

**South Lakeland District Council**  
**Cabinet Wednesday, 7<sup>th</sup> December 2022**  
**Council Tuesday, 20<sup>th</sup> December 2022**  
**Corporate Financial Update Quarter 2, 2022/23**

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**Portfolio:** Finance and Resources Portfolio Holder  
**Report from:** Section 151 Officer  
**Report Author:** Claire Read – Finance Specialist, Claire Chouchoulas – Finance Specialist  
**Wards:** All wards  
**Forward Plan:** N/A

**Links to Council Plan Priorities:** This is a corporate financial update which contributes to sound corporate governance and ensuring that financial resources are available to deliver the Council's corporate priorities. This works towards delivering all of the Council strategic policies of:

Working across boundaries

Delivering a balanced community

A fairer South Lakeland

Addressing the climate emergency

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**1.0 Expected Outcome and Measures of Success**

1.1 It is expected that Members note the projected year end position based on performance to the end of Quarter 2 2022/23 and officers planned actions to ensure a balanced budget by the end of the financial year.

**2.0 Recommendation**

**2.1 It is recommended that Cabinet:**

- (1) Note the contents of the report and all Appendices;**
- (2) Request Council approve the budget movements proposed in Appendix 1 and summarised in this report;**
- (3) Request Council approve the revised capital programme in Appendix 3;**
- (4) Request Council approve the use of reserves and contribution to Reserves as set out in Appendix 4; and**
- (5) Request Council approve the Procurement Schedule at Appendix 6**

**2.2 It is recommended that Council;**

- (1) Note the contents of the report and all Appendices,**
- (2) Approve the budget movements proposed in Appendix 1 and summarised in this report,**

- (3) Approve the revised capital programme in Appendix 3;
- (4) Approve the use of reserves and contribution to Reserves as set out in Appendix 4; and
- (5) Request Council approve the Procurement Schedule at Appendix 6

### 3.0 Background and Proposals

3.0.1 Budget monitoring at the end of Quarter 2 (to the end of September 2022) highlighted a substantial potential budget overspend due to increased costs pressures and reduced income projections. As a result, officers have carried out an intense and detailed review of all 2022/23 budgets to identify budget pressures and potential budget savings. This report summarises the results of this review as well as the usual financial report.

3.0.2 **Revenue – Appendix 1** sets out the revenue variances to date.

Overall, at the end of Quarter 2, revenue budget monitoring has identified a forecast business as usual year-end overspend of £907k. Potential cross-cutting savings and areas where reserves were also reviewed. Table 2 sets out these proposed mitigations that would reduce the budget deficit to just over £100k (for comparison, the projected overspend at the same period in 2021/22 was £95k):

<b>Table 1: Summary Budget projections Q2 2022/23:</b>	£000
Budget pressures - increased costs (Table 1a)	1,701
Budget pressures - reduced income (Table 1b)	908
Proposed savings (Table 1c)	-769
Increased income (Table 1c)	-933
<b>Net Projected overspend before mitigations</b>	<b>907</b>
<b>Mitigations (see Table 2)</b>	<b>-794</b>
<b>Net Projected overspend after mitifagations</b>	<b>116</b>

Each budget holder was interviewed by finance staff to review all budgets and identified existing budget pressures and potential budget pressures. The major variances are summarised in the tables below:

<b>Table 1a: Budget pressures – increased costs :</b>	£000
Pay award and NI adjustments (see a below)	673
Vehicle Fuel	132
Gas and Electricity	132
Rent Allowances - Unrecoverable	133
Planned Maintenance (buildings)	95
Storm Arwen	37
Ash Die-back	30
Other	469
<b>Total projected increased costs</b>	<b>1,701</b>

<b>Table 1b: Budget pressures – reduced income:</b>	£000
Car Park income	371
Caravan Site income	137
Development Control income	100
Markets income	50
Legal costs awarded less than estimated	20
Other	230
<b>Total projected reduced income:</b>	<b>908</b>

Officers also identified areas where there will be additional income or where expenditure could be reduced without an impact on services. The significant savings proposed are:

<b>Table 1c: Offsetting savings/increased income:</b>	£000
Interest receivable	-500
Salaries - vacant posts	-245
Interest payable and MRP	-236
Elections charge to LGR reserve	-130
Sale of recyclates	-120
Additional Grants - Audit, Revenues & Benefits, Covid)	-82
Software Maintenance	-60
Other	-329
<b>Total projected increased income / proposed savings</b>	<b>-1,702</b>

In addition to service expenditure, Corporate Management Team considered if there were potential cross-cutting savings or areas where reserves could be used to offset budget pressures. Table 2 sets out the proposed mitigations that are proposed that would reduce the budget deficit to just over £100k. It is expected that further budget savings will be identified as we approach the year-end.

