

## APPENDIX A - South Holland District Council – Q4 Outturn Report 2023/24

### Finance Summary

- The revenue outturn position at 31 March 2024 shows a surplus position of £116k.
- The HRA showing a surplus of £701k against a budgeted surplus of £2.016m.
- General Fund Capital spend for the year was £7.006m against a full year budget of £9.235m.
- HRA capital spend for the year was £16.547m against a full year budget of £16.979m.
- General Fund specific and general reserves are £6.401m at 31 March 2024.
- HRA reserves are £19.974m at 31 March 2024.
- Total HRA capital resources at 31 March 2024 are £27.066m.
- The Council held investments of £28.6m as at 31 March 2024. Investment income of £1.861m was earned in 2023/24, split £1.184m for General Fund and £677k for HRA, £545k above the budget of £1.861m.

### Section 2 – Finance

Section 2.1	Key Financial Issues at Outturn of 2023/24
Section 2.2	Revenue Budget
Section 2.3	Housing Revenue Account Budget
Section 2.4	Capital Budget
Section 2.5	Treasury Management
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Section 2.7	Business Rates and Council Tax Collection

#### Section 2.1 – Key Financial Issues in Quarter 4 of 2023/24

- Identifying in-year efficiencies has taken place throughout the year, with emphasis placed on this during the quarterly review meetings. The 2023/24 budget included an efficiency target of £877k and we achieved £695k against that target (79%), as detailed in table 1b.
- External audit scale fees have increased nationally by 151%, resulting in an overspend of £108k.
- Rent Allowances overspent by £255k as a result of subsidy deficit where payments cannot be fully recovered.
- The proactive management of people seeking assistance for homelessness and where a duty applies resulted in an underspend on B&B accommodation. Homelessness achieved an underspend of £82k at 31 March, compared to forecast overspend of £132k at Q3, due to the B&B savings and additional grant and rent income from proactive client management.
- The one-off use of New Homes Bonus (NHB) from reserves to alleviate the revenue position has been included in the outturn position.

	January (%)	February (%)	March (%)
<b>Inflation</b>			
CPI	4	3.4	3.2
RPI	4.9	4.5	4.3

## Section 2.2 – Revenue Budget

**Table 1** details the forecast outturn by Assistant Director. This is based on the outturn position as at 31 March 2023 and reports a service overspend of £115k and an overall underspend of £116k.

Table 1 – Projected Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24 £'000	31 March Outturn 2023/24 £'000	Variance (under)/ overspend £'000	Comments on main variances
Corporate	2,475	2,399	(76)	Variance is driven by ICT underspend; -£50k savings from hardware purchased as capital in the previous year resulting in no revenue outlay in 23/24 combined with recharge income receipts, and -£50k underspend forecast against License costs due to warranty cover and postponed upgrades. The ICT underspend was partially offset by increased staffing costs due to the pay award and the budget misalignment of the apprenticeship levy.
Finance	3,551	3,775	224	Variance mainly due to £256k overpayment of Rent Allowances where support cannot be fully recovered by subsidy; £108k overspend on External Audit fees resulting from 151% national increase to audit scale fees; and £171k PSPS non-base contract costs. Offset by -£300k release of NHB from reserves to support the revenue budget, approved in Q2.
Housing	(114)	(134)	(20)	-£12k underspend on Next Steps Accommodation Program (NSAP) from savings on cleaning and ground. Non-material savings achieved across RSAP and Broadgate Managed Properties.
General Fund Assets	407	496	89	Car parking income £77k below budget due to lower throughput and machine downtime (replacement machines now in place). £43k overspend on staffing costs in Facilities due to use of agency to fill vacancies. Garages income £42k below budget due to vacant lots. Overspends partially offset by -£61k underspend on Programmed Buildings Maintenance and -£26k additional rent income for Pinnacle Close industrial unit.
Governance	992	1,009	17	£118k budget misalignment on District Elections offset by underspends of -£50k in Democratic and -£52k in Legal services. Democratic services have underspent on staff costs due to vacant post, Special Responsibility Allowances due to cabinet posts removed, and unutilised Designated Councillors Budgets. Legal Services achieved savings due to ending of Breckland Agreement.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2023/24 £'000	31 March Outturn 2023/24 £'000	Variance (under)/ overspend £'000	Comments on main variances
Leisure & Culture	1,273	1,332	59	£35k negative variance on South Holland Centre driven by underachievement on rental income and films and live entertainment net income, reduced Arts council grant, card misuse and related HR costs, and unachieved Salary Efficiency Target. A bad debt provision of £14k has been included in the costs of the services. £16k overspend on Sports Hall resulting from repayment of a duplicated income in a prior year.
Neighbourhoods	4,716	4,820	104	Refuse Collection has a £105k negative variance driven by £226k overspend on staffing primarily agency costs, offset by -£101k of unbudgeted income from Lincs CC for cross border travel to a transfer station. Recycling Service has a £84k overspend mostly relating to agency costs and unachieved Salary Efficiency Target. Pride team has a £34k overspend also because of staffing costs. Offset by -£100k underspend on Street Cleaning resulting from £32k underspend on overtime, £26k additional income from Lincs CC for cross border travel and £42k LCC recharges.
Planning & Strategic Infrastructure	302	177	(125)	Favourable variance as a result of staff vacancies in Planning Policy.
Regulatory	832	917	85	Land charges inspection fee income has seen an underachievement of £38k and Building Control Fees income of £77k. This is suspected to be linked to high interest rates and the cost of living crisis affecting household spending. Income pressures largely offset by savings on staff costs.
Strategic Growth & Development	384	362	(22)	£10k favourable variance relates to a budget misalignment on UKSPF/G4G. In addition to various non-material underspends.
Strategic Project	152	128	(24)	Underspend resulting from the capitalisation of salaries.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2023/24 £'000	31 March Outturn 2023/24 £'000	Variance (under)/ overspend £'000	Comments on main variances
Wellbeing & Community Leadership	1,411	1,215	(196)	The numbers of people seeking assistance for homelessness and where a duty applies has remained consistently high throughout the year. Despite this pressure the Homelessness Service has managed this demand extremely proactively resulting in a -82k underspend due to reduced need for Bed and Breakfast Accommodation and additional revenue reimbursements and improved rent income. Private Sector Housing is also showing a favourable variance, of which -£119k is due to additional penalty fee income and contributions for Lincolnshire Emergency Assistance Scheme.
<b>Sub Total – Assistant Directors – Net Costs</b>	<b>16,381</b>	<b>16,496</b>	<b>115</b>	
Recharges to HRA	(3,069)	(3,083)	(14)	
Internal Drainage Boards and Parish Precepts	3,996	3,999	3	
Investment Income	(1,184)	(1,514)	(330)	Increased interest due to favourable market rates.
MRP	177	309	132	This is due to early delivery of capital programme and refinancing of prior year expenditure.
Impairment Allowance – Bad debt provision	0	7	7	Small increase to the Council Tax Collection provision. This is due to residual old debt getting harder to collect and the impact of the economic climate on current debt collection.
Capital Expenditure Charged in Year	808	758	(50)	
Transfers to/(from) Earmarked Reserves	(810)	(825)	(15)	
Efficiencies Requirement	(192)	0	192	See table 1b for breakdown.
<b>Other Income and Expenditure</b>	<b>(274)</b>	<b>(349)</b>	<b>(75)</b>	
<b>General Fund Budget net costs</b>	<b>16,107</b>	<b>16,147</b>	<b>40</b>	
Council Tax	(7,242)	(7,255)	(13)	
Business Rates	(6,942)	(6,804)	138	
Government Grants	(1,923)	(2,204)	(281)	
<b>Total Funding</b>	<b>(16,107)</b>	<b>(16,263)</b>	<b>(156)</b>	
<b>Total Budget - (Surplus)/Deficit</b>	<b>0</b>	<b>(116)</b>	<b>(116)</b>	

