

Committee Administrator: Democratic Services Officer (01609 767015)

Monday, 30 January 2023

Dear Councillor

Notice of Meeting

Meeting	Cabinet
Date	Tuesday, 7 February 2023
Time	9.30 am
Venue	Council Chamber, Civic Centre, Stone Cross, Rotary Way, Northallerton, DL6 2UU

Yours sincerely

J. Ives.

Dr Justin Ives
Chief Executive

To:	Councillors	Councillors
	M S Robson (Chairman)	P R Thompson
	P R Wilkinson (Vice-Chairman)	S Watson
	Mrs I Sanderson	D A Webster

Other Members of the Council for information

Note: Members of the press and public are able to observe the meeting virtually via Teams. Please click on the link on the website or dial 020 3855 5195 followed by the Conference ID: 368 504 608# For further information please contact Democratic Services on telephone 01609 767015 or email committeeservices@hambleton.gov.uk

Agenda

Page No

1. Minutes

To confirm the decisions of the meeting held on 10 January 2023 (CA.40 - CA.41), previously circulated.

2. Apologies for Absence

Resources Management

3. 2022/23 Q3 Capital Monitoring and Treasury Management Report

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This report provides the Quarter 3 update to 31 December 2022 on the progress of the capital programme 2022/23 and the treasury management position. A full schedule of the capital programme 2022/23 is attached at Annex A to the report, together with the relevant update on progress of each scheme.

In accepting the recommendations, Cabinet will approve and recommend to Council the net reduction of £2,348,003 in the 2022/23 capital programme to £19,295,090 and all expenditure movements as detailed in Annex B and also in the capital programme attached at Annex A of the report; the decrease of capital expenditure of £2,348,003 be funded from reduced levels of borrowing than previously anticipated in this financial year, offset by additional external grants; and the funding allocation to the capital programme as detailed in paragraph 3.1 and 3.2 of the report.

Relevant Ward(s): All Wards

4. 2022/23 Q3 Revenue Monitoring Report

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This report provides an update on the revenue budget position of the Council and the reserve funds at the end of December 2022.

In accepting the recommendations, Cabinet will approve and recommend to Council that the budget remains at £11,366,370 as detailed in paragraph 3.2 of the report for 2022/23; that budget pressures in 2022/23 are financed by an increase in the transfer from reserves as detailed in paragraph 3.3 of the report; and the departmental budget movements as detailed in paragraph 3.7 of the report.

Relevant Ward(s): All Wards

Hambleton District Council

Report To: Cabinet

Date: 7 February 2023

Subject: **2022/23 Quarter 3 Capital Monitoring and Treasury Management Report**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 The purpose of this report is to provide Members with the Quarter 3 update to 31 December 2022 on the progress of the capital programme 2022/23 and the treasury management position. A full schedule of the capital programme 2022/23 is attached at Annex A, together with the relevant update on progress of each scheme.
- 1.2 Capital expenditure is intrinsically linked with treasury management as the way that the capital programme is funded, directly effects the treasury management arrangements of the Council. The majority of the Council's capital expenditure is funded by grants, capital receipts, reserves and borrowing. The use of the Council's funds affects the daily treasury management cash flow position, as well as the requirement to investment surplus funds.

2.0 Capital Programme Summary:

- 2.1 The 2022/23 capital programme was approved by Cabinet on 8 February 2022 at £18,412,724. This included roll forwards for schemes originally approved in the 2021/22 programme which totalled £14,176,832. At 2021/22 outturn, a further £2,755,992 capital expenditure was carried forward to the new financial year revising the capital programme 2022/23 to £21,168,716.

2.2

Portfolio	Original 2022/23 £	2021/22 Carried Forward £	Revised 2022/23 £
Leisure & Communities	513,250	6,896,993	7,410,243
Environment	60,000	176,232	236,232
Economy & Planning	1,043,110	2,291,101	3,334,211
Finance & Commercial	258,060	103,787	361,847
Corporate Schemes	500,000	9,326,183	9,826,183
Total	2,374,420	18,794,296	21,168,716

Table 1: Capital Programme 2022/23

- 2.3 At both Quarter 1 and Quarter 2, a number of changes were reported which resulted in an increase to the capital programme of £474,377. In this Quarter 3 monitoring report, there is net reduction of £2,348,003, resulting in a total revised capital programme of £19,295,090. The majority of the changes in Quarter 3 relate to slippage into 2023/24 as outlined further below.
- 2.4 The net reduction of £2,348,003 in Quarter 3 to be approved in this report is detailed in Annex B and is made up of:-
- a) increase in expenditure of £51,262 supported from reserves and borrowing;
 - b) increase in expenditure of £95,000 supported by external grants;
 - c) increase in expenditure of £35,000 due to schemes rolled back from 2023/24; and
 - d) decrease in expenditure of £2,529,265 due to three schemes slipping into 2023/24, the main element of which is expenditure relating to the latest Phase of the Treadmills Development.
- 2.5 Table 2 below outlines the variances reported against each portfolio area.

