

**South Holland District Council
Financial report for the Period ended 31 December 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 £673k, (4.92%) against the approved budget for 2019/20 of £13.7m, a movement of £132k from £541k as at Q2. This is comprised as follows:

	Forecast Outturn Q3 £000	Forecast Outturn Q2 £000	Adverse/ (Favourable) Movement £000
Net Service Overspend	804	570	234
Additional Financing Income	(131)	(29)	(102)
Net Overspend	673	541	132

Table 1 – General Fund Revenue Outturn

	Note	Revised Budget at Q3 £'000	Forecast Outturn at Q3 £'000	Forecast Variance at Q3 £'000	Forecast Variance at Q2 £'000	Movement Q2 to Q3 £'000
Commercialisation						
Commercialisation	1	437	423	(14)	(21)	7
Economic Development	2	106	115	9	14	(5)
Finance	3	756	729	(27)	(39)	12
Revenues and Benefits	4	436	458	22	(14)	36
Total – Commercialisation		1,735	1,725	(10)	(60)	50
Place						
Assets and Property	5	205	274	69	33	36
Building Control	6	(45)	(21)	24	(2)	26
Community Development	7	965	1,070	105	38	67
Environmental Services	8	3,598	3,686	88	49	39

	Note	Revised Budget at Q3 £'000	Forecast Outturn at Q3 £'000	Forecast Variance at Q3 £'000	Forecast Variance at Q2 £'000	Movement Q2 to Q3 £'000
Housing	9	248	652	404	280	124
Planning	10	(275)	(74)	201	264	(63)
Spalding Special Expenses		66	66	0	0	0
Investment properties		(153)	(144)	9	0	9
Total – Place		4,609	5,509	900	662	238
Strategy and Governance						
Corporate Improvement and Performance		(24)	(24)	0	0	0
Communications		120	126	6	0	6
Public Protection		445	435	(10)	(4)	(6)
Corporate Management		549	550	1	0	1
Democratic Services	11	916	971	55	0	55
HR		338	339	1	0	1
IT and Customer Services	12	1,226	1,239	13	4	9
Total - Strategy and Governance		3,570	3,636	66	0	66
Statutory recharge to the HRA for support services		(1,721)	(1,732)	(11)	0	(11)
Internal Drainage Boards & Parish Precepts		3,294	3,294	0	0	0
Investment Income		(358)	(358)	0	0	0
Capital and Other Adjustments		0	0	0	0	0
Transfers to Reserves		2,443	2,443	0	0	0
Impairment allowance	13	116	(25)	(141)	(32)	(109)
Total Cost of Services		13,688	14,492	804	570	234
Financing						
Government Grants	14	(2,526)	(2,596)	(70)	(26)	(44)
Council Tax		(6,046)	(6,046)	0	0	0
Retained Business Rates	15	(5,116)	(5,177)	(61)	(3)	(58)
Total Financing		(13,688)	(13,819)	(131)	(29)	(102)
Net Variance				673	541	132

Significant variances are detailed in the notes below.

Salaries

Achieved Vacancy Factor in Quarter 3 is 1% against a target for the year of 4%. This is dependent upon the number of vacancies arising in the year and the capacity of services to hold a vacant post.

Notes to Table 1:

Commercialisation and Growth

1. Commercialisation (£14k) underspend (Adverse movement of £7k).

- As previously reported the Planning Policy team vacancies have generated a saving offset by increased agency staff costs, leaving a net saving of £18k.
- Commercial income has been reprofiled at Q3.
- The Housing Strategy team have generated an additional (£36k) of income as a result of work on Housing Capital Projects.

2. Economic Development £9k overspend (Favourable movement of £5k).

- Adverse employee costs of £9k as a result of budget error were reported previously. Following a review costs for Q3 a favourable movement of (£5k) reflects amounts recoverable from grant.

3. Finance £27k underspend (Adverse movement of £12k)

- Underspend reflects the net general fund element of the Council's saving from the insurance contract renewal and will contribute to the Contracts and Procurement savings target...

4. Revenues and Benefits £22k overspend (Adverse movement of £36k).

Movements previously reported are updated with a £10k adverse movements as follows:-

- Council Tax Collection (£12k) – The previously reported forecast increase in court income has not materialised a £22k adverse variance. A reduction in court costs and professional fees of (£7k) are also forecast resulting from action to write off amounts deemed irrecoverable. There is additional income from Council Tax Grant for discounts on family annexes (£5k).
- Local Council Tax Scheme £8k – As previously reported in Q2 the projected grant estimate for 2019/20 was incorrect and therefore is forecast to be less favourable.