<b>Table 2: Proposals to balance the budget:</b>	£000
Net Projected overspend before mitigations	907
Remove unspent additional staffing budget	-308
Apply Covid-19 contingency budget to deficit	-262
Use of reserves:	
Statutory Duties: Ash Die-back	-30
Statutory Duties: Legal costs	-20
General Reserve: Storm Arwen	-37
Require managers to find overtime savings	-30
Request officers to find savings to offset planned maintenance pressures	-95
Move Kendal Leisure Centre spend to capital	-10
<b>Projected deficit after mitigations Q2</b>	<b>116</b>

For comparison the projected overspend at the same period in 2021/22 was £95k.

- a) National Employers made a one-year pay offer to unions representing the main local government NJC workforce for 2022/23 of an increase of £1,925 on all NJC pay points 1 and above. This offer has now been accepted and was paid in November 2022. There has been a small reduction in national insurance contributions from November onwards as a result of government decisions. The overall effect of these pay changes on the 2022/23 budgets is an overspend of £673k (this is included in the overall overspend highlighted below).
- b) Since April 2020 we have analysed budget changes between Business as Usual (BAU) and Covid-19 variances in order to fully understand the underlying position. The approved net revenue budget for 2022/23 set by Council in February 2022 was £12.4m which included carry forwards from 2021/22 of £830.9k and a vacancy factor savings target of £514.0k. Additionally, further carry forward requests of £584.7k were approved by Council on 13 July 2022 as part of outturn report. Expenditure budgets have been increased in accordance

with those approved carry forwards along with the matching funding from reserves.

- c) Covid-19 - As part of the 2022/23 Budget report approved at Council in February 2022, a Covid-19 Contingency budget of £261.5k was approved. Currently there are no direct impacts from Covid-19 reported for 2022/23 and it is proposed that this contingency is applied to offset other budget pressures in 2022/23.

3.0.3 **Capital – Appendix 2** sets out the position on the capital programme. The capital budget for 2022/23 approved by Council in February was £15.862m. This has since been increased by £2.445m in the Carry Forwards report to April Cabinet, by a further £0.993m at May Council and £1.570m bringing the total working budget to £20.870m at 31 May 2022.

As at 30<sup>th</sup> September 2022 the forecast outturn total is £12.094m with a variance of £8.776m, with most of these likely to result in carry forward to 2023/24.

3.0.4 Council on 1 November approved additional budget for Grange Lido. This, along with other amendments to the capital programme, are set out in paragraph 3.2.3 below and the revised capital programme is attached at Appendix 3.

3.0.5 **Reserves – Appendix 4** sets out the position on the Council’s general and earmarked reserves.

3.0.6 **Treasury – Appendix 5** provides an update on Treasury management for the Quarter.

### 3.0 Business as Usual Revenue Variances by Leadership Team

3.1.1 **Appendix 1** provides the detail of the 2022/23 Quarter 2 (Q2) revenue variances for service area grouped by lead officer. The projected out-turn is for a net overspend of c£907k for business as usual. As mentioned in 3.0.1 £673k of this relates to the pay offer. Further detail of the current projections is provided below in Table 3 and paragraphs a. to f. At the same position last year (2021/22) there was a projected overspend of £95k.

