

## APPENDIX A - South Holland District Council – Q1 Finance Report 2024/25

### Finance Summary

- The revenue forecast shows an overspend position of £67k as at 30 June 2024.
- This report proposes a reset HRA budget with a surplus of £192k (previously £539k surplus).
- General Fund specific and general reserves of the Council are forecast to be £5.979m at 31 March 2025.
- HRA reserves are forecast to be £12.289m at 31 March 2025.
- General Fund Capital spend at the end of Quarter 1 was £0.557m against a full year budget of £10.709m.
- HRA capital spend at the end of Quarter 1 was £2.1m against a full year budget of £21.851m.
- The Council held investments of £26.684 as at 30 June 2024. As at 31 March 2024 the Council held investments of £28.638m.

### Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 1 of 2024/25
Section 2.2	Revenue Budget
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Section 2.4	Reserves
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Section 2.7	Debt Collection
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#### Section 2.1 – Key Financial Issues in Quarter 1 of 2024/25

- The 2024/25 budget included an efficiency target of £831k. As at 30 June, £457k (55%) of savings have been identified. The process of identifying the in year efficiencies will continue throughout the year and any in-year deficit/surplus will be added to this efficiency target.
- The Government announced it would provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies. South Holland has recently been awarded a further £335k for 2024/25 which has been included within the Q1 forecast and efficiencies.
- Neighbourhoods is forecast to be overspent by £161k for the year due to staffing pressures within the Recycling and Refuse services. The service has been requested to look at potential mitigations.
- The Council's 2024/25 budget for investment income is £1.544m. The outturn for investment income for 2024/25 is forecast to be £1.7m, split £1.1m GF and £0.6m HRA. Quarter 1 investment income is £538k. This will be reviewed throughout the year.

	April (%)	May (%)	June (%)
<b>Inflation</b>			
CPI	2.3	2	2
RPI	3.3	3	2.9

#### Section 2.2 – Revenue Budget

**Table 1** details the forecast outturn by Assistant Director showing a net overspend of £134,000 which is offset by additional investment income of £67,000 resulting in an overall net deficit of £67,000. This is based on the Quarter 1 forecast position as at 30 June 2024 and is based on officers' projections for the remainder of the financial year.

**Table 1 – Projected Net Spend by Assistant Director Area**

Assistant Director	Revised Budget 2024/25 £'000	Forecast Q1 2024/25 £'000	Variance (underspend )/ overspend £'000	Comments on main variances
Corporate	933	932	(1)	
Finance	5,352	5,366	14	Pressure arising from overbudgeted Revenue & Benefits grant income.
Housing	(137)	(137)	-	
General Fund Assets	351	408	57	Overspend forecast due to £32k salary efficiency target, £14k relating to return of deposit paid and £10k excess paid on an insurance claim.
Governance	1,222	1,223	1	
Leisure & Culture	1,133	1,138	5	Minor variances.
Neighbourhoods	4,734	4,895	161	A combined overspend of £186k on Agency staffing is forecast for Recycling and Refuse services. Overspends are being partially offset by salary savings (in excess of the salary efficiency target) resulting from vacancies across Environmental Services Operational, Street Cleaning, and Vehicle Maintenance.
Planning & Strategic Infrastructure	350	239	(111)	Favourable variance arising from forecast salary savings due to vacant posts, (£182k) in Planning Policy and (£48k) in Planning Enforcement. Savings partially offset by £107k pressure in Development Management for agency staffing and salary efficiency targets. In Q1 there was an overachievement of planning fee income in respect of a large application. It is proposed that a £300k contribution to the planning reserve should be made for future planning related costs.
Regulatory	835	838	3	
Strategic Growth & Development	235	245	10	Assumes salary efficiency target of £10k not met.
Strategic Project	16	22	6	Assumes salary efficiency target of £6k not met.
Wellbeing & Community Leadership	1,295	1,276	(11)	Underspend forecast for Community and Voluntary Support due to management vacancy.
<b>Sub Total – Assistant Directors – Net Costs</b>	<b>16,555</b>	<b>16,689</b>	<b>134</b>	
Recharges to HRA	(3,344)	(3,344)	-	
Internal Drainage Boards and Parish Precepts	4,712	4,712	-	
Investment Income	(1,033)	(1,100)	(67)	Increased income due to favourable interest rates.