The remaining £26k adverse movement is derived from the following movements:-

- Housing Benefit Overpayments £64k - There is a reduction in income from recovery of Housing Benefit Overpayments resulting from action to write off amounts deemed irrecoverable.
- Rent Allowances and Rent Rebate Payments (£32k) - the latest estimate made on the subsidy the Council will be receiving based on the level of expenditure.
- NDR Collection (£6k) favourable – Court income from Business Rates is more favourable than budgeted.

Place

5. Assets and Property £69k overspend (Adverse movement of £36k).

- Utility charges are now forecast to be £17k higher than estimated charges this has been increased £3k since the Q2 forecast.

- A Pressure arising from a budget error for Priory Road Rents has been increased from Q2 by £17k due to the rental agreement commencing later than budgeted. Tenancy has since commenced.
- An overspend of £7k has been incurred as part of the current phase of footway replacement lighting, spend to save programme.

6. Building Control £24k overspend (Adverse movement of £26k)

- A reduction in income for Search Fees of £21k is forecast as a result of lower demand.

7. Community Development £105k overspend (Adverse movement of £67k).

- As previously reported Business Rates are being charged on the dry side leisure centre. In the previous year the leisure centre was eligible for 100% exemption, for 2019/20 the exemption has been determined at 50% creating a pressure for the full year of £51k, this is an increase on the provision made at Q2 for the half year of £26k.
- The additional cost of £20k is for maintaining service levels during staff absences at Ayscoughfee Museum, a movement of £12k from Q2.
- Salary Efficiency Target £28k.
- Ayscoughfee Museum actual utility charges higher than estimated £6k overspend.
- Leisure Management budget, the actuals are as per the contract, however, at the time of budget setting the full terms of the agreement were not known resulting in a variation between the estimated budget and the final contract.
- South Holland Centre net favourable income from shows (£25k).

8. Environmental Services £88k overspend (Adverse movement of £39k).

- As previously reported external payments for street cleansing costs of £11k which relate to 2018/19 have been paid out of this year's budget.
- Income for Grounds Maintenance grass cutting is a favourable (£26k) for the year a favourable movement of £7k from Q2.
- Markets income is forecast to be £19k less due to the continuing reduction in stall holders and adverse movement of £4k from Q2.
- Of the Salary Efficiency Target £68k is forecast to be unachieved.
- A pressure is forecast from rising operational fuel costs of £10k for the year in addition to transport related insurance excess of £16k.
- A reduction in professional fees of (£10k) is forecast for asbestos removal as a result of reduced demand.

9. Housing £404k overspend (Adverse movement of £124k).

Following the Homelessness Reduction Act which came into effect in 2018, the costs of providing temporary accommodation rose significantly. The forecast impact for 2019/20 is an overspend of £404k. A number of steps have been taken to mitigate this expenditure further, including increasing the number of cases where homelessness is prevented and focussing on performance to process cases efficiently.

- a) The introduction of a Housing Options Team Leader has provided support to the team to ensure a continued reducing trend of temporary accommodation placements.
- b) Where available, households are being assisted with accommodation in the private sector making use of Homeless Prevention Grant and Discretionary Housing Payments.
- c) Options have been and are being explored to increase the Council's provision of temporary accommodation which will provide longer term solutions for homeless households.

10. Planning £201k overspend (Favourable movement of £63k)

- As reported previously income has been forecast downwards by £300k based on the trend of actual income to end of Quarter 3 and predicted planning applications for the remainder of the financial year.
- A favourable movement of (£73k) has been achieved in addition to the (£36k) forecast in Q2 from vacancies within the staffing structure and spend with agency and professional fees has resulted in a forecast saving of (£128k).
- Salary Efficiency Target Achieved £19k.
- An adverse movement of £10k has been incurred for supplies and services as a result of additional computer hardware and excess insurance costs.

Strategy and Governance.

11. Democratic Services £55k overspend (Adverse movement of £55k)

- Non-routine legal support to the Council has incurred additional cost of £35k.
- Employee cost pressure of £25k arising from a budget error.
- Salary Efficiency Target unachieved £8k as a result of need for election staff.
- Additional grant income for digital electoral registration (£5k), which was not budgeted for.