**Recommendation:**

**F1** That Cabinet notes the outturn position for 2023/24, an underspend of £116k as detailed in **Table 1** and approves the transfer of the surplus to the Transformation Reserve.

The 2023/24 budget included an efficiency target of £887k, efficiencies achieved were as follows:

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 Reducing requirement	(25)	Recurring reduction in budget
Power - depending on Power prices	(61)	Budget in excess of requirements
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 mis-alignment – duplication due to transfer of staff member
Insurance – Cyber	(6)	New contract price
Regulatory 0.8 FTE budgeted as 1 FTE	(8)	Budget mis-alignment – budgeted at 1FTE – staff reduced hours to 0.8FTE
Savings on LABC service fees	(5)	Budget in excess of requirements
PSPS Contract	(35)	Contract savings
Dems services saving (staff post)	(20)	Budget in excess of requirements
Spalding Special Expenses budget correction	16	Realign SSE budget with approved precept level.
Programmed Buildings Maintenance	(100)	Budget in excess of requirements
<b>Total</b>	<b>(695)</b>	
<b>Target</b>	<b>(887)</b>	
Efficiencies Not Achieved	192	

A new savings and efficiency plan has been developed for 2024/25 and is being monitored by the Leader and Finance Portfolio Holder and by Cabinet Portfolio Holders including scrutiny at Informal Cabinet Meetings.

## Income

The Council has several demand-led budget areas which are reliant on income for services provided. These are shown in Table 1c below.

Table 1c – Trading Income Budgets				
Income Area	Revised Budget £'000	Outturn Income £'000	Variance (above)/ below budget £'000	Comments
Car Parking	(393)	(316)	77	Underachievement of income due to reduced footfall and payment machine downtime. New machines have been purchased and installed.
Planning	(825)	(897)	(72)	£35k additional income from planning performance agreements and £37k overachievement on planning application fees from large applications.
Licensing	(122)	(99)	23	Fewer applications for Licensing Act 2003 than expected in Q4.
Markets	(32)	(27)	5	
Land Charges	(120)	(82)	38	Reduction due to external economic factors, Inspection Fees are demand led with the housing market.
Building Control	(357)	(260)	97	Building Control fee income reduction due to external economic factors.
Commercial Rents	(333)	(308)	24	Underachievement of income due to office vacancies at Priory Road and vacancy of tenant running the bar at South Holland Centre and TIC.
Green waste	(656)	(643)	12	
<b>TOTAL</b>	<b>(2,836)</b>	<b>(2,632)</b>	<b>206</b>	

## Reserves

At 31 March 2024 the General Fund specific reserves are £4.323m, after a net transfer from reserves of -£92k to cover future revenue and capital expenditure. **Table 2** reflects the outturn position.

