

# AGENDA



- Committee - **CABINET**
- Date & Time - Tuesday, 10 September 2019 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), G J Taylor (Deputy Leader), T A Carter, A Casson, P E Coupland, R Gambba-Jones and C J Lawton.

**No substitutions permitted. Quorum 3.**

**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: 2 September 2019

## AGENDA

1. Apologies for absence.
  2. Minutes (Pages 5 - 12)  
To sign as a correct record the minutes of the meeting of the Cabinet held on 23<sup>rd</sup> July 2019 (copy enclosed).
  3. Declarations of Interest.  
(Where a Councillor has a Disclosable Pecuniary Interest the Councillor must declare the interest to the meeting and leave the room without participating in any discussion or making a statement on the item, except where a Councillor is permitted to remain as a result of a grant of dispensation.)
  4. Questions raised by the public under the Council's Constitution (Standing Orders).
  5. To consider any matters which have been subject to call-in.
  6. To consider matters arising from the Policy Development and Performance Monitoring Panels in accordance with the Overview and Scrutiny Procedure or the Budget and Policy Framework Procedure Rules.
  7. Quarter 1 Finance Report 2019/20 (Pages 13 - 30)  
To provide an update on the forecast full year financial position of the Council at 30<sup>th</sup> June 2019 (report of the Portfolio Holder for Finance and Executive Director Commercialisation (S151) is enclosed).
- Please note that Appendix B associated with this report is not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) in Part 1 of Schedule 12A of the Local Government Act 1972, and are therefore attached to this agenda as item 11).
8. Debt Write Off (Pages 31 - 34)  
To seek approval for the write off of uncollectable debt (report of the Portfolio Holder for Finance is enclosed).

Please note that the appendices associated with this report are not for publication by virtue of Paragraphs 1 (Information relating to any individual), 2 (Information which is likely to reveal the identity of an individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) in Part 1 of Schedule 12A of the Local Government Act 1972, and are therefore attached to this agenda as item 12).

9. Any other items which the Leader decides are urgent. -

- Note:
- (i) No other business is permitted unless by reason of special circumstances, which shall be specified in the Minutes, the Leader is of the opinion that the item(s) should be considered as a matter of urgency.
  - (ii) Any urgent item of business that is a key decision must be dealt with in accordance with the Constitution's Access to Information Procedure Rules.

10. To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in Paragraph(s) 1,2 and 3 of part 1 of Schedule 12A of the Act.

11. Quarter 1 Finance Report 2019/20 (Pages  
35 - 36)  
Appendix B to the report at Agenda item 7 is enclosed.

12. Debt Write Off (Pages  
37 - 56)  
Appendices to the report at Agenda item 8 are enclosed.

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Minutes of a meeting of the **CABINET** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Tuesday, 23 July 2019 at 10.00 am.

## PRESENT

G A Porter (Leader)  
G J Taylor (Deputy Leader)

T A Carter

A Casson  
P E Coupland

C J Lawton

Cabinet Support Members: H Drury and R Grocock.

The Chief Executive, the Executive Director Commercialisation (S151), the Executive Director Place, the Executive Manager Governance (Deputy Monitoring Officer), the Place Manager, the Executive Manager Growth, the Strategic Finance and Compliance Manager, the Environmental Services Manager, the Corporate Innovation, Change and Performance Manager, the Strategic Housing Manager and the Democratic Services Officer.

Apologies for absence were received from or on behalf of Councillors C N Worth, R Gambba-Jones, A M Newton and A R Woolf, together with Welland Seniors Forum.

In Attendance: Councillor B Alcock (Chairman, Performance Monitoring Panel).

Community Representatives: South Holland Citizens Advice Bureau.

	<u>Action By</u>
<p><b>12. MINUTES</b></p> <p>The minutes of the Cabinet meeting held on 18 June 2019 were signed by the Leader as a correct record.</p>	
<p><b>13. DECLARATIONS OF INTEREST.</b></p> <p>There were no declarations of interest.</p>	
<p><b>14. QUESTIONS RAISED BY THE PUBLIC UNDER THE COUNCIL'S CONSTITUTION (STANDING ORDERS).</b></p> <p>No questions were raised under the Council's Constitution (Standing Orders).</p>	
<p><b>15. TO CONSIDER ANY MATTERS WHICH HAVE BEEN SUBJECT TO CALL-IN.</b></p> <p>There were no matters subject to call-in.</p>	

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**16. MATTERS ARISING FROM THE POLICY DEVELOPMENT AND PERFORMANCE MONITORING PANELS**

There were no matters arising from the Policy Development and Performance Monitoring Panels.

**17. RECYCLING REVIEW**

Consideration was given to the report of the Portfolio Holder for Place and the Executive Director Place, which requested consideration of a review of the recycling materials collection in a trial area of South Holland.

Members were advised that the trial would now only be undertaken on one route, rather than two as detailed within the report, and as a result would only affect around 1800 residents.

The following points were raised by the Leader:

- SHDC would only undertake the trial if Lincolnshire County Council funded it;
- Any evaluation should include a comparison of costs (capital and ongoing) for collection of sacks as opposed to wheelie bins;
- A customer satisfaction survey should be undertaken of the street scene after collection, and that updates be provided on a quarterly basis;
- Communication of the recycling trial, and briefing of Portfolio Holders was required.

CP

**DECISION:**

- a) That agreement be given to commence a one year trial of a two stream collection of recycling in the areas listed.
- b) That agreement be given to issue section 46 notice of the Environmental Protection Act 1990 to those in the trial area to define what can be placed in the waste receptacles.

*(Other options considered:*

- *To do nothing, to not be part of the trial, and to not test SHDC's methodology for collections prior to possible full County roll out.*

*Reasons for decision:*

- *To enable SHDC to work closely with its partners in the*

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*Lincolnshire Waste Partnership to consider and establish an evidenced way forward for the recycling material in Lincolnshire*

- *That by being part of the trial throughout its inception and delivery, and understanding the learnings of the trial, SHDC could help to shape it and ensure that the most appropriate methods are proposed going forward for the district's residents, based on the evidence gathered throughout the trial and through best practice*
- *That, as the trial was a partnership of the Waste Collection (districts) and Waste Disposal (county) Authorities, it would provide an opportunity to ensure that all were working together to establish the most practical, environmentally sustainable and economical way of delivering a two stream service that suited the needs of residents.)*

(The Environmental Services Manager left the meeting following consideration of the above item).