12. IT and Customer Services £13k overspend (Adverse movement £9k)

- An overspend of £13k has occurred in respect of software maintenance as a result of higher than estimated inflationary increases.

Corporate Finance

13. Impairment Allowance (£141k) reduction (Favourable movement of £109k).

- A review of Impairment allowances for bad debts in respect of Council Tax and Housing Benefit Overpayments reflects the impact of changes now that Universal Credit has been in effect for more than a year. The review has resulted in a reduction in the bad debt provision of (£141k) from £116k to (£25k). The provision for 2020/21 has been reduced to £86k from £116k in 19/20.

14. Government Grants (£70k) increase (Favourable movement of £44k).

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

15. Retained Business Rates (£61k) favourable.

- The council's contribution to the Business Rates pool reduces (£61k).

Section 2 – Housing Revenue Account

Table 2 – Forecast Revenue Outturn

Service Area	Note	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Notes to Table 2: 1. Charges for Services and Facilities (£50k) under spend
Rent Income – Dwellings		(14,646)	(14,646)	-	
Charges for Services and Facilities	1	(1,169)	(1,219)	(50)	
Contributions to Expenditure	2	(27)	(14)	13	
Total Income		(15,842)	(15,879)	(37)	
Repairs and Maintenance	3	2,860	2,432	(428)	
Supervision and Management	4	2,961	2,724	(237)	
Rents, rates, taxes and other charges	5	76	56	(20)	
Depreciation	6	3,124	3,259	135	
Movement in the allowance for bad debts		221	221	-	
Statutory recharge to the HRA for support services		1,721	1,723	2	
Total Expenditure		10,963	10,415	(548)	
Contribution from Operations		(4,879)	(5,464)	(585)	
Investment Income		(161)	(161)	-	
Interest Payable on £67.456m		2,347	2,347	-	
Capital expenditure charged in year		-	-	-	
Other Adjustments		-	-	-	
Net (Surplus)/Deficit		(2,693)	(3,278)	(585)	

nd

- Premises and Room Hire income driven by demand (£22k), Sewage charge income (£20k), Community Charges (£9k) in line with last year's actuals.

2. Contributions to Expenditure £13k overspend

- Court Income down but this is offset by reduced court expenditure (within Supervision & Management).

3. Repairs and Maintenance (£423k) underspend

- There are underspends on Materials and Consumables (£122k) on Void Repairs and responsive repairs. Delays in the arrival of new vans in the Housing Repairs Team (HRT) has resulted in an overspend of lease costs and van rental of £49k. Other works have been delayed by weather and wildlife concerns resulting in a postponement of contracted works being an underspend of £52k for 2019/20. Postponement to the award of footpaths and

roadways contract will result in (£116k) underspend for 2019/20. Professional and contractors are only used when the skills are not available in house for specialised projects. There has been reduced demand for these services this year resulting in an underspend of (£55k). Expected work on Asbestos removal has not been required (£114k). Additional income has been received (£55k) from Renewable Heating incentive grant.

4. Supervision and Management (£237k) underspend

- Spend on Maintenance in Sheltered Housing and Community Facilities is (£45k) down on budget, this is partly demand driven, and current programmed works are complete. The Furniture and Equipment budget for both Sheltered Housing and Community Facilities is (£41k) underspent as it is demand driven. Actual utility expenditure is less than budgeted (£32k). Demand for maintenance spend within Estate management is forecast to (£44k) underspent. Other areas of underspend include, Professional Fees in Housing Enabling (£43k); Training Expenses (£43k) and insurance renewal (£35k).

5. Rents Rates Taxes and other Charges (£20k) underspend

- Council Tax and rent on void properties is less than budget on last year's levels £20k.

6. Depreciation £135k overspend

- The change reflects the actual charge for the year.

7. Grants (£4k) additional Income

- Renewable Heat Incentive Grant.

