

# AGENDA SUPPLEMENT



- Committee - **CABINET**
- Date & Time - Tuesday, 29 May 2018 at 10.00 am
- Venue - Council Chamber, Council Offices, Priory Road, Spalding

**Membership of the Cabinet:**

Councillors: The Lord Porter of Spalding CBE (Leader), C N Worth (Deputy Leader), M G Chandler (Deputy Leader), A Casson, P E Coupland, R Gambba-Jones, C N Johnson, C J Lawton and G J Taylor.

**No substitutions permitted. Quorum 4.**

**Note: Cabinet reports may be referred to Council or Scrutiny Panels. They should therefore be kept for future reference during the current committee cycle.**

Persons attending the meeting are requested to turn mobile telephones to silent mode

Democratic Services  
Council Offices, Priory Road  
Spalding, Lincs PE11 2XE

Date: 25 May 2018

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Please ask for Democratic Services: Telephone 01775 764626  
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## **AGENDA**

- |    |   |                   |
|----|---|-------------------|
| 7. | 2017/18 Financial Outturn - To provide information on the out-turn financial position of the Council as at 31 March 2018 (report of the Portfolio Holder Finance and the Executive Director Commercialisation). | (Pages 107 - 122) |
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## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Finance and Executive Director - Commercialisation (S151)

**To:** Cabinet 29 May 2018

**Author:** Jane Crosby, Head of Finance; Ray Fleming, Interim Strategic Business Partner

**Subject:** 2017/18 Financial Outturn

**Purpose:** To provide information on the outturn financial position of the Council as at 31 March 2018.

### Recommendations to Full Council:

- 1) That the report and **Appendix A** be noted.
- 2) That the contributions to and use of reserves be agreed in line with para 5.5 and **Appendix A, Tables 4 and 5** of this report.
- 3) That the net General Fund underspend of £13,505 be transferred to the Council Tax Reserve.

## 1.0 BACKGROUND

1.1 This report provides information on the unaudited 2017/18 outturn financial position of the Council in the following areas:

- The Revenue Budget for the General Fund (GF) and Housing Revenue Account (HRA),
- The General Fund and HRA Reserves Position,
- The Capital Programme for 2017/18 (GF and HRA), and
- The Treasury Management Performance for the year.

## 2.0 OPTIONS

2.1 To note the report and to approve the recommendations detailed at Appendix A.

2.2 To note the report and not approve the recommendations detailed in Appendix A.

2.3 Do nothing.

## 3.0 REASONS FOR RECOMMENDATION(S)

3.1 To provide members with information on the Council's overall financial performance in 2017-18 and to provide an updated financial position on reserves for 2018-19.

## 4.0 EXPECTED BENEFITS

- 4.1 To ensure that members are updated regularly on the Council's overall financial position and have the information required to assist in future financial decision making.

## 5.0 IMPLICATIONS

- 5.1 This report is financial in nature. The outturn position in respect of the General Fund, HRA, Capital Programme, Reserves and Treasury Management are summarised within the following paragraphs with further detail provided at **Appendix A**.

### 5.2 Statement of Accounts

- 5.2.1 The unaudited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2018 will be provided to the Council's auditors (KPMG) on 18 June 2018 with the audit due to be completed by the middle of July 2018.

- 5.2.2 The unaudited Statement of Accounts will be published on the Council's website by 31 May 2018 for public inspection, which will continue for a period of 30 days, in line with The Accounts and Audit Regulations 2016.

- 5.2.3 The core Statements of the Accounts and the Annual Governance Statement were presented to the Governance and Audit Committee on 24 May 2018.

- 5.2.4 The Financial Statements have been prepared under The Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

### 5.3 General Fund Revenue Outturn

- 5.3.1 The Council has achieved a net underspend in the General Fund of £14k after taking account of the use of reserve funding to cover a number of one-off pressures, including

- an additional in-year levy payment of £297k to Government in respect of the updated Business Rates position for 2018/19 primarily due to the withdrawal of one of the power station appeal,
- support for development/delivery of services including Pride (£100k) and the Garden Waste Extension (£59k), and
- a budget adjustment of £359k due to additional pressures identified after the initial 2017-18 budget was set.

- 5.3.2 Further details on the movement in Reserves are set out in **Appendix A - Table 3** to this report.

