

South Holland District Council

Financial Report for the Year Ending 31 March 2019

General Fund Revenue Outturn

The total General Fund (GF) budget requirement for the year was £12,959k as approved by Council on 8 March 2018.

The GF outturn position is an underspend of £632k (**Table 1**). This position required some support from reserves for unplanned expenditure. 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
Commercialisation				
Commercialisation	1	397	244	(153)
Economic Development	2	122	151	29
Finance	3	522	505	(17)
Revenues and Benefits	4	297	478	181
Total – Commercialisation		1,337	1,378	(41)
Place				
Assets and Property	5	(37)	(6)	31
Building Control	6	22	(18)	(40)
Community Development		1,116	1,120	4
Environmental Services	7	3,084	3,343	259
Housing	8	181	255	74
Planning	9	(226)	(495)	(269)
Investment properties		(90)	(87)	3
Spalding Special Expenses	10	41	27	(14)
Total - Place		4,090	4,138	48
Strategy and Governance				
Corporate Improvement and Performance		127	136	9
Moving Forward	11	103	-	103
Communications		124	126	2
Corporate Management	12	562	584	22
Democratic Services	13	996	1037	41
HR	14	741	730	(11)
Public Protection		413	421	8
IT and Customer Services	15	1,174	1145	(29)
Total - Strategy and Governance		4,034	4,179	145
Statutory recharge to the HRA for support services (*)		(1,461)	(1,465)	(4)

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Internal Drainage Boards & Parish Precepts		3,178	3,179	1
Investment Income	16	(229)	(302)	(73)
Transfers to Reserves	17	1,814	1,864	50
Increase/ (Decrease) in Impairment Allowance	18	196	(62)	(258)
Total Cost of Services		12,959	12,909	(50)
Financing				
Government Grants	19	(2,213)	(2,457)	(244)
Council Tax		(5,721)	(5,721)	-
Retained Business Rates	20	(5,025)	(5,363)	(338)
Total Financing		(12,959)	(13,541)	(582)
Variance		-	(632)	(632)

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 (£153k) underspent.**

- Planning Policy is underspent by £49k due to vacant posts partially off-set by agency staff and recruitment costs.
- Strategy and Enabling is underspent by £44k due to delays in recruitment partially off-set by agency staff costs, reduced Shared Management income and reduced recharges to the HRA, Capital and Welland Homes
- Lower spend on professional fees for Delivery Unit (£57k) due to re-profiling of project timescales.

2. **Economic Development +£29k Overspent.**

- Lower than anticipated rechargeable costs against Grants4Growth grant claims.

3. **Finance (£17k) Underspent.**

- EU exit grant received from MHCLG (£17k) included on outturn surplus to be earmarked in reserves for use on Environmental Services and Food Safety.
- Insurance costs lower than budgeted (£7k) as a result of the recharge basis and Internal Audit fees lower than budgeted by (£7k).
- This is offset by an increased cost of bank charges £8.5k and other office supply costs of £4.5k.

4. **Revenues and Benefits +£181k Overspent.**

- Increased spend on B&B accommodation for Homelessness following the introduction of the Homelessness Reduction Act, which only attracts subsidy up to capped limits, amounts over the cap are at a cost to the Council.
- This pressure has been offset by higher than budgeted court cost income and council tax penalties (£30k) and NDR court income (£24k).

5. **Assets and Property +£30k overspent.**
 - Industrial unit vacancies in year reduced rental income to a net underachievement of £8k,
 - Programmed maintenance and Supplies and services overspent £17k and claim paid out £9k.

6. **Building Control (£40k) underspent.**
 - Building control fees favourable (£25k).
 - Lower contractor costs for external plan checking now being carried out in-house (£18k).

7. **Environmental Services +£259k.**
 - Car park income below budget £75k resulting from delay in replacement of car park machine and reduction in car parking ticket purchases.
 - Garden Waste income £63k below budget, due to phased implementation partially offset by reduced marketing spend (£35k).
 - Markets income down £21k due to decreased uptake of market stall rentals throughout the year.
 - Additional income recharged for grass cutting (£30k).
 - Unachieved salary efficiency target £71k as a result of operational teams not being able to carry vacancies.
 - Collection of sharps costs increased £14k due to increased demand.
 - Fuel costs overspend £46k, additional insurance recharges £21k and
 - General utilities and service running costs over budget by £27k across premises, insurance and employee costs.

