



Supplement for

OVERVIEW AND SCRUTINY COMMITTEE - TUESDAY, 28 NOVEMBER 2023

Agenda No	Item
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9.	Proactive Delivery of Affordable Housing 3 - 8
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Purpose

This report seeks to outline the council's aspiration for a more proactive approach to increase the supply of affordable housing within the district, outline of how this can be achieved, and the resources required.

Recommendations:

That Cabinet resolves to:

1. Note the suggestions to explore more innovative and proactive models to enhance the Council's ability to increase the supply of affordable homes within the district.

Invited

Cllr Joe Harris, Leader of the Council

Charlie Jackson, Assistant Director for Planning and Sustainability

11.	Q2 Financial Performance Report 9 - 62
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Purpose

This report sets of the latest budget monitoring position for the 2023/24 financial year.

Recommendation

That the Committee:

1. Reviews and notes the financial position set out in this report
2. Endorses the recommendation in paragraph 9.3 that Cabinet continue to review in-year opportunities with Publica and Ubico to mitigate the forecast financial position.

Invited

Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance

David Stanley, Deputy Chief Executive

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Agenda Item 9



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 7 DECEMBER 2023
Subject	PROACTIVE DELIVERY OF AFFORDABLE HOUSING
Wards affected	All
Accountable member	Joe Harris - Leader of the Council Email: joe.harris@cotswold.gov.uk
Accountable officer	Charlie Jackson - Assistant Director, Planning & Sustainability Email: charlie.jackson@publicagroup.uk
Report author	Charlie Jackson - Assistant Director, Planning & Sustainability Email: charlie.jackson@publicagroup.uk
Summary/Purpose	This report seeks to outline the Council's aspiration for a more proactive approach to increase the supply of affordable housing within the district, outline of how this can be achieved, and the resources required.
Annexes	None
Recommendation(s)	That Cabinet resolves to: I. Note the suggestions to explore more innovative and proactive models to enhance the Council's ability to increase the supply of affordable homes within the district.
Corporate priorities	Provide socially rented homes; We are at the centre of a housing affordability crisis. Housing is key to resilient, supportive communities, health and wellbeing, and a safe place to live and thrive. Without an affordable home, none of these can flourish, and so it's vital we tackle the national housing affordability crisis and strive to provide a home for everyone. We will maximise the opportunities presented by our own assets as well as working with developers and partners to progress affordable housing developments within the District.
Key Decision	NO



Exempt	NO
Consultees/ Consultation	Consultation with stakeholders, colleagues, portfolio holders and retained officers regarding moving to a more proactive approach. Further consultation required once actions to take forward have been identified.



1. EXECUTIVE SUMMARY

- 1.1 Cotswold District Council recognises the national housing affordability crisis and the impact on residents and communities. It is a key corporate priority for the Administration to explore all options to increase the number of affordable homes – especially those within the social rented category, which are ultimately one of the few forms of truly affordable housing. This paper sets out how the council will look to enhance the proactive measures available to take a more proactive approach to the delivery of affordable housing.

2. BACKGROUND

- 2.1 Social housing stock has been in steady decline across the county for the past several decades, with former stock being sold off, demolished and not replaced. Shelter report there are 1.4 million fewer households in social housing than in 1980, and 1 million households are currently waiting for social housing. Combined with excessive house prices, making homes unaffordable, this has pushed demand into the private rental sector, where supply has been slow to keep up. The result is above inflationary increases in rents, especially in the south of England and big cities.
- 2.2 Cotswold District Council has identified through its housing register that 1453 households across the district are in need of affordable rented housing and recognises the national housing affordability crisis and the need to do more to combat the effects of this emergency within the district. The Corporate Plan and recently refreshed Housing Strategy, sets out the intent to provide more affordable housing (with the emphasis on social rented accommodation) and provide additional housing to meet the needs of the district. The Council understands the impact of the changing economical environment and wishes to put measures in place to increase the number of truly affordable housing units delivered annually, including the promotion of innovative housing solutions to reduce the housing waiting list and develop and maintain thriving communities.
- 2.3 Cotswold District is a challenging economical environment with house prices being on average around 14 times higher than average earnings.

3. CURRENT DELIVERY METHODS

- 3.1 The council currently seeks to deliver affordable housing through a number of mechanisms, including developer contributions and land led developments (in partnership with housing associations).
- 3.2 Via Section 106 agreements, on schemes over a certain threshold size, developers are required to build affordable housing units as part of their planning permission. This valuable contribution to housing supply helps to create mixed-tenure communities. However, a survey conducted by Inside Housing showed only 49% of the homes completed by housing associations in 2021-22 were acquired via Section 106. Inside Housing considers that this

percentage will continue to reduce meaning alternative methods of affordable housing delivery are required and more housing associations are exploring land led schemes to deliver affordable housing instead.

4. NEXT STEPS

4.1 The council wishes to take a more proactive approach in meeting the affordable housing demands of the district and has identified a number of workstreams to pursue. These include:

- Developing key working relationships with organisations to support the council’s ambitions, identifying existing and new partners to support this proactive approach, including Housing Associations, developers and Homes England.
- Working with partners to identify different models of delivery including building homes on council owned land, acquiring new land, purchasing homes from the open market and reviewing empty homes across the district.
- Creating a blended approach to housing delivery utilising existing resources including council plans and policies, reviewing strategic site allocations and brownfield site opportunities and exploring alternative options such as rural exception sites and the use of Compulsory Purchase Orders.
- Identifying and defining less obvious areas of the district where there are opportunities and a need for affordable housing (what could be termed as “hidden needs”), such as the needs of key workers, supported housing and care leaver requirements.

4.2 There are no doubt further options that can be brought forward to explore, and best practice across the UK can be reviewed and incorporated into these ambitions.

4.3 This approach will be carried out in line with the council’s new Housing Strategy once formalised.

5. RESOURCING

5.1 Cotswold District Council currently has 1 FTE Strategic Housing & Development Officer working within the Housing Strategy Team. This colleague plays a crucial role in shaping the growth and development of communities within the district to ensure housing needs are met.

5.2 The council’s ambition to deliver more affordable homes outside of traditional methods requires additional resource, to enhance and drive the strategic vision, and to seek out new ways of working. To this end a Strategic Housing Development & Enabling Manager will be appointed.



5.3 West Oxfordshire Council share these ambitions so following conversations between the two Councils, the proposal is that this post will be shared.

6. ALTERNATIVE OPTIONS

6.1 An alternative option would be to continue to seek to deliver more innovative solutions to the affordable housing crisis using existing resources. However, it is unlikely that this approach will allow the Council's ambitions to be realised as this member of staff is already working at capacity.

6.2 It is therefore likely that using existing resource would not allow a truly proactive approach to delivering more affordable housing. This would likely result in an unacceptable step back from the council's ambitions as set out within the Corporate Strategy.

7. CONCLUSIONS

7.1 The housing affordability crisis and need for affordable housing continues to grow. Whilst the Council is effective in delivering affordable housing through traditional methods, there are alternative options that can be explored to take a proactive approach, meet the needs of the district more specifically, and deliver additional truly affordable housing units for our communities.

7.2 In order to achieve this greater capacity and alternative skills are required. A new "Strategic Housing Development and Enabling Manager" role can be appointed using existing budget on a 2 year FTC.

8. FINANCIAL IMPLICATIONS

8.1 This paper outlines the proactive approach and ideas to take forward in order to generate additional affordable housing outside of traditional delivery methods. Those workstreams will need to be appraised and costed at the appropriate time and intervals.

8.2 Funding for the new role of Strategic Housing Development & Enabling Manager will be shared between this council and West Oxfordshire District Council. Funding for this role will come from existing budget and will be at no extra cost to the council.

9. LEGAL IMPLICATIONS

9.1 No additional legal implications.

10. RISK ASSESSMENT

10.1 No significant risks identified.

10.2 Some reputational risk if this proactive approach is not adopted or successful in delivering additional affordable housing as set out within the Council Plan.



10.3 Some risk that existing funds are used for a new role, but benefits are not realised. This will be mitigated through a robust recruitment process, and support provided to the role by the Strategic Housing team, portfolio holder and Assistant Director for Planning & Sustainability.

11. EQUALITIES IMPACT

11.1 Under equality legislation, the Council has a legal duty to pay ‘due regard’ to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

11.2 No detrimental impact on the above groups. This report outlines an approach to explore new ways to deliver more affordable housing, to support balanced and cohesive communities and meet the needs of those requiring affordable housing.

11.3 Recruitment for the new role of Strategic Housing Development & Enabling Manager will be done in a fair and transparent manner in accordance with relevant council policies.

12. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

12.1 No impact at this stage.

13. BACKGROUND PAPERS

13.1 None

(END)

Agenda Item 11



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW AND SCRUTINY COMMITTEE – 28 NOVEMBER 2023
Subject	FINANCIAL PERFORMANCE REPORT – Q2 2023/24
Wards affected	All
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Summary/Purpose	This report sets of the latest budget monitoring position for the 2023/24 financial year.
Annexes	Annex A – Revenue Budget Summary Annex B – Capital Programme Summary Annex C – Treasury Management Summary
Recommendation(s)	That the Committee: <ol style="list-style-type: none">1. Reviews and notes the financial position set out in this report2. Endorses the recommendation in paragraph 9.3 that Cabinet continue to review in-year opportunities with Publica and Ubico to mitigate the forecast financial position.
Corporate priorities	<ul style="list-style-type: none">• Delivering our services to the highest standards
Key Decision	No
Exempt	No
Consultees/ Consultation	None



1. BACKGROUND

- 1.1 This report provides members with the second outturn forecast and monitoring position statement for the 2023/24 financial year and should be viewed in the context of the *2024/25 Budget Strategy and Medium-Term Financial Strategy (MTFS) Update* report considered by Cabinet in November 2023.
- 1.2 The purpose of this report is to notify members of any significant variations to budgets identified in the second quarterly budget monitor exercise, highlight any key financial issues, and to inform members of options and further action to be taken.
- 1.3 In common with the almost all local authorities, the council faces several external budget pressures that are impacting on its finances over the medium-term. There remains significant uncertainty around inflation and interest rates in the current financial year which exert an influence over the Council's budget both directly and indirectly.

2. EXECUTIVE SUMMARY

- 2.1 This report sets out the outturn forecast for the financial year informed by the Q2 budget monitoring.
- 2.2 Based on the budget monitoring exercise undertaken for Q2 and an assessment of the risks and uncertainties facing the Council, the outturn forecast is an adverse variation of £0.263m



Table ESI – Revenue Budget Outturn Forecast (Q2)

	2023/24 Latest Net Budget (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement from Q1
Revenue Budget					
Subtotal Services	17,501	9,194	18,409	908	506
Less: Reversal of accounting adjustments	(1,636)	0	(1,636)	0	0
Revised Subtotal Services	15,866	9,194	16,773	908	506
Corporate Income & Expenditure	(1,503)	(767)	(2,546)	(1,043)	(689)
Provisions and Risk Items	0	0	398	398	(2)
Net Budget Requirement	14,363	8,428	14,625	263	(185)
Funded by:					
Council Tax	(6,311)		(6,311)	0	0
Retained Business Rates	(4,389)	(1,744)	(4,389)	0	0
Government Funding - Grants	(2,905)	(1,530)	(2,905)	0	0
Government Funding - NHB	(290)		(290)	0	0
Collection Fund (surplus) / Deficit	393		393	0	0
TOTAL Funding	(13,503)	(3,274)	(13,503)	0	0
Budget shortfall/(surplus)	861	5,154	1,123	263	(185)

Table ES2 – Revenue Budget – Reconciliation of variations (Q2)

	Positive variation (£'000)	Adverse Variation (£'000)	Movement from Q1 (£'000)
Variations at a glance			
Fees & Charges - Income Shortfall		256	(14)
Overspend - Waste & Recycling containers		50	0
Commercial Property - Rental income shortfall (risk)		75	9
Pay Award (Publica impact)		198	(2)
Pay Award (Ubico impact)		0	(200)
Bad Debt Provision		50	50
Additional Transfer to Reserves (TM Reserve)		150	150
Savings Target shortfall (risk)		250	151
Other service variations		354	296
Ubico Contract forecast overspend (inc Pay Award impact)		173	215
Treasury Management Income	(796)		(596)
Reduced Revenue financing of Capital programme	(203)		(103)
Other Corporate Income and Expenditure	(294)		(140)
Subtotal	(1,293)	1,556	
Net Outturn Variation		263	(185)



- 2.3** The material forecast variations are listed below with a detailed table of all service variations in Annex A. Please note that the actual spend to date shown in Table ESI differs from the detailed position shown in Annex A as this adjusts for the timing difference on Housing Benefit Payments.
- Building Control income is below budget with a lower number of applications in quarter one when compared to the same period in prior year (264 applications in Q1 and Q2 2023/24 compared to 315 in Q1 and Q2 2022/23) in part due to continuing financial climate and uncertainty, £110k income shortfall forecast.
 - Public Convenience income shortfall due to reduced footfall. Forecast income shortfall of £82k.
 - Household waste bins, bags and containers - overspend forecast of £50k, overspend due to increased demand, increased cost of materials and longer lead times.
 - Land charges income is performing below budget with net income received forecast to be £81k below budget at the end of the financial year in part due to the rise in free unofficial personal searches as well as current economic uncertainty leading to a reduced demand.
 - Ubico are currently forecasting a net overspend of £134k due to the pay award (£145k adverse) and vehicle costs (£90k adverse), although lower than estimated diesel costs (£95k favourable) reduce the overall forecast position.
 - Forecast deficit (£0.255m) on the Leisure and Culture contracts which will be transferred to a new Contract Smoothing reserve – see paragraphs 4.16 to 4.18.
- 2.4** The adverse income variations outlined above are unlikely to recover over Q3 and Q4 due to longer-term under performance against income budgets in previous financial years. This will need to be addressed for the 2024/25 budget and over the MTFS period.
- 2.5** The Cabinet Transform Working Group (CTWG) will continue to consider the forecast outturn, financial risks and uncertainties set out in this report. The CTWG will specifically be considering proposals from service delivery partners to contribute to the Council's Savings plans and will be closely monitoring the achievement of savings targets.
- 2.6** Without any improvement in the forecast outturn for the year, corrective action or additional savings the outturn variation would have to be met from the Financial Resilience reserve. Clearly, this is not a desirable outcome and further management action must be taken by the Council, Publica and Ubico to mitigate the current forecast position. Members should note that the budgeted use of the Financial Resilience reserve utilised to set a balanced budget was £0.861m. Without mitigating and corrective action, this would increase to £1.124m and is clearly not an acceptable position.