- 5.3.3 The net underspend of £14k has arisen as a result of a range of variances across services. The revenue outturn position by Directorate is detailed at **Appendix A - Table 1** together with an analysis of service variations. The major variations are as follows:

- An accounting adjustment due to Alarm monitoring income of £151k transferred from HRA,
- Savings assumptions of £127k in the 2017-18 base budget, in excess of Moving Forward targets,

- Increased Housing Benefit Overpayment Recovery in-year (£73k),
- Overspend of £78k within Environmental Services in relation to staff costs to cover sickness and vacancies to maintain core services,
- Loss of car park income of £43k due to theft of car park machine,
- Additional income from Planning Fees (£139k) and Building Control Fees (£44k),
- Initial cost of establishing the contracts and procurements team and slippage in achievement of contracts savings target of £55k,
- Additional income on investments (£86k) arising from increased interest rates and higher levels of reserves than budgeted, and
- Net underspends of (£126k) across other services due to vacancies, additional income achievement and reductions agreed following a series of budget challenge sessions during the year.

5.3.4 It is recommended that the net underspend of £14k be transferred to the Council Tax Reserve.

#### **5.4 Housing Revenue Account (HRA) Revenue Outturn**

5.4.1 The HRA delivered an in year underspend of £3,586k. This was mainly due to delays in the affordable housing capital programme which meant that a reduced level of capital spend was approved and there was, therefore, a reduced level of revenue contribution to support capital expenditure required (£3,977k). In addition a budget for alarm monitoring income of £151k which had been transferred to the General Fund in error has now been transferred back to the HRA. These underspends have been offset by an increase in HRA depreciation charges of £607k due to an uplift during the year in the 'social housing factor' used to assess the use for social housing. More detail is provided at **Appendix A - Tables 2**.

#### **5.5 Reserves (GF and HRA)**

5.5.1 General Fund Specific Reserves have reduced from £8.342m to £7.618m due to their use to support one-off pressures and service requirements. In addition a number of grants received in 2017/18 have been set aside for future allocated uses. Various items of expenditure have also been supported from reserves as previously planned. Further details are set out in **Appendix A - Table 3**.

5.5.1 The General Fund Reserve Balance remains at £2.064m. During 2018/19 a review of the level of the General Fund Reserve will be carried out relative to the Council's overall risks and members will be informed if any change is proposed to the level of this reserve.

5.5.2 The HRA General Reserve balance at 31<sup>st</sup> March 2018 is £12.752m. The Major Repairs balance has reduced from £6.7m to £6.43m as a result of capital funding requirements in excess of the annual contribution from Depreciation. More detail is provided at **Appendix A – Table 4**.

#### **5.6 Capital – General Fund**

5.6.1 The total General Fund Capital Programme for 2017-18 was £5.066m of which £3.687m had received specific scheme approval. Against this approved budget in year spend totalled £2.606m giving an underspend of £1.081m. The main areas of underspend relate to Disabled Facility and Decent Homes Grants, ICT infrastructure, purchase of the new garden waste vehicle, Digital Vision and Industrial Estate re-roofing schemes. Unspent DFG grant will be carried forward into reserves for future use. Other schemes have

experienced delays in scheme starts and will require slippage of £557k into the 2018/19 capital programme. The capital programme in respect of schemes still subject to approval (Growth Fund use, further Digital Vision use and grounds maintenance spend), will be slipped into a revised 2018/19 programme where still required.

**5.6.2 Appendix A – Table 5** provides more information on the General Fund capital outturn position, how it was funded and the variances from budget.

**5.6.3** Budget slippage from the 2017/18 programme and new emerging capital project funding requirements will require amendments to the 2018/19 programme. A revised capital programme will be presented in the Quarter 1 report for 2018/19.

## **5.7 Capital – HRA**

**5.7.1** The total HRA Capital programme for 2017/18 was £10.007m of which £6.156m had received specific scheme approval. Against this approved budget in-year spend totalled £3.369m, an underspend of £2.787m. The main reasons for this underspend relate to delays in the new build affordable housing programme and underspends on the decent homes programme of re-roofing, and kitchen and bathroom replacements.

**5.7.2** The HRA capital programme in respect of schemes still subject to approval will be slipped into 2018/19 programme where still required.

**5.7.3 Appendix A – Table 6** provides more information on the HRA capital outturn position, how it was funded and the variances from budget.

## **5.8 Capital - Other**

**5.8.1** During 2017/18 the Council received £1.539m in capital receipts, £1.318m of which related to the HRA. There were 19 houses sold under Right to Buy. More detail is provided at **Appendix A - Table 7**.

**5.8.2 Appendix A - Table 8** also sets out the Council's ongoing capital financing requirement, the measure of the Council's underlying borrowing requirement.

## **5.9 Treasury Management**

**5.9.1 Appendix A** provides more information on the investments held by the Council at 31 March 2018 (£38.9m). The average investments held during the year were £41.7m.