**18. LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21 - CONSULTATION**

Consideration was given to the report of the Portfolio Holder for Finance which requested consideration of options for the local Council Tax Support scheme for 2020/21.

Some concern was raised regarding the tolerance rule for Universal Credit customer change in earnings, suggested at £15 per week. It was felt that this low level would mean that some individuals could find themselves moving in and out of the benefit system, as a result of changes in earnings, and that this could result in frequent changes to their eligibility for Council Tax Support and therefore amounts of Council Tax to be paid. Also, it was likely that administration of these changes would cost more than any increase in Council Tax gained by the Authority. Officers responded that once the results of the consultation were known, further information would be provided on tolerance and modelling. It was important to model in the fairest way, in as straightforward a way as possible for Council Tax payers, and of the least cost to the Authority.

**DECISION:**

That Cabinet approves consultation on the following options: -

- a) Uprating and harmonisation of the scheme as appropriate to the DWP welfare reforms in Housing Benefit and the prescribed scheme for pensioners for 2020/21 and future

SH,  
Christine  
Marshall

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years;

- b) Introduce a link to the award of Universal Credit, removing the need for customers to make a separate application for Council Tax Support; and
- c) Introduce a tolerance rule for Universal Credit customer change in earnings, suggested £15 per week with the final amount determined through consultation and analysis.

*(Other options considered:*

- *To approve some, but not all of the options detailed in section 3 of the report; or*
- *To do nothing, and retain the same scheme, unchanged for 2020/21 – the current scheme would continue into 2020/21 however, the benefits of the changes outlined in Section 3 of the report would not be achieved.*

*Reasons for decision:*

- *To continue to align the Council Tax Support (CTS) scheme and uprating for working age customers with Department for Work and Pensions (DWP) provisions for Housing Benefit and the CTS scheme for pensioners – this has been consistent each year since the introduction of local CTS schemes. By determining this for 2020/21 and future years, the need for this decision to be taken each year would be removed however, it would not prevent a different decision in future years if desired;*
- *The recommendation to link CTS with the award for Universal Credit (UC) would make it simpler and more timely for customers to access CTS, preventing delay and potential loss in support; and*
- *The recommendation to introduce a tolerance for earnings changes would reduce the number of notifications customers receive to amend their Council Tax payments, and provide stability for customer repayments, whilst at the same time reducing customer contact.)*

**19. Q4 2018-19 PERFORMANCE OVERVIEW REPORT**

Consideration was given to the report of the Portfolio Holder for Governance and Customer which provided an update on how the Council was performing, for the period 1 January 2019 to 31 March 2019.

The Leader commented that officers of the Authority should be congratulated on the good performance figures, in particular with regard to much improved performance in the areas of staff turnover and sickness levels.

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Housing re-let performance continued to improve however, it was noted that further improvement was still required.

**DECISION:**

That the content of the report be noted.

*(Other options considered:*

- *To do nothing.*

*Reasons for decision:*

- *To ensure that the Council's performance is properly scrutinised.)*

(The Corporate Innovation, Change and Performance Manager left the meeting following discussion of the above item).

**20. WELLAND HOMES BUSINESS PLAN UPDATE  
INCORPORATING BENTLEY COURT**

Consideration was given to the report of the Portfolio Holder for Housing and the Executive Director Commercialisation (S151), which presented to the Council, as sole shareholder for Welland Homes Ltd, an updated Welland Homes Business Plan and a proposal from the company to purchase five houses for the purposes of market rental investment at Bentley Court, Spalding, and to put in place the necessary arrangements to enable the company to move into contract on the proposed acquisition, subject to the necessary shareholder approvals.

Members noted that the report contained information within the appendices that were not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

Members agreed that only the principles of the report would be discussed and there was therefore no need for the meeting to go into private session.

**DECISION:**

- a) To approve the business case for the acquisition by Welland Homes Ltd of five houses at Bentley Court, Spalding, for the purposes of a market rental investment.
- b) That subject to the refreshed business plan and the budget being approved, that delegated authority be granted to the Executive Director - Commercialisation (the S151 Officer), to

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approve the terms of any loan agreements required and the value of any periodic cash flow payments to be made to the company, as required to support the company in the acquisition of the proposed investment properties.

**RECOMMENDED TO COUNCIL:**

- c) That the updated Welland Homes Business Plan be approved, and included as an amendment in the SHDC quarterly finance report to members for quarter 1 2019/20. The original Capital Program was, included as Appendix E to the Budget, Medium Term Plan and Capital Strategy Report to Council on 27<sup>th</sup> February 2019, as Item 11 on the agenda.
  
- d) To reaffirm the delegated authority, granted by Council on 25<sup>th</sup> March 2015, to the Executive Director – Commercialisation (the S151 Officer), to approve the final mix of use of reserves and borrowing in line with the business plan and Council Treasury Management Strategy.

*(Other options considered:*

- *To do nothing. Without the approval of the shareholder, Welland Homes would be unable to proceed with the proposed investment. This in turn would limit the delivery of housing from Welland Homes under the existing business plan and leave the company unable to deliver forecast returns.*

*Reasons for decision:*

- *The acquisition of five homes would support the delivery of the wider Welland Homes Business Plan, which would in turn support the delivery of savings targets set out in the Council's Medium Term Financial Plan.)*

**21. ANY OTHER ITEMS WHICH THE LEADER DECIDES ARE URGENT.**

There were no urgent items.

**22. EXCLUSION OF PRESS AND PUBLIC**

**DECISION:**

That, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of

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exempt information as defined in Paragraphs 3 of part 1 of Schedule 12A of the Act.

**23. RESTRICTED MINUTE**

Consideration was given to the restricted minutes of the meeting of the Cabinet held on 18 June 2019.

**DECISION:**

That the minutes be signed as a correct record.

(The meeting ended at 10:32 am.)

