

APPENDIX A - South Holland District Council – Q1 Finance Report 2023/24

Finance Summary

- The revenue forecast shows a deficit position of £353k as at 30th June.
- The HRA is forecasting a surplus of £2.001m (budgeted surplus is £2.086m). This is £85k less than anticipated
- General Fund Specific and general reserves of the Council are forecast to be £5.883m at 31 March 2024.
- HRA reserves are forecast to be £13.602m at 31 March 2024.
- General Fund Capital spend at the end of Quarter 1 was £0.705m against a full year budget of £26.257m.
- HRA Capital receipts for the year are forecast to be £1.928m. Total HRA capital resources at the end of 2023/24 are forecast to be £21.456m.
- HRA Capital spend at the end of Quarter 1 was £1.596m against a full year budget of £23.798m.
- The Council held investments of £37.7m as at 30 June 2023.

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 1 of 2023/24
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Section 2.3	Housing Revenue Account Budget
Section 2.4	Capital Budget
Section 2.5	Treasury Management
Section 2.6	Debt Collection
Section 2.7	Business Rates and Council Tax Collection

Section 2.1 – Key Financial Issues in Quarter 1 of 2023/24

- The forecast currently includes assumptions around expected falls in fuel and utility costs as a result of better than budgeted unit prices being realised during quarter 1.
- The numbers of people seeking assistance for homelessness and where a duty applies has remained consistently above projected levels this quarter. The rising costs of living continues to be an issue, it is expected to result in a high level of demand in support during the year and potentially provide further budget pressure for 23/24.
- The Council's 2023/24 budget for investment income is £1.861m. At the end of June 2023 investment income is estimated to be approximately £567k. The outturn for investment income for 2023/24 is forecast to be £2.4m split £1.5m GF and £900k HRA. Investment income is anticipated to be £316km above the budget for GF and £223k for HRA. This will be reviewed throughout the year.
- The process of identifying the in year efficiencies is currently underway and will continue throughout the year.

Inflation	April (%)	May (%)	June (%)
CPI	8.7	8.7	7.9
RPI	11.4	11.3	10.7

Section 2.2 – Revenue Budget

Table 1 details the forecast outturn by Assistant Director. This is based on the Quarter 1 forecast position as at 30th June 2023 and is based on officers' projections for the remainder of the financial year which indicates a service overspend of £274k.

Table 1 – Projected Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Corporate	2,501	2,501	-	
Economic Growth	-	-	-	
Finance	2,421	2,421	-	
General Fund Assets	532	521	11	There are staff related pressures mainly as a result of extra agency costs covering absence 11k.
Governance	1,127	1,127	-	
Leisure & Culture	1,257	1,290	33	£22.2k shortfall on rental income. £12k additional pressure on backfilling staff absences . Staff vacancies of £15k offset by using external contractors (£8k). The tri-annual business rates re-valuation has resulted in pressure on business rates by £2.8k.
Neighbourhoods	4,855	4,912	58	Salary efficiencies of £36k not achieved mainly due to absence being backfilled by agency. Further pressures £13k of agency backfill due to staffing matters, £14k budget error un-accrued holiday pay to leavers and back pay relating to 22/23. Lower than budgeted business rates £5k.
Planning & Strategic Infrastructure	354	350	(4)	Mainly due to underspends on staff costs due to vacancies.
Regulatory	845	862	17	Income from Public courses no longer being progressed 22k. Partially offset by underspent from staff costs 12k mainly due to vacancies.
Strategic Growth & Development	497	497	-	
Strategic Project	216	216	-	