**Table 1 – Projected Net Spend by Assistant Director Area**

Assistant Director	Revised Budget 2024/25 £'000	Forecast Q1 2024/25 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Minimum Revenue Provision (MRP)	319	319	-	
Impairment Allowance – Bad debt provision	13	13	-	
Capital Expenditure Charged in Year	638	638	-	
Transfers to/(from) Earmarked Reserves	(499)	(499)	-	
Efficiencies Requirement	(374)	(374)	-	£457k efficiencies identified (see table 1c) reducing the requirement from original budget of £831k. Forecast assumes efficiencies will be met in full.
<b>Other Income and Expenditure</b>	<b>432</b>	<b>365</b>	<b>(67)</b>	
<b>General Fund Budget net costs</b>	<b>16,987</b>	<b>17,053</b>	<b>67</b>	
Council Tax	(7,696)	(7,696)	-	
Business Rates	(7,247)	(7,247)	-	
Government Grants	(2,044)	(2,044)	-	
<b>Total Funding</b>	<b>(16,987)</b>	<b>(16,987)</b>	<b>-</b>	
<b>Total Budget - (Surplus)/Deficit</b>	<b>0</b>	<b>67</b>	<b>67</b>	

**Recommendation:**

- F1** That Cabinet notes the forecast revenue position of a £67k overspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- F2** That Cabinet approve a transfer to the Planning reserve of £300,000.

**General Fund Revenue Budget Movement**

Full Council approved the general fund revenue budget of £16.987m in February 2024. Table 1b summarises the in-year budget movements, this is a total of £331k additional budgets in Q1. As the Council is required to set a balanced budget, each movement has corresponding approval to utilise grant allocations or reserve balances to ensure the net budget position is unchanged.

**Table 1b - General Fund Revenue Budget Movement**

Description	AD	Approval	Funding	£'000
Household Support Fund	Wellbeing & Community	Decision Notice	Grant allocation	223
Good Homes Alliance Contribution	Wellbeing & Community	S151 Proforma B	Reserves	43
Technology Forge system	Corporate	S151 Proforma B	Reserves	23
Technology Forge implementation support	General Fund Assets	S151 Proforma B	Reserves	15
Waste interim manager support	Neighbourhoods	S151 Proforma B	Reserves	18
Tascomi Portal software	Corporate	S151 Proforma B	Reserves	6
Bin lift safety alterations	Neighbourhoods	S151 Proforma B	Reserves	3

<b>Total movement as at 30 June 2024</b>				<b>331</b>
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The 2024/25 budget included an efficiency target of £831k, efficiencies forecast so far:

Table 1c – Efficiency Description	Amount £'000	Comments
Additional S113 income	(58)	Planning resources to be shared with ELDC.
Reinstate post into budget	18	Post budgeted for part-year.
Additional income from boiler claim	(20)	Compensation.
Q1 ICT savings	(57)	Favourable forecast within IT at Q1 due to the benefit of some inflationary assumptions on annual subscriptions and licences contract prior to renewal.
ICT additional income	(4)	Additional recharge income forecast for Q4 to for BBC server costs.
IDB funding	(335)	Central government funding in support of drainage board levy increases
<b>Total efficiencies found</b>	<b>(457)</b>	
<b>% Achieved</b>	55%	
<b>Target</b>	<b>831</b>	
<b>Efficiencies to be identified</b>	<b>374</b>	
<b>Q1 forecast position</b>	<b>67</b>	
<b>Total deficit at Q1 excluding efficiencies</b>	<b>441</b>	

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.

As detailed in the 2024/25 Budget Setting report on 29 February 2024, based upon current budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Annual Savings Requirement (£'000)	185	1,030	1,104	1,427	1,767
IDB Funding Requirement (£'000)	646				

Note: These are not accumulative, once an efficiency has been achieved it will reduce the future years' requirement.