8. **Housing +£74k overspent**
 - Additional resourcing requirements for the team, employees £48k and software £10k, due to additional work as a result of the Homelessness Reduction Act, partially funded from government grants.
 - Homelessness B & B Accommodation up significantly due to the implications of the Homelessness Reduction Act.

9. **Planning (£269k) underspent.**
 - Planning Application fees have increased by (£249k) of which £71k transferred to reserves (20% additional fee increase).
 - Lower than anticipated spend on employees and professional fees (£92k) due to in-house provision and lower than budgeted demand.

10. **Spalding Special Expenses (£14k) underspent.**
 - The budget for this activity is financed by a charge to residents of Spalding and its earmarked reserves and should balance over time. In doing so the budget and spend includes support service recharges when calculating the year-end position and the amount of contribution from the reserve. The contribution from the Spalding Special Reserve is £26k to cover costs of Halley Stewart urgent rewire, contingency for water mains pipe repair and lower than budgeted income from Ayscoughfee Gardens. The figures in the table above exclude recharges but include the full amount of reserve contribution, resulting in the favourable balance of (£14k).

11. **Moving Forward +£103k overspent.**
 - Value of Moving Forward saving target.

12. Corporate Management +£22k overspent.

- Recruitment fees £14k and additional supplies and service support costs for management administration £6k.

13. Democratic Services +£49k overspent.

- Procurement Savings of £34k have been accounted for in the relevant other service areas.
- Members National Insurance costs £15k.

14. Human Resources (£11k) underspent.

- Staff training costs are under budget £5k and employee costs are under budget £5k due to later than budgeted apprenticeship recruitment.

15. IT and Customer Services (£29k) underspent.

- A net underspend on IT maintenance and contractor costs.

16. Investment Income (£73k) underspent.

- Higher than anticipated interest rates available in the market during the second half of the financial year and higher than anticipated levels of investment balances.

17. Transfer to Reserves +£50k overspent.

- The value budgeted in relation to funding of works under the Decent Homes Standard was understated by £50k for 2018/19.

18. Decrease in Impairment allowance (£258k) underspent.

- The provision for bad debt has been reviewed on the basis of better than anticipated performance of overpaid housing benefits with lower than anticipated impact of changes from Universal Credit at this time.

19. Government Grants (£244k) underspent.

- Gains on S31 grants as a result of multiplier calculation change (£186k), additional grant regarding discretionary relief not budgeted for.

20. Retained Business Rates (£338k) underspent.

- (£17k) gain from renewable energy from 17/18 released in 18/19. The Council was required to pay an additional tariff of £331k to the government due to a change in the business rates revaluation adjustment. This was a late notification as part of the settlement for 2018/19 and it was budgeted for as part of the 2018/19 budget. However, as part of the closure of the 2017/18 accounts this was accrued back into the 2017/18 accounts. CIPFA issued advice that this is how it should be treated in the 2017/18 accounts as the adjustment related to the revaluation with effect from 1 April 2017. This accrual provided a positive benefit for 2018/19.

Housing Revenue Account

Table 2 – HRA Revenue Outturn

The outturn for the HRA shows a favourable position of £684,000 underspend.

Service Area	Note	Budget £'000	Actual Outturn £'000	Variance £'000
Rent Income - Dwellings	1	(14,713)	(14,814)	(101)
Charges for Services and Facilities	2	(1,154)	(1,194)	(40)
Contributions to Expenditure	3	(37)	(11)	26
Total Income		(15,904)	(16,019)	(115)
Repairs and Maintenance	4	3,156	2,981	(175)
Supervision and Management	5	2,693	2,514	(179)
Rents, rates, taxes and other charges	6	78	59	(19)
Depreciation	7	2,923	3,058	135
Statutory recharge to the HRA for support services		1,461	1,465	4
Total Expenditure		10,311	10,077	(234)
Contribution from Operations		(5,593)	(5,942)	(349)
Movement in the allowance for bad debts	8	169	54	(115)
Investment Income	9	(62)	(130)	(68)
Interest Payable on £67.456m		2,347	2,347	-
Capital expenditure charged in year		-	-	-
Transfer to MRR and Other Adjustments	10	-	(152)	(152)
Net (Surplus)/Deficit		(3,139)	(3,823)	(684)