(End of minutes)

These minutes are published on 26 July 2019. In accordance with the Council's Constitution the DECISIONS detailed above will, unless otherwise stated, come into force and may then be implemented on 5 August 2019 (i.e. after the expiry of 5 working days from the date of publication of these minutes), unless during that period a notice which is signed by either a Ward Representative (in relation to a matter in their ward) or two members of the Performance Monitoring Panel or any three members, and complies with the requirements of the Council's Constitution is served on the Executive Manager Governance requesting that the decision be called-in and the Executive Manager Governance approves the request for call-in. Where a decision is called-in it will firstly be considered by the Performance Monitoring Panel on a date to be fixed.

Any FINAL DECISIONS and any URGENT DECISIONS take effect immediately.

Any RECOMMENDATIONS TO COUNCIL detailed above will be submitted for consideration to the meeting of the full Council on 31 July 2019.

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## SOUTH HOLLAND DISTRICT COUNCIL

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

**To:** Cabinet 10 September 2019

**Author:** Carl Holland, Deputy Head of Finance

**Subject:** 2019/20 Financial Report Quarter 1

**Purpose:** To provide information on the forecast full year financial position of the Council at 30<sup>th</sup> June 2019.

### **Recommendation(s) to Cabinet:**

- 1) That the report and **Appendix A** be noted.
- 2) That the estimated position with regard to the contributions to and use of Reserves be noted.

### **Recommendation(s) to Council:**

- 3) To approve funding of £131,000 from Growth and Commercialisation reserve and the associated adjustment to capital and revenue budgets in respect of asset works.

## **1.0 BACKGROUND**

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides information on the forecast full year financial performance at 30<sup>th</sup> June 2019, in the attached appendix, for the following areas:

- The General Fund Revenue Budget (GF),
- Housing Revenue Account (HRA),
- The General Fund and HRA Reserves Position,
- The Capital Programme for 2019/20 (GF and HRA), and
- The Treasury Management Performance for the year.

## **2.0 OPTIONS**

2.1 To note the report detailed at Appendix A.

2.2 Do nothing.

## **3.0 REASONS FOR RECOMMENDATION(S)**

3.1 To provide timely information to Members on the overall financial position of the Council.

#### 4.0 **EXPECTED BENEFITS**

- 4.1 To ensure that members are updated regularly on the overall Council Financial position.
- 4.2 To make the best use of the funding available to the Council and allow us to respond quickly to opportunities as they arise.

#### 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 below with further detail at **Appendix A**.

#### 5.2 **General Fund Revenue Outturn**

- 5.2.1 Quarter 1 data provides a narrow window on which to base the full year forecast and this figure is therefore susceptible to further change as the dataset upon which it is increases. The full year outturn based on current projections and assumptions is a forecast net service overspend in the General Fund of £67k.
- 5.2.2 This is made up of a number of variances across services. The main variation arises in respect of The Homelessness Reduction Act came into effect in 2018 and since then the costs of temporary accommodation have risen significantly. The forecasted costs have been increased for quarter 1 by £107k.
- 5.2.3 **High Risk** – If homelessness costs continue at the same level for the remainder of the year, the forecast overspend could be £517k.
- 5.2.4 This forecast overspend is reduced by a forecast saving on the Council's insurance premiums of (£50k).
- 5.2.5 The forecast outturn position by Directorate is detailed at **Appendix A – Table 1** together with an analysis of service variations.

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

- 5.3.1 The HRA is forecasting a £40k reduction in its surplus budget, this is mainly due to cost pressures on repairs and maintenance, more detail is provided at **Appendix A - Table 2**.

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

- 5.4.1 General Fund Specific Reserves are forecasting a decrease of £2.756m from £8.702m to £5.946m, further details are set out in **Appendix A - Table 3**.
- 5.4.2 In addition the General Fund Reserve Balance remains at £2.078m.
- 5.4.3 The HRA General Reserve balance is forecasting a decrease of £5.741m from £21.459m to £15.718m. More detail is provided at **Appendix A – Table 4**.

## 5.5 Capital – General Fund

5.5.1 The total General Fund Capital Programme for 2019/20 is £12.184m. **Appendix A Table 5** and the explanatory notes detail the current forecast outturn £10.882m, a forecast underspend of £1.302m. The main areas of projected variance relate to re-profiling of PSPS Transformation (£67k), £10k expected to be funded by grant for electric vehicle charging points and reduced spend by Welland Homes (£1.244m) changes to delivery plan of dwelling acquisitions.

## 5.6 Capital – HRA

5.6.1 **Appendix A - Table 8** and the explanatory notes provide detail on the forecast outturn expenditure of £13.051m. The total original approved HRA Capital programme for 2019/20 is £13.137m.

## 5.7 Treasury Management

5.7.1 Interest earned on investments during quarter 1 was £133k (compared to the profiled budget of £130k), **Appendix A** provides more information on the investments held by the Council at 30<sup>th</sup> June 2019.

## 6 Other Key Items

6.1 Fair Funding Review – No further consultations have been issued on the Fair Funding Review (FFR) or the 75% Retained NNDR scheme. If these consultations are not issued in the very near future then the likelihood of a delay in implementation of these changes is almost certain. The Chancellor has recently announced the 12 month spending round announcement will be on 4 September 2019. This all leads to high levels of uncertainty continuing for budget setting 2020-21 onwards.

6.2 Asset works – Attached for members consideration is a request for approval of funding in respect of asset works of £131,000, the full detail of which is set out in exempt Appendix B.

## 7 WARDS/COMMUNITIES AFFECTED

6.1 Income and expenditure affect all wards of the Council.

## 7 ACRONYMS

7.1 GF                    General Fund  
HRA                    Housing Revenue Account

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Background papers:                    The 2019/20 Estimates Report to Council February 2019

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### Lead Contact Officer:

Name and Post:                    Carl Holland; Deputy Head of Finance  
Telephone Number                    01775 764681  
Email:                                    carl.holland@pspsl.co.uk

**Key Decision:**                    No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A Financial report for 2019/20 with details of the GF and HRA revenue spend, Reserves, Capital expenditure and Treasury Management.