2.7 A summary of the Capital Programme outturn forecast is shown in the table below.

Table ES2 – Capital Programme Outturn Forecast (Q2) – DRAFT

	2023/24 OB (£'000)	2023/24 LAB (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement from Q1 (£'000)
Capital Programme						
Leisure & Communities	1,387	1,391	12	79	(1,312)	(1,312)
Housing/Planning and Strategic Housing	4,001	4,209	2,443	4,765	556	847
Environment	1,956	2,129	159	628	(1,501)	45
Retained & Corporate	0	0	0	0	0	0
ICT, Change and Customer Services	350	415	(0)	100	(315)	0
UK Rural Prosperity Fund	191	191	0	191	0	0
UK Shared Prosperity Fund Projects	28	28	0	28	0	0
Land, Legal and Property	500	870	(0)	567	(303)	(303)
Transformation and Investment	5,486	5,780	157	1,216	(4,564)	0
TOTAL Capital Programme	13,899	15,013	2,770	7,574	(7,439)	(723)

- 2.8 As set out in the *Financial Performance Report 2022/23 Outturn* report to Cabinet in July 2023, slippage of £1.114m from the 2022/23 capital programme has been included in the revised capital programme set out in Table ES2 above. The initial outturn forecast for the current year is an underspend of £7.439m with slippage likely of £3.520m.
- 2.9 The forecast assumes that the Strategic Property Acquisition (included in the summary line Transformation and Investment) will not proceed in the current financial year. With interest rates remaining relatively high, any future acquisition decision will need to be supported by a full business case setting out the wider benefits and financial impact over the immediate and longer-term.
- 2.10 The report outlines a number of risks and uncertainties regarding the outturn forecast, particularly around income performance assumptions given the volatility.
- 2.11 Financial Sustainability – The 2023/24 revenue budget is held in balance through the use of £0.861m of the Financial Resilience Reserve. It should be noted that without any improvement in the forecast during the year, corrective action or additional savings the outturn variation would have to be funded from the same reserve at year end. Clearly, this is not a desirable outcome and further management action must be taken by the Council, Publica and Ubico to mitigate the current forecast outturn.



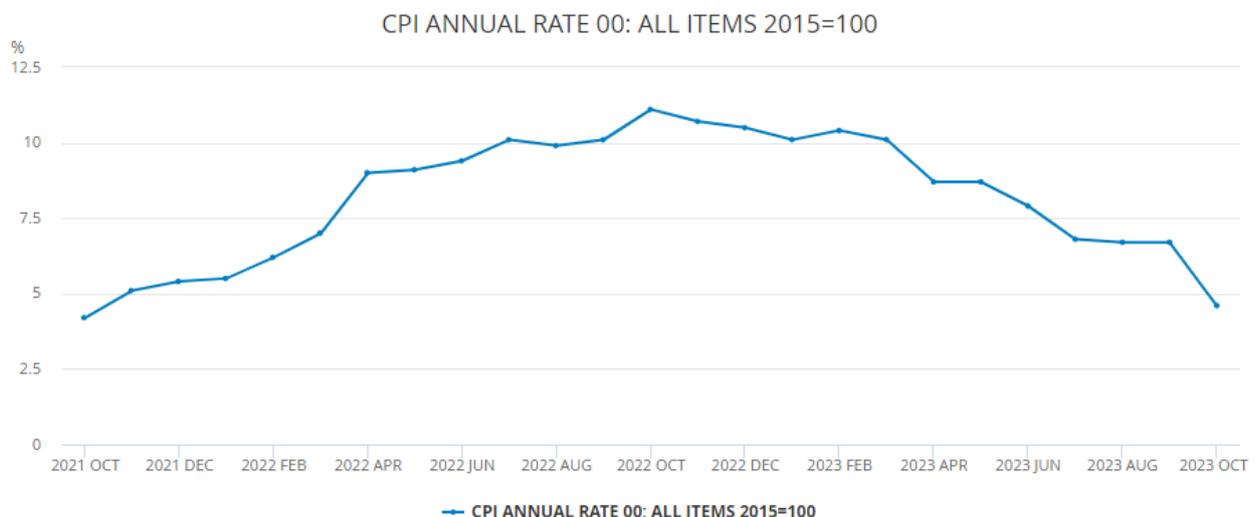
- 2.12 When taken with the 2023/24 Revenue Budget, the Council would be utilising £1.173m of the Financial Resilience reserve to support the budget which is not sustainable over the medium-term.
- 2.13 Financial Performance reports will be presented to members at the March 2024 Cabinet meeting with the outturn position likely to be finalised for the July 2024 Cabinet meeting.

3. EXTERNAL ECONOMIC ENVIRONMENT

- 3.1 The *2024/25 Budget Strategy and Medium-Term Financial Strategy (MTFS) Update* report to Cabinet in November 2023 set out the external economic pressures on the Council.

Inflationary Pressures

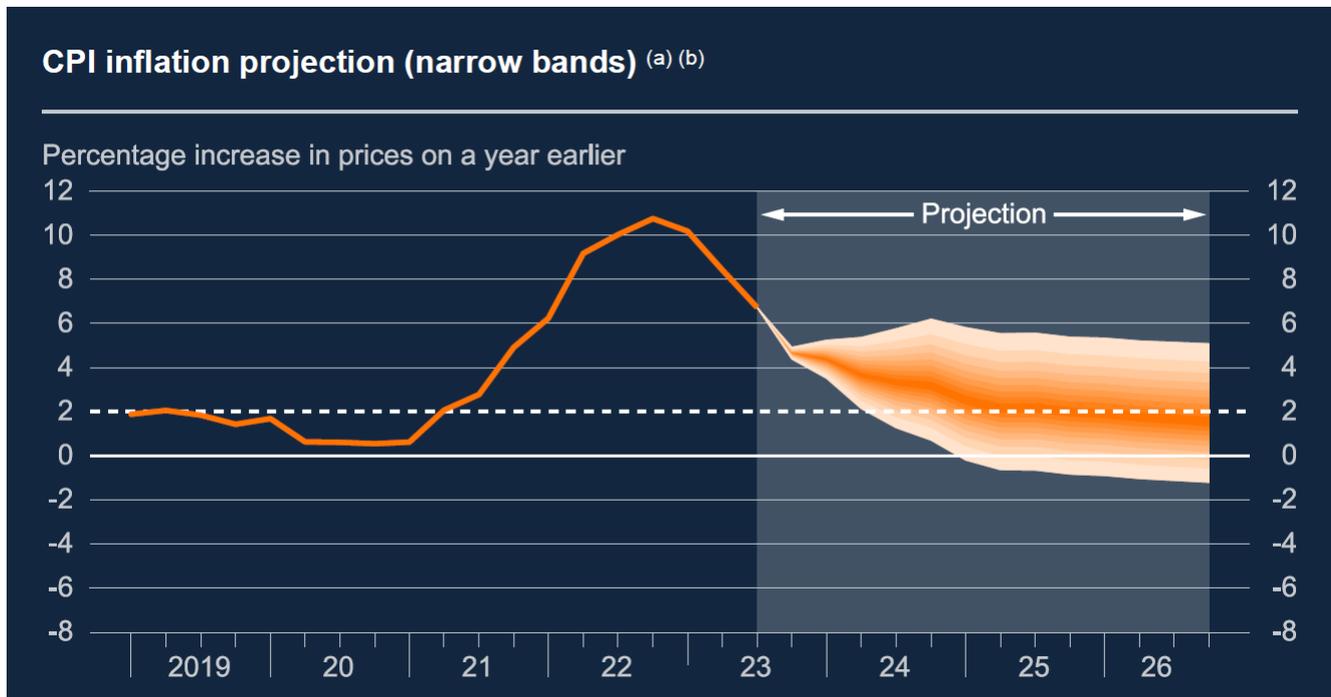
- 3.2 The level of inflation, as measured by the Consumer Prices Index, for October 2023 is 4.6% (down from 6.7% in September 2023). Although it is not the Government's preferred measure of inflation, the Retail Prices Index is 6.1% (8.9% in September 2023). Core inflation (as defined by the Office for National Statistics as the CPI Rate excluding energy, food, alcohol, and tobacco) fell to 5.7% (6.1% in September 2023). It is this measure that has concerned the Bank of England and led to increases in interest rates over the last 18 months.



- 3.3 Although general inflation has reduced since the start of the calendar year, the Council is subject to specific inflationary pressures on its services (e.g., fuel costs on waste and recycling service) which have tended to track higher than CPI and RPI.



3.4 The forecast for inflation is for a return towards the Bank of England's target of 2.0% (CPI) although it is worth noting recent commentary suggesting the bank should consider revising the target to 3.0%. The graph below shows the different CPI forecasts that are published in the quarterly Bank of England Monetary Policy Committee report (November 2023).



3.5 The continuation of elevated levels of inflation throughout the year and the Bank of England's forecast over the medium-term will need to be taken into account when assessing the impact on 2024/25 revenue and capital budgets.

Inflationary Pressures – Pay Award

3.6 The assumption made for the 2023/24 budget was for an average Pay Award of 4% across Publica, Ubico and Retained staff. Inflationary provision of £1.2m has been included in the budget for the pay award across Publica and Ubico contracts and for retained staff costs.

3.7 As notified to the Council on 01 November 2023 agreement was reached on the pay award for 2023/24 based on the Local Government employers final offer from March 2023. With effect from 01 April 2023, the agreed pay award is:

- an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive (equating to an increase of between 3.88% and 9.42% depending on the paygrade)

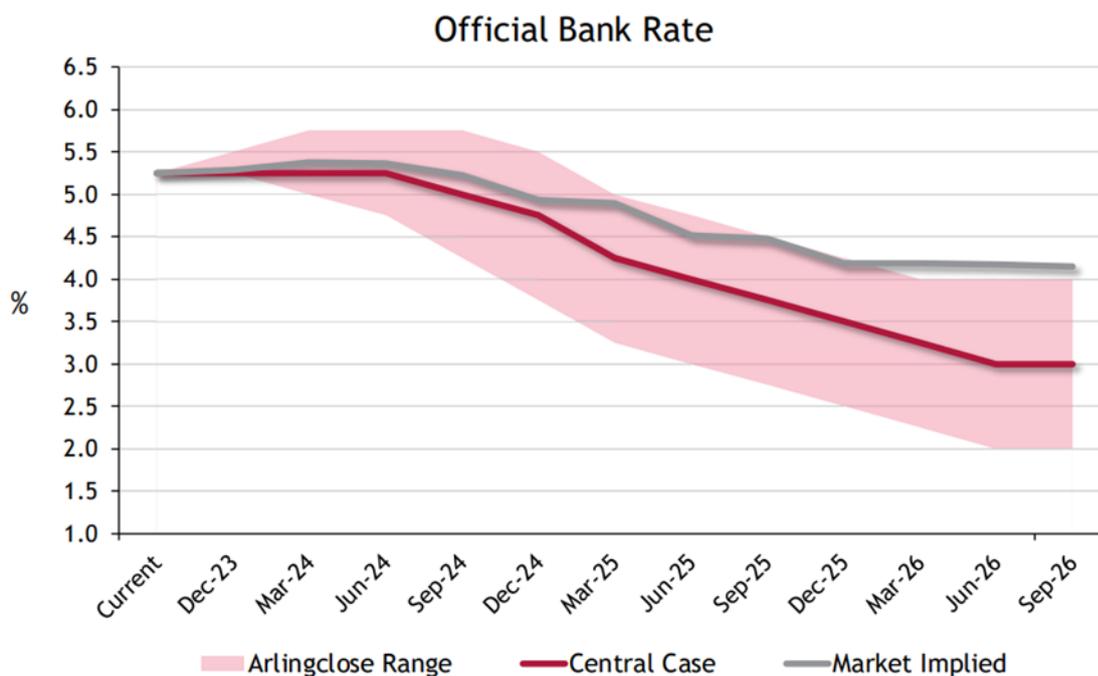


- an increase of 3.88% on all pay points above the maximum of the pay spine but graded below deputy chief officer
- an increase of 3.88% on all allowances

3.8 As highlighted to members in previous financial reports during the year, the financial implications of the pay awards outlined above is broadly similar in terms of cost when compared to 2022/23 although the Council has allowed for a higher level of pay inflation in the current year's budget. **The additional financial impact of the pay award is £0.342m with the additional cost on the Ubico contract reflected in the service forecast and a provision held 'below the line' for the Publica contract.**

Interest Rates

3.9 The Bank of England has increased interest rates fourteen times since December 2021 in an effort to mitigate inflationary pressures with the last increase of 0.25% taking the base rate to 5.25% on 04 August 2023. The MPC voted to maintain rates at 5.25% at their latest meeting on 02 November 2023 (6-3 in favour of maintaining at 5.25% with 3 members voting for a 0.25% increase). The council's treasury management advisors have forecast further increases during the year with an expectation that the base rate may peak at 5.50% to 5.75%. The next MPC meetings are scheduled for 14 December 2023 and 01 February 2024.