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Wellbeing & Community Leadership	1,250	1,446	196	The numbers of people seeking assistance for homelessness and where a duty applies has remained consistently above projected levels this quarter. This, coupled with rising emergency accommodation costs, has resulted in an overspend for Q1. Officers continue to work through a range of preventative measures which could at best case reduce this expected overspend
Sub Total – Assistant Directors – Net Costs	15,854	16,143	289	
Recharges to HRA	(3,070)	(3,070)	-	
Internal Drainage Boards and Parish Precepts	4,295	4,345	50	Overspend on drainage board levies is expected in 23-24 due to a budget error.
Investment Income	(1,184)	(1,500)	(316)	Additional investment Income estimated at better than budgeted interest rates.
MRP	177	177	-	
Impairment Allowance	30	30	-	
Capital Expenditure Charged In Year	586	586	-	
Transfers to/(from) Earmarked Reserves	365	365	-	
Efficiencies Requirement	(887)	(556)	331	See table 1b for breakdown.
Other Income and Expenditure	(252)	(317)	64	
General Fund Budget net costs	16,108	16,460	353	
Council Tax	(7,242)	(7,242)	-	
Business Rates	(6,942)	(6,942)	-	
Government Grants	(1,924)	(1,924)	-	
Total Funding	(16,108)	(16,108)	0	
Total Budget - (Surplus)/Deficit	0	353	353	

Recommendation:

F1 That Cabinet notes the forecast revenue position for 2023/24 as detailed in **Table 1**.

The 2023/24 budget included an efficiency target of £887k, efficiencies outturn so far are:

Table 1b– Efficiency Description	Amount £'000	Comments
Internal Drainage Board Support	(299)	Additional one-off grant from Government
Member Allowances - changes to member responsibilities	(15)	New Cabinet structure
Pension Strain Reducing requirement	(25)	Recurring reduction in budget
Power - depending on Power prices	(61)	Budget in excess of requirements

Table 1b– Efficiency Description	Amount £'000	Comments
South Holland Centre – Power over budget	(33)	Budget in excess of requirements
South Holland Centre: Business Rates	(8)	Rate Appeal Undertaken
Waste Service - dropping fuel prices	(30)	Budget in excess of requirements
Fleet excess budget closure of cost centre - sale of asset	(6)	Budget in excess of requirements
Duplication of budget	(60)	Budget error
Insurance – Cyber	(6)	New contract price
Regulatory 0.8 FTE budgeted as 1 FTE	(8)	Budget error
Savings on LABC service fees	(5)	Budget in excess of requirements
Total	(556)	
Target	(887)	
Efficiencies to be Identified	331	
Total deficit at Q1 excluding efficiencies	22	
Total efficiencies to be found to balance year end based on current forecast.	353	

Further work is underway to look at and consider opportunities for efficiencies and we are engaging with Service Managers to take this process forward.

Reserves

At 30 June 2023 specific reserves are forecast to be £3.805m, after a net transfer from reserves of £408k to cover future revenue and capital expenditure. **Table 2** reflects the forecast position.

Table 2 – Specific and General Reserves Balance Forecast				
Reserve	Balances at 1 April 2023 £'000	Forecast Contributions into Reserves £'000	Forecast Use of Reserves £'000	Forecast Balances at 31 March 2024 £'000
General Fund				
Council Tax	1,505	667	(120)	2,052
Investment and Growth	1,764	459	(721)	1,502
Replacement and Refurbishment	0	100	(100)	0
Transformation	128	0	0	128
Repayment Reserve		123		123
Specific Reserves Total	3,397	1,349	(941)	3,805
General Fund	2,078	0	0	2,078
Total	5,475	1,349	(941)	5,883
Housing Revenue Account				
HRA Working Balance	22,512	2,001	(15,602)	8,912
Insurance	200	-	-	200
Major Repairs	5,163	4,251	(4,924)	4,490

Table 2 – Specific and General Reserves Balance Forecast				
Reserve	Balances at 1 April 2023 £'000	Forecast Contributions into Reserves £'000	Forecast Use of Reserves £'000	Forecast Balances at 31 March 2024 £'000
Total	27,875	6,252	20,526	13,602

Please note the following reserve movements that are due to take place in 2023/24:

- Council Tax
 - Additions – Elections
 - Use of reserve (Revenue) – Business Rates shortfall and noise monitoring equipment
- Investment and Growth
 - Additions – Repayment of Workshop van, new homes bonus and green waste capital repayment.
 - Use of reserve (Revenue) – Corporate savings, town centre improvement works.
 - Use of reserve (Capital) – Corporate savings, town centre improvement works, Rough Sleeping Accommodation Programme, South Holland Centre and TIC.
- Replacement and Refurbishment Reserve
 - Additions – General fund contribution
 - Use of reserve (Revenue) – Programmed use for asset maintenance