Notes to Table 2:

- Rent Income Dwellings (£101k) additional income.**
- Charges for Services and Facilities (£40k) underspent** – Lifeline income within sheltered housing is £55k above budget. Income from Community centres is demand driven and is forecasting to be £18k below budget.
- Contributions to Expenditure – +£26k overspent** - £10k recharge of costs to outside bodies is recovered under repairs and maintenance below, court income £20k lower.
- Repairs and Maintenance (£175k) underspent** – Underspend on Professional and Contractors fees due to projects delayed. Responsive and Void maintenance cost were lower than expected. There were also savings on vehicle lease costs.
- Supervision and Management (£179k) underspent** – Professional Fees on Housing Enabling underspend (£90k) as projects behind plan due to management changes. Furniture and equipment under budget (£53k) as large replacement undertaken last year therefore not required this year, and no Ground Maintenance costs within community centres as included in staff allocations (£27k). Further savings on repairs (£86k), due to management changes during the year. The underspend was reduced by contributions for for the HRA Accountant £47k, which was agreed to be funded by the HRA, post last year's budget, and a General Fund charge for £30k for footpath lighting.

6. **Rents Rates Taxes and Other Charges (£19k) underspent**– Actual levels for sheltered housing council tax less than budgeted and budgeted charges for Short Street not materialising.
7. **Depreciation – +£135k Overspent.** Effect of revaluations, additional ICT Infrastructure last year and amortisation of Intangible assets.
8. **Movement in the allowance for bad debts (£115k) underspent** – Budget was set high due to unknown impact of universal credit, position will continued to be monitored.
9. **Investment Income (£68k) additional income** - Increased interest rate returns.
10. **Transfer to MRR and Other Adjustments (£152k)** – These are year end Statutory Adjustments, which include, Pension fund adjustments, revaluation adjustments and gains on sale of property.

RESERVES

Table 3 – General Fund Reserves

Reserve	Balance 31 March 2018 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2019 £'000	Comments
Transformation	(599)	-	300	(299)	Use – Leisure Provision Play Strategy £16k; Asset Review £60k; EMT Development £4k; Strategic Property advice £22k; Senior Policy Advisor £23k; National Graduate Trainee Scheme £19k; Public Protection Commercialisation £10k; Car Park machines £40k; iTrent Phase 3 £6k; Priory Road self-serve portals £7k; GIS system £10k; Smart Screens £28k; Interim Programme Manager £17k; Public Protection Software £38k.
Investment and Growth	(5,218)	(1,078)	807	(5,489)	Contributions - Planning Fee Income £71k; New Homes Bonus £1,007k Uses – Green Waste £250k; HIF Programme Manager £65k; Northern Spalding SUE £5k; Priory Road Accommodation £10k; Leisure Sports Equipment £50k; Leisure Contract Contract mobilisation £65k; External Grants Staff £16k; Asset Review £38k; Delivery Unit, Planning for Growth £15k; Priory Road £92k; Grounds Maintenance Equipment £33k.
Earmarked Grants	(313)	(128)	47	(394)	Contributions – Flexible Homelessness Support Grant £96k; DCLG Custom Build Grant £30k;

Reserve	Balance 31 March 2018 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2019 £'000	Comments
					S106 net contribution £2k Uses - DCLG Custom Build Grant £4k; Flexible Homelessness Support Grant £43k;
Council Tax	(1,299)	(1,557)	508	(2,348)	Contributions – Business Rates Surplus 2018/19 £722k; Grants for Growth Receipts £196k; Elections Receipts £4k; General Fund Surplus £632k; Members Budgets £3k. Uses – Pride in South Holland £119k; Sports Centre Maintenance £13k; Members ICT £26k; Data Protection Staff (shared) £23k; Members Budgets £78k; South Holland Centre Emergency Works £204k; Electric Vehicle charging points £2k; Spalding Town Forum £26k; South Holland Centre Equipment £17k.
Replacement and Refurbishment	(189)	(141)	158	(172)	Contributions – Budget Contribution £136k; Power Station Equipment Receipts £5k. Uses – Ayscoughfee Hall Fire Safety £53k; Condition Surveys £9k; Leisure Feasibility £32k; Planned use of Reserve in support of annual programme £64k.
Total Specific Reserves	(7,618)	(2,904)	1,820	(8,702)	
General Reserve	(2,078)	-	-	(2,078)	
Total Reserves	(9,696)	(2,904)	1,820	(10,780)	