**Please note that the following appendix is not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).**

Appendix B Asset Works (Exempt)

# South Holland District Council

## Financial report for the Period ended 30 June 2019

This report has five sections

- Section 1 – General Fund Revenue budget
- Section 2 - HRA Budget
- Section 3 – Reserves
- Section 4 - Capital budget
- Section 5 – Treasury update

### Section 1 – General Fund

The full year outturn based on current projections and assumptions is a forecast net service overspend in the General Fund of £67k (0.49%) against the approved budget for 2019-20 of £13.7m, this is comprised as follows:

- Net Service Overspend £ 93k
- Additional Financing Income £(26k)
- **Net Overspend** **£ 67k**

**Table 1 – General Fund Revenue Outturn**

Service Area	Note	Revised Budget at Q1 £'000	Forecast Out-turn at Q1 £'000	Forecast Variance at Q1 £'000
<b>Commercialisation</b>				
Commercialisation	1	439	397	(42)
Economic Development		109	109	-
Finance	2	729	679	(50)
Revenues and Benefits	3	436	422	(14)
<b>Total – Commercialisation</b>		<b>1,713</b>	<b>1,607</b>	<b>(106)</b>
<b>Place</b>				
Assets and Property	4	158	188	30
Building Control		(43)	(43)	-
Community Development	5	975	1,001	26
Environmental Services	6	3,581	3,655	74
Housing	7	250	357	107
Planning	8	(271)	(282)	(11)
Spalding Special Expenses		66	60	(6)
Investment properties		(91)	(91)	-
<b>Total – Place</b>		<b>4,625</b>	<b>4,845</b>	<b>220</b>
<b>Strategy and Governance</b>				
Corporate Improvement and Performance		(23)	(23)	-
Communications		120	128	8
Public Protection		448	444	(4)
Corporate Management		549	549	-
Democratic Services		918	921	3
HR		338	338	-
IT and Customer Services		1,226	1,230	4
<b>Total - Strategy and Governance</b>		<b>3,576</b>	<b>3,587</b>	<b>11</b>
<b>Statutory recharge to the HRA for support services (*)</b>		<b>(1,721)</b>	<b>(1,721)</b>	<b>-</b>

Service Area	Note	Revised Budget at Q1 £'000	Forecast Out-turn at Q1 £'000	Forecast Variance at Q1 £'000
Internal Drainage Boards & Parish Precepts		3,294	3,294	-
Investment Income		(358)	(358)	-
Capital and Other Adjustments		-	-	-
Transfers to Reserves		2,443	2,443	-
Impairment allowance	9	116	84	(32)
<b>Total Cost of Services</b>		<b>13,688</b>	<b>13,781</b>	<b>93</b>
<b>Financing</b>				
Government Grants	10	2,526	2,552	(26)
Council Tax		6,046	6,046	-
Retained Business Rates		5,116	5,116	-
<b>Total Financing</b>		<b>13,688</b>	<b>13,714</b>	<b>(26)</b>
<b>Net Variance</b>			<b>67</b>	

Significant variances are detailed below.

### Salaries

Achieved Vacancy Factor in Quarter 1 is 2.06% against a target for the year of 4%. This is not unreasonable at this point in the year and is dependent upon number vacancies arising in the year.

### Notes to Table 1:

1. **Commercialisation (£42k) underspent.**

- Planning Policy saving achieved as a result of Strategic Planning Manager vacant post, resulting in a forecast salary saving of (£42k).

2. **Finance (£50k).**

- The renewal of insurance for SHDC has resulted in a saving of £50k which will also apply to 2020/21.

3. **Revenues and Benefits (£14k) underspent.**

- The forecast for Council Tax collection court income increased by (£22k) to (£240k) and notification has now been received for subsidy values towards administration of Local Council Tax Support reduces forecast by £8k.

4. **Assets and Property £30k overspent.**

**Pressures.**

Increased forecasts for various costs in relation to management of property assets including increased utility costs, delivery of unplanned property maintenance and a forecast reduction of rental income.

5. **Community Development £26k overspent.**

**Pressures.**

- Business rates are being charged on the dry side leisure centre. The budget was based on an assumed 80% charity exemption instead of the current entitlement to 40% exemption. Eligibility for Charity status has not yet been determined and therefore the forecast includes a provision of £13k for quarter 1. If the 100% exemption is not achieved then this provision will need to increase to £51k for the full year.
- Other forecasted variances that collectively amount to an additional cost of £13k have been forecast.

**6. Environmental Services £74k overspent.**

**Pressures.**

- Car parking income is forecast to be down by £23k for the year based on reduced income in quarter 1.
- Markets income is forecast to be £15k less due to continuing reduction in stall holders.
- Additional £38k for staff overtime, standby payments, NI and Pension contributions in some service areas, which was omitted when the budget was set.
- External payment for street cleansing costs of £12k which relate to 2018/19 have been paid out of this year's budget.
- Other adverse impacts amounting to £5k have been forecast.

**Additional income/savings.**

- The income from grass cutting is forecast to increase by (£19k) based on Parish Council requests.

**7. Housing £107k overspent.**

- Following the Homelessness Reduction Act which came into effect in 2018, the costs of providing temporary accommodation have risen significantly. The forecast reflects the impact for quarter one only of £107k. If this trend continues and there are no mitigating actions, the pressure on the Homelessness Budget by 31<sup>st</sup> March will be circa £517k. There are a number of steps being taken to mitigate this.
  - i. The primary task is homelessness prevention, which would reduce the need for short term bed and breakfast.
  - ii. Secondly steps need to be taken to ensure all those who can make a contribution to the accommodation costs do so.
  - iii. Thirdly, the backlog of claimants need to be reduced, which is part of a larger long term project.
  - iv. Discretionary Housing Payment grant is being reviewed to see how much of this can be used to support homelessness costs.
  - v. Finally options are being explored to increase our provision of temporary accommodation.

**8. Planning (£11k) underspent.**

- As a result of the new Development and Planning Enforcement structure not being fully recruited to from the 1<sup>st</sup> April this has resulted in a one-off in year saving of £34k, from which £19k has been apportioned to the Salary efficiency target. Additional costs are forecast amounting to £4k.

**9. Impairment Allowance (£32k) reduction.**

- Impairment allowance for bad debts has been reviewed to consider the impact of changes now that Universal Credit has been in effect for more than a year, which has resulted in a reduction in the bad debt provision of (£32k).

**10. Government Grants (£26k) increase.**

- The Council has received notification of entitlement to Section 31 grant for Business Rates Retail Relief.