Portfolio	Current Approved Expenditure	Revised Expenditure Q3	Variance Increase/ (decrease)	Expenditure at 30 December 2022
	£	£	£	£
Leisure and Communities	7,558,231	7,598,308	40,077	4,606,094
Environment	270,412	270,412	-	127,000
Economy and Planning	3,566,466	3,670,066	103,600	1,187,637
Finance and Commercial	361,847	270,167	(91,680)	93,531
Corporate Schemes	9,886,137	7,486,137	(2,400,000)	4,734,995
Total	21,643,093	19,295,090	(2,348,003)	10,749,257

Table 2: Capital Programme Q3 2022/23

- 2.6 To 31 December 2022, capital expenditure of £10,749,257 has been incurred or committed representing 55.7% of the revised Quarter 3 capital programme position of £19,295,090. The programme continues to be monitored on a regular basis, with attention focussed on delivering projects and spend in the run up to the financial year-end. Some additional slippage into 2023/24 is however likely relating to completion of current schemes and settlement of final accounts.
- 2.7 The proposed changes to the Capital Programme, which require approval by this Cabinet, are detailed for each of the four portfolio areas and Corporate Schemes at Annex B.

3.0 Funding the Capital Programme

- 3.1 For 2022/23, at Quarter 3, the capital programme of £19,295,090 is being funded from £8,056,954 external borrowing, £9,264,642 external grants/contributions, £945,170 from reserves, £910,000 from Capital Receipts and £118,324 from revenue contribution.
- 3.2 The capital receipts estimated to be received during 2022/23 are £600,000.
- 3.3 Therefore at year end, in accordance with accounting practice, the capital programme will be financed using all available in year funding prior to using borrowing and the Council's capital reserves.
- 3.4 The overall funding position continues to be closely monitored to ensure the overall capital programme remains affordable and sustainable over the 4-year approved capital plan.
- 3.5 It should be noted that the report reflects the capital programme position as if approval has been agreed by Cabinet. This is detailed in the recommendations below.

4.0 Treasury Management Position 2022/23:

- 4.1 The Treasury Management Strategy Statement (TMSS) for 2022/23 details the Council's approach to treasury management and was approved by this Council on 22 February 2022. This report provides an update on the progress to date against the agreed Strategy.
- 4.2 The investment position at Quarter 3, 31 December 2022 was £13,970,000 with an average interest rate return of 1.50% for the year to date. This is all invested in short-term investments for liquidity purposes, due to the numerous capital projects that are currently ongoing within the Council and resulting cashflow requirements.
- 4.3 Balances were invested throughout the year in line with the key treasury management principles of security, liquidity and yield and have been spread into different investments, so that the best yield is obtained whilst ensuring the money is available by the Council when required. Balances invested at 31 December 2022 were as follows:

Instant Access - Money Market Funds	£13,740,000
Call Accounts – Lloyds Banking Group	£ 230,000

- 4.4 The current economic climate has seen investment interest rates continue to rise throughout the year, due to a number of increases in the Bank of England Bank Rate. To date, there have been six rate increases this financial year, ranging between 0.25% in May and June, 0.50% increases in August, September, December and a 0.75% increase in November. At January 2023, the official Bank Rate stood at 3.50%.

- 4.5 Latest economic forecasts expect the Bank Rate to be increased to 4.0% in February and 4.25% in March 2023. Current market forecasts predict a peak for Bank Rate of 4.50% by September 2023. These projections will be dependent upon the strength of inflationary pressures and wider economic data over the coming months.
- 4.6 These increases in Bank Rate have resulted in an increase on interest received and the Quarter 3 Budget Monitoring report estimates an additional £60,000 of interest will be received during 2022/23, in addition to the £210,480 budgeted forecast reported in Quarter 2.
- 4.7 The total borrowing by the Council at the end of Quarter 1 was £36,500,000. £26,500,000 is with the Public Works Loan Board (PWLB) taken in previous financial years over six loans with varying maturity dates. £10,000,000 has been borrowed during Quarter 1 from North Yorkshire County Council. This was taken short-term on 20 April 2022 and is due to be repaid on 1 April 2023.
- 4.8 The borrowing requirement for the rest of 2022/23 will be closely monitored in line with the Council's capital programme and any additional borrowing will be reported if the need arises. Savings of £274,370 in borrowing costs for this financial year have previously been reported in the Quarter 1 and Quarter 2 Revenue Monitoring Reports.
- 4.9 At Quarter 3 the Council had given a total of £33,600,000 of loans to a local Housing Association. This has been made up of eight individual loans with varying maturity dates and fulfils the agreement taken out with the Housing Association.
- 4.10 The interest received from the loans to the local Housing Association is not included in this section of the report because the loan is classed as capital expenditure under economic development to support local businesses. However, the interest earned to date this financial year from the £33,600,000 loaned to the Local Housing association is £1,072,320 and is on target for the annual budget of £1,429,760.
- 4.11 The Council has operated within the prudential indicators set down in the CIPFA Treasury Management Code of Practice and Prudential Code. The approved limits were not breached during the Quarter 3 in 2022/23.

5.0 Link to Council Priorities

- 5.1 All schemes approved as part of the capital programme have been evaluated against key corporate priorities. Schemes are only undertaken and approved by Cabinet in accordance with the Council Plan and supporting project initiation documentation.
- 5.2 Treasury Management supports all aspects of the Council's priorities as the income earned on investments or increased costs on interest paid on borrowing contributes to the Council's funding position which supports Council services.