Table 4 – Housing Revenue Account Reserves

	Balance 31 March 2018	Contributions to Reserve	Use of Reserve	Balance 31 March 2019	Comments
	£'000	£'000	£'000	£'000	
HRA Working Balance:	(12,752)	(3,823)	0	(16,575)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	0	0	(200)	
Major Repairs Reserve	(6,435)	(3,058)	4,809	(4,684)	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 18/19 capital programme spend
	(19,387)	(6,881)	4,809	(21,459)	

CAPITAL PROGRAMME

Table 5 – General Fund Capital Outturn

Project	Note	Budget 2018/19 £'000	Actual Outturn 2018/19 £'000	Variance (under)/ overspend £'000
Disabled Facilities Grants	1	585	341	(244)
Decent Homes Unfit and Disrepair		75	17	(58)
Welland Homes	2	1,708	1,603	(105)
ICT Infrastructure	3	205	188	(17)
Digital Vision		27	28	1
Office 365 Additional Spend	4	45	0	(45)
GIS System		18	20	2
Grants for Growth	5	896	605	(291)
Garden Waste (bins and vehicle)	6	181	160	(21)
Car Park Machines		46	40	(6)
Crowland Play Equipment (S106)	7		153	153
Grounds Maintenance		38	33	(5)
SHDC Self Service Reception		10	7	(3)
Shared Public Protection Software	8	109	76	(33)
Members ICT Equipment Refresh	9	45	26	(19)
Priory Road	10	160	92	(68)
Priory Road Fire Doors & Access	10	24	-	(24)
South Holland Centre	11	250	204	(46)
Castle Sports – Boiler		18	13	(5)
South Holland Centre Light Desk	12	17	17	-
Castle Sports Equipment	13	50	50	-
Capital Acquisitions re Growth & Commercialisation		500	-	(500)
Asset Investment	14	143		(143)
Crease Drove	15	70	5	(65)
Total Approved Schemes		5,220	3,678	(1,542)
Financed By:				
Capital Receipts		302	193	109
Capital Grants and Contributions		1,620	1,164	456
Internal Borrowing		1,708	1,603	105
Revenue Resources		1,590	718	872
		5,220	3,678	1,542
Schemes Subject to Approval				
Digital vision		302	-	(302)
Total		302	-	(302)
Financed By:				
Capital Receipts		(302)	-	302
		(302)	-	302
Total All Schemes		5,522	3,678	(1,844)

Notes to Table 5:

1. **Disabled Facilities Grants (£244k)** – Forecast expenditure is based upon current scheme referrals from LCC. (Any unused grant is transferred to the Capital Grants unapplied reserve for future spend).
2. **Welland Homes (£105k)** - £253k in shares and £467k loan re Tenants Close, £884k Re Pankhurst Close (Parkside).
3. **ICT Infrastructure (£17k)** - Office 365 Project to be carried forward to 2019/20 remaining Budget to be re-profiled to 2019-20.
4. **Office 365 Additional Spend (£45K)** – Amendment to the Capital programme to support deployment of Office 365, project continues into 2019/20.
5. **Grants for Growth (£291k)** - Additional spend supported by grant income.
6. **Garden Waste bins and vehicles (£21k)** - Spend continues into 2019/20 to support costs for any project expansion.
7. **Crowland Play Equipment (£153k)** – S106 monies assigned whilst works are prepared.
8. **Shared Public protection System (£33k)** – This project continues delivery into 2019/20.
9. **Members ICT Equipment Refresh (£19k)** – Equipment purchased and some commitments have been supplied in the 2019/20 financial year.
10. **Priory Road Schemes (£92k)** – Project commitments were pending detailed design and commissioning and therefore have run into 2019/20.
11. **South Holland Centre (£46k)** – Essential work progressed and further works reprioritised for 2019/20.
12. **South Holland Centre Light Desk £17k** – Essential equipment replacement.
13. **Castle Sports Equipment £50k**- Costs to support transition of assets as a result of service provider changes.
14. **Asset Investment £143k)** – Leisure management investment to follow detailed plan due in 2019/20.
15. **Crease Drove (£65k)** – Scheme to take place during 2019/20.