## Income

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

Table 1d – Trading Income Budgets				
Income Area	Revised Budget £'000	Forecast £'000	Variance (above)/ below budget £'000	Comments
Car Parking	(377)	(380)	(3)	Small overachievement forecast.
Planning	(825)	(825)	-	
Licensing	(122)	(122)	-	
Markets	(34)	(34)	-	
Land Charges	(75)	(75)	-	
Building Control	(373)	(373)	-	

Commercial Rents	(338)	(338)	-	
Green Waste	(806)	(806)	-	
<b>TOTAL</b>	<b>(2,950)</b>	<b>(2,953)</b>	<b>(3)</b>	

### Section 2.3 – Housing Revenue Account Budget

In the financial year 2023/24, the budget came under extreme pressure in responding to a number of increased operating costs. Alongside service specific pressures, hyperinflation with repairs and maintenance in particular experiencing cost inflation, ageing components, greater publicity of the responsibility of social landlords, and increased awareness and reports of Damp, Condensation and Mould, have all compounded demands which the service require the financial resources to deliver.

The 2024/25 approved budget had been set in accordance with historic budget information and stock data derived from the service based on demand and planned works, and unfortunately the full extent of the pressures experienced in 2023/24 were not reflected. As the demand and inflationary pressures persisted through Quarter 1 and are not expected to curtail, a full review of the revenue budget has been undertaken.

Table 3 presents the proposed 2024/25 reset budget compared to the existing revised budget:

<b>Table 3 – HRA Budget Reset</b>			
<b>Description</b>	<b>2024/25 Revised Budget</b>	<b>2024/25 Q1 Reset Budget</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rent Income – Dwellings	(18,325)	(18,308)	17
Charges for Services & Facilities	(1,275)	(1,275)	0
Contributions to Expenditure	(5)	(5)	0
<b>Total Income</b>	<b>(19,605)</b>	<b>(19,588)</b>	<b>17</b>
Repairs & Maintenance:			
Void repairs	830	1,076	246
Responsive Repairs - Roof repairs	235	495	260
Responsive Repairs - Staffing	665	791	126
Responsive Repairs – Legal Fees	0	100	100
Responsive Repairs – Other	768	911	143
Planned Schemes - External	850	1,130	280
Planned Schemes - Damp, Condensation and Mould	0	547	547
Property Maintenance - Support	685	685	0
Supervision & Management	4,766	4,706	(60)
Rents Rates Taxes and Other Charges	90	90	0
Depreciation	5,040	5,040	0
Provision For Doubtful Debts	271	50	(221)
Statutory Recharges to the HRA for Support Services	3,307	3,307	0
<b>Total Expenditure</b>	<b>17,507</b>	<b>18,928</b>	<b>1,421</b>
<b>Contribution from Operations</b>	<b>(2,098)</b>	<b>(660)</b>	<b>1,438</b>

Investment Income	(511)	(556)	(45)
Interest on Loans	2,848	2,348	(500)
Transfer From Reserves	(777)	(1,324)	(547)
<b>Net Operating (Surplus)/Deficit</b>	<b>(538)</b>	<b>(192)</b>	<b>346</b>

The reset budget proposes an increase of £346k from the revised budget position, detailed below:

Description	Explanation of Budget Movement	Amount £000
Rent Income – Dwellings	Actual rental income receivable is lower than originally budgeted for due to a higher than estimated level of voids.	17
<b>Repairs &amp; Maintenance:</b>		
Void Repairs	Budget increase consists of £120k Void Decoration, £50k Materials and Consumables, £76k staffing costs. As part of the Sheltered Housing Project and introduction of the Independent Living Team a scheme of improving the quality of our Sheltered Housing “void standard” was piloted. The introduction of this Scheme in April 2024 has therefore had an impact on the budget spend against the Void Decoration budget.	246
Responsive Repairs	Budget increase consists of £260k Roof Repairs, £126k staffing, £100k legal fees, £76k Responsive Buildings Maintenance, £46k Materials and Consumables, and £21k Furniture and Equipment. Within the Housing Repairs Service there are additional challenges with volume demand increases in carpentry and plastering. In addition, the costs of carrying out the required repairs have increased. Responsive roofing is an example of increasing costs and volume. Legal Disrepair claims are an ongoing challenge for the Council, despite a high success rate of defending claims. The litigation costs associated with defending such claims are substantial and therefore an increased budget is required to support the demand driven expenditure in this area.	629