3.10 In order to support the Capital Programme, the Council may need to undertake borrowing during the current financial year although this is dependent on a number of factors. Clearly,



with PWLB interest rates remaining relatively high compared to the previous 12 years, this will impact the expenditure required to service any borrowing the Council undertakes. The capital financing position is set out in more detail in section 6.7 of this report

- 3.11 The Council has limited and reducing internal resources to support the capital programme (capital receipts, earmarked reserves). This is not unique to Cotswold District Council with reports in specialist press (e.g., Public Finance) of Councils shelving or scrapping planned capital projects as other costs continue to rise and/or the need to find savings to balance the budget.
- 3.12 With interest rates expected to remain relatively high during the financial year, the Council will need to ensure capital expenditure and capital financing decisions are made 'in the round'. This will ensure that existing and new capital schemes are not considered in isolation and are prioritised against the Council's Corporate Plan and reference to affordability and deliverability.
- 3.13 An updated Asset Management Strategy is being prepared which will review and assess the Council's assets and bring forward recommendations for the retention or disposal of the Council's land and property holdings linked to the Council's Corporate Plan and Medium-Term Financial Strategy (MTFS). Asset disposals would generate a capital receipt which could be utilised in place of external borrowing. The Asset Management Strategy will be considered by Cabinet in January 2024.

4. 2023/24 REVENUE BUDGET

- 4.1 The Revenue Budget was approved by Council at their meeting on 15 February 2023 with no adjustments made during the financial year to date.

Table I – Revenue Budget reconciliation

Budget Item	(£'000)
Original Budget (Council, 15 February 2023)	14,363
Adj:	
Adj:	
Adj:	
Adj:	
Latest Budget	14,363



- 4.2 On 30 September 2023 the Council's is reporting net expenditure of £8.428m against the profiled budget of £8.699m. The financial position is expected to remain challenging during the financial year with the Council facing significant budget pressures as outlined earlier in the report.
- 4.3 The outturn forecast for 2023/24 of £14.626m results in a forecast variance of £0.263m – a reduction of £0.185m against the Q1 forecast. Table 2 provides members with an overview of the significant outturn variations that have been forecast across services with Tables 3 and 4 providing detail on the non-service revenue expenditure and income budgets.

Table 2 – Revenue Budget Outturn Forecast Summary

	2023/24 Latest Net Budget (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement from Q1
Revenue Budget					
Environmental & Regulatory Services	486	302	596	110	(19)
Business Sup. Svcs - Finance, HR, Procurement	1,120	750	1,143	23	23
ICT, Change & Customer Services	2,359	1,126	2,359	0	0
Assets, Property & Regeneration	725	312	751	26	(64)
Publica Executives and Modernisation	131	65	131	0	0
Revenues & Housing Support	615	436	677	62	62
Environmental Services	4,820	2,373	5,101	281	198
Leisure & Communities	1,918	888	2,183	265	230
Planning & Strategic Housing	1,947	984	1,947	0	0
Democratic Services	1,104	821	1,096	(8)	(8)
Retained and Corporate	2,277	1,137	2,426	150	84
Subtotal Services	17,501	9,194	18,409	908	506
Less: Reversal of accounting adjustments	(1,636)	0	(1,636)	0	0
Revised Subtotal Services	15,866	9,194	16,773	908	506
Corporate Income & Expenditure	(1,503)	(767)	(2,546)	(1,043)	(689)
Provisions and Risk Items	0	0	398	398	(2)
Net Budget Requirement	14,363	8,428	14,625	263	(185)
Funded by:					
Council Tax	(6,311)		(6,311)	0	0
Retained Business Rates	(4,389)	(1,744)	(4,389)	0	0
Government Funding - Grants	(2,905)	(1,530)	(2,905)	0	0
Government Funding - NHB	(290)		(290)	0	0
Collection Fund (surplus) / Deficit	393		393	0	0
TOTAL Funding	(13,503)	(3,274)	(13,503)	0	0
Budget shortfall/(surplus)	861	5,154	1,123	263	(185)



Table 3 – Corporate Income and Expenditure

	2023/24 Revised Budget (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement since Q1 (£'000)
Corporate Income and Expenditure					
Contingency	200		120		0
Other non-service expenditure	157		0		0
Other non-service savings	(218)		0		0
Contingency, other non-service income and expendit	139	0	120	(19)	115
Savings & Transformation Items (See Tables 7a and 7b)	(500)		(250)	250	150
Treasury Management - Interest Payable	99	5	14	(86)	(86)
Treasury Management - Interest Receivable	(817)	(758)	(1,613)	(796)	(596)
Minimum Revenue Provision (MRP)	17	0	0	(17)	(17)
Revenue Contribution to Capital Outlay (RCCO)	200	0	100	(100)	0
Transfer to/(from) Earmarked Reserves	(641)	(14)	(916)	(275)	(255)
	(1,503)	(767)	(2,546)	(1,043)	(689)

Table 4 – Provisions and Risk

	2023/24 Profiled Budget to Q1 (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement since Q1 (£'000)
Provisions and Risk					
Ubico Pay Inflation			0	0	(200)
Additional Transfer to Reserves (TM Reserve)			150	150	150
Bad Debt Provision			50	50	50
Publica Pay Inflation			198	198	(2)
Forecast Risk			0	0	0
	0	0	398	398	(2)

*Ubico pay inflation of £148k included within contract service lines.

Key variations

- 4.4** The forecast outturn position is a net overspend/adverse variance of £0.263m. Whilst this is an improved position compared to Q1, further improvement, corrective action or additional savings are required. Without positive action, the outturn variation would have to be funded from the Financial Resilience reserve at year end. Clearly, this is not a desirable outcome and further management action must be taken by the Council, Publica and Ubico to mitigate the current forecast outturn position. Members should note that the budgeted use of reserve utilised to set a balanced budget was £0.861m. Without mitigating and corrective action this would increase to £1.124m and is clearly not an acceptable position.
- 4.5** Annex A provides a detailed analysis and includes commentary against the most significant variances. This report highlights a number of budget variances across a range of service areas; excluding those where the income and expenditure variance are comparable and offset against each other (net nil variance).



- 4.6** The material items which have had an impact on the Council's revenue budget are summarised below with narrative explaining the reasons(s) for the variation in the paragraphs that follow.
- Forecast underachievement of income – Building Control (£0.110m), Land Charges (£0.081m), Public conveniences (£0.082m)
 - Forecast overspend on the Ubico Contract (£0.134m overspend, £0.011m underlying underspend excluding the pay award)
 - Forecast deficit (£0.255m) on the Leisure and Culture contracts which will be transferred to a new Contract Smoothing reserve – see paragraphs 4.16 to 4.18
 - Commercial Property rental income (£0.075m adverse variation)
 - Pay Award impact (£0.198m adverse) – see paragraphs 3.6 to 3.8 and 4.26.
 - Savings Target Risk (£0.250m adverse) – see Section 5 of the report
 - Treasury Management and interest receivable performance (£0.796m positive variation)
 - Reduced Revenue financing of Capital programme (£0.202m positive variation)
 - Adjustments for Bad Debt Provision and a proposed additional transfer to earmarked reserves (£0.200m)
- 4.7** Where income shortfalls have been forecast, it is expected that Business Managers and Assistant Directors evaluate options for corrective action. It is unlikely income will recover in the current financial year and may have a detrimental impact on the Council's finances over the medium-term. The evaluation must include an assessment of the service cost and income, market positioning, and unit cost and benchmarking data analysis. Options should outline, if possible, how the service can be financially sustainable.
- 4.8** The building control service operates in a competitive market, although the Council has retained its market share income is below budget with a lower number of applications in quarter one when compared to the same period in prior year (264 applications compared to 315 in Q1+Q2 2022/23) in part due to continuing financial climate and uncertainty, £0.110m income shortfall forecast.
- 4.9** Income from land charges is below budget with net income received forecast to be £80k below budget at the end of the financial year due in part to the rise in free unofficial Personal Searches (through Personal Search Agents). Current economic uncertainty, the rise in interest rates and inflation along with forecasts of falls in house prices into 2023 and 2024 has reduced demand for this service.



- 4.10** Public Convenience income shortfall of £0.082m is forecast due to reduced footfall. One-off expenditure reductions reduce the forecast net overspend to £0.066m. Cabinet approved increases to the service charges for the Council's Public Conveniences from 01 April 2023. The service is subject to a review by Overview and Scrutiny Committee (Public Conveniences Review Group) and is due to report the outcome of the review and recommendations in January 2024.
- 4.11** There is a risk that the Council will not receive the budgeted level of commercial rental income given the challenging economic conditions across retail and office sectors and downward pressure on rents. An income shortfall of £0.075m is currently forecast but will be reviewed alongside the wider Asset Management Strategy.
- 4.12** The Council's Environmental Services (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc.) are provided by Ubico Ltd. The contract with Ubico for 2023/24 of £8.275m is currently estimated to cost £8.415m – a net overspend of £0.134m. This is predominantly due to the impact of the pay award (£0.145m overspend), additional costs associated with vehicle repairs and vehicle hire (£0.089m overspend) and other minor budget overspends (£0.020m). This is offset by a reduced volume and cost of fuel (£0.192m underspend) which is lower than the assumed cost included in the budget).
- 4.13** The tables below provides members with an overview of the financial performance of the Ubico Contract (Table 5a) and non-Ubico expenditure and income from fees and charges (Table 5b)

Table 5a – Ubico Contract Outturn Forecast (Q2)

Waste, Recycling, Street Cleaning and Grounds Maintenance Services	Ubico Contract Costs OB (£'000)	Ubico Contract Costs CS (£'000)	Outturn Forecast (£'000)	Outturn Variance (£'000)
WST004 Bulky Household Waste	0	0	0	0
Car Parks GM [CTW668]	63	63	68	4
CCM001 Cemetery/Churchyards GM [CTW688]	175	175	188	12
RYC002 Garden Waste Collection [CTW634]	1,315	1,316	1,383	67
WST001 Household Waste [CTW611]	1,622	1,623	1,703	80
RYC001 Recycling [CTW633]	2,933	2,935	2,939	4
RYC003 Refuse/Recycling/Food Waste [CTW635]	685	686	645	(41)
STC001 Street Cleaning [CTW666]	1,465	1,466	1,472	6
Trinity Road Offices GM [CTW668]	16	16	17	1
Grand Total	8,275	8,281	8,415	134
Less: Pay Award impact				(145)
Net variation on contract (excluding Pay Award)				(10)

Table 5b – Ubico, Non-Ubico, Fees & Charges performance (Q2)