As a result of the above project activity to the 31 March 2019, it is proposed that the Capital Programme for 2019-20 is updated as follows in Table 6 and is recommended for approval by Full Council.

Table 6 – General Fund Capital Programme Revised 2019/20

Project	Original Budget 2019/20 £'000	Budget c/f 2018/19 £'000	Revised Budget 2019/20 £'000
Disabled Facilities Grants	585	-	585
Decent Homes Unfit and Disrepair	75	-	75
Welland Homes	2,837	105	2,942
ICT Infrastructure	65	17	82
Grants for Growth	86	291	377
Office 365 Additional Spend	-	45	45
Members ICT Equipment Refresh	-	19	19
Garden Waste	-	21	21
South Holland Centre	-	46	46
Priory Road	137	68	205
Priory Road Tenancy	-	83	83
Priory Road Fire Doors & Access	-	24	24
SHDC Self service Reception	-	3	3
Shared Public Protection Software	34	33	67
Crease Drove Industrial Project	1,130	65	1,195
Grounds Maintenance	35	-	35
Food Enterprise Zone	300	-	300
Electric Vehicle Charging	17	-	17
Capital Acquisitions re Growth and Commercialisation	500	500	1,000
CPBS Transformation Investment 60% GF	213	-	213
Leisure Management investment	-	143	143
Total Approved Schemes	6,014	1,463	7,477
Financed By:			
Capital Receipts	(295)	(70)	(365)
Capital Grants and Contributions	(780)	-	(780)
Internal Borrowing	(2,837)	(105)	(2,942)
Revenue Resources	(2,102)	(1,288)	(3,390)
	(6,014)	(1,463)	(7,477)
Schemes Subject to Approval			
Food Enterprise Zone	791	-	791
Total	791	-	791
Financed By:			
Revenue Resources	(791)		(791)
	(791)	-	(791)
Total All Schemes	6,805	1,463	8,268

Table 7 – Housing Revenue Account Capital Outturn

Project	Budget 2018/19 £'000	Actual Outturn £'000	Variance (under)/ overspend £'000	Note
Central Heating Upgrade	1,613	1,379	(234)	1
Kitchen and Bathroom Replacement	1,169	1,248	79	1
Electrical Upgrade	156	46	(110)	1
Gutters	263	328	65	
Council House – Re-Roofing	425	352	(73)	1
Doors & Windows	3	-	(3)	
Chimneys	252	2	(250)	
Paths & Drives	36	6	(30)	
Boundary Walls	90	5	(85)	1
Fees	202	202	-	1
Decent Homes	4,209	3,568	(641)	
Sewerage Treatment Plant	100	96	(4)	2
The Square	187	99	(88)	
Car Parks	65	-	(65)	2
Major Area Schemes	352	195	(157)	
ICT Strategy	51	-	(51)	3
ICT Infrastructure	150	41	(109)	3
IT/System	201	41	(160)	
Major Adaptions	408	353	(55)	4
Aids & Adaptions	408	353	(55)	
CSU Vehicle Replacement	253	-	(253)	5
CSU Vehicle Replacement	253	-	(253)	5
Grounds Maintenance	12	12	-	
Environmental Services	12	12	-	
Weston Redevelopment – Small Drove	250	217	(33)	6
Severn Road Development	30	-	(30)	6
Purchase of Units – Ashwood Homes	2,000	499	(1,501)	7
Total Approved Schemes	2,280	716	(1,564)	
Total Approved Schemes	7715	4,885	(2,830)	
Financed By:				
Capital Receipts	(604)	(76)	(528)	
Direct Revenue Funding	-			
Major Repairs Reserve	(7,111)	(4,809)	(2,302)	
Grants and Contributions	-			
	(7,715)	(4,885)	(2,830)	