6.0 Risk Assessment:

- 6.1 There are no risks associated with approving this report. However, the risks associated with not receiving regular monitoring reports are potentially more serious.

7.0 Financial Implications:

- 7.1 The financial implications are dealt with in the body of the report.

8.0 Legal Implications:

- 8.1 Treasury Management activities and the capital programme conform to the Local Government Act 2003 and the Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice.

9.0 Equality/Diversity Issues:

- 9.1 The capital programme seeks to address key equality issues that affect the Council and the public. The main scheme that specifically addressed equalities in the first quarter of 2022/23 is the Disabled Facilities Grant scheme.

10.0 Recommendations:

- 10.1 That Cabinet approves and recommends to Council:-
- (1) the net reduction of £2,348,003 in the 2022/23 capital programme to £19,295,090 and all expenditure movements as detailed in Annex B and also in the capital programme attached at Annex A of the report;
 - (2) the decrease of capital expenditure of £2,348,003 be funded from reduced levels of borrowing than previously anticipated in this financial year, offset by additional external grants; and
 - (3) the funding allocation to the capital programme as detailed in paragraph 3.1 and 3.2 of the report.

David Chefneux
Interim Head of Finance

Background papers: None

Author ref: SC

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Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
			£	£	£			£	£	£	£	£	
Portfolio Leisure	Leisure & Communities												
Page 7	BLC - Improvement Project/Shower areas		65,195		65,195	30,805	96,000	65,195		30,805	16,260	96,000	Improvement project complete. Shower areas in design
	BLC-Air Handling Unit		62,500		62,500	(42,500)	20,000			20,000	-	20,000	£20k required. Balance moved to above
	BLC - Leisure improvement feasibility study for 3g pitch		3,600		3,600		3,600			3,600	600	3,600	
	SLC - Swimming Pool Heat Exchangers & Boiler Shunt Pump		17,400		17,400	(17,400)	0			-	-	0	Scheme cancelled. Funds reallocated
	SLC-Flatroof isolated replacement/Internal works		13,750		13,750	46,250	60,000			60,000		60,000	Internal works commencing January 2023
	SLC- Glazed roof and entrance lobby		37,500		37,500		37,500			37,500		37,500	Q4 completion
	SLC- Dry side changing areas and wetside shower areas		150,000		150,000	(25,000)	125,000			125,000	4,277	125,000	£25k spent on Teaching Pool re-tiling. Further £50k required. Balance reallocated.
	NLC-AHU and Ductwork replacement		257,250		257,250	42,750	300,000			300,000	900	300,000	Complete by June 2023. Limited spend this year
	NLC- Roof overlay and rainwater goods improvements		357,208		357,208	(297,208)	60,000			60,000	1,500	60,000	Costs currently being obtained. Max spend £60k
	NLC-Glazed roof replacement		81,250		81,250	(3,168)	78,082			78,082	3,168	78,082	Work programme to be defined
	NLC-Steelwork repairs and redecoration		17,500		17,500	(17,500)	0			-		0	Scheme cancelled. Funds reallocated
	NLC-Sports hall floor replacement		156,750		156,750	4,250	161,000			161,000		161,000	£161k will complete in Q4
	NLC-Pressurisation unit		4,210		4,210	(4,210)	0			-		0	Scheme cancelled. Funds reallocated
	NLC-Domestic hot water tank/General Improvements		22,500		22,500	52,500	75,000			75,000		75,000	Funds reallocated from other schemes to support planned improvements

Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
Page 8	NLC - Swimming Pool Heat Exchanger		20,000		20,000	(20,000)	0			-		0	Scheme cancelled. Funds reallocated
	NLC - Heating Coils		12,500		12,500	(12,500)	0			-		0	Scheme cancelled. Funds reallocated
	NLC - Sports Hall Control Panel		18,750		18,750	(18,750)	0			-		0	Scheme cancelled. Funds reallocated
	NLC - Staircases to Flume & Studio Repairs		7,351		7,351		7,351			7,351		7,351	Ongoing. Awaiting final costs
	NLC - Cold Water Storage Tank		8,653		8,653	(8,653)	0			-		0	Scheme cancelled. Funds reallocated
	T&SLC - Improvement Projects		155,614		155,614	30,000	185,614			185,614	-	185,614	Scheme completed and waiting for final invoice. Additional works January 2023
	T&SLC - Replace 3G Pitch		280,513		280,513		280,513			280,513	266,466	280,513	Scheme is complete with final invoices awaiting.
	All Leisure Centres - Pool Plant improvements		0		0	25,000	25,000			25,000	-	25,000	In design - January 2023
	All Leisure Centres - Decarbonisation Fund		2,769,045		2,769,045	229,811	2,998,856	2,769,045	(97,801)	327,612	2,994,635	2,998,856	Scheme complete and final accounts paid. Potential £230k additional cost and £97k grant to be repaid
	Thirsk & Sowerby Sports Village		1,141,571		1,141,571		1,141,571	791,571		350,000	551,455	1,141,571	Scheme is progressing. Pavillion is due to be finished early February.
	Northallerton Sports Village		1,320,947		1,320,947	10,600	1,331,547	1,320,947		10,600	566,877	1,331,547	Scheme is progressing. Invoices pending for £169k. Additional £10,600 agreed for ransom strip

Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
Portfolio Governance													
Page 9	Public lighting replacement		22,553		22,553	60,000	82,553			82,553	63,763	82,553	Work on-going
	Public Lighting LED Upgrade		40,000		40,000	(40,000)	0			-	-	0	Work on-going. Merged with above
	Civic Centre - Public Lighting LED Upgrade		20,000		20,000	(20,000)	0			-	-	0	Work on-going. Merged with above
	CCTV Scheme		5,525	6,220	11,745		11,745			11,745	16,337	11,745	Works done 23rd Nov.
	Car Park Reinstatements		95,467		95,467		95,467			95,467	25,872	95,467	Work on-going. Some potential underspend as work at Bedale Leisure Centre not progressing
	Car Park Improvement Scheme		80,000		80,000		80,000			80,000	43,333	80,000	EV Points. Work on-going
	Adoptions - Electric Bollards - Thirsk & Northallerton		24,659		24,659		24,659			24,659	-	24,659	Work on-going. Commitment to be placed for Thirsk in new year.
	Improve structural support and resurface riverside footpath - Millgate Thirsk		22,000	(22,000)	-		0			-	-	0	
	Civic Centre - Electrical Switch Gear		65,000		65,000	(65,000)	0			-	-	0	Quote received £72k. Priority list requested to fit within budget. Will slip to 2023/24
	Forum Air Handling Unit		43,750		43,750		43,750			43,750	-	43,750	Out to procurement - Q4 scheme
	Forum - Car Park & Access Rd Resurfacing		49,500		49,500		49,500			49,500	49,500	49,500	Complete
	Forum - Glazing Refurbishment Exterior		30,000		30,000		30,000			30,000		30,000	Funds set aside in future years programme. May be an opportunity to pull some work forward into 2022/23 and merge with this allocation
	WOJH - Roof Replacement		60,000		60,000	30,000	90,000			90,000		90,000	Tenders received, but total £95k-£162k. £10k per annum funding to be brought forward from next three years allocation for WOJH to cover additional costs and enable project to progress
	WOJH - Structural Timber		2,000		2,000		2,000			2,000		2,000	See above
	WOJH - Brickwork		10,000		10,000		10,000			10,000	1,152	10,000	See above
	Bedale Hall - Roof Repairs				-	70,000	70,000			70,000		70,000	Work commenced December 2022

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Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
Portfolio Economic Development & Finance	Economy & Planning												
Page 11	Workspaces - Electrical Distribution Replacement		14,000	(14,000)	-		0			-		0	
	Leeming Bar FEC - Improvements work		-	121,000	121,000	24,000	145,000			145,000	38,347	145,000	£67k spent/committed. Balance required with possible additional spend
	Evolution Roof		-	15,000	15,000	(5,000)	10,000			10,000	-	10,000	May fall into 2023/24. £5k moved to Leeming Bar FEC
	Springboard- Structural steel, louvers and actuators		268,492		268,492	7,800	276,292			276,292	193,345	276,292	Progressing. Due to complete Dec'22. £5k pulled forward from 2023/24 Workspaces Budget
	Bedale Craft Yard -External and internal redecoration		5,000		5,000	(2,100)	2,900			2,900	2,890	2,900	Complete. Balance to BS6427 Binks Close Internal Lighting Replacement
	Bedale Craft Yard- Lighting internal and external replacement		7,958		7,958		7,958			7,958	-	7,958	Q4 Project
	Bedale Craft Yard - Gas Unit & Water Heater		33,000	(33,000)	-		0			-	-	0	
	Binks Close- Water heaters replacement		1,224	(1,224)	-		0			-	-	0	
	Binks Close - Redecoration		3,200	740	3,940		3,940			3,940	3,940	3,940	Complete
	Binks Close- Internal lighting replacement		8,000	1,134	9,134	2,100	11,234			11,234	2,202	11,234	Work Ordered
	Lumley Close- Water heater replacement		1,800		1,800		1,800			1,800		1,800	Lights ordered. Will spend
	Lumley Close- External works fencing and landscaping		4,000	(4,000)	-		0			-		0	
	Lumley Close - Redecoration		3,000	(650)	2,350		2,350			2,350	2,350	2,350	Complete
	Wainstone Court -Water boilers replacement (kitchen)		5,600	(5,600)	-		0			-		0	

Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
Page 12	Wainstone Court -guttering and roof works		15,400		15,400	- 15,400	0			-		0	Moved to BS6453 Leeming Bar FEC Improvements
	Wainstones Court - Internal Lighting Replacement		6,000	(4,837)	1,163		1,163			1,163	1,163	1,163	Complete
	Wainstones Court - Redecoration		2,800		2,800	- 2,800	0			-		0	Moved to BS6419 Springboard
	Evolution - Heating System		198,869	13,265	212,134		212,134			212,134	159,129	212,134	Works On-going. Final Accounts likely at year-end
	Market Towns Investment Plans - Bedale		50,000		50,000	147,000	197,000		95,000	102,000		197,000	Plans identified for lighting, wi-fi improvements. Final costs yet to be ascertained. External funding confirmed by NYCC. £52k moved from Northallerton Complimentary Scheme
	Market Towns Investment Plans - Easingwold		50,000		50,000		50,000			50,000		50,000	Awaiting NYCC Highways on signage.
	Market Towns Investment Plans - Northallerton		50,000		50,000	- 50,000	0			-		0	£50k moved to Art Trail project
	Market Towns Investment Plans - Stokesley		50,000		50,000		50,000			50,000		50,000	Grant payment awaiting application from Manorial Land Trust with 50% payable up front and balance on completion
	Market Towns Investment Plans - Thirsk		50,000		50,000		50,000			50,000		50,000	In Design, potential slippage in 2023/24
	Heritage Action Zone schemes		143,721		143,721		143,721	54,672		89,049	24,820	143,721	Shop-front:planning in process - Q4 delivery
	Heritage Action Zone - Cultural Programme		12,250		12,250		12,250	1,010		11,240	9,380	12,250	Programme mainly complete
	Art trail sculpture		74,000		74,000	50,000	124,000	36,240		87,760		124,000	Additional funding moved from Northallerton Market Towns scheme above. Work will commence in Q4 but unlikely to complete until Aug'24 therefore some costs into 2023/24
	Town square enhancement scheme		770,000		770,000		770,000	0		770,000	567,342	770,000	Complete. Final Accounts/retentions outstanding
	Town centre living		120,000		120,000		120,000	120,000		-		120,000	Grant payment to developer as part of Future High Street funding. On site
	Northallerton Complementary Schemes		262,137		262,137	(52,000)	210,137			210,137	6,700	210,137	£30k to be used for Heritage Trail - Q4 completion. £30k Feasibility work. £52k moved to Bedale Heritage Lighting Scheme as part of Market Town Improvement Scheme.

Capital Programme Schemes 2022/23

Annex A

Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
	Northallerton Infrastructure Scheme		595,754		595,754		595,754	595,754		-		595,754	Bridge opens 16th Dec'23
Portfolio Holder for Planning													
	Disabled Facilities Grant		672,433		672,433		672,433	607,321		65,112	176,029	672,433	
Total Scheme Value Economy & Planning			3,478,638	87,828	3,566,466	103,600	3,670,066	1,414,997	95,000	2,160,069	1,187,637	3,670,066	

Portfolio Governance	Finance & Commercial												
Page 13	ICT Improvements		201,973		201,973		201,973			201,973	69,704	201,973	Work ongoing. £120k invoice for Amazon committed
	IDOX Software Upgrade		8,525		8,525		8,525			8,525		8,525	
Portfolio Leisure													
	Leisure Centre -Update activity management system		1,248		1,248	1,600	2,848			2,848	1,195	2,848	Will complete by Q3/early Q4. £1,600 additional cost
	Leisure Centre -Update wi-fi		15,135		15,135		15,135			15,135		15,135	Awaiting updated quotes - late Q4/early 2023-24
	Leisure Centre Access Points		64,000	(31,000)	33,000	(29,015)	3,985			3,985		3,985	Move £1,600 to above. Balance reallocated for other leisure projects
	Virtual Cycling solution SLC		-	24,000	24,000		24,000			24,000		24,000	Completion due Q4
	Upgrade of Gladstone Swimming lesson solution		-	7,000	7,000		7,000			7,000		7,000	Completion due Q4

Capital Programme Schemes 2022/23

Annex A

Councillor / Officer	Capital Scheme		Qtr 1 + 2022/23	Qtr 2	Qtr 2 + 2022/23	Qtr 3	Qtr 3 + 2022/23	Third Party Cont	Third Party Cont Qtr 3	Cost to the Council £	Expenditure at 31st Dec 2022	Anticipated Expenditure Year End	Explanation
Portfolio Economic Development & Finance													
	ICT - Information@work upgrade		6,701		6,701		6,701			6,701	2,132	6,701	Work complete
	ICT -Civica Estore and Icon Upgrade V17.3/v18		35,765		35,765	(35,765)	0			-	16,750	0	Request of roll forward to 2023/24
	ICT - Civica cash receipting upgrade to Hosted		28,500		28,500	(28,500)	0			-	3,750	0	Request of roll forward to 2023/24
	Total Scheme Value Finance & Commercial		361,847	-	361,847	-	91,680	270,167	-	270,167	93,531	270,167	

Portfolio Economic Development & Finance	Corporate Schemes												
Page 14	Treadmills Phase 1		94,486		94,486		94,486	-		94,486	64,532	94,486	Complete
	Treadmills Phase 2 including eCampus		1,145,000		1,145,000		1,145,000	-		1,145,000	438,377	1,145,000	Complete February 2023
	Treadmills Phase 3		8,139,413	180,000	8,319,413	-	2,400,000	5,919,413	2,901,015	3,018,398	4,187,601	5,919,413	Cinema completes construction Dec'22. Internal works complete April/May 23. Potentially £2.4m slippage into 2023/4 across Phases
	Crematorium		477,238	(150,000)	327,238		327,238	-		327,238	44,485	327,238	Potentially £115k available - poss addtl works in 2023/4. £122k Final Accounts due Feb 2023
	Total Scheme Value Corporate Schemes		9,856,137	30,000	9,886,137	-	2,400,000	7,486,137	2,901,015	-	4,585,122	4,734,995	7,486,137
	Total Capital Programme 2022/23		21,572,865	70,228	21,643,093	(2,348,003)	19,295,090	9,277,443	(2,801)	10,020,448	10,749,257	19,295,090	