Planned Schemes - Damp, Condensation and Mould	<p>The Regulator for Social Housing, Housing Ombudsman and MHCLG are clear that Damp, Condensation and Mould should be a priority for social landlords. There is a clear expectation that landlords are proactively addressing concerns reported as well as undertaking prevention work to stop issues occurring. In 2022/23, the Council experienced a significant increase in demand following reports of damp, condensation and mould. As with all social housing providers the Council is learning and adjusting to dealing with the challenge of combatting damp, condensation and mould issues.</p> <p>In 2023/24, two contracts were tendered and let, one to carry out a full RICS based survey to cover all property elements and a second contract to carry out the subsequent remedial works. The volume of demand from reported cases together with the volume of work identified from the in-depth surveys has created a significant budget challenge in carrying out all of the remedial works. The current approach is not considered sustainable and is therefore currently under review to find an affordable alternative.</p> <p>A review of the contracts is being undertaken with the support of the Contracts and Procurement team to ensure the Council is achieving value for money whilst balancing its responsibility to carry out repairs. Therefore, a transfer from reserves is requested to support the extreme pressure being experienced whilst further work on this area is undertaken. Work arising from repairs related to damp condensation and mould has generated an additional 3000 repairs per year when compared to the service's 5-year average.</p>	547
Planned Schemes - External	Budget increase consists of £200k damp proofing and £80k Professional and Contractors Fees.	280
Supervision & Management:		
Housing Delivery	One-off reduction to Professional and Contractors Fees in 2024/25 as expenditure is to take place in 2025/26, budget reduced by £78k. Further reduction of £59k on salary costs resulting from vacancy and recharges.	(137)
Housing Sewerage Works	Utilities budgets aligned with inflationary price increases of recent years.	30
General Management	Staffing budget has been aligned with Q1 24-25 actuals.	2
Community Facilities	Utilities budgets aligned with inflationary price increases of recent years.	40
Tenant Participation	Grant income budget created, DLUHC Tenant Satisfaction Measures funding to be received in Q2.	(17)
Estate Management	Waste collection and cleaning contract budgets aligned with actual costs, previously understated.	19
Sheltered Housing	Staffing budget has been aligned with Q1 24-25 actuals.	3
Provision For Doubtful Debts	Budget aligned with prior year outturn positions where there has been a lesser impact than expected of universal credit and effect of cost of living crisis.	(221)
Investment Income	Increased income budget to reflect better performing investments due to favourable interest rates.	(45)
Interest on Loans	The interest on loans budget has been reduced as no new external borrowing is anticipated to be taken in 2024/25; internal borrowing will be utilised while cash balances and interest rates remain high. £2.348m is the fixed interest payable on existing loans.	(500)

Transfer From Reserves	Transfer to support the 'Planned Schemes - Damp, Condensation and Mould' full year forecasted additional requirement.	(547)
<b>Total</b>		<b>346</b>

The review and refinement of the HRA revenue budget is continuing and will be supported by the recently commissioned HRA Business Plan and Asset Management Strategy being undertaken by Savills. Officers are conducting research, benchmarking, and information sharing with peer authorities to collate robust information on which to base the reset. The depreciation methodology is under review to ensure the calculation is not creating undue pressure on annual revenue budgets, an update will be provided later in the year.

The capital programme is also being reviewed. A 100% stock condition survey programme has commenced, which alongside the Asset Management Strategy, will inform future investment decisions.

**Recommendation:**

**F3** That Cabinet refers to Full Council the approval of an amended 2024/25 budget for the HRA with a surplus of £192k including an associated reserve withdrawal, as detailed in Table 3.



## Section 2.4 – Reserves

At 30 June 2024, the closing balance for the General Fund specific reserves are forecast to be £5.979m, after a net transfer into reserves of (£419k) 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 2024 £'000	Forecast Contributions into Reserves £'000	Forecast Use of Reserves £'000	Forecast Balances at 31 March 2025 £'000
<b>General Fund</b>				
Council Tax	1,193	435	(8)	1,620
Replacement and Refurbishment	0	3	(10)	-7
Repayment Reserve	66	0	0	66
Investment and Growth	2,854	94	(841)	2,107
Transformation	207	0	(92)	115
<b>Specific Reserves Total</b>	<b>4,320</b>	<b>532</b>	<b>(951)</b>	<b>3,901</b>
General Fund	2,078	0	0	<b>2,078</b>
<b>Total</b>	<b>6,398</b>	<b>532</b>	<b>(951)</b>	<b>5,979</b>
<b>Housing Revenue Account</b>				
HRA General Reserve	15,395	0	(4,809)	<b>10,586</b>
Insurance	200	0	0	<b>200</b>
Major Repairs	4,378	5,541	(8,416)	<b>1,503</b>
<b>Total</b>	<b>19,973</b>	<b>5,541</b>	<b>(13,225)</b>	<b>12,289</b>

