- In-sourcing of services, including Opportunity Peterborough, NPS (property services) and Serco Procurement, all delivering ongoing revenue savings.
- Maintaining a tight grip on expenditure, including reviewing procurement policies and processes and contracts to ensure best value for taxpayers is achieved.
- An in-year review of Sales, Fees and Charges which boosted income levels.
- A refreshed approach to Budget Setting including enhanced member engagement, improved consultation and a revised timetable.
- Improved performance on Council Tax and NNDR collection rates for the second year running. This is reflected by the service winning an IRRV award for the most improved Business Rates service.
- Publication of the new Corporate Strategy and City Priorities.

4.3 The Council's Savings Board met monthly to track, review and challenge the programme to ensure the agreed £16.7m savings plan was being delivered. Although some of the original items in the plan have not been delivered as intended, mitigating actions have been taken to ensure that the overall savings were ultimately achieved.

4.4 Although the Council has an approved balanced budget for 2023/24 a number of budgetary risks still remain. These are outlined in section 6 and summarised as:

- Increased demand for some Council services.

- Inflationary pressures and rising interest rates.
- Legislative changes affecting Adult Social Care Reforms and Energy Generator Levy.
- Delivery of savings and transformation programme.

## 5.0 FINAL REVENUE OUTTURN 2022/23

### 2022/23 Budget

5.1 The approved 2022/23 Revenue Budget for 2022/23 totals £181.6m. Table 1 outlines changes to the budget throughout the year, providing a revised budget of £174.2m:

<b>Table 1: Revised Budget 2022/23</b>	<b>£m</b>
<b>Approved Budget 2022/23</b>	<b>181.603</b>
Transfer of IBCF and ASC grant	(15.233)
Transfer of budget relating to Business Rates administration costs.	0.070
<b>Use of Reserves to fund expenditure:</b>	
Departmental Reserves (mostly multi-year grant funded programmes)	2.119
Innovation Fund Reserve (To support the delivery of the improvement plan and savings programme)	2.053
Inflation Risk Reserve	3.395
Other Reserve (Insurance and Parish)	0.182
<b>Revised Budget 2022/23</b>	<b>174.189</b>

### Revenue Outturn

5.2 The Council's revenue outturn position for 2022/23 is an underspend of £0.6m with performance summarised by subjective and directorate in Tables 2 and 3.

**Table 2: Revenue outturn 2022/23 - Subjective Analysis (excluding DSG)**

<b>Directorate</b>	<b>Budget £k</b>	<b>Actual Outturn £k</b>	<b>Variance £k</b>
Employees	69,415	71,341	1,926
Premises	18,973	18,992	19
Transport	6,038	6,915	877
Supplies and Services	101,769	114,128	12,359
Third Party Payments	44,289	49,490	5,202
Transfer Payments	69,525	73,680	4,156
Support Service	0	50	50
Income	(172,303)	(199,052)	(26,749)
Financing Capital Expenditure	36,484	38,198	1,714
<b>Total</b>	<b>174,189</b>	<b>173,743</b>	<b>(446)</b>
Funding	(174,189)	(174,385)	(196)
<b>Net</b>	<b>0</b>	<b>(642)</b>	<b>(642)</b>

#### Key variances:

- **Employees:** Savings on employee costs of £2.5m in Adults and Childrens Social Care arising from high staff turnover and vacant posts due to difficulty in recruiting and retaining staff. Some of the vacant posts are covered by agency staff.

- **Transport:** mainly due to rising costs of Home to School Transport.
- **Third Party payments and transfer payments:** variance largely due to grant related expenditure, which was originally unbudgeted for and City College expenditure as noted below.
- **Supplies and Services:**
  - Pressures from rising demand for temporary accommodation (Housing Services), Adults and Childrens placements including higher-cost placements for complex individuals.
  - Additional expenditure has been offset by further grant income which is reflected in the higher income levels.
- **Income:**
  - £9.7m income from Energy Recovery Facility which has been moved to the Inflation Reserve.
  - Delays to the Capital Programme and additional grant income resulting in cash balances being available for investment, generating additional investment income.
  - £1.5m reduction in income in relation to Clare Lodge arising from recent OFSTED inspection.
  - Additional unbudgeted grant income

The year end consolidation of City College into the Council's accounts has created some variances across the subjective analysis, particularly on the staffing and income lines, however, this has a neutral effect on the bottom line. Going forward City College and DSG budgets will be profiled accurately at a subjective level.