PROPOSED CHANGES TO THE CAPITAL PROGRAMME:

- 1.1 The proposed changes to the capital programme, detailed for each of the portfolio areas are listed below:
- 1.2 **Leisure and Communities** – 5 schemes affect the capital programme at Quarter 3:
 - (a) Northallerton Sports Village – Request additional £10,600 relating to purchase of additional land/ransom strip.
 - (b) Leisure Centres – reallocation of priorities between schemes, with a net reduction of £5,523
 - (c) Civic Centre Electrical Switch Gear – Request to roll back allocation of £65,000 to 2023/24.
 - (d) World of James Herriot – Request for £30,000 to be rolled forward, £10k from each financial year 2023/24, 2024/25 and 2025/26 to accommodate additional costs of roof replacement, following receipt of tenders.
 - (e) Bedale Hall Roof Repairs – Request additional £70,000 relating to urgent repairs.
- 1.3 **Environment** – 2 schemes affect the capital programme at Quarter 3:
 - a) Northallerton Depot Condition Management – Request to transfer £45,000 to cover additional costs on Bedale Garage Asbestos scheme
 - b) Bedale Garage Asbestos Scheme – Request to transfer £45,000 from above scheme, following receipt of tenders which were higher than anticipated
- 1.4 **Economy & Planning** - 11 schemes affect the capital programme at Quarter 3:
 - a) Leeming Bar FEC - Improvement works – Request additional costs of £24,000 be supported by transferring £15,400 Wainstone Court guttering and roof works allocation, £5,000 from Evolution Roof works and a request for an additional £3,600 funded from reserves.
 - b) Evolution Roof – Request to transfer £5,000 to Leeming Bar FEC as above to enable completion of planned works
 - c) Springboard Structural steel, louvres and actuators – Request for £5,000 to be rolled forward from 2023/24 and £2,800 to be transferred from Wainstones Court redecoration.
 - d) Bedale Craft Yard Internal/External redecoration – Request for £2,100 to be transferred to Binks Close Internal Lighting Replacement.

- e) Binks Close Internal Lighting Replacement – Request for £2,100 to be transferred from Bedale Craft Yard Internal/External redecoration to enable completion of works.
- f) Wainstones Court: Guttering and Roof Works - Request of £15,400 to be transferred to Leeming Bar FEC Improvements work above.
- g) Wainstones Court: Redecoration - Request for £2,800 to be transferred to Springboard Structural, steel louvres and actuators as noted above.
- h) Market Towns Investment Plans: Bedale – Request to transfer £52,000 from Northallerton Complimentary Scheme. Increase in scheme of £95,000 supported by external funding from NYCC.
- i) Market Towns Investment Plans: Northallerton – Request to transfer £50,000 to Art Trail Sculpture Project
- j) Arts Trail Sculpture – Request to transfer £50,000 from above Market Towns Investment Plans:Northallerton.
- k) Northallerton Complimentary Scheme – Request to transfer £52,000 to Market Towns Investment Plans:Bedale.

1.5 Finance & Commercial - 4 schemes affect the capital programme at Quarter 3:

- a) Leisure Centre Access Points- Request to move £1,600 to support additional costs on update to Leisure Activity Management System for Leisure Centres.
- b) Leisure Centre Leisure Activity Management System - Request to transfer £1,600 from above scheme. £27,415 reallocated to Leisure Centre improvements above.
- c) ICT:Civica Estore and Icon Upgrade – Request to roll back £35,765 to 2023/24
- d) ICT:Civica Cash Receipting Upgrade – Request to roll back £28,500 to 2023/24

1.6 **Corporate Schemes** - 1 scheme affecting the capital programme at Quarter 3:

- a) Treadmills Phase 3 - Request for £2,400,000 to be rolled back to 2023/24 from the current financial year to support completion of the different phases of the project.

1.7 Capital schemes are monitored on a monthly basis and reported to Cabinet quarterly, ensuring that the majority of schemes are held within budget or reported to Council at the earliest opportunity.

1.8 New Schemes added to the capital programme all have supporting Project Initiation Documentation to ensure projects are affordable, sustainable and prudent.

Hambleton District Council

Report To: Cabinet

Date: 7 February 2023

Subject: **2022/23 Q3 Revenue Monitoring**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 The purpose of this report is to update Members on the revenue budget position of the Council and the reserve funds at the end of December 2022.
- 1.2 The Quarter 3 monitoring for the Capital Programme and Treasury Management position is contained in a separate report on this Cabinet agenda.

2.0 Revenue Budget

- 2.1 The Council set its budget on 8 February 2022 for 2022/23 at £11,366,370 in line with the approved Financial Strategy 2022/23 to 2024/25.
- 2.2 At Cabinet on 6 December 2022, the Quarter 2 revenue monitoring report kept the budget at £11,366,370 but recognised that additional pressures have occurred during the year and it was recommended that the projected overspend at Quarter 2 of £1,020,000 would increase the original transfer from reserves budget of £437,486 reported to Cabinet on 8 February 2022.
- 2.3 The approved budget at Quarter 2 in accordance with the Council portfolio themes is detailed below:

Economy & Planning	1,155,420
Environment	4,101,280
Finance & Commercial	3,661,630
Law & Governance	1,185,420
Leisure & Communities	2,147,870
Drainage Board levies	134,750
Projected Outturn at Quarter 2	12,386,370
Additional Reserve Transfer	(1,020,000)
Approved Budget	<u>11,366,370</u>

3.0 Budget Position to December 2022

- 3.1 Since the budget for 2022/23 was set in February 2022, adjustments to the outlook have occurred to reflect agreed changes and reported financial pressures. Further changes and pressures have been identified in Quarter 3 budget monitoring and a summary of these changes, together with a revised projected outturn, is set out below.