Please note the following reserve movements that are due to take place in 2024/25:

### General Fund:

- Council Tax -
  - Additions – General fund contribution including NNDR surplus and annual contribution to District Elections
  - Use of reserve (Revenue) – Pollution Control equipment
- Replacement and Refurbishment Reserve -
  - Additions – General fund contribution
  - Use of reserve (Capital) – Programmed use for asset maintenance (Priory Road – Boiler)
- Investment and Growth -
  - Additions – Repayment of Workshop van, Green Waste capital repayment, and Rough Sleeping Accommodation Programme surplus
  - Use of reserve (Revenue) – Corporate savings, software purchases.
  - Use of reserve (Capital) – Programmed use for asset maintenance, town centre improvement works, ICT Infrastructure

### HRA:

- General Reserve –
  - Financing of the capital programme
  - Use of reserve (Revenue) - £547k transfer recommended as part of this report [F3]
- Major Repairs
  - Additions – 24/25 depreciation charge

- Financing of the capital programme

## Section 2.5 – Capital Budget

This section covers:

- Progress against the 2024/25 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 (GF) Capital Programme

Table 4 – 2024/25 Capital Programme and Q1 Forecast Outturn						
Scheme	Approved Budget 2024/25	Changes to approved budget	Revised 2024/25	Actual June 2024	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
<b>Non UKSPF &amp; LUF Projects</b>						
ICT	131	6	137	4	137	-
Footway Lighting	62	-	62	-	62	-
Neighbourhoods	306	60	366	-	357	(9)
Spalding Cemetery	25	-	25	-	25	-
Disabled Facilities Grants	1,339	-	1,339	19	900	(439)
Decent Homes Unfit and Disrepair – Housing	150	-	150	-	150	-
Homelessness	31	-	31	-	31	-
Industrial Units	520	-	520	-	520	-
Asset Improvement – Leisure	50	-	50	-	50	-
Asset and Property – Castle Sports	61	(61)	-	-	-	-
Asset and Property – Moulton Park & New Sheep Market	196	(100)	96	29	96	-
Ayscoughfee Projects	15	-	15	-	15	-
Car Park Resurfacing	85	-	85	-	85	-
Council Offices Priory Road – Boiler	42	-	42	-	42	-
Council Offices Priory Road – UPS	-	24	24	24	24	-
Capital Acquisitions re Growth and Commercialisation	100	-	100	1	100	-
Welland Homes	2,398	-	2,398	-	1,106	(1,292)
Local Authority Housing Fund	157	-	157	-	157	-
Spalding Gateway Public Realm Project	283	-	283	-	283	-
Lutyens Memorial	-	175	175	-	175	-
<b>Total Non UKSPF &amp; LUF Projects</b>	<b>5,951</b>	<b>104</b>	<b>6,055</b>	<b>77</b>	<b>4,315</b>	<b>(1,740)</b>
<b>UKSPF &amp; LUF</b>						
UKSPF	521	-	521	123	521	-
UKSPF – Rural	322	-	322	48	322	-
<b>Total UKSPF</b>	<b>843</b>	<b>-</b>	<b>843</b>	<b>171</b>	<b>843</b>	<b>-</b>
South Holland Health and Wellbeing Hub	3,811	-	3,811	309	3,811	-
<b>Total LUF</b>	<b>3,811</b>	<b>-</b>	<b>3,811</b>	<b>309</b>	<b>3,811</b>	<b>-</b>

<b>Grand Total – All Projects</b>	<b>10,605</b>	<b>104</b>	<b>10,709</b>	<b>557</b>	<b>8,969</b>	<b>(1,740)</b>
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The revised capital budget as at Q1 will be £10.709m, derived from the combination of the 2023/24 approved budget of £10.605m, new in-year approved spend, and uncommitted spend. The overall expenditure as at Q1 is £0.557m.

### Changes to approved capital budget

Detailed below are subsequent changes to the capital programme since the 2023/24 Outturn and are reflected in the table above.