## Section 2 – Housing Revenue Account

**Table 2 – Forecast Revenue Outturn**

Service Area	Note	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Rent Income – Dwellings		(14,646)	(14,646)	-
Charges for Services and Facilities		(1,169)	(1,169)	-
Contributions to Expenditure		(327)	(27)	-
<b>Total Income</b>		<b>(15,842)</b>	<b>(15,842)</b>	<b>-</b>
Repairs and Maintenance	1	2,871	2,919	48
Supervision and Management	2	3,023	3,015	(8)
Rents, rates, taxes and other charges		76	76	-
Depreciation		3,124	3,124	-
Movement in the allowance for bad debts		221	221	-
Statutory recharge to the HRA for support services		1,648	1,648	-
<b>Total Expenditure</b>		<b>10,963</b>	<b>11,003</b>	<b>40</b>
<b>Contribution from Operations</b>		<b>(4,879)</b>	<b>(4,839)</b>	<b>40</b>
Investment Income		(161)	(161)	-
Interest Payable on £67.456m		2,347	2,347	-
Capital expenditure charged in year		-	-	-
Other Adjustments		-	-	-
<b>Net (Surplus)/Deficit</b>		<b>(2,693)</b>	<b>(2,653)</b>	<b>40</b>

**Notes to Table 2:**

1. **Repairs and Maintenance £48k overspent** – The Housing Repairs team are in the process of purchasing new vehicles through the capital programme, the existing lease vehicles are at the end of their useful life and present increased operational costs. In some cases it has been more cost effective to de-hire existing vehicles and use short terms rental vehicles instead. In returning some of the existing fleet, charges have become due under the terms of the lease hire agreement. There are currently some vacancies within the team which are being temporarily fulfilled through agency staff, presenting additional costs.
2. **Supervision and Management – (£8k) underspent** – Less requirement for repairs budget in Community Facilities

## Section 3 – Reserves

**Table 3 - General Fund Reserves**

Reserve	Balance 31 March 2019 £'000	Contribution to Reserve £'000	Use of Reserve (Capital) £'000	Use of Reserve (Revenue) £'000	Balance 31 March 2020 £'000	Comments
<b>Transformation</b>	(299)		36	61	(202)	<p><b>Uses</b>  <b>Capital</b> - £3k Self-service portal; £33k Public Protection Software.  <b>Revenue</b> - £31k interim programme manager; £30k National Graduate Trainee;</p>
<b>Investment and Growth</b>	(5,489)	(1,083)	2,980	1,094	(2,498)	<p><b>Contributions</b> - £52k Green Waste Revenue; £1,002k New Homes Bonus; £29k Leisure Management return.  <b>Uses</b> –  <b>Capital</b> – £1,000k Capital Investment fund; £213k PSPS Transformation; £835k Crease Drove Industrial Units; £300k Food Enterprise Zone contribution; £20k Garden Waste capital; £35k Grounds maintenance equipment; £143k Leisure Management mobilisation; £324k Priory Road Accommodation; £65k ICT infrastructure; £45k Office 365;  <b>Revenue</b> - £500k Community Investment Fund; £60k asset review programme; £147k Digital Strategy; £75k Executive Programme Manager (HIF); £22k Shared External Grants Officer; £120k Delivery Unit resourcing; £13k Kings Road access legal costs; £10k Priory Road Accommodation; £95k Northern Spalding SUE; £20k Ocella Development Control Software; £32k Office 365;</p>

<b>Earmarked Grants</b>	(394)	-	-	95	<b>(299)</b>	<b>Uses</b> <b>Revenue</b> – £95k Homelessness Reduction;
<b>Council Tax</b>	(2,348)	(1,276)	487	403	<b>(2,734)</b>	<b>Contributions</b> – NDR Surplus on collection fund. <b>Uses</b> <b>Capital</b> – £64k Members IT refresh; £377k Grants for Growth; £46k South Holland Centre. <b>Revenue</b> - £3k Ayscoughfee Hall Portraits; £4k Welland Homes Project; £247k Pride in South Holland; £19k Shared Information Governance Officer; £130k District Election;
<b>Replacement and Refurbishment</b>	(172)	(141)	-	100	<b>(213)</b>	<b>Contributions</b> - £5k Power Station equipment contribution; £136k Revenue contribution to Replacement and Refurbishment Reserve. <b>Uses</b> <b>Revenue</b> - £23k Condition Surveys; £77k contribution to programmed maintenance spend.
<b>Total Specific General Fund Reserves</b>	<b>(8,702)</b>	<b>(2,500)</b>	<b>3,503</b>	<b>1,753</b>	<b>(5,946)</b>	
General Reserve	(2,078)	-	-	-	<b>(2,078)</b>	
<b>Total Reserves</b>	<b>(10,780)</b>	<b>(2,500)</b>	<b>3,503</b>	<b>1,753</b>	<b>(8,024)</b>	

**Table 4 – Housing Revenue Account Reserves**

	<b>Balance 31 March 2018 £'000</b>	<b>Contributions to Reserve £'000</b>	<b>Use of Reserve £'000</b>	<b>Balance 31 March 2019 £'000</b>	<b>Comments</b>
HRA Working Balance:	(16,575)	(2,653)	3,710	(15,518)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	0	0	(200)	
Major Repairs Reserve	(4,684)	(3,124)	7,808	-	
	<b>(21,459)</b>	<b>(5,777)</b>	<b>11,518</b>	<b>(15,718)</b>	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 19/20 capital programme spend

## Section 4 – Capital

The Budget presented at June Cabinet showed expenditure of £7,477k, the following items have been agreed at Council since that report:

**Table 5 – General Fund Capital Programme additions**

	Movement £'000
<b>2019/20 Capital Programme Budget as at 18<sup>th</sup> June 2019</b>	<b>7,477</b>
Priory Road Fire Doors & Access	12
Inclusion of additional approved spend for Food Enterprise Zone	800
Operational Acquisition	2,500
Capital Acquisitions re Growth and Commercialisation	225
HIF Funding	1,000
Fleet Maintenance Vehicles	170
<b>Net Movement</b>	<b>4,707</b>
<b>2019/20 Revised Capital Programme as at 10<sup>th</sup> September 2019</b>	<b>12,184</b>