Table 2 – Specific and General Reserves Balance				
Reserve	Balances at 1 April 2023 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2024 £'000
<b>General Fund</b>				
Council Tax	656	667	(128)	1,195
Replacement and Refurbishment	0	108	(108)	0
Repayment Reserve	0	66	0	66
Investment and Growth	3,703	459	(1,308)	2,854
Transformation	129	116	(38)	207
<b>Specific Reserves Total</b>	<b>4,488</b>	<b>1,416</b>	<b>(1,582)</b>	<b>4,322</b>
General Fund	2,078	0	0	2,078
<b>Total</b>	<b>6,566</b>	<b>1,416</b>	<b>(1,582)</b>	<b>6,400</b>

Table 2 – Specific and General Reserves Balance				
Reserve	Balances at 1 April 2023 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2024 £'000
<b>Housing Revenue Account</b>				
HRA General Reserve	22,513	701	(7,819)	15,395
Major Repairs	5,163	5,514	(6,298)	4,379
Insurance	200	-	-	200
<b>Total</b>	<b>27,876</b>	<b>6,215</b>	<b>(14,117)</b>	<b>19,974</b>

Please note the following reserve movements took place in 2023/24:

#### General Fund

- Council Tax
  - Additions – General fund contribution
  - Use of reserve (Revenue) – District Elections
- Replacement and Refurbishment Reserve
  - Additions – General fund contribution
  - Use of reserve (Revenue) – Programmed use for asset maintenance (South Holland Centre Boiler)
- Repayment Reserve
  - Additions – General fund contribution (Repayment of Workshop van, Pollution Control equipment repayment, and green waste capital repayment)
- Investment and Growth Reserve
  - Additions – New Homes Bonus (NHB)
  - Use of reserve (Revenue) – Town centre improvement works, corporate savings, and use of New Homes Bonus (NHB) to alleviate in year budget pressures as approved in Q2 report.
  - Use of reserve (Capital) – ICT Infrastructure, Waste vehicles, Footway lighting, Car park machines, Market toilets, Town centre improvement works, Ayscoughfee and Castle Sports, Rough Sleeping Accommodation Programme.
- Transformation Reserve
  - Additions – General fund contribution (23-24 surplus)
  - Use of reserve (Revenue) – Corporate training underspend which was rolled forward from 22/23.

#### HRA

- HRA General Reserve
  - Additions – 2023-24 surplus
  - Use of reserve – Capital financing
- Major Repairs Reserve
  - Additions – 2023-24 depreciation charge
  - Use of reserve – Capital financing

At 31 March 2024, the Council also held reserve balances that are ringfenced and committed to future spend. Table 2b shows the outturn position of these reserves.

Table 2b – Ringfenced Reserves Balance				
Reserve	Balances at 1 April 2023 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2024 £'000
Capital Receipts	3,835	2,716	(1,288)	5,263
1-4-1 Right to Buy Receipts	2,900	511	(1,176)	2,235
Earmarked Grants	683	225	(497)	411
S106 Reserve	238	383	0	621
Planning Reserve	0	394	0	394
Spalding Special	103	35	0	138
Climate Change	36	0	0	36
<b>Total</b>	<b>7,795</b>	<b>4,264</b>	<b>(2,961)</b>	<b>9,098</b>

### Section 2.3 – Housing Revenue Account Budget

Table 3 – HRA Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Outturn 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Rent Income – Dwellings	(17,001)	(16,830)	171	Rental income is showing an in-year underachievement due to lost income from RTB completions, in year acquisitions are yet to offset the income shortfall.
Charges for Services and Facilities	(1,217)	(1,266)	(49)	£37k additional income as the increase in sewage charges was forecast based on previous increases but the actual increase, confirmed after budget setting, was higher than anticipated. The income for guest rooms within Sheltered Housing is £7k higher due to guest rooms being used to support the Homelessness Team.
Contributions to Expenditure	(399)	(413)	(14)	Variance as a result of reduction in court costs and subsequent reduction in court income, and £12k insurance claim from prior year
<b>Total Income</b>	<b>(18,617)</b>	<b>(18,509)</b>	<b>108</b>	



Table 3 – HRA Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Outturn 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Repairs and Maintenance	3,629	4,354	725	£505k of the variance relates to Responsive Repairs, £126k for Void Repairs and £112k for Planned External schemes. The Responsive and Void Repairs budgets have been consistently under pressure as a result of increased labour, inflation and volume demand. Following national media around damp and mould there is greater public awareness which has resulted in a significant increase in demand. Other contributing factors include unachieved salary efficiency target, increase use of call off contracts for demand led trades, cost of materials for carpentry and increased scale of associated jobs, increase in plastering works, and de minimis roofing works.
Supervision and Management	3,677	3,353	(324)	-£250k of the variance relates to Housing Delivery; £99k additional project management fee income from the affordable housing capital programme, £97k savings against the Professional and Contractors Fees budget, additional £53k project management income from BBC re LAHF properties. -£114k of the variance relates to General Management, largely attributable to unspent £96k budget for Grants and Contributions to Outside Bodies.
Rents, rates, taxes, and other charges	81	79	(2)	
Depreciation	4,251	5,514	1,263	Variance resulting from budget misalignment. £510k increase in depreciation charge since 2022/23 as a result of increased property portfolio, valuation movements & useful lives. HRA depreciation is transferred to Major Repairs Reserve for future capital investment on existing stock.

Table 3 – HRA Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Outturn 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Movement in Allowance for bad debts	271	36	(235)	Budget was assuming major adverse effect of universal credit and effect of cost of living crisis, and there has been a lesser impact than expected.
Statutory recharge to the HRA for support services	3,021	3,020	(1)	
<b>Total Expenditure</b>	<b>14,930</b>	<b>16,357</b>	<b>1,426</b>	
<b>Contribution from Operations</b>	<b>(3,687)</b>	<b>(2,152)</b>	<b>1,534</b>	
Investment Income	(677)	(896)	(219)	Increased interest due to favourable market rates and slippage in the capital programme.
Interest Payable	2,348	2,348	(0)	
<b>Net (Surplus)/Deficit</b>	<b>(2,016)</b>	<b>(701)</b>	<b>1,315</b>	

**Recommendation:**

**F2** That Cabinet notes the outturn revenue position of the HRA for 2023/24, a surplus of £701k against a budgeted surplus of £2.016m, as detailed in Table 3.