**5.9.2** Interest earned on investments in 2017-18 was £259.3k (compared to the budget of £149.9k). This increase can be attributed to higher levels of investment balances being held and also higher than anticipated interest rate levels during the second half of the financial year.

**5.9.3** Members are asked to note the Treasury Management position. More information on Treasury Management is available in the Treasury Annual Report which was considered by Governance and Audit Committee on 24 May, and will be considered by Full Council on 11 July 2018.

## 5.10 Moving Forward Programme

**5.10.1** The Council funded £210k of Moving Forward expenditure from its reserves in 2017/18. This was less than the original estimate for the year due to a re-phasing of spend in line with the current plans for the programme. This programme is currently being reviewed.

**5.10.2** The Council will continue to develop and implement its programme of service improvements. It will use its reserves to finance those projects which are aimed at delivering future savings and income generation.

## 6 WARDS/COMMUNITIES AFFECTED

**6.1** Income and expenditure affect all wards of the Council.

## 7 ACRONYMS

<b>7.1</b>	GF	General Fund
	HRA	Housing Revenue Account
	CPBS	Compass Point Business Services
	RTB	Right to Buy
	ICT	Information and Communications Technology
	MTFP	Medium term Financial Plan

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Background papers:	The 2017/18 Estimates Report to Council February 2017 The 2018/19 Estimates Report to Council February 2018
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### Lead Contact Officer:

Name and Post: Jane Crosby, Head of Finance  
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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

### Appendices attached to this report:

Appendix A Financial report for 2017/18 with details of the GF and HRA revenue spend, Reserves, Capital expenditure and Treasury Management.

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## South Holland District Council

### Financial Report for the Year Ending 31 March 2018

#### General Fund Revenue Outturn

The total General Fund (GF) budget requirement for the year was £11.4m as approved by Council on 22 February 2017.

The GF outturn position is an underspend of £14k (**Table 1**). This position required some support from reserves for unplanned expenditure and base budget issues. The use of reserves to support the budget is detailed at **Table 4**. The significant variances from budget that have contributed to the GF outturn position are detailed in **Table 2** below.

**Table 1 – General Fund Revenue Outturn**

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
<b>Commercialisation</b>				
Commercialisation	1	(10)	93	103
Local Plan	2	6	57	51
Economic Development	3	79	107	28
Public Protection		432	421	(11)
Finance	4	(847)	(510)	337
Revenues and Benefits	5	450	370	(80)
<b>Total – Commercialisation</b>		<b>110</b>	<b>538</b>	<b>428</b>
<b>Place</b>				
Assets and Property	6	148	180	32
Building Control	7	109	61	(48)
Communities	8	1,183	1,078	(105)
Housing	9	182	164	(18)
Environmental Services	10	2,955	3,141	186
Planning	11	(216)	(348)	(132)
Investment properties	12	(62)	(76)	(14)
<b>Total - Place</b>		<b>4,299</b>	<b>4,200</b>	<b>(99)</b>
<b>Strategy and Governance</b>				
Corporate Improvement and Performance		132	141	9
Communications		122	115	(7)
Corporate Management	13	591	556	(35)
Democratic Services	14	1,106	1,032	(74)
HR	15	681	711	30
IT and Customer Services	16	1,166	1,147	(19)
<b>Total - Strategy and Governance</b>		<b>3,798</b>	<b>3,702</b>	<b>(96)</b>
<b>Statutory recharge to the HRA for support services (*)</b>				
		<b>(880)</b>	<b>(1,041)</b>	<b>(161)</b>
Internal Drainage Boards & Parish Precepts	17	3,064	3,051	(13)
Investment Income	18	(88)	(174)	(86)
Capital and Other Adjustments		-	-	-
Transfers to/from Reserves		1,098	1,098	-
<b>Total Cost of Services</b>		<b>11,401</b>	<b>11,374</b>	<b>(27)</b>
<b>Financing</b>				

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Government Grants	19	(3,133)	(3,420)	(287)
Council Tax		(5,416)	(5,416)	-
Retained Business Rates	20	(2,852)	(2,552)	300
<b>Total Financing</b>		<b>(11,401)</b>	<b>(11,388)</b>	<b>13</b>
<b>Variance</b>		<b>-</b>	<b>(14)</b>	<b>(14)</b>

(\* ) Support service recharges are a non-controllable cost to budget holders, and are therefore not reported as part of the service analysis above. An adjusting line has been added to show the value of recharges to the HRA, for support services and corporate management (including the debt management recharge); a corresponding debit entry is showing in the HRA table below.