Notes to Table 7:

1. **Decent Homes (£641k)** – Contracts delayed in respect of Chimneys, Paths and Drives and Boundary Walls. Central heating underspend due to prior year adjustment. Kitchen and Bathroom programme overspend due to higher than anticipated programme works, and additional Electrical upgrades within the Kitchen refits. Electrical upgrades underspend due to the works being included within other areas (Heating and Kitchens & Bathrooms). Of the Decent homes underspend, only the £234k underspend on Central Heating will need to be carried forward. There are sufficient funds in the 2019/20 budget to cover the planned programme.
2. **Major Area Schemes (£157k)** – Window replacement in the scheme was deferred and £88k will be carried forward to 2019/20. The need to tender for works to Car Parks related to £40k of the £65k underspend being carried forward to 2019-20. £4k underspend on Sewage Treatment works will also be carried forward for planned works.
3. **ICT / System (£160k)** - implementation of an upgrade to Northgate Housing IT system, continues into spend to 2019-20.
4. **Aids & Adaptations (£55k)** – Programme is demand-led due to the nature of the works which relate to the health and ability of funding applicants and suitability of property.
5. **CSU Vehicle Replacement** – The procurement process and delivery lead time has resulted in a delivery due date of July 2019 with budget to be carried forward.
6. **New Build (£63k)** – Small Drove Weston Project started and due for completion in 2019-20. Severn Road Development has been budgeted for 2019/20 budget to allow development of detailed plans and decision.
7. **Purchase of Units (£1,501k)** – Underspend due to re-phasing in number of units for acquisition over 2 years. Included in 2019/20 and 2020/21 budgets.

As a result of the above project activity to the 31 March 2019, it is proposed that the Capital Programme for 2019-20 is updated as follows in Table 8 and is recommended for approval by Full Council.

Table 8 – Housing Revenue Account Capital Programme Revised 2019/20

Project	Original Budget 2019/20 £'000	Budget c/f 2018/19 £'000	Revised Budget 2019/20 £'000
Central Heating Upgrade	820	234	1,054
Kitchen and Bathroom Replacement	1,192		1192
Electrical Upgrade	75		75
Gutters	269		26
Council House – Re-Roofing	525		525
Roofs & Gutters	525		525
Flat Entrance Doors Sheltered Schemes	150		150
Chimneys	252		252
Paths & Drives	36		36
Boundary Walls	92		92
Fees	206		206
Decent Homes	3,617	234	3,851
Sewerage Treatment Plant	200	4	204
The Square	250	88	338
Car Parks	25	65	65
Major Area Schemes	475	132	607
ICT Strategy	35		35
Housing IT Systems Upgrade	250	160	410
CPBS Transformation Investment 40% HRA	142		142
IT/System	427	160	587
Major Adaptions	382		382
Aids & Adaptions	382		382
CSU Vehicle Replacement	253	253	506
CSU Vehicle Replacement	253	253	506
Grounds Maintenance	12	-	12
Environmental Services	12		12
Weston Redevelopment – Small Drove	3,683	33	3,716
Severn Road Development	2,900	30	2,930
Purchase of Units – Ashwood Homes	783	1,501	2,284
Schemes Subject to Detailed Approval	-		
Affordable Housing	7,366	1,564	8,930
Total Approved Schemes	12,532	2,343	14,875

	Original Budget 2019/20 £'000	Budget c/f 2018/19 £'000	Revised Budget 2019/20 £'000
Financed By:			
Capital Receipts	(223)		(223)
Shared Ownership Sale Proceeds	(210)		(210)
Direct Revenue Funding	(3,447)	(2,087)	(5,534)
Major Repairs Reserve	(7,552)	(256)	(7,808)
Grants and Contributions	(1,100)		(1,100)
	(12,532)	(2,343)	(14,875)

Capital Receipts

There were 21 right-to-buy sales during 2018/19, resulting in total net receipts for the year of £1.341m, before administration costs and pooling payments. There was a further £5k of land sales during 2018/19. There were no General Fund Receipts and the balance at 31 March 2019 is £635k.