	<u>2022/23</u>	
	£	£
Budget Outlook approved at 8 February 2022		11,366,370
Changes to Budget Outlook - Quarters 1 and 2		1,020,000
<u>Quarter 3:</u>		
Corporate Costs		Nil
Departmental Variances:		
- Economy & Planning	409,120	
- Environment	(15,680)	
- Finance & Commercial	5,570	
- Law & Governance	(12,000)	
- Leisure & Communities	464,740	851,750
Projected Outturn at Quarter 3 monitoring		13,238,120
Financial Strategy - 8 February 2022		<u>11,366,370</u>
Shortfall (to be financed from Reserves)		<u>1,871,750</u>

- 3.2 During Quarter 3 monitoring, underspends and overspends for the year have been identified totalling a projected budget pressure of £851,750 in the quarter. Additional pressures have arisen due to reduced fees received from Planning and Car Parking income. It is recommended that the budget remains at £11,366,370 as the table above shows, that the projected position in terms of budget pressures is noted and that any final variance is financed from reserves.
- 3.3 The budgets will continue to be closely monitored in the final quarter of the year and if budget pressure occurs at the year end, it is recommended that this will increase the original transfer from reserves budget of £437,486 reported to Cabinet on 8 February 2022.
- 3.4 Changes to the 2022/23 budget at Quarter 3, totalling the £851,750, are due to departmental variances. Although there have been some changes in corporate costs, as detailed below, these net out to no change overall. Similarly, there has been a number of departmental movements, detailed below, which have a nil effect on the budget.

- 3.5 Corporate costs movements in the budget are set out in the table below but have a nil effect overall on the revenue budget.

Variance	£
Corporate Salary Savings	
- Environmental Health Salaries – vacancies in the section are being covered by agency staff	105,520
- Waste & Street Scene Salaries – vacant posts	(55,520)
- Business & Economy Salaries – vacant posts	(20,000)
- Stokesley Leisure Centre Salaries – vacant posts	(15,000)
- Bedale Leisure Centre Salaries – vacant posts	(15,000)
TOTAL	-

- 3.6 Departmental movements create an additional overspend of £851,750 and are detailed as follows:

- (i) Economy and Planning – budget pressures of £409,120 relate to the following areas:

Variance	£
Development Management – Reduced number of large planning application fees and an increase in smaller applications.	480,000
Bed & Breakfast Rents – Increase in complex cases where there is no appropriate accommodation in Hambleton, therefore alternative accommodation is found from outside the District.	60,000
Local Plan Consultancy – Consultancy to help with a specific case is no longer required.	(93,000)
Enforcement Action Costs – Savings due to lower than anticipated costs.	(22,880)
Land Charges – Increased expenditure of £10,000 is offset by additional income of £25,000 due to Hambleton continuing to provide the Land Charges service.	(15,000)
TOTAL	409,120

- (ii) Environment – a saving of £15,680 relates to the following areas:

Variance	£
Waste & Street Scene Transport Recharges – savings due to falling price of diesel in the last quarter	(60,000)
Green Waste Disposal Costs – reduction of green waste tonnage	(12,400)
Green Waste Recycling Credits – reduction of green waste tonnage	16,700
Waste & Street Scene Clothing & Uniforms – increased costs due to staff turnover and new uniforms for Local Government re-organisation.	16,000
Street Scene Vehicle Hire – additional hire costs due to a vehicle being off the road.	16,020

Commercial Environmental Health – Barrister fees required for a specific case.	8,000
TOTAL	(15,680)

- (iii) Finance & Commercial – budget pressures of £5,570 relate to the following:

Variance	£
Council Tax Other Income – one off income to the section.	(32,210)
Council Tax – Grants – increased grant in relation to Family Annexes in the area.	(17,720)
Investment Interest Income – Additional income due to the rise in Bank Rate	(60,000)
Minimum Revenue Provision – increased MRP to reflect the capital programme.	60,000
Audit Fees – Increased charges to audit the annual Housing Benefits assurance audit / report.	40,000
Apprenticeship Levy – increased salary costs result with an increased Apprenticeship levy.	15,500
TOTAL	5,570

- (iv) Law & Governance – a saving of £12,000 is due to the following:

Variance	£
Corporate Training – savings due to a reduced programme	(12,000)
TOTAL	(12,000)

- (v) Leisure & Communities – budget pressures of £464,740 relate to the following:

Variance	£
Car Parking Income – Reduced income due to lower visitor numbers compared to pre-covid and the effects of the cost-of-living crisis.	208,740
Car Park Charging Points – the installation of the electric vehicle charging points has been delayed resulting in reduced income.	36,000
Maple Park Crematorium Dividend – Maple Park has been open for a number of months, thus providing more detailed data on income/expenditure. This includes initial set up costs before operation began including staffing and IT systems. Increased utility and running costs combined with revised numbers of cremations likely to be undertaken in the first 16 months of trading. As a result, a reduced dividend payable to the Council is expected.	220,000
TOTAL	464,740

- 3.7 Departmental budget movements that have nil effect on the overall budget but exceed £20,000, as detailed in the Council's Financial Regulations require Cabinet approval as follows:
- (i) Increased Local Government Reorganisation costs previously approved by Cabinet will be funded by the Local Government Reorganisation Reserve and the General Reserve.
 - (ii) Professional advice is required relating to Local Government Reorganisation, the estimated additional costs are £48,320 which will be funded by Reserves.
 - (iii) At Cabinet on 6 December 2022 financial support of £30,000 was approved for Hardship Relief Fund for Foodbanks, £30,000 for a Warm Places fund and an additional £30,000 was approved to top-up the Discretionary Housing Payment Fund for 2022/23. These were all to be funded by reserves.
 - (iv) The Council received Grant funding in relation to Energy Efficiency Local Authority Delivery scheme (LAD). £29,250 is to be used for Staffing requirements, therefore budgets are to be established with no effect to the overall budget.
 - (v) Salary budgets in Environmental Health relating to Contain Outbreak Management Fund (COMF) require to be adjusted to reflect the use of agency staff. £21,910 is to be transferred to Agency with no effect to the overall budget.
 - (vi) The expenditure of £12,360 for the hire of 2 vehicles taken out at the time of COVID-19 require budgets that will be funded by part of the grants received that have been transferred to the One-off Fund.
 - (vii) Budget movements totalling £65,000 of expenditure and £29,640 of income need to be allocated to reflect the combining of Thirsk All Weather Pitch and the new facility at Thirsk and Sowerby Sports Village to create Thirsk and Sowerby Sports Pitches.
 - (viii) Additional external Section 151 Officer support relating to a specific piece of work on Local Government Reorganisation to be funded from the Finance One-off Fund budget.
 - (ix) Additional staffing from North Yorkshire County Council is required to cover a vacant post in Human Resources and is estimated to cost £21,010. This will be financed by the savings from the vacancy.
 - (x) A number of Economic Development projects have been approved and budgets of £165,470 are required to be aligned with the delivery of the projects with no effect to the overall budget.

4.0 CIL Reserve

- 4.1 The Community Infrastructure Levy (CIL) balance as at 31 December 2022 is £6,367,088. The Council is committed to using this reserve for priority schemes and to distribute to parishes. The movements in 2022/23 can be seen in the table below.

	Amount £
2022/23 Opening Balance	4,493,124
Add in year income	2,222,808
Less in year payments to Parishes	(348,844)
Closing Balance Quarter 3	6,367,088
6th December 2022 allocations —subject to section 24 Approval	4,610,478
Balance after allocations as at 31 December 2022	1,756,610

5.0 Other Matters – Grants

The following grants and contributions have been allocated to the Council during Quarter 3.

Description	Amount £
Department for Levelling Up, Housing and Communities:	
Rough Sleeping	16,300
Homelessness Prevention Top Up Grant	20,227
Department for Works and Pensions:	
Local Authority Delivery Scheme (LADS) IT Costs	2,614
Total	39,141

6.0 Sensitivity Analysis

- 6.1 Further to the recommendations for changes to the budget in this Quarter 3 monitoring report, this report also highlights where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will continue to be closely monitored and an update provided for Quarter 4. Annex 'A' attached details the sensitivity analysis.

7.0 Link to Council Priorities

- 7.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

8.0 Risk Assessment

- 8.1 There are no major risks associated directly with this report. However, a list of potential pressures on the budget is shown in Annex A.

9.0 Financial Implications

9.1 The financial implications are dealt with in the body of the report.

10.0 Legal Implications

10.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balance budget and monitor the financial position throughout the year.

11.0 Equality and Diversity Issues

11.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

12.0 Recommendations

12.1 That Cabinet approves and recommends to Council:

- (1) that the budget remains at £11,366,370 as detailed in paragraph 3.2 of the report for 2022/23; and
- (2) that budget pressures in 2022/23 are financed by an increase in the transfer from reserves as detailed in paragraph 3.3 of the report; and
- (3) the departmental budget movements as detailed in paragraph 3.7 of the report.

David Chefneux
Interim Head of Finance

Background papers:	Budget Monitoring Q3 working papers
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Budget 2022/23 Quarter 3 Sensitivity Analysis – potential savings / cost pressures

Council Directorates	Area of Sensitivity	Commentary
Economy and Planning	Planning Fees	Planning Fees will continue to be closely monitored.
	Workspace Management Income	This will continue to be closely monitored.
Finance & Commercial	Housing Benefit Payments	Whilst any increase in Housing Benefit payments will be partly offset by subsidy, the budget is so large that a small increase in percentage terms can lead to a large amount in monetary terms.
Leisure & Communities	All Leisure Centres	The income at the Leisure Centres will continue to be closely monitored due to the current economic climate and various issues being experienced by the centres.
	Car Park Income	Car Parking income will continue to be closely monitored.