## Section 2.4 – Capital Budget

This section covers:

- Progress against the 2023/24 approved capital programme and the 2023/24 outturn (General Fund Table 5 and HRA Table 8);
- Financing of the Capital Programme (General Fund Table 6 and HRA Table 9);
- Revisions to the 2024/25 Capital Programme (General Fund Table 7 and HRA Table 10);

### Changes to approved General Fund (GF) Capital Programme

Detailed below are subsequent changes to the capital programme since the Q3 report, these revised budgets are reflected in **table 5**.

Table 4 Capital Programme Changes				
Project Description	Q3 Budget	Amount £'000	Revised Q4 Budget	Approval
ICT	208	62	270	Recommitment of previously approved schemes, future bids for schemes to be brought forward as they are required.
Footway Lighting	92	6	98	Progress of scheme above where expected at Q3 where budgets were slipped to 2024/25, request to accelerate into 2023/24 from 2024/25.
Capital Acquisitions re Growth and Commercialisation	1,300	29	1,329	Recommitment of previously approved schemes, expenditure identified in relation to scheme post Q3.
Neighbourhoods	619	10	629	Progress of scheme above where expected at Q3 where budgets were slipped to 2024/25, request to accelerate into 2023/24 from 2024/25.
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	5	121	126	Progress of scheme above where expected at Q3 where budgets were slipped to 2024/25, request to accelerate into 2023/24 from 2024/25.
Next Steps Accommodation Programme (NSAP)	-	12	12	Recommitment of previously approved schemes, expenditure identified in relation to scheme post Q3.
Markets – Van	-	22	22	Required for the purchase of a vehicle for Markets funded from grant.
UKSPF – Rural	378	28	350	Progress of scheme above where expected at Q3, request to accelerate into 2023/24 from 2024/25.
LUF - South Holland Health and Wellbeing Hub)	720	79	799	Progress of scheme above where expected at Q3 where budgets were slipped to 2024/25, request to accelerate into 2023/24 from 2024/25.
<b>Total</b>	<b>3,294</b>	<b>369</b>	<b>3,663</b>	

## General Fund (GF) Capital Programme Q4 Outturn

Table 5– 2023/24 Capital Programme and Q4 Outturn			
Scheme	Revised Budget 2023/24	Outturn	Variance (underspend)/overspend
<b>Non UKSPF &amp; LUF Projects</b>			
ICT	270	270	-
Footway Lighting	98	98	-
Car Park Resurfacing	12	-	(12)
Capital Acquisitions re Growth and Commercialisation	1,329	1,304	(25)
Rough Sleeping Accommodation Programme (RSAP)	4	-	(4)
Neighbourhoods	629	592	(37)
Disabled Facilities Grants – Private Sector Housing	751	647	(104)
Decent Homes Unfit and Disrepair – Housing	75	-	(75)
Welland Homes	2,866	1,578	(1,288)
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	126	126	-
Council Offices Priory Road – Boiler	32	-	(32)
South Holland Centre – Boiler	65	108	43
Spalding Gateway Public Realm Project	283	-	(283)
Assets and Property – Castle Sports	78	35	(43)
Assets and Property – Moulton Park & New Sheep Market	172	104	(68)
West Marsh Road Depot Projects	36	40	4
Next Steps Accommodation Programme (NSAP)	12	12	-
Changing Places	65	75	10
Ayscoughfee Tennis Court	116	124	8
Local Authority Housing Fund	738	581	(157)
Car Park Machines	63	55	(8)
Markets - Van	22	20	(2)
Insurance Claim	-	23	23
<b>Total Non UKSPF &amp; LUF Projects</b>	<b>7,842</b>	<b>5,792</b>	<b>(2,050)</b>
<b>UKSPF &amp; LUF</b>			
UKSPF	216	37	(179)
UKSPF - Rural	378	378	-
<b>Total UKSPF</b>	<b>594</b>	<b>415</b>	<b>(179)</b>
LUF - South Holland Health and Wellbeing Hub	799	799	-
<b>Total LUF</b>	<b>799</b>	<b>799</b>	<b>-</b>
<b>Grand Total – All Projects</b>	<b>9,235</b>	<b>7,006</b>	<b>(2,229)</b>

The revised capital budget as at Q4 is £9.235m derived from the combination of the approved budget of £7.780m non-UKSPF and LUF projects, UKSPF projects at £0.594m and LUF projects at £0.799m. The overall expenditure as at Q4 is £7.006m.

## Capital Scheme Outturn

- Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments: Q4 delivery greater than expected leading to acceleration of budgets from 2024/25.
- Welland Homes: Works delayed further from Q3 forecasting leading to increased slippage into 2024/25 in addition to those carried forward as part of the Q3 report. Delivery ahead of initial budgets at Q1.
- Spalding Gateway Public Realm Project: Project awaiting quotations from a suitable and available contractor, slippage required.
- Local Authority Housing Fund: Scheme delivery ongoing, further purchase to follow within 2024/25, slippage required.
- UKSPF: Grant schemes continuing into the new year, slippage required.