Capital Receipts	£'000
RTB Sales	(1,341)
Recovered RTB Discount	(8)
Mortgages Payment Received	(1)
Loan Payment Received	(1)
Grants repaid	(30)
Total	(1,381)

Capital Financing Requirement (CFR)

Table 9 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 2018/19. Where the CFR is positive it denotes the need to borrow.

The CFR movement increases over previous years due to programmes relating to Welland Homes (£1.2m increase over 2018/19), Crease Drove Industrial Units (£1.195m new for 2019/20) and funding to be programmed for Growth and Commercialisation (£500k additional over 2018/19)

Table 9 – 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
Total	71,166	72,286	73,994	77,054
Movement in CFR	1,274	1,120	1,708	3,060

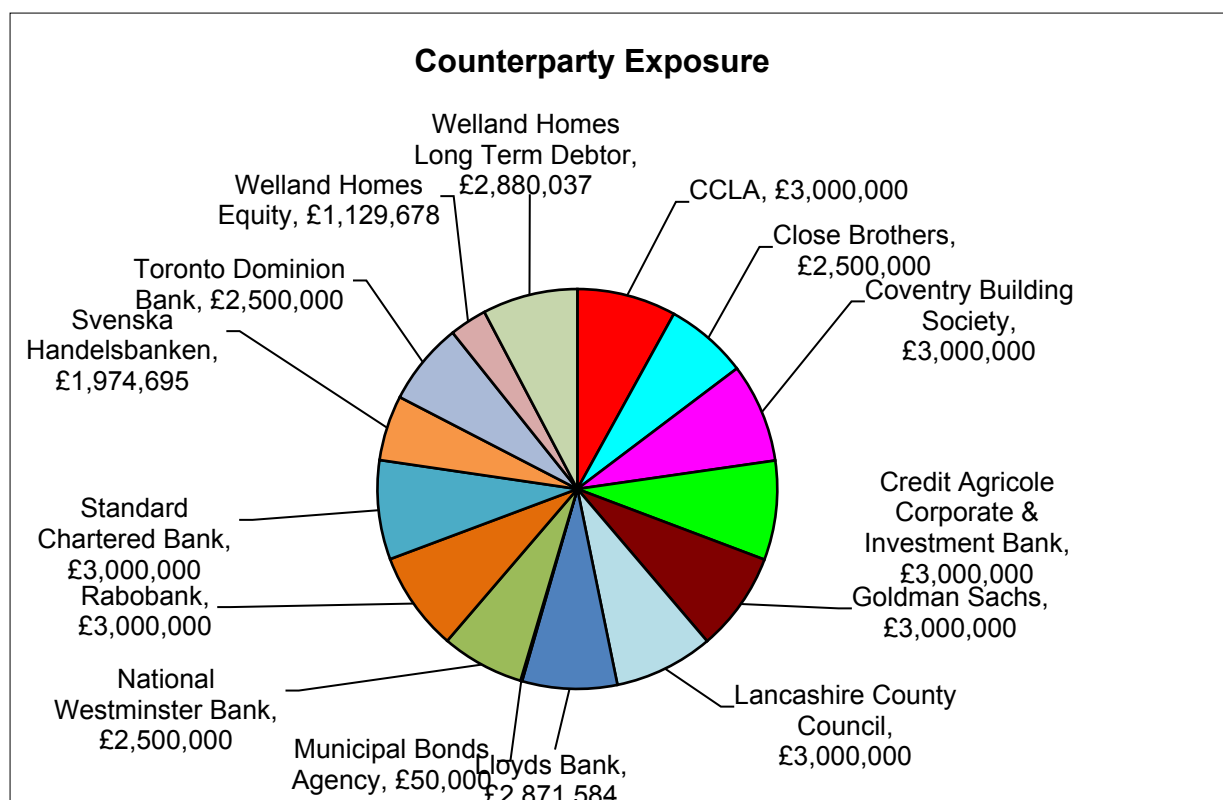
Treasury

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 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.