#### Notes to Table 1:

1. **Commercialisation +£103k** – Accounting adjustment due to alarm monitoring income transferred from HRA of £151k, offset by vacancy savings in Planning Policy.
2. **Local Plan +£51k** – additional professional fees incurred in excess of reserve
3. **Economic Development +£28k** – lower than anticipated rechargeable costs against Grants4Growth grant claims.
4. **Finance +£337k** - savings assumptions of £127k in the base budget, in excess of Moving Forward targets, corporate vacancy factor of £151k (offset by vacancies across service areas), increased banking charges of £28k due to use of Allpay and agency cover within finance team, offset by vacancies in Corporate Management.
5. **Revenues and Benefits (£80k)** – increased housing benefit overpayment recovery.
6. **Assets and Property +£32k** – additional professional fees, repairs and maintenance costs and additional rental payments.
7. **Building Control (£48k)** – additional fee income achieved.
8. **Communities (£105k)** – vacancies across the service area, overachievement of income targets at South Holland Centre, running cost savings at other sites and facilities including Ayscoughfee Hall and reduction in community grant requests.
9. **Housing (£18k)** – additional staff costs due to agency cover and increased B&B costs due to bad weather, offset by additional rent income and increased cost recovery through DFG management fees.
10. **Environmental Services +£186k** - Overspend of £78k in relation to staff costs to cover sickness and vacancies to maintain core services, increased vehicle running costs of £39k (insurance, fuel and maintenance) and loss of car park income of £43k due to theft of car park machine.
11. **Planning (£132k)** – additional fee income achieved.
12. **Investment properties (£14k)** – additional rent following reviews taking effect and planned maintenance savings.
13. **Corporate Management (£35k)** – net staff savings due to vacancies and SHDC share of tax liability.
14. **Democratic Services (£74k)** – vacancies and increased cost recovery for elections (£71k) and legal services savings of (£59k), offset by initial cost of establishing the contracts and procurements team and slippage in achievement of contracts savings target.
15. **HR +£30k** – additional staff training, iTrent costs and Apprentice Levy.
16. **IT and Customer Services (£19k)** – license cost savings of (£31k) offset by other service variations.
17. **IDB & Parish Precepts (£13k)** – IDB levy received after budget set.
18. **Investment Income (£86k)** - Additional income on investments arising from increased interest rates and higher levels of reserves than budgeted,
19. **Government Grants (£287k)** – additional Section 31 grant received.
20. **Retained Business Rates +£300k** – One off tariff payment due to the impact of revaluations from 1 April 2017. Additional renewable energy rate income.

**Table 2 – HRA Revenue Outturn**

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Rent Income - Dwellings		(15,024)	(15,029)	(5)
Charges for Services and Facilities	1	(946)	(1,220)	(274)
Contributions to Expenditure	2	(37)	(22)	15
<b>Total Income</b>		<b>(16,007)</b>	<b>(16,271)</b>	<b>(264)</b>
Repairs and Maintenance	3	3,211	3,188	(23)
Supervision and Management	4	2,965	3,157	192
Rents, rates, taxes and other charges		71	67	(4)
Depreciation	5	2,300	2,907	607
Movement in the allowance for bad debts	6	119	54	(65)
Statutory recharge to the HRA for support services	7	880	1,042	162
<b>Total Expenditure</b>		<b>9,546</b>	<b>10,415</b>	<b>869</b>
<b>Contribution from Operations</b>		<b>(6,461)</b>	<b>(5,856)</b>	<b>605</b>
Investment Income	8	(62)	(87)	(25)
Interest Payable on £67.456m		2,348	2,348	-
Capital expenditure charged in year	9	3,977	-	(3,977)
Other Adjustments	10	-	(189)	(189)
<b>Net (Surplus)/Deficit</b>		<b>(198)</b>	<b>(3,784)</b>	<b>(3,586)</b>

**Notes to Table 2:**

- Charges for Services and Facilities (£274k)** – accounting adjustment to include £151k alarm monitoring income, previously budgeted in the General Fund (offset by spend in supervision and management below), additional alarm income received in year and an increase in sewerage charge, sheltered housing and room hire income.
- Contributions to Expenditure +£15k** - Reduced repairs charged to outside bodies.
- Repairs and Maintenance (£23k)** - underspend on planned maintenance programme.
- Supervision and Management +£192k** - Inclusion of alarm monitoring spend and agency staff costs.
- Depreciation +£607k** - Budget was based on the social housing factor of 34% (value that the market value of council dwellings is discounted to to take into account the existing use as social housing) - this was increased to 42% during the year.
- Movement in the allowance for bad debts (£65k)** - Reduced provision for rent arrears based on year end debt profile (The business plan includes an assumed annual increase in the provision to offset the impact of Welfare Reform).
- Statutory recharge to the HRA for support services +£162k** - Adjustment made to support service recharges to reflect inflationary uplift (prior year charges had been static), and revised facilities and legal charges following service reviews.
- Investment Income (£25k)** - Increased interest rates and revenue reserves
- Capital expenditure charged in year (£3,977k)** - No direct revenue financing of capital required in year
- Other Adjustments (£189k)** - Statutory and non statutory accounting requirements, offset by items within categories above, e.g. gain or loss on sale of non current assets, pensions adjustments etc.