**Table 3: Summary by Service Area**

	Current Working Budget Full Year £000	Projected Budget Pressures £000	Proposed Savings £000	Projected Increased Income £000	Virements £000	Outturn Projection £000
Strategy, Innovation and Resources (a)	7,920	935	(307)	(130)	(10)	488
Customer and Locality Services (b)	2,429	13	(19)	0	0	(6)
Place and Environment (c)	7,617	240	(50)	(20)	0	170
People Welfare and Income Maximisation (d)	4,466	241	(109)	0	0	132
Delivery and Commercial Services (e)	2,887	1,180	(212)	(119)	0	849
Corporate Items (f)	(25,319)	0	(236)	(500)	10	(726)
<b>Total GF</b>	<b>0</b>	<b>2,609</b>	<b>(933)</b>	<b>(769)</b>	<b>0</b>	<b>907</b>

- a. **Strategy Innovation and Resources**– the current projection is for a £540k overspend against budget, due to estimated underspends of £130k in District Elections, £95k on support service salaries due to vacant posts and £60 on the Digital Innovation carry

forward. This is offset by an estimated overspend of £132k on utilities and £673k on the staff pay award for 2022/23. More details and smaller variances can be found in Appendix 1.

- b. **Customer and Locality Services** – there is currently a £5k projected overspend within Customer and Locality Services. This relates to the £65k increase in the Grounds Maintenance Contract price for 2022/23 linked to indexation as inflation was higher than budgeted and has been reduced by a £60k virement from the underspend on Minimum Revenue Provision.
- c. **Place and Environment Services** – The current projection is for a £155k overspend. The main reasons for the projected overspend are £50k shortfall in income from Kendal Market and £100k shortfall in planning income. For more information and details of smaller variances please see appendix 2.
- d. **People, Welfare and Income Maximisation** – the current projection is for a £50k overspend, the main reasons for this being a £10k overspend for rents at a social lettings property and a £40k shortfall in income from DFG levy. For more information and details of smaller variances please see appendix 2.
- e. **Delivery and Commercial Services** - the current projection is for a £645k overspend. This is made up of a number of variances across the service and the main ones are £150k projected surplus income from sale of recyclable materials and a £70k underspend on car park salaries due to vacant posts. offset by projected overspends of £132k increase in fuel costs, £137k shortfall in income from the Caravan site, £150k overspend on salaries for waste services and £250k shortfall in car park income. For more information and details of smaller variances please see appendix 2.
- f. **Corporate** – there is currently an underspend of £646k within corporate items. This is made up of a £500k projected surplus on interest receivable income, £207k underspend in interest payable and £29k underspend on minimum revenue position (previously £89k, however virement of £60k done to Grounds Maintenance). For more information and details of smaller variances please see appendix 2.

### **Update on Carry Forwards**

3.1.2 As mentioned in section 3.0.1 carry forwards from 2021/22 of £1.416m were approved at Council as part of the Budget Setting report (£830.9k) approved in February 2022 and as part of the 2021/22 Outturn Report (£584.7k) approved in July 2022. We are currently working with the Leads to understand the position on these projects and the likely timing of the actual spend and an update can be found below on the larger carry forwards:

- £295k LGR/Business as Usual Staffing Pressures – it is expected that this will be fully committed on contract extensions for essential temporary staff;
- £250k Local Government Reorganisation - the remainder of this budget is expected to be spent before 31<sup>st</sup> March 2023;
- £210k Digital Innovation – this will be spent on enhanced IT support for Revenues and Benefits and continued digital development throughout the year. There is expected to be a £60k underspend against this carry forward which has been highlighted in Appendix 1 and accepted as a budget saving;
- £180k Multi-year Extended Digital Support – This carry forward was to fund the extended support for Microsoft SQL Server, Windows Server 2012 and Back-up & Disaster Recovery and the budgets have been spread over the next 3 years.

These have been spent this year and will continue to be spent in the next two years;

- £136k Leisure Partnership – The Sport England grant is expected to be paid to our Leisure Partner in coming weeks;
- £76k Ulverston Leisure Centre business case – some of this carry forward is committed for expenditure relating to project management and leisure consultancy. There will be further spend throughout the year on external solicitor fees and a study to test the ground. A further carry forward of £45k has been requested against this budget.