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	Transfer details
Transformation	(299)	0	34	104	(161)	<u>Revenue spend:</u> £30k National Graduate Trainee; £10k EHC Apprentice; £64k Office 365 <u>Capital spend:</u> £34k Shared Public Protection Software
Investment and Growth	(5,489)	(2,083)	4,318	1,749	(1,505)	<u>Contributions:</u> £52k Green Waste Revenue; £1,002k New Homes Bonus; £29k Leisure Management return; £1,000 HIF <u>Capital Spend:</u> £1,225k Capital Acquisition Re Growth and Commercialisation; £140k PSPS Transformation; £1.1m Food Enterprise Zone contribution; £1,000k HIF Funding; £21k Garden Waste capital; £37k Grounds maintenance equipment; £143k Leisure Management mobilisation; £283k Priory Road Works; £82k ICT infrastructure; £90k Office 365; £170K Fleet Maintenance Vehicles; £13k Electric Vehicle Charging; £15k Castle Sports boiler <u>Revenue:</u> £500k Community Investment Fund; £50k Asset review programme; £148k Digital Strategy; £75k Executive Programme

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	Transfer details
						Manager (HIF); £22k Shared External Grants Officer; £120k Delivery Unit resourcing; £11k Kings Road access legal costs; £10k Priory Road Accommodation; £95k Northern Spalding SUE; £32k Office 365; £25k Asset feasibility; £38k Strategic leisure; £50k Temporary resource - Housing; £5k Temporary Fleet Admin post; £131k Asset Works; £412k Future Towns; £19k Planning - Ocella; £5k Planning - Course fee
Earmarked Grants	(394)	0	0	64	(330)	<u>Revenue Spend:</u> £64k Homelessness reduction
Council Tax	(2,348)	(1,276)	467	426	(2,731)	<u>Contributions:</u> (£1,276k) NNDR Surplus on collection fund <u>Capital Spend:</u> £10k Members ICT refresh; £46k South Holland Centre; £34k Pride - Gladiator; £377k Grants for Growth <u>Revenue Spend:</u> £4k Welland Homes project; £3k Ayscoughfee Portraits; £213k Pride; £26k Shared Information Governance Officer (IGO); £130k District Election; £7k Noise Monitoring Equipment; £9k South Holland Centre; £4k Acquisition Survey; £29k Spalding Special.

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	Transfer details
Replacement and Refurbishment	(172)	(141)	0	100	(213)	Contributions: (£136k) Revenue contribution to R&R reserve; (£5k) Revenue contribution - Power Station equipment replacement. Revenue Spend: £77k Assets programmed maintenance; £23k Condition surveys.
					0	
Total Specific General Fund Reserves	(8,702)	(3,500)	4,819	2,442	(4,941)	
General Reserve	(2,078)	0	0	0	(2,078)	
Total Reserves	(10,780)	(3,500)	4,819	2,442	(7,019)	

Table 4 – Housing Revenue Account Reserves

	Balance 31 March 2019 £'000	Contributions to Reserve £'000	Use of Reserve £'000	Balance 31 March 2020 £'000	Comments
HRA Working Balance:	(16,575)	(3,277)	1,567	(18,285)	Transfer of HRA surplus to reserve
HRA Insurance Reserve	(200)	0	0	(200)	
Major Repairs Reserve	(4,684)	(3,259)	5,896	(2,047)	
	(21,459)	(6,536)	7,463	(20,532)	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 Q2 Outturn presented at November Cabinet showed expenditure of £12,255k, the following items have been revised since that report:

Table 5 – General Fund Capital Programme movements

	Movement £'000
2019/20 Capital Programme Budget as at 29th October 2019	12,255
Self Service SHDC Reception	(3)
Office 365 Additional Spend	4
PSPS Transformation rolled over to 2020/21	(67)
Member ICT Equipment Refresh	(9)
Priory Road Heating & Access	(68)
Priory Road Central Heating	27
Castle Sports Boiler Replacement	15
Electric Vehicle Charging	9
Crease Drove Industrial Units rolled over to 2020/21	(1,174)
Grounds Maintenance	2
Gladiator Pavement Cleaning Machine	34
Welland Homes programme re-profiled	(976)
Net Movement	(2,206)
2019/20 Revised Capital Programme as at 30th January 2020	10,049

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

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
<u>ICT</u>				
ICT Infrastructure		82	82	-
Shared Public Protection Software		67	67	-
Office 365 Additional Spend	1	94	90	(4)
PSPS Transformation Investment 60%GF	1	146	140	(6)
Members ICT Equipment Refresh		10	10	-
Total ICT		399	389	(10)
<u>Assets and Property</u>				
Priory Road - Central Heating and Air Conditioning		92	92	
Priory Road- Fire Doors & Access		36	36	
Priory Road – Toilets		30	30	-
Priory Road - Lift		42	42	-
South Holland Centre		46	46	-
Castle Sports Boiler Replacement		15	15	-
Priory Road – LCC Registrars		83	83	-
Operational Acquisition		2,500	2,500	-

