



Councillor Cliff Lunn, Executive Member for Finance and Resources

Report to Council on 13 December 2022

Q2 Financial Update

My report for the 2nd quarter of the year showed forecast full year revenue outturn surpluses of (£371k) for the General Fund (GF) and (£68k) for the Housing Revenue Account (HRA).

The key financial issues are cost pressures from price inflation mainly on utilities, offset by relatively buoyant income streams (planning, waste and investment income) but with growing uncertainty over future inflation impacts. The impact of a higher than budgeted pay award is mostly offset by higher than usual levels of vacancies.

Housing rents were forecast at £149k below budget, primarily due to voids. Properties are being brought back into use, but the condition of properties when vacated is requiring more work than anticipated.

The £195k saving in the Housing Revenue Account for the housing system, carried forward from 21/22 remains at risk of non-delivery with further delays to implementation of phase 2 and impacts of LGR.

At the end of September, the GF capital programme is forecasting to be underspent by year end by £0.5m, works on the Portholme Crescent car park and the skate park are now expected to take place in 2023/24.

The HRA capital programme is coming under pressure due to the increase in the volume of works required on vacated properties to bring them back into use and the earlier than expected replacement of gas boilers. Based on the cost of an average void experienced in the year to date, this could require additional funds in excess of the available budget. Officers are currently assessing the potential cost implications and options to mitigate this risk, including reducing the scope of void works and prioritising and/or rephasing planned works.

The Programme for Growth showed a forecast net underspend of £97k in 22/23. Growing Enterprise and Low Carbon projects are expected to deliver in 23/24 whilst Sherburn projects that had been anticipated to spend in 23/24 are now expected to deliver this year.

Projects spend was £1.1m in the first half of the year including £520k on staffing costs, £174k on the Transforming Cities Fund project, £122k on the Tadcaster business flood grant scheme and £88k on High Street Shop fronts project.

Treasury Management – Quarterly Update Q2 2022/23

Following the trend reported at Q1, rising interest rates and buoyant cash balances have meant that treasury returns have continued to perform well over the course of the 2nd quarter of the year.

On average the Council's investments totalled £85.85m over the quarter at an average rate of 1.37% and earned interest of £296.5k. Total interest earned over the course of the year now stands at £458.2k (£330.5k allocated to the General Fund; £127.7k allocated to the HRA), which is £382.0k above the year-to-date budget.

Allowing for anticipated interest rate rises, forecast returns for the year could be in the region of £1,189.3k (£857.9k GF, £331.4k HRA) a total budget surplus of £1,036.8k.

It is worth noting that for the General Fund, in accordance with the Council's approved policy, any interest earned above a £350k threshold is to be transferred to the Contingency Reserve. This figure is forecast to be £507.9k.

The council also had £5.34m invested in property funds on 30 September 2022. The funds have achieved a 3.08% revenue return and 2.20% capital loss over the course of the year. This resulted in revenue income of £84.5k to the end of Q2 and an 'unrealised' capital loss of £120.2k. However, these funds are long term investments and under current accounting rules, changes in capital values are only realised when the units in the funds are sold.

Long-term borrowing totalled £52.833m on 30 September 2022, (£1.6m relating to the General Fund; £51.233m relating to the HRA), Interest payments of £1.917m were forecast to be paid in 2022/23, a saving of £59k against budget.

The Council has no plans for any short-term borrowing for the year and I can confirm that the Council's affordable limits for borrowing were not breached during this period.

End of additional discounts for senior and disabled rail travel

One of the implications of LGR and the end of Selby DC will be the end of further discounts for senior and disabled rail travel.

At the moment, if you live in the Selby district you can apply via the Council for a further reduction on either a Senior Railcard (a further reduction of £10.50 off a £30 Railcard) or a Disabled Persons Railcard (£8 reduction off a £20 card) from National Rail – both Railcards entitle the user to discounted rail travel. Over 600 residents took advantage of this in the last year.

However, this is a local agreement, and we are the only district in North Yorkshire that offers this service. It is not something the new North Yorkshire Council will take forward from 1st April.

We will communicate this change to residents and stakeholders in the new year.

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