### Analysis of employee budgets

3.1.3 Table 2 below shows the position on employee costs at Quarter 2, before consideration of the staff pay award, which was approved at the start of November. Details of the impact of this can be found in Appendix 2 under Strategy Innovation and Resources. Salary budgets were increased for 2022/23 as part of the BAU/LGR staffing request budget pressure agreed at Council in February 2022 as part of budget setting and the figures below include the budgets and actuals for these posts.

3.1.4 The total variance against employee budgets is an underspend of £170k, -2.18% of the year to date budget. This includes the vacancy saving (4% for most services and 2% for direct delivery services) built in to all direct employee cost budgets. This underspend includes the underspend to date on the Priority 1 BAU/LGR staffing requests which is one of the suggested savings to balance the budgets.

**Table 4: Employee costs**

Full year budget	Profiled budget	Actual to date	Variance	Variance
£000	£000	£000	£000	%
15,864	7,786	7,616	(170)	(2.18%)

3.1.5 Included in **Table 4** above is expenditure on contract and agency staff. The total spend on this element of employee costs is £422k against a profiled budget of £151k. This expenditure on contract and agency staff equates to 5.54% of the total spend on employee costs in Quarter 2. The majority of this relates to:

- Specialist-Place (£105k) which is for development control specialists;
- Specialists Environment (£70k) which is for environmental protection specialists backfilling current establishment which are working on the Covid-19 Contain Management Outbreak (COMF) response;
- Waste/Recycling service (£64k) to cover sickness and vacancies in order to deliver the service;
- Case Management Welfare and Income Maximisation (£54k) mainly to cover revenue and benefits response to Covid-19 and administration of Energy Rebates;
- Specialists Welfare and Income Maximisation (£38k) mainly to cover revenue and benefits response to Covid-19 and administration of Energy Rebates, and
- Community Housing Fund (£36k) for Community Led Housing Officer.

The majority of the above cover the use of agency due to ongoing difficulties with recruitment to vacant posts and to continue service delivery while dealing with the effects of the Covid-19 pandemic and the emerging impacts of the cost of living crisis.

This cost of agency is however within existing salary budgets and is covered by vacant posts and the BAU/LGR staffing request budget pressure.

### 3.2 Capital programme

3.2.1 The 2022/23 budget for capital was initially £15.86m, and following re-profiling request and other amendments approved by Council in July 2022, the value of the Capital Programme at the end of Quarter 2 stood at £20.870m. Spend at the end of Quarter 2 was £2.579m, with a further £1.329m of committed expenditure through purchase orders.

**Table 5: Summary of capital programme and expenditure**

Lead	Capital Programme Sept 2022 £000	Expenditure £000	Budget Remaining £000
Digital	235	47	188
Place and Environmental Services	9,194	1,065	8,129
People, Welfare & Income Maximisation	3,203	311	2,892
Asset and Commercial Services	6,616	891	5,724
Delivery Services	1,302	228	1,074
Strategy	160	0	162
Customer and Locality Services	160	36	123
<b>Grand Total</b>	<b>20,870</b>	<b>2,579</b>	<b>18,291</b>

3.2.2 **Appendix 2** contains further comments and updates on all capital schemes.

3.2.3 There are a number of changes to the capital programme which have either been approved or are requested. They are:

- a) Grange Lido: on 1 November 2022 Cabinet approved an amended scheme and Council approved additional funding of £1.793m of which £0.25m is from Community Infrastructure Levy and the remainder is from the NNDR pool reserve.
- b) Towpath trail: Cabinet on 1 November 2022 approved an additional contribution of £80k to the Lancaster Canal Regeneration Partnership to continue the Towpath Trail surface upgrades, funded from the Community Infrastructure Levy.
- c) Urgent works have been identified for Town View Fields to address health and safety issues around access for residents with mobility issues and the installation of a backup power supply. The overall cost is estimated at £140k, of which £40k is for the purchase and installation of a generator. It is requested that Cabinet approve this additional capital scheme and the immediate procurement of these improvements. It is requested that Council approve the use of the Affordable House, Town Centre Properties and Empty Properties capital scheme to fund this work. There is uncommitted monies available in this budget to cover the expected costs of the works.
- d) The capital programme currently includes a budget to install networking and other IT infrastructure to the top floor of South Lakeland House. It is proposed this scheme is deleted from the capital programme as this accommodation will

not be required before vesting day and the requirements may change in the future.