	Gross Service Cost LAB (£'000)	Income LAB (£'000)	Net Service Cost (£'000)	Exp ⁿ Forecast (£'000)	Income Forecast (£'000)	Net Service Forecast (£'000)	Net Service Variation (£'000)
Waste, Recycling, Street Cleaning and Grounds Maintenance Services							
WST004 Bulky Household Waste	57	(79)	(22)	57	(79)	(22)	0
Car Parks GM [CTW668]	63	0	63	68	0	68	4
CCM001 Cemetery/Churchyards GM [CTW688]	175	0	175	188	0	188	12
RYC002 Garden Waste Collection [CTW634]	1,353	(1,301)	52	1,419	(1,301)	118	67
WST001 Household Waste [CTW611]	1,781	(24)	1,757	1,911	(24)	1,887	130
RYC001 Recycling [CTW633]	3,245	(950)	2,295	3,249	(950)	2,299	4
RYC003 Refuse/Recycling/Food Waste [CTW635]	686	0	686	645	0	645	(41)
STC001 Street Cleaning [CTW666]	1,504	0	1,504	1,510	0	1,510	6
Trinity Road Offices GM [CTW668]	16	0	16	17	0	17	1
Grand Total	8,880	(2,353)	6,527	9,064	(2,353)	6,711	184

4.14 Performance against the Ubico Savings Target is outlined in Section 5 of this report



- 4.15** Household waste bins and receptacles – an overspend is forecast of £50k, due to increased demand, increased cost of materials and longer lead times. As part of the 2024/5 budget setting review, revenue and capital budget provision will be updated to reflect underlying demand and consideration of developer contributions.
- 4.16** The contract with Freedom Leisure to operate the Council’s Leisure and Cultural services commenced in August 2023 for an initial period of 10 years. In common with contracts of this type, there is an uneven profile of payments to and from the operator over the duration of the contract. The forecast for 2023/24 is for a deficit (payment from the Council to the operator) of £0.255m and this is reflected in the net adverse variance of £0.230m for the Leisure and Communities summary line in Table 2.
- 4.17** Based on operator forecasts submitted with tender documentation, the Council will need to set aside adequate funding from the financial resilience reserve in the first five years of the contract, with a surplus on the contract (payment from the operator to the Council) in the remaining years of the contract term.
- 4.18** Therefore, it is recommended that an earmarked reserve is established (Contract Smoothing reserve) that is linked to the Financial Resilience reserve to smooth the cashflow over the contract term and minimise the impact on the revenue budget one year from the next. It is proposed to transfer this forecast deficit of £0.255m to the earmarked reserve.

Treasury Management

- 4.19** Dividends from the Council’s longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.281m were received in the first half of the financial year achieving a return of over 4% (pooled funds) and around 3% (REIT). Interest from short term cash deposits with the Debt Management Office (DMO) was £0.288m by the end of the second quarter due to larger surplus balances than estimated being available to invest and interest rates rising at higher rate than budgeted. Investment income is forecast to be £0.796m higher than budgeted at the end of the financial year. The table below provides members with a high-level overview of the Council’s Treasury Management investments on 30 September 2023.



Table 6 – Treasury Management Investments on 30 September 2023

Investment type	Balance invested at 30/09/23 (£'000)	Investment Income received to 30/09/23 (£'000)	2023/24 Forecast (£'000)
Bank of England DMDAF	15,087	288	641
Money Market Funds			
Federated Money Market Fund	3,013	63	136
DGLS Money Market Fund	0	55	122
Insight Liquidity Money Market Fund	10	35	86
Lloyds Instant Access		51	89
Real Estate Investment Trusts (REIT)			
Fundamentum Housing REIT	997	14	29
Cash Plus Fund			
Federated Cash Plus Fund	1,122	0	0
Pooled Funds			
CCLA Property Fund	2,212	56	103
Shroders Income Maximiser Fund	782	41	63
CCLA Diversified Income Fund	936	18	34
M&G UK Income Fund	1,723	66	100
Investec Diversified Fund	1,766	40	78
Columbia Threadneedle Bond Fund	1,821	45	74
	29,469	774	1,556

4.20 With the expectation of improved investment returns during the financial year, it was agreed at July Cabinet that any additional investment income above the budgeted level is transferred to a new earmarked reserve (“Treasury Management Risk”) to manage higher borrowing costs in the short-term and to mitigate potential changes to the accounting treatment of gains and losses on pooled funds from March 2025.

4.21 Council approved the Capital Strategy and the Treasury Management Strategy (including the Non-Treasury Management Investment Strategy) at their meeting on 15 February 2023. Audit



and Governance Committee have responsibility for reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code and receiving performance reports. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.

- 4.22** The CIPFA Code was updated in 2021 and includes the new requirement, mandatory from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are expected to be included in the Council's usual revenue and capital monitoring reports. Section 7 and Annex C of this report provides members with an overview on the non-treasury position.
- 4.23** Audit and Governance Committee considered the mandatory mid-year Treasury Management report at their meeting on 30 November 2023.

Corporate Income and Expenditure, Provisions and Risk

- 4.24** As outlined in Tables 3 and 4 there are a number of significant variations forecast across the Corporate Income and Expenditure budgets. These budgets support the General Fund Revenue budget and are typically the non-service items such as Treasury Management, financing, contingency budget and provisions for risk.
- 4.25** Paragraphs 4.19 highlighted the performance of the Council's Treasury Management Investments, largely due to the higher than anticipated interest rates. The outturn forecast is additional income of £0.796m.
- 4.26** With the strong performance of Treasury Management Investments, it is recommended that £0.150m is transferred to the Treasury Management Reserve to mitigate the potential change to accounting treatment of Pooled Funds from March 2025.
- 4.27** The Council has in prior years financed ICT capital expenditure from the revenue budget – typically around £0.200m per annum. With the outturn forecast on ICT Capital indicating expenditure of £0.100m for the year the forecast for the revenue contribution (RCCO) has been matched leading to an underspend of £0.100m. Members will need to consider how ICT Capital expenditure should be financed in future years given the budget gap forecast in 20204/25 and over the MTFS period.



4.28 The 2023/24 revenue budget includes a net transfer from earmarked reserves of £0.625m to fund specific related expenditure – predominantly around new burdens and homelessness. A further £20k transfer from the Transformation and Investment Programme reserve is proposed to fund external consultancy commissioned by Ubico to support the delivery of future savings and efficiencies.

4.29 As outlined in paragraph 4.23 and 4.18 above it is recommended that

- a transfer of £0.150m is transferred to the Treasury Management Reserve to mitigate the potential change to accounting treatment of Pooled Funds from March 2025.
- A provisional transfer of £0.255m is made to a newly established “Contract Smoothing” earmarked reserve to transfer the forecast deficit in respect of the leisure and culture contract in 2023/24.

4.30 An allowance of £0.198m is included in Table 4 recognising the Publica element pay award impact the revenue budget. The impact of the pay award on Ubico costs has already been included in the service revenue expenditure forecasts.

4.31 A contingency budget is held centrally to mitigate any in-year cost pressures from inflation or other unforeseen events. This is reported as uncommitted to in-part offset the pay award risks highlighted in the paragraphs above.

4.32 The 2023/24 revenue outturn forecast includes an allowance to increase the bad debt provision by £50k to reflect the increased probability of sundry, council tax and business rate debtors remaining unpaid because of the cost of living crisis and recessionary pressures on the economy.

5. SAVINGS AND TRANSFORMATION PROGRAMME DELIVERY

5.1 The 2023/24 Revenue Budget includes savings, cost reduction and additional income of £1.510m to mitigate budget pressures and to enable a balanced budget to be achieved. This included third party contract savings (£0.500m), expenditure savings (£0.456m), additional income from fees and charges (£0.415m), and corporate savings (£0.139m).

5.2 Savings proposals were reviewed to ensure they were robust and could be delivered. There is always a risk with a savings programme – savings may not be delivered in full or on time. Close monitoring of the savings programme through the Cabinet Transform Working Group



(CTWG) and through the quarterly financial performance reporting is important to highlight any issues and for action to be taken to bring savings or the budget back in line.

- 5.3** This section sets out the current forecast position on the delivery of the savings agreed as part of the revenue budget identifying any issues and options available to the Council to address under delivery.
- 5.4** CTWG's role is primarily to receive regular updates on progress against the Council's Savings and Transformation programme (including Publica and Ubico savings and efficiencies targets) as part of an ongoing strategy to mitigate the budget gap, any further adverse variation that may arise during the year, and to assess proposals for 2024/25 and later financial years.
- 5.5** Table 7a provides members with a summary of position at the end of Q2.

Table 7a – Savings Update

	2023/24 Budget Removed (£'000)	Tracker	2023/24 Forecast Position (£'000)	2023/24 Variation (£'000)	Movement since Q1 (£'000)
Savings already adjusted out of Service Budgets					
Corporate Savings					
LGPS - Secondary Rate (PIA) (Budget savings)	(139)	Underway/On-Track/Complete	(139)	0	0
Expenditure Savings					
Remove permanent funding for Crowdfunding platform	(85)	Underway/On-Track/Complete	(85)	0	0
Insurance Premium	(47)	Underway/On-Track/Complete	(30)	17	0
Rationalisation of Postage	(20)	Slippage in Savings Delivery	(11)	9	0
Rationalisation of MFDs (Multifunction Devices)	(25)	Underway/On-Track/Complete	(25)	0	0
Google / MS 365 Procurement proposal	(10)	Underway/On-Track/Complete	(10)	0	0
Publica Contract - Net change in Establishment	(67)	Underway/On-Track/Complete	(67)	0	0
Visitor information centre funding reduction	(27)	Underway/On-Track/Complete	(27)	0	0
Internal audit days reduction	(20)	Slippage in Savings Delivery	0	20	0
Planning Appeals Budget	(40)	Underway/On-Track/Complete	(40)	0	0
Recycling Budget Adjustments	(16)	Underway/On-Track/Complete	(16)	0	0
Household Waste Budget adjustments	(9)	Underway/On-Track/Complete	(9)	0	0
Recycling Credits	(90)	Underway/On-Track/Complete	(90)	0	0
Fees and Charges					
Other Fees and Charges - Cost Recovery	(186)	Slippage in Savings Delivery	(122)	64	20
Garden Waste - fee increase	(229)	Underway/On-Track/Complete	(229)	0	0
	(1,010)		(900)	110	20

- 5.6** The forecast in Table 7a indicates £0.900m of the £1.010m savings already adjusted out of the revenue budget (89.1%) will be achieved. £0.110m (10.9%) is off-target and is largely due to under-performance of fees and charges income (Public Conveniences, Land Charges,



Cemeteries) as outlined earlier in the report. Expenditure savings arising from lower Insurance Premiums have been achieved, although this is below the anticipated level. A reduction in the level of audit days is not likely to take effect until 2024/25 due to notice periods required to make significant changes to the agreement with South West Audit Partnership (SWAP).

5.7 Table 7b provides members with an update on the performance against the Publica and Ubico savings targets (third party contract savings). A number of savings initiatives were identified as part of the 2023/24 budget setting process and were reviewed at Publica and Ubico shareholder forums. These initiatives have been developed and scoped in more detail with the recent Council decision on Contact Centre hours illustrating the outcome from the due diligence process.

Table 7b – Savings Update

Savings & Transformation Items [Savings held 'below the line']	2023/24 Original Saving Target (£'000)	2023/24 Forecast Savings (£'000)	2023/24 Variation (£'000)	Movement since Q1 (£'000)
Savings held 'below the line'		0	0	
Publica Savings	(250)		250	250
Contact Centre		(50)	(50)	(50)
WFP: Cabinet Support Officer		(32)	(32)	(32)
WFP: Pensions		(25)	(25)	(25)
Agile Working		(36)	(36)	(36)
One-off Savings		(107)	(107)	(107)
Subtotal Publica	(250)	(250)	0	0
Ubico/ESIP Savings	(250)	0	250	100
Other Corporate Savings		0	0	0
Additional in-year savings (as per Tracker)		0	0	0
Item 1				0
Item 2				0
	(500)	(250)	250	100

5.8 The forecast on the identification and delivery of savings against targets indicates Ubico savings (£0.250m) will not be delivered in the current financial year. As set out in section 4 of this report, the outturn forecast on the contract is a net over spend of £0.134m (£0.011m underspend when the pay award is excluded). An update on the strategic options available



to the Council on mitigating the current overspend position and/or cost reduction measured will be provided to CTWG in November and December.

- 5.9 Public savings proposals against the £0.250m target are broadly in-line with the operating model set out in the Public Business Plan 2022-2025 document ([link to Public Business Plan](#)). Savings and efficiencies continue to be monitored and challenged through CTWG for robustness in terms of deliverability and the wider business case.

6. CAPITAL PROGRAMME

- 6.1 Council approved the Capital Programme for 2023/24 at their meeting on 15 February 2023. Cabinet approved the carry forward of unspent Capital budgets of £1.114m in the Financial Performance Report 2022/23 Outturn report to Cabinet in July 2023. The revised capital programme for 2023/24 is £15.013m. Given the budget profile of some of these schemes there has been a relatively low level of expenditure over Q1 and Q2 with a net total spend of £2.770m (£1.179m when the service loan is excluded).