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
Total Assets and Property		2,844	2,844	-
<u>Commercialisation</u>				
Capital Acquisitions re Growth & Commercialisation		1,225	1,225	-
Electric Vehicle Charging		52	52	
Total Commercialisation		1,277	1,277	0
<u>Economic Development</u>				
Crease Drove Industrial Units		21	21	-
Grants for Growth		377	377	-
Food Enterprise Zone		1,100	1,100	-
HIF Funding		1,000	1,000	-
Total Economic Development		2,498	2,498	-
<u>Environmental services</u>				
Garden Waste		21	21	-
Grounds Maintenance		37	37	-
Fleet Maintenance Vehicles (3)		170	170	-
Gladiator Pavement Cleaning Machine		34	34	-
Total Environmental Services		262	262	-
<u>Housing</u>				
Disabled Facilities Grants – Private Sector Housing		585	585	-
Decent Homes Unfit and Disrepair		75	75	-
Welland Homes		1,966	1,966	-
Total Housing		2,626	2,626	-
<u>Loans</u>				
Asset Investment		143	143	-
Total Loans		143	143	-
TOTAL		10,049	10,039	(10)
<u>Financing of Approved Schemes</u>				
Borrowing		(4,466)	(4,466)	-
Capital Receipts		(38)	(38)	-
Grants & Contributions		(716)	(716)	-
Direct revenue Financing		(4,829)	(4,819)	(10)
Total Financing of Approved Schemes		(10,049)	(10,039)	(10)

Notes to Table 6:

1. *Small Variances in general- Main changes are included in table 5.*

HRA Progress against 2019/20 approved capital programme

The Q2 Outturn presented at November Cabinet showed expenditure of £13,137, the following items have been included since that report:

Table 7 – Movements from previous approved programme.

	Movement £'000
2019/20 Capital Programme Budget as at 29th October 2019	10,207
Open Market Properties	1,157
Decent Homes Gutters rolled over to 2020/21	(20)
Decent Homes Roofs and Gutters rolled over to 2020/21	(100)
Boundary Walls rolled over to 2020/21	(17)
PSPS Transformation rolled over to 2020/21	(44)
Grounds Maintenance Equipment	1
Net Movement	(977)
2019/20 Revised Capital Programme as at 30th January 2020	11,184

Table 8 – HRA Capital Programme

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
<u>Decent Homes</u>				
Central Heating		1,054	1,054	-
Kitchen / Bathroom		1,192	1,192	-
Electrical Upgrade		75	75	-
Gutters	1	150	145	(5)
Roofs & Gutters	2	425	400	(25)
Chimneys		177	177	-
Paths and Drives		36	36	-
Boundary Walls		75	75	-
Fees		206	206	-
Flat Entrance Doors – Sheltered Schemes	3	150	100	(50)
Fire Doors - Lansdowne court		75	74	(1)
Total Decent Homes		3,615	3,534	(81)
<u>Major Area Schemes</u>				
Sewage Treatment Plant		204	204	-
The Square		338	338	-
Car Parks		65	65	-
Total Major Area Schemes		607	607	-
<u>IT / Systems</u>				
ICT Strategy		86	86	-
Housing IT Systems Upgrade		359	359	-
CPBS Transformation Investment 40% HRA		98	98	-
Total IT / Systems		543	543	-
<u>Aids & Adaptations</u>				
Major Adaptations		481	481	-
Total Aids & Adaptations		481	481	-

	Note	Revised Budget £'000	Forecast Out-turn £'000	Forecast (under)/ overspend £'000
Vehicles				
HRT Vehicle Replacement		269	269	-
Total Vehicles		269	269	-
Environmental services				
Grounds Maintenance		13	13	-
Total Environmental services		13	13	-
Affordable Housing				
Weston Redevelopment Scheme – Small drove	4	3,716	1,934	(1,782)
Purchase of Units – Ashwood Homes	5	783	749	(34)
Purchase of Open Market Properties	6	1,157	1,142	(15)
Total Affordable Housing		5,656	3,825	(1,831)
TOTAL		11,184	9,272	(1,912)
Financing of Approved Schemes				
1-4-1 Receipts		(499)	(499)	-
Capital Receipts		(1,567)	(1,567)	-
Shared Ownership Sale Proceeds		(210)	(210)	-
Grants & Contributions		(1,100)	(1,100)	-
Major Repairs Reserve		(7,808)	(5,896)	1,912
Direct revenue Financing		-	-	-
Total Financing of Approved Schemes		(11,184)	(9,272)	1,912