## 2023/24 General Fund (GF) Funding

Table 6 – GF Capital Financing			
All Projects	Approved Budget 2023/24 £000	Actual 2023/24 £000	Variance 2023/24 £000
Replacement and Refurbishment Reserve	(65)	(108)	(43)
Investment and Growth Reserve	(792)	(643)	148
Grants	(2,947)	(2,541)	406
Internal Borrowing – Environmental Services Vehicles	(510)	(510)	-
Internal Borrowing/MRP/Future Needs	(94)	(94)	-
Internal Borrowing – Unfinanced	(505)	(247)	258
S106	(237)	-	237
Welland Homes/Internal Borrowing	(2,866)	(1,578)	1,288
Capital Receipts	(1,219)	(1,284)	(65)
<b>Totals</b>	<b>(9,235)</b>	<b>(7,006)</b>	<b>2,229</b>

## 2024/25 Revised General Fund (GF) Capital Programme

Table 7 shows the impact of the residual budget for projects now needing to be carried forward from 2023/24 and to amend the 2024/25 budget to reflect these figures.

On 29 February 2024 the general fund capital programme of £8.576m for 2024/25 was approved, and here we are amending it to take account of slippage from 2023/24 and projects with accelerated spend to reduce 2024/25 budgets.

Table 7 – Capital Programme Revised 2024/25				
Scheme	Current Budget 2024/25 £'000	Accelerated Expenditure 23/24 £'000	Slippage from 2023/24 £'000	Revised Budget 2024/25 £'000
ICT	131		-	131
Footway Lighting	68	(6)		62
Neighbourhoods	279		27	306
Spalding Cemetery	25		-	25

Disabled Facilities Grants – Private Sector Housing	1,111		104	1,215
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	245	(121)		124
Decent Homes Unfit and Disrepair – Housing	150		-	150
Homelessness	31		-	31
Industrial Units	520		-	520
Asset Improvement – Leisure	50		-	50
Assets and Property – Castle Sports	18		43	61
Assets and Property – Moulton Park & New Sheep Market	128		68	196
Ayscoughfee Projects	15		-	15
Car Park Resurfacing	73		12	85
Council Offices Priory Road – Boiler	10		32	42
Capital Acquisitions re Growth and Commercialisation	29		71	100
Welland Homes	1,110		1,288	2,398
Local Authority Housing Fund	-		157	157
Spalding Gateway Public Realm Project	-		283	283
<b>Total Projects (Excl UKSPF &amp; LUF)</b>	<b>3,993</b>	<b>(127)</b>	<b>2,085</b>	<b>5,951</b>
<b>UKSPF &amp; LUF</b>				
UKSPF	342		179	521
UKSPF - Rural	350	(28)		322
<b>Total UKSPF</b>	<b>692</b>	<b>(28)</b>	<b>179</b>	<b>843</b>
LUF - South Holland Health and Wellbeing Hub	3,891	(80)	-	3,811
<b>Total LUF</b>	<b>3,891</b>	<b>(80)</b>	<b>-</b>	<b>3,811</b>
<b>Total (including new items)</b>	<b>8,576</b>	<b>(235)</b>	<b>2,264</b>	<b>10,605</b>
<b>Funded By</b>				
Investment and Growth Reserve	(603)	6	(182)	(779)
Replacement & Refurbishment Reserve	(10)	-	-	(247)
S106 Reserve	-	-	(237)	(237)
Spalding Special Reserve	(25)	-	-	(25)
Grants	(6,139)	229	(329)	(6,239)
Capital Receipts	(29)	-	29	-
Internal Borrowing – Unfinanced	(562)	-	(257)	(819)
Internal Borrowing – Welland Homes	(1,110)	-	(1,288)	(2,398)
Minimum Revenue Provision (MRP)	(98)	-		(98)
<b>Total Financing</b>	<b>(8,576)</b>	<b>235</b>	<b>(2,264)</b>	<b>(10,605)</b>

**Recommendation:**

**F3** That Cabinet recommends to Full Council to amend the Capital Programme for 2024/25 as shown in Table 7 to take into account the changes set out in this report.

## Housing Revenue Account (HRA) Capital Programme

Table 8 – HRA Capital Programme	Approved Budget 2023/24 £'000	Changes to approved budget 2023/24 £'000	Slippage to future year £'000s	Revised Budget 23/24 £000	Outturn 2023/24 £000	Variance (under)/over £000
Central Heating	945			945	923	(22)
Kitchen/Bathroom	1,495			1,495	1314	(181)
Renewable Energy	2,845		(1,784)	1061	1102	41
Smoke Alarms	210			210	332	122
Electrical Upgrades	96			96	202	106
Roofs and Gutters	888			888	885	(3)
Doors and Windows	908		(440)	468	446	(22)
Flat Entrance Doors Sheltered Schemes	482			482	486	4
Chimneys	196			196	159	(37)
Paths and Drives	36			36	72	36
Boundary Walls	90			90	50	(40)
Fees	219			219	215	(4)
10 Baulkins Drove Insurance Claim	-	29		29	29	
15 Lansdowne Court – Insurance Claim	-	20		20	20	
75 Wygate Road Insurance Claim	-	102		102	102	
6 & 8 Farrow Avenue Insurance Claim	-	242		242	242	
Sewerage Treatment Plant	801		(528)	273	273	
The Square	1,277		(907)	370	370	
Car Parks	167		(167)	-	-	
Community Centre Refurbishment	75		(57)	18	18	
Booking System for Community Centres and Guest Rooms	15			15	15	-
ICT Strategy / Infrastructure	268			268	146	(122)
Replacement Laptops	78			78	28	(50)
Major Adaptions	600			600	447	(153)
Sheltered Alarm Upgrade	816		(722)	94	94	-
Housing Repairs Vehicles	150		(150)	-	-	-
Wignals Gate S106	965			965	866	(99)
Albion street Crowland	9			9	1	(8)
Northons Lane Holbeach	1,257		(851)	406	406	-
Jubilee Way Gosberton	1,349		(51)	1,298	1,298	-
Pheasant Street Holbeach	811		(22)	789	789	-
Primus Close Moulton Chapel	392		(387)	5	5	-
Biehler Avenue Weston	2,190		(79)	2,111	2,111	-
Cobgate Whaplode	954		(47)	907	907	-
Coalbeach Lane Surfleet	1,513		(63)	1,450	1,450	-
LAHF Frogmore Lane Holbeach	240		(234)	6	6	-
LAHF Tulip Fields Holbeach	1,073		(335)	738	738	-
Scheme Subject to detailed approval	487		(487)	-	-	-
<b>Total</b>	<b>23,897</b>	<b>393</b>	<b>(7,311)</b>	<b>16,979</b>	<b>16,547</b>	<b>(432)</b>