Section 2.3 – Housing Revenue Account Budget

Table 3a – Projected Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Forecast 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Rent Income – Dwellings	(17,001)	(17,001)	-	
Charges for Services and Facilities	(1,215)	(1,210)	5	Additional Income on renting rooms for temporary accommodation and pressure on Service Charge income, in line with prior year actuals
Contributions to Expenditure	(5)	(5)	-	
Total Income	(18,221)	(18,216)	5	
Repairs and Maintenance	3,235	3,288	53	Repairs and Maintenance (£52k) overspend: £10k Savings on Computer software licence costs (included within central IT charge), £47K pressure on Gas repairs and servicing costs in line with last year actuals, £15K pressure on agency staff
Supervision and Management	3,606	3,643	37	Supervision and Management (£158k) overspend Pressure £8K electricity, £23K Temporary staff cover, £7K grounds maintenance (tree removal)
Rents, rates, taxes, and other charges	81	94	13	Budget error

Table 3a – Projected Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Forecast 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Depreciation	4,251	4,251	-	
Movement in Allowance for bad debts	271	271	-	
Statutory recharge to the HRA for support services	3,021	3,221	200	HRA recharge review undertaken
Total Expenditure	14,465	14,768	303	
Contribution from Operations	(3,756)	(3,448)	308	
Investment Income	(677)	(900)	(223)	Additional investment Income estimated at better than budgeted interest rates.
Interest Payable	2,347	2,347	-	
Net (Surplus)/Deficit	(2,086)	(2,001)	85	

Table 3b– HRA Revenue Budget Movement		£'000
2023/24 HRA Budget as at Council on 3rd March 2023		(2,243)
Movements during Q1		
Proforma B – Temporary Additional Resource to Backfill Housing Officer		23
Proforma B – Temporary Additional Resources for Housing Repairs Team		60
Proforma B – Temporary Additional Resources for Allocations and Lettings Team		26
Proforma B – Temporary Additional Resources for Housing Services Team		27
Proforma B – Tenant census and Tenants satisfaction Survey		21
Total		157
2023/24 Revised HRA Budget as at 30th June 2023		2,086

Section 2.4 – Capital Budget

This section covers:

- Progress against the 2023/24 approved capital programme and the anticipated outturn (General Fund Table 4 and HRA Table 8);
- Financing of the Capital Programme (General Fund Table 6 and HRA Table 8);
- Revisions to the Capital Programme (General Fund Table 5 and HRA Table 9);
- General Fund Capital Receipts to date for 2023/24.

General Fund (GF) Capital Programme

Table 4 – 2023/24 Capital Programme and Q1 Forecast Outturn							
Scheme	Approved Budget 2023/24 £000	22/23 Slippage/accelerated spend (-) £000	Changes to approved budget £000	Revised 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
Non UKSPF & LUF Projects							
ICT	331	289	-	620	-	620	-
Footway Lighting	55	50	-	105	43	105	-

Car Park Resurfacing	50	35	-	85	3	85	-
Capital Acquisitions re Growth and Commercialisation	500	2,655	-	3,155	-	3,155	-
Rough Sleeping Accommodation Programme (RSAP)	10	11	-	21	-	21	-
Neighbourhoods	1,131	(375)	-	756	519	756	-
Disable Facilities Grants – Private Sector Housing	772	-	-	772	111	772	-
Decent Homes Unfit and Disrepair – Housing	75	75	-	150	-	150	-
Welland Homes	2,869	(1,643)	-	1,226	-	1,226	-
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	250	-	-	250	-	250	-
Industrial Units	500	63	-	563	-	563	-
Council Offices Priory Road – Boiler	48	52	-	100	-	100	-
South Holland Centre – Boiler	65	77	-	142	-	142	-
Spalding Gateway Public Realm Project	283	-	-	283	-	283	-
Asset Improvement – Leisure	250	-	-	250	-	250	-
Assets and Property – Castle Sports	-	96	-	96	9	96	-
Assets and Property – Moulton Park & New Sheep Market	-	300	-	300	-	300	-
Spalding Cemetery	-	25	-	25	-	25	-
Ayscoughfee Projects	-	49	-	49	-	49	-
West Marsh Road Depot Projects	-	36	-	36	-	36	-
Homelessness	-	31	-	31	-	31	-
Next Steps Accommodation Programme (NSAP)	-	46	-	46	-	46	-
Changing Places	-	65	-	65	-	65	-
Ayscoughfee Tennis Court Refurbishment (NEW)	-	-	116	116	-	116	-
Local Authority Housing Fund (NEW)	-	-	738	738	-	738	-
Total Non UKSPF & LUF Projects	7,189	1,937	854	9,980	685	9,980	-