## RESERVES

Table 3 – General Fund Reserves

Reserve	Balance 31 March 2017 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2018 £'000	Comments
Transformation	(809)	-	210	(599)	<b>Use</b> - To fund expenditure against approved Transformation projects
Investment and Growth	(4,753)	(1,140)	675	(5,218)	<b>Contributions</b> - New Homes Bonus £1,098k and Planning Grant £41k <b>Uses</b> - Green Waste £59k; Delivery Unit £76k; Priory Road £145k; base budget adjustment of £359k
Earmarked Grants	(254)	(139)	80	(313)	<b>Contributions</b> - flexible homelessness grant, custom housebuilding grant, S106 monies. <b>Uses</b> - HCA capacity funding.
Council Tax	(2,082)	(344)	1,127	(1,299)	<b>Contributions</b> – Insurance Reserve balance transferred in £220k; Grants for Growth £124k <b>Uses</b> – HIF Bid; Members’ Designated Budgets; Levy funding £295k; LDF; Spalding Special; Pride £100k; £301k budgeted use of 16/17 surplus, £325k support for increased tariff payments.
Insurance	(220)	-	220	-	<b>Use</b> : Reserve balance transferred to Council Tax Reserve
Replacement & Refurbishment	(225)	(136)	171	(189)	<b>Contributions</b> – annual budget contribution (£136k). <b>Use</b> - £171k use of Reserve to support in year planned maintenance programme
<b>Total Specific GF Reserves</b>	<b>(8,342)</b>	<b>(1,759)</b>	<b>2,483</b>	<b>(7,618)</b>	
General Reserve	(2,064)	-	-	(2,064)	
<b>Total Reserves</b>	<b>(10,406)</b>	<b>(1,759)</b>	<b>2,483</b>	<b>(9,682)</b>	

**Table 4 – Housing Revenue Account Reserves**

	<b>Balance 31 March 2017</b>	<b>Contributions to Reserve</b>	<b>Use of Reserve</b>	<b>Balance 31 March 2018</b>	<b>Comments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
HRA Working Balance:	(8,968)	(3,784)	0	(12,752)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	0	0	(200)	
Major Repairs Reserve	(6,696)	(2,907)	3,168	(6,435)	HRA depreciation contribution to MRR is used to fund the capital programme in future years. The transfer from MRR in-year was used to fund 17/18 capital programme spend
	<b>(15,864)</b>	<b>(6,691)</b>	<b>3,168</b>	<b>(19,387)</b>	

# CAPITAL PROGRAMME

Table 5 – General Fund Capital Outturn

Project	Note	Budget 2017/18 £'000	Actual Outturn 2017/18 £'000	Variance (under)/ overspend £'000
Disabled Facilities Grants	1	585	377	(208)
Decent Homes Unfit and Disrepair	1	75	36	(39)
Welland Homes	2	1,007	1,121	114
Travellers Sites	3	201	-	(201)
ICT Infrastructure	4	336	127	(209)
Council Chamber Conference System		28	28	-
Grants for Growth	5	371	452	81
Garden Waste (bins and vehicle)	6	240	59	(181)
SHDC Self Service Reception		51	51	-
Digital Vision	4	182	10	(172)
Warden Tree Industrial Estate	7	47	-	(47)
Fleet Road Industrial Estate	7	55	-	(55)
Railway Lane Industrial Estate	7	65	-	(65)
Appropriation of Land	8	94	-	(94)
Priory Road DWP Works		350	345	(5)
<b>Total Approved Schemes</b>		<b>3,687</b>	<b>2,606</b>	<b>(1,081)</b>
<b>Financed By:</b>				
Capital Receipts		807	165	642
Capital Grants and Contributions		1,233	1,065	168
Internal Borrowing		1,006	1,121	(115)
Revenue Resources		641	255	386
		<b>3,687</b>	<b>2,606</b>	<b>1,081</b>
<b>Schemes Subject to Approval</b>				
Grounds maintenance	9	50	-	(50)
Digital vision	10	329	-	(329)
Growth Fund	11	1,000	-	(1,000)
<b>Total</b>		<b>1,379</b>	<b>-</b>	<b>(1,379)</b>
<b>Financed By:</b>				
Capital Receipts		329	-	329
Revenue Resources		1,050	-	1,050
		<b>1,379</b>	<b>0</b>	<b>(1,379)</b>
<b>Total All Schemes</b>		<b>5,066</b>	<b>2,606</b>	<b>(2,460)</b>