- e) The Council has been requested to assist in the funding of upgraded lighting at leisure facilities owned by the Council but operated by GLL. Installing more energy-efficient lighting will reduce the pressure on GLL costs arising from increased energy costs.
- f) Parking machines – as part of the roll-out of 4G mobile communications technology, the 3G modems currently used by the majority of the SLDC pay and display machines will need to be replaced. An additional budget of £60k is requested to fund this upgrade.

There are also number of capital schemes where actual costs are greater than budgeted, partially offset by savings on other schemes. These are detailed in **Appendix 3**.

3.2.4 **Appendix 3** sets out the revised capital programme including all the proposals set out above

### 3.3 Reserves

3.3.1 The Council maintains a number of reserves to form a buffer against future financial risks in the medium term, to smooth timing differences between receipts and spend, and to enable the Council to progress major organisational and transformational changes by providing resources to fund the initial costs of these developments.

3.3.2 The amendments proposed, or already approved, to the revenue budgets and capital programme set out above will amend the balances on reserves. There have also been changes to the use of reserves approved by officers under delegation. **Appendix 4** shows each individual reserve, the contributions to reserves planned, the expected use of each reserve, a summary of the purpose of the reserve and the responsible officer. Lines with an asterisk (\*) indicate changes to the use of reserves since this appendix was approved in July 2022.

3.3.3 The expected balances on each reserve, after all the changes set out in Appendix 4, are as set out in Table 6 below. The level of reserves reflects the exceptional use of reserves to fund the establishment of the new Westmorland and Furness Council through a contribution to the LGR implementation reserve, as approved by Council in December 2022.

**Table 6: expected balances on reserves**

	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000	31/03/2026 £000
General Reserves	(6,718)	(4,347)	(4,287)	(4,340)	(4,515)
Capital Reserves	(2,401)	(1,638)	(201)	(94)	(234)
Earmarked Reserves	(13,419)	(5,823)	(3,045)	(3,045)	(3,045)
<b>Total Reserves</b>	<b>(22,539)</b>	<b>(11,807)</b>	<b>(7,533)</b>	<b>(7,479)</b>	<b>(7,794)</b>
Working Balance	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
<b>Total Reserves and Working Balance</b>	<b>(24,039)</b>	<b>(13,307)</b>	<b>(9,033)</b>	<b>(8,979)</b>	<b>(9,294)</b>

### 3.4 Treasury Management

3.4.1 **Appendix 5** contains an overview of the Council's position against the agreed indicators and limits.



3.4.2 Interest rates have risen for eight consecutively monetary policy meetings and currently sit at 3% this is resulting in an estimated £500k surplus in interest receipts. Market expectations are for interest rates to peak at 4.5% - 4.75% by September 2024.

3.4.3 External Borrowing has been maintained at £12.8m, which is below the Council's capital financing requirement (CFR) a key prudential code requirement. The increases in interest rates has seen the premium for repayment fall to less then 10% making it a more attractive option to repay debt. However given that interest rates are expected to continue to rise and that we have internal borrowing of £11.8m the risk is that if we repay now then this council or its successor Westmoreland & Furness will then have to borrow again in the short term at much higher rates, therefore it is not recommended at this time.

### 3.5 Collection Fund

3.5.1 **Table 7** below sets out the performance on local tax collection. The Council Tax Collection rate at 30 September 2022 was 58.07%, which is 0.15% above the level target, however this is still lower than September 2019 (pre-pandemic) when the collection rate was 58.25%. At the end of Quarter 2, 30,752 rebates had been paid to Council Tax payers totaling £4.613m. The main scheme for the energy rebates has now closed. During Quarter 2 there has been a high volume of queries regarding Council Tax and Non-Domestic Rates and this has caused a backlog which is impacting on collection rates.

3.5.2 The Non-Domestic Rates (NDR) collection rate figure is 55.62% which is 0.44% below target. In the last few months there was a light approach with NDR recovery to exclude accounts that potentially could be eligible for a Covid-19 Additional Relief Fund (CARF) application. The CARF application period has now closed and the Council has awarded £717k in reliefs. Normal collection will now resume however as mentioned above there is a high volume of queries currently which is creating a backlog and impacting on collection rates.