**Table 6 – General Fund Progress against 2019/20 approved capital programme**

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
<b>ICT</b>				
ICT Infrastructure		82	82	-
Self Service SHDC Reception		3	-	(3)
Shared Public Protection Software		67	67	-
Office 365 Additional Spend		45	45	-
PSPS Transformation Investment 60%GF	1	213	146	(67)
Members ICT Equipment Refresh		19	19	-
<b>Total ICT</b>		<b>429</b>	<b>359</b>	<b>(70)</b>
<b>Assets and Property</b>				
Priory Road – Heating & Access		68	68	-
Priory Road - Central Heating		65	65	-
Priory Road- Fire Doors & Access		36	36	-
Priory Road – Toilets		30	30	-
Priory Road - Lift		42	42	-
South Holland Centre		46	46	-
Priory Road – LCC Registrars		83	83	-
Operational Acquisition		2,500	2,500	-
<b>Total Assets and Property</b>		<b>2,870</b>	<b>2,870</b>	<b>-</b>
<b>Commercialisation</b>				
Capital Acquisitions re Growth & Commercialisation		1,225	1,225	-
Electric Vehicle Charging	2	17	27	10
<b>Total Commercialisation</b>		<b>1,242</b>	<b>1,252</b>	<b>10</b>
<b>Economic Development</b>				
Crease Drove Industrial Units		1,195	1,195	-
Grants for Growth		377	377	-
Food Enterprise Zone		1,100	1,100	-
HIF Funding		1,000	1,000	-
<b>Total Economic Development</b>		<b>3,672</b>	<b>3,672</b>	<b>-</b>
<b>Environmental services</b>				
Garden Waste		21	21	-
Grounds Maintenance		35	37	2

Fleet Maintenance Vehicles (3)		170	170	-
<b>Total Environmental Services</b>		<b>226</b>	<b>228</b>	<b>2</b>
<b>Housing</b>				
Disabled Facilities Grants – Private Sector Housing		585	585	-
Decent Homes Unfit and Disrepair		75	75	-
Welland Homes	3	2,942	1,698	(1,244)
<b>Total Housing</b>		<b>3,602</b>	<b>2,358</b>	<b>(1,244)</b>
<b>Loans</b>				
Asset Investment		143	143	-
<b>Total Loans</b>		<b>143</b>	<b>143</b>	<b>-</b>
<b>TOTAL</b>		<b>12,184</b>	<b>10,882</b>	<b>(1,302)</b>
<b>Financing of Approved Schemes</b>				
Borrowing		(5,442)	(4,198)	1,244
Capital Receipts		(360)	(360)	-
Grants & Contributions		(1,088)	(1,098)	(10)
Direct revenue Financing		(5,295)	(5,226)	68
<b>Total Financing of Approved Schemes</b>		<b>(12,184)</b>	<b>(10,882)</b>	<b>1,302</b>

The Capital Programme above reflects the funds that have been brought forward from 18/19 and is monitored monthly with programme managers.

**Notes to Table 6:**

1. **PSPS Transformation Reserve - (£67k)** – £146k (60% of total spend) is forecasted this financial year, with the balance likely to be carried over to 2020/21
2. **Electric Vehicle Charging – £10k Under budgeted but fully funded by Grant.**
3. **Welland Homes – (£1,244k)** Original Budget in Line with Business plan but no fixed plan for 10 properties budgeted at the end of the year. A new scheme has recently been approved at Bentley close for the purchase of 5 dwellings and is included in the revised forecast.

## HRA Progress against 2019/20 approved capital programme

The Budget presented at June cabinet showed expenditure of £14,875k, the following items have been agreed at Council since that report:

**Table 7 – HRA Capital Programme additions**

	<b>Movement £'000</b>
<b>2019/20 Capital Programme Budget as at 18<sup>th</sup> June 2019</b>	<b>14,875</b>
Additional Spend on CSU vans	16
CSU Vans Spend reprogrammed	(253)
Purchase of Units Reprogrammed	(1,501)
<b>Net Movement</b>	<b>(1,738)</b>
<b>2019/20 Revised Capital Programme as at 10<sup>th</sup> September 2019</b>	<b>13,137</b>

**Table 8 – HRA Capital Programme**

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
<b><u>Decent Homes</u></b>				
Central Heating		1,054	1,054	-
Kitchen / Bathroom		1,192	1,192	-
Electrical Upgrade		75	75	-
Gutters	1	268	200	(68)
Roofs & Gutters		525	525	-
Chimneys		177	177	-
Paths and Drives		36	36	-
Boundary Walls		92	92	-
Fees		206	206	-
Flat Entrance Doors – Sheltered Schemes		150	150	-
Fire Doors - Lansdowne court		75	75	-
<b>Total Decent Homes</b>		<b>3,850</b>	<b>3,782</b>	<b>(68)</b>
<b><u>Major Area Schemes</u></b>				
Sewage Treatment Plant		204	204	-
The Square		338	338	-
Car Parks		65	65	-
<b>Total Major Area Schemes</b>		<b>607</b>	<b>607</b>	<b>-</b>
<b><u>IT / Systems</u></b>				
ICT Strategy		86	86	-
Housing IT Systems Upgrade		359	359	-
CPBS Transformation Investment 40% HRA	2	142	98	(44)
<b>Total IT / Systems</b>		<b>587</b>	<b>543</b>	<b>(44)</b>
<b><u>Aids &amp; Adaptations</u></b>				
Major Adaptations		383	383	-
<b>Total Aids &amp; Adaptations</b>		<b>383</b>	<b>383</b>	<b>-</b>
<b><u>Vehicles</u></b>				
CSU Vehicle Replacement		269	269	-
<b>Total Vehicles</b>		<b>269</b>	<b>269</b>	<b>-</b>
<b><u>Environmental services</u></b>				
Grounds Maintenance		12	13	1
<b>Total Environmental services</b>		<b>12</b>	<b>13</b>	<b>1</b>
<b><u>Affordable Housing</u></b>				
Weston Redevelopment Scheme – Small drove	3	3,716	3,716	-

Severn Road Development Scheme		2,930	2,930	-
Purchase of Units – Ashwood Homes	4	783	808	25
<b>Total Affordable Housing</b>		<b>7,429</b>	<b>7,454</b>	<b>25</b>
<b>TOTAL</b>		<b>13,137</b>	<b>13,051</b>	<b>(86)</b>
<b>Financing of Approved Schemes</b>				
Capital Receipts		(223)	(223)	
Shared Ownership Sale Proceeds		(210)	(210)	
Grants & Contributions		(1,100)	(1,100)	
Major Repairs Reserve		(7,808)	(7,808)	
Direct revenue Financing		(3,796)	(3,710)	86
<b>Total Financing of Approved Schemes</b>		<b>(13,137)</b>	<b>(13,051)</b>	<b>86</b>