Table 5 Capital Programme Changes		
Project Description	Amount £'000	Approval
ICT	6	Decommitment of Plotters Refresh equipment purchase. Proforma approved by S151 for Income Management Single Solution.
Neighbourhoods	60	Proforma approved by S151 for Vehicle Lift for VMU.
Assets and Property – Castle Sports	(61)	Decommitment of Castle Sports works, works no longer required alongside South Holland Health and Wellbeing Hub project.
Assets and Property – Moulton Park & New Sheep Market	(100)	Decommitment of project to be utilised against Lutyens Memorial project.
Council Offices Priory Road – UPS	24	Proforma approved by S151 for Uninterruptible Power Supply at Priory Road.
Virement to Lutyens Memorial	100	Transfer from Moulton Park Scheme
Lutyens Memorial	75	Additional Proforma approved by S151, project across two financial years.
<b>Total</b>	<b>104</b>	

### 2024/25 Funding

Table 6 Capital Programme Financing				
All Projects	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Full year forecast 2024/25 £000	Variance 2024/25 £000
Investment and Growth Reserve	(779)	(719)	(710)	9
Replacement and Refurbishment Reserve	(10)	(109)	(109)	-
S106 Reserve	(237)	(237)	(237)	-
Spalding Special Reserve	(25)	(25)	(25)	-
Grants	(6,239)	(6,239)	(5,800)	439
Internal Borrowing – Unfinanced	(819)	(819)	(819)	-
Internal Borrowing – Welland Homes	(2,398)	(2,398)	(1,106)	1,292
Minimum Revenue Provision (MRP)	(98)	(163)	(163)	-
<b>Totals</b>	<b>(10,605)</b>	<b>(10,709)</b>	<b>(8,969)</b>	<b>1,740</b>

#### Recommendation:

**F3** That Cabinet approves the amendments to the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

Housing Revenue Account (HRA) Capital Programme

Table 7 – HRA Programme	Revised Budget 24/25 £000	Actual June 2024 £000	Forecast Outturn 2024/25 £000	Variance (under)/over £000
Central Heating	975	64	975	-
Kitchen/Bathroom	1,570	216	1,570	-
Renewable Energy	6,051	610	6,051	-
Smoke Alarms	190	33	190	-
Electrical Upgrades	130	5	130	-
Roofs and Gutters	930	28	930	-
Doors and Windows	1,510	560	1,510	-
Flat Entrance Doors Sheltered Schemes	350	25	350	-
Fire Remedial Works	75	-	75	-
Damp and Mould Remedial Works	100	-	100	-
Chimneys	200	32	200	-
Paths and Drives	37	6	37	-
Boundary Walls	92	2	92	-
TV Aerials - Sheltered Schemes	111	-	111	-
Fees	214	-	214	-
Sewerage Treatment Plant	817	68	817	-
The Square	932	-	932	-
Car Parks	194	-	194	-
Community Centre Refurbishment	132	4	132	-
ICT Strategy / Infrastructure	36	-	36	-
Replacement Laptops	28	3	28	-
Major Adaptions	630	270	630	-
Sheltered Alarm Upgrade	991	139	991	-
Housing Repairs Vehicles	560	-	560	-
Grounds Maintenance Equipment	71	-	71	-
Wignals Gate S106	4	-	4	-
Northons Lane Holbeach	1,583	-	1,583	-
Jubilee Way Gosberton	56	-	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	42	234	-
LAHF Tulip Fields Holbeach	335	-	335	-
Scheme Subject to detailed approval	2,115	-	2,115	-
<b>Total</b>	<b>21,851</b>	<b>2,107</b>	<b>21,851</b>	<b>-</b>

Table 8 – HRA Financing	Revised Budget 24/25 £000	Forecast Outturn 2024/25 £000	Variance (under)/over £000
Capital Receipts	(948)	(948)	0
Grants and Contributions	(3,010)	(3,010)	0
Major Repairs Reserve	(8,416)	(8,416)	0
HRA General Reserve	(3,485)	(3,485)	0

Table 8 – HRA Financing	Revised Budget 24/25 £000	Forecast Outturn 2024/25 £000	Variance (under)/over £000
Internal Borrowing	(5,992)	(5,992)	0
<b>Total</b>	<b>(21,851)</b>	<b>(21,851)</b>	<b>0</b>

### Changes to approved capital budget

On 31 July 2024 the revised HRA capital programme was approved by Full Council via the 2023/24 Outturn Report, to take account of underspend from 2023/24 and projects with accelerated spend to reduce 2024/25 budgets. No subsequent budget movements are proposed in Q1. As explained in section 2.3, the HRA capital programme is under review and changes may be brought forward later in the year.