Notes to Table 8:

1. **Decent Homes Gutters (£5k)** – Work required less onerous than forecasted therefore spend will be less.
2. **Decent Homes Roofs & Gutters (£25k)** - Currently in tender process and spend is low.
3. **Flat Entrance Doors – Sheltered Schemes (£50k)** – £100k (40% of total spend) is forecasted this financial year, with the balance likely to be carried over to 2020/21.
4. **Weston Redevelopment Scheme (£1,782k)** – This project has been delayed due to a technical issue, the forecast reflects the effect of the delay.
5. **Purchase of Units Ashwood Homes (£17k)** – Timing Difference – no change to total project cost.
6. **Purchase of Open Market Properties (£15k)** – Contingency built into original business case unlikely to be required and retention not due until December 2020.

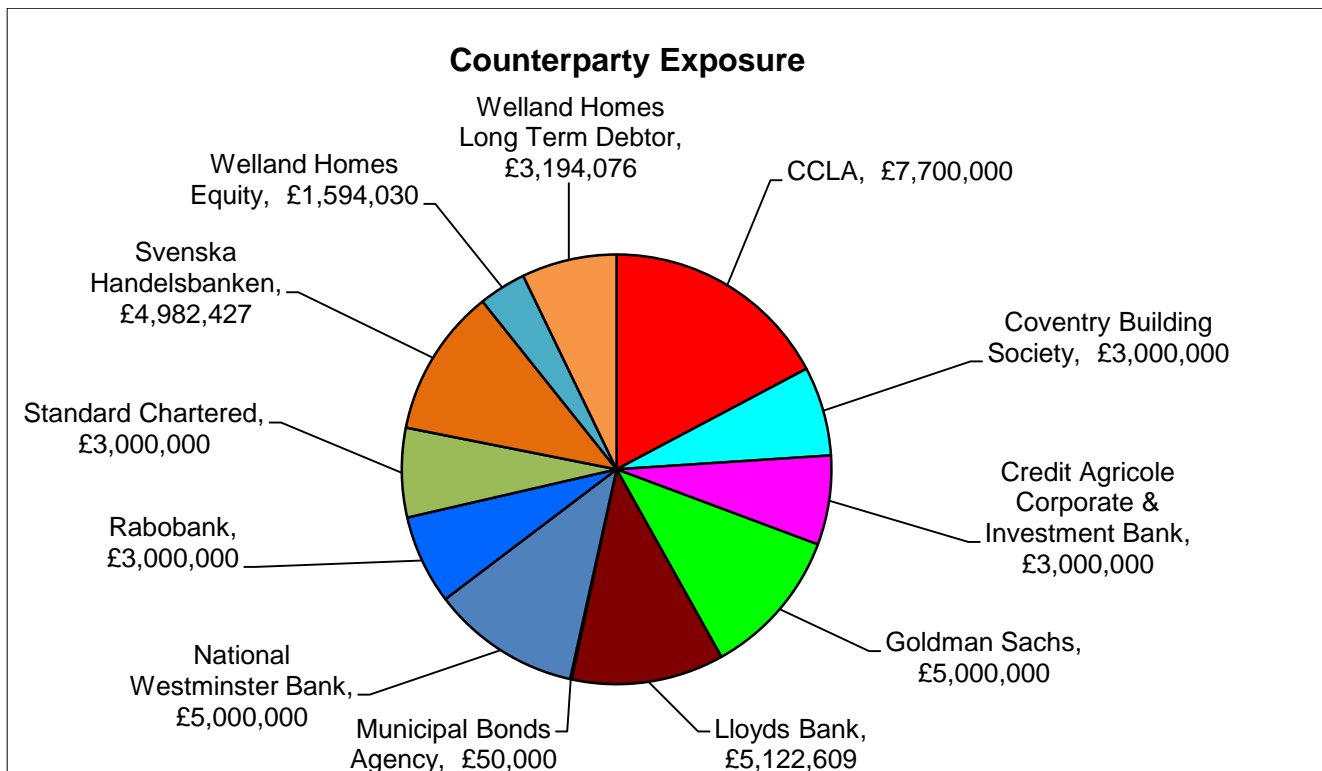
Section 5 – Treasury

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.