**Notes to Table 1:**

1. **Decent Homes Gutters (£68k)** – Work required less onerous than forecasted therefore spend will be less.
2. **PSPS Transformation Reserve (£44k)** – £98k (40% of total spend) is forecasted this financial year, with the balance likely to be carried over to 2020/21
3. **Weston Redevelopment Scheme** – This project has been delayed due to a technical issue, as yet we have been given no indication of the effect of the delay in terms of costs or timing of spend
4. **Purchase of Units Ashwood Homes (£25k)** – Timing Difference – no change to total project cost

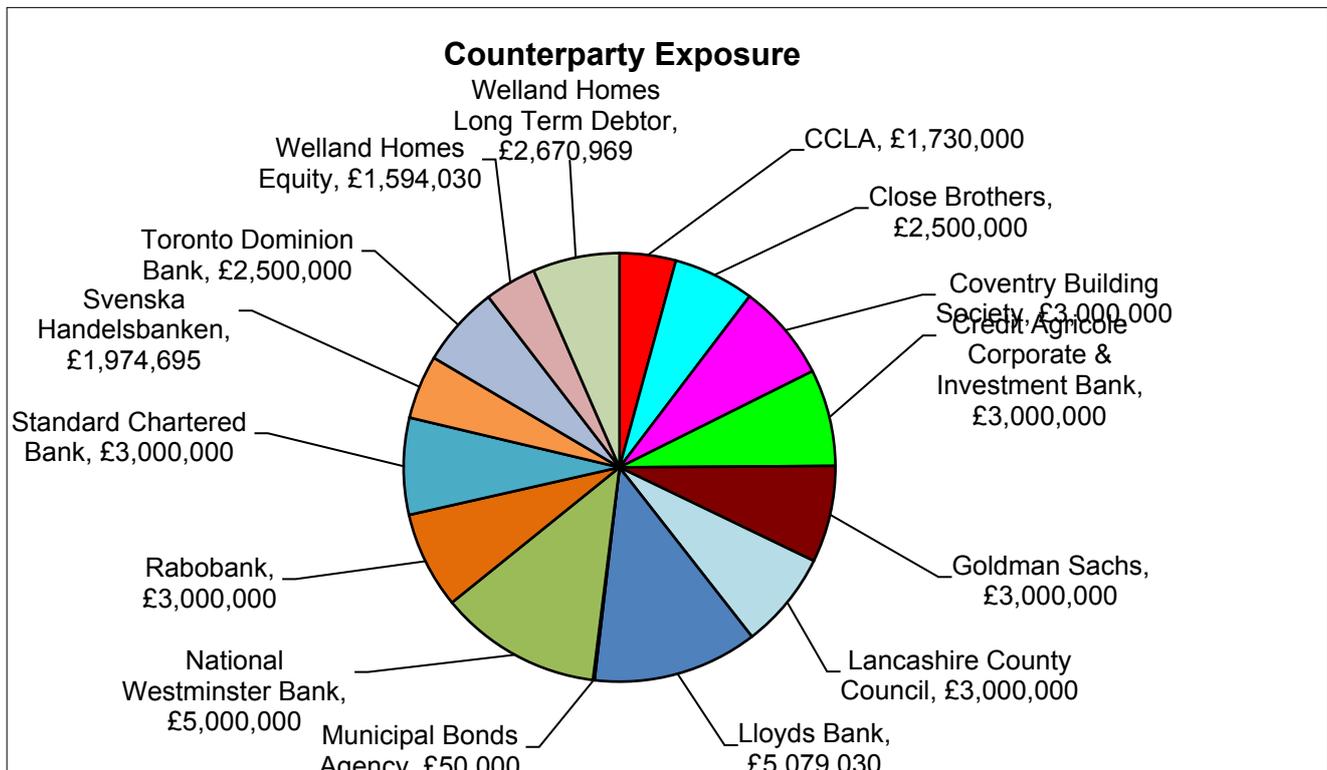
## Section 5 – Treasury

### 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 Link 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 excluding accrued interest.