Table 8 – Capital Programme budget reconciliation

Capital Programme Reconciliation	(£'000)
Original Budget (Council, 15 February 2023)	13,899
Slippage from 2022/23 (Cabinet, 17 July 2023)	1,114
Adj:	
Adj:	
Adj:	
Latest Budget	15,013



Table 9 – Capital Programme Outturn Forecast Q2

Capital Programme	2023/24 OB (£'000)	2023/24 LAB (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)	Movement from Q1 (£'000)
Leisure & Communities	1,387	1,391	12	79	(1,312)	(1,312)
Housing/Planning and Strategic Housing	4,001	4,209	2,443	4,765	556	847
Environment	1,956	2,129	159	628	(1,501)	45
Retained & Corporate	0	0	0	0	0	0
ICT, Change and Customer Services	350	415	(0)	100	(315)	0
UK Rural Prosperity Fund	191	191	0	191	0	0
UK Shared Prosperity Fund Projects	28	28	0	28	0	0
Land, Legal and Property	500	870	(0)	567	(303)	(303)
Transformation and Investment	5,486	5,780	157	1,216	(4,564)	0
TOTAL Capital Programme	13,899	15,013	2,770	7,574	(7,439)	(723)

- 6.2** As set out in the Financial Performance Report 2022/23 Outturn report to Cabinet in July 2023, slippage of £1.114m from the 2022/23 capital programme has been included in the revised capital programme set out in the table above. The outturn forecast for the current year is an underspend of £7.439m with slippage likely of £3.520m.
- 6.3** A summary of the key activity and variations forecast to date is provided below with Annex B providing a detailed overview of expenditure and explanation for variances against the capital programme.
- 6.4** The forecast assumes that the Strategic Property Acquisition (included in the summary line Transformation and Investment) will not proceed in the current financial year. With interest rates remaining relatively high, any future acquisition decision will need to be supported by a full business case setting out the wider benefits and financial impact over the immediate and longer-term.
- 6.5** At their meeting on 31 October 2023 Overview and Scrutiny Committee recommended that the Capital Programme should be kept under review to ensure the revenue impact of capital expenditure and financing decisions were fully considered.

Capital Receipts and Disposals

- 6.6** The Council received a capital loan repayment of £0.295m from Cottsway Housing in Q2 2023/24 in line with the terms of the unsecured development loan facility. The Council did not make any asset disposals during Q1 and Q2 2023/24.



Table 10 – Capital Financing Statement Forecast Q2

Capital Financing Statement	2023/24 OB (£'000)	2023/24 LAB (£'000)	2023/24 Outturn Forecast (£'000)	2023/24 Outturn Variance (£'000)
Capital receipts	8,036	8,469	5,512	(2,957)
Capital Grants and Contributions	1,576	1,907	1,546	(361)
Earmarked Reserves	0	0	0	0
Revenue Contribution to Capital Outlay (F	150	150	50	(100)
Community Municipal Investments (CMI)	116	466	466	0
Prudential Borrowing	4,021	4,021	0	(4,021)
	13,899	15,013	7,574	(7,439)

- 6.7 The Capital Financing position set out in the table above will be reviewed by the s151 Officer during the year as expenditure forecasts are updated to ensure a balanced use of capital resources and mitigation of current and future interest rates.

7. NON-TREASURY MANAGEMENT SUMMARY

- 7.1 The CIPFA Code was updated in 2021 and includes the new requirement, mandatory from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are expected to be included in the Council's usual revenue and capital monitoring reports.

Prudential Indicators

- 7.2 The detailed Non-Treasury Management prudential indicators are included in Annex C with the commentary below providing members with a high-level summary.
- 7.3 With the lower level of capital expenditure forecast for the financial year, this will reduce the underlying need to borrow. The mid-year Treasury Management report to Audit and Governance Committee will set out the wider impact on the Capital Financing Requirement.



8. RISKS AND UNCERTAINTIES

8.1 The report outlines a number of risks and uncertainties around the wider economic environment. Some further risks are briefly outlined below.

- Assumptions made in the forecast are based on projections for inflation and interest rates. Uncertainty remains around Government policy, volatility of GBP (£) against other currencies, interaction between increased UK interest rates and the level of inflation.
- This report includes initial forecasts for income from fees and charges and this remains a risk to the Council given the impact of higher prices, energy costs on the cost of living, and the impact of recessionary pressures on the economy. This may lead to reduced demand for council services and hence lower income from fees and charges.
- The Council is dependent on several key partners (e.g., Ubico, Publica, Freedom Leisure) for the delivery of core Council services and may be more exposed to fluctuations in income and expenditure. Any additional income or expenditure pressures would increase the financial pressure facing the Council and would need to be funded through reserves or savings found elsewhere.
- Publica Review – At their meeting on 02 November 2023, Cabinet recommended that Council approve the recommendations set out in the Publica Review report undertaken by Human Engine. The report highlighted the need for a transition plan (to be reported to Cabinet and Council in the new year) and the completion of extensive due diligence. For the purposes of this report, it is worth highlighting the uncertainty around the level and profile of costs required to support the due diligence process. A notional £0.200m has been allocated from the Council Priorities Fund and this will be reviewed once the transition plan has been completed to ensure the adequate one-off resources are made available.
- Publica Review – The Human Engine report identified the preferred option of returning the majority of services to the Council. There is a risk over the remainder of the financial year to service delivery outcomes (ability to provide services at current levels if staff turnover increases) and to costs (increased cost associated with agency/interim staff). The impact from the review outcomes will need to be kept under close scrutiny over the coming weeks. As with many insourcing and transformation projects, there is an increased level of uncertainty amongst staff.

9. CONCLUSIONS

9.1 This monitoring report presents an update on the Council's financial position. As the report sets out, an overspend of £0.0.262 is forecast for the financial year which. Without mitigating or corrective action this would be financed from the Financial Resilience Reserve at year end which is not considered appropriate given the scale of the financial challenge over the MTFS period.



- 9.2** Cabinet will continue to consider the impact of the forecast outturn and the impact on earmarked reserves as part of their oversight of the savings and transformation programme.
- 9.3** It is recommended that Cabinet review in-year opportunities with Publica and Ubico and provide an update in February as part of the *2024/25 Revenue Budget, Capital Programme and Medium-Term Financial Strategy Report* on options to mitigate the financial position as currently forecast across the MTF5 period.

10. FINANCIAL IMPLICATIONS

- 10.1** The financial implications are set out in this report.

11. LEGAL IMPLICATIONS

- 11.1** Under Part 2 Local Government Act 2003, the Council must, from time to time during the year review the calculations it has used to set its budget. The Council's Chief Financial Officer is required to report to the Council on the robustness of estimates made for the purposes of calculating the annual budget, and on the adequacy of proposed financial reserves. Members must have regard to that report when making decisions about the calculations in connection with which it is made.

12. RISK ASSESSMENT

- 12.1** Section 8 of this report sets out the financial risks and uncertainties.

EQUALITIES IMPACT

- 12.2** None.

13. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 13.1** Considered within this report.

14. BACKGROUND PAPERS

- 14.1** None

(END)

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Revenue Outturn Q2 For 01/04/2023 to 30/09/2023									
Service Area	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
Environmental & Regulatory Services	£1,113,820	-£628,920	£548,173	-£293,307	£534,386	-£232,382	£47,137	£110,000	Underachievement of Building Control Income Forecast overspend on SWAP Internal Audit Services
Business Support Services - Finance, HR, Procurement ICT, Change & Customer Services	£2,325,541	-£1,205,522	£1,131,660	-£386,793	£1,132,426	-£382,698	£4,860	£23,000	
	£2,436,054	-£77,526	£1,164,676	-£42,736	£1,181,543	-£55,694	£3,908		
	£1,357,561	-£639,878	£656,299	-£328,699	£668,127	-£356,306	-£15,778	£26,280	Land Charge Income underachievement (£80k) overachievement of unbudgeted tenant service income (£55k)
Assets, Property and Regeneration Publica Executives and Modernisation	£131,136	£0	£65,073	£0	£65,010	£0	-£63		
	£13,212,034	-£12,597,115	£6,541,305	-£6,120,673	£7,359,204	-£6,923,287	£15,284	£62,000	Rental income from hostels lower than budgeted due to period of closure during refurbishment, higher than estimated. HB overpayments recovered lower than estimated.
Revenues & Housing Support									
	£10,922,585	-£6,119,588	£6,029,836	-£3,703,789	£6,002,222	-£3,629,157	£47,018	£281,155	Ubico pay rise in excess of budget (£145k), £11k underspend on remainder of Ubico contract, £60k underachievement of public convenience income, underachievement of cemetery income (net £47k overspend)
Environmental Services									
	£1,941,972	-£24,021	£1,006,548	-£79,577	£1,056,847	-£168,795	-£38,919	£265,001	Dual Use Agreement CPI increase (£10k). Leisure and Culture contract £255k in excess of budget for year one of contract, to be funded from earmarked reserves.
Leisure & Communities Planning & Strategic Housing Democratic Services	£2,908,344	-£961,795	£1,586,430	-£597,717	£1,993,057	-£1,008,478	-£4,134		
	£1,140,111	-£25,905	£787,548	£956	£862,726	-£42,021	£32,200	-£8,430	
	£3,383,593	-£1,467,099	£1,822,990	-£773,052	£1,907,747	-£980,693	-£122,884	£378,490	Savings unachieved, included £250k Ubico savings target. Rental Income from Wilko unachieved due to liquidation and closure. Bank Charges higher than estimated, currently under review with merchant acquirer.
Retained and Corporate Services									
Cost of Services (Gross)	£40,872,751	-£23,747,369	£21,340,539	-£12,325,386	£22,763,295	-£13,779,512	-£31,370	£1,137,495	
Cost of Services (Net)		£17,125,382		£9,015,153		£8,983,782			

Revenue Outturn Q2									
For 01/04/2023 to 30/09/2023									
Service Area	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
Publica Pay Increase in Excess of Budget	£0	£0	£0	£0	£0	£0	£0	£198,000	Publica pay increase in excess of budget
Treasury Management - Interest Payable	£99,485	£0	£49,743	£0	£5,908	£0	-£43,835	-£85,823	No further external borrowing undertaken or expected in second half of the financial year.
Treasury Management - Interest Recivable	£13,000	-£830,316	£6,500	-£359,424	£15,777	-£774,124	-£405,424	-£796,000	£836k investment income, £40k under achievement of loan int.
Minimum Revenue Provision	£16,607	£0	£0	£0	£0	£0	£0	-£16,607	MRP not required as capital expenditure not funded via borrowing
Revenue Contribution to Capital Outlay (RCCO)	£200,000	£0	£0	£0	£0	£0	£0	-£100,000	Capital expenditure funded by revenue estimated to be £100k in 2023/24.
Reversal of Depreciation/Amortisation		-£1,635,591	£0	£0	£0	£0	£0	£0	
Increase in Bad Debt Provision	£0	£0	£0	£0	£0	£0	£0	£50,000	Increase in Bad Debt Provision
Transfer (from) to/Reserves	£0	-£625,102	£0	-£14,054	£0	-£14,054	£0	-£125,000	Investment (£20k Ubico) £150k transfer to Treasury
General Government Grants		-£3,195,635	£0	-£1,530,452	£0	-£1,530,452	£0	£0	
Council Tax Income		-£6,308,796	£0	£0	£0	£0	£0	£0	
Non Domestic Rates Income and Expenditure		-£3,998,000	£0	-£2,772,415	£0	-£1,744,078	£1,028,337		
(Surplus)/Deficit		£861,034	£21,396,782	-£17,001,731	£22,784,979	-£17,842,220	£547,708	£262,065	

Environmental & Regulatory Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
Building Control - Fee Earning Work	£189,206	-£360,000	£91,898	-£180,000	£92,657	-£124,823	£55,935	£110,000	Building control is retaining market share, however number of apps is down. Income is below target due to the current financial climate. With the uncertainty on inflation and interest rates etc., this is likely to continue throughout the financial year. For the period April to September 264 applications were received compared to 315 for the same period last year. Small saving from terminated SLA with GCC to be used to fund admin support post in second half of 23/24.
Building Control - Non Fee Earning Work	£60,144	£0	£29,356	£0	£29,358	£0	£2		
Dangerous Structures	£2,500	£0	£1,250	£0	£710	£0	-£540		
Building Control	£251,850	-£360,000	£122,504	-£180,000	£122,725	-£124,823	£55,398	£110,000	
Emergency Planning	£24,904	£0	£12,375	£0	£7,167	£0	-£5,208		
Environment - Service Management and Support Services	£108,961	£0	£54,481	£0	£55,457	£0	£977		
Private Sector Housing - Condition of Dwellings	£191	£0	£0	£0	£0	£0	£0		
Home Energy Conservation	£135	£0	£0	£0	£0	£0	£0		
Licensing	£231,751	-£213,920	£114,624	-£81,807	£115,532	-£83,415	-£700		
Environmental Protection	£214,368	-£53,000	£104,070	-£30,500	£98,972	-£21,085	£4,317		
Pollution Control	£142,043	£0	£72,067	£0	£67,215	£0	-£4,852		
Food Safety	£137,944	-£2,000	£67,303	-£1,000	£67,207	-£2,259	-£1,355		
Health & Safety At Work	£0	£0	£0	£0	£112	£0	£112		
Statutory Burials	£1,591	£0	£750	£0	£0	£0	-£750		
Abandoned Vehicles	£82	£0	£0	£0	£0	-£800	-£800		
Public Protection	£861,970	-£268,920	£425,669	-£113,307	£411,660	-£107,559	-£8,260	£0	
Environmental & Regulatory Services	£1,113,820	-£628,920	£548,173	-£293,307	£534,386	-£232,382	£47,137	£110,000	