Table 4 – 2023/24 Capital Programme and Q1 Forecast Outturn

Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Changes to approved budget £000	Revised 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
UKSPF & LUF							
UKSPF	131	-	-	131	34	131	-
Total UKSPF	131	-	-	131	34	131	-
Spalding Health and Wellbeing Hub	17,000	-	-	17,000	6	2,500	(14,500)
Total LUF	17,000	-	-	17,000	6	2,500	(14,500)
Grand Total – All Projects	24,320	1,937	854	27,111	725	12,611	(14,500)

The revised capital budget as at Q1 will be £27.111m, derived from the combination of the 2023/24 approved budget of £24.320m, 2022/23 slippage of £1.937m and new in-year approved spend of £854k.

The overall expenditure as at Q1 is £0.725m with significant slippage identified in respect of the Spalding Health and Wellbeing Hub

Changes to approved capital budget

Detailed below are subsequent changes to the capital programme since it was set in March 2023 and reflected in the table above.

Table 5 Capital Programme Changes

Project Description	Amount £'000	Approval
Ayscoughfee Tennis Court Refurbishment	116	Approved by Cabinet 6 June 2023
Local Authority Housing Fund	738	Approved by Cabinet 12 September 2023
Total	854	

Progress against approved budgets

- Spalding Health and Wellbeing Hub – Delivery of the project delayed with slippage into 2023/24. The original bid submission to DLUHC assumed an early award decision and immediate project start involving spend in 2022/23 of approx £2m with a further £15m spend in 2023/24. The award decision came in January 2023 with project manager appointment, project mobilisation and MoU sign-off in Mar-Jun 2023. Additionally there was a need to satisfy Subsidy Control for the value of the award before the MoU could be finalised. This has all culminated in a later start to the project than was assumed in the bid. The current forecast 2023/24 project spend, at £2.5m, is broadly in line with what was anticipated in the first year.

2023/24 Funding

Table 6 Capital Programme Financing

All Projects	Original Budget £000	Revised Budget Plus Slippage 2023/24 £000	Full year forecast £000	Variance £000
Replacement and Refurbishment Reserve	(113)	(113)	(113)	-
Investment and Growth Reserve	(721)	(1,920)	(1,920)	-
Grants	(18,624)	(19,233)	(4,733)	14,500
Internal Borrowing – Environmental Services Vehicles	(1,074)	(1,020)	(1,020)	-
Internal Borrowing/MRP/FutureNeeds	(182)	(182)	(182)	-
Internal Borrowing – Unfinanced	(500)	(3,155)	(3,155)	-
S106	(237)	(237)	(237)	-
Spalding Special Reserve	-	(25)	(25)	-
Welland Homes/Internal Borrowing	(2,869)	(1,226)	(1,226)	-
Totals	(24,320)	(27,111)	(12,611)	14,500

Housing Revenue Account (HRA) Capital Programme

Table 7 – 2023/24 HRA Capital Programme and Q1 Forecast Outturn							
Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Approval Required	Revised Budget 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
Central Heating	945	-	-	945	17	945	-
Kitchen/Bathroom	1,495	-	-	1,495	160	1,495	-
Renewable Energy	2,845	-	-	2,845	38	2,845	-
Smoke Alarms	110	-	100	210	21	210	-
Electrical Upgrades	96	-	-	96	15	96	-
Roofs and Gutters	888	-	-	888	105	888	-
Doors and Windows	908	-	-	908	-	908	-
Flat Entrance Doors Sheltered Schemes	-	482	-	482	16	482	-
Chimneys	196	-	-	196	-	196	-
Paths and Drives	36	-	-	36	18	36	-
Boundary Walls	90	-	-	90	-	90	-
Fees	219	-	-	219	-	219	-
Sewerage Treatment Plant	220	581	-	801	-	801	-
The Square	25	1,252	-	1,277	-	1,277	-
Car Parks	25	142	-	167	-	167	-
Community Centre Refurbishment	75	-	-	75	-	75	-
Booking System for Community Centres and Guest Rooms	-	-	15	15	-	15	-