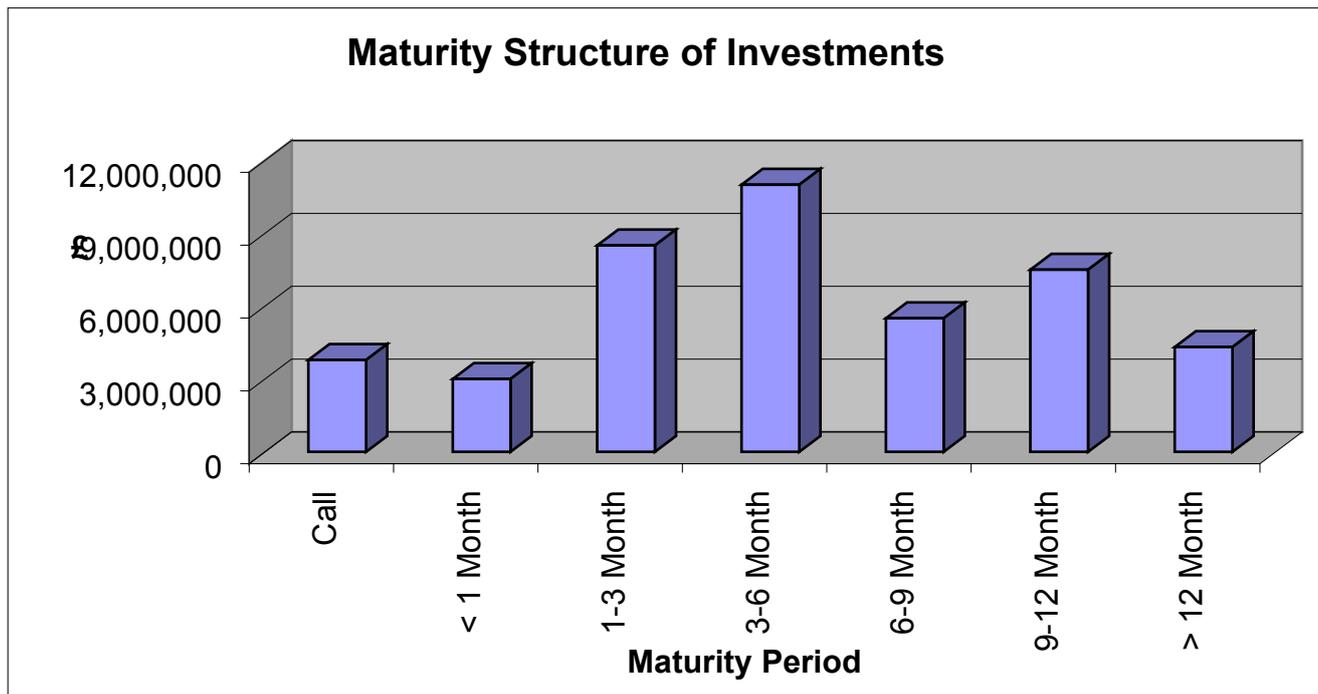
### Cash

The Council's average level of treasury deposits during 2019/20 was £42.5m and non-treasury deposits was £4.3m.

As at 30 June 2019 investments held were £43.65m of which £3.8m was instant access cash available to meet cash flow requirements. Other investments based on cost were made up of:

- £35.5m - short term investments up to 12 months
- £1.6m - Welland Homes equity
- £50k – Municipal Bond Agency Equity
- £2.7m - loans to Welland Homes

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



**Yield**

Budgeted Interest 2019/20	£520k (£359k GF and £161k HRA)
Actual Interest achieved Q1 2019/20	£133k
Profiled budget Q1 2019/20	£130k
Target yield (Average 3 month LIBID)	0.679%
Actual Yield achieved for 2019/20	1.180%
Actual Yield achieved for 2018/19	0.956%

As at Q1 investment interest was £3k above the profiled budget.

**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.

For reference purposes, the chart below shows the PWLB borrowing rates for new loans over the last year.



## SOUTH HOLLAND DISTRICT COUNCIL

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

**To:** Cabinet Tuesday, 10 September 2019

**(Author:** Sharon Hammond, Mark Woolerton Head of Revenues and Benefits, Revenues and Recovery Team Leader)

**Subject** Debt Write Off

**Purpose:** To seek approval for the write off of uncollectable Business Rates debt.

### **Recommendations:**

- 1) That the amounts identified in this report are approved for write off.
- 2) To note the amounts written off under delegated powers.

### **1.0 BACKGROUND**

- 1.1 Efficient and well administered debt management is crucial to the Council. Debt Management and Operational Debt Write Off Policies were approved by Cabinet in July 2017. Further information about the statutory requirements and processes relating to recovery and enforcement of debt was provided at a presentation to Cabinet Members in February 2018.
- 1.2 The last write off report was presented to Cabinet on 12 March 2019, with a total of £1,729.94 Business Rates debt approved for write off at that meeting.

### **2.0 WRITE OFFS FOR CABINET APPROVAL**

- 2.1 A review of collectability of outstanding debts has concluded that recovery and enforcement options in respect of the Business Rates debts presented in this report have been considered, and exhausted, and Cabinet approval for write off is now requested.
- 2.2 The need to write off debt can arise for a number of reasons, including insolvency, ceased trading with no assets, or deceased with insufficient funds in the estate. All methods of recovery are considered and pursued in line with legislative provision, before making the decision to write off. This can include internal recovery action, use of debt enforcement agents, external tracing agents and procedures through the Courts.

- 2.3 A summary of these debts is shown in the table below, totalling £127,481.26 (of which the indicative loss to South Holland District Council is £50,992.50).

<b>Reason for Write Off</b>	<b>Amount</b>
Insolvency	£107,927.00
Uncollectable	£ 19,554.26
<b>Total</b>	<b>£127,481.26</b>

- 2.4 Details of individual debts are shown in confidential Appendix A to this report. The reason provided for write-off is consistent with the policy approved by Cabinet. Where applicable, multiple debts for an entity are shown together.
- 2.5 A copy of the Operational Debt Write-Off Policy, originally approved by Cabinet in July 2017, is provided for reference at Appendix B:
- 2.6 In line with the policy, prior to this report being presented, consultation has taken place with the Section 151 Officer and the Portfolio Holder for Finance. Cabinet Members can therefore be assured that the debts listed are irrecoverable, and that write off is the correct course of action.
- 2.7 All debt approved for write off will be set against existing bad debt provisions and can be resurrected in full or in part at any time should new information come to light suggesting that they might be recoverable after all. In all cases collection options have been exhausted and there is no realistic prospect of recovery.

## 2.8 **DELEGATED WRITE OFFS**

- 2.9 The S151 Officer has also written off £901.82 (1 debt) in relation to Business Rates sums outstanding below £1,050.

## 3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 **Write Offs** All recovery methods have been considered and where appropriate pursued, before making the decision to write off. Officer time can be maximised on greatest returns, at the same time as ensuring robust procedures for debt management are in place across all revenues streams.

## 4.0 **EXPECTED BENEFITS**

- 4.1 The Council has a clear position in terms of uncollectable debt, and its bad debt position.

## 5.0 **IMPLICATIONS**

### 5.1 **Financial**

- 5.1.1 Clear processes for the writing off of irrecoverable debt represents sound financial management practice. Provision for bad debt is made in Council accounts.

## 5.2 Risk Management

5.2.1 By the nature, volume and value of annual revenue to the council there will always be uncollectable amounts which will be recommended for write off once avenues to recover are exhausted. Provision for bad debt is made and reviewed regularly.

## 6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

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Background papers:- Debt Management Policy

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### Lead Contact Officer

Name and Post: Sharon Hammond, Head of Revenues and Benefits  
Telephone Number  
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**Key Decision:** N

**Exempt Decision:** Y

**This report refers to a Mandatory Service**

**Confidential Appendices A and B attached to this report:**

**(Please note that the following appendices are not for publication by virtue of Paragraphs 1 (Information relating to any individual), 2 (Information which is likely to reveal the identity of any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))**

**Appendices attached to this report:**

Appendix A Business Rates Debts  
Appendix B Operational Debt Write Off Policy

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