Business Support Services - Finance, HR, Procurement									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
S & S Holding Account	£0	£0	£0	£0	£2,801	-£2,801	£0		Overspend on SWAP internal audit services.
Accountancy	£438,383	-£39,120	£215,042	£0	£205,709	£0	-£9,333		
Creditors	£119,144	-£63,580	£57,357	£0	£56,274	£0	-£1,083		
Debtors	£60,710	-£15,480	£28,140	£0	£27,060	£0	-£1,080		
Insurances	£67,856	-£53,690	£33,928	£0	£33,930	£0	£2		
GO Support and Hosting	£63,219	-£50,360	£31,610	£0	£31,775	£0	£166		
Accountancy	£749,312	-£222,230	£366,077	£0	£357,549	-£2,801	-£11,329		
Internal Audit	£93,121	-£22,217	£46,560	£0	£58,004	£0	£11,444	£23,000	
	£513,181	-£513,182	£241,794	-£174,748	£233,240	-£166,195	-£0		
Glos. Counter Fraud Unit									
Audit	£606,302	-£535,399	£288,354	-£174,748	£291,244	-£166,195	£11,443	£23,000	
Human Resources	£618,281	-£298,760	£304,258	-£149,380	£310,818	-£149,380	£6,560		
Health & Safety	£37,906	£0	£18,802	£0	£19,385	£0	£583		
Training & Development	£141,211	-£61,580	£69,347	-£30,790	£67,957	-£30,790	-£1,390		
Human Resources	£797,398	-£360,340	£392,407	-£180,170	£398,161	-£180,170	£5,754		
Payroll	£105,808	-£63,750	£51,462	-£31,875	£50,124	-£31,875	-£1,338		
Payroll	£105,808	-£63,750	£51,462	-£31,875	£50,124	-£31,875	-£1,338		
Central Purchasing	£66,721	-£23,803	£33,360	£0	£35,349	-£1,658	£331		
Procurement	£66,721	-£23,803	£33,360	£0	£35,349	-£1,658	£331		
Business Support Services - Finance, HR, Procurement	£2,325,541	-£1,205,522	£1,131,660	-£386,793	£1,132,426	-£382,698	£4,860	£23,000	

ICT, Change & Customer Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	Variance (£)	
Business Improvement/Transformation	£125,418	£0	£62,083	£0	£62,082	£0	-£1		
Business Continuity Planning	£22,277	£0	£10,011	£0	£10,014	£0	£3		
Freedom of Information Act	£12,221	£0	£6,111	£0	£6,108	£0	-£3		
Street Naming	£10,352	-£25,000	£5,025	-£12,500	£6,195	-£12,262	£1,409		
Business Transformation	£170,268	-£25,000	£83,230	-£12,500	£84,399	-£12,262	£1,408		
Moreton-in-Marsh, Offices	£95,605	-£29,861	£40,304	-£19,491	£42,714	-£24,921	-£3,021		
FOH - Moreton	£116,657	-£3,665	£56,885	-£1,245	£56,758	-£111	£1,006		
Moreton - Stock Trading a/c	£0	£0	£0	£0	£739	-£3,844	-£3,106		
	£624,024	£0	£310,587	£0	£310,308	-£41	-£319		
FOH - Trinity Road									
Customer Services	£836,286	-£33,526	£407,776	-£20,736	£410,518	-£28,917	-£5,440		
ICT	£1,318,774	-£19,000	£618,307	-£9,500	£614,369	-£4,349	£1,213		
Application Support	£110,726	£0	£55,363	£0	£72,257	-£10,167	£6,727		
ICT	£1,429,500	-£19,000	£673,670	-£9,500	£686,626	-£14,516	£7,940		
ICT, Change & Customer Services	£2,436,054	-£77,526	£1,164,676	-£42,736	£1,181,543	-£55,694	£3,908		

Assets, Property and Regeneration										
For 01/04/2023 to 30/09/2023										
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments	
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance			
Trinity Road, Offices	£645,376	-£368,692	£305,494	-£190,444	£306,978	-£250,485	-£58,558	-£55,000	£40k underspend on Elec and Gas currently offsetting overspends on Business Rates and Programmed R&M consisting of Lighting Upgrades at Trinity Road (£16k) and Chamber cooling installation (£29k). The underspend is actually an overachievement of income due to service charges of £55k not budgeted for.	
Moreton-in-Marsh, Offices - Maintenance	£34,907	£0	£17,453	£0	£11,691	£0	-£5,763			
Property and Estates Projects	£0	£0	£0	£0	£0	£0	£0			
Corinium Museum - Maintenance	£31,750	£0	£15,875	£0	£788	£0	-£15,087			
Housing Enabling Properties	£8,004	-£22,481	£3,740	-£13,903	£34,807	-£11,827	£33,143			
22/24 Ashcroft Road	£10,500	£0	£5,250	£0	£1,209	£0	-£4,041			
Asset Management	£730,537	-£391,173	£347,813	-£204,347	£355,472	-£262,313	-£50,306	-£55,000		
Local Land Charges	£124,531	-£248,705	£60,583	-£124,353	£69,675	-£93,993	£39,451	£81,280		Underachieved land charge income. Expected slump in housing market due to mortgage rates will have impact plus resource issues within service causing delays and loss of customers to the private sector.
Land Charges	£124,531	-£248,705	£60,583	-£124,353	£69,675	-£93,993	£39,451	£81,280		
Property Services	£502,493	£0	£247,903	£0	£242,980	£0	-£4,924			
Property Services	£502,493	£0	£247,903	£0	£242,980	£0	-£4,924			
Assets, Property and Regeneration	£1,357,561	-£639,878	£656,299	-£328,699	£668,127	-£356,306	-£15,778	£26,280		

Publica Executives and Modernisation									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
2020 Vision	£0	£0	£0	£0	£0	£0	£0		
Chief Executive	£131,136	£0	£65,073	£0	£65,010	£0	-£63		
Managing Director & Support	£131,136	£0	£65,073	£0	£65,010	£0	-£63		
Publica Executive and Modernisation	£131,136	£0	£65,073	£0	£65,010	£0	-£63		

Revenues & Housing Support									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
Rent Allowances	£12,530,146	-£12,105,831	£6,261,330	-£6,023,798	£6,664,724	-£6,431,329	-£4,138	£35,000	Overpayments recovered is £35k below budget. £14k of debtors re previous yrs has also been w/of
Benefit Fraud Investigation	£0	£0	£0	£0	£9	£0	£9		
Benefits	£12,530,146	-£12,105,831	£6,261,330	-£6,023,798	£6,664,733	-£6,431,329	-£4,129	£35,000	
Homelessness	£115,634	-£76,266	£57,806	-£38,133	£140,265	-£114,719	£5,874		Rental income lower than budgeted due to closure between 24.04-19.06.23 and HB overpayments from prior yrs reclaimed. Refurbishment work to the Croft to be funded from reserves.
Refugees	£19,129	-£19,129	£9,564	-£9,564	£266,512	-£271,567	-£5,056		
Homelessness Hostel Accommodation	£29,062	-£35,500	£4,902	-£17,750	£14,374	-£6,978	£20,244	£15,000	
Temporary Emergency Accommodation	£107,584	-£62,856	£37,402	-£31,428	£27,558	-£31,830	-£10,246		
Private Sector Housing Grants	£31,855	£0	£15,927	£0	£15,948	£0	£21		
Housing Management	£303,264	-£193,751	£125,602	-£96,875	£464,658	-£425,094	£10,837	£15,000	
Council Tax Collection	£295,021	-£89,000	£113,715	£0	£174,033	-£47,909	£12,409	£12,000	Civica System Maintenance higher than budgeted
SNDR Collection	£66,836	-£208,533	£32,516	£0	£49,028	-£18,954	-£2,442		
Concessionary Travel	£16,767	£0	£8,143	£0	£6,396	£0	-£1,747		
Security Carriers	£0	£0	£0	£0	£357	£0	£357		
Revenues	£378,624	-£297,533	£154,373	£0	£229,814	-£66,864	£8,577	£12,000	
Revenues & Housing Support	£13,212,034	-£12,597,115	£6,541,305	-£6,120,673	£7,359,204	-£6,923,287	£15,284	£62,000	

2023/24

Environmental Services										
For 01/04/2023 to 30/09/2023										
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)		Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance			
Car Parks	£994,207	-£2,990,972	£516,152	-£1,567,657	£513,597	-£1,491,453	£73,650	£3,735		
Car Parks - Maintenance	£35,700	£0	£17,850	£0	£22,572	£0	£4,722	-£2,110		
Car Parks - Tetbury The Chippings	£39,075	-£54,000	£19,537	-£23,000	£12,421	-£24,917	-£9,033	-£1,875		
Car Parks - Chipping Campden	£0	£0	£0	£0	£0	-£18,007	-£18,007	£540		
Bourton on the Water Tourism Levy	£50,000	-£50,000	£31,690	-£32,000	£19,188	-£29,240	-£9,742	-£4		
Car Parking	£1,118,982	-£3,094,972	£585,229	-£1,622,657	£567,778	-£1,563,616	£41,590	£286		

Environmental Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)		Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	Forecast Variance (£)	
Cemetery, Crematorium and Churchyards	£177,940	-£136,830	£99,504	-£68,415	£101,191	-£58,734	£11,367	£51,062	Income from cemetery fees lower than budgeted (£32k) . Ubico Contract: Increase of £18k due to pay inflation and the cost of weed spraying.
Cemeteries - Maintenance	£26,520	£0	£13,260	£0	£31,713	£0	£18,453		Reactive repairs during the first half of the year have resulted in an overspend - resurfacing, replacement roller shutter door, roof repairs and repairs to memorials. This budget is part of the councils wider BMF and any overspend will be funded from underspends elsewhere in the BMF.
Waste - Cemeteries	£0	£0	£0	£0	£578	-£2,836	-£2,257		
Animal Control	£49,287	-£17,505	£24,424	-£8,753	£12,885	-£385	-£3,172	-£5,462	Net underspend for year due to no longer providing pest control service.
Public Conveniences	£277,351	-£110,055	£123,267	-£78,335	£80,200	-£32,672	£2,597	£65,669	£80k underachievement of income. Offset by duplicate accrual for March 23' cleaning contract and £2k one off Business Rate Refund relating to prior period.
Recycling	£3,243,553	-£949,783	£1,804,307	-£379,743	£1,797,313	-£379,848	-£7,098	-£2,706	Ubico Contract: Increase of £4k due to pay inflation offset by lower diesel costs. £7k underspend on minor contractors fees.
Green Waste	£1,359,603	-£1,301,000	£786,523	-£1,298,500	£786,807	-£1,329,669	-£30,885	£66,753	Ubico Contract: Increase of £67k due to pay inflation, vehicle hire costs and repairs, partially offset by lower diesel costs. Savings have been made for Green Waste due to reducing loaders on the garden waste rounds, however the service is currently experiencing higher repairs, maintenance and hire costs. This is due to an aging fleet that is due to be replaced imminently.
Refuse / Recycling Organic & Food Waste	£841,351	-£156,000	£464,788	-£65,000	£465,196	-£61,204	£4,204	-£40,534	Ubico Contract: Underspend of £41k due to pay inflation offset by lower diesel costs.
Street Cleaning	£1,506,055	£0	£874,907	£0	£874,904	£0	-£3	£6,094	Ubico Contract: Increase due to pay inflation offset by savings generated through lower diesel costs, resource management and agency usage.
Household Waste	£1,789,781	-£23,780	£1,023,228	-£11,890	£1,063,177	-£6,890	£44,948	£139,993	Ubico Contract: Increase due to pay inflation £33k partially offset by lower diesel costs. A potential overspend of £60k on household waste bins and receptacles is estimated this year. This is due to increased demand, increased costs of materials and longer lead times. This will be reviewed as part of the 24/25 budget setting process.
Bulky Household Waste	£72,537	-£78,537	£36,269	-£39,269	£39,628	-£60,893	-£18,265		
Refuse-Stow Fair	£11,553	£0	£1,352	£0	£4,815	£0	£3,463		
Wuth Cerney Depot, Packers Leaze	£105,772	-£228,466	£22,007	-£114,233	£32,299	-£114,570	£9,955		
Environmental Services Client	£9,461,303	-£3,001,956	£5,273,834	-£2,064,137	£5,290,705	-£2,047,701	£33,306	£280,869	