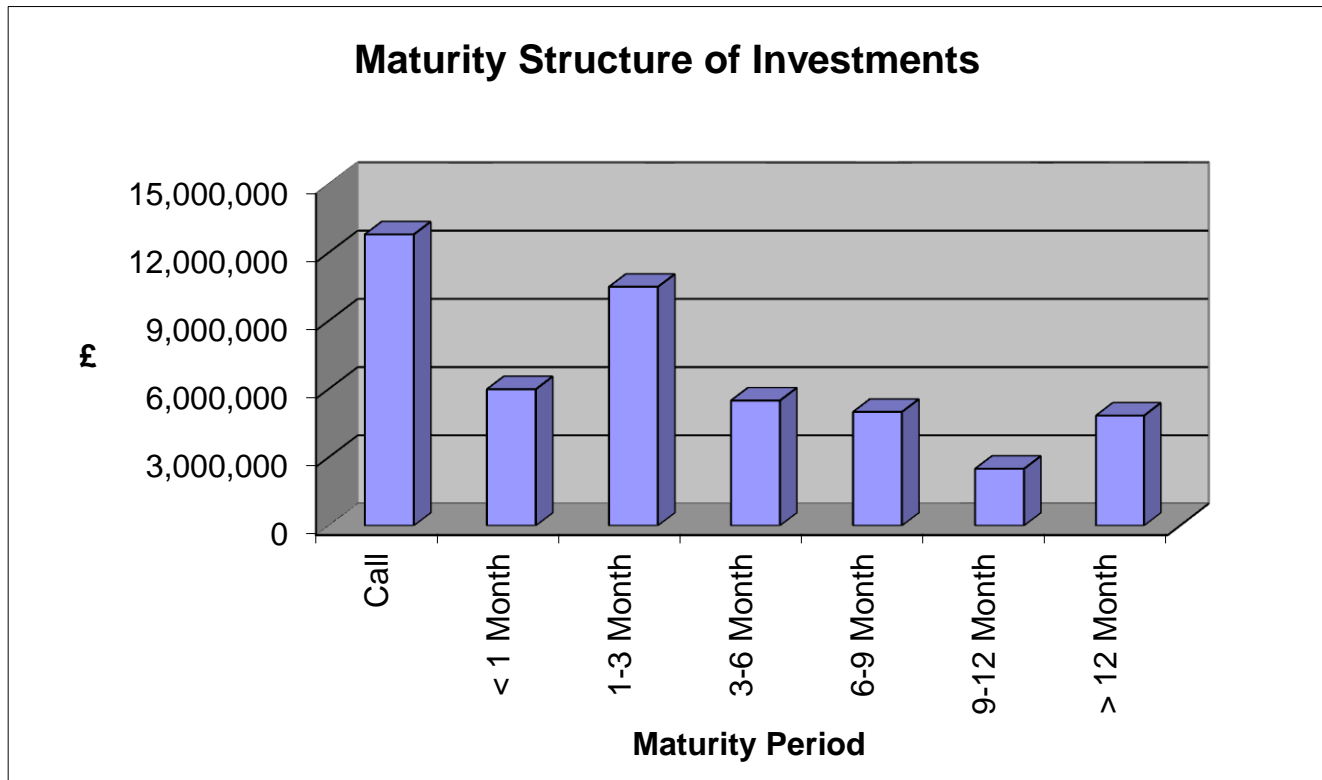
Cash

The Council's average level of treasury deposits to 31st January 2020 was £44.6m and non-treasury deposits was £4.2m.

As at 31st January 2020 investments held were £47.14m of which £12.8m was instant access cash available to meet cash flow requirements. Other investments based on cost were made up of:

- £29.5m - short term investments up to 12 months
- £1.59m - Welland Homes equity
- £50k – Municipal Bond Agency Equity
- £3.2m - 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 to 31/01 2019/20	£440k
Profiled budget to 31 st January 2020	£434k
Target yield (Average 3 month LIBID)	0.662%
Actual Yield achieved for 2019/20	1.143%
Actual Yield achieved for 2018/19	0.956%

As at 31st January 2020 investment interest was estimated to be broadly in line with budget.

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.

On 9 October 2019 the Public Works Loans Board announced an increase to their interest rates with immediate effect for all new loans across all periods by a full percentage point.

The announcement from the PWLB stated *“Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.”*

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