Table 9 – HRA Capital Financing	Approved Budget 2023/24 £'000	Changes to approved budget 2023/24 £'000	Slippage to Future years £'000	Revised Budget 23/24 £000	Outturn 2023/24 £'000	Variance (under)/over £'000
Capital Receipts	(1,238)			(1,238)	(1,176)	62
Grants and Contributions	(1,973)		877	(1,096)	(861)	235
Major Repairs Reserve	(5,024)		2,949	(2,075)	(6,298)	(4,223)
Reserve Financing	(15,662)	(121)	3,485	(12,298)	(7,940)	4,358
External Borrowing						-
Direct Revenue Financing		(272)		(272)	(272)	-
<b>Total</b>	<b>(23,897)</b>	<b>(393)</b>	<b>7,311</b>	<b>(16,979)</b>	<b>(16,547)</b>	<b>432</b>

## 2024/25 HRA Capital Programme

Table 10 shows the impact of the residual budget for projects now needing to be carried forward from 2023/24 and to amend the 2024/25 budget to reflect these figures.

On 29 February 2024, Full Council approved the HRA capital programme of £14.540m for 2024/25 and here we are amending it to take account of slippage from 2023/24.

Table 10 – HRA Capital Programme Revised 2024/25			
Scheme	Current Budget 2024/25 £'000	Budget c/f 2023/24 £'000	Revised Budget 2024/25 £'000
Central Heating	975	-	975
Kitchen/Bathroom	1,570	-	1,570
Renewable Energy	4,267	1,784	6,051
Smoke Alarms	190	-	190
Electrical Upgrades	130	-	130
Roofs and Gutters	930	-	930
Doors and Windows	1,070	440	1,510
Flat Entrance Doors Sheltered Schemes	350	-	350
Fire Remedial Works	75	-	75
Damp and Mould Remedial Works	100	-	100
Chimneys	200	-	200
Paths and Drives	37	-	37
Boundary Walls	92	-	92
TV Aerials - Sheltered Schemes	111	-	111
Fees	214	-	214
Sewerage Treatment Plant	289	528	817
The Square	25	907	932
Car Parks	27	167	194
Community Centre Refurbishment	75	57	132
ICT Strategy / Infrastructure	36	-	36
Replacement Laptops	28	-	28
Major Adaptions	630	-	630
Sheltered Alarm Upgrade	269	722	991
Housing Repairs Vehicles	410	150	560
Grounds Maintenance Equipment	71	-	71



Table 10 – HRA Capital Programme Revised 2024/25			
Scheme	Current Budget 2024/25 £'000	Budget c/f 2023/24 £'000	Revised Budget 2024/25 £'000
Wignals Gate S106	4	-	4
Northons Lane Holbeach	732	851	1,583
Jubilee Way Gosberton	5	51	56
Pheasant Street Holbeach		22	22
Primus Close Moulton Chapel		387	387
Biehler Avenue Weston		79	79
Cobgate Whaplode		47	47
Coalbeach Lane Surfleet		63	63
LAHF Frogmore Lane Holbeach		234	234
LAHF Tulip Fields Holbeach		335	335
Scheme Subject to detailed approval	1,628	487	2,115
<b>Total</b>	<b>14,540</b>	<b>7,311</b>	<b>21,851</b>
<b>Funded By</b>			
Capital Receipts	(948)		(948)
Grants and Contributions	(2,133)	(877)	(3,010)
Major Repairs Reserve	(5,467)	(2,949)	(8,416)
Reserve Financing	-	(3,485)	(3,485)
External Borrowing	-		
Direct Revenue Financing	(5,992)		(5,992)
<b>Total</b>	<b>(14,540)</b>	<b>(7,311)</b>	<b>(21,851)</b>

**Recommendation:**

**F4** That Cabinet recommends to Full Council to amend the HRA Capital Programme for 2024/25 as shown in Table 10 to take into account the changes set out in this report.

**Table 11** 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 11 – Capital Resources HRA			
	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Resources* available at start of each year	34,428	27,066	22,860
Capital Investment (estimate in future years)	(16,547)	(21,851)	(8,451)
Revenue Funding	-	(500)	-
Additional Sources of Finance			
- New Capital Receipts 1-4-1 (estimate in future years)	608	334	344
- Funding from other reserves and internal borrowing	-	10,000	-
- Major Repairs Reserve (only for existing assets)	5,514	5,039	5,073
- HRA Working Balance	823	639	772
- Grants	1,968	2,133	-
- Insurance Claim receipts	272	-	-
<b>Estimated Capital Resources* at end of each year</b>	<b>27,066</b>	<b>22,860</b>	<b>20,598</b>

\* Capital Reserve and Capital Receipts

## Right To Buy Receipts

During Quarter 4, there have been three Right to Buy sales, compared to three in Q2 and Q3 and four in Q1. 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 31 March 2024. The table below shows the RTB 1-4-1 receipts liability as at 31 March 2024 for the next five years, assuming no further capital financing applied, this shows the next payback risk is March 2027 when £236k spend is required to avoid repaying RTB receipts.