Table 7 – 2023/24 HRA Capital Programme and Q1 Forecast Outturn

Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Approval Required	Revised Budget 23/24 £000	Actual June 23 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
ICT Strategy / Infrastructure	105	163	-	268	217	268	-
Replacement Laptops	78	-	-	78	-	78	-
Major Adaptions	600	-	-	600	41	600	-
Sheltered Alarm Upgrade	701	16	-	717	14	717	-
Housing Repairs Vehicles	150	-	-	150	-	150	-
Wignals Gate S106	982	(17)	-	965	-	965	-
Albion street Crowland	9	-	-	9	-	9	-
Northons Lane Holbeach	1,059	198	-	1,257	178	1,257	-
Boston Road Gosberton	1,349	-	-	1,349	-	1,349	-
Pheasant Street Holbeach	-	-	811	811	755	811	-
Primus Close Moulton Chapel	-	-	392	392	1	392	-
High Road Weston	-	-	2,190	2,190	-	2,190	-
Cobgate Whaplode	-	-	954	954	-	954	-
LAHF	-	-	1,313	1,313	-	1,313	-
Scheme Subject to detailed approval	1,000	-	1,000	2,000	-	2,000	-
Total	14,206	2,817	6,775	23,798	1,596	23,798	-

Table 8 – 2023/24 HRA Capital Funding and Q1 Forecast Outturn

Scheme	Approved Budget 2023/24 £000	22/23 Slippage/ accelerated spend (-) £000	Approval Required	Approved Budget 2023/24 £'000	Actual 31 June 2023 £'000	Forecast Outturn 2023/24 £'000	Variance (under)/over £'000
Capital Receipts	(1,760)	(91)	552	(1,299)	(372)	(1,299)	-
Grants and Contributions	(1,423)	-	(550)	(1,973)	(14)	(1,973)	-
Major Repairs Reserve	(4,442)	(482)	-	(4,924)	(342)	(4,924)	-
Direct Revenue Financing	(6,581)	(2,244)	(6,777)	(15,602)	(868)	(15,602)	-
Total	(14,206)	(2,817)	(6,775)	(23,798)	(1,596)	(23,798)	-

Table 9 – HRA to Capital Programme

	£'000
2023/24 Approved Capital Programme	14,206
Movements from Previous programme	
Slippage / Accelerated Spend from 2022/23	2,817
Items requiring approval:	
Proforma B – Booking system for Community Centres and Guest Rooms	15

Smoke Alarm upgrade – Additional 220 properties identified	100**
Pheasant Street Holbeach	811*
Primus Close - Moulton Chapel	392*
High Road – Weston	2,190*
Cobgate – Whaplode	954*
Local authority Housing Fund (LAHF)	1,313*
Schemes Subject to detailed approval	1,000*
Total Movements Requiring Approval	6,775
2023/24 Revised Capital Programme as at 30th June 2023	23,798

Note:

The items marked * relate to the programme of affordable housing purchases. With the exception of £550k (which is grant funded), this expenditure has been brought forward from future years capital programme funding. This totals £6,666m, of which £1.71M has been taken from 2024/25, and £1.65M from 2025/26, 2026/27 and 2027/28.

The Item marked ** for additional spend on Smoke alarms, requires approval

Recommendation:

F2 Recommends to Full Council to amend the Capital Programme to take into account the changes set out in this report at Appendix A – Table 4 (General Fund) and Table 7 (HRA)

Table 10 indicates the forecast capital resources for the HRA available to the Council at the end of 2023/24. The estimated position for the following two years is also provided.