### 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 31<sup>st</sup> March 2024. The next review point will be 31<sup>st</sup> March 2025, but the 2024/25 capital programme will clear any risk of repayment. During Quarter 1, there has been one Right to Buy sale (compared to three in Q3 2023/24).

## Section 2.6 – Treasury Management

### Investments at 30 June 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 30 June 2024 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 10 – Cash Investments as at 30 June 2024						
Financial Institution	Country	Amount (£)	Fixed/Variable	Start Date	Maturity Date	Yield
Lloyds Current Account	UK	873,919	Variable	Call	N/A	5.15%
Handelsbanken Plc	Sweden	9,615	Variable	Call	N/A	4.45%
CCLA Money Market Fund	Invested Globally	2,800,000	Variable	Call	N/A	5.21%
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%
Liverpool City Council	UK	2,000,000	Fixed	22/04/24	29/11/24	5.35%
ANZ Bank	Australia	2,000,000	Fixed	03/06/24	03/12/24	5.39%
Derby City Council	UK	2,000,000	Fixed	15/03/24	16/12/24	6.65%
CIC Bank	France	2,000,000	Fixed	03/06/24	02/06/25	5.36%

**Table 10 – Cash Investments as at 30 June 2024**

Financial Institution	Country	Amount (£)	Fixed/ Variable	Start Date	Maturity Date	Yield
<b>TOTAL</b>		<b>26,683,534</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 11 – Welland Homes Loans as at 30 June 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 current financial year to 30 June 2024 is £60,114.

### Maturity Structure of Loans

The maturity structure of loans is as follows:

Table 12 - Maturity Structure as at 30 June 2024 (incl. Welland Homes)		
Duration	Amount (£)	Percentage of Total
Instant Access	3,683,534	11%
Less than one month	5,000,000	16%
One to three months	4,000,000	12%
Three to six months	12,000,000	37%
Six to nine months	0	0%
Nine to twelve months	2,000,000	6%
More than twelve months	5,794,797	18%
<b>TOTAL</b>	<b>32,478,331</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 13 – Long Term Equity Investments as at 30 June 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 table below provides a comparison of investment income received compared to the profiled budget.

Category	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Interest Received GF	(257,467)	(349,178)	(91,711)	(1,032,700)	(1,099,660)	(66,960)
Interest Received HRA	(127,500)	(188,640)	(61,140)	(511,400)	(556,040)	(44,640)
<b>TOTAL</b>	<b>(384,967)</b> <i>(4.771%)</i>	<b>(537,818)</b> <i>(5.561%)</i>	<b>(152,851)</b> <i>(0.76%)</i>	<b>(1,544,100)</b> <i>(4.771%)</i>	<b>(1,655,700)</b>	<b>(111,600)</b>

The average level of funds available for investment to the end of June 2024 was £38.4m including the loans to Welland Homes which are classified as long-term debtors. This compares with a budgeted annual average of £32.4m.

Treasury investments achieved an average rate of 5.818% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.167%. Welland Homes loans were issued at an average rate of 4.161%. The combined rate achieved on all investments is estimated to be approximately 5.561%.