**Table 3: Revenue outturn 2022/23 - Directorate Analysis**

Directorate	Budget £k	Actual Outturn £k	Variance £k	Overall Status
Chief Executives	341	310	(31)	Underspend
Legal & Governance	4,320	4,400	80	Overspend
Place & Economy	28,664	28,099	(565)	Underspend
People Services	80,270	81,886	1,616	Overspend
Public Health	(136)	(136)	0	On Budget
Corporate Services	29,647	29,311	(336)	Underspend
Capital Financing	31,082	29,871	(1,211)	Underspend
<b>Total Expenditure</b>	<b>174,189</b>	<b>173,743</b>	<b>(446)</b>	Underspend
Funding	(174,189)	(174,385)	(196)	Underspend
<b>Net</b>	<b>(0)</b>	<b>(642)</b>	<b>(642)</b>	Underspend

5.3 The following section summarises the key variances. Appendix A provides a full-service breakdown:

### Place & Economy

#### **Pressures:**

- **Housing:** £1.1m. The Council is experiencing increased demand for temporary accommodation, including short term use of additional B&B accommodation. It is anticipated that B&B use will reduce as other suitable temporary accommodation provision is procured. The lease for 72 units at St Michaels Gate ended in August 2022, resulting in an urgent need for re-housing. This pressure is partially mitigated by staffing savings.
- **Culture and Leisure** A £1.2m delay in delivering savings has been fully mitigated within the directorate. Plans are underway to address this pressure from 2023/24 onwards.

- **Planning development management & Building Control:** £0.3m of additional staffing costs due to an increasing focus on regeneration and economic growth of the city. This has been addressed in the MTFS, including the successful £50m Levelling up Fund bid.

#### Favourable:

- **Waste Cleansing and Open Spaces:** £2m saving due to:
  - £1.3m of compensation received from the ERF operator following an income dispute.
  - £0.7m due to a favourable change in waste treatment costs
- **Energy:** £0.3m underspend in relation to the Energy Performance Contract (EPC) schemes and on the domestic Photovoltaic (PV) system estate recently returned to Council ownership from Empower.
- **Highways and Transport:** £0.7m underspend mainly resulting from vacancies and service savings.

#### People Services

##### Pressures:

- **Commissioning (Clare Lodge):** £1.5m pressure due to reduction in Clare Lodge income following a recent OFSTED inspection. Mitigations to reduce this overspend have been put in place, including increasing fees and increasing occupancy and staffing levels.
- **Adult's Commissioning:** £1.2m Pressure on Adult Social Care package spend. Demand for social care has increased during the year due to a number of factors, including new care home placements and the use of off-framework provision. Demand on working age adults, in particular adults with a Learning Disability, has also continued to grow as needs becomes more complex. This pressure is being partially mitigated as outlined below.
- **Education:** £0.9m pressure on Home to School Transport (HtST) due to increasing number of out of city SEND placements, the requirement to transport children out of catchment area due to the lack of school places and supplier/inflationary issues. Transformation of the HtST is underway, focusing on greater efficiencies in route planning, procurement processes and more effective modes of transport. Proposals are also in place to increase places in our existing special schools and create new provision in the City.
- **Children's Commissioning:** pressures including:
  - £1.3m pressure due to significant high-cost placement which is solely funded by Social Care. Work is in progress to identify lower cost placement, and service savings have been identified to offset some of the pressures.
  - £0.8m pressure from non-achievement of savings related to fostering and generating additional income. The pressure has been fully mitigated for this financial year, and in future years, fostering will be a core pillar of the Children's transformation programme.

#### Favourable:

- **Adults Operations:** includes a £1.1m underspend on staffing costs due to difficulties in recruiting to specific roles such as reablement workers and Occupational Therapists. For future reference, recruitment to these positions is important to contributing towards the longer-term demand management of Adult Social Care packages.
- **Adult's Commissioning:** includes:
  - £0.6m Relating to inspection costs which is now delayed until 2023/24 and complaints have been at much lower levels than expected.
  - £0.4m underspend on Integrated Community Equipment Services due to lower demand and savings generated from the recent retendering of the contract.
- **Children's Operations:** £1.2m which has been largely a result of utilising one off grant funding and salary savings across the service as a result of vacancies and delays to recruitment.