#### 3.5.3 Table 7: Local Taxation Collection rate

Percentage Collected Quarter 2	2017/18 %	2018/19 %	2019/20 %	2020/21 %	2021/22 %	2022/23 %
Council Tax	58.31	58.23	58.25	56.74	57.92	58.07
Business Rates	55.93	55.73	56.06	49.76	46.25	55.62

### 3.6 Sundry Debts

3.6.1 The aim of this section is to describe the current debt position and to provide assurance over collection performance. **Table 8** below summarises the current collection rate on sundry debts:

### 3.6.2 Table 8: Summary of collection

	2017/18 and earlier £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 to date £000
Debt outstanding	74	41	47	155	134	330
Total value of invoices / credit notes raised	38,728	5,696	6,133	6,003	5,646	2,897
<b>Collection Rate (%)</b>	<b>99.81</b>	<b>99.28</b>	<b>99.23</b>	<b>97.42</b>	<b>97.62</b>	<b>88.60</b>

3.6.3 An analysis of outstanding sundry debts reveals that over 99% of debts have been recovered in years up to and including 2019/20.

3.6.4 In the current year to date, 88.60% of debt has been recovered. This is an increase compared to 74.70% at the same time in 2021/22. The table below splits down in more detail the age profile of the current outstanding debts. 40.26% of the current year debt relates to invoices which are less than a month old and therefore not overdue.

**Table 9: Age profile of 2022/23 invoices**

2022/23 Invoices	£000	
6 months overdue	33.4	80% of this debt relates to invoices with instalment arrangements
5 months overdue	42.4	50% of this debt relates to encroachment debt being pursued by Legal and 10% to debts being pursued by enforcement agents
4 months overdue	3.8	
3 months overdue	40.0	31% of this debt relates to encroachment debt being pursued by Legal
2 months overdue	32.6	21% of this debt relates to invoices with instalment arrangements
1 month overdue	46.6	39% of this debt relates to customers who usually pay within 2 months
Not yet due	134.0	
<b>Total end of Q2</b>	<b>332.8</b>	

### 3.7 Creditors

3.7.1 At Quarter 2 the council had made 4,351 payments to creditors totalling over £166m, of this 92.16% were paid within 30 days as can be seen in Table 7 below

**Table 10: Creditors Performance**

Payment Method	Paid Within 30 days		Over 30 days		Total	
		£000		£000		£000
BACS	3,487	11,205	330	615	3,817	11,820
CHAPS	104	148,318	0	0	104	148,318
Direct Debit	419	6,596	11	35	430	6,631
<b>Totals</b>	<b>4,010</b>	<b>116,119</b>	<b>341</b>	<b>650</b>	<b>4,351</b>	<b>166,769</b>
<b>%</b>	<b>92.16%</b>	<b>99.61%</b>	<b>7.84%</b>	<b>0.39%</b>		

- 3.7.2 As at 30 September 2022 there were 102 invoices/credit notes outstanding, this can be analysed as follows:

**Table 11: Outstanding Invoices/Credit Notes**

		£	%	Average Days outstanding
Invoice in dispute/under query	16	8,352.96	7.31	559
Credit notes	13	-35,215.92	-30.83	747
Ready for payment on next pay run	1	90.00	0.08	240
Awaiting Goods Received Note	4	4,149.98	3.63	55
Paid since end of September	70	136,866.64	119.80	46
	<b>104</b>	<b>114,243.66</b>	<b>100.00</b>	

- 3.7.3 Of the outstanding balances, £137k was paid since the end of September. Further work is being undertaken by officers to understand why some invoices are still in dispute/under query.
- 3.7.4 £29k of the balance for credit notes relate to current suppliers and are due to be taken against future invoices. The remainder of the credit notes relate to suppliers which are no longer in use and we are pursuing refunds to settle these.