Table 10 – Capital Resources HRA			
	2023/24	2024/25	2025/26
	£'000	£'000	£'000
Capital Resources* available at start of each year	34,428	21,456	19,444
Capital Investment (estimate in future years)	(23,798)	(12,746)	(7,892)
Additional Sources of Finance	1,973	2,134	-
- New Capital Receipts (estimate in future years)	1,928	1,985	1,982
- Funding from other reserves and internal borrowing	-	-	-
- Major Repairs Reserve	4,924	4,251	4,251
- HRA Working Balance	2,001	2,364	2,568
- Transfer from Capital Reserve to support ongoing projects			
Estimated Capital Resources* at end of each year	21,456	19,444	10,353

* Capital Reserve and Capital Receipts

Right To Buy Receipts

Receipts from Right to buy Sales can be used for funding new house purchases within the HRA, but there is a time limit for these receipts to be used on new builds or acquisitions, or the money is payable to DLUHC. This limit was increased from 3 to 5 years in March 2021 and is calculated on an annual basis. There was no payback risk for SHDC at 31st March 2023. The next risk point will be 31st March 2024, but the 2023/24 capital programme should clear any risk. During quarter 1 there have been four Right to Buy sales.

Section 2.5 – Treasury Management

Investments at 30 June 2023

During the financial year, the Council has made investments in line with the agreed Treasury Management Strategy.

Detailed below are the investments held by the Council as at 30 June 2023 excluding accrued interest. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis. Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g., Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of SHDC's own resources.

Table 11 – Cash Investments as at 30 June 2023						
Financial Institution	Country	Amount (£)	Fixed/ Variable	Start Date	Maturity Date	Yield
Lloyds Current Account	UK	402,100	Variable	Call	N/A	4.90%
Handelsbanken Plc	Sweden	9,140	Variable	Call	N/A	4.45%
CCLA Money Market Fund	Invested Globally	3,300,000	Variable	Call	N/A	4.78%
Australia New Zealand Bank	Australia	2,000,000	Fixed	16/01/23	17/07/23	4.33%
DNB Bank	Norway	4,000,000	Fixed	31/08/22	31/08/23	3.90%
Close Brothers	UK	2,500,000	Fixed	23/03/23	22/09/23	4.60%
Toronto Dominion Bank	Canada	5,000,000	Fixed	28/09/22	28/09/23	5.40%
Helaba Bank	Germany	5,000,000	Fixed	07/10/22	06/10/23	5.17%
Rabobank	Netherlands	2,000,000	Fixed	14/11/22	14/11/23	4.68%
Close Brothers	UK	2,500,000	Fixed	24/05/23	24/11/23	5.00%
Credit Industriel et Commercial	France	2,000,000	Fixed	12/01/23	12/01/24	4.71%
Credit Agricole	France	3,000,000	Fixed	01/03/23	27/02/24	4.82%
National Australia Bank	Australia	3,000,000	Fixed	27/06/23	24/05/24	6.35%
Rabobank	Netherlands	3,000,000	Fixed	02/06/23	31/05/24	5.63%
TOTAL		37,711,240				

Welland Homes

In addition to the above loans the Council has made loans to Welland Homes, a Housing Company wholly owned by the Council, as follows:

Table 12 – Welland Homes Loans as at 30 June 2023				
Loan	Amount (£)	Start Date	Maturity Date	Yield
Green Lane & Walters Close, Spalding	408,851.00	20/03/17	17/03/47	3.50%
	389,768.37	10/05/17		
	<u>543,023.43</u>	17/05/17		
	1,341,642.80			
Parkside Crescent, Spalding (<i>initially a development loan at 5.50% until completed, now 3.5%</i>)	187,675.67	29/03/18		
	18,944.78	23/05/18		
	36,844.08	19/06/18		
	28,930.75	17/07/18		
	98,247.92	24/08/18		
	114,596.66	19/09/18		
	100,010.41	23/10/18		
	98,160.13	22/11/18		
	103,037.06	21/12/18		
	50,833.29	11/01/19		
	154,096.72	20/02/19		
	80,245.80	22/03/19		
	50,178.89	12/04/19		
	62,346.40	22/05/19		
142,858.40	07/06/19			

Table 12 – Welland Homes Loans as at 30 June 2023

Loan	Amount (£)	Start Date	Maturity Date	Yield
Transferred to Equity	<u>21,723.09</u>	25/02/21		
	1,348,730.05			
	<u>(464,452.00)</u>	07/05/19		
	884,278.05		07/05/49	3.50%
London Road, Long Sutton	466,771.00	12/02/19	02/10/48	3.50%
Bentley Court, Spalding	523,107.55	20/08/19		
	<u>32,440.72</u>	20/01/20		
	555,548.27		02/08/49	3.50%
Northon's Lane, Holbeach	461,791.15	29/03/21		
	<u>28,286.40</u>	18/11/21		
	490,077.55		29/03/51	3.50%
Homefields, Crowland	1,045,130.10	30/03/23	29/03/53	5.25%
TOTAL	4,783,447.77			

Interest earned on these loans in the current financial year to 30 June 2023 is £46,300.