Environmental Services											
For 01/04/2023 to 30/09/2023											
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)		Forecast Variance (£)	Comments	
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance				
Climate Change	£119,264	£0	£59,621	£0	£60,583	£0	£962			Underspend on 'other contractors fees' & Qrt3 income included in period 6	
Climate Change	£119,264	£0	£59,621	£0	£60,583	£0	£962				
Land Drainage	£122,619	-£22,660	£61,152	-£16,995	£57,955	-£17,840	-£4,041				
Flooding	£122,619	-£22,660	£61,152	-£16,995	£57,955	-£17,840	-£4,041				
Environmental Strategy	£100,417	£0	£50,000	£0	£25,201	£0	-£24,799				Underspend on Clean and Green Grant Scheme. Funded from CPF, unspent budget will be held within reserves.
Waste & Recycling Policy	£100,417	£0	£50,000	£0	£25,201	£0	-£24,799	£0			
Environmental Services	£10,922,585	-£6,119,588	£6,029,836	-£3,703,789	£6,002,222	-£3,629,157	£47,018	£281,155			

Leisure & Communities									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
Consultation, Policy & Research	£98,103	£0	£56,434	£0	£56,178	£167	-£89		
Corporate Planning	£98,103	£0	£56,434	£0	£56,178	£167	-£89		
Corinium Museum	£284,621	£0	£44,375	£0	£44,461	-£433	-£347	£7,000	Freedom Culture contract in excess of budget, balance to be funded from reserves
Collection Management	£8,102	£0	£0	£0	£0	£0	£0		
Northleach Resouce Centre	£19,953	£0	£8,250	£0	£0	£0	-£8,250		
Ciren - Centre Management	£561,975	£0	£183,162	£0	£177,466	£0	-£5,696	£248,000	Freedom Leisure contract in excess of budget, balance to be funded from reserves
Ciren - Dryside Areas	£12,021	-£24,021	£0	-£16,725	£0	-£17,284	-£560		
Cirencester Leisure - Maintenance	£33,000	£0	£16,500	£0	£7,894	£0	-£8,606		
C Campden - Centre Management	£114,231	£0	£62,538	£0	£72,539	£0	£10,001	£10,001	Increase in dual use agreement, CPI
Bourton - Centre Management	£142,108	£0	£0	£0	£0	£0	£0		
Bourton - Maintenance	£43,000	£0	£21,500	£0	£0	£0	-£21,500		
Leisure Management	£1,219,011	-£24,021	£336,325	-£16,725	£302,360	-£17,718	-£34,958	£265,001	
Health Policy	£28,426	£0	£13,817	£0	£12,720	£0	-£1,097		
Community Liaison	£113,150	£0	£56,246	£0	£52,651	£0	-£3,595		
Youth Participation	£128,646	£0	£50,760	£0	£50,760	£0	-£0		Budget adjusted to reflect lower than estimated transfer from reserves for Cotswold Crowdfund.
Health Development	£56,994	£0	£309,976	£32,820	£309,976	£32,820	£0		
Community Welfare Grants	£173,019	£0	£107,402	£0	£107,353	£0	-£49		
SPF Community and Place	£0	£0	£0	£0	£5,350	-£5,350	£0		
SPF Supporting Local Businesses	£0	£0	£0	£0	£70,995	-£70,995	£0		
Community Liaison	£500,235	£0	£538,201	£32,820	£609,805	-£43,525	-£4,741		

2023/24

Leisure & Communities									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
Community Safety (Crime Reduction)	£25,203	£0	£12,378	£0	£13,244	£0	£867		
Community Safety	£25,203	£0	£12,378	£0	£13,244	£0	£867		
Tourism Strategy and Promotion	£16,376	£0	£8,188	£0	£8,190	£0	£2		
Partnership Grants	£27,000	£0	£27,000	£0	£27,000	£0	£0		
Cotswold Tourism Partnership	£56,044	£0	£28,022	-£95,672	£33,184	-£100,834	-£0		
Tourism Discover England Fund - Project	£0	£0	£0	£0	£6,885	-£6,885	-£0		
Cotswolds Plus LVEP	£0	£0	£0	£0	£0	£0	£0		
Tourism Policy	£99,420	£0	£63,210	-£95,672	£75,259	-£107,719	£2		
Leisure & Communities	£1,941,972	-£24,021	£1,006,548	-£79,577	£1,056,847	-£168,795	-£38,919	£265,001	

Planning & Strategic Housing For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
Development Control - Applications	£980,451	-£894,877	£486,247	-£447,438	£506,198	-£478,138	-£10,748		£25k overachieved on Planning Apps, £8k underachieved on Pre-App Advice
Development Control - Appeals	£94,119	£0	£46,685	£0	£47,686	£0	£1,002		
Development Control - Enforcement	£209,750	£0	£103,870	£0	£103,872	£0	£2		
Development Advice	£373,591	£0	£185,255	£0	£185,256	£0	£2		
Planning Advice For Land Charges	£12,714	£0	£6,257	£0	£6,258	£0	£2		
Planning - Section 106 Agreements	£0	£0	£0	£0	£261,325	-£261,325	-£0		
Development Services Holding Account	£0	£0	£0	£0	£0	£0	£0		
Development Management	£1,670,625	-£894,877	£828,313	-£447,438	£1,110,595	-£739,463	-£9,742		
Heritage & Design	£246,394	-£25,818	£133,808	-£39,716	£126,181	-£29,348	£2,741		
SC111 - Habitat Regulation Assessment	£0	£0	£0	-£71,126	£0	-£71,126	£0		
Heritage & Conservation	£246,394	-£25,818	£133,808	-£110,842	£126,181	-£100,474	£2,741		
Housing Advice	£308,614	£0	£159,558	£0	£159,847	£0	£289		
Housing Strategy	£166,843	£0	£74,540	£0	£74,544	£0	£4		
Housing Partnerships	£27,506	£0	£13,575	£0	£13,572	£0	-£3		
Strategic Housing	£502,963	£0	£247,673	£0	£247,963	£0	£290		
Community Infrastructure Levy	£72,824	-£40,000	£36,412	-£38,887	£163,089	-£164,835	£729		
Local Development Framework	£374,723	-£100	£179,875	-£50	£179,015	-£72	-£882		
Fwd Plan work for Dev Con	£18,606	£0	£9,197	£0	£9,198	£0	£1		
Local Development Framework Reserve	£0	£0	£137,924	£0	£137,924	£0	-£0		
Planning - Service Management and Support Services	£22,209	-£1,000	£13,230	-£500	£19,094	-£3,635	£2,730		
Planning Policy	£488,362	-£41,100	£376,637	-£39,437	£508,319	-£168,541	£2,578		
Planning & Strategic Housing	£2,908,344	-£961,795	£1,586,430	-£597,717	£1,993,057	-£1,008,478	-£4,134		

Democratic Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
Committee Services	£124,185	£0	£49,302	£0	£51,751	-£560	£1,889		6X Annual Subs - budget WP adjusted accordingly - includes LGIU annual sub with no budget
Corporate Subscriptions	£21,980	£0	£21,980	£0	£25,550	£0	£3,570	£3,570	
Committee Services	£146,165	£0	£71,282	£0	£77,301	-£560	£5,459	£3,570	
Press & PR/Communications	£101,333	£0	£25,969	£0	£30,613	£0	£4,644		Overspend postage to be recharged across services.
Postal Services	£25,036	£0	£12,518	£0	£23,834	£0	£11,316		
Communications	£126,369	£0	£38,487	£0	£54,447	£0	£15,960		
Registration of Electors	£17,000	£0	£37,087	£0	£37,087	-£2,952	-£2,952		
District Elections	£0	£0	£221,078	£0	£221,078	£0	£0		
Elections Support/Overheads	£152,923	-£1,880	£76,098	-£940	£108,223	-£33,227	-£162		
Parliamentary Elections	£0	£0	£0	£0	£18	£0	£18		
Parish Elections	£5,000	-£2,000	£0	-£1,000	£5,532	-£12,127	-£5,595	-£12,000	Election costs recharged to Parish Council
Police & Crime Commissioner Elections	£0	£0	£0	£13,909	£0	£13,909	£0		
Elections	£174,923	-£3,880	£334,263	£11,969	£371,939	-£34,397	-£8,690	-£12,000	
Democratic Representation and Management	£131,537	£0	£65,757	£0	£66,617	£0	£859		
Councillors Allowances	£333,185	£0	£167,597	£0	£173,526	£0	£5,929		
Servicing Council	£4,361	£0	£10,856	£0	£13,763	£0	£2,907		
Member Support	£469,083	£0	£244,210	£0	£253,905	£0	£9,696		
Printing Services	£223,571	-£22,025	£99,307	-£11,013	£105,134	-£7,064	£9,776		
Print & Design	£223,571	-£22,025	£99,307	-£11,013	£105,134	-£7,064	£9,776		
Democratic Services	£1,140,111	-£25,905	£787,548	£956	£862,726	-£42,021	£32,200	-£8,430	

Retained and Corporate Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance (£)	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance		
Commercial Properties - General	£15,468	-£160	£7,710	-£80	£1,955	-£497	-£6,172		Scaffolding, wall repairs undertaken at Old Station.
Old Memorial Hospital (inc Cottages)	£17,887	-£7,265	£4,892	-£4,229	£3,952	-£4,229	-£940		
Dyer Street	£0	-£120,000	£0	-£60,000	£0	-£60,000	£0		
Old Station	£21,571	£0	£7,323	£0	£42,457	£0	£35,134	£35,000	
Brewery Court, Arts & Niccol Centre	£294	-£56,142	£0	-£42,107	£4,077	-£44,409	£1,775		
GCC Depot, Chesterton Lane	£1,053	-£2,015	£0	-£1,488	£0	-£45	£1,443		
Abberley House/44 Black Jack St.	£30,580	-£87,339	£13,387	-£54,653	£5,599	-£45,634	£1,232		
Compton House	£1,500	-£14,626	£750	-£8,532	£0	-£8,532	-£750		
1st Floor Church Rms, Bourton-on-the-Water	£120	-£4,570	£0	-£3,397	£0	-£3,256	£142		
Bourton VIC	£1,567	-£8,000	£0	-£6,667	£0	-£6,000	£667		
Wilkinson's West Bromich	£6,006	-£89,635	£2,438	-£66,942	£0	-£34,792	£29,713	£75,335	Under achievement of income due to closure of Wilko store. Forecast overspend represents lost rental income , NNDR liability, security and installation/removal costs.
Superdrug Hereford	£652	-£62,155	£0	-£51,250	£0	-£46,125	£5,125		
Tesco's Seaford	£1,098	-£93,180	£0	-£69,251	£743	-£68,935	£1,059		
-27A Dyer Street	£21,421	-£128,777	£10,000	-£63,811	£3,351	-£59,552	-£2,391		
Discretionary Pension Payments	£1,632,916	£0	£816,458	£0	£822,935	£0	£6,477	£12,954	Discretionary pension payments higher than estimated.
Parish Council Precepts	£0	£0	£0	£0	£0	£0	£0		
Corporate I&E	£1,752,133	-£673,864	£862,957	-£432,407	£885,068	-£382,005	£72,512	£123,289	

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Retained and Corporate Services									
For 01/04/2023 to 30/09/2023									
Cost Centre Description	Original Budget (£)		Budget (£)		Actual (£)		Under / Over Budget (£)	Forecast Variance	Comments
	Expenditure	Income	Expenditure	Income	Expenditure	Income	Net Variance	(£)	
Corporate Finance	£115,123	£0	£57,136	£0	£109,668	-£51,818	£714		
External Audit Fees	£96,368	£0	£0	£0	£0	£0	-£0	£3,000	Additional fee for IAS19 pension work as part of 21/22 audit.
Bank Charges	£61,065	£0	£30,533	£0	£46,032	£0	£15,500	£30,000	Bank charges higher than estimated. Currently under review with merchant acquirer.
Savings and Growth Items	-£398,818		£0	£0	£62,927	-£51	£62,875	£229,818	£250k savings from Ubico unlikely to be achieved in 2023/24. Posts funded from contingency. £20k underspend on contingency.
Publica Group	£575,836	-£537,864	£287,918	-£268,932	£287,918	-£479,999	£156,726		
Strategic Directors	£661,417	£0	£329,767	£0	£323,858	£0	-£5,909		
Legal	£394,107	-£166,982	£189,798	-£71,713	£141,562	-£64,544	-£41,067		Underspend on staff costs to be utilised to fund a locum lawyer within team to assist with backlog.
CDC Counter Fraud Unit	£104,124	-£88,389	£53,762	£0	£45,527	-£1,200	-£9,435		
Corporate Management	£1,609,222	-£793,235	£948,914	-£340,645	£1,017,492	-£597,613	£179,405	£262,818	
Corona Virus	£22,238	£0	£11,119	£0	£11,615	£0	£496		
Business Lockdown Grants	£0	£0	£0	£0	£0	£0	£0		
Contain Outbreak Management Fund	£0	£0	£0	£0	£113	£0	£113		
Restart Grants	£0	£0	£0	£0	£0	£0	£0		Repayment to BEIS
COMF - Licencing	£0	£0	£0	£0	-£7,617	£0	-£7,617	-£7,617	Accrual for Agency staff costs from 22/23 funded from vacancies in Publica base budget.
COMF - DHSC	£0	£0	£0	£0	£1,075	-£1,075	£0		
	£22,238	£0	£11,119	£0	£5,186	-£1,075	-£7,008	-£7,617	
Retained and Corporate Services	£3,383,593	-£1,467,099	£1,822,990	-£773,052	£1,907,747	-£980,693	£244,910	£378,490	