#### Corporate Services (including Legal & Governance, Capital Financing and Financing)

## Pressures

- **Serco Strategic Partnership:** £0.3m mainly relating to higher indexation on the core contract which was above budget due to inflationary pressure.

## Favourable

- **HR & Workforce Development:** £0.1m due to vacancies.
- **Cemeteries, Cremation & Registrars:** £0.5m due to additional cremation fee income, partially offset by a loss of income in Registration Services due to Health & Safety restrictions on attendee numbers.
- **Internal Audit and Insurance:** £0.2m due to vacancies and savings in the Insurance Premium budget.
- **Capital Financing:** £1.2m due to reduced borrowing (interest paid) and additional investment income (interest received), further detail available in section 7.
- **Business Rates Pool (Financing):** £0.5m due to improved performance resulting in a larger dividend from the Cambridgeshire Business Rates Pool.

## 6.0 RISKS

6.1 Table 4 outlines the Council's current known budgetary risks which are being carried forward into 2023/24 and the approach being taken by the Council to mitigating these risks.

**Table 4: Budgetary Risks**

Risks	Description & Mitigation
Adult Social Care- rising demand	Demand for Adult Social care packages is higher than expected. This is under review alongside reviewing the Market Sustainability position and preventative options.
Childrens Social Care- Clare Lodge	As noted within section 5.3 Clare Lodge was subject to an Ofsted review at the end of 2022, which resulted in lower occupancy levels. Going into 2023/24 the financial challenge still remains, with the unit struggling to break even. A review of options is being undertaken to determine whether Clare Lodge is viable going forward. It is essential that the Council does not subsidise placements from other local authority areas, it would be unlawful to do so.
Childrens Social Care- high cost placements	The current level of high-cost complex placements within this area means that the Council is carrying a pressure into 2023/24. As noted above, placement searches are ongoing to identify more suitable placements for these young people.
Housing- Demand for Temporary Accommodation	At present the Council is experiencing high levels of homelessness requiring temporary accommodation, putting additional strain on the housing budget. Steps to reduce this, including a Landlord Incentive scheme, which supports private landlords to help local families access good quality private rented accommodation and participation in the government's Single Homelessness Accommodation Programme (SHAP) are actively being progressed by officers.
Delivery of Culture & Leisure Savings	Delivery of the savings within this area has been delayed and mitigated via a one-off solutions in 2022/23. Progress is being made to ensure delivery of these during 2023/24. This includes breaking the programme down into the following work streams:

Risks	Description & Mitigation
	<ul style="list-style-type: none"> <li>• <b>Not for Profit Status (interim solution):</b> Working closely with Peterborough Ltd (current provider) to seek this status during 2023/24 to secure VAT and NNDR relief.</li> <li>• <b>Culture:</b> Bringing together the operation of Flag Fen and the Museum as a single service and reviewing delivery options for this.</li> <li>• <b>Libraries:</b> Reviewing our library service model, to facilitate our work on supporting households with the current cost of living challenges at a very local level.</li> <li>• <b>Leisure:</b> Soft market testing has already taken place and plans for the next steps are underway. This will include developing refreshed service specification in line with our health and well-being agenda, then consideration of options to ensure the service provides value for money and meets the needs of users.</li> </ul>
Electricity Generator Levy	<p>The Council generates Electricity from its Energy Recovery Facility. Proposed legislation for an Electricity Generator Levy is still in draft, but could result in a Levy charge from January 2023.</p> <p>The Council would fall under the threshold of liability; however if it is deemed that the contractor, Viridor, are the generator, a liability could arise which would impact the Council's financial position. This would not only impact future years, but would be backdated to 2022/23. The Council is seeking legal advice and has raised these concerns in respect of the draft legislation, but until the final policy is set in legislation the financial impact remains unclear.</p>
Inflation	<p>Current inflationary rates have remained high, with the latest ONS forecast rates of 8.9% (CPI). This is impacting on the cost of living and will be additional costs to the Council for providing services. The Council is experiencing pressures on the following budgets:</p> <ul style="list-style-type: none"> <li>• Adult Social Care- linked to the work around market sustainability.</li> <li>• Electricity and Gas</li> <li>• Home to School Transport</li> <li>• Pay award (latest employer offer for 2023/24 represents a £0.9m potential budget pressure)</li> </ul> <p>The Council is monitoring the economic position and where possible putting mitigations in place to reduce the risk exposure to these external factors. In addition to the Inflation reserve which is in place to mitigate any immediate inflationary pressures.</p>