Maturity Structure of Loans

The maturity structure of loans is as follows:

Table 13 - Maturity Structure as at 30 June 2023 (incl. Welland Homes)

Duration	Amount (£)	Percentage of Total
Less than one week	3,711,240	9%
Less than one month	2,000,000	5%
One to three months	11,500,000	27%
Three to six months	9,500,000	22%
Six to nine months	5,000,000	12%
Nine to twelve months	6,000,000	14%
More than twelve months	4,783,448	11%
TOTAL	42,494,688	100%

Long Term Equity Investments

The following table provides details relating to the Council's equity investments which are valued at "fair value" in accordance with proper accounting practice.

Table 14 – Long Term Equity Investments as at 30 June 2023

Entity	Equity at Cost (£)	Equity at Fair Value 31/03/23 (£)
Welland Homes	2,772,318	4,199,348
South Holland Local Housing Community Interest Company	100	1,163,111
UK Municipal Bond Agency	50,000	0
TOTAL	2,822,418	5,362,459

Return on Investments

The Council's 2023/24 budget for investment income is £1.861m (split £1.184m GF and £677k HRA). At the end of June 2023 investment income earned was estimated to be approximately £527k (split £333k GF and £194k HRA), which was £63k above the profiled budget on a straight line basis (split £38k GF and £25k HRA).

The average level of funds available for investment purposes during the first quarter of the financial year was £46.4m including the loans to Welland Homes which are classified as long-term debtors.

Treasury investments achieved an average rate of 4.629% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 4.654%.

The Welland Homes loans were issued at an average rate of 3.882%.

The combined rate achieved on all investments is estimated to be approximately 4.552%.

The outturn for investment income for 2023/24 is forecast to be £2.4m split £1.5m GF and £900k HRA.

External Borrowing

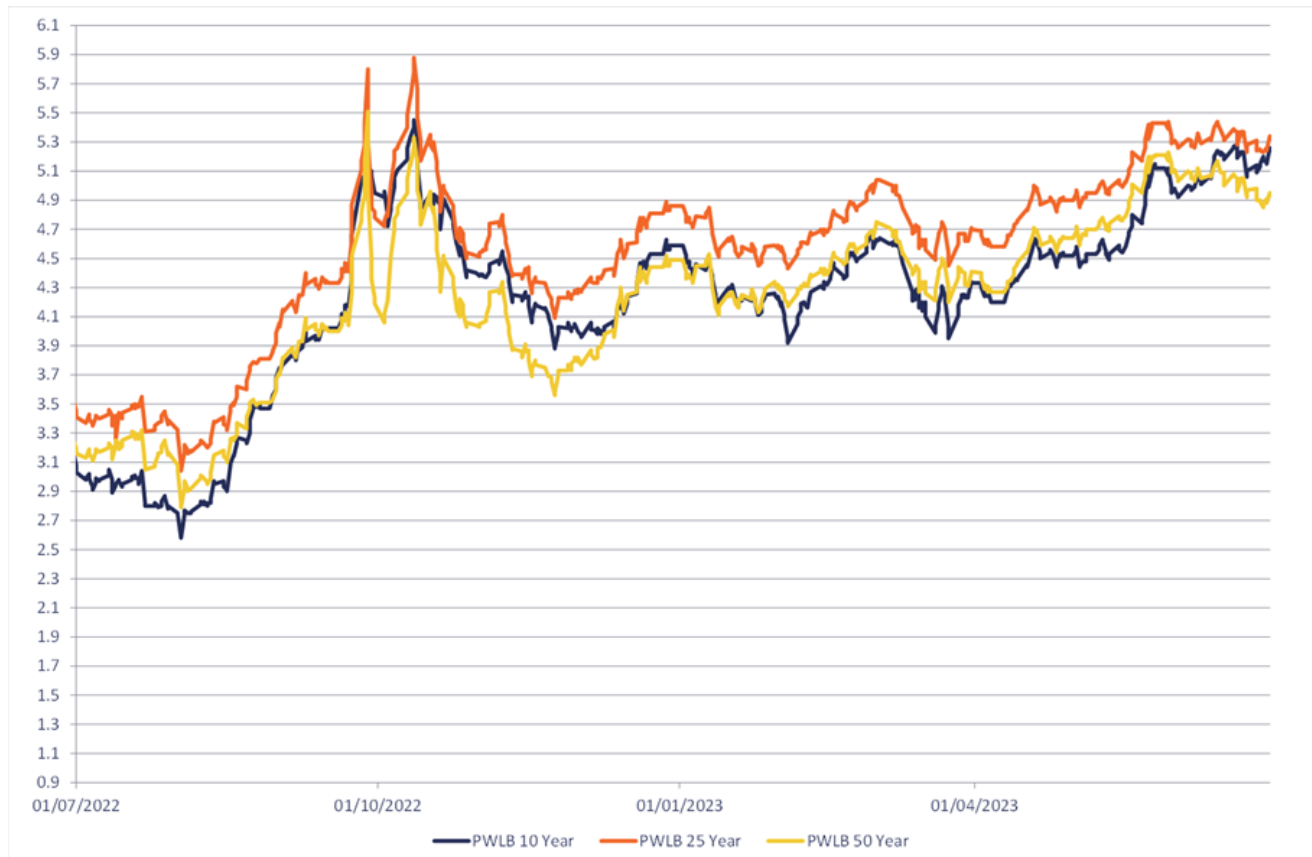
The Council has borrowings of £67.456m at a fixed rate of 3.48% in respect of the Housing Revenue Account self-financing settlement.