## Notes to Table 5:

- Disabled Facilities Grants (£247k)** - Scheme referrals from LCC less than available LA funding (unused balance to capital grants unapplied reserve for future spend). Additional Grant funding received from Government fully used.
- Welland Homes +£114k** - Issue of Development Loan in 2017-18 as per revised Business Plan approved by Council in March 2018.
- Travellers Sites (£201k)** - No spend against the provision for Travellers' Sites while the project is re-assessed. Scheme to be removed from capital programme and then reinstated in 2018/19 when clearer plans exist.
- ICT Infrastructure and Digital Vision (£381k)** - Slipped Digital Vision 2016-17 budget (£172k) not fully utilised. Underspend of the ICT Infrastructure investment (£206k) to be slipped into 2018-19 due to a delay in device refresh and Office 365 work.
- Grants for Growth +£81k** - Additional spend supported by grant income.

6. **Garden Waste bins and vehicles (£181k)** - Bins procured. Garden Waste vehicle now due to be delivered during 2018-19.
7. **Property (£167k)** - Industrial Units re-roofing now scheduled for 2018-19.
8. **Appropriation of Land (£94k)** - No monetary transaction – transfer from HRA to General Fund and subsequently sold for development.
9. **Environmental Services (£50k)** - Revised vehicle/plant replacement programme has been agreed by Council and due to commence during 2018-19.
10. **Digital Vision (£329k)** - 2017-18 Digital Vision not allocated to a project. Budget will be slipped into 2018-19 with new projects for spend to be approved.
11. **Growth Fund (£1,000k)** - Not allocated to a specific scheme.

**Table 6 – Housing Revenue Account Capital Outturn**

Project	Budget 2017/18 £'000	Actual Outturn £'000	Variance (under)/ overspend £'000	Note
Central Heating Upgrade	1,317	1,341	24	1
Kitchen and Bathroom Replacement	1,454	1,043	(411)	1
Electrical Upgrade	107	77	(30)	1
Renewable Energy/Energy Efficiency	125	128	3	1
Other Component Replacements	211	-	(211)	1
Council House – Re-Roofing	701	146	(555)	1
Fees	219	-	(219)	1
<b>Decent Homes</b>	<b>4,134</b>	<b>2,735</b>	<b>(1,399)</b>	
Sewerage Treatment Plant	65	25	(40)	2
The Square	63	5	(58)	2
<b>Major Area Schemes</b>	<b>128</b>	<b>30</b>	<b>(98)</b>	
ICT Infrastructure	184	186	2	
<b>IT/System</b>	<b>184</b>	<b>186</b>	<b>2</b>	
Major Adaptions	400	346	(54)	3
<b>Aids &amp; Adaptions</b>	<b>400</b>	<b>346</b>	<b>(54)</b>	
New Build	1,145	-	(1,145)	4
Buy Back – Shared Ownership	165	72	(93)	5
<b>Total Approved Schemes</b>	<b>6,156</b>	<b>3,369</b>	<b>(2,787)</b>	
<b>Financed By:</b>				
Capital Receipts	528	186	342	
Direct Revenue Funding	759	-	759	
Major Repairs Reserve	4,869	3,168	1,701	
Grants and Contributions	-	15	(15)	
	<b>6,156</b>	<b>3,369</b>	<b>2,787</b>	
<b>Schemes Subject to Approval</b>				
Affordable Housing	3,851	-	(3,851)	6
<b>Financed By:</b>				
Capital Receipts	633	-	633	
Direct Revenue Funding	3,218	-	3,218	
	<b>3,851</b>	<b>-</b>	<b>3,851</b>	
<b>Total HRA</b>	<b>10,007</b>	<b>3,369</b>	<b>(6,638)</b>	

## Notes to Table 6:

1. **Decent Homes (£1,399k)** – Schemes not progressed as planned. Assumed roof lives extended and new contract let in 2017 for replacement of concrete gutters, contractual issues in relation to the Kitchen and Bathrooms programme and slippage in the component replacement programmes.
2. **Major Area Schemes (£98k)** – Delays in tender for The Square and only one sewerage treatment completed, project to be continued in 2018/19.
3. **Aids & Adaptations (£54k)** – Programme is demand-led due to the nature of the works.
4. **New Build (£1,145k)** – Weston Development and Seven Road – phasing for delivery of schemes.
5. **Buy Back Shared Ownership (£93k)** – One shared ownership property purchased during 2017-18.
6. **New Build (£3,851k)** - Balance carried over from 2016/17 - new build programme currently being reviewed.

