

BUDGET OUTTURN / CASHFLOW

Recommendations:

1. That council note the budget update report,
2. That council note the update on the costs of borrowing, and the risk that the loan might not be provided because of lack of provision to cover the cost of borrowing,
3. That council agree the proposals to reduce spending within Appendix (i), and
4. That council delegate to the Town Clerk authority to prepare an updated budget, to make payments as necessary, and to report the issues around procurement to Budget and Administration Committee.

	Yes	No
Does the decision involve new expenditure?	Yes	
Is there an existing budget for the proposed expenditure (insert code)	Within overall budget	
What procurement level is required?	N/A	
Are there equalities impacts / an equalities assessment required?		No
Does this require a full council decision? (Reports for full council decision should still be sent to the relevant committee where possible.)	Yes	
Is there a background paper or papers? (provide links below).	Yes	
Appendix i – proposed budget changes and changes to income. Appendix ii – Budget outturn report Period 5. Appendix iii – PWLB lending costs.		
<ol style="list-style-type: none"> 1. A budget outturn report is attached at Appendix ii. It is not complete because of issues with the procurement of goods and services that highlight issues of compliance around purchasing. A further report is required to address those issues from an internal control point of view, and will be submitted to the Budget and Administration Committee 2. Officers have identified a number of schemes or budget lines which will change substantially as a result of changed circumstances or failure to deliver in the intervening period. These are identified at Appendix (i). 3. Officers are under a duty to flag up to council where costs have changed, or are likely to change. Those changes are: <ol style="list-style-type: none"> a. The cost of borrowing from the (Public Works Loan Board) PWLB has changed with each change in Bank of England base rate, and now stands, for the proposed borrowing at £18k per annum and may increase again before the loan is agreed. The inadequate provision in this year’s budget for the cost of borrowing is prima facie grounds for the PWLB to refuse a loan application. It is also the case that officers have to consider whether borrowing at this increased cost is still a good use of future resources. Officers recommendation is that council should consider paying the costs of Spittal Play Park from reserves rather than borrowing. b. Fuel and electrical costs are likely to increase, but most utilities companies, including ours, are making no further announcements until at least October 1st. This prevents the modelling of costs going forwards. c. The cost of rates was mis-estimated by the Town Clerk / RFO before the move to new premises was completed because they misunderstood the basis on which previous exemptions had been granted; the additional cost in 2022-23 is offset by a negotiated rent reduction, but the likely cost, if any, of rates in 2023-24 will not be known, in all likelihood, before the Local Government Finance Settlement announcement in November / December. d. The Local Government wage agreement for 2022-23 is still not agreed, but is likely to be in the order of 5% or higher for the current year. e. That council should consider instructing the Town Clerk to re-profile reserves and the budget to more accurately reflect current lines of work and responsibilities. 		

Rationale for recommendation:

To enable prudent financial management.