	31 March 2025 £'000	31 March 2026 £'000	31 March 2027 £'000	31 March 2028 £'000	31 March 2029 £'000
Payback liability	0	0	236	3,017	1,216

The table below shows the RTB 1-4-1 receipts liability after taking into account the HRA capital programme and receipts falling due at the 5 year period, showing a payback risk at March 2028.

	31 March 2025 £'000	31 March 2026 £'000	31 March 2027 £'000	31 March 2028 £'000	31 March 2029 £'000
Opening Balance – (Advance use) / Liability	(3,321)	(1,974)	(2,296)	(1,105)	1,242
1-4-1 Sales becoming due	1,347	350	1,861	3,017	1,216
Capital Programme Funding	(948)	(672)	(670)	(670)	(1,200)
<b>Closing Balance – (Advance use) / Liability</b>	<b>(2,922)</b>	<b>(2,296)</b>	<b>(1,105)</b>	<b>1,242</b>	<b>1,258</b>

## Section 2.5 – Treasury Management

### Investments at 31st March 2024

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 31 March 2024 excluding accrued interest. Note this represents the position at year end. 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.

Financial Institution	Country	Amount (£)	Fixed/ Variable	Start Date	Maturity Date	Yield
Lloyds Current Account	UK	1,628,173	Variable	Call	N/A	5.15%
Handelsbanken Plc	Sweden	9,545	Variable	Call	N/A	4.45%
CCLA Money Market Fund	Invested Globally	2,000,000	Variable	Call	N/A	5.26%
Reading Borough Council	UK	2,000,000	Fixed	21/03/24	19/04/24	7.00%
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%
UBS	Switzerland	5,000,000	Fixed	13/07/23	12/07/24	6.69%
DNB Bank	Norway	4,000,000	Fixed	31/08/23	30/08/24	6.18%
Toronto Dominion Bank	Canada	5,000,000	Fixed	06/10/23	04/10/24	5.89%
DNB Bank	Norway	1,000,000	Fixed	06/11/23	04/11/24	5.72%

Table 12 – Cash Investments as at 31 March 2024						
Financial Institution	Country	Amount (£)	Fixed/ Variable	Start Date	Maturity Date	Yield
Derby City Council	UK	2,000,000	Fixed	15/03/24	16/12/24	6.65%
<b>TOTAL</b>		<b>28,637,718</b>				

### 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 13 – Welland Homes Loans as at 31 March 2024				
Loan	Amount (£)	Start Date	Maturity Date	Yield
Green Lane & Walters Close, Spalding	408,851.00 389,768.37 <u>543,023.43</u> <b>1,341,642.80</b>	20/03/17 10/05/17 17/05/17	17/03/47	3.50%
Parkside Crescent, Spalding ( <i>initially a development loan at 5.50% until completed, now 3.5%</i> )	187,675.67 18,944.78 36,844.08 28,930.75 98,247.92 114,596.66 100,010.41 98,160.13 103,037.06 50,833.29 154,096.72 80,245.80 50,178.89 62,346.40 142,858.40 <u>21,723.09</u> 1,348,730.05 <u>(464,452.00)</u> <b>884,278.05</b>	29/03/18 23/05/18 19/06/18 17/07/18 24/08/18 19/09/18 23/10/18 22/11/18 21/12/18 11/01/19 20/02/19 22/03/19 12/04/19 22/05/19 07/06/19 25/02/21 07/05/19	07/05/49	3.50%
Transferred to Equity				
London Road, Long Sutton	<b>466,771.00</b>	12/02/19	02/10/48	3.50%
Bentley Court, Spalding	523,107.55 <u>32,440.72</u> <b>555,548.27</b>	20/08/19 20/01/20	02/08/49	3.50%
Northon's Lane, Holbeach	461,791.15 <u>28,286.40</u> <b>490,077.55</b>	29/03/21 18/11/21	29/03/51	3.50%
Homefields, Crowland	1,045,130.10 <u>59,207.06</u> <b>1,104,337.16</b>	30/03/23 11/08/23	29/03/53	5.25%
Walnut Close, Sutton St James	<b>560,227.00</b>	18/10/23	25/04/53	5.25%
Homefields, Crowland (Phase 2)	<b>391,915.00</b>	30/10/23	19/10/53	5.84%
<b>TOTAL</b>	<b>5,794,796.83</b>			

Interest earned on these loans in the 2023/24 financial year was £211,245.

### Maturity Structure of Loans

The maturity structure of loans is as follows:

Table 14 - Maturity Structure as at 31 March 2024 (incl. Welland Homes)		
Duration	Amount (£)	Percentage of Total
Less than one week	3,637,718	11%
Less than one month	2,000,000	6%
One to three months	6,000,000	17%
Three to six months	9,000,000	26%
Six to nine months	8,000,000	23%
Nine to twelve months	0	0%
More than twelve months	5,794,797	17%
<b>TOTAL</b>	<b>34,432,515</b>	<b>100%</b>

### 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 15 – Long Term Equity Investments as at 31 March 2024		
Entity	Equity at Cost (£)	Equity at Fair Value 31/03/24 (£)
Welland Homes	3,338,921	4,070,865
South Holland Local Housing Community Interest Company	100	1,237,462
UK Municipal Bond Agency	50,000	0
<b>TOTAL</b>	<b>3,389,021</b>	<b>5,308,327</b>

### Return on Investments

The Council's 2023/24 budget for investment income is £1.861m, split £1.184m GF and £677k HRA. On 31 March 2024 investment income earned was £545k above budget.