## Capital Receipts

**Table 7 – Capital Receipts 2017-18**

There were 19 right-to-buy sales during the year. The total receipts for 2017/18 were £1.5m, before administration costs and pooling payments, compared to a budget of £1.2m. All Capital Receipts relate to the HRA with the exception of the repayment of Decent Homes loans (£26k) and land sales (£195k)..

Description	2017-18 Receipts £'000
Right to Buy	(1,240)
Land Sales	(195)
Mortgages repaid	(1)
Town Husband Repaid	(1)
Repayment of RTB Discount	(76)
Repayment of Grants (GF)	(26)
<b>Total</b>	<b>(1,539)</b>

## Capital Financing Requirement (CFR)

Table 8 below shows the CFR which is a prudential indicator and shows the underlying need to borrow, based on the actual position at the end of 2017/18. Where the CFR is positive it denotes the need to borrow.

**Table 8 – Capital Financing Requirement**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
CFR – Non HRA	2,557	3,847	5,555	8,615
CFR – HRA	68,609	68,439	68,439	68,439
<b>Total</b>	<b>71,166</b>	<b>72,286</b>	<b>73,994</b>	<b>77,054</b>
Movement in CFR	1,274	1,120	1,708	3,060



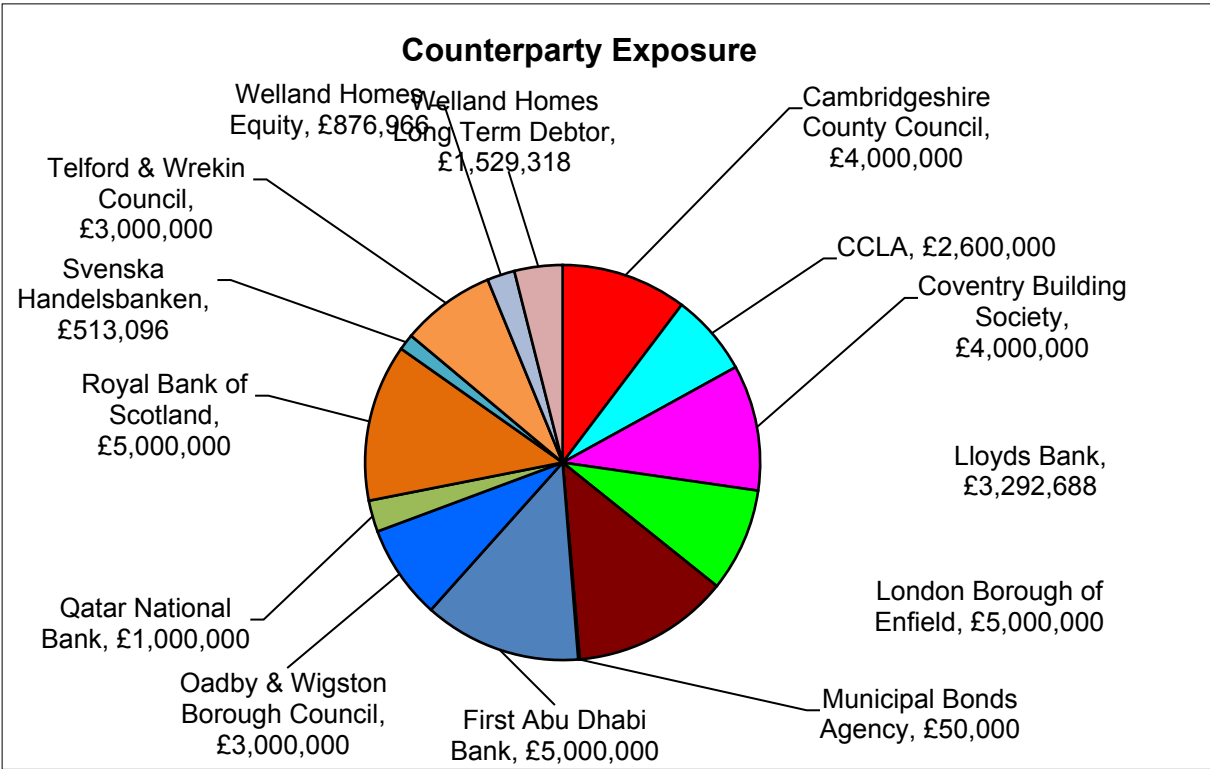
# Treasury

## Security

The Council has not adopted any formal benchmarks for the management of risk as Officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend positions and amend the operational strategy to manage risk as conditions change. The Council uses the creditworthiness service provided by Capita Asset Services which provides a maximum duration for investments depending on the colour rating calculated for each financial institution.