### External Borrowing



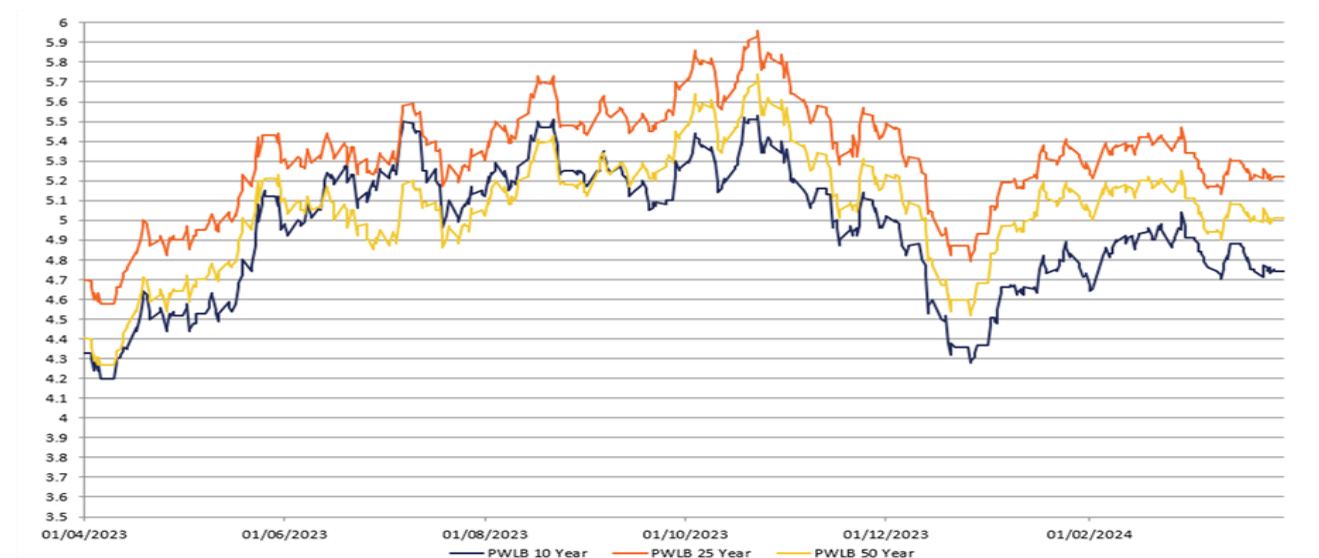
The Council has borrowings of £67.456m at a fixed rate of 3.48% in respect of the Housing Revenue Account self-financing settlement. Additional HRA borrowing of £10m was included in the 2024/25 budget for the full year at 5% but as at the end of Quarter 1 this external borrowing has not been drawn.

The following table provides an analysis of borrowing costs as at Q1:

Category	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Interest Payable HRA	709,917	585,259	(124,658)	2,847,469	2,347,469	(500,000)

### Public Works Loan Board (PWLB) Borrowing Rates

The 50 year PWLB certainty rate was 5.18% as at 30 June 2024. The following graph shows the PWLB rates over the last 12 months.



### Net Treasury Position

The following table provides an analysis of the net treasury position as at Quarter 1:

Category	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
GF Interest Received	(257,467)	(349,178)	(91,711)	(1,032,700)	(1,099,660)	(66,960)
HRA Interest Received	(127,500)	(188,640)	(61,140)	(511,400)	(556,040)	(44,640)
HRA Interest Paid	<u>709,917</u>	<u>585,259</u>	<u>(124,658)</u>	<u>2,847,469</u>	<u>2,347,469</u>	<u>(500,000)</u>
HRA Net Position	582,417	396,619	(185,798)	2,336,069	1,791,429	(544,640)
<b>Total Net Position</b>	<b>324,950</b>	<b>47,441</b>	<b>(277,509)</b>	<b>1,303,369</b>	<b>691,769</b>	<b>(611,600)</b>

At Quarter 1 there is a favourable variance of £277,509 and the forecast outturn is a favourable variance of £611,600.

When calculating the estimated outturn for investment interest it has been assumed that the capital programme will slip by 25% and the remaining capital expenditure will occur on a straight line basis. This is the same assumption that was made when the original budget was produced.

### TM Summary

The Bank of England Base Rate has been held at 5.25% during the current financial year. Market expectations are that rates have now peaked and the future direction for the base rate is a gradual reduction.

At the end of June 2024 rates on new investments with financial institutions were around 0.2% higher than those offered by local authorities in the one year period.

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 2.7 – 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 2024 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 £
176,440	137,544	292,745	924	9,102	76,512	268,434	961,698

Note: This does not include details of invoice amounts £186,192.14 that are not yet due

## Section 2.8 – Council Tax and Business Rates

There remains uncertainty over the longer term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost of living challenges. 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)

Following the annual review during 2023/24, the 2024/25 scheme has remained unchanged from the previous year, allowing for national up-ratings. A more fundamental review of the scheme is underway in 2024/25.

### Council Tax – Quarter 1 In-Year Collection

The collectable debit for the year at 30 June 2024 was £65.8m with a net collection rate of 28.63% achieved (29.00% at 30 June 2023).

### Business Rates – Quarter 1 In-Year Collection

The collectable debit for the year at 30 June 2024 was £25.8m with a net collection rate of 28.43% achieved (30.33% at 30 June 2023).