### **3.8 Procurement Schedule**

- 3.8.1 Since April 2016 the Council's Constitution has permitted officers to conduct and conclude many of the contracting processes without further approval providing it is in line with the Procurement Schedule, to be approved by Council at least annually. In November 2021, changes were made to the Constitution that have clarified the process for the Procurement Schedule and the subsequent approval process on award. The development of the Delegated Executive Decision has added to improve transparency and there are also changes to the thresholds at which decisions are made. Where a procurement process is over budget then approval will still be required in accordance with the Financial Procedure Rules. Where an officer seeks approval for a waiver or exemption under the Contract Procedure Rules this is also included in the Procurement Schedule. Due to their nature, it is hard to predict with accuracy the numbers of exemptions/waivers as they can be a sign of an urgent procurement requirement.
- 3.8.2 The Procurement Schedule approved by Council on 22<sup>nd</sup> February 2022 has been updated to include exemptions and waivers alongside additional procurements to be undertaken and to remove procurements no longer needed.
- 3.8.3 The updated Procurement Schedule for 2022/23 is attached at Appendix 6. The quantity and type of procurement projects is partially due to Local Government Reorganisation which has focussed officers on what is achievable in terms of Business as Usual.
- 3.8.4 Where items were on a previous procurement schedule and are in progress they were not included on the 2022/23 schedule, as it was assumed that the budget for them remains in place and Council authority to proceed has been agreed previously.

#### 4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Revenue Monitoring Q2 2022/23
2	Capital Monitoring Q2 2022/23
3	Capital Programme 2022/23 – 2025/26
4	Contributions to and from Reserves 2022/23
5	Treasury Management Update Q2 2022/23
6	Procurement Schedule (to follow)

#### 5.0 Consultation

- 5.1 Senior management, budget holders and the Finance Portfolio Holder have been consulted.
- 5.2 This report will be reported to Cabinet on Wednesday, 7<sup>th</sup> December 2022 and Council on Tuesday 20<sup>th</sup> December 2022 and a verbal update of any comments will be given.

#### 6.0 Alternative Options

- 6.1 There are no alternative options for Appendices 1-3. The mitigations proposed in paragraph 3.0.2 represent a balanced approach to offsetting the budget pressures: each could be rejected but replacement mitigations would need to be identified.

#### 7.0 Implications

##### Financial, Resources and Procurement

- 7.1 Finance and resource information is contained within the report.

##### Human Resources

- 7.2 This report has no direct impact on the staffing of the Council.

##### Legal

- 7.3 There are no direct legal implications arising from this report.

##### Health and Sustainability Impact Assessment

- 7.4 Have you completed a Health and Sustainability Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: This report is an historic view of financial performance. The overall impact assessment of the choices and decisions required to set the annual budget is undertaken at budget setting time.
- 7.6 There are no additional health, social, economic and environmental impacts as a result of the report.

##### Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Analysis, please explain your reasons: This report is an historic view of financial performance. The overall impact assessment of the choices and decisions required to set the annual budget is undertaken at budget setting time.

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>
Not effectively managing budgets could lead to overspending.	Possible legal challenge, audit qualification and ultra vires expenditure.	Scrutiny of budgets through review of monitoring reports.
Recurring pressures or savings are not identified	Medium Term Financial Planning may not reflect the future impact of current issues.	Regular monitoring of budgets in year to inform the MTFP and annual budget setting process.

### Contact Officers

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### Background Documents Available

<b>Name of Background document</b>	<b>Where it is available</b>
2022/23 Budget Book including MTFP projections	<a href="#">Budget and financial year reports (southlakeland.gov.uk)</a>
Budget Setting Report	<a href="#">Agenda for Council on Tuesday, 22 February 2022, 6.30 p.m. (southlakeland.gov.uk)</a>
Medium Term Financial Plan 2021/22-2026/27	<a href="#">Financial planning (southlakeland.gov.uk)</a>

### Tracking Information

<b>Signed off by</b>	<b>Date sent</b>	<b>Date Signed off</b>
Section 151 Officer	25/11/2022	29/11/2022
Monitoring Officer	25/11/2022	29/11/2022
CMT	25/11/2022	29/11/2022 by email

<b>Circulated to</b>	<b>Date sent</b>
Lead Specialist	25/11/2022
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	25/11/2022
Ward Councillor(s)	N/A
Committee	tbc
Executive (Cabinet)	07/12/2022
Council	20/12/2022