Interest costs for 2023/24 on this fixed rate borrowing are £2,347,469.

As at the 30 June 2023, the premature repayment discount on the PWLB loans was £8,904,749. Under accounting rules, this discount would need to be credited to revenue over a period of 10 years.

Public Works Loan Board (PWLB) Borrowing Rates

During the current financial year, the PWLB borrowing rates have been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. These increases started to reverse during June 2023. The 50 year PWLB certainty rate was 4.95% as at 30 June 2023.



Summary

The Bank of England Base Rate was increased from 4.25% to 4.50% on 11 May 2023 and increased again on 22 June 2023 to 5%. Market expectations are for further rate increases during the remainder of the financial year.

At the end of May rates on new investments with financial institutions and local authorities ranged from 4.70% for one-month deposits through to 6.55% for one-year deposits.

Risks prevail in the financial markets and are subject to a continued high level of scrutiny with any significant issues arising being reported to the Council's Audit and Governance Committee. Changes to credit ratings of financial institutions are monitored daily and where required reported to the Section 151 Officer for an agreed course of action to be taken.

Section 2.6 – Debt Collection

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the financial procedure limits debts below £1,050 require sign off by the Chief Finance Officer with all debts for this amount or over requiring Cabinet approval.

An analysis of the sundry debts the Council held as at 30 June 2023 is show in **Table 15**.

Table 15 – Sundry Debt Analysis							
0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total
£	£	£	£	£	£	£	£
182,487	214,560	238,572	1,230	6,698	71,895	274,802	990,244

Note: This does not include details of invoice amounts (£231,589) that are not yet due

Section 2.7 – Council Tax and Business Rates

There is uncertainty over the ongoing impact on collection and recovery as a result of the knock-on effect of the pandemic, and now the cost of living and energy cost crises. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity is in place throughout the year.

Council Tax Support Scheme (CTS)

The maximum level of CTS for working age claimants was increased from 70% to 75% in 2023/24, enabling higher level of support for those most in need. As in previous years, national upratings continue to apply.

Council Tax – Quarter 1 In-Year Collection

The annual collectable debit at 30 June 2023 was £61.6m with a net collection rate of 29.00% (28.98% at 30 June 2022).

Business Rates – Quarter 1 In-Year Collection

The annual collectable debit at 30 June was £24m with a net collection rate of 30.33% (32.87% % at 30 June 2022).