All investments held by the Council were within the recommended maximum duration at the time the investment was made.

The chart below shows how the Council's funds are spread between differing counterparties.

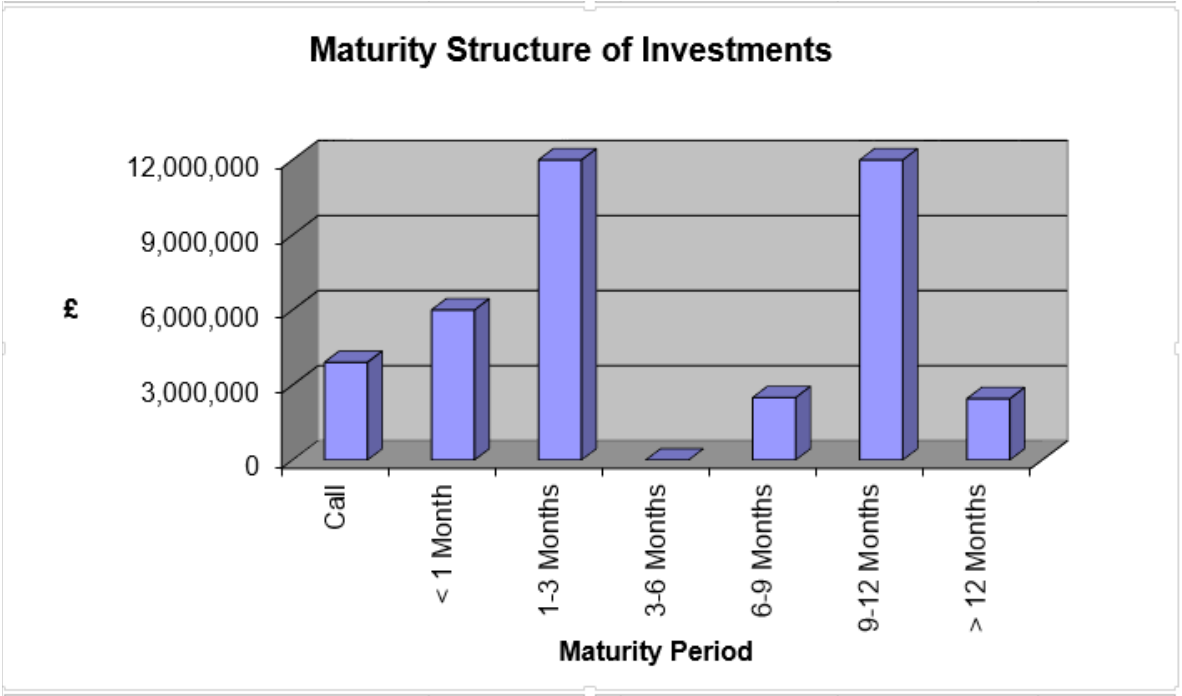


## Cash

The Council's average level of deposits during 2017/18 was £41.7m. As at 31 March 2018 investments held were £38.9m of which £3.9m was instant access cash available to meet cash flow requirements. Longer term investments were made up of:

- £32.5m - short term investments up to 12 months
- £877k - Welland Homes equity
- £50k – Municipal Bond Agency Equity
- £1.529m - loans to Welland Homes

The chart below shows the amounts held in relation to the remaining period to maturity.



**Yield**

Budgeted Interest 2017/18	£149.9k (£87.9k Gen.Fund and £62k HRA)
Actual Interest achieved 2017/18	£259.3k (£172.8k Gen.Fund and £86.5k HRA)
Target yield (Average 3 month LIBID)	0.286%
Actual Yield achieved for 2017/18	0.622%
Actual Yield achieved for 2016/17	0.554%

The increased levels of investment interest achieved can be attributed to higher levels of investment balances being held and also higher than anticipated interest rate levels during the second half of the financial year.

**External Borrowing**

The Council borrowed £67.456m from the PWLB on 28<sup>th</sup> March 2012 to meet its obligations under the Housing Revenue Finance Reforms. This was borrowed for a period of 50 years on a maturity basis at a rate of 3.48%. No new borrowing has been undertaken during the financial year.