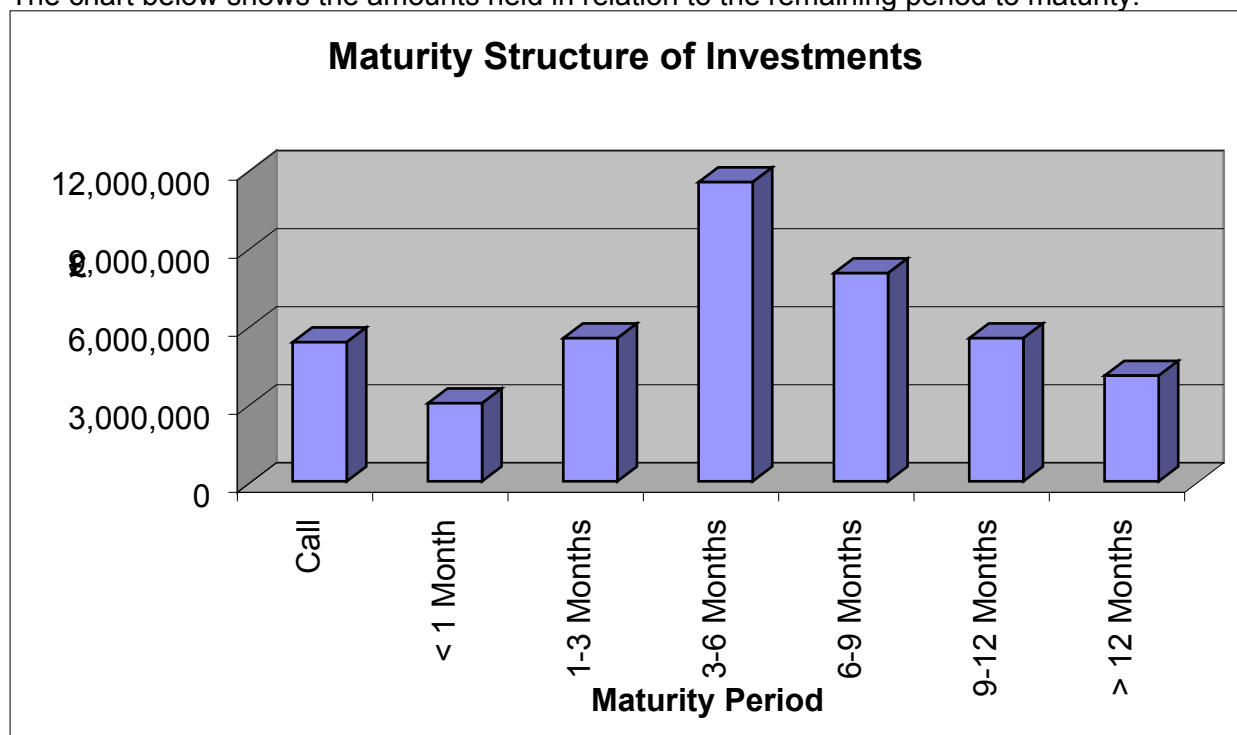


Cash

The Council's average level of treasury deposits during 2018/19 was £43.2m and non-treasury deposits was £1.9m. As at 31 March 2019 investments held were £42.9m of which £5.35m was instant access cash available to meet cash flow requirements. Other investments based on cost were made up of:

- £33.5m - short term investments up to 12 months
- £1.13m - Welland Homes equity
- £50k – Municipal Bond Agency Equity
- £2.88m - loans to Welland Homes

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



Yield

Budgeted Interest 2018/19	£258k (£196k Gen.Fund and £62k HRA)
Actual Interest achieved 2018/19	£431k (£301k Gen.Fund and £130k HRA)
Target yield (Average 3 month LIBID)	0.675%
Actual Yield achieved for 2017/18	0.956%
Actual Yield achieved for 2016/17	0.622%

The increased levels of investment interest achieved can be attributed to higher levels of investment balances being held, higher than anticipated interest rate levels during the second half of the financial year and the increase in the amount of interest received resulting from additional loans being made to Welland Homes.

External Borrowing

The Council borrowed £67.456m from the PWLB on 28th 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.

Year End Accounting

Following the introduction of IFRS9 Financial Instruments in 2018/19 the Council is required to measure its equity investments at Fair Value. This has resulted in the Council's long term equity in Welland Homes increasing by £400k and the South Holland Local Housing Community Interest Company equity increasing by £1m on the balance sheet.