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Annex B - Capital Programme 2023/24 - Q.2

Capital Programme by Service Area	2023/24 Budget [Incl. 22/23 slippage] (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Variance to Q2 (£'000)	2023/24 Committed Expenditure (£'000)	2023/24 Forecast Out-Turn (£'000)	Commentary
Leisure and Communities						
Investment in Leisure Centres	1,200	10	(1,190)	0	50	The Capital project has commenced and is at the design phase. Majority of Expenditure will fall into 2024/25.
CLC Pool Works	110	0	(110)	0	0	This scheme is to address flaking paint from the steel structural support in the Cirencester Leisure Centre pool area. Property services are working with the Councils leisure contractor, Freedom Leisure. Due to the specialist nature of the work involved and materials required, currently scoping for a potential contractor following unsuccessful procurement process. These works are likely to be aligned with the timelines of Freedom Leisures proposed capital works in 2024/25.
Government funded decarbonisation	27	0	(27)	0	27	Final payment due in Q.3 - Snagging and system performance being reviewed with installation contractor.
Crowdfund Cotswold	54	2	(52)	0	2	The sixth edition of Crowdfund Cotswold concluded in September with four projects actively seeking community contributions, while an additional three are in the verification process. These projects offer a diverse thematic and geographical range, addressing issues from climate change to children's play provision in both the North and South of the district. The Spacehive funding platform hold a balance of £21k which will be used to fund the current projects.

Annex B - Capital Programme 2023/24 - Q.2

Capital Programme by Service Area	2023/24			2023/24 Committed Expenditure (£'000)	2023/24 Forecast Out-Turn (£'000)	Commentary
	Budget [Incl. 22/23 slippage] (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Variance to Q2 (£'000)			
Housing/Planning and Strategic Housing						
Private Sector Housing Renewal Grant (DFG)	908	561	(347)	250	1,300	There are 72 live cases, 19 of which have been approved with committed expenditure of £250k. It is anticipated that the majority of the remaining 53 cases are likely to be completed this financial year resulting in a further £1m of expenditure. With another 100 referrals expected to be received in the next nine months it is likely that the annual expenditure will exceed £1.3m. Further funding will be requested from the BetterCare fund (via the County Council) to meet the expected overspend.
Affordable Housing - Davies Road MiM (S106)	581	290	(291)	290	290	50% 'Start on Site' tranche grant was transferred to Cottsway Housing Association in Q.2. The following 50% will be transferred upon notification of completion which is currently expected to be during Q.2 2024/25.
Cottsway Housing Association Loan	2,600	1,591	(1,009)	1,464	3,055	Capital loan provided to Cottsway Housing Association. Forecast based on latest drawdown forecast to 31/3/24. Repayments of £1.247m forecast by 31/3/24. Leaving an estimated loan balance due to the Council at 31/3/23 of £1.808m
Bromford Joint Venture Partnership	120	0	(120)	0	120	The Council and Bromford Housing have entered into a Collaboration Agreement to deliver the Down Ampney housing development. The submission for planning consent is scheduled to be submitted in Q.3.

Annex B - Capital Programme 2023/24 - Q.2

Capital Programme by Service Area	2023/24 Budget [Incl. 22/23 slippage] (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Variance to Q2 (£'000)	2023/24 Committed Expenditure (£'000)	2023/24 Forecast Out-Turn (£'000)	Commentary
Environment						
Waste & Recycling receptacles	55	50	(5)	0	55	Rolling budget for the purchase of waste receptacles due to growth in properties or replacements. This budget will be utilised in full during this financial year.
Litter Bin Replacement	10	0	(10)	0	0	Review of service currently underway. Expenditure not likely until 2024/25.
Provision for financing of Ubico Vehicles	1,646	79	(1,567)	1,064	343	Two replacement vehicles for the Street Cleansing fleet have now been recieved [£79k]. A further eight vehicles are on order, two for Street Cleansing [£224k] and one bin delivery vehicle [£40k], delivery is expected during Q.3. Five RCVs [Rear Compaction Vehicles] [£1,064] which will be delivered during 2024/25. The budget will be committed in full by the end of this financial year, however due to lead times, it's unlikely that any further expenditure will be recognised before the end of the year.
Electric Vehicle Charging Points	200	0	(200)	91	91	4 EVCPs have been installed at Trinity Road specifically for service vehicles. 16 EVCP's are scheduled for installation, 8 at Rissington Road car park and 8 at Trinity Road offices. There has been a delay with installation and communication is ongoing with the supplier. It is now expected that all works will commence during Q.3 with completion by the end of Q.4.
Car Park enforcement - vehicle purchase	45	0	(45)	0	0	A vehicle is currently being leased. The procurement of an electric vehicle is likely in 2024/25.
Public Toilets - Card Payment (bc)	50	0	(50)	16	16	A purchase order has been placed for installation of card readers at the following public toilet locations within the district: Stow Square, Maugersbury Road [Stow], Forum, Brewery Court and London Road [Cirencester], Bibury, Moreton-in-Marsh and Fairford. Installation is scheduled to take place during the course of Q.3.
Changing Places Toilets	123	30	(93)	93	123	Funding allocated to the Council from DLUHC to install four accessible 'Changing Places' toilets across the district for people with severe disabilities. The Changing Places Toilet Facilities are complete at Cotswold Farm Park and Abbey Grounds, Cirencester with Birdland due to start in the coming month. Cotswold Country Park and Beach is in the planning and procurement stages and will be delivered early in 2024.

Annex B - Capital Programme 2023/24 - Q.2

Capital Programme by Service Area	2023/24			2023/24 Committed Expenditure (£'000)	2023/24 Forecast Out-Turn (£'000)	Commentary
	Budget [Incl. 22/23 slippage] (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Variance to Q2 (£'000)			
Retained and Corporate: ICT, Change and Customer Services						
ICT Capital	215	0	(215)	45	100	Networking equipment that was ordered in January 2022 has now been received following delays due to world-wide computer chip shortages. Expenditure expected in Q.3. There is committed expenditure for replacement servers for disaster recovery and the ongoing laptop replacement programme.
Planning Documents and Scanning Solution	200	0	(200)	0	0	Awaiting an options paper for the replacement/upgrade of the IDOX system.
UK Rural Prosperity Fund Projects	191	0	(191)	191	191	Funding is phased over two years £191k in 2023/24 and £573k in 2024/25. Over the two years, the funding is allocated £410k capital grants to businesses and £354k for community related capital projects. Any underspend at the end of each financial year will need to be returned to government. Progress is ongoing with all existing projects and all the projects are now in contractual agreements or in the final stages of procurement. The majority of the spend for these projects is expected in Q3 & Q4, with all the projects continuing into year 3 (2024/25). Cotswold currently has an expressions of interest [EOI] open for the remaining funding and discussions are already underway with stakeholders and project promoters developing the additional people and skill schemes for year 3 (2024/25).
UK Shared Prosperity Fund Projects	28	0	(28)	28	28	Funding has been allocated to supporting the town centres, community and neighbourhood infrastructure, improving green spaces, active travel and impactful volunteering. All funding has to be spent/committed by the end of this financial year. Progress is ongoing with all existing projects and all the projects are now in contractual agreements or in the final stages of procurement/recruitment. The majority of the spend for these projects is expected in Q3 & Q4, with all the projects continuing into year 3 (2024/25).

Annex B - Capital Programme 2023/24 - Q.2

Capital Programme by Service Area	2023/24			2023/24 Committed Expenditure (£'000)	2023/24 Forecast Out-Turn (£'000)	Commentary
	Budget [Incl. 22/23 slippage] (£'000)	2023/24 Actuals to Q2 (£'000)	2023/24 Variance to Q2 (£'000)			
Land, Legal and Property						
Trinity Road Carbon Efficiency Works (Council March 2022)	370	0	(370)	210	370	The proposal for Solar PV on Trinity Road Council offices went to Cabinet and then on to Full Council in July with a resolution of approval of the funding.
Asset Management Strategy	500	0	(500)	500	197	This £500K budget is for investment in existing assets and will likely include structural repairs at The Old Station, cost estimate £200K but awaiting tenders [Council report in Q4], expenditure not expected until 2024/25. Works have commenced on the roof at Trinity Road, where it has been identified that water has penetrated the substructure and needs to be replaced. This will result in additional costs of approx. £84k.
Transformation and Investment						
Tetbury Homeless Property (Cabinet May 2022)	294	0	(294)	16	90	The refurbishment of the laundry room on the ground floor of the annex at Ridgeway House is now complete. Invoices expected during Q.3
Trinity Road Agile Working (Council March 2022) <i>[Includes Trinity Road Roof Repairs]</i>	1,126	157	(969)	308	1,126	Agile: Refurbishment of the east side of the building is largely complete. New desk layouts in place and staff moves to the east atrium are complete. Refurbishment continues in the west side of the building. Main atrium and bistro refurb will be completed once the roof works are complete and scaffolding removed. Roof: Cost of roof repairs will increase due to water penetration of the substructure, estimate is £84k and will be funded from the Asset Management Strategy capital budget.
Strategic Property Acquisition	4,360	0	(4,360)	0	0	It is currently assumed that this acquisition will not proceed in the current financial year.
	15,013	2,770	(12,243)	4,566	7,574	

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**ANNEX C
NON-TREASURY MANAGEMENT PRUDENTIAL
INDICATORS**



The Council measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure

Cotswold District Council has undertaken and is planning capital expenditure as summarised below

	2022/23 actual (£)	2023/24 forecast (£)	2024/25 budget (£)	2025/26 budget (£)
Capital Expenditure				
General Fund services	2,969,737	4,519,000	2,318,000	1,277,000
Capital investments	1,591,000	3,055,000	0	0

The main General Fund capital projects to date have included expenditure on Disabled Facilities Grants. The Council also incurred £1.591m of capital expenditure in the form of a service loan provided to Cottsway Housing Association.

Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital receipts used to replace debt.

	31/03/2023 actual (£)	31/03/2024 forecast (£)	31/03/2025 budget (£)	31/03/2026 budget (£)
Capital Financing Requirement (CFR)				
General Fund services	20,211	486,000	2,900,000	2,800,000
Capital investments	0	0	0	0
TOTAL CFR	20,211	486,000	2,900,000	2,800,000

Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31/03/2023 actual (£)	31/03/2024 forecast (£)	31/03/2025 budget (£)	31/03/2026 budget (£)	Debt at 30.9.2023 (£)
Gross Debt and CFR					
Debt (incl. PFI & leases)	450,757	356,000	2,800,000	2,600,000	404,515
Capital Financing Requirement	20,211	486,000	2,900,000	2,800,000	

**ANNEX C
NON-TREASURY MANAGEMENT PRUDENTIAL
INDICATORS**



Debt and the Authorised Limit and Operational Boundary

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Debt, Authorised Limit and Operational Boundary	Maximum Debt Q2 2023/24 (£)	Debt as at 30/09/2023 (£)	2023/24 Authorised Limit (£)	2023/24 Operational Boundary (£)	Complied ? Yes/No
Borrowing	10,000,000	404,515	10,000,000	10,000,000	Yes
PFI and Finance Leases	0	0	0	0	Yes
TOTAL Debt	10,000,000	404,515	10,000,000	10,000,000	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Net Income from Commercial and Service Investments to Net Revenue Stream

The Council’s income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2022/23 actual (£)	2023/24 forecast (£)	2024/25 budget (£)	2025/26 budget (£)
Total net income from service and commercial investments	507,019	494,000	490,000	600,000
Proportion of net revenue stream	4.02%	3.68%	3.65%	2.98%

The 2023/24 forecast is lower than that set out in the 2023/24 Capital Strategy due to the £75k income shortfall forecast on commercial property income.

ANNEX C NON-TREASURY MANAGEMENT PRUDENTIAL INDICATORS



Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2022/23 actual (£)	2023/24 forecast (£)	2024/25 budget (£)	2025/26 budget (£)
Financing costs (£)	6,030	5,908	251,000	257,000
Proportion of net revenue stream	0.05%	0.04%	1.84%	2.31%

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