Table 16 - Investment Income	Budget 2023/24	31 March Outturn	Variance (underspend)/overspend
General Fund	1,184	1,511	327
HRA	677	895	218
<b>Total</b>	<b>1,861</b>	<b>2,406</b>	<b>545</b>

The average level of funds available for investment purposes during 2023/24 was £46.4m including the loans to Welland Homes which are classified as long-term debtors.

Treasury investments achieved an average rate of 5.32% (Q3 5.184%) compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.125% (Q3 5.10%).

The Welland Homes loans were issued at an average rate of 4.02% (Q3 3.967%).

The combined rate achieved on all investments is estimated to be approximately 5.173% (Q3 5.056%).

## External Borrowing

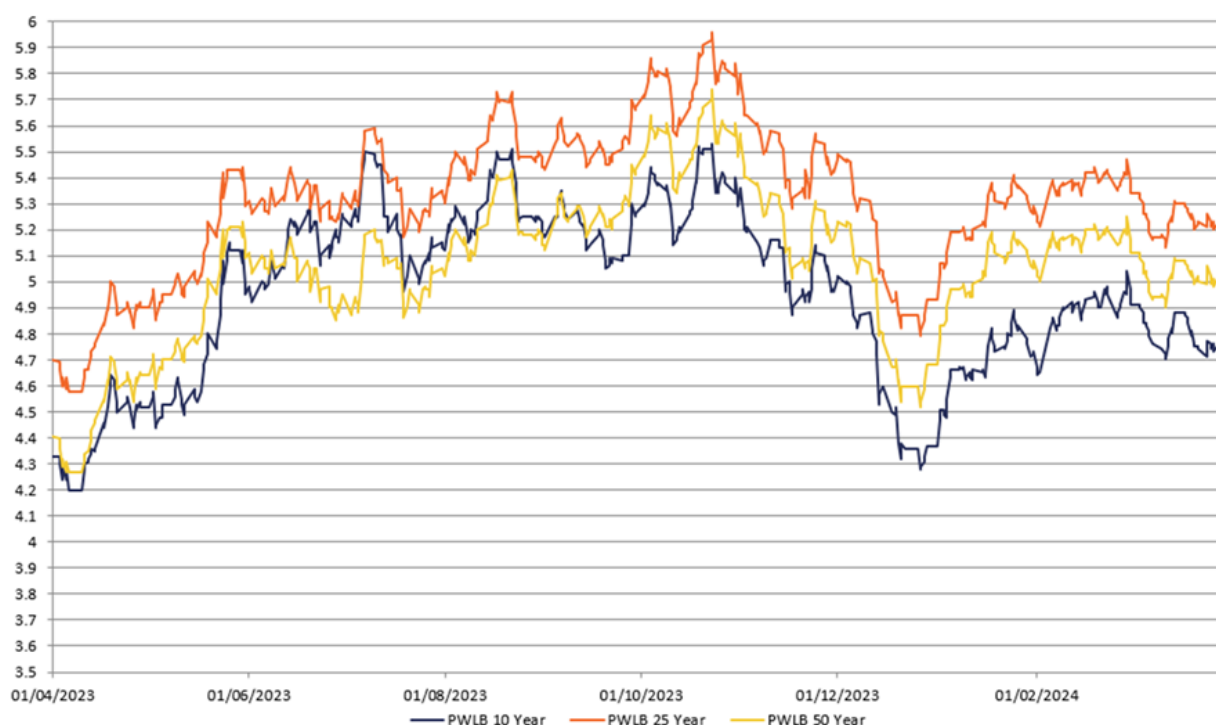
The Council has borrowings of £67.456m at a fixed rate of 3.48% in respect of the Housing Revenue Account self-financing settlement.

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

## Public Works Loan Board (PWLB) Borrowing Rates

During the financial year PWLB borrowing rates had been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. These rates stabilised during June and July 2023 when inflation levels slowly started falling and then increased again during September and October 2023 due to concerns over the US economy. These concerns abated and with the market expectation that base rates were likely to fall, the PWLB rates saw a sharp fall in November and December however some of these reductions have reversed during the final quarter of the financial year.

The 50 year PWLB certainty rate was 5.01% as at 31 March 2024 (Q3 4.68%).



## Treasury Summary

The Bank of England Base Rate increased from 4.25% to 5.25% during the financial year with the last increase being on 3 August 2023. Market expectations are that rates have now peaked and the future direction for the base rate is a gradual reduction.

The Council's 2023/24 budget for investment income is £1.861m (split £1.184m GF and £677k HRA). At the end of March 2024 investment income earned was £2.406m (split £1.511m GF and £895k HRA), which was £545k above the profiled budget on a straight-line basis (split £327k GF and £218k HRA).

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 Governance and Audit 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 31 March 2024 is shown in **Table 17**.

Table 17 – 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 £
1,066,744	14,037	1,099	25,244	11,780	225,007	220,149	1,564,060

Note: This does not include details of invoice amounts (£158,622) that are not yet due.

The Council's provision for bad debt at 31 March 2024 is £56,369.

## 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 remained in place throughout the year.

### Council Tax Support Scheme (CTS)

Following the statutory annual review during 2022/23, the 2023/24 scheme remains unchanged from the previous year, allowing for national up-ratings.

### Council Tax – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £61.8m with a net collection rate of 96.20% (96.55% at 31 March 2023).

### Business Rates – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £24m with a net collection rate of 95.15% (96.26% at 31 March 2023). It should be noted that comparison between years is not reliable due to the differences between financial years, including revaluation and rate relief schemes.