## 7.0 RESERVES

7.1 Overall the Council's reserves position has improved, with a net increase of £4.5m at the end of 2022/23, total balances of £70m. This has enabled the Council to build the general fund balance in line with the Council's reserves policy, redirect funds to specific reserves risk of increasing inflation and local tax income fluctuations. Table 5 summarises the balances for all reserves at the beginning and end of 2022/23, and the forecast position for future years.

**Table 5: Reserves Summary**

	2021/22	Cont from Reserves	Cont to Reserves	Movement Between Reserves	2022/23	2023/24	2024/25
	£000				£000	£000	£000
General Fund	7,300		642	2,000	9,942	10,342	10,742
Innovation Delivery Fund Reserve	25,174	(3,079)	281	1,408	23,784	10,466	10,466
Departmental and Grant Related Reserve	9,800	(2,119)	4,028	(1,408)	10,300	10,264	9,742
Tax Income Risk Reserve	12,307	(4,672)	1,919		9,555	9,155	8,755
Budget and Inflation Risk Reserve	6,693	(3,395)	10,233	(2,000)	11,532	4,231	4,231
Ring-Fenced Reserves	4,183	(606)	1,306		4,883	4,370	4,134
<b>Total Earmarked Reserves and General Fund Balances</b>	<b>65,457</b>	<b>(13,871)</b>	<b>18,409</b>	<b>-</b>	<b>69,996</b>	<b>48,828</b>	<b>48,069</b>

7.2 Key reserves movements are as follows:

**General Fund:** The General Fund balance is the working balance to manage unforeseen risk. This reserve has been increased from £7.3m to £9.9m, which represents 5.7% of the 2022/23 net revenue budget- a clear step to improving the Council's financial resilience.

**Budget Risk-** This reserve was created as part of the 2022/23 budget to mitigate the risks associated with delivering the savings programme. As this wasn't required the balance has been released to the General Fund.

**Inflation Risk-** This reserve was created to mitigate the financial risk resulting from rising rates of inflation. During 2022/23, £3.4m of this was utilised to fund the in-year inflationary pressure from higher-than-expected pay awards and rising energy costs. The Council operates an Energy Recovery Facility (ERF) which generates income from selling the electricity it generates. As a result of the current energy market, £9.9m of income, in excess of the budget, has also been transferred to the inflation reserve. We know that the energy market is volatile, so the additional income from ERF will be used as a smoothing mechanism to mitigate any future fluctuations, in addition to mitigating inflationary pressures. This means the Council has £11.5m at the end of 2022/23.

Some inflationary risks have been identified, this includes energy costs, pay award and some key contracts such as those that provide social care. To be prudent we have assumed £7.3m of the inflation reserve may be required to mitigate the financial impact of this during 2023/24, but this will be monitoring this closely and all options are being reviewed as part of the budget and MTFS process.

**Tax Income Risk-** This reserve was created as a result of timing differences due to Section 31 grants and the Tax Income Guarantee scheme grant during the pandemic. The performance on the NNDR budget has meant the Council has been able to retain some of these balances, which will be held to mitigate any future local taxation losses as a result of system changes, and any shortfalls due to the cost-of-living crisis.

**Innovation Fund-** This reserve is held to fund one-off type expenditure, such as service transformation, which will improve the longer-term financial position of the Council as contained in the MTFS.

The commitments during 2023/24 cover a range of activity including transformation, phasing the separation of Social Care from their shared services arrangements between Peterborough City Council and Cambridgeshire County Council, the implementation a refreshed Culture and Leisure service and the start of the local plan development. As outlined within the [Councils Budget report](#) £5.6m has been committed to fund transformational/invest to save capital projects, where it is expected efficiencies or savings will be generated as a result.



**Departmental & Grant Related-** These are usually grant funds which have been received in advance for specific projects covering multiple years. This includes balances for schemes such as the Ukrainian refugee scheme £0.8m, integrated communities £0.4m and Dedicated Schools Grant (DSG) £4.5m

**Public Health (within the ringfenced balances)** – at the end of 2022/23 the £0.7m favourable variance on the Public Health budget has been moved to the Public Health reserve. The use of other grants e.g. Contain Outbreak Management Fund and Family Hub grants for both projects has meant staff time has been maximised resulting in underspend on the Public Health grant. Pressures in Primary Care and Healthy Child Programme have also affected capacity to deliver commissioned Public Health Services leading to an underspend. Work is ongoing to determine areas of one-off opportunities for expenditure against this reserve, that have a high impact on health outcomes of residents and meet grant criteria.

## 8.0 CAPITAL PROGRAMME

8.1 The Capital Programme for 2022/23 totals expenditure of £125.2m. This included an expectation that new borrowing would only be undertaken where absolutely necessary. In the first part of the year a detailed review took place, which focussed on reviewing schemes where corporate resources (borrowing or use of capital receipts) would be required to fund the expenditure. The review considered:

- The individual capital scheme details and business cases.
- Compliance with the rules outlined within the Capital Strategy.
- Risks relating to delaying or stopping schemes
- Implications on the revenue budget as a result- eg where the proposal delivered future savings.
- Other benefits being generated from the scheme.

8.2 Table 6 shows the adjustments to the Capital Programme made following the review, including slippage carried forward from the 2021/22 Programme. The Programme has been closely monitored throughout the year, and steps have been introduced to improve Capital Programme budget setting, profiling and progress reporting. Such steps include challenge by the Capital Review Group and Board, training and the introduction of a “Budget Holder License”.

**Table: 6 Capital Programme Position 2022/23**

	Budget £m	Expenditure £m	Variance £m
Approved 2022/23 Capital Programme	125.2		
Plus: Slippage 2021/22	9.5		
	<b>134.7</b>		
Less: IFRS16 delayed accounting adjustment	(22.0)		
	<b>112.7</b>		
Plus: Additional bids/funding	3.4		
Less: Reduction in programme	(12.5)		
<b>Final Outturn (underspend)</b>	<b>103.6</b>	<b>43.5</b>	<b>(60.1)</b>

8.3 The major projects delivered are:

- Schools, including the build of the new St. John Henry Newman primary school (Hampton), the primary and secondary schools on the Manor Drive development, and the expansion of Heltwater special school.

- Major Highways Scheme, including replacing Safety Fencing on the Parkway Network, surface treatments across the network including areas affected by extreme weather, and a junction improvement scheme on the Nene Parkway/A47 which included a new pedestrian footbridge.

8.4 The main schemes which have reduced or been slipped into future year are as follows:

- IFRS16 Transition has been delayed for a further 2 years, this is due to the implementation date for legislation having been delayed.
- University LUF CPCA/Propco has been reprofiled to reflect the timescales for the construction.
- The final elements of the A47 Soke Parkway / A1260 Nene Parkway Junction improvement scheme were delayed until April 2023 due to weather conditions.
- Towns Fund programme spend has been adjusted to reflect the development of individual project business cases
- Aragon Fleet Renewal has been delayed due to delays in delivery.

Appendix F outlines a breakdown of the performance against all Capital schemes.

8.5 The Council aims to fund the Capital Programme from grants, third-party contributions or capital receipts, with new borrowing only being incurred only where absolutely necessary. Although there has been a requirement to undertake some borrowing during 2022/23, the Council is pursuing an accelerated Asset Disposal programme to generate Capital Receipts during 2023/24. This programme will focus on selling assets surplus to requirements.

**Table 7: Capital Programme Funding**

	£m
Grants & Third-Party Contributions	32.8
Capital Receipts	2.7
Borrowing	8.0
<b>Total</b>	<b>43.5</b>

### Borrowing and Investments

8.6 The Council's total borrowing on 31 March 2023 stands at £457.5m (31 March 2022, £447.6m). Table 8 provides a summary of the Council's debt portfolio.

**Table 8: Debt Portfolio on 31 March 2023**

	Less than 1yr	1-2yrs	3-5yrs	6 -10yrs	10+yrs	Total	Ave. Interest Rate	Ave. length of loan
	£000	£000	£000	£000	£000	£000	%	Years
PWLB	5,000	8,000	12,715	11,805	320,439	<b>357,959</b>	3.5	27
Local Authority	87,000	-	-	-	-	<b>82,000</b>	2.7	-
Market Loans*	12,500	-	-	-	-	<b>12,500</b>	4.4	25
<b>Total Borrowing</b>	<b>104,500</b>	<b>8,000</b>	<b>12,715</b>	<b>11,805</b>	<b>320,439</b>	<b>457,459</b>	<b>3.4</b>	<b>22</b>
% Of total Borrowing	23%	2%	3%	3%	69%			
Borrowing Limit (PI)	40%	40%	80%	80%	100%			
* The borrowing for under 12 months includes £12.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 20-32 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every six months.								

- 8.7 Consideration has been made to rescheduling debt, as a result the Council took advantage of a favourable market position and have benefitted from the early redemption of one LOBO loan. Although this has resulted in an early redemption premium, the reduction in interest generated a saving of up to £4.3m over the next 20 years. With only two remaining LOBO loans (£12.5m), 97% of the Council's loans are now with the PWLB and local authorities as fixed maturity loans
- 8.8 Risk exposure is therefore limited to any new loans taken for refinancing maturing debt. Loans of £92m (excluding LOBOs) are due to mature next financial year. The Treasury Management team will work to secure replacement loans at the most opportune time to reduce the cost of borrowing. The Council will utilise cash balances for internal borrowing where possible to reduce cost. This will be in accordance with the parameters set in the Treasury Management Strategy for security, liquidity and yield. The Treasury Team works closely with our Treasury Management advisors Link Asset Services, to ensure we invest with prudent and secure limits.
- 8.9 The average interest rate across the debt portfolio stands at 3.4%. The total interest paid in 2022/23 was £14.2m. During 2022/23 the Council generated £2.1m income from external investments. This position was mainly due to a reduction in planned expenditure on capital schemes and increased interest rates for investment purposes. The Council also benefitted from the extension of the Hotel Loan (extended until 31 December 2023), and a greater than anticipated ESPO dividend.
- 8.10 Further information on the Council's capital financing arrangements can be found in the Prudential Indicators performance found in Appendix C.

## **9.0 Corporate Properties**

- 9.1 Monitoring the Councils in year forecast outturn is a key part of the Council's performance and improvement framework and aims to demonstrate how the Council manages its finances and expenditure throughout the year. This therefore supports all the council's priorities, but it is strongly geared towards enabling the Council to deliver on the following priority:

**Supported by a Sustainable Future City Council - adjust how we work, serve, and enable, informed by strong data and insight capability, and led by a culture of strong leadership.**

## **10.0 Consultation**

- 10.1 Detailed reports have been discussed in Departmental Management Teams and this report with the Corporate Leadership Team.

## **11.0 Anticipated Outcomes**

- 11.1 That the outturn position for 2022/23 is noted.

## **12.0 Reasons for Recommendations**

- 12.1 This monitoring report forms part of the 2022/23 closure of accounts and decision-making framework, and the production of the 2022/23 Statement of Accounts and informs Cabinet of the final position.

## **13.0 Alternative Options Considered**

- 13.1 None required.

## **14.0 Implications**

### **Financial Implications**

14.1 Not Applicable - Performance report, item for information.

### **Legal Implications**

14.2 There are no legal implications from this report which is purely financial in nature and for information

### **Equalities Implications**

14.3 Not Applicable - Performance report, item for information.

## **15.0 Appendices:**

- APPENDIX A – Directorate Revenue Outturn Report
- APPENDIX B - Reserves Position
- APPENDIX C - Treasury Management Strategy – Prudential Indicators
- APPENDIX D - Performance Monitoring Report Prompt payment of invoices
- APPENDIX E – Capital Schemes

## **16.0 Background Documents:**

- [Quarter 1- June 2022 Budgetary Control Report \(agenda item 9\)](#)
- [Quarter 2- September 2022 Budgetary Control Report \(agenda item 12\)](#)
- [Quarter 3 - December 2022 Budgetary Control Report \(